LINC

To: Emily Bromberg

From: Gayle A. Hobbs, Executive Director
Local Investment Commission

Re: Local Investment Commission (LINC) information

Here's information about the Local Investment Commission. Call if there are questions.

WR — Kansas City, Mo.

To: Bruce (216)
(attn. Cathy Mays)
From: Emily
Clean copies of illegible pages are coming soon. (also delivered to Rahm)

What is LINC?

The Local INvestment Commission is a citizen-driven community collaborative involving efforts by the state of Missouri to work with neighborhood leaders, citizens, business, civic and labor leaders to improve the lives of its children and families in Kansas City and Jackson County.

LINC, as it often is referred to, is involved in initiatives to provide employment to those on welfare, create new businesses in the central city, improve the delivery of human services and help improve the lives of families and children.

The efforts are directed by a 36-member citizen commission created in November 1992. Professional advice and support is provided by a professional cabinet which meets with the commission. More than 300 volunteers – professionals, community leaders and citizens – are involved with LINC.

LINC also is the Community Partnership selected by the state of Missouri to administer the Caring Communities fund created by five state departments – Social Services, Mental Health, Health, Labor and Education – to support and develop school-linked / neighborhood-based services. The fund will be used to support services at selected schools where interest is shown by parents, neighbors and the school principal. The effort involves 16 schools in four school districts with 7,500 students. The school-linked services are part of a larger effort to develop comprehensive integrated neighborhood services through neighborhood involvement, professional development and change management.

LINC is involved in other community efforts and partnerships. Its areas of concentration include: children and families, aging, health care, housing, school-linked services, welfare reform and business development.

LINC's work has received national attention. The organization was featured in the *Chronicle of Philanthropy* (March 23, 1995) and is the focus of a major case study by the Washington, D.C.-based Institute for Educational Leadership.

John Gardner:

"The (Local Investment Commission) may herald a new era in which government resources are a catalyst for fundamental, foward-looking change guided by the community itself."

John Gardner is formerly head of Common Cause (1970-77) and U.S. Secretary for Health, Education and Welfare (1965-68) and co-founder of the Independent Sector, a national forum that encourages giving and volunteering with non-profit organizations.

Gardner writes frequently on issues of community problems and civic leadership and shared these thoughts about LINC with friends and associates.

In Kansas City, Mo., there is occurring a quiet but startling revolution in the administration of social services funded by the state and federal government. It ranks as a major breakthrough in American governance.

Thanks of the wisdom of Gary Stangler, director of Missouri's Department of Social Services, and the driving initiative of Bert Berkley, a Kansas City business and civic leader, a 23-person lay commission will have responsibility for coordinating social services and seeing to it that all federal and state monies coming into Kansas City for AFDC, Medicaid, child care, food stamps, etc. are well spent.

The decision is a ground-breaking recognition that the capacity to solve the problems of a major city may lie in the city itself. The 23-member commission, known as LINC (Local Investment Commission) is composed of representatives from all major segments of the community, including business, labor, neighborhood representatives, welfare recipients and so on.

LINC will undertake to reform the human service system at the community level. It has been given authority to do what needs to be done. It will concentrate on outcomes, with emphasis on prevention. Self-sufficiency for the individual within a health community is a primary goal. There will be seven areas of concentration: children and families, the aging, health care, housing and safety, school-linked clinics, welfare reform and economic development.

The program may herald a new era in which government resources are a catalyst for fundamental, forward-looking change guided by the community itself.

Local INvestment Commission (LINC)

COMMISSIONERS

The LINC Commission is the governing board of a community collaborative that includes business and civic leaders, community and neighborhood representatives and involved citizens. The commission is involved in various initiatives aimed at developing comprehensive neighborhood services. The initiatives include welfare-to-work, training for family child care providers, school-based health and human services along with professional development of state and community providers.

† *Vice Chairs & Steering Committee*

Landon Rowland†
LINC Chairman
Kansas City Southern Industries

Bert Berkley†
LINC Founder
Tension Envelope Corp.

Thelma Baskin
Neighborhood Leader

Velda Cook
Neighborhood Leader
Jackson County Prosecutor's Office

John (Jack) C. Craft
Craft Fridkin Shaffer & Rhyne

SuEllen Fried
Civic Leader

Donald Gardner
Group One Architects

Robert Glaser
Independence Community Foundation

Anita Gorman
Civic Leader

Adele Hall†
Civic Leader

Bart Hakan
Businessman

Judy Hunt
Civic Leader

Marcus Jackson
Kansas City Power & Light

Herman Johnson†
Herman Johnson Company

Jan Kreamer
Greater Kansas City Community Foundation

Rosemary Smith Lowe†
Neighborhood Leader
Santa Fe Neighborhood Assn.

Mark McAfee
Rite-Way Magic Supply

Estella Morales
City of Kansas City, Mo. Planning & Development

Richard Morris
Businessman

John Palmer
EDP Enterprises

Margie E. Peltier
Civic Leader

Oscar Pinsker
Physician

Susan Ramirez
Neighborhood Leader

Bob Rogers
E.M. Kauffman Foundation

Paul Rojas
Neighborhood Leader

David Ross
Boatmen's Trust Co.

The Rev. Thom Savage
Rockhurst College

Gene Standifer
Neighborhood Leader

David Stanley
Payless Cashways

Donna Steward
Neighborhood Leader
The Kansas City Call

Aretha Welch
Neighborhood Leader

Rachel Whipple
Kansas City Police Department

Barry Wilkinson
Heavy Construction Workers Local Union #663

EX-OFFICIO

Emanuel Cleaver
Mayor Kansas City, Mo.

Katheryn Shields
Jackson County Executive

LINC

Local Investment Commission

LINC

Our Shared Vision

A caring community that builds on its strengths to provide meaningful opportunities for children, families and individuals to achieve self-sufficiency, attain their highest potential, and contribute to the public good.

Citizens planning the future of their neighborhoods through:

- Economic development / neighborhood revitalization
- Job development / Self-sufficiency
- Quality health care
- Comprehensive neighborhood services
- Well trained professionals
- Shared/reallocated resources
- systems accountability

What makes LINC work?

LINC offers a remarkably different approach to addressing community problems. Here's the prescription:

- **POSITIONS** citizens as decision-makers
- **PRODUCES** system reform
- **DEVELOPS** a culture of accountability
- **PROMOTES** comprehensive efforts to meet community needs
- **MAKES** resources more accessible to community residents

It is hard work. It is important work. It is work few communities are attempting. The reasons are simple: It takes time, commitment, leadership and comprehensive reforms are inherently difficult.

Kansas City is succeeding.

What makes LINC different?

- Citizen-driven
- Collaborative comprehensive approach
- Outcome focused

LINC is ... Citizen-driven

- LINC views citizen involvement, ideas and concerns as critical if systems are to shift and change. Citizen participation ensures that initiatives support the real needs of the community.
- The LINC Commission, by design, does not include providers or elected officials. Providers offer technical assistance and have a voice, not a vote.
- LINC is developing human services at 16 school sites in Jackson County through Caring Communities. Site plans are developed by parents and neighborhood residents.
- Citizens are involved in decision-making on welfare-to-work, health care, early childhood development, foster care and other reform initiatives.

LINC is ... Collaborative leader

- LINC helps build consensus, manages the change process yet can refine and redesign reform efforts without losing community support. LINC has the credibility to speak with authority and candor and to be taken seriously when dealing with larger and more established organizations.
- LINC has attracted and enjoys the broad support and involvement from business, foundations, parents and collaborative agencies to "do business in a new way." The approach recognizes and acknowledges that solutions are interrelated – health, employment, child care and education.
- LINC understands public funds are limited and utilizes collaborative approaches to leverage existing resources to better ends and secure new resources from the community.
- LINC, through the community planning process, identifies duplicative and categorical efforts and restructures provider relationships to streamline and more effectively meet community needs.

LINC is ... Outcome focused

- LINC is committed to continually assessing and evaluating results of initiatives as an integral part of system reform effort.
- LINC has formed a Data and Evaluation Committee to develop information to direct citizen decision-making and system reform efforts.
- LINC is prepared to ask: "Are we doing any good?" and push for community accountability that monies are "well spent" and outcomes achieved.
- LINC views data and evaluation as necessary foundation by which the Kansas City community can debate, discuss and understand key issues and develop framework for reform efforts.

LINC History

1989
- Development of Department of Social Services Business Roundtable

1990
- Reorganization planning process for children and family services (Dept. of Social Services, Dept. of Mental Health and Dept. of Health)

1991
- Bert Berkley and Gayle Hobbs begin community work on LINC concept

1992
- Work begins to enroll KCMSD as Medicaid provider
- Executive director appointed
- Local DSS Leadership Group formed
- LINC community announcement
- Marty Blank, Institute for Educational Leadership begins consulting with LINC
- LINC Commission appointed
- 21st Century concept introduced

1993
- 21st Century public announcement
- LINC vision, mission, guiding principles developed
- Appoint Committee Co-chairs
- LINC opens office
- 7 committees formed
- Nat. Child Welfare Panel starts work with Children & Families Committee
- Form 21st Century Council
- KC-SHD Transition Board formed
- LINC Commission approves National Panel Report
- LINC defines governance
- Family Investment Trust announced
- HHS waiver approved

1994

- Committee work plans approved
- LINC approves DSS training proposal
- Federal waivers granted for 21st Century Communities
- Caring Communities comes under LINC
- Neighborhood forums begin
- KC-SHO board formed
- DSS leadership group attends Center for Creative Leadership
- Five DSS employees certified in Interaction Management Training
- National mentoring program begins for DFS Children's Service staff
- School site facilitators hired

1995

- DSS Leadership Group gets follow-up CCL leadership training
- LINC recognized as Caring Community Partner by state
- EduCare approved
- Expand 21st Century training plan approved
- Caring Community planning begins
- K.C. Housing Authority staff/resident retreat
- First DSS cross agency training
- Second cross-agency conference conducted
- Proposed CC sites identified
- Block grant planning begins
- KC-SHO partners prepare reorganization plan
- KC School District approves KC-SHO reorganization plan
- Professional Development plan approved by LINC commission
- LINC strategic planning session
- London Rowland appointed chair
- CC Legislative visit to Cler-Mont school
- Neighborhood Coordinators hired for CC
- CC sites submitted plans to LINC & state

A Readers Guide

DSS – Department of Social Services
Caring Communities – A state fund to support school-based/linked services
KC-SHO – Kansas City School Health Organization

21st Century: Welfare to Work Statistics

(As of Aug. 26, 1996)

Wage supplemented employement 236

Full wage employment 479

Total persons currently employed 715

Persons employed for more than 180 days 465

Average Wage $7.59

Total Placements* 1,117

* *Placements are since the summer of 1994*

LINC Job Development Activities

Finding new jobs has not been our major problem in our welfare-to-work efforts. Our problem has been in matching the interest, skills and aptitude of our participant employee pool and the jobs.

The local economy

Unemployment rate in greater Kansas City Area

3.5%

1995 new jobs created in Kansas City, Mo. approx.

8,200

1995 new jobs created in Kansas City metro area

26,000

1995 new jobs created in 14-county area

34,884

AFDC participants

Jackson County AFDC Adult participants

11,888

21st Century Target Area AFDC Adult Participants

7,873

AFDC Jobs Possible under Waiver by year 2004

6,000

Wage Supplementation Facts

188 area employers have completed wage supplement agreements with 1,162 jobs

Issues

Focus our marketing skills, toward jobs for which participants can qualify

Find out what jobs are in greatest demand in the market place

Know which occupations provide the greatest return of new job placements for each time expended in job development.

Job Placements

Clerical is largest employer category. However clerical employers, on average, hired only two persons. There is great potential for increasing overall placements in telephone service representative and health care.

Ranked by total jobs

Category	Employers	Av. # Jobs	Total Jobs
Production	32	7	216
Telephone Service Reps	9	20	181
Health care	16	11	172
Clerical	58	2	115
Customer Service	15	6	92
Cashier Hotel/Casino	4	22	89
Cashier	11	8	84
Child care	16	5	82
Security	3	19	56
Food Service	11	4	42
Maintenance/Custodial	10	2	20
Laborer	3	4	13
Total	188		1,162.

What major employers are creating new jobs in Kansas City?

Transamerica

430

EDS

500

Swift Transportation

820

Gateway 2000

1,000

Gaming Industry (estimate after opening of Stations and Flamingo)

7,500

Total

10,050

Source: KCADC

Best occupational focus for AFDC job placements

Telephone customer service representatives will be our first project, followed by health care and child care.

- Telephone Customer Service Representatives
- Health Care
- Child Care

Telephone Customer Service Representatives

- Industry is in serious short supply of employees; 500 people enter this industry monthly.
- Telemarketing companies want to locate in Kansas City, but we can not supply the employees.
- The Metropolitan Community Colleges are responding to this need and will open a 40,000 square foot Telecommunications Training Center in August 1996.
- 85% of telecommunication calls are incoming (order taking)
- The Urban League can provide any pre-training required, i.e., data entry, diction
- Our targeted area has 7,783 participants who can potentially enter this industry.

A LINCWorks subcommittee was formed to guide this project

Goals of Subcommittee

- Determine a realistic path to employment for AFDC participants by using an employer advisory group.
- Provide pre-training needed to permit participants to enter MCC training center.
- Develop employment for 100 AFDC participants per month.

Where are we?

- A preliminary path to employment has been developed
- Two advisory group employers have agreed to participate – AT&T and Government Employees Hospital Association.
- We are talking with two other potential advisory group employers and hope to have a three member advisory group working soon.

Telecommunication Sub Committee Members LINCWorks

Terry Ward
LINCWorks Committee Co-Chair

Bart Hakan
LINC Works Committee Co-Chair

Clyde McQueen
Full Employment Council

Wayne Little
Kansas City Area Development Council

Jack Bitzenburg
Metropolitan Community Colleges

Dick Barr
Kansas City Call Center Assoc.

Roy C. Fowler
AT&T Urban League

Randell C. Ferguson
IBM-Urban League

Brent Larson
Economic Development, SW Bell

Charley Cole
Economic Development,. KCP&L

Peggy Torno
Division of Family Services

Diane Patrick
Dept. of Social Services/Futures

Leigh Klein
Women's Employment Network

Paula Cardello
LINC

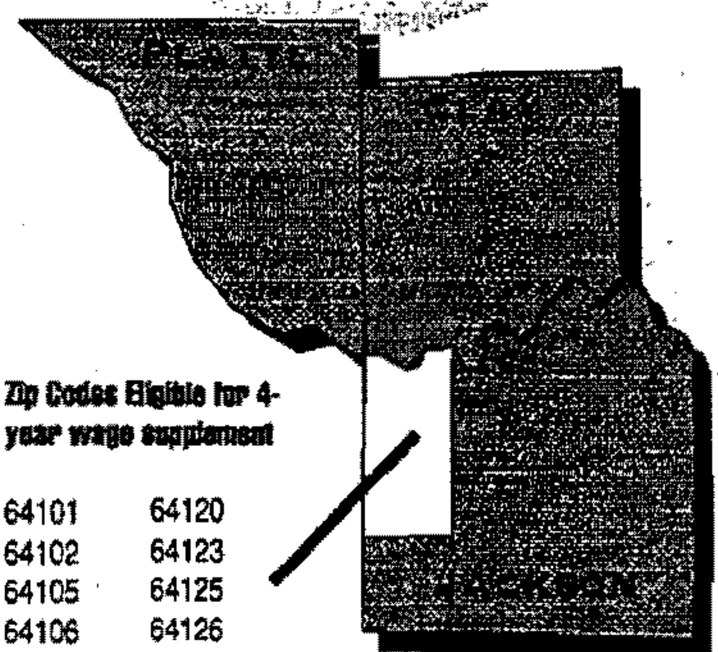
Dick Wilson
LINC

Business Incentives for Welfare-to-Work

Businesses can receive financial incentives if they employee persons on Aid to Families with Dependent Children (ADFC) in *newly* created jobs. The benefits vary in length and amount.

Any employer within the metropolitan area can receive $533 per month to supplement the wages for persons on AFDC who live in Kansas City, Mo. (south of the Missouri River). The specific zip codes are listed below. The wage subsidy can last up to four years for each newly created position. The monthly wage supplement is worth roughly $3.05 per hour for an individual working a full-time 40 hour week job. The employee continues to receive health insurance through Medicaid and child care assistance.

Others on AFDC in Eastern Jackson, Clay, Platte and Cass counties can receive a $267 wage supplement from the state Missouri for up to 9 months. Medicaid and child care assistance continue during the period. The nine-month wage supplement is approximately a $1.50 per hour wage subsidy to the employer.



4-year benefit

9-month benefit

Zip Codes Eligible for 4-year wage supplement

64101	64120
64102	64123
64105	64125
64106	64126
64108	64127
64109	64128
64110	64130
64111	64131
64112	64132
64113	
64114	

The wage supplement program is part of Missouri's welfare-to-work initiative.

The effort is a public/private partnership involving these organizations:

- The Full Employment Council
- Women's Employment Network
- Employment Security
- Division of Family Services
- Local Investment Commission

Using Wage Supplementation to Achieve Welfare-to-Work Employment and Larger System Reform

Job Placement, Job Development, Job Retention & System Reform

The 21st Century Wage Supplement initiative is almost two years old. It initially was seen as solely a means to increase AFDC employment by offering employers a subsidized wage rate. However, that original initiative was expanded in January 1995 and broadend to include employment systems reform. That reform involved developing a strong collaborative partnership with various organizations involved in job training, job placement, job development and case management for AFDC receipients seeking jobs.

That partnership includes state organizations – Income Maintenance, Employment Security and FUTURES – along with two other significant community job placement/training organizations: the Full Employment Council and the Women's Employment Network. Through these partnerships each organization has played a key role in recruitment, assessment, employment training and job development.

This system reform is being implemented by **redeploying** and **reallocating** the existing resources. This newly integrated system is depicted on the next page. This is a genuine effort to go beyond merely program coordination and achieve system integration. Several steps still are necessary. This is what has been accomplished to date.

Job Centers

A Job Center was opened at Income Maintenance which included the repositioning of Income maintenance staff to deal with job placemant and case management. FEC personnel were posted at the Job Center. The IM employee job responsibilities has been redefined from eligibility worker to employment specialist – a more direct step to achieving welfare-to-work. A second Job Center opened at FEC with extended evenings and weekends hours affording AFDC receipients easier access to Job Centers.

Collaborative Job Development:

There are several job placement/training programs available. The major partners – the Full Employment Council, Employment Security, Women's Employment Network and LINC – are now developing jobs opportunities for all these programs. This reduces duplicate contacts with the same employer which means more employers can be contacted expanding the job oppportunities developed. The expansion of the geographic area for businesses has contributed somewhat to the job opportunities developed.

Standardized Orientations

Those on AFDC seeking employment are now given standardized orientations about all employment programs available. Those within the 21st Century Communities area are specifically told about the chance to interview for wage supplemented jobs and still retain Medicaid and child care benefits. Standardized orientation expands the employee pool while offering a broad array of opportunities to AFDC receipients.

Three-track employment system

The initiative has developed a three-track employment system. The system includes long-term, medium-term and short-term tracks that emphasize education, training and employment. To maximize efforts, FEC and WEN job developers and Employment Security are coordinating with the 21st Century job developer to recruit employers to participate in wage supplementation and full wage employment.

Collaborative Data Collection

Development of comprehensive data collection system permits program evaluation and broader management tools that permit program design to address key issues of job retention, case management and overall system design. Data collection needs to be automated among all the partners.

Lessons Learned or Revisited:
Moving from Jobs Program to a Welfare-to-Work System

System Reform

- Wage Supplementation is only one of many tools to place welfare participants to work. The development of a coordinated employment system maximizes efforts and builds on the similarities and differences of various job training/placement programs. AFDC recipients begin to experience an "employment system" versus categorical programs – one-stop shopping at a variety of locations.

Employability

- Realistic perception of applicants needs to be considered when developing jobs as well as placement into jobs. Large percentage of applicant pool are characterized as moderately employable. Education and job readiness are essential

Job Development

- Job development efforts must be coordinated with other organizations. Job developers must market all employment program opportunities to each employer. That decreases duplicate contacts and represents to each employer the opportunities within the "employment system."

Job Matching

- The needs of both employers and AFDC recipients must be considered in job development. Appropriate skill development and matching and recipient satisfaction are key to job retention.

Supportive Services

- Utilization of a transportation system is critical to placement and job retention.

- Quality case management, life management and support services, and minimum job training are essential in assisting persons gaining and maintaining long-term quality employment.

Education

- A large number of participants lack their GED/high school diploma. Employers recruited require a GED or high school diploma. Increased numbers of AFDC recipients should be assisted in successfully completing their education.

Intake

- An adequate applicant pool must be available for referral to employment opportunities. Continuing to broaden Income Maintenance's role in employment is needed to expand the pool and move toward true welfare reform.

- Employment and wage supplementation orientation must be consistent through all facets of the system to ensure all participants have full access to job and training opportunities.

Employment versus Placements

- Marketing must emphasize placing welfare persons in gainful long-term employment versus selling a job training program/placement program.

- Success should be measured by the successful long-term employment of the AFDC recipients. Reasons for dropping from employment should be analyzed and used as information to improve the system.

System Flexibility

- Not all employers are interested in the cash wage supplement but are interested in hiring applicants. Extending the non-cash benefits package (day care, Medicaid) to these participants would be more of a motivation to go to work and a transition from wage supplementation to full employment.

- Asking employers to hire applicants within a specific time period in order to receive the wage supplement is not practical for employers. Employers choose applicants according to the normal hiring practices of the organization. Work must be done to adjust the payment system.

- Immediate access to job opportunities/orientation etc. is essential. Job programs must be "user friendly" and responsive.

Accountability/Responsibility

- Welfare participants turning down employment could become an issue. Policies that address both participant and program accountability/responsibility should be developed.

Data Collection

- Data collection is key to the successful design of the system. Issues regarding job development, orientation, case management, job retention have already become clear as data has been analyzed. The continued development of the system requires this detailed analysis.

One success story...

... please do not congratulate me, do not feel that I deserve any type of recognition for my accomplishments, for what I have done is nothing so spectacular or even good. All I have done is to use welfare the way that it is intended to be used, temporarily.

Date Hired:
March 13, 1995

Employer:
State Farm Insurance Agency

Starting Wage
$6.50

TAI LIN ADAMS

To whom it may concern:

I have been a proud participant of the FUTURE's Program for a little over two years. During the beginning of that time I attended Junior College at Penn Valley Community College. Although I sincerely value education, I began to realize that at that time, being 19 years old and having two children, that it was not feasible to be in school at the moment. So, as I considered dropping out and looking for a job in order to get off of public assistance a new program was introduced to me, it was the 21st Century Program. I was among the first group of participants to enter the program. Although some were skeptical, to me it immediately seemed to be the answer to my prayers. I would no longer be forced to use food stamps in the grocery store, I would proudly be able to tell my children where I worked, I would not be seen as lazy or uncaring just because I didn't have a job, and most importantly I would be working for my income.

I have been working through the 21st Century Program for over a year. I used to live with my mother and catch the bus wherever I needed to go. I am now renting a small but cozy little home for myself and my children. I don't have to catch the bus because I am the proud owner (along with the bank) of a 1992 Plymouth Acclaim. I have a checking account as well as two savings accounts none of which I've ever had before, not to mention life insurance for myself and my children. Without the care and support of my advocate, employers, and everyone else in FUTURES who helped me so much along the way I would probably be working at a fast food restaurant, earning minimum wage, and struggling every step of the way. Instead, thanks to the Job Success class, which all participants are required to attend, I was able to learn interviewing skills, and resume techniques, as well as other things to help me get the job I have now as an insurance representative with State Farm.

I would recommend for anyone now receiving public assistance of any kind to give this program a try. Not only have I learned valuable job skills, but I regained the confidence and composure with which I was raised. In conclusion, I would like to say please do not congratulate me, do not feel that I deserve any type of recognition for my accomplishments, for what I have done is nothing so spectacular or even good. All I have done is to use welfare the way that it is intended to be used, temporarily. If someone borrows something from you it is not an astronomical deed that they return it, all you ask is for them to do is what I have done, do not take advantage and keep your belongings for too long, and do not abuse it while it is in their possession. I needed to borrow the welfare system for a while and now I have returned it, which when you think about it is not such a big deal, because it was not intended for me to keep for the rest of my life.

Thank you.

TAI-LIN ADAMS

What is it?

Wage supplementation is a welfare-to-work initiative. The idea is to convert money that would otherwise be spent on AFDC cash payments and food stamps into a wage supplement payable to an employer who hires someone on Aid to Families with Dependent Children for a new job. Persons can retain up to four years Medicaid and day care benefits and accumulate assets of up to $10,000.

Brief history

The wage supplementation program is possible because of federal waivers granted in early and late 1994. Gov. Mel Carnahan announced the program that summer and pilot sites developed. The program expanded in 1995 with the hiring of a business developer and securing additional funding.

Current status

Kansas City's welfare-to-work initiatives attempt to move welfare participants to self-sufficiency by helping participants through job training, skill assessment, child-care and school-based supportive services. The goal is to find employment opportunities within the neighborhood residents, not just those on AFDC.

These efforts are part of the 21st Century Communities strategy – coordinated efforts provide multiple opportunities and job placement paths to help participants who are job ready find employment or provide training to make others employable.

The wage supplementation program received a boost when the Department of Social Services approved $270,000 to expand assessment/screening staff, job readiness instructors and marketing efforts.

The goal of the employment program is to move persons off of AFDC and food stamps into jobs. The purpose is to promote self-sufficiency. The goal for the program is 400 persons by year's end. The goal is satisfied in two ways: securing persons regular employment or through wage-supplemented employment. Currently, 87 persons have gotten jobs. Of those, 41 were employed by wage supplemented jobs; 21 are still employed at the wage supplemented positions. Data on job retention for regular AFDC employment is being collected.

There are 44 companies who have agreed to participate who expect 285 new jobs in upcoming months.

Welfare to Work Employment Report
July 21, 1996

Wage Supplemented Employment

Placement Date	Total	Employed	Quit	Quit 0-30	Quit 31-60	Quit 61-90	Quit 91-180	Quit 181-360	Quit 361+
Before 5/1/95	40	5	35	8	5	5	7	5	5
5/2/95 to 11/1/95	201	49	150	49	36	18	28	18	1
11/2/95 to 2/1/96	129	51	78	37	15	9	15	2	0
2/2/96 to 3/1/96	33	18	15	7	2	1	5	0	
3/2/96 to 4/1/96	40	13	27	10	8	3	6		
4/2/96 to 5/1/96	30	20	10	5	3	1	1		
5/2/96 to 6/1/96	30	22	8	3	2	3			
6/2/96 to 7/1/96	28	26	2	2					
7/2/96 to 8/1/96	16	13	3	3					
	545	217	328	124	71	40	62	25	6

Full Wage Employment

Placement Date	Total	Employed	Quit	Quit 0-30	Quit 31-60	Quit 61-90	Quit 91-180	Quit 181-360	Quit 361+
Before 5/1/95	152	134	18	1	1	7	7	2	
5/2/95 to 11/1/95	145	125	20	1	3	9	5	2	
11/2/95 to 2/1/96	57	57	0						
2/2/96 to 3/1/96	32	32	0						
3/2/96 to 4/1/96	23	23	0						
4/2/96 to 5/1/96	28	28	0						
5/2/96 to 6/1/96	27	27	0						
6/2/96 to 7/1/96	1	1	0	1					
7/2/96 to 8/1/96	45	44	1						
	510	471	39	3	4	16	12	4	0

Notes on Employment Data

The quit data for the Full Wage employment is incomplete and unreliable as provided to LINC. The full wage data focuses on placements, not retention. The full wage data would suggest that retention rate is over 90% when practical experience suggests that full wage retention rate is comparable to that in wage supplemented positions.

The result is that comparisons between job retention in wage supplemented and full wage employment are impossible to make. Discussions are underway to address this data issue by cross-matching state employment data with full wage placement data to determine if the individual reported as placed is still working.

LINC

CARING COMMUNITIES: A Summary

Brief history

In 1989, four state department directors realized that their departments were dealing with many of the same children and families, usually in very disjointed ways. Thus, the departments of Elementary and Secondary Education, Health, Mental Health, and Social Services decided to pilot new ways of serving children and families by listening to what a community needs, pooling their resources, and integrating their services as the community. This plan was piloted in two school/neighborhood sites in

[illegible]

Since that time, Caring Communities has gradually expanded through Schools in Excellence Grants and has become a key feature of the Urban Education Policy supported by the State Board of Education.

In 1995, the four state departments and the Department of Labor and Industrial Relations formed a partnership relationship with collaborative decision-making entities called "Community Partnerships" in six communities in the state. The goal of these partnerships was to achieve better results for children and families through more [illegible] and accessible programs, local decision-making, and more flexible financing. [illegible] identified as the Community Partner-

A local solution to a national problem

'Caring Communities' is a welfare program that works

BY JOE LAMBE
Staff Writer

Richard Zachary Williams, 11, helps senior citizens by toting foodstuffs at the J.S. Chick Elementary School's vegetable co-op.

A 44-year-old woman, just off work, helps herself by going to another Kansas City elementary school to study for her high school degree.

Both are part of the same welfare-reform experiment, one based on the concept that communities can spend money more wisely than government.

Welfare reformers call the program "Caring Communities." In theory it forms partnerships between schools and neighborhoods, which design their own self-help programs. Money for the programs is provided through the Local Investment Commission, or LINC.

WENDY YANG/The Star

Stella Anderson, 44, prepares for her GED exam.

"Bureaucracies cannot be invested in communities," said Gayle Hobbs, LINC's executive director. "They're more rule-and-regulation driven than mission-and-vision driven.

"Volunteers, communities and passion: There's so much power in that."

The programs can be anything that promotes important goals: finding employment for parents; preparing children to enter or succeed in school; keeping children safe and healthy; keeping families together; preparing youths to be productive adults.

At J.S. Chick Elementary, 4101 E. 53rd St., services include tutoring for children, family-crises intervention, an after-school day-care program, a mentoring program and a vegetable coop.

Missouri has expanded its Caring Communities sites from nine to 64 sites. In the Kansas City area, partnerships have grown from one to 16 since January: nine in Kansas City, four in Independence, two in Fort Osage and one in Hickman Mills. And no two provide programs that are exactly alike.

Each community submits a proposal on what it needs. The proposals go to LINC, a 33-member group of Kansas City business, civic and neighborhood leaders who approve or disapprove the proposals. The state awarded $3.2 million this year to LINC for Caring Communities. In addition, LINC works with other nonprofit groups to provide $6 million in programs at the school sites.

At Chick Elementary, staff members buy about $150 worth of goods wholesale at the city market and sell them at cost. Children like Williams separate them, weigh them, bag the orders and handle the bills. Many orders get delivered to senior citizens at city housing projects.

"It sharpens my math skills," Richard said. "They teach us how to handle money. And I'm helping someone out."

At Bancroft Elementary School, 4300 Tracy, services include classes for adults who want a high school diploma, computer classes for children, parenting training, substance-abuse prevention training and an after-school program for children.

Stella Anderson, 44, wants to become a registered nurse, she said, and getting her high school diploma is the start.

"We all need this education," she said. "If adults would start getting it, maybe that will start getting kids off the street."

St. Louis Post-Dispatch
9/9/96

The Business Of Welfare To Work

Few states have done as much as Missouri in trying to help welfare recipients find work. The state's programs have been singled out by the Clinton administration as an example of what business and government must do to end dependency on public aid.

Yet, for all its innovative approaches to helping welfare mothers bring home a livable wage, Missouri hasn't reaped the dividends that state and business leaders had hoped for. Many of the mothers placed in Missouri's welfare-to-work program have turned out to be unprepared to hold jobs; to them, the work world is an alien place. Their performance has been hurt by undisciplined work habits, high absenteeism, limited reading and communications skills and high alcohol and drug abuse, among other factors — the very shortcomings that brought them into the welfare system in the first place.

These problems aren't so much a poor reflection of Missouri's good intentions as an indication of the difficulty of integrating welfare recipients into the work force and extra steps businesses and state governments must take if they are serious about making former public aid recipients employable. The response to this challenge by one of this nation's key business groups, the National Alliance of Business, is disappointing.

The alliance's president, Robert T. Jones, missed the point when he told *The New York Times* recently that states, not businesses, had the responsibility for preparing people to enter the work force. Such comments are ironic from business interests, which tend to have low opinions of government-training programs.

He certainly is out of touch with the notable private-public partnerships in Indiana, Oklahoma and Missouri, among other states, to train welfare recipients for jobs ranging for assembly line work to public service employment.

Missouri officials are working closely with the private sector in placing public aid recipients in private jobs in Kansas City, St. Louis and the Bootheel. One notable Missouri initiative is Kansas City's Local Investment Commission, which President Bill Clinton praised and which the *Times* cites as a good model of inner-city dynamics for the era beyond welfare. The model uses existing public aid and food stamp benefits to supplement the wages welfare recipients earn in the private sector.

But the program's low success rate is disturbing, given that it started out with recipients regarded as the most qualified and capable of those screened for moving from welfare to work. The limited success of this program shows how shortsighted politicians and businesses have been in pushing for welfare overhaul without thinking ahead about the likely consequences.

To paraphrase Mr. Clinton's comments, every business person who has ever complained about the failure of the public aid system has a responsibility to go the extra mile to hire the former recipients. That is the kind of commitment industry must make if this nation is genuine in wanting to help public aid recipients find work. However, the Missouri experience shows, as have other welfare-to-work programs, that it is not realistic to think that all able-bodied adult welfare recipients can succeed in the world of work.

The New York Times

SUNDAY, SEPTEMBER 1, 1996

Welfare-to-Work Plans Show Success Is Difficult to Achieve

By JON NORDHEIMER

BEYOND DEPENDENCY

A special report.

KANSAS CITY, Mo. — Deborah C. Washam shook her head with an emotion that appeared to be equal parts sorrow and exasperation.

Of the more than 80 women she has hired over the last 17 months as part of a generous welfare-to-work program *sponsored* in part by this city's corporate community, fewer than 25 remain on the job. Many of the others quit in a huff over perceived slights to their dignity — Mrs. Washam calls it their refusal to follow directions.

"I don't think they've had much exposure to structure in their lives," said Mrs. Washam, president and chief executive of Community Home Health Care, a licensed agency that dispatches homemakers to assist elderly and disabled residents of Kansas City's urban core with light housework and shopping.

"As single mothers, they are on their own and think of themselves as authority figures," Mrs. Washam said. "They won't take routine supervision at work."

President Clinton, in accepting the Democratic nomination on Thursday, declared "a moral obligation" under the Welfare Reform Act he signed two weeks ago to move Americans off welfare and into jobs. But the magnitude of this task seems best appreciated by those already dealing with the challenge.

Overcoming years of dependency on open-ended entitlement programs is daunting, those who administer welfare-to-work efforts say.

Employers express satisfaction with new employees who show initiative and a willingness to learn, even when that has required training in rudiments like the proper way to answer phones. But as the program here shows, business people are frustrated by many welfare veterans. Many among those hired, while the most qualified of those screened, have problems that include absenteeism, lack of discipline about work hours, poor reading and communications skills, and open resentment when given direction. And the current programs have not even reached people on welfare who have more serious problems, like alcohol and drug abuse or low intelligence.

These concerns resonate nationally with business leaders, who are only beginning to figure out employers' roles as the states begin a trek this fall into uncharted territory under mandates that those on welfare must find work or face the loss of benefits for themselves and their children.

"In the view of the small-business person, welfare is right up there with balancing the budget as what's wrong with big government," said Jeffrey R. Joseph, vice president for domestic policy at the United States Chamber of Commerce. "Yet the average business person — or the average politician, for that matter — has

Continued on Page 10, Column 1

Success Difficult to Achieve In Welfare-to-Work Plans

Continued From Page 1

no clue as to what's coming now that the welfare bill has been passed. They want welfare people to go out and work, but there's a big difference between visceral reactions and actually dealing with programs that can help lead them to work."

Mr. Joseph said a "hodgepodge" of plans had been advanced to ease the welfare-to-work transition, adding that the national picture is more confused than coherent. "Those with low unemployment are serious about finding reasonable ways of accomplishing the goals of reform — they need every worker they can get," he explained. "Areas with high unemployment and low sophistication, where they can't figure out what to do with people who already have skills, may be less interested."

What Is Role Of Business?

President Clinton challenged "every business person in America who has ever complained about the failure of the welfare system to try to hire somebody off welfare, and try hard." Yet some leaders of business groups are blunt in disavowing any suggestion that the private sector should assume responsibility for making welfare reform work.

"Business is not in the business of providing jobs for welfare recipients," Robert T. Jones, president and chief executive officer of the National Alliance of Business, said in a telephone interview before the President's speech, contending that it is up to the states to prepare people for entering the work force.

Still, some communities — notably places where unemployment is low and unskilled workers are in demand — have already undertaken efforts to move welfare recipients into the work force.

In Tulsa, Okla., for example, the Metropolitan Chamber of Commerce created a nonprofit corporation in 1992 to train adults on welfare for assembly and manufacturing jobs at companies that pick up the training costs. Tim Westberry, the program manager, said that in the first eight months of 1996, 60 full-time and 13 temporary jobs were filled by the heads of families on Aid to Families with Dependent Children who underwent training with them. The overall retention rate, he said, is above 80 percent over the history of the program.

In Indianapolis, existing community-based groups accustomed to assisting the urban poor with housing and other social needs have redirected their energies, with the aid of business leaders, to find work for those on welfare. "Functional illiteracy and alcoholism are the biggest barriers to employment for our clients," said the Rev. John Hay, a minister who runs a community center on the city's east side.

Here in Kansas City, an alliance called the Local Investment Commission (LINC), financed by public and private sources, is quietly shaping a model of inner-city dynamics for the post-welfare world.

Backed by corporate leadership groups and the purses of the Kansas City Foundation and the Ewing Marion Kauffman Foundation, the alliance is striving, with blessings from the state, to change the focus of the existing social-service apparatus from assisting people in getting welfare benefits to finding them jobs, among other far-reaching plans.

As part of LINC, an agency called the Full Employment Council is using Federal welfare and food stamp funds to subsidize new jobs for welfare recipients.

When a participant is hired, $500 a month in wage supplements goes to the employer, explained Clyde McQueen, the council's president and chief executive. That works out to about half the $8 an hour at which most of those hired start.

Families also continue to receive full Medicaid benefits and day-care coverage for four years — services that would cost ordinary workers another $800 or more a month in after-tax income, he said.

Though under the Welfare Reform Act beneficiaries will have no choice about going to work, the Kansas City program's extended benefits are designed to attract people who believe they would gain more by staying home than by going to work. Critics of the new law say it will cost states billions each year to extend such benefits to everyone who will have to move off welfare. Yet the legislation calls for spending $55 billion less over six years, rather than more.

Mr. McQueen said the Kansas City program is also designed to give people new to the work force some practical experience and self-confidence before they are made to fully support themselves.

Dropout Rate Remains High

And that has happened in a lot of cases. Randy Teghtmeyer, general manager of Midwest Typewriter and Computer, said he found "a gem" when he hired Rene Moore, a 20-year-old single mother, through the Full Employment Council's 21st Century program. And Ms. Moore expresses delight at obtaining a job she confessed she never would have found on her own.

"When I came in for the interview, I saw only one or two black faces in the office, and I thought I might have problems with racism here — not just because I'm black, but because I'm young and on welfare," she said, going about her clerical duties clad in a tailored green suit.

Instead, she said: "People have been very nice and helpful to me. It's like they have a real interest in seeing me succeed."

But overall, Mr. McQueen said, Kansas City's welfare-to-work experiment has turned out to be more trying than was anticipated. Since the program began in April 1995, 545 of the 1,162 job openings certified for participation have been filled by welfare recipients, but only 217 of those hired remain at work. Most of the rest have returned to the welfare rolls — a high failure rate, even though those selected for the program were among the highest qualified from the 7,728 eligible families.

"We had mistakenly assumed that the $500 monthly subsidy was sufficient motivation for the businessmen to hire our participants," Mr. McQueen said. "But increasingly we got feedback from employers who said, 'Send us people who get to work on time, can read and follow instructions and want to stay on the job.'"

Mr. Teghtmeyer, for instance, talked to 11 other welfare beneficiaries before he hired Ms. Moore — none of whom, he said, exhibited even minimal aptitude for what is essentially an entry-level office job.

"I'd love to hire another Rene, but I don't have the time to go through that number of interviews again," he said.

The Question Of Attitude

The council provides three days of job readiness training for participants and assigns a case manager to work as a liaison with the employer to mediate potential problems. Still, some employers think the preparation is inadequate.

"A lot of the problem we encounter is that the participant gets advice on how to deal with problems in the workplace from friends who have never held a job," said Gerry Buchman, a 33-year-old case manager.

"If someone tells them what to do, they think they are being disrespected," Mr. Buchman said.

Phyllis Ray-Taylor, a former A.F.D.C. recipient who helps run the training program, said most of the participants initially came to the program angry that they were being forced to work.

"Perhaps 20 percent are ready for the job market and just need a little push," Ms. Ray-Taylor said. "Many of the others have been so brainwashed by the welfare system for so long you have to de-program them and get them into another mode."

Then there are people like Alex Haley. The 41-year-old father of two young sons said he had been a productive worker for years in a variety of jobs before diabetes and hypertension forced him on the welfare rolls two years ago.

This spring, he was told to report to the Full Employment Council to be screened for work. Mr. Haley said he was hired by a microfilm company and was paid $6 an hour "to remove staples from paper all day." He was the only man in a room filled with women, he recalled, and when he started to take days off to look for a better job, he was dismissed.

Mrs. Washam at Community Home Health Care said welfare recipients with similar attitudes were in for a rude awakening once limits were placed on the duration of benefits.

"Ladies with initiative and drive will get out of the welfare system," she said. "But a lot will have to fall before they realize there's not going to be a safety net below them anymore."

Sharita Hargrove, a 28-year-old office worker at Mrs. Washam's company, understands why so many of her former co-workers quit. "They felt they were disrespected by supervisors who talked down to them like children," said the mother of three.

Ms. Hargrove is far from content herself. "I don't see where work is benefiting me at all," she scowled during an interview. "My two-week take-home pay is $523, and since I've been working my rent went from $25 a month to $277. And I used to have $364 a month in food stamps."

The Kansas City program's financial arrangements, she said, failed to take into account the realities of life on welfare. "I've been employed forever even if it was under the table," she said. "The money I got from welfare was a joke; it isn't like you could live on it."

What have the administrators of such programs learned about how to make them more successful? First, that more training before the job begins can help, on subjects like dressing appropriately, working with other people, following directions and expressing grievances.

Also, Mr. McQueen and his staff say, the program administrators must address unanticipated problems outside the workplace, such as getting a new battery for an old car so daily trips to a job do not become adventures, finding an optometrist for those who cannot fill out application forms because of poor eyesight or intervening when distractions at home keep people away from work.

"We spent so much time getting people in the front door we didn't think enough about what was needed to keep them there," Mr. McQueen said.

Still, there are enough success stories to give those in the Kansas City alliance confidence the program will be financed by the State of Missouri as block-grant money becomes available.

"This is an enormous challenge to business," said Landon H. Rowland, chairman of LINC and president and chief executive officer of Kansas City Southern Industries, which owns rail and mutual-fund companies. "Great Society programs compartmentalized social services and kept the business community outside. Now we're seeing firsthand that the issues go far beyond jobs. We've learned that the social context has to be provided so people can remain in jobs."

MEL CARNAHAN
GOVERNOR
GARY J. STANGLER
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July 31, 1995

Mr. Bruce Reed
The White House
Old Executive Office Bldg., Rm. 216
Washington, DC 20500

Dear Bruce:

A belated thanks for taking the time to meet with the group on child welfare issues. I have sent copies of the enclosed materials to Doris Matsui and Marilyn Yaeger so that you are aware of our efforts in Missouri.

Best wishes.

Sincerely,

Gary

Gary J. Stangler
Director

GJS/meh

Enclosures

The states deserve a chance to reform massive welfare system

6-11-95
KC

There was a time, not that distant, whenever members of Congress or the president perceived a problem, they simply determined to throw more federal money at it.

Were citizens hungry? Create a federal entitlement to food or money to buy food. Were citizens homeless? Build high-rise apartments in the inner city to put roofs over their heads. Were elderly citizens in need of medical care? Create Medicare and take care of their needs, courtesy of the long-suffering American taxpayers.

RICH
Hood

EDITORIAL PAGE EDITOR

And on and on. Over the years, over the decades, the modern welfare state was created with the best of intentions, program by program, to guarantee that citizens were *entitled* to income, housing, health care, day care, child care and many other needs or wants.

Now, the Republicans who seized control of Congress last year are determined to eliminate welfare-related entitlements and replace a cumbersome, extraordinarily expensive bureaucratic federal system with a series of block grants to the states.

The GOP theory is that governors, being closer to the people and more responsive to citizens' needs, are better equipped to design welfare programs that waste less money on bureaucracy and administration. Theoretically, the states if freed of federal restrictions can do more to help those who need help without squandering as much money as is now wasted on administration, rule-making and the occasional sticky fingers.

This newspaper is prepared to give the Republican theories a chance. We are endorsing the principle of using block grants to deal with this country's welfare problems. We do so, however, with some caution.

There should be significant savings in eliminating layers of federal bureaucrats and their eternal rules-writing habits. Folks in the states could and should do a better job of administering these

See **HOOD, J-5,** Col.1

HOOD

Continued from J-1

needed programs than nameless, faceless bureaucrats lost inside Washington warrens.

In Missouri and Kansas during the last 25 years I can think of only one governor who would not have operated welfare programs more efficiently than the regulation-crazy folks in Washington. And even former Kansas Gov. Joan Finney, for all her daffy behavior, appointed a competent head of the state's welfare apparatus.

In Missouri, Democratic Gov. Mel Carnahan has been years ahead of Washington in ways to reform and improve welfare administration, but it took laborious months for Carnahan to obtain permission from Washington to implement his Missouri-smart ideas. In Kansas, Republican Gov. Bill Graves has been calling for significant reshaping and improvements in welfare administration, and he has named a talented former lawmaker to build on good steps already taken in that direction.

Cack

However capable state officials may be, any change in the overall welfare program must provide strict accountability for whatever funds are delivered to the states. Officials in state capitols, however well intentioned, are not immune from the temptation to construct intricate empires with other people's money.

> **"However capable state officials may be, any change in the overall welfare program must provide strict accountability for whatever funds are delivered to the states."**

There must be guidelines for expected results and ways to police those guidelines.

Also there must be guidelines to prevent genuinely needy people from falling through the cracks without receiving the real help they need. There is nothing sacred about the way that help has been provided in the past, and it is generally accepted that in far too many cases that help has been too often squandered. But no reform will qualify for the name if it deals strictly with dollars and forgets the human dimensions of those who seek help when they genuinely need it.

In addition, there must be strict auditing of the newly devised system so that corrections can be made if there are cases in which block grants turn out to be failures.

Contrary to the chorus of criticism that has been aimed at all Republicans involved in reshaping welfare, there are Republicans seeking these changes because they believe two good goals will be achieved. One is that money will be saved, thus relieving all of the myriad pressures on society from our national spendthrift ways. And two, changing the system could help recipients switch from futile dependency to at least a form of independence.

Some of the Republicans involved in these changes may well have crass motives. Others, such as Rep. Jan Meyers of Overland Park, Rep. Sam Brownback of Topeka and Sen. Kit Bond of Missouri, give strong evidence that they genuinely care about those in the welfare lines. But these Republicans truly believe there has to be a better way to handle the nation's business than it has been handled since Franklin Roosevelt created the welfare state.

President Clinton, who sought the White House partly based on his pledge to end "welfare as we know it," has increased his criticism of the Republican plans for altering welfare.

Last week the president again heaped scorn on the GOP efforts and warned that children could be jeopardized if the Republican schemes are implemented as designed in the House of Representatives. Significantly, however, the president did not threaten to veto a welfare reform package. He is aware that there is tremendous public pressure to show progress on this controversial topic.

In a visit with *The Star's* Editorial Board last week Brownback rejected criticism that the block grant plans automatically will harm children. "Clearly we've gone too far toward centralizing government. If FDR were alive today, he would say we've gone too far," Brownback said.

Further responding to the claims that children will be harmed by the block grant plans, Brownback echoed a theme other Republicans have used: "The cruelest thing we can do for the kids is leaving them more debt."

There is truth in that assertion. There is also truth in the idea that doing something — almost anything — different on welfare is not in itself treason or tragedy. The liberal Democratic model has failed; there is nothing inherently wrong with trying the conservative Republican idea of dealing with an all-too-real problem.

Daily News Briefing
Wednesday - July 5 - 1995
Compiled by the Office of Communications

5th/7/5/95

A Political Shell Game

The Republican proposal to limit sharply annual growth in the Medicaid program contradicts population trends showing that a rising number of elderly Americans will need Medicaid assistance in the years ahead.

The party has framed the debate in ways that depict Medicaid as just another wasteful health insurance program for welfare mothers. In fact, 40 percent of this nation's senior citizens rely on Medicaid for long-term care. This care consumes 32 percent of the $112.8 billion in federal and state dollars spent on Medicaid programs in 1993.

The Republican leadership's plan calls for turning Medicaid into a block grant under which states would get lump-sum payments that would rise by as little as 4 percent a year, regardless of inflation or the number of people needing the services.

Party leaders also give the impression that states are pleased because the block grant would give them more flexibility in how to spend their Medicaid dollars. At a congressional conference sponsored last month by the American Health Care Association, Senate Majority Leader Bob Dole argued unconvincingly that governors had decided they can take care of "Medicaid for a lot less money."

Under existing financing, the federal government pays 57 percent of all Medicaid costs and states cover the remaining 43 percent. The health care association says the block grant approach would allow the federal share to drop to 46 percent by the year 2000. The group projects that inflation, population growth and the increased need for long-term care services will cause Medicaid programs to grow nationally by roughly 10 percent a year through 2000. It projects that the growth rate for Missouri would average 7.2 percent annually through 2000. Illinois' Medicaid growth rate is projected at about 10 percent a year during the same period.

At the same time, the association projects that Missouri would lose $643 million in federal Medicaid funds through 2000 under the block grant approach. It projects that Illinois would lose $2.8 billion during the same period.

The more closely the GOP plan is examined, the more it resembles a political shell game. The party is promising to make social problems disappear simply by rearranging items in Washington's budget agenda.

Americans will eventually see there's no magic here. Rather than vanish, the expenses of social problems, including long-term care for the elderly, will be dropped into the laps of the states. They will be forced to choose between unconscionable cuts in Medicaid services or raising taxes to finance them. When the bills come due, the public should rightly blame GOP leaders for the fiasco.

Washington

WASHINGTON · UNIVERSITY · IN · ST · LOUIS

George Warren Brown School of Social Work

~~WR-IDEAS~~

1. IDAs → infuse *
2. Wage Supp for 48, not 9 mos
3. Child support accounts for specific purposes

WR-Missouri

November 15, 1993

Mr. Bruce Reed, Deputy Assistant
to the President for Domestic Policy
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Bruce:

Although it is still an internal document, I enclose a welfare reform plan that has been submitted to Missouri Governor Mel Carnahan. To his credit, Governor Carnahan has rejected negative welfare bashing. Note asset building measures on pages 9 and 10, including raising asset limits and creating Family Development Accounts.

As you know, current legislative vehicles for asset building are:

H.R. 455, The Microenterprise and Asset Development Act (companion bill S. 586)

H.R. 456, The Individual Development Account Demonstration Act (companion bill S. 863)

Enclosed are summaries of these two bills and lists of cosponsors in the House and Senate as of September.

I hope you will be able to put these bills on the table for consideration by the Working Group on Welfare Reform, Family Support and Independence.

Whether in exactly this form or with modifications, asset building should be part of the President's welfare reform plan.

Hope to see you at lunch with the antipoverty development group on Friday.

Very best regards,

Michael

Michael Sherraden
Benjamin E. Youngdahl Professor
of Social Development

Enclosures

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January 6, 1993

Tony P. Hall, M.C.

H.R. 455

The Microenterprise and Asset Development Act

Mr. Speaker. As Chairman of the House Select Committee on Hunger, I am pleased to introduce the Microenterprise and Asset Development Act. This legislation removes the penalties against those on AFDC who want to develop their own small business, or save for job training, education, or a better place to live. I am pleased to introduce this legislation with my colleagues Fred Grandy, Cardiss Collins, and Hunger Committee Ranking Minority Member Bill Emerson.

It should be noted that this proposal was passed by both the House and Senate last year as part of H.R. 11 (The Revenue Act of 1992), but was vetoed by the President. I am pleased to report that President-elect Clinton has voiced his support for this proposal.

This bill is the first of two "asset-development for the poor" proposals I am introducing today. The thrust of this legislation is to remove the restrictions on asset-accumulation by the poor. The idea behind the other bill--the Individual Development Account Demonstration Act--is to subsidize asset accumulation for the poor, just as the Federal Government does for the non-poor.

Federal anti-poverty policy, Mr. Speaker, should support asset-building activities, not penalize them. Because of the $1,000 asset limit in AFDC, we are telling the poor that they cannot save for their children's education, that they cannot start their own business, or that they should sell everything they have just to get some temporary assistance. This traps people on welfare--which is both morally wrong and economically foolish.

The bill has two parts, both effective October 1, 1993. The first--Disregard of Income and Resources Designated for Education, Training, and Employment--allows recipients of AFDC to save up to $10,000 in qualified asset accounts (IRAs, escrow accounts, saving bonds, etc.) that can be used only for: (1) education and training; (2) the improvement of employability (such as through the purchase of an automobile); (3) the purchase of a home; and (4) a change of the family residence. The bill also requires the Secretary of Health and Human Resources to report to the Congress on the need to revise the asset limit (presently $1,500) on automobiles, and on the extent to which such a revision would increase the employability of recipients.

The second part--Disregard of Income and Resources Related to Self-Employment--allows recipients of AFDC to accumulate up to $10,000 of the net worth (assets reduced by liabilities) of a microenterprise (a commercial enterprise which has 5 or fewer employees, one or more of whom owns the enterprise). The bill also states that the net profits (gross business receipts minus expenses relating to loan repayments, transportation, inventory, capital equipment, taxes, insurance, and amounts reinvested in the business) of a microenterprise shall be taken into consideration in determining income eligibility. Both the net worth and net profit provisions are applicable for a period of time not to exceed two years. Finally, the bill stipulates that if at least three percent of the State's adult AFDC population participate in microenteprise activities, then microenterprise training (business counseling, marketing advice, help with securing loans, etc.) shall be offered through the JOBS Program; if participation is less than three percent, then the State has the option of offering such training.

It is crucial, Mr. Speaker, that we allow the poor to receive assistance <u>while</u> they are building up the assets they need to make it on their own--a small business, job training, education, and a safe place to live. I urge my colleagues to support this important legislation.

CO-SPONSORS of H.R. 455 and S. 586
(as of September 27, 1993; listed in order that Members signed-on)

__H.R. 455__

Tony P. Hall (D-OH)
Fred Grandy (R-IA)
Cardiss Collins (D-IL)
Bill Emerson (R-MO)
Maxine Waters (D-CA)
Norman Sisisky (D-VA)
Curt Weldon (R-PA)
Doug Bereuter (R-NE)
Marcy Kaptur (D-OH)
Floyd H. Flake (D-NY)
Esteben Edward Torres (D-CA)
Eric Fingerhut (D-OH)
James T. Walsh (R-NY)
Robert K. Dornan (R-CA)
Maurice D. Hinchey (D-NY)
Carrie P. Meek (D-FL)
Eva M. Clayton (D-NC)
Patricia Schroeder (D-CO)
Major R. Owens (D-NY)
Christopher Shays (R-CT)
Robert E. Andrews (D-NJ)
David L. Hobson (R-OH)
Pat Williams (D-MT)
Benjamin L. Cardin (D-MD)
Kweisi Mfume (D-MD)
Stephen L. Neal (D-NC)
Constance A. Morella (R-MD)
Ron Wyden (D-OR)
Eliot L. Engel (D-NY)
Steven Schiff (R-NM)
Ted Strickland (D-OH)
Bill Richardson (D-NM)
Edolphus Towns (D-NY)
Jay Kim (R-CA)
Alcee L. Hastings (D-FL)
Mike Synar (D-OK)
Albert Russell Wynn (D-MD)
David Dreier (R-CA)
Dan Glickman (D-KS)
Ronald V. Dellums (D-CA)
Bob Filner (D-CA)
Don Young (R-AK)
Thomas H. Andrews (D-ME)
John J. Duncan, Jr. (R-TN)
David E. Price (D-NC)

__S. 586__

Charles E. Grassley (R-IA)
Bill Bradley (D-NJ)
Dale Bumpers (D-AR)
Slade Gorton (R-WA)
Thomas A. Daschle (D-SD)
Donald W. Riegle, Jr. (D-IL)
Tom Harkin (D-IA)
Alfonse M. D'Amato (R-NY)
Carol Moseley-Braun (D-IL)
Jeff Bingaman (D-NM)

January 6, 1993

Tony P. Hall, M.C.

H.R. 456

The Individual Development Account Demonstration Act

Mr. Speaker. As Chairman of the House Select Committee on Hunger, I am pleased to introduce the Individual Development Account Demonstration Act. This legislation authorizes the Treasury Department to implement a five-year demonstration project that would provide incentives to a person with limited resources to accumulate enough savings to: (1) buy his or her first home; (2) go to college or receive long-term job training; (3) start a small business; or (4) set aside funds for retirement. I am pleased to introduce this legislation with the Hunger Committee Ranking Minority Member, Bill Emerson.

I am also pleased to report that President-elect Clinton supports this proposal.

This bill is the second of two "asset-development for the poor" proposals I am introducing today. While the thrust of the first bill--the Microenterprise and Asset Development Act--is to remove the restrictions on asset-accumulation by the poor, the idea behind the Individual Development Account Demonstration Act is to subsidize asset accumulation for the poor, just as the Federal Government does for the non-poor.

Mr. Speaker, America needs a new way of thinking about welfare. Traditional public assistance programs in America--which provide critically needed food, cash, health care and housing assistance--are humane and justifiable, and these important programs should be improved and expanded. But while such programs have sustained millions of low-income persons, too rarely have they made them strong. As a result, most low-income Americans remain in poverty, which is a drain on the nation, a loss of human resources, and an assault on human dignity.

Poverty rates remain high and welfare dependency continues, in part, because current welfare theory has taken for granted that a certain level of income or consumption is necessary for one's economic well-being. However, very few people manage to spend or consume their way out of poverty. Economic well-being does not come through spending or consumption; rather, it is achieved through savings, investment, and accumulation of assets, for assets can: improve economic stability, connect people with a viable, hopeful future, and improve the welfare of offspring.

The Federal government spends more than $100 billion per year to provide middle- and upper-income persons many incentives to accumulate savings and assets (e.g., home mortgage interest deductions and tax deductions for retirement pension accounts), but such incentives and benefits are beyond the reach of most low-income persons. Indeed, under current welfare policies, poor families must deplete most of their assets before qualifying for public assistance.

Federal anti-poverty policy should therefore promote, not penalize, asset accumulation for the poor. I urge my colleagues to support this important legislation.

For the benefit of my colleagues, I have included a summary of the major provisions of the demonstration.

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SUMMARY OF THE INDIVIDUAL DEVELOPMENT ACCOUNT DEMONSTRATION ACT

Purpose. Demonstration projects (conducted by private, non- and for-profit organizations) will be established to determine: (1) the social, psychological, and economic effects of providing individuals with limited means an opportunity to accumulate assets and; (2) the extent to which asset-based welfare policy may be used to enable individuals with low income to achieve economic self-sufficiency.

Applications. Grants shall be awarded on a competitive basis. Successful applicants will have received financial commitments from the State and private entities to carry out the project and will have demonstrated, in the judgment of the Secretary, an ability to: (1) assist participants in achieving self-sufficiency through the establishment and use of IDAs and; (2) responsibly administer the project. Applications must be submitted no later than April 1, 1994. Approval will be no later than June 1, 1994, with the projects beginning on July 1 of that year.

IDA Reserve Fund. Each project participating in the demonstration would establish an IDA Reserve Fund which consists of Federal, State, local, corporate, and private contributions as well as any funds originating from a non-designated use of an IDA. From the Reserve Fund, deposit subsidies would be made directly into an IDA.

Persons Eligible to Participate. The participating organization shall determine who may participate in the demonstration, but in all cases the individual selected will be a member of a household whose income is not more than 200 percent of the Federal poverty threshold and whose net worth is not more than $20,000. Net worth is defined as the sum of the market value of assets owned by every member of the household minus liabilities owed by the household. Net worth (for purposes of this demonstration) excludes the first $35,000 of home equity, equity in a vehicle, and equity in personal items (furniture, clothing, and jewelry).

Asset Tests in Other Programs. Funds in an IDA account (which are by definition restricted) shall be disregarded in determining eligibility for all means-tested public assistance programs.

General Oversight. A panel (established by the Secretary) composed of Federal and State officials, business leaders, and social policy innovators shall monitor the progress and provide general oversight of all of the demonstration projects. The panel will also develop general investment guidelines for amounts in IDAs and IDA Reserve Funds.

Evaluation. An independent research organization shall evaluate the demonstration projects, individually and as a whole. The research firm will be selected by the panel.

Authorization of Appropriations. Not more than $100,000,000 for each of the fiscal years 1994 - 1998 are authorized to be appropriated to carry out the project.

Definition of IDA. An Individual Development Account (IDA) is an optional, earnings-bearing, tax-benefitted account in the name of one person. An IDA would be held in a licensed, Federally-insured financial institution. Amounts in an IDA can be withdrawn without penalty only for the following designated purposes: (1) first-home purchase; (2) post-secondary education (college\long-term training); (3) business development and; (4) retirement. An IDA can also be transferred without penalty to one's spouse or dependent for the same uses.

Contributions and Tax-Benefits. There is no limit on the amount of funds that may be deposited into an IDA, and deposits may come from a variety of sources. The amount allowable as a tax deduction for amounts paid into an IDA, however, shall not exceed $2,000 per year (indexed for inflation), and shall be permitted for only the person in whose name the account has been established. (Married persons filing jointly could each take the full deduction, provided each is eligible.) Earnings on deposits to an IDA would also be exempt from taxation.

Withdrawals and Penalty for Non-Designated Use. Amounts withdrawn for a designated purpose will not be included in the gross income of the person in whose name the IDA has been established. Withdrawals from an IDA will be paid directly to the institution providing the designated service (e.g., to the mortgage provider for first-home purchase, to the university for post-secondary education). Withdrawals for any non-designated use (except in the case of death or disability) would: (1) trigger a 10 percent penalty; (2) require the inclusion in gross income of all amounts previously deducted or excluded; and (3) require the forfeiture of all deposit subsidies.

Deposit Subsidies. In order to stimulate savings of about $2,000 per year per person for any of the designated purposes, deposits into an IDA would be matched in accordance with the table below. All matching amounts would be deposited directly into an IDA and would come from an IDA Reserve Fund established by the project participating in the demonstration.

Income**	Matching Ratio	Maximum Match
50% or less	9 to 1 (900%)	$1,800
51% to 85%	5 to 1 (500%)	$1,650
86% to 125%	2 to 1 (200%)	$1,400
126% to 160%	1 to 2 (50%)	$ 700
161% to 200%	1 to 5 (20%)	$ 350

** Income of the individual as a percentage of the Federal poverty threshold.

CO-SPONSORS of H.R. 456 and S. 863
(as of September 27, 1993; listed in order that Members signed-on)

H.R. 456

Tony P. Hall (D-OH)
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S. 863

Bill Bradley (D-NJ)
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WORK AND FAMILY

ACHIEVING SELF-SUFFICIENCY

REPORT OF THE WELFARE REFORM COORDINATING COMMITTEE

November 1993

VENUS WELFARE TRAP

Come on in if you want some help from me.
I'll help you out while you're held in poverty.
I'll help you with free food, free rent, and health care.
Come in and sign up. Come in, if you dare.

It sounds like an offer too good to refuse.
It all sounds free, but you will pay your dues.
I'll take away your pride and steal your self-esteem.
You'll get all caught up: you won't notice a thing.

You cannot work. Oh no, you must not try.
Or I'll cut down your grants, unless you learn to lie.
You cannot marry, but you may live in sin.
It gets even better, so please, come on in.

Children learn by what they see.
The next thing you know, they'll be coming to me.
I will become your way of life.
You can't butter without my knife.

Linda Tilford
FUTURES Participant
Neosho, Missouri

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Work and Family

EXECUTIVE SUMMARY

Our present welfare system no longer works ... not because of unmotivated recipients or an uncaring public, but simply because the system was built for another time. It fails to meet the needs of today's low-income families and offer them an opportunity to achieve self-sufficiency while rewarding responsible action.

The Welfare Reform Coordinating Committee believes that the system needs a major overhaul, not minor repairs. The welfare system needs to support, rather than undermine, the basic values all Missourians share while addressing the underlying causes of persistent poverty. To achieve this end, the Committee is recommending a comprehensive package that focuses on two essential ingredients of self-sufficiency: work and family.

The Committee's recommendations are built on an understanding that welfare recipients should:

- Have the opportunity to work.
- Develop their skills to work.
- See the rewards of their work.

Families should:

- Be responsible for their futures.
- Provide and care for their children.
- Have community support.

The Committee's recommendations promoting work include the following.

- Paid employment and volunteer work should be offered as components of a welfare system built to move recipients from welfare to work. Neighborhood residents and welfare recipients should be trained to provide some support services in disadvantaged areas, services such as parenting education, elderly home care, child care, and outreach and referral.

- AFDC should be used as a wage supplement to give recipients the opportunity to work for a pay check. Wage supplements also serve as economic development tools.

- Welfare recipients should be encouraged to exercise financial responsibility by being allowed to have a maximum of $5,000 in assets. All families with low incomes should have the opportunity to establish Family Development Accounts, tax-free savings for specific purposes such as education or purchase of a home.

- Transitional benefits should be structured to phase out gradually so that recipients do not experience a sudden loss of resources that often makes welfare a more viable means of supporting a family than work.

- School-to-work initiatives should be developed to help the 40 percent of high school graduates in Missouri who do not attend college enter the workforce. Educational opportunities for adults should be increased, especially the opportunity to earn a high school diploma.

- State departments responsible for job-training and economic development should develop new collaborative measures to bring resources to bear in a coordinated fashion on low-income families and communities.

To support families, the Committee's recommendations include the following.

- AFDC should end its disincentive to the formation of two-parent families by removing absence of one parent as a criteria for eligibility. Policies and communities should pursue new strategies to make sure that both parents support and care for their children.

- Each family, upon application to receive benefits, should develop a time-limited, Family Self-Sufficiency Plan. The plan would lay out mutual obligations for family members and the state. It would specify the steps a family would take to achieve self-sufficiency within a time period adapted to each families' needs. The maximum time would be four years with renegotiation of the plan in cases of extreme hardship.

  The plan would include a Parent & Child Development Plan that would strengthen parents' skills as caregivers to their children.

- The Department of Social Services should establish a pilot project that combines benefits of needs-based programs and offers them to families as a monthly Family Security Income. The Security Income would be offered for a specific time period during which the Family would be expected to participate in educational and job training activities.

- Services for teenage parents should be more flexible and tailored to the needs of adolescent parents. Prevention strategies should be adopted that emphasize teenage parenthood as a health and social problem that drains community resources and threatens the well-being of children.

- Greater portions of child care money should be devoted to school-linked sites or used to develop curriculum material for providers in the variety of child care settings that exist. These sites can be combined with Head Start programs to offer low-income and working families full-day, full-year child care that ensures children begin school ready to learn.

- Human service agencies should establish pools of volunteers from schools, businesses, and neighborhood families to become mentors for adults, teens and children from low-income and at-risk families.

Underlying all of the Committee's recommendations is the view that government officials, business leaders, and community residents must change their approach to welfare and the issues surrounding persistent poverty. Greater collaboration must be established among public and private agencies, and government and businesses need to invest in low-income communities and families.

All Missouri residents need to realize that the success and productivity of the entire state can be increased if our low-income families have the opportunity to travel the roads we take to independence and self-sufficiency.

I
Introduction

Most welfare recipients, like the vast majority of Missourians, want to do the right thing. Parents want to be together. They want to work. They want to love and provide for their children. They long for better opportunities. But the welfare system that is supposed to help recipients become self-sufficient discourages them from traveling the roads that lead most Missourians to a brighter future.

The current system penalizes parents who want to:

- Marry and form a stable family for their children.
- Save money for their family's future.
- Work.

The Welfare Reform Coordinating Committee believes that Missouri's welfare system needs something more than minor adjustments; something more than inserting an array of carrots and sticks into a dysfunctional system; something more than simplifying contradictory and complex rules and regulations. But recognizing that fundamental change takes time, the Committee's recommendations will include incremental steps that lead toward a new system.

Guiding Principles

The welfare system needs to be rebuilt and replaced: rebuilt on the cornerstone of America's idealism — equality of opportunity — and replaced by a time-limited, welfare-to-work support system that offers families the opportunity to become self-sufficient while requiring them to take responsibility for their futures.

The current system lacks focus on a clearly-defined purpose because its various parts were assembled sporadically, over several decades, to respond to a scattering of needs as they demanded attention. This has resulted in a welfare system that is no longer responsive to the families that turn to it today.

Because of this, we need to rethink the purpose behind the helping hand offered to Missouri's low-income and no-income families. Local and state governments, service providers, businesses, and private citizens should base their efforts to help the poor on the following guiding principles:

Work:	Work should be encouraged, rewarded, and meaningful.
Opportunity:	If people are expected to exercise responsibility, opportunities and incentives to do so must exist.
Family Development:	Programs should recognize and develop each person's strengths within the context of family and the surrounding community.

Investment:	Missouri must invest in both rural and urban low-income communities and families to foster sustained economic growth and opportunity for all residents.
Collaboration:	The complex relationships among today's social problems — such as poverty, crime, low educational attainment, inadequate housing and poor health — demand collaboration and consolidation among those who provide human services such as job training, day care, welfare, health care, and education.

We know that a welfare system built around these principles can work. In fact it is working in Missouri's FUTURES program,provides education and job training to help families move from welfare to work. But while FUTURES provides a solid foundation, greater emphasis on parental responsibility, savings, education, child support, and family formation are needed, as is stronger links to business and other state agencies. Many of the Committee's recommendations build on what we have learned through FUTURES and other welfare reform initiatives Missouri has implemented.

A Shared Stake

The time to act is now. The trends that drive many families to dependence on public support stand as a warning. Data show that Missouri's families and their children are growing more vulnerable:

- One of every 10 infants in Missouri is born to unmarried teenage parents.
- More than one out of ten Missouri adults have trouble reading and understanding newspapers, maps, and simple math.
- Nearly one out of every five children in Missouri lives in poverty.
- Four of every 10 births in Missouri are paid by Medicaid.
- The number of AFDC recipients rose 21 percent from 1989 to 1992.
- More than one out of every 10 children in Missouri receive AFDC, and their numbers are growing.
- Over 70 percent of women raising young children without a father at home either have no child support order or receive less than full payment.

These trends should trouble each Missouri resident. We have a shared stake in helping our neighbors, especially those in need. To ignore their hopes for better opportunities jeopardizes all of our neighborhoods and drains our communities' resources. Developing our low-income families will produce a stronger and more economically vigorous Missouri.

Strategies for Change

Everyone agrees — conservatives and liberals, activists and recipients, scholars and everyday citizens — our welfare system no longer works. It destroys hope, tears apart families, and threatens the well-being of our children.

From studying the positive results of FUTURES in Missouri, and similar programs around the country, we know what to do: Train people for work and offer them job opportunities, rather than offer them debilitating dependency. Allow families to form, rather than fragment. Strengthen neighborhoods and communities by letting neighbors help each other, rather than depend on government assistance.

The approach of the Welfare Reform Coordinating Committee leads to two categories of recommendations — one focusing on the relationship between low-income families and the surrounding community, the other concentrating on families themselves.

1. **Economic Opportunity:** *As members of the same community, we must open the roads of economic opportunity to needy families.*
2. **Family Responsibility:** *Family members themselves must act responsibly in caring for each other, raising their children, and taking advantage of the economic opportunities in their communities.*

Our Common Interests

The conclusions of the Committee are not the product of a particular political philosophy or partisan agenda. The Committee is composed of representatives of Missouri's business community, service providers, welfare recipients, advocates, and concerned residents. The Committee's recommendations reflect not only its deliberations, but address the common complaints of welfare recipients across the state.

In an interview for the Committee, one new recipient — a young mother with a 16-month-old child — said she quickly perceived the perverse incentives of the program she had turned to for help.

"The system weakens the family. A father is not allowed to be involved with his child."

Another recipient — 43 years old and on welfare for one-quarter of her life — lamented that once, when she went to work, her family suffered.

"I tried working a part-time job, but we lost a large part of my benefits."

This report is not only grounded on confidence in those who need public assistance, but on the common sense and good will of all Missourians. The floods of this past summer showed the nation that Missourians are quick to offer their own sweat and labor when their neighbors are in need. We were captivated by images of men and women suffering heat exhaustion in efforts to help save the homes and hopes of their neighbors. The shortcomings of the welfare system are not the failings of a mean-spirited people or ungracious recipients. They are the failings of a system that was put together piecemeal, over several generations. The system no longer addresses the needs of those who depend on it, and everyone is frustrated by it.

The Committee believes that the system should be rebuilt with an emphasis on economic opportunity and family responsibility. If work and family are addressed in a comprehensive fashion — and addressed in a coordinated manner by state and local governments, by public and private agencies, by service providers and service consumers, by legislators and their constituents — our welfare programs can realize the dreams of Missouri's low-income families, dreams that all of us hold in common.

II
CREATING ECONOMIC OPPORTUNITIES

In most cases, there is a meager to non-existent economic payoff when an AFDC recipient goes to work. For example, in Salem, Missouri, the caseworker for an AFDC mother with two small children calculated that she would immediately lose 10 percent of her monthly income if she took a minimum-wage job. After one year, the family's monthly resources would drop by over one-quarter, and Missouri, with an AFDC monthly benefit for a family of three of about $290, has one of the lower benefit levels in the nation.

A 10 percent cut is a pretty stiff price to pay for going to work. A reduction of over 25 percent makes going to work almost a foolish option for any responsible parents doing their best to care and provide for their children.

The present welfare system does little to prepare families to move from welfare to work. Statistics bear this out. Nationally, only 20 percent of all people leaving welfare do so because their earnings increase to the point where they are no longer eligible for AFDC. Yet we know that when economic avenues to self-sufficiency are opened for families receiving welfare, they take full advantage of the opportunities. In Missouri, the waiting list for voluntary participation in FUTURES is over 6,000.

Data from innovative programs across the country show that:

- In California, the initial two-year evaluation of one of the nation's first welfare-to-work programs showed that intense efforts to move welfare recipients into work produced a 21 percent increase in their earnings and a 6 percent savings in welfare costs.

- In New York, a pilot project that allows welfare recipients to keep a greater share of earned income before losing AFDC benefits, resulted in a 30 percent jump in their earnings while costing no additional money.

The current welfare system is full of economic disincentives and contradictions. For example, we expect recipients to find work, but due to restrictions on the value of the car they can possess, they risk losing all benefits for owning dependable transportation to get to and from a job.

Once they go to work, because of expenses encountered and benefit restrictions on earnings, they can immediately suffer a significant cut in spendable income.

The Committee's recommendations on work strive for three objectives. Families receiving welfare should:

1. Have opportunities to work for wages, rather than receive welfare.
2. Develop their job skills and employment opportunities.
3. See the rewards of their work.

Many of the following recommendations are policies that can be implemented quickly, through changes in rules and regulations. Others require changing state laws or obtaining federal waivers. Some are preventive in nature and aimed at keeping families from ever having to ask for public assistance.

1. PROVIDING OPPORTUNITIES TO WORK

No one is able to work without access to employment opportunities, and for many AFDC families there are few such opportunities in their neighborhoods. The following recommendations are designed to build incentives into the welfare system and government programs to encourage businesses to invest in disadvantaged areas and hire AFDC recipients.

(I)1.1 **Allow the use of AFDC benefits as wage supplements** — the foundation of 21st-Century Communities in Kansas City — for up to 48 months, instead of the current nine. ✓

(I)1.2 The Division of Family Services FUTURES program should **offer paid public employment** when possible as a substitute for Community Work Experience.

(I)1.3 Job training agencies, FUTURES, and FUTURES Connection, a career and job-training program for non-custodial parents of children who receive AFDC, should **develop new collaborative measures** that facilitate businesses' recruiting and hiring of program graduates. These new measures should increase the job placement of program graduates.

(I)1.4 All state agencies and local governments should be encouraged to **give preference to hiring AFDC recipients** and former AFDC recipients who meet job requirements. Businesses bidding for state contracts should be awarded bonus points when competing for contracts if their proposals include employing and training AFDC recipients. ?

(I)1.5 The Department of Social Services, in coordination with the Department of Economic Development, should obtain authorization to **reinvest taxes from businesses in depressed areas** for job creation. These efforts should be linked to innovative, pilot projects DSS launches in local communities.

Also, state and local governments should establish sales-tax-free and **micro-enterprise zones** with an emphasis placed on job creation and jobs that support Missouri industries. These efforts should include the participation of community organizations such as Community Development Corporations and public works projects which provide work for AFDC recipients and participants in public employment-training programs.

2. DEVELOPING JOB SKILLS

Many AFDC family members need to develop better job skills and learn the behaviors necessary to find and keep a job. The following recommendations aim at improving the employment skills of AFDC recipients and also include calls for closer collaboration among human service agencies that serve low-income families and provide educational and job training programs.

(I)2.1 State agencies, working closely with private businesses and private service providers, should **develop more school-to-work activities** in communities where these services are not available. School-to-work activities include internships, mentorships, on-the-job training, and cooperative education programs.

(I)2.2 The AFDC program should ensure that recipients who obtain jobs **receive ongoing job counseling** with frequent follow-up especially during the first months of employment. The counseling would strive to help former recipients keep the jobs they have obtained and achieve, or surpass, employer expectations.

This counseling could be provided by linking employed former recipients to mentors in the business community or their place of employment and providing advocacy and case management for up to a year following employment. The counseling could also be achieved by **forming peer support groups.**

(I)2.3 The state and local school districts should **develop accessible alternative high school programs** for non-traditional students. The programs should lead to diplomas rather than G.E.D. certificates. Post-secondary education should also be encouraged.

(I)2.4. State employment training activities should be designed to **create job training opportunities** in which state funds could be reinvested to provide needed services to low-income families.

For example, interested FUTURES participants could be trained to become child care providers at a FUTURES-linked facility that receives state child care money. The FUTURES recipient would receive on-the-job training while providing a quality, needed service to the community. The state would get a return on money invested in the individual while increasing the availability of quality day care to all families.

(I)2.5 Because many of the same clients of welfare are also eligible for employment training programs, the governor should **set as a goal full integration of all human services** — health care, job training, family services, adult education, day care — in which one worker serves as the case manager of a client accessing all needed services. Neighborhood and community residents could be utilized in this role [recommendation (II)3.1] for providing a single point of contact.

This integration can be accomplished through physical co-location of offices or through computerized, cross-agency communication and access to services. Integration of services in this manner would increase clients' access to support services and job training opportunities, increasing their ability to achieve self-sufficiency.

(I)2.6 The state should examine and **remove inconsistencies in eligibility requirements,** asset limits, and income disregards for all needs-based programs as well as employment and training programs with care taken that doing so does not decrease resources available to low-income families. This would allow program participants to access the services and supports needed to achieve self-sufficiency.

3. REWARDING WORK

No one is able to spend their way out of poverty. Savings are essential. But AFDC eligibility requirements restrict recipients' ability to save their money without experiencing a sudden cut in spendable income. The following recommendations are designed to allow AFDC families the same privilege of working and benefiting from their labor that most working Missourians enjoy. Some of the recommendations are preventive in nature, aimed at helping all low-income families provide better futures for their children without needing to turn to welfare.

(I)3.1 As AFDC recipients begin to increase their earned income, or as child support payments rise, **benefits should be reduced incrementally** based only on family income, rather than a combination of time and income.

As income increases, transitional support services, such as child care and Medicaid, should be coordinated with this gradual, income-based phase out of benefits.

(I)3.2 All low-income families should be allowed to **establish Family Development Accounts.** The funds in these accounts should be excluded from the asset accumulation provisions of the AFDC regulations and tax free for the working poor.

Accounts would be used for restricted purposes that add to the state's capital formation such as starting a business, educational expenses, or purchase of a home. Penalties would apply if the money is used for other than specified activities.

The state should encourage private involvement in this program through tax credits and incentives for corporations that provide a match to deposited funds. The creation of refundable tax credits directly deposited monthly into accounts would also support family savings as a means to achieve self-sufficiency. A state Earned Income Tax Credit could also accomplish this objective.

?

(I)3.3 AFDC regulations should **allow greater asset accumulation.** The current asset limit of $1,000 in savings should be raised to at least $5,000.

In addition, when computing the eligibility of an applicant, up to $4,500 should be disregarded for one car.

(I)3.4 AFDC recipients should have **60 days to save or invest** money from one-time payments, such as Social Security benefits, in their Family Development Accounts.

(I)3.5 Within an AFDC family, the state should **disregard the earnings of dependent children who remain in school** when calculating family income. This would not only raise a family's standard of living, but also strengthen families by eliminating a source of disruption among many AFDC families brought about by a teenager having a disproportionate amount of financial influence in a family. Also, such a disregard would reinforce for the family and working children the value society places on work.

(I)3.6 AFDC recipients should be given more opportunities to **exercise greater self-determination and reliance on the private sector.** For example, where available, commercial banks should be used to disburse benefits and hold Family Development Accounts rather than a state agency. Development of an Electronic Benefits Transfer system could help achieve this objective, as would expanded implementation of AFDC as a wage supplement [recommendation (I)1.1].

III
Fostering Family Responsibility

Creating economic opportunities for families with low incomes will achieve little if families are unprepared or unable to take upon themselves the responsibility of pursuing the opportunities. Efforts to strengthen families must address two issues — family formation and family functioning. The current welfare system fails on both counts: it fragments families and weakens their ability to provide for themselves. It does this in two ways.

1.) At its core, AFDC is a program open only to single parents. This requirement creates an economic incentive for a parent, usually the father, to become only a shadow at home, rather than remain active and involved in his children's lives.

2.) By filling a family need with programs and professionals from outside the home, welfare undermines family responsibility and self-sufficiency.

There is a consensus among welfare recipients themselves and the public at large that welfare offers a harmful hand to parents of meager means who truly want to provide for their children. A father who wants to remain with his family must weigh the consequences of seeing his children fall deeper into poverty.

A father in Kansas City, who is participating in FUTURES Connection so that he will be able to contribute to his family's income, said that the current system itself constitutes "child abuse and neglect" because it subsidizes family fragmentation.

Research shows that when families are weak, children suffer and communities deteriorate. Family fragmentation is strongly correlated to poverty, crime, low educational attainment, and welfare dependency.

- More than 40 percent of long-term welfare recipients had their first child as unmarried teenagers, 17 or younger.

Keeping families together, however, is only part of the solution to welfare dependency. Relationships among family members need to be supportive and caring. Parents need to be prepared to provide for their children. And children need to see clearly the pathway to self-sufficiency.

Because the family is society's principal institution — both in an economic sense of sharing material goods and a cultural sense of instilling values and teaching members how to act in the world outside the home — any effort at welfare reform must focus on families.

The following recommendations are built on an understanding that families should:

- Exercise responsibility for their futures.
- Provide and care for their children.
- Have community support.

The establishment of a time-limited Family Self-Sufficiency Plan by all families upon application to AFDC is the centerpiece of the following recommendations.

1. EXERCISING RESPONSIBILITY

To prepare families to become self-sufficient while expecting them to be responsible for their well-being, the Committee recommends:

(II)1.1 Each family, upon application to receive benefits, should **develop an individualized Family Self-Sufficiency Plan.** The plan would assess the family's economic resources, job readiness, work skills, and financial needs. It would identify specific goals of educational attainment, skill enhancement, and economic objectives for each family member and the family as a whole. When formulating the plan, families would be linked to other human service agencies as appropriate.

The plan would:

- Be a negotiated plan of mutual obligation. Each family member — including non-custodial parents — would commit to specific activities, objectives, and responsibilities. In turn, the state would specify the support services it would offer.
- Lay out the steps a family would take to achieve self-sufficiency within a certain time period.
- **Place families into one of several time-limited "tracks,"** with the maximum one being four years, that would allow and enable recipients to move to self-sufficiency within the specified time period. The time track a family enrolls in would take into consideration each family's needs and abilities. The plan, at all phases, would also make allowances for parents of young children so they would be able to care for their children.

  At the end of the time period, families would move into transitional benefits as outlined in the previous section [recommendation (I)3.1].

  In cases of extreme hardship, disability, or for good cause, a family's time-limited plan could be renegotiated at the end of the period. The family would be expected to continue to meet their obligations.

  If good cause or reason for continued benefits fails to be established, adult recipients' continued participation in the AFDC program would be contingent upon: 1) Community or public work, or 2) Their daily attendance at a Job Search Resource Center. The Resource Center would offer learning materials on job search strategies and interviewing techniques, job-postings of local openings, and other supports to help recipients find work.

- Include a Parent & Child Development Plan [recommendation (II)2.1 below].

(II)1.2 Establish a pilot project that combines the benefits of all needs-based programs to **create a monthly Family Security Income.** Give applicants the choice of the standard welfare program, or participation in the pilot.

Those who participate would agree to a two-year time limit and specific activities they would undertake to become self-sufficient. In exchange, they would get the flexibility and responsibility of determining for themselves how to spend their benefits. Transitional support services would be available at the end of the time period.

(II)1.3 **Establish more flexible eligibility requirements for adolescent parents** so that young parents are not required to leave their homes in order to qualify for support services and benefits.

2. CARING FOR CHILDREN

Strong families are critical to our communities for many reasons, but primarily because we depend on them to raise the next generation. To allow healthy and loving two-parent families to form, and to encourage shared parental responsibility among all families, the Committee recommends:

(II)2.1 The Family Self-Sufficiency Plan [recommendation (II)1.1] should **include a Parent & Child Development Plan** that:

- Develops the skills and knowledge of adults in their role as parents to their children and partners of their spouses.
- Identifies the health and developmental needs of the children and if necessary, links them, at an early age when possible, to appropriate community resources to address any special needs.
- Includes Life Skills training in areas such as family budgeting, health and hygiene, and self-esteem.

(II)2.2 **Remove parental absence** as one of the eligibility requirements for AFDC, thus eliminating the "marriage penalty" built into AFDC and distributing benefits according to need rather than marital status. ?

(II)2.3 Significantly **expand Parents as Teachers** outreach in low-income communities, utilizing neighborhood residents as parent educators.

(II)2.4 Allow non-custodial parents the ability to **place child support payments into a savings account** for specific purposes for their children. These payments would not count as income or assets for the custodial parent. The savings accounts would be available to the children when the family completes its Family Self-Sufficiency Plan.

?

(II)2.5 **Establish mediation services** to reconcile disagreements in child-support cases when issues arise that become obstacles to the payment of child-support.

Child Support disagreements should be viewed as an opportunity to strengthen relationships between parents, and parents and their children, rather than a strictly financial matter.

(II)2.6 **Expand FUTURES Connection,** which works with non-custodial parents, usually fathers, whose children receive welfare. FUTURES Connection seeks to help fathers become more involved in their children's lives and improve their employment opportunities so they can better provide for their families.

(II)2.7 When a child is born to unmarried parents, all hospitals should, as a routine matter, ask fathers to **legally establish paternity near the time of childbirth.** Programs should be developed that educate non-custodial fathers regarding the developmental needs of their children so that not only legal but emotional bonds are formed at an early age between children and their fathers.

3. PROVIDING COMMUNITY SUPPORT

Families do not exist in isolation from the surrounding community. In fact, family health and teenage child birth are closely linked to community conditions and resources that are available to individuals and families. To provide stronger community support systems to families with low incomes, the Committee recommends:

(II)3.1 Agencies serving families and their children should **rely on the natural helpers** of relatives, friends, and neighbors of low-income families rather than solely on social-service professionals. Turning to neighborhood residents helps develop functioning neighborhoods that strengthen families and prevent welfare dependence. Neighborhood residents could be trained and employed by human service agencies for outreach and referral, initial evaluation at time of application to AFDC, and to deliver other services such as Home Health Care, mediation, and Parents as Teachers.

These neighborhood helpers, as well as private community service providers, should be identified for the family and included in the Family Self Sufficiency Plan [recommendation (II)1.1] when appropriate.

(II)3.2 All human-service providers should **establish a pool of volunteer mentors** from businesses, schools, and neighborhood residents, who would receive training and become mentors for low-income families and adults, teens, and children who receive welfare.

(II)3.3 By redirecting federal child care funds, the state should **improve the educational quality of child care sites.** This could be accomplished by establishing school-linked child care centers, or by having schools or early childhood education specialists provide training and curriculum materials — such as Parents as Teachers — to child care providers.

In addition, child care should be available to all AFDC recipients who work or attend training programs. (The Committee also recognizes the work of the Missouri Child Care Advisory Committee and directs policy makers to its work for more detailed child care recommendations.)

(II)3.4 Using federal revenue sources, **child care funds should be coordinated with Head Start** sites to offer all Head-Start eligible children, full-day, full-year child care programs.

(II)3.5 AFDC and other family-support programs should **offer support services tailored to the needs and circumstances of adolescent parents.** Currently, teenage parents must fit into adult-centered programs. Teenagers need more flexible and creative service delivery.

Enhanced benefits and incentives, which have proven successful in other states, should be rewarded to teen parents who adhere to their Family Self-Sufficiency Plan. Services and opportunities for teenagers to continue their education should be available quickly following birth.

(II)3.6 State and community leaders, school officials and parents should **openly recognize and frankly address the family problems associated with teen parenting** as a health and social problem that drains resources and threatens the well-being of children. The emotional burden and economic hardship that parenthood places on teenagers, their children, and their families should be underscored in these efforts, as should the long-term responsibility fathers have to care for and support their children.

(II)3.7 The Department of Elementary and Secondary Education should **develop a comprehensive, health and life-skills curriculum for schools with large enrollments of at-risk youth.** Because teen parenting is associated with hopelessness and lack of opportunity, this would mean beginning in the lower grades to implement long-term strategies that teach problem solving, self-esteem, and conflict resolution. This curriculum should include academic challenges for at-risk youth.

(II)3.8 In addition to Kansas City, the Department of Social Services should **allow other local governing boards to take full control of the communities' FUTURES program.** The boards would be composed of representatives of public and private agencies, program participants, and private residents. The boards would administer FUTURES within the guidelines of federal JOBS regulations.

IV
CONCLUSION

Much of the current welfare debate seems to assume that there exists a precise mixture of incentives and disincentives that will push recipients along the path to self-sufficiency. To this debate, the Welfare Reform Coordinating Committee adds this: A new welfare system must provide something different than the same programs with additional penalties and restrictions.

A new welfare system must honor the dignity and freedom of all individuals while recognizing that families who need government help are responsible for themselves and accountable to their communities. But also, their communities' help and understanding is essential for them to become self-sufficient. Providing a family with a monthly cash benefit, although needed, will not by itself move a family from welfare to self-sufficiency. Families need the opportunity to work and the ability to save their earnings. Requiring that recipients go to work will not by itself enable them to find meaningful employment. Recipients need opportunities to develop their job skills. And likewise, asking that families achieve self-sufficiency without letting them determine for themselves how to best reach this goal, undercuts the very meaning of the term "*self*-sufficiency."

The Welfare Reform Coordinating Committee believes that its recommendations lay the foundation for a new welfare system. But also, the Committee realizes that the details that go into the construction of the new system can undermine the foundation. The Committee urges policy makers who implement these recommendations to adhere closely to the guiding principles and framework established in this report. Taken as a whole, the recommendations create a new way of doing business for government and private agencies so that all human service agencies can work in concert to help Missouri's low-income families achieve self-sufficiency and provide for themselves their basic family needs.

WR - Missouri

MISSOURI
DEPARTMENT OF SOCIAL SERVICES

MEL CARNAHAN
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GARY J. STANGLER
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January 6, 1994

Bruce Reed
The White House
Old Executive Office Bldg., Rm. 216
Washington, DC 20500

Dear Bruce:

I am pleased to send you the materials from Governor Carnahan's recent announcement of his welfare reform initiative, "Beyond Welfare." Many of the issues we are proposing are those that we presented to you when you met with Bert Berkley, Marilynn Knipp and myself. We are very pleased and excited about the progress we are making.

Best personal wishes.

Sincerely,

Gary

Gary J. Stangler
Director

GJS/meh

Enclosures

Daily News Briefing
Monday December 27, 1993
Compiled by the Office of Communications

Ending Welfare As Missouri Knows It

SL 12/27/93

Gov. Mel Carnahan is off to an auspicious start on welfare reform. With his proposal, appropriately titled "Beyond Welfare," the governor seeks to move Missouri away from what he rightly says is a "failed system" and to make recipients look upon public aid as they should, as "temporary assistance, not a way of life."

The package seeks to attack the culture of poverty in three basic ways. One is to prevent the spread of welfare by targeting young adults who are most likely to end up on public aid. They would be offered more education and training to turn them into self-sufficient adults.

A second aim is to reduce the number of families already receiving welfare. These families also would have more access to education and training for employment and parenting skills. These skills would help parents appreciate their responsibilities to the children they bring into the world.

The third aim is perhaps the most promising of all. It would allow the sun to set on much of Missouri's old approach to welfare. The new focus would be on placing recipients into private-sector jobs. This proposal has promise because it might discourage some low-wage businesses from moving jobs overseas to remain competitive.

*

The governor wants to place more welfare recipients in such jobs and allow welfare grants to supplement their wages for up to four years. This program would give recipients valuable work experience and could point the way to upward mobility.

In addition, the Carnahan administration wants to boost the wages of these recipients even more. They would be advanced monthly or weekly portions of the Earned Income Tax Credit they ordinarily would not receive until after the end of the tax year. These advance payments could add as much as $100 a month to a recipient's income, according to the Carnahan proposal. The administration also wants to allow welfare families to save up to $10,000 for college, home ownership or other sensible purposes without losing benefits.

These proposals to replace welfare as Missourians now know it with job training and other incentives are projected to cost the state $4 million a year. The price tag has to be viewed in the context of long-term savings gained from helping people find meaningful employment. The success of the program is dependent on an economy that is expanding enough to create the jobs these people can fill.

Some of the governor's ideas will require changes in state law as well as federal waivers. Missouri lawmakers have no good reasons to oppose the governor's worthwhile, forward-looking ideas. Likewise, the federal government should support Missouri's decision to try something different.

N E W S R E L E A S E

GOVERNOR MEL CARNAHAN

CAPITOL BUILDING ROOM 216 JEFFERSON CITY MO 65101 PHONE: (314) 751-3222 FAX: (314) 751-4458

For Immediate Release
December 21, 1993

For more information,
call Chris Sifford
at 314-751-3222

Carnahan Announces Reforms For 'Failed' Welfare System

Calling it a "failed system," Governor Mel Carnahan today announced a comprehensive welfare reform initiative called "Beyond Welfare."

The program launches initiatives for preventing, reducing and ending welfare.

"The welfare system is not working. It is imperative that we end the cycle of generational welfare. Welfare should be viewed as temporary assistance, not a way of life," Carnahan said.

"That is why, today, I am proposing to replace the old system with one that combines education, jobs and human services. Emphasis will be placed on job creation--work rather than welfare--and family self-sufficiency," Carnahan explained.

To accomplish this objective, Carnahan called for a three-tiered approach that addresses preventing, reducing and ending welfare. Beyond Welfare will:

* PREVENT WELFARE by targeting children and young adults who are at risk of entering the welfare system. It will wrap a comprehensive educational and job-training package around them and prepare them for adulthood, work and self-sufficiency.

* REDUCE WELFARE by strengthening families' abilities to be self-sufficient. The state will provide job, education and parenting skills; while the parents will be required to be accountable for their actions and responsible for their children.

* END WELFARE by putting recipients to work, creating new jobs and limiting the time they can rely on welfare. Recipients will work for wages and transition off welfare. They will be given the tools necessary to lift their families off the welfare rolls; while they are given a time-limited plan for self-sufficiency.

- more -

"This approach takes each family on a case-by-case basis to determine steps they can take to achieve self-sufficiency within a time period tailored to their specific needs," Carnahan said. "The idea to work with families and plan a transition period that will successfully lead to independence without subjecting them to a sudden loss of resources."

Beyond Welfare includes measures to provide and encourage:

* **Wages not Welfare** - AFDC grants will be used as wage supplements to reward work, create jobs and promote economic development. AFDC recipients and community residents will be trained to provide some neighborhood services that are often assigned to professionals from outside the community. Work will be rewarded by allowing families to keep and save a greater share of the money they earn so they can get back on their feet.

* **Family Self-Sufficiency** - Families can negotiate with the state a time-limited self-sufficiency pact. It will lay out steps a family will take to achieve self-sufficiency within a time period tailored to the needs of the family. In return, the state will provide needed support services.

* **Fathers and Their Children** - Fathers who owe the state child support can earn credit against their debt by becoming more involved in their communities and their children's lives. Also fathers paying child support will have a larger role in their children's lives by establishing savings accounts for their children with child support payments.

* **Educare** - Child care funding will be used to increase the educational quality of day care. Schools will be able to use federal funds to either establish Educare programs at sites away from schools, or provide support services and educational enhancements to child care providers that offer Educare.

Missouri Governor Mel Carnahan's
Family Self-Sufficiency initiative

Beyond Welfare

PREVENTING IT

REDUCING IT

ENDING IT

December 1993

BEYOND WELFARE
EXECUTIVE SUMMARY

Nearly everyone agrees that welfare is a burdensome system that undermines family strength and discourages work. But welfare reform too often means adding more restrictions and regulations to this already complicated system.

The welfare system needs more than tinkering around the margins. It needs to be replaced with a new system that supports the values Americans place on work and family.

BEYOND WELFARE is a comprehensive proposal with a single focus to *replace welfare with wages.*

It addresses the fundamental causes of welfare dependency: lack of family support; lack of job skills and work habits; and the intergenerational cycle of welfare reliance.

BEYOND WELFARE will:

- **Prevent Welfare** by targeting children and young adults who are at risk of entering the welfare system. It will wrap a comprehensive educational and job-training package around them to prepare them for work and self-sufficiency as adults.
- **Reduce Welfare** by strengthening families' abilities to be self-sufficient. The state will provide job training, education, and parenting skills, while parents will be held accountable for their actions and responsible for their children.
- **End Welfare** by putting recipients to work, creating new jobs, and limiting the time they can rely on welfare. Recipients will work for wages, and transition gradually off welfare. They will be given the tools necessary to lift their families off the welfare roles and develop a time-limited plan for self-sufficiency.

Data from Missouri's FUTURES program and similar welfare-to-work programs around the country have shown that graduates who take advantage of job-training and educational opportunities increase their earnings and ability to lead a life free from welfare.

BEYOND WELFARE includes measures aimed at:

Wages not Welfare — AFDC grants will be used as wage supplements to create jobs, reward work, and promote economic development. AFDC recipients and community residents will be trained to provide some neighborhood services that are often assigned to professionals from outside the community. Work will be rewarded by allowing families to keep a greater share of the money they earn without experiencing a sudden loss of resources.

Family Self-Sufficiency — Families can negotiate a time-limited Family Self-Sufficiency Pact. The Pact will lay out steps a family will take to achieve self-sufficiency within a time period tailored to the needs of the family. In return, the state will provide needed support services.

Fathers and Their Children — Fathers who owe the state child support can earn credit against their debt by becoming more involved in their communities and their children's lives. Also, fathers paying child support will have a larger roll in their children's lives by establishing savings accounts for their children with child support payments.

Educare — Child care funding will be used to increase the educational quality of day care. Schools will either establish Educare programs at sites away from schools, or provide support services and educational enhancements to child care providers that offer Educare. The proposal includes other educational measures to help young people at risk of becoming welfare dependent be self-sufficient.

PREVENTING WELFARE

Educare: Tie child care funding to school-linked sites, helping to ensure that all children begin their schooling ready to learn.

Funding: General Revenue Reinvestment, $1,028,000
Federal, $23,360

Parents as Teachers: Extend Parents as Teachers to meet the needs of low-income families and communities, increasing their access to the program.

Funding: Outstanding Schools Trust Fund, $503,105

Independent Living: Because former foster and juvenile-justice children have a much greater chance of becoming welfare dependent, increased employment opportunities and mentoring programs will stabilize their futures and help them move to work upon leaving state care, rather than depend on welfare.

Funding: General Revenue Reinvestment, $1,682, 902
Federal, $739,733

Mentoring: Establish a volunteer program for business leaders, teachers, and neighbors to become mentors for adults, teens, and children who receive welfare.

Funding: (See budget page item, Welfare Reform Initiatives.)

School-to-Work: Because 40 percent of high-school graduates do not go on to college, begin an initiative that prepares secondary-school students to obtain jobs upon graduation.

Funding: Department of Elementary and Secondary Education Federal Grant, $290,000

Decentralization/ Integration of Services: Increase access to needed services and avoid duplication and waste by integrating human services and job-training programs at common sites.

Funding: General Revenue Reinvestment, $396,649
Federal, $322,230

REDUCING WELFARE

Expanding FUTURES: Because of the success of FUTURES, the availability of the program should be expanded.

Funding: General Revenue New Spending, $3,612,262
Federal, $4,801,793

Mo. Parents' Fair Share: Expand this program in Kansas City and St. Louis City, and expand it into other communities in the state. The program improves the job prospects of non-custodial fathers whose families receive welfare.

Funding: General Revenue Reinvestment, $141,358
Federal, $241,320

Child Support Credit: Allow fathers to earn credit against child support debt for responsible behavior exhibited through activities such as participation in community work programs and attending job-training or educational programs.

Minimal cost to state.

Mediation: Give parents greater voice in resolving disputes by increasing the availability of mediation services when visitation issues become barriers to child support payment.

Funding: General Revenue Reinvestment, $196,463

Paternity Establishment: Expand programs that establish paternity in hospitals following birth and obtain a waiver to deny benefits until the father has been identified.

Funding: General Revenue Reinvestment, $38,637
Federal, $75,000

Reward Work: Create a more gradual transition to self-sufficiency by allowing families to keep a greater share of the money they earn without experiencing a sudden cut in aid and loss of monthly income.

Funding: General Revenue Reinvestment, $363,218
Federal, $536,782

Family Stability: **1)** Create more flexible eligibility requirements for adolescent parents so they are not forced to leave home to qualify for benefits.

2) Disregard wages of teenagers who remain in school, live with their families, and do not have children of their own.

Minimal cost to state.

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ENDING WELFARE

Wages not Welfare: Work works, not welfare. Use AFDC grants as wage supplements to create jobs and economic development in low-income neighborhoods.

Funding: (See budget page item, Welfare Reform Initiatives.)

Missouri EITC: Enter into a partnership with the Treasurer's office to advance a portion of Earned Income Tax Credits to AFDC clients. The Treasurer would then be reimbursed by the federal government.

Cost undetermined.

*

Family Development Accounts: Allow AFDC families to open savings accounts for a specific purpose, such as education or home purchase, and disregard the money invested from their eligibility calculation.

Minimal cost to state.

Savings Connection: Create a savings program for children whose parents participate in FUTURES or FUTURES Connection. The money would be saved for an agreed-upon item and available to the children when parents graduate from FUTURES.

Minimal cost to state.

Family Self-Sufficiency Pact: Upon application, each family member would agree to a plan that will lead to self-sufficiency within a time limit tailored to the needs of the family. The Pact would establish mutual obligations on the state and each family member.

In addition, the Pact would include a Parent and Child Development Plan that would improve the parents' skills as caregivers and identify special needs of children.

Funding: (See budget page item, Welfare Reform Initiatives.)

Neighborhood Job Creation: Train AFDC recipients and neighborhood residents to work as:

- Parent educators in Parents as Teachers.
- Day-care providers.
- Elderly home-care givers.
- Foster parents.
- Mediators in child-support and custody disputes.

Funding: (See budget page item, Welfare Reform Initiatives.)

BEYOND WELFARE

Budget

Note: BEYOND WELFARE calls for about $4 million in new spending of General Revenue. Funds for the remainder of General Revenue items are on hand from the reinvestment of federal matching money.

Program	General Revenue		Federal
Educare	$1,028,000		$ 23,360
Parents as Teachers*	503,105		
Independent Living	1,682,902		739,733
School-to-Work			$290,000
Decentralization/ Integration of Services	396,649		322,230
Expanding FUTURES*	3,612,262		4,801,793
Mo. Parents' Fair Share	141,358		241,320
Child Support Credit	*minimal*		*minimal*
Mediation	196,463		—
Paternity Establishment	38,637		75,000
Reward Work	363,218		536,782
Family Stability	*minimal*		*minimal*
Missouri EITC	*undetermined*		
Family Development Accounts	*minimal*		*minimal*
Savings Connection	*minimal*		*minimal*
Welfare Reform Initiatives Mentoring Wages not Welfare Family Self-Sufficiency Pact Neighborhood Job Creation	1,226,120		316,297
SUB TOTALS	$9,188,714		$7,346,515
TOTAL		**$16,535,229**	

* New spending. The remaining G.R. items, $5,073,347, are reinvested federal funds.

FUTURES & AFDC

Participant Profile — *FY '91-'92*	FUTURES	AFDC
Average Age	24 years	28 years
Average Age at Birth of First Child	20 years	22 years
Average Number of Children	2.1	2.0
Average Education Level	11.4 years	11.2 years

FUTURES PARTICIPANTS' EDUCATION LEVEL – *FY '91-'92*

Education Level	Number of Participants
Less than 9th Grade	362
9th Grade to 11th Grade	3,100
High School Graduate	3,686
Some College	880
College Graduate	48
Post Graduate	8

FUTURES WAGES – *FY '94*

Participants = 1,360; Avg. Wage = $5.56

Participants Earning Wages	Percent	Wage
44	3%	<$4.25
568	42%	4.25-5.00
363	27%	5.00-$6.00
175	13%	6.00-7.00
212	15%	>$7.00

FUTURES PARTICIPATION — *October 1993*

County	Monthly FUTURES Enrollment	Parents' Fair Share
Boone	97	N/A
Cole	41	N/A
Greene	213	N/A
Jackson	920	145
St. Louis County	670	N/A
St. Louis City	1,100	85
Statewide	6,200	230
Projected FY '95	**8,300**	**850**

AFDC CASELOAD — *OCTOBER 1993*

Average Family Monthly Grant $290

County	Families	Children	Payments
Boone	1,527	2,705	$386,915
Cole	1,094	1,727	160,278
Greene	2,526	4,387	645,113
Jackson	14,896	28,975	3,957,910
St. Louis County	11,293	20,650	2,906,556
St. Louis City	20,273	42,277	5,484,265
Statewide	90,855	171,828	23,857,972

Data provided by Missouri Department of Social Services/Research and Evaluation

BR/KW met with them 10/19/93

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MEL CARNAHAN
GOVERNOR

GARY J. STANGLER
DIRECTOR

10-24-50
Bertram Buckley
5-823

May 19, 1993

Mr. Bruce Reed
Deputy Assistant to the President
The White House
Washington, DC

Dear Mr. Reed:

Congratulations on the very good article in Monday's Washington Post. I was in town for a meeting of the Self-Sufficiency Task Force, the effort of the American Public Welfare Association, to formulate recommendations to help President Clinton "end welfare as we know it." It was serendipitous that I was in town to see the article.

As a welfare official, I applaud your notion that "we don't have any other choice" but to fix government. As a rabid St. Louis Cardinals fan, I am mildly uneasy that a Pirates fan is in charge, comforted though by the standings.*

I look forward to our paths crossing.

Sincerely,

Gary

Gary J. Stangler
Director

GJS/meh

* Spoke too soon as the Redbirds slipped to a 4th place tie w/ Pirates!

THE WHITE HOUSE

WASHINGTON

May 20, 1993

Gary J. Stangler, Director
Missouri Department of Social Services
P.O. Box 1527
Broadway State Office Building
Jefferson City, Mo 65102-1527

Dear Gary:

Thank you so much for your letter of May 13th. Because of the pressing nature of budget deliberations and the finalizing of health care reform decisions, I fear my calendar is more crowded than ever for the next several weeks. However, I have asked Bruce Reed and Kathi Way who are leading the Welfare Reform effort for the Domestic Policy Council to be in touch with you to hold the meeting you have requested.

Thank you so much for the informative packet of information and I know you will hear from Bruce or Kathi soon.

Sincerely,

Carol

Carol H. Rasco
Assistant to the President for
Domestic Policy

CHR:rk

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MEL CARNAHAN
GOVERNOR

GARY J. STANGLER
DIRECTOR

May 13, 1993

Carol Rasco
Chief Domestic Policy Advisor
The White House
Washington, DC 20500

Dear Carol:

Recognizing the extreme demands on your time, I respectfully request that you visit with two individuals who are key to our welfare reform efforts in Missouri:

- Bob Rogers, President of the Kauffman Foundation

- Bert Berkley, Chairman of the Board of Tension Envelopes, Inc., and chair of our Local INvestment Commission (LINC), a local governance entity for human service programs.

The purpose of our visit is to apprise you of the community's direct ownership, direction and assistance in financing the welfare reform efforts recently announced by Governor Mel Carnahan and Mayor Emanuel Cleaver. You may recall, I sent you the media materials used in that announcement. We are seeking to retain waivers granted by HHS and to push for final resolution of our waiver request at USDA. These waivers allow us to use benefits as wage supplements as part of an economic development strategy to attract jobs to the inner city that otherwise were going offshore. Several manufacturing firms have expressed interest and are working with us on this effort.

In addition to our welfare reform efforts, Mr. Rogers and Mr. Berkley would like to provide you with the results of our focus group research on family and child welfare issues, which was conducted in ten cities across the United States and, I believe, are helpful as you push your strategies on family support and family preservation in the president's budget, and for other efforts on child welfare reform.

I would be very grateful if you would spend a few minutes with us, and both learn and assist us with these efforts. Best personal wishes.

Sincerely,

Gary

Gary J. Stangler
Director

GJS:dl