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1. letter	Mickey Kaus to Ken re: personal information for article, 1p (partial)	6/26/96	P6/B6

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STEPHEN MOORE / MICHAEL NEW

How can Washington and the states keep up the momentum on welfare reform? The latest U.S. government statistics reveal that welfare caseloads have fallen by an astonishing 46 percent since 1993. That is a reduction of almost 6,000 welfare families per day.

Starting in the early 1990s the nation's governors began to craft welfare fixes aimed at uprooting this dysfunctional system. These new laws generally require work in exchange for benefits. They impose time limits on the dole. They end additional payments for having more children while on welfare. And they stress aggressive job placement efforts. The result has been that the transition from welfare to work is proceeding more smoothly than anyone expected.

Consider the case of Wisconsin, where Gov. Tommy Thompson has been the pre-eminent welfare innovator. In his famous W2 program, Mr. Thompson mandated that all able-bodied welfare recipients to work for benefits. He has also promoted other novel welfare reforms, including one program that rewards welfare recipients with a cash bonus if they marry and another that provides bonuses for staying in school.

In 1987, the number of households on welfare in Wisconsin was about 100,000. Now that number is below 10,000. In most of those cases a paycheck has replaced a welfare check.

But here's the not so good news. Success in ending welfare dependency has been wildly uneven among the 50 states. Most states have fallen far short of Wisconsin's stunning progress. There are still 3 million American households on welfare. That is far too many lives being ruined by a corruptive system.

The coldhearted reality of the problem is this: despite the reform ethic of recent years, benefits

Next step on welfare reform

remain incredibly generous in many states. The system deters recipients from ever leaving the rolls for work. In a widely publicized 1995 Cato Institute study (with Michael Tanner), we found that in all but a few states the full array of welfare programs — Aid to Families With Dependent Children (AFDC), food stamps, Medicaid, heating subsi-

Despite the reform ethic of recent years, benefits remain incredibly generous in many states.

dies, and public housing — pays better than the after-tax payment from working in most starter jobs.

In high benefit states like New York, Massachusetts and Hawaii, the value of the full package of welfare benefits, — including food stamps, housing benefits, AFDC, and others — can reach \$12 an hour. That's more than many starter jobs pay. In New York City, welfare paid the equivalent of almost \$14 an hour. For many welfare recipients, to take a job means a pay cut.

The accompanying table confirms what common sense would tell us: the higher the benefit levels

WELFARE PAYS

State	Welfare Benefits	Welfare Caseload change (1996-1999)
Hawaii	\$27,736	-7%
Alaska	26,849	-22%
Connecticut	24,474	-37%
Mass.	24,176	-52%
D.C.	22,745	-22%
New York	22,124	-30%
New Jersey	21,968	-48%
Rhode Island	21,541	-14%
California	20,687	-25%
New Hampshire	19,354	-39%
Maryland	19,489	-57%
Virginia	19,385	-50%
Maine	19,018	-46%
Vermont	18,754	-34%
Washington	18,730	-37%
Delaware	18,486	-42%
Colorado	18,457	-66%
Nevada	18,456	-38%
Minnesota	18,441	-27%
Utah	17,838	-46%
Wyoming	17,780	-87%
Pennsylvania	17,574	-45%
Michigan	17,560	-57%
Illinois	17,492	-44%
Wisconsin	17,389	-89%
New Mexico	17,358	-16%
Iowa	17,335	-39%
Florida	17,256	-68%
Indiana	17,192	-55%
Idaho	17,028	-82%
Oregon	16,959	-59%
North Dakota	16,812	-52%
South Dakota	16,668	-54%
Kansas	16,687	-57%
Oklahoma	16,642	-60%
Ohio	16,551	-57%
Georgia	16,405	-81%
Louisiana	16,290	-61%
North Carolina	16,007	-53%
South Carolina	15,953	-67%
Montana	15,814	-55%
Kentucky	15,807	-49%
Nebraska	15,725	-30%
Texas	15,470	-59%
West Virginia	15,202	-77%
Missouri	15,102	-42%
Arizona	14,802	-49%
Tennessee	14,582	-48%
Arkansas	14,088	-55%
Alabama	13,817	-61%
Mississippi	13,033	-73%

Note: Welfare benefits include AFDC, Food Stamps, Medicaid, Housing Assistance, Utilities Assistance, WIC, and Free Commodities Program

in a state, the harder it is to get people off welfare. We found that there is a statistically significant negative relationship (-0.54 correlation) between the level of benefits in a state and the percentage reduction in caseloads.

The 10 states with the lowest benefit levels slashed their caseloads by 58 percent since 1993. The 10 states

with the highest benefit levels only trimmed their caseloads by half that much. For example, Hawaii, which offers the most generous welfare benefits of any state, totaling more than \$30,000 a year, has recorded the smallest reduction in caseloads in the nation. Conversely, Mississippi, whose welfare package provides less than \$11,000 a

year, reduced their rolls by an impressive 70 percent.

The best way to end welfare dependency is to make the system less enticing to enter in the first place. The welfare state is like the Hotel California: you can check in but you can never leave. High benefit states in particular must make the benefit package less attractive relative to work if they hope to reduce dependency.

The most valuable step the Congress could take to help dismantle the welfare-poverty trap would be to abolish all programs that provide benefits for not working: food stamps, AFDC, and public housing, for example. The savings should be used to make the Earned Income Tax Credit (EITC) more generous. The EITC is a variation of Milton Friedman's famous proposal of a Negative Income Tax. The EITC has many flaws, but its great virtue is that you only receive the benefit if you work. (Most other federal welfare programs only provide benefits if you don't work.) The EITC program also doesn't encourage out-of-wedlock births as a means of gaining financial independence.

The enduring public policy lesson of the last quarter-century is that incentives matter in life. We learned this lesson with the supply side tax cuts in the early 1980s — which cut tax rates to encourage more investment, risk-taking, and work.

We are learning the same lesson with the first round of welfare reform successes. The job is not near done. In the states and in Washington the politicians must understand that if we truly want to end welfare as we know it: We must ensure that virtue (work) pays — and that vice (welfare) doesn't.

Stephen Moore is director of fiscal policy studies at the Cato Institute. Michael New is a research assistant at Cato.

LAWRENCE KUDLOW

When Federal Judge Thomas Penfield Jackson threw the whole book and the kitchen sink at Microsoft Monday night, it was the perfect ending to a catastrophic day that saw Microsoft's capitalized market value plummet by \$80 billion. This was the biggest one-day drop in a company's market cap in U.S. history.

But wait. The market cap for Cisco fell \$30 billion on the same day. This amounted to the second-biggest market cap drop in history. And Cisco wasn't even mentioned in the ruling.

What gives? Answer: Market investors are saying that if the government can stick it to Microsoft, then they can stick it to anyone. What is bad for the goose could be even worse for the gander. No one can be sure what additional regulatory shoes may fall in the future. This point helps explain why the whole Nasdaq index got shellacked along with Microsoft.

After the Jackson decision came down, Assistant Attorney-General Joel Klein piled on. Here's a revealing quote from Jimmy Carter's former Federal Trade Commission official who is currently the top Clinton trust-buster: "It will benefit America's consumers by opening the door to competition, increased innovation and increased consumer choice in the software industry. This

What gives with the market?

Market investors are saying that if the government can stick it to Microsoft, then they can stick it to anyone.

landmark opinion will also set the ground rules for enforcement in the Information Age."

Benefit consumers? Set the ground rules for enforcement? It is exactly these regulatory attitudes that sent a very cold chill down the spine of the Nasdaq stock market index, including dozens of company shares whose CEOs thought they might benefit from Microsoft's regulatory and legal demise.

Think again, fellas. When Uncle Sam starts on a trustbusting tear, plenty of unsuspecting victims fall prey to its anti-market and anti-growth illogic. This was the case 100 years ago under Theodore Roosevelt and William Howard Taft; it also happened during Franklin Roosevelt's 1930s and again during the Jimmy Carter 1970s. Stock markets and the

economy suffered mightily. When government thinks it knows best, stocks and the economy perform least.

The Microsoft revolution of the 1990s has been the backbone of our high-growth and low-inflation economic miracle. Software output has expanded, prices have fallen, and the economy flourished. In the past four years, as the software revolution evolved into the Internet economy, the high-tech Nasdaq index appreciated 33 percent yearly. This pulled the old economy Standard & Poor's and Dow indexes up 22 percent annually. Nearly 100 million investors gained extraordinary wealth. Does this picture really need fixing?

Even computer klutzes like myself were able to learn Internet Explorer. Software applications such as Excel, Word and PowerPoint made everything simpler and easier to understand and execute. Netscape sold plenty of software but Microsoft proved to be more popular. Meanwhile, the standardized integration of Microsoft software, bundled together with their browser, substantially lowered transaction costs and raised productivity everywhere.

Benefit consumers? Maybe consumers don't really want to be saved. Here's a very interesting poll from Rasmussen Research. Seventy-one percent of Americans say Microsoft has been good for consumers. This figure jumps to 83 percent among heavy computer users. Just 15 percent of American adults believe the government should break up Microsoft.

Rasmussen Research, a subsidiary of TownPagesNet.com, is an independent public opinion and market research firm that refuses to work for candidates, political parties and elected officials. Here is some more data from their March 30 survey. Thirty-seven percent of all Americans say the Justice Department is a greater threat to the software industry than Microsoft. Just 18 percent see Microsoft as the bigger threat.

Among heavy computer users, 47 percent say Justice is the bigger threat while 20 percent name Microsoft. Among heavy computer users, 70 percent have a favorable opinion of Microsoft, with only 14 percent unfavorable. Two-thirds believe the government is wasting taxpayer dollars on the lawsuit.

Set enforcement ground rules for the Information Age? This is exactly what shareholders are worried about. This is why the Nasdaq has collapsed in recent days. No one in their right mind wants Uncle Sam to regulate technology companies that have become the engine of U.S. economic growth.

Indeed, there's no surer way to create stock market overvaluation than to unleash regulators on the economy. Antitrust regulators were virtually unemployed during the Reagan years, when the long prosperity boom first began. After final decisions were made to throw out the IBM lawsuit and then finally break up AT&T, actions that had started 10 years earlier, trustbusting was moved to the bottom of the economic priority list. Free enterprise prospered.

If, however, trustbusting is to dominate economic policy now, then the economic growth boom may be coming to an end. But here's the really good news: There are only nine months left for the current administration. It is to be hoped that shareholders will maintain their optimistic vision during the interim. Keep the faith. Better times are coming.

Lawrence Kudlow is chief economist of CNBC.com and Schroder & Co. Inc.

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Thompson accuses Clinton of stealing idea

By Steven Walters
of the Journal Sentinel staff
December 1, 1998

Madison — Gov. Tommy G. Thompson accused President Clinton of planning to steal Wisconsin's idea to let thousands of citizens with disabilities work without losing housing, medical and home health care benefits that keep them alive.

In a statement Monday, Thompson asked Clinton to formally waive federal rules so Wisconsin can begin its own Pathways to Independence program before the president makes a similar proposal in the budget he will give Congress next year. The New York Times reported that Clinton will make such a proposal.

Although on a trade mission to Austria and Germany, Thompson accused Clinton of "following Wisconsin's lead."

The president should make sure Wisconsin's innovative program can start before stealing it, the governor said.

"We need the White House to be good partners in helping the disabled succeed by giving us the necessary waivers for Pathways to Independence to begin," Thompson said. "We're ready to make this program work."

About 97,000 people in Wisconsin have disabilities, and the pathways program would allow up to 1,800 of them to work, keep full Medicaid, Medicare and Supplemental Security Income benefits and, in return, share the costs of those benefits.

Activists have said Wisconsin's proposal, already approved by the Legislature and awaiting federal approval, would be the most innovative experiment in the country.

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Inside News

Main Page

Sunday Features

Go!

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CHRIS / EK / —

Is there a waiver we could give here?

BR

File:
① WR-Newsclips
② WR-Wisc

6/26

TO: BRUCE REED
FROM: MICKEY KAUS

TOP SECRET

CHEERS

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④ pages follow

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 1
LISTED IN THE WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE FOLLOWING PAGE HAS HAD MATERIAL REDACTED. CONSULT THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER FOR FURTHER
INFORMATION.

Dear Ken:

Here is the new version,, revised 6/24 to take account of the latest controversies. I'm afraid it got longer in the process. My number, in L.A., is (213) 938-1952 (phone and fax). Social Security # is [REDACTED] Mailing Address: 480 S. Spalding Dr., Beverly Hills, CA 90212. Thanks.

Mickey Kaus

THE RIGHT THING

President Clinton's embrace of the radical Wisconsin welfare plan has been treated as something less than a Lincolnesque act of principle. "Does he even know what's in it?" sneered the Washington Post editorial page. The right claims Clinton has cynically cast aside his beliefs to please the voters. So does the left. Some of Clinton's own welfare bureaucrats recently rebelled, telling the New York Times that they had "serious concerns" about the Wisconsin plan -- which prompted Clinton and his chief of staff to re-embrace the plan, which only heightened the appearance of a cynical sell-out.

Is it possible that the President is actually doing the right thing? I think he is. The Wisconsin plan constitutes the most serious attempt to transform the culture of welfare since Franklin Roosevelt created the WPA to replace the "narcotic" of cash aid. Modern welfare reformers have long called for a grand left-right compromise, in which the left would agree that welfare recipients should work, while the right agreed to spend the money to provide the necessary public jobs and child care. The particular compromise struck in Governor Tommy Thompson's Wisconsin Works ("W-2") proposal is not perfect, but it's as close as we're likely to get anytime soon. If federal welfare officials somehow succeed in blocking it, then Republicans will be justified in arguing that welfare needs to be moved out of Washington's control and returned to the states.

The W-2 plan is certainly tough enough. Clinton's own 1994 welfare proposal required

work after two or three years on the dole. Wisconsin's would require work from day one (excepting mothers with newborns less than 12 weeks old). The message sent to young women would be unmistakable: think twice about having the out-of-wedlock baby that would formerly have qualified you for cash aid.

But W-2 has other sensible -- and expensive -- features traditionally sought by the left. It provides subsidized child care, not just for those who now qualify for welfare but for all low-income parents who need it to work. W-2 also offers subsidized health coverage, not just for those now on welfare but, again, for all low-income families. (Does the Post know what's in the plan?) Wisconsin anticipates spending about 13 percent more, initially, under W-2 than it now spends on welfare. Child care spending would increase from about \$48 million to \$158 million.

Most important, Thompson recognizes that many welfare recipients will not immediately be welcomed into the private sector. They will need public jobs. Unlike virtually all Congressional Republicans, Thompson steps up to his responsibility to pay for those jobs. Wisconsin anticipates creating almost 30,000 community service positions, one for every two adults on welfare. Significantly, these jobs would be available to fathers as well as to single mothers. Those unable to work full-time would be given tasks commensurate with their abilities, though they would be paid a bit less.

who live with
their families

So what about those "serious concerns"? Among other things, the unnamed administration officials cited by the Times complained that Wisconsin's community service positions will pay less than the minimum wage. But even FDR, in creating the WPA, recognized that last-resort public jobs should pay a bit less than the lowest paying private sector work -- otherwise people will be tempted to quit low-wage private jobs to go on the public payroll.

Nor will Wisconsin's community service jobs pay wages that vary with family size. For small families, the jobs will pay more than welfare now pays; larger families will

2

get less than they get now. Administration officials have argued that this single pay scale violates traditional welfare principles, under which benefits vary with "need." But it accords with traditional work principles, under which you don't get a raise just because you have another child. And W-2 workers would continue to get food stamp benefits, which increase with family size.

The Post, for its part, asks: "What do you do with a child whose mother turns out to be unwilling . . . to work?" But this is the central dilemma of all work-oriented welfare reforms, since if you keep sending checks to such a family, you in effect abandon any work requirement. Wisconsin would keep providing health care, but not cash. The state plans to closely monitor the status of children whose mothers refuse work. State officials insist that, as one puts it, under W-2 "the number of child welfare cases will decline, because work is a centering activity."

There are really only two major complaints regarding W-2. First, Wisconsin intends to limit community service jobs to two years, and place an overall 5 year limit on aid. Though the plan allows for case-by-case extensions, the Clinton administration has previously insisted that states guarantee jobs or aid indefinitely to all those who have "played by the rules" -- e.g., who are looking for work but unable to find it. Wisconsin's reformers argue that, in practice, people find jobs far faster when they know they only have so many years of aid coming to them. That isn't implausible. Why not let the state find out if it's right?

But

What really disturbs many administration officials, not to mention liberal activists, is Wisconsin's statement that "an individual is not entitled to services or benefits under Wisconsin Works." The state seems to be trying to wriggle out of its promises. Actually, it's trying to wriggle out from under the Supreme Court, which (at the urging of liberal activists) has ruled that when the government creates a welfare "entitlement" it gives recipients a constitutional "property" right that can only be taken away after a fairly elaborate legal proceeding, which typically takes 30 to 90 days (not counting appeals).

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Wisconsin, rightly, wants to be able to fire community-service workers who show up high, or who don't show up, without having to keep paying them for 90 days. It doesn't want every decision about who is and who isn't ready for which jobs to be second-guessed by the courts. Yes, it would be better if the state somehow guaranteed it would meet its obligations under W-2 (and the plan does provide for internal appeals by recipients who feel wronged). But you can't blame the Wisconsin's legislators for concluding that the only way to stop judges from imposing more "due process" than a work-based system can stand is to say explicitly "don't consider this an entitlement."

Even if the Clinton administration can't force Wisconsin to give ground on this "entitlement" issue, it should approve W-2. The proposal's popularity is hardly an argument against it. What the voters to whom Clinton is "selling out" seem to possess -- and what W-2's critics, including the Post, seem to lack -- is a sense of urgency. The concentration of welfare-dependent, single-parent families in the nation's ghettos is our most pressing social problem; the left-right deal embodied in W-2 is our best hope for a solution. We can't afford to wait for the perfect plan.

ENDIT

The writer, a contributing editor of The New Republic, is author of "The End of Equality."

(4)

*Over News Clips
Over Waivers*

Waivers Change the Face of Welfare

LATimes June 20th



In letting states go their own ways, Clinton has already made relief more a privilege than an entitlement.

By DOUGLAS J. BESHAROV

As Bill Clinton and Bob Dole jockey for position as the candidate who is tougher on welfare reform, a larger point has been missed. Clinton's permissive approach to granting states waivers from the strictures of federal law has set in motion forces that are transforming welfare in ways that even Ronald Reagan would envy. In more and more states, welfare is looking more like a privilege to be earned than an entitlement.

The Social Security Act gives the executive branch authority to waive many of the requirements embedded in federal welfare law—a power that Clinton has used liberally. His administration has granted more than 60 waivers to 37 states. Before Clinton, waivers of major programmatic components were extremely rare.

During the administration's first three years, the waivers were usually modest in scope. The most common allowed recipients who go to work or get married to keep more of their earnings or to stay on Medicaid longer. Others reduced benefits if welfare mothers failed to send their children to school, keep their immunizations up to date and so forth. Beneficial as they were, these waivers amounted to little more than tinkering with the basic program.

But in recent months, 25 states have received waivers that go to the very heart of the program: They end the absolute and unconditional entitlement to long-term benefits (five more states have similar waivers pending). About half completely terminate cash benefits and about half trigger a work requirement after a specific period on the rolls, usually 24 or 36 months. Three others terminate benefits after a period of mandatory work.

Don't assume that the only states making these fundamental changes are small ones with minimal welfare

caseloads. Included are California, Illinois, Ohio and Texas. (New York will probably join the list soon.)

Many of the waiver requests submitted by states initially proposed an absolute termination of benefits after the time limit. So far, however, the Clinton administration has insisted that there be some sort of protection for long-term recipients, even when the state did not want one—although there is no telling what the Clinton White House might do in the heat of the campaign. According to congressional testimony by the assistant secretary in charge of the program, "Time limited benefits must be followed by jobs, supported work or some other continuing support for those who have played by the rules."

Hence, all approved state waivers have some sort of safety-net-like exception at the end of the time limit. The most common exceptions are personal hardship (14 states), inability to find a job (13), the caretaker's age (10) and the child's age (nine).

Although some critics argue that such exemptions eviscerate the effectiveness of a time limit, most Americans will welcome the apparent assurance that the truly needy are still being protected. More important, it looks like such exemptions will not prevent states from throwing people off welfare—especially those who do not comply with new requirements to look for a job, participate in job training or accept a public service job.

Since Iowa's toughened requirements took effect in October 1994, an average of 165 families a month have been subjected to six-month suspensions of cash assistance. In the last six months, hundreds have been thrown off the rolls in Virginia for various forms of noncompliance.

As these numbers suggest, the states are unlikely to turn the screws and suddenly throw a high proportion of current recipients off welfare. Even the most conservative politicians will not want tens of thousands of homeless families in the streets. Nevertheless, this new round of waivers has the practical effect of ending the unconditional entitlement to welfare and, in its stead, has given administrators and caseworkers vast

new discretion in deciding who gets welfare.

The state-by-state waiver process is an unexpected and unintended way to reform welfare, at least partially. The federal government gets reform on the cheap, without an up-front appropriation of vast new funding for job training and child care. The states get a measure of the flexibility they want, without the financial risks inherent in the Republican block grants, although also without their financial advantage as caseloads decline. And Bill Clinton gets a credible claim that he did, indeed, reform welfare.

But there is also a downside to using such an informal policy instrument to make these momentous changes: Many important issues go unaddressed or are hidden from public view. One troubling example is the vague standards being established for exempting families from the time limits (and the potential for arbitrary application). Ohio's provision is typical: "Extensions of welfare payments will be provided after reaching a time limit if the family shows good cause—which includes the inability, through no fault of the individual, to obtain or retain employment."

What does it mean to be unable to work "through no fault of the individual"? Does it mean that welfare mothers must leave their children with relatives, must work at the minimum wage without medical benefits, must spend many hours traveling to a low-paid job? How are such crucial decisions to be made? And by whom? Anyone who, like this old veteran of the civil rights struggles, remembers when racial minorities were routinely denied welfare or hassled about staying on will wish that such issues had been more thoroughly addressed.

In 1992, candidate Clinton promised to "end welfare as we know it." By effectively ending the welfare entitlement, that is just what he has done. To his liberal supporters, Clinton may claim that the Republicans made him do it. For the general electorate, however, he will be sure to claim that he kept his promise. And, for better or worse, he has.

Douglas J. Besharov is a resident scholar at the American Enterprise Institute for Public Policy Research and a visiting professor at the University of Maryland School of Public Affairs.

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Arabs Ponder How to Salvage Peace

■ Middle East: Netanyahu's election might send Israel down a different path.

In a flagrant breach of this principle, indeed, of the whole concept of peace as adopted in Madrid, Netanyahu has openly declared that he will not restore the Golan Heights to Syria. While Israel has in the

commitments. There can be no talk of economic incentives and of a Middle East market as long as Israel makes military discussion the basis of a process it attributes to peace. Nor is it possible to proceed with

DWR-News Clipp
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PM-WI- Welfare-Politics, 1st Ld-Writethru,560

W-2 Sponsor Says Clinton Move Could Be Bad for Dole

Eds.: INSERTS 5 grafs after 8th graf to add some details of Dole visit and comments by him. Picks up 9th graf, Dole has ... A version moved for Sunday AMs

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MADISON, Wis. (AP) President Clinton's endorsement of Wisconsin's GOP-sponsored, welfare-to-work law likely was a blow to Republican challenger Bob Dole, the law's co-sponsor says.

"It is a brilliant political move for the president to remove that as an issue for Bob Dole in Wisconsin," said Rep. John Gard, Assembly sponsor of Gov. Tommy Thompson's Wisconsin Works, or W-2, bill.

Clinton is visiting Wisconsin this week, meeting with German Chancellor Helmut Kohl Thursday, while Dole is expected to give a major policy address Tuesday in Fond du Lac.

Wisconsin Republicans just hope Clinton follows through on Saturday's words endorsing W-2 and signs federal waivers needed for the state to eliminate Aid to Families with Dependent Children, said Gard, R-Peshtigo.

The policy Clinton is embracing will benefit Republicans at the state level, he said.

"The success we have here will force him to do things for other states," Gard said. "If he blows it and doesn't let W-2 work, then we'll make political hay out of it."

Both the Republicans and Democrats are "trying to outdo one another on welfare reform," said Anne Arnesen, director of the Wisconsin Council on Children and Families.

"A lot of it is very political," Arnesen said. "One gets really worrisome that people will be caught in the crunch especially children."

Dole is expected to fly into Wittman Field at Oshkosh on Tuesday and travel to Fond du Lac for a luncheon visit.

Mike Hatch, who serves as Dole's campaign coordinator in Fond du Lac County, said he's expecting Dole to spend just two hours in Wisconsin.

"I was told to tell people the general public is invited," Hatch said. "He's going to give a talk. I'm not sure if anyone knows what subject."

Dole, in a late-night session with reporters aboard his plane Saturday, said, "We go to the states, like we go up to Wisconsin, to talk about welfare and then Clinton announces he may give Wisconsin a waiver."

"If we go to enough states we may straighten out the country."

Dole has criticized Clinton for vetoing two bills that would have transformed federal welfare programs into block grants, and given states flexibility to spend the money as they choose.

Clinton has complained that the bills passed by the GOP-controlled Congress did not go far enough to protect children. He especially lauded Wisconsin's W-2 program for its health care and child care components.

"The president wants to make sure he protects working families and their children," said Rep. Rebecca Young, D-Madison.

W-2 is designed to do away with welfare in Wisconsin by requiring able-bodied parents to work or begin job training.

The new program would replace AFDC with job placement and training services for an estimated 53,200 of the state's 65,000 welfare families by the fall of 1997, assuming the Clinton administration clears the way.

Thompson signed the bill into law last month. In Milwaukee on Saturday to speak to the graduation class of the Medical College of Wisconsin, he said he was impressed by Clinton's statements.

"Obviously, President Clinton is trying to stave off the failure of his administration," Thompson said. "He's coming to Wisconsin and he knows how popular W-2 is ... if that benefits Wisconsin, so be it."

Gard said W-2 is a "package deal," and Wisconsin Republicans won't accept Clinton's approval of just part of the program.

But others hope Clinton's comments mean he won't just give the state an unconditional thumbs-up on W-2.

"Where we're encouraged is that the president is going to be negotiating with the state regarding W-2 waivers," said Marcus White, program coordinator for the Interfaith Conference of Greater Milwaukee.

"His reference to children and families makes us hopeful that the negotiations will keep the best interest of children in mind."

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**** printed by:WHPR(JMAS) on 05/20/96 at 10:54EDT ****

Wisconsin Law Seeks to End Welfare

By DIRK JOHNSON

CHICAGO, April 25 — Gov. Tommy G. Thompson of Wisconsin today signed legislation that would abolish welfare payments in that state by the fall of 1997 and replace them with a system of work programs, child care and subsidies to private employers who hire the poor.

"This doesn't just end welfare as we know it," the Governor said, "it ends welfare — period."

Since it requires a Washington waiver of Federal welfare law, the new program has essentially been laid at the doorstep of the Clinton Administration, which has already allowed 37 states to experiment with welfare policy, granting more waivers than were granted during the Reagan and Bush years combined.

"Whether it works or not, this is the most revolutionary thing we've seen on welfare," said Doug Besharov, a scholar at the American Enterprise Institute. "This is starting from scratch. It's a new way of thinking."

Mr. Thompson, whose sights on the Republican Vice-Presidential nomination have scarcely been a secret, said today that "the only person standing in the way of welfare's demise is Bill Clinton."

Mr. Thompson conceded that "we're going to spend more" over all in transforming the welfare system into what would amount to an elaborate employment assistance agency.

Replacing welfare with work incentives and child-care programs.

The Governor said he believed that the state could help as many as 30 percent of the people on welfare find jobs in the private sector. Some of the remainder would work in community service jobs created by the state. Still others would work for private employers who would receive a subsidy for hiring people now on welfare.

The program would provide extensive child care benefits, transportation assistance and job training. Mr. Thompson said spending on the program, known as Wisconsin Works, would initially be \$340 million a year, an increase of about \$40 million over what is now spent for cash payments and other support.

"In the long run," he said, "it will save taxpayers' money" as welfare beneficiaries leave relief rolls and become taxpayers.

Mr. Thompson has become a national figure through his hotly debated changes in welfare policy, which have included time limits on eligibility and penalties for parents whose children skip school.

Welfare rolls in Wisconsin have declined about 35 percent since Mr. Thompson took office in 1987. An enormously popular politician, he swept to a third term last fall with 67 percent of the vote.

Under the new program, people would no longer get welfare checks, and instead get paychecks. If they fall on the job, the pay stops. "What happens to you," the Governor asked a reporter, "if you don't show up for work?"

The measure means that welfare would no longer be an entitlement, or a right, to those who qualify under law.

While pieces of this measure have been implemented in other states, nothing else comes close to the comprehensiveness of the Wisconsin approach.

Some experts on poverty said it was impossible to predict how the measure would work. But many expressed concern about the effect on poor children.

"Almost everyone agrees that the existing welfare system has deep flaws, but you can make a bad system worse," said Tom Corbett, associate director of the Institute for Research on Poverty in Madison, Wis. "What is going to happen to the children of the people who fail to show up for those work programs?"

"I wish they would go slowly, deliberately and thoughtfully, on these changes," Mr. Corbett said of state officials. "But the political imperative is to rush in and make a big splash."

Nearly 13 million Americans are now on welfare, most of them children, and about three-quarters of all beneficiaries have been affected by policy changes in the last three years — changes, almost invariably, intended to restrict benefits — according to Michael Kharfen, a spokesman for Health and Human Services.

Mark Greenberg, a lawyer for the Center for Law and Social Policy, expressed concern that the program would push new mothers out of the home very soon after giving birth. "We're talking about infants as young as 12 weeks old" going to subsidized child-care facilities, he said.

Mr. Besharov, of the American Enterprise Institute, said he believed President Clinton would issue the waiver, in large part to position himself as being tougher on welfare than is Senator Robert Dole. In granting so many waivers to states to tighten welfare, he said, Mr. Clinton has already demonstrated that he is willing to break with liberals on the issue.

"Traditional Democratic Presidents would never have approved all of those" changes, he said.

During the campaign, he added, Mr. Clinton, who cast himself as a New Democrat in 1992 and vowed to "end welfare as we know it," will surely be asked during a Presidential debate whether he has satisfied his promise.

"And he's going to be able to say, rightly, 'Yes, I have ended it by granting 30-some states these waivers,'" Mr. Besharov said. "When the history is written on this, it will say that Tommy Thompson and Bill Clinton ended welfare as we know it."

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② WR - Wise

Kennedy Says Dole Is Trying To Sabotage Insurance Bill

By ADAM CLYMER

WASHINGTON, April 25 — Senator Edward M. Kennedy today accused Senator Bob Dole, the presumptive Republican Presidential nominee, of trying to "sink the bill" approved by the Senate this week that would make health insurance more accessible.

As the Senate's representatives on a conference committee to resolve differences between House and Senate versions of the insurance bill, Mr. Dole wanted to appoint a group of senators who favor Medical Savings Accounts, a provision the Senate rejected 52 to 46. The House included the accounts in the version of the bill it passed last month.

But Mr. Kennedy blocked that proposal, formally offered by Senator Trent Lott of Mississippi, Mr. Dole's deputy leader. Mr. Lott in turn blocked Mr. Kennedy's counterproposal of a group of conferees opposed to the savings accounts.

President Clinton has threatened to veto the insurance bill if it includes the savings accounts, under which people would gain tax advantages by putting money aside for the first few thousand dollars of medical expenses while buying insurance policies with high deductibles to cover other costs.

Today Mr. Clinton said in a news conference that the bill, originally intended to keep people from losing insurance when they changed jobs, should be passed "unadorned, sim-

ple, good and strong."

"Let's don't litter this up with special interest amendments" Mr. Clinton said.

Mr. Dole never spoke in the brief Senate exchange on how insurance conferees should be chosen, and later he told reporters, "I don't have to work it out with Ted Kennedy."

But he was there watching the Lott-Kennedy exchange, and when the Senate then slumped into one of its interminable quorum calls — which members use to figure out what to do next — Mr. Dole approached Mr. Kennedy. The Massachusetts Democrat later told a news conference that Mr. Dole had told him that "as a matter of fact, he is not that crazy about Medical Savings Accounts" but needed something politically.

Republicans then blocked Mr. Kennedy from making his complaints about choosing conferees opposed to the Senate position, so Mr. Kennedy went to the press gallery and told reporters, "We're not going to let this bill be hijacked." He called Medical Savings Accounts "a poison pill" for the legislation.

Senate Democrats have also threatened to try to bring up the bill again if no House-Senate agreement is reached in two more weeks, citing Tuesday's 100 to 0 vote to adopt it as a reason for insistence. But considering their difficulties in trying to bring the minimum wage legislation to a Senate vote, that may not be easy to do.

Mr. Clinton Toughens Welfare Rules

President Clinton's recent executive order on welfare delivers a useful message to the states. Under the 1988 Family Support Act, states are supposed to withdraw welfare benefits from teenage mothers who drop out of school. But states have routinely failed to enforce the school-attendance requirement because they did not want to pay for the mothers' child-care needs, as the law requires. Under the new executive order, Mr. Clinton has told the states they will now be held accountable for enforcing the law and for providing the child care that goes with it.

The executive order makes political sense because it should take some of the sting out of charges by the Republicans that Mr. Clinton is opposed to constructive welfare reform. The order also makes good policy sense because it will put more mothers on their way to finding private-sector jobs.

Under the order, states will no longer be allowed to exempt large numbers of teen-age mothers from the need to sign a contract with the state obligating them to finish school or suffer benefit cuts. Meanwhile, the order allows states to provide bonuses to mothers who stay in school without having to gain approval from Washington.

The combination of rewards and sanctions can work for some mothers. Ohio has a program that pays teen-age mothers who stay in school \$124 more per month than those who drop out. According to an interim study by the Manpower Demonstration

Research Corporation of New York, the program raised graduation rates by 20 percent and employment by 40 percent among mothers who were already in school. As welfare reforms go, these impacts are huge.

The Ohio program did not, however, persuade mothers who had already dropped out of school to go back, producing no significant increase in graduation rates or employment in this group — even though these mothers suffered cuts in the money they could spend on their children.

Mr. Clinton is trying to remedy a major failure of the 1988 act, which was well designed to encourage welfare parents to work. Congress did not put much money behind the law, and cash-sta-tes ran around its work provisions. Mr. Clinton's executive order removes wiggle room for the states. They will now be required to tell teen-age mothers to go back to school and must provide a share (the Federal Government provides the balance) of the child-care money these mothers need.

Mr. Clinton should have issued the order years earlier. Had he done so, he might have driven home the lesson that neither he nor the Republicans want to admit. The 1988 act is a sound welfare law that has produced few results because Washington and the states have been unwilling to spend enough money to make it work. Unable to push his welfare bill through Congress, the President has found a good second answer.

① WR - News Clips
② WR - Exec Action

...ion platform: Next Sunday, Israel and the Palestine Liberation Organization will open formal talks on the status of Jerusalem and the future of Jewish settlements in the West Bank.

These developments reflect a recognition in the United States and Israel that Mr. Arafat has thus far largely lived up to his commitment to turn away from implacable opposition to Israel and move toward reconciliation and peace. The latest evidence of his sincerity was the recent removal from the P.L.O. charter of calls for the destruction of Israel. The vote came at a difficult moment, when Israeli troops were engaged in reprisal operations against Hezbollah terrorists in Lebanon and continued to seal off Palestinian villages in the West Bank to prevent suicide bomb attacks in Israeli cities. But Mr. Arafat prevailed, as he had promised.

By doing so, and by sustaining a crackdown against Hamas partisans of violence in Palestinian-administered areas of the West Bank and Gaza, Mr. Arafat and the P.L.O. have demonstrated their desire to maintain the new peace between Israel and the Palestinians. As long as Mr. Arafat continues on this promising course, he deserves the economic development assistance that he has been

...In other respects, Mr. Arafat's record as administrator has been less attractive. He has been slow to disburse authority and will not tolerate criticism in the press. He has selected aides more on the basis of loyalty than merit. Still, he must be given credit for winning a reasonably democratic election earlier this year.

Though competent administration is less immediately important to Israel than security issues, the assurance of a better economic life for Palestinians is necessary to consolidate the peace. Israel itself can contribute by lifting some of the economically damaging restrictions on the movements of Palestinian civilians after this month's Israeli elections.

European and Arab countries can assist by delivering the development assistance they promised, as Mr. Clinton now requests. The United States has a better record than most, having provided \$175 million of \$500 million pledged over five years.

Mr. Arafat and his Palestinian Authority, though far from perfect, represent one of the best available investments in Mideast peace. Assuming they maintain their present course, they deserve continued American support.

Wisconsin's Bold, Risky Welfare Plan

Gov. Tommy Thompson has signed far-reaching legislation that would, if he gets Washington's approval, make Wisconsin the first state to end its welfare program. Under the law, the state would instantly stop giving cash aid to able-bodied applicants. Instead, they would be put to work in private-sector jobs, subsidized if need be, or in community-service jobs.

There is much to admire in Wisconsin's forthright emphasis on work and support services. Mr. Thompson is one of the few Republican leaders who acknowledges the fact that welfare reform is expensive. The plan will initially exceed Wisconsin's current welfare expenditures by about \$40 million a year, or 13 percent. The program would provide generous health and child-care subsidies to all working-poor families, not just those on welfare. That way welfare parents would no longer face the loss of these key benefits when they find work. The plan would also allow mothers to keep most of the child-support payments that are made by absent fathers. Individuals who are incapable of holding steady jobs could receive ongoing support for engaging in limited work and rehabilitation activities.

But there are troublesome provisions that are most easily seen by comparing the Wisconsin plan with President Clinton's welfare proposal. Mr. Clinton would have allowed welfare parents to spend up to two years in training or education programs. The Wisconsin plan provides for no training that is separated from work. This may steer some parents from intensive literacy and other needed training.

Mr. Clinton's plan would have imposed a two-year time limit on cash benefits, after which parents who obeyed the rules would be given a public-sector job if they could not find work on their own. The Wisconsin plan would impose no time limits on

health or child-care benefits. But it would set a time limit of five years on job subsidies, without any commitment to extend the limit for parents — perhaps half of those who start out in subsidized jobs — who obeyed the rules but could not find unsubsidized work.

Mr. Thompson points out that, under his plan, the state would have the leeway of extending job subsidies beyond five years on a case-by-case basis. Guarantees, he says, muffle the welfare parent's incentive to find work and invite endless judicial challenge. That may be so. But his proposal exposes innocent children to risk. The record of states in creating public service jobs is poor. What happens when Wisconsin ends aid not tied to work, but fails to create the 40,000 jobs it might take to empty out its welfare rolls? What happens if Wisconsin's economy turns sour and the state cannot find money to cover health benefits for needy families?

Mr. Clinton's best response is to embrace the good parts of the Wisconsin plan without embracing all of its risks. He should insist that the plan be phased in slowly so that, for example, welfare benefits of large families would not, as proposed, be cut quickly. Wisconsin should be required to monitor its programs and publicize how many needy parents are thrown out of subsidized work. Mr. Clinton should also require a concrete commitment from Wisconsin that it will spend whatever it takes to provide the benefits it has promised.

Mr. Clinton's pledge to "end welfare as we know it" — with its ironclad job offer for parents who obey welfare rules — is better than Wisconsin's pledge to end welfare, period. But Mr. Clinton can nevertheless embrace Wisconsin's right to experiment as long as he insists that the state smooth the plan's harshest edges.

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Gay Marriage

To the Editor: Like the Hawaii Saffire is articulating a "interest" for opposite marriage (column, argument against gay marriage is comfortable — a terr class of people a

He makes a leap of logic with extending marriage would somewhat additional family. Marriage is the preferred for raising child-stable lives, do reason that allow marry would end additional or other children?

Mr. Saffire also myth that gay trusted to raise children will somehow "in orientation of the knows that gay more ability to make gay than straight make theirs straight

Mr. Saffire is not gay men and less than "toleration." is not necessarily What we really want under the law for who we are as

The high-pitched debate over gay marriage is proof that we have goals. Exec. Dir., Human Washing

No Compromise

To the Editor: William Saffire's on the export of same from Hawaii leave that lawful recognition of equal matrimony is both Whether the "Cof faith and credit" triggered by same moot. More significant

Editorial Notebook

Notes From the Underground

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The Washington Post

AN INDEPENDENT NEWSPAPER

The Welfare Trap

ON WELFARE reform, President Clinton continues to try to avoid a trap into which you could argue he deserves to fall. It was he who sought to distinguish himself from the run of the Democratic mill in the 1992 campaign by promising to end welfare as we know it. He suggested that he would be willing to knock recipients off the rolls after two years. The tough-sounding talk was followed by a thicket of gentler footnotes, but in the tumult of the campaign, few people heard the qualifications, or were meant to.

By trying thus to steal an issue from the Republicans, the president began a process that he has been unable and in some respects politically unwilling to control. The Republicans took the tougher parts of his proposal, added to them and junked much of the costly rest. Twice they have sent him legislation bearing the label of welfare reform which, given his 1992 bravado, he has had to scramble to find the basis to veto.

They threaten now to send him a third such bill. To avoid appearing two-faced on the issue, he is struggling to demonstrate in advance of a likely third veto—which would be justified in casting—that he yields to no one in his zeal to reform the system. That's why he announced preemptively the other day that he is inclined to support the alternative to welfare that Wisconsin's Republican Gov. Tommy Thompson has asked the administration to approve. No matter that administration officials have yet to conduct the detailed evaluation of this proposal without which it is impossible to reach a considered judgment. The president wanted to rewrap himself in the cellophane of reform in advance of what promised to be a taunting speech on the subject by Bob Dole, and that's what—no matter the merits of the Wisconsin plan—he and his campaign advisers think he has achieved.

The Wisconsin proposal, like all such plans, is a mixed bag. Gov. Thompson is serious about trying to fix the welfare system and has the advantage of operating in a state where the unemployment rate is

quite low and work is easier to find than in some other states. He would end the current guarantee of public assistance to all who qualify and would instead, in most cases, give mothers benefits in the form of wages only if they worked, provide them with public-sector jobs if they couldn't find private-sector employment on their own and, at least at the outset, increase overall welfare spending to help provide the various services, including child care, necessary to make the system work. In concept, it doesn't sound all that different from the footnoted version of the Clinton plan, but then of course all the usual questions arise. An eighth of the children in the country are dependent on welfare. What do you do with a child whose mother turns out to be unwilling or unable to work? What does Wisconsin do if recession hits and private-sector jobs become harder to find even as the state revenues to provide public-sector employment are also declining? Is the president satisfied with the Wisconsin plan on these and similar counts? Does he even know what's in it? We doubt it, and that wasn't what his embrace of the plan last Saturday was about anyway.

The Republicans know he'll veto the bill they're about to send him. It makes deep cuts in almost all the major programs for the poor—Medicaid and food stamps as well as welfare. They'll nonetheless call it welfare reform and a first step toward a balanced budget to boot. They'll accuse him of blocking both those things even as he claims to support them, but what else is new? It's a clumsy trap; he'll be right to cast the veto—and he ought not need to convert the Wisconsin welfare system into a pawn, or join Bob Dole in doing so, just to make his case. Tell the people it's wrong to try to balance the budget mainly by making cuts this deep in programs for the poor, and that there's no way to solve the welfare program without at first adding—perhaps substantially—to the costs that in the long run you hope to cut. That's what he should have said in 1992, too. Think of the trouble it would have saved.

Bosnia Showdown

NOTHING WILL tell more of the future of Bosnia than the showdown now taking shape over the fate of Radovan Karadzic. For terrible acts of "ethnic cleansing," he with his military commander, Ratko Mladic, was indicted as a war criminal and, in the Dayton peace accords, denied any further role in Bosnian Serb public life. Yet he has defied international strictures, using them to advance his role as a Bosnian Serb nationalist. It is even possible that, by propaganda and manipulation, he may profit from the elections due to take place in September. The imminence of the electoral cycle makes it urgent for him to be brought for a war-crimes trial in the Hague. But instead he has just removed a prime minister who was showing signs of moderation and replaced him with a hard-line puppet.

The problem of dealing with Mr. Karadzic is now at the center of Balkan politics. It would be good if the NATO-led peacekeeping force simply picked him up; but its members shrink from a confrontation that might turn rough. The local police won't help: They are under his effective command. That leaves the West to keep pressing the reluctant president of Serbia, Slobodan Milosevic, to squeeze his erstwhile protegee out of power. Meanwhile, the United Na-

tions seeks to encourage a split among the Bosnian Serbs that would isolate the Karadzic faction and build up a new leadership. Such an alternative faction would be expected to spurn narrow ethnic nationalism for a commitment to the multiethnic Bosnian state agreed on at Dayton.

Things are getting jammed up in Bosnia. Almost half of the year for which Dayton arranged peacekeepers is gone. With this force insisting that its mandate does not extend to refugees, only a few (70,000) of the 2 million Bosnian refugees and internally displaced persons have gone home. Only one war crimes trial, of a small fish, has begun. The only people confident that Bosnia can prepare fair and meaningful elections on schedule are the anti-democratic figures who hope to steal them. These and other disabilities make it all the more important to do the things that, though difficult, are worth doing and have high political resonance. Taking the Karadzic-Mladic combination out of play is at the very top of this list. These men are symbols of shocking excess. If the disposition of their fate cannot be moved from a political arena they control to a credible forum of justice, then the whole effort to recreate a Bosnia at peace falters.

WR -
News Clips

E. J. Dionne

High-Class Ugliness

The really big news often misses the front pages. Thus did the biggest trend story in at least a decade appear recently in the Style section of The Post. My colleague Robin Givhan began it this way: "Ugly is in."

Fashion reporter Givhan's point is that the world of high couture is turning from the beautiful and the flashy to harsh lines and colors that run "between shades of slime and mold." The John Travolta of the 1970s would be pleased with the new trend in menswear toward "too tight shirts and polyester pants."

"The height of chic," Givhan wrote, "is to look poor, downtrodden and disadvantaged." The general idea is that "high style, class distinctions and dress for success have now been turned upside down."

My very first reaction was to give three lusty cheers. Admittedly, some of this response was rooted in nostalgia. This is where I came in. About the time I became an adult, the very

ideas of style and fashion became unstylish and unfashionable. Blue jeans—non-designer blue jeans—were really big for women and men alike. Men threw away their ties, women their best dresses. Informally was struggling to win acceptance and, broadly speaking, it triumphed. You can see that now in workplaces, churches, restaurants and all other places where people were once required to dress "up."

And unless you're Donald Trump, you just have to get a kick out of the upper classes starting to feel guilty again, which is a key explanation for their desire to dress down. Givhan quotes Patricia Williams of the University of Wisconsin asserting that "the upper class is becoming aware of the differences"—she's talking about class differences—and using fashion as a way of "distinguishing themselves from their wealth and privilege." Scoff if you want at upper-class guilt, but I'll take guilt over special indifference any day.

The shift in fashion may be the definitive evidence we've been looking for that big social and political changes are in the offing. Sure, there has been a lot more talk about downsizing, layoffs and "corporate greed." President Clinton held a public conference on corporate responsibility. But talk is talk. You know something is stirring when people change the clothes on their backs and when the wealthy are willing to spend a fortune to identify with the downtrodden. (They might, of course, give the money to the downtrodden, but never mind.)

You think I'm reading way too much into this? Maybe. But when the great American social critic Thorstein Veblen invented the phrase "conspicuous consumption" in his book, "The Theory of the Leisure Class," he was on to something. In periods when the very rich are very cool, they very much want to show off. Everybody else wants to look very rich—or, failing that, very cool—

and thus begins to imitate the very rich.

Nothing wrong with being rich, of course. Any market economy that's working will produce rich people. But conspicuous consumption is the sign of an era in which wealth comes to be equated with virtue and all else that is good. In a land of perverse Calvinism, the rich do everything they can to show they're rich, which proves they are part of the elect. The whole process creates unwarranted feelings of social superiority.

The American tradition has always rebelled against this sort of thing. When conspicuous consumption starts getting out of hand, critics like Veblen come along, "conspicuous consumption" comes under attack and the styles return, for a while, to the plain and the simple. If that's what's happening now, we can say that America's gut democratic instincts are still in good repair. But there's a very big thing wrong

with the new trend: Why does an identification with the downtrodden or "ordinary people" have to translate into a glorification of "the ugly"? The one thing more condescending than snobbery is reverse snobbery.

Being poor emphatically does not mean identification with the ugly. People who are poor struggle harder than anyone to assert beauty into their lives. And nobody who was ever poor glorifies poverty.

But fear not. The "ordinary people" allegedly being imitated by these new fashions are as shrewd as anyone in distinguishing among flash-in-the-pan conspicuous consumption, conspicuousness and simple good taste. They will laugh up their sleeves at the idea of rich people dropping a pile to buy ugliness.

Still, if we have to pass through this ugly phase to get away from wealth that insists on flaunting itself, may these new-style designers flourish.

James K. Glassman False Fear Of Flying

In one minute of unimaginable horror, a ValuJet DC-9 nosedived into the Everglades shortly after it took off from Miami on May 11. All 110 people aboard were killed.

Assuming May 11 was a typical day on America's highways, more people were killed in motor-vehicle crashes that Saturday than in the crash of ValuJet Flight 592.

Air crashes are so terrible, gruesome and mysterious, and so many innocents are killed so quickly, that we lose sight of the actual risks involved in flying. Those risks are tiny—and getting tinier, all the time.

Over the past 15 years, 93 people, on average, were killed annually in U.S. commercial airline crashes. By a remarkable coincidence, that's the same number killed by lightning. Meanwhile, 12,000 die annually in accidental falls, 4,000 by drowning, 6,000 by poisoning, 40,000 in motor vehicles, 30,000 by suicide, 25,000 by homicide.

Over the past 10 years, there has been just one fatality for every three million people boarding a U.S. aircraft in scheduled service, including commuter planes. Your chances of dying in a car or taxi are 37 times greater, per mile, than on an airplane.

Of course, air safety can always improve. And a crash such as the one in the Everglades usually brings changes for the better. Accidents involving wind shear led to better radar. On-board fires led to smoke detectors. And after several crashes, training for commuter pilots has been upgraded.

But crashes also induce hysteria. For example, since ValuJet charges as little as \$39 a flight, one immediate reaction among journalists and politicians to the May 11 tragedy was to conclude that low-cost airlines skip on safety. An internal Federal Aviation Administration (FAA) report surfaced in the Chicago Tribune that showed that ValuJet had an accident rate 10 times higher than that of established carriers.

True, but we're talking about high standards and small numbers. For the period studied (March 1990 to March 1996), ValuJet had five accidents, none fatal, in 164,000 departures. By comparison, Northwest Airlines had five accidents in 3.3 million departures.

What was remarkable about the FAA data was that nine of the 10 discount airlines (all but ValuJet) studied had had no serious accidents (involving injury, death or major damage to a plane) in the six years. None. Even with minor accidents included, the low-cost airlines had the same accident rate per 100,000 departures (0.3) as the large carriers. Southwest, the largest of the discounters, has never had a fatality. In the FAA study, it had a lower accident rate than United, American and Delta.

In fact, since the airlines were deregulated in 1979 and competition increased, air travel has become safer—not more dangerous. The Air Transport Association reports that in the 15 years prior to deregulation, there was one fatal accident for every 814,000 commercial flights. In the 15 years since, there's been one for every 1.8 million flights.

Federico Pena, the secretary of transportation, was right to brag, in a speech last month, about the success of low-fare airlines—though typically he gave too much credit to the Clinton administration and too little to entrepreneurial capitalism.

THE WASHINGTON POST
TUESDAY, MAY 21, 1996

"In cities where low-cost airlines fly, Americans pay \$54 less per flight," he said, noting that these new carriers had saved Americans \$6.3 billion last year and attracted an additional 47 million passengers.

But at a hearing last Tuesday, Sen. Ernest Hollings (D-S.C.) ridiculed Pena, telling him to "get off this 'Whoopee, we've saved \$6.3 billion line after we look around and see 110 dead.'" Hollings was trying to make a connection between low cost and low safety. None exists.

Crashes also lead, inevitably, to calls for stronger measures by federal safety agencies. But relying too heavily on the FAA would be a mistake. Some 20,000 commercial flights take off every day in the United States. With all this activity, the first line of defense against accidents has to be the airlines themselves. They certainly have the incentive.

I'm not saying that the FAA should go out of business, or even cut back. But augmenting its power won't necessarily reduce accidents. As a young economist in 1963, Alan Greenspan, now chairman of the Federal Reserve Board, made this argument in a powerful essay titled "The Assault on Integrity."

Using drugs as an example, Greenspan wrote that government guarantees can actually compromise safety. The U.S. stamp of approval "declares to consumers, in effect, that no choice or judgment is required—and that a company's record, its years of achievement, is irrelevant." Consumers are far more effective than bureaucrats at keeping businesses safe and honest. "Government regulation," he said, "is not an alternative means of protecting the consumer. It does not build quality into goods."

Speaking of quality: What the FAA does need to do is upgrade its vacuum-tubed air traffic control system immediately—or turn it over to a private company.

In the meantime, let's stop exaggerating the dangers of flying. Safe, inexpensive air travel is one of the great successes of our age. It brings families together, makes business dealing easier, gives us more time for leisure, lets us see the world. And every hour spent in a plane, rather than a car, increases your longevity.

Yes, the plane you board tomorrow can fall out of the sky and kill you. That's a risk. So is being struck by lightning.

Diana Fortune
67451

WR-News Clips

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HEADLINE: Governors Applaud Welfare Speeches From Clinton, Dole

GUESTS: Gov. TOMMY THOMPSON (R-WI); Gov. HOWARD DEAN (D-VT);

BYLINE: BERNARD SHAW

HIGHLIGHT:

Republican Governor Tommy Thompson and Democratic Governor Howard Dean say both President Clinton and Senator Bob Dole gave helpful and productive speeches on welfare reform today at a meeting in Vermont.

BODY:

BERNARD SHAW, Anchor: They have different party affiliations, but Howard Dean and Tommy Thompson have common bounds. As leaders of their states and as the outgoing and incoming chairman of the National Governors Association.

Joining us now to talk about today's welfare reform speeches by the president and Senator Bob Dole are Governor Dean, Democrat of Vermont and Governor Thompson, Republican of Wisconsin.

Gentleman, first Mr. Thompson, enough flexibility in these plans?

Gov. TOMMY THOMPSON (R-WI): Oh, I think so. I'm- I was very impressed by both of the speakers. I think Senator Dole did an excellent job outlining his welfare reform bill that's gonna be taken up in the U.S. Senate on Sat- Friday or Saturday. And then President Clinton come in and gave us a great deal of encouragement on flexibility on waivers. So I think both speakers were very good in that they gave us messages that governors love to hear - flexibility and opportunities.

BERNARD SHAW: Governor Dean, you satisfied?

Gov. HOWARD DEAN (D-VT): I was very pleased. The president was- I gave- I thought, a pretty remarkable, substantive speech. Basically, he said that if you want to require people to work, if you want to require fathers to go to work or pay child support, if you want to require time limits on benefits, all you've

Bruce - This is not what you're looking for, + may not be useful, but I thought you might be interested.

- Diana

Date: 05/04/96 Time: 10:47

CClinton Announces Plan Aimed at Keeping Teen Mothers in School

WR -
News Clips

WASHINGTON (AP) President Clinton announced today a four-step plan designed to keep teen-age mothers at home, in school and preparing for a job.

"We have to make it clear that a baby doesn't give you the right and won't give you the money to leave home and drop out of school," the president said in his weekly radio address.

"Today we are moving to make responsibility a way of life, not an option," he said.

The president called on Congress to send him a welfare reform bill that balances tough work requirements with protection for children too young to work.

But he said that until the Republican-controlled Congress passes a bill he can sign he will work step-by-step and state-by-state to institute reform on his own.

Clinton said he will start with an executive order requiring every state to put in place a plan to keep teen mothers who are on welfare in school.

"We're going to audit the progress of every state and make the results public," the president said.

The government also will require teen-age mothers who are also school dropouts to go back to school "and sign contracts to spell out exactly how they're going to take responsibility for their own lives," the president said.

States will be given immediate authority to provide bonuses to teens who go to school and graduate and to cut back the (welfare) checks of those who don't, he said.

"Finally, I'm challenging every state in the country to use its power to keep children who have children at home," Clinton said.

"There should be no incentive to leave home for a bigger welfare check."

He said most states don't use the authority they have to make sure teen mothers stay at home.

"That's wrong," he said.

However, if there is an abusive situation at home, Clinton said children should be placed in another "safe, responsible setting."

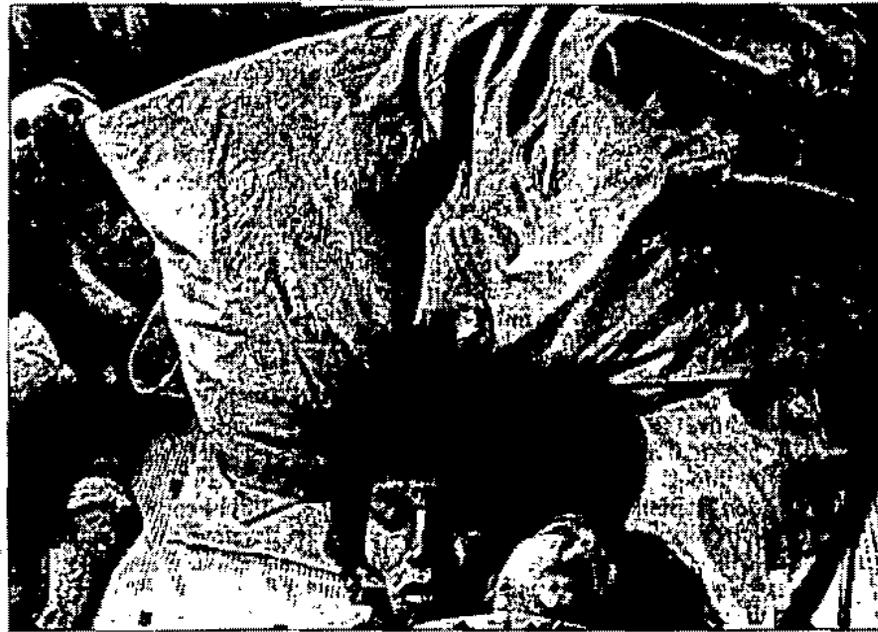
The president said his administration has already slashed red tape to permit 37 states to "take steps to fix our broken welfare system."

More needs to be done, he said, to build a new system centered on work, family and personal responsibility.

"These common sense steps have bipartisan support that will help teen parents escape the cycle of dependency and plan for a successful future for themselves and their children," Clinton said.

"Now Congress needs to do its job pass welfare reform," he said.

APNP-05-04-96 1049EST



Poverty and poor politics

FOND DU LAC, WISCONSIN

UNDER a blue banner, in front of a blue curtain, introduced by Wisconsin's blue-suited governor, Bob Dole is reciting his line of the month: "I come not as a senator or as a majority leader, but as a man..." Not, mind you, just any kind of man: tanned, lacquered and recently teleprompted too, the Republican presidential nominee is more than ever an artifice created by his handlers. Curious locals who came to hear the speech were turned away; instead, the room was filled with people loyal enough to pay handsomely for seats at lunch tables. After the speech, the candidate's mingling with the guests was kept brief, and patriotic music was turned up loud enough to drown out awkward questions. Aboard the Dole jet, emblazoned with the words "Leader's ship", it was Tommy Thompson, the blue-suited governor, who strolled into the press area for a chat: Citizen Bob would not risk this kind of unscripted encounter.

The packaging had one good result. Mr Dole declaimed the prepared speech, resisting his old tendency to ad-lib incoherently. The subject was welfare, and Mr Dole had a fine time denouncing government payouts for crushing the independence of the poor and breeding all manner of patholo-

gies. Crack babies, illegitimacy, teen pregnancy and inner-city violence could all be traced, he said, to the poison of the welfare system. To put things right, welfare should cease to be an open-ended guarantee to anybody who is poor. Instead, it should be made conditional upon good behaviour—on the one hand, avoidance of pregnancy and drugs; on the other, a search for work and independence. Nobody should collect welfare cheques for more than two years at a stretch, or for more than five years over the course of a lifetime.

Thus far, Mr Dole gave a serious speech on a serious issue. There are 15m Americans on welfare, two-thirds of them children. One in five American children lives in poverty, more than double the rate in Germany or Britain. Incentives created by welfare may have something to do with this. Only single mothers are eligible for Aid to Families with Dependent Children (AFDC), the main welfare programme. The more children these single mothers have, the more cash they collect. And the more cash they get, the less reason they have to work: humble jobs pay less than the package of food stamps, cash hand-outs and health coverage to which jobless mothers are entitled.

Few would quarrel with Mr Dole's call

for reform. That, however, was his problem. To score campaign points, he had to pretend that his reformism marked him off from Bill Clinton and the Democrats. As a result, his promising speech was stained with exaggerations and semi-truths. For the fact is that Republicans and Democrats share many welfare ideas. Indeed, where differences do exist, these reflect rather less well on the Republicans than Mr Dole's handlers seem to imagine.

Mr Dole reminded his audience that the president had vetoed two welfare-reform bills, despite a promise, delivered in Wisconsin four years ago, to "end welfare as we know it." The president, Mr Dole went on, resists both the idea that welfare recipients should be required to find work, and the idea that there should be time-limits on eligibility. Neither of these charges rings true. President Clinton's latest budget proposal, to name only his most recent statement on these questions, requires able-bodied recipients to work, and imposes a five-year lifetime limit on benefits. True, the president did veto the Republican bills. This was because, in order to save money, these denied welfare mothers the care for children and health that they need in order to join the workforce.

The choice of Wisconsin for Mr Dole's speech was supposed to bolster the Republican claim to lead on welfare. By an irony, it has had the opposite effect. Although Mr Thompson is indeed a Republican, much in his welfare reforms is close to Mr Clinton's heart. Far from setting out to save money, Mr Thompson declares that welfare reform is never cheap. Like Mr Clinton, he emphasises that, if they are to work, single mothers must have care for their children: Mr Thompson therefore aims to raise the state's spending on child care to \$120m a year, ten times more than it was before he embarked upon reform. Likewise, welfare mothers will not take a job if it means losing access to Medicaid, the public health-care programme for the poor. To make work more attractive, Mr Thompson's latest plan includes state-subsidised health care for the working poor, a decidedly Clintonian gambit.

It is no surprise, therefore, that Mr Clinton spoke out in support of Wisconsin's welfare reforms three days before Mr Dole got there. Furious, Mr Dole accused the president of stealing his ideas; in fact, praise for Wisconsin and scorn for the two congressional welfare bills are entirely consistent. Mr Dole, to be fair, had his own reservations about the extreme parts of the Republican bills. Yet, rather than admit this,

In every hundred, ten are saved

NEW YORK

FOR welfare reformers, Cooperative Home Care Associates offers a mixed message about the prospects for getting welfare mothers into work. The good news is that its 291 home health aides, 85% of them former welfare recipients, earn well above the minimum wage, with a solid package of benefits. The bad news is that 90% of those who want to

work at CHCA will not make the grade.

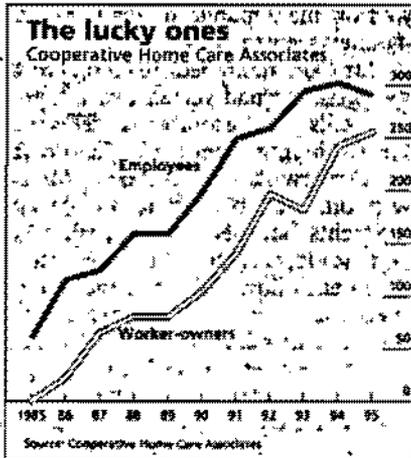
Founded in 1985 with charitable and city funds in order to help low-skilled New Yorkers into work, CHCA contracts with health agencies to supply health aides for the housebound elderly and disabled. Revenues have reached \$6m a year, and since 1987 it has paid profit-share to its worker-owners. The programme has been copied in Philadelphia and Boston; Detroit is next.

Along the way, CHCA managers have learned lessons that welfare reform must take into account. One is that for many welfare recipients support after finding a job is crucial. The training, placement and administrative offices are all on the same floor at CHCA, and home health aides passing through for board meetings or quarterly refresher courses greet each other with exuberance. The obvious pride and collegiality contributes to CHCA's relative stability; its turnover rate is 19%, half the industry average.

Another lesson is that welfare-to-work programmes that compete with private companies need to set high stan-

dards. Home health aides typically monitor vital signs, bath and clean their patients, prepare meals and change non-sterile bandages. Of every 125 people (almost all women) who are interviewed by CHCA, 25 or so will have the required "sensitivity, maturity, judgment and caring", says Rick Surpin, president of the company. Of these, perhaps three will fail a drug screening. A few more will fail the training course, and a couple will be weeded out during the three-month on-the-job probation. By the end of the first year, a few more will have left, been fired, moved, or become pregnant, leaving perhaps 13.

The most important lesson is that although it is desirable that welfare recipients move into work, simply ordering them to do so will not be enough. Most welfare recipients leave the rolls within two years, but about half have been stuck there for five or more. Of these, three-quarters have not finished high school; two-thirds have never worked. For those who are able, willing and conscientious, CHCA offers a path out of welfare. Its own experience, however, shows that many long-term welfare recipients are unappealing even to the most enlightened of employers.



he is playing down his differences with the extremists on his side, in the hope of distinguishing himself from Mr Clinton.

As usual, a phoney campaign debate obscures differences more worthy of discussion. For the truth is that Wisconsin's reforms, although based on good ideas, are by no means perfect. Mr Thompson's aides offer half-convincing evidence that their experiments have worked. The number of people on welfare has fallen 36% since Mr Thompson took office in 1987; the average time spent on welfare, which stood at 42 months in 1993, fell to 32 months last year. But nobody is sure how far this progress reflects reform. It may instead reflect falling unemployment, which has come down more in Wisconsin than in other states; or the fact that, since 1986, Wisconsin has allowed the real value of the basic benefit under AFDC to fall by 31%, making welfare less attractive.

Besides, Wisconsin's reforms may prove too ambitious. "Learnfare", a scheme to punish welfare mothers who do not keep their children in school, has proved a failure; it has cost millions to administer while barely affecting rates of truancy. More worryingly, some suspect that the much grander "workfare" scheme will flop. This plan, which Mr Thompson wants to implement throughout the state next year, echoes the Dole-Clinton ideas. It will require that all able-bodied recipients attend full-time

work or training courses in exchange for benefits. But this will involve Wisconsin's state administrators creating 26,800 last-resort community-service jobs, according to their own (optimistic) assumptions. And, when the economy turns down, the number of slots needed will grow even bigger.

Some welfare academics in Wisconsin doubt whether Mr Thompson can fulfil his promise of jobs for all, especially since budget pressures will soon force him to cut state spending. They wish that the governor had encouraged better assessment of his schemes, so that other states might know which to copy. There is a real debate to be had about the kind of help Wisconsin, and America, can afford to give the poor. Sadly, Messrs Dole and Clinton are doing little to advance it.

The navy

A cruise among rocks

WASHINGTON, DC

AMERICA'S navy has a poor record of candour with the public and the press; and the press, in turn, has repaid it. In the 1980s navy commanders exaggerated the Soviet threat in order to justify a



Well-educated tars

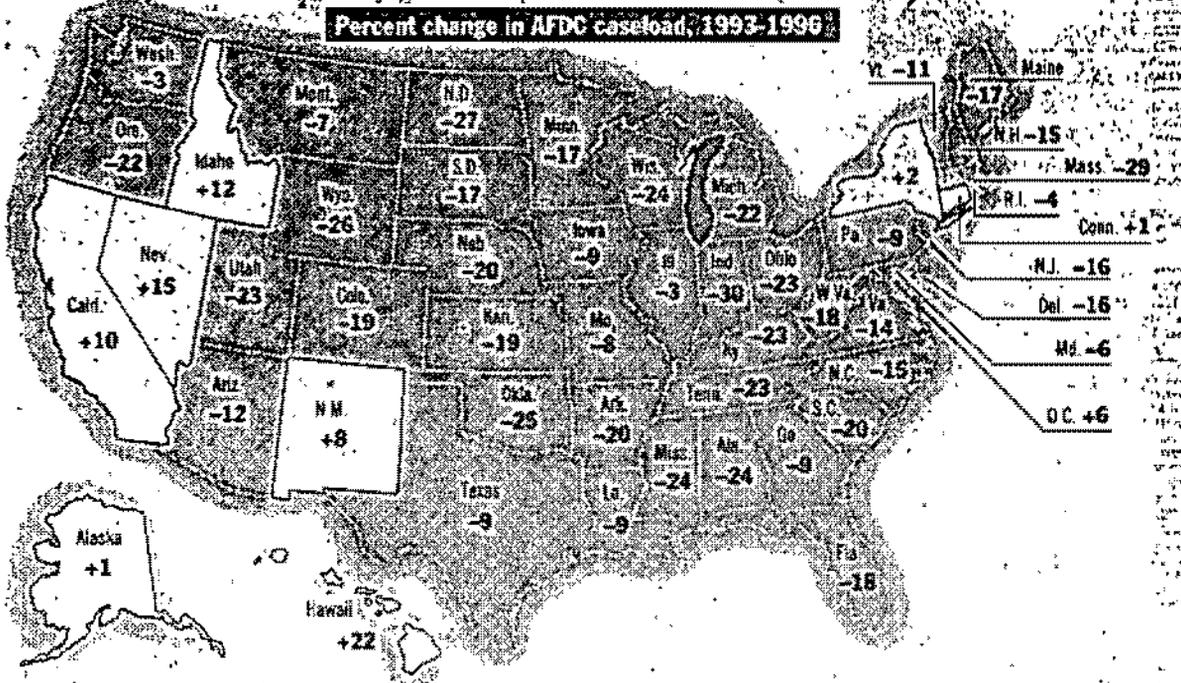
vast expansion in the fleet; they tried to whitewash mistakes, such as the shooting down in 1988 of an Iranian civil airliner. In the 1990s the press has descended upon the navy's problems with glee, from sexual harassment to crashed jets to reports of cheating at the Naval Academy. This month a press investigation into two of the many medals on the top officer's chest provoked

MAY 13, 1996

WP News Clips

MINUS SIGNS ON THE MARCH

The number of Americans receiving Aid to Families with Dependent Children, the nation's basic cash welfare program, has declined significantly over the past three years. For the nation as a whole, the caseload has fallen from 14.1 million to 12.8 million, a decrease of 9 percent.



Welfare, 330

Senate Panel Approves Legislation Revising Welfare and Medicaid

WASHINGTON (AP) A Senate committee has approved legislation to revamp the welfare and Medicaid systems, linking the two and turning most management responsibility over to state governments.

Fashioned with the help from the National Governors Association, the bill would replace the federally guaranteed Aid to Families with Dependent Children program with block grants to states.

Provisions in the bill approved Wednesday by the Finance Committee closely resemble companion measures passed two weeks ago by House committees. The full House and Senate must now act on the legislation.

Democrats and Republicans are close to agreeing on how welfare should be changed, but they disagree on Medicaid.

"I am disappointed that the Senate Finance Committee has chosen to continue to take a poison-pill approach of combining meaningful welfare reform with a misguided attempt to block-grant Medicaid," said Health and Human Services Secretary Donna Shalala in a statement after the committee action.

Also Wednesday, Shalala's agency approved waivers of federal welfare rules for four states experimenting with various changes:

Illinois can require that mothers on welfare help identify and locate their children's fathers. If the woman does not do this, she could lose her welfare benefits and Medicaid coverage. Her child could lose welfare benefits but would keep Medicaid.

Florida can require teen mothers to attend school or lose welfare benefits. Also, a mother on welfare will receive just half of any additional benefits if she has a second baby and no additional benefits for subsequent children. Medicaid coverage and food stamps, however, would continue for all children.

Wyoming can require that teen mothers live with a parent, guardian or adult relative and attend school full time, or pay a penalty.

Michigan can require that teen mothers live with a parent, guardian or adult relative and attend school. If a mother does not, she and her children could both lose welfare benefits, although Medicaid coverage would continue for both.

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MShalala: Governors, White House Can Work Out Differences

WR -
News Clips

WASHINGTON (AP) Any conflicts between governors and the White House over revamping Medicaid and welfare could be fixed "in 24 hours if everyone got to the table," Health and Human Services Secretary Donna Shalala said Wednesday.

The Clinton administration wants to make changes in the programs this year and believes the governors' proposals can be blended with ideas already put forth by the Senate and White House, she told the Senate Finance Committee.

"We are going to try to work everything out," she told reporters later.

During her testimony, Shalala's biggest criticism of the National Governors' Association's recommendations was that they could weaken the federal-state partnership that now exists.

Governors must accept a continued federal voice in how the programs are run and must keep sharing the cost, she said.

However, she said many of the obstacles governors now say overburden them and drain their budgets could be eliminated. For example, governors should be able to put their Medicaid recipients in managed health care programs without getting special permission from the federal government, she said.

Sen. William Roth, R-Del., chairman of the Senate Finance Committee, said he was eager to get a new bill before the Senate and noted: "The governors say it is critical we do it within a month."

When asked later by reporters if the administration's differences with the governors could be worked out that fast, Shalala said: "We can work them out in 24 hours if everyone got to the table."

"We want a welfare reform bill," she said. "We want a Medicaid reform bill. We want a balanced budget. Those are the president's three goals for me at least."

As chancellor of the University of Wisconsin before joining Clinton's Cabinet, Shalala worked closely with Gov. Tommy Thompson of Wisconsin who is chairman of the governors' association and lead spokesman on the group's Medicaid and welfare proposals.

They talk regularly now about how best to meld the Clinton administration concerns with governors' needs and desires, said a Shalala aide.

At the hearing, Sen. Daniel Patrick Moynihan, D-N.Y., said he was concerned about the number of black children who might be dropped from public assistance if welfare recipients were automatically taken off the rolls after a certain number of years as suggested by governors and the Clinton administration.

He brought out charts showing that 10.2 million children could be expected to be receiving Aid to Dependent Children in 2005 under current law. If the five year time limit being considered for welfare were in effect, about 4.9 million of them would be cut off from assistance. Of that number, about 49.3 percent would be black, he said.

Shalala acknowledged that such figures could come true if nothing about the welfare system changed except establishing the time limit. However, the Clinton administration is trying to change the system so that all welfare recipients are eased off assistance and into jobs.

The administration also wants to provide vouchers for goods and services children would need if their parents are still not able to support them after their welfare time limit has expired.

Among Shalala's criticisms of the governors' proposals for

Medicaid were:

Their plan to eliminate mandatory coverage of children between 13 and 18.

Letting states set their own definitions for who would qualify as disabled.

Eliminating the right of individuals who believe they were unjustly denied Medicaid to sue in federal court. Governors want this replaced with a state review system.

Changing Medicaid financing from a 50-50 federal-state partnership, to 60 percent paid by the federal government and 40 percent by the state.

As for welfare, Shalala said the governors' plan to increase child care funding by \$4 billion is a good idea, but the governors did not have a plan for ensuring that the care is safe and they did not offer to help bear the cost.

Shalala also said more work needs to be done on the proposals for:

Emergency federal spending when states fall into recessions that throw people into the Medicaid and welfare systems.

Basic health and safety protections guaranteed under current welfare programs.

Foster care and adoption standards.

Food stamp coverage.

APNP-02-28-96 1657EST

Social

THE WORKPI

To <i>Mike Barba</i>	From <i>Hannouby</i>
Co/Dept	Co. <i>BW</i>
Phone #	Phone #
Fax # <i>955 1087</i>	Fax #

WELFARE-TO-WORK: A GOOD START



eral tax credits of up to \$8,500, in addition to state and local incentives, for a welfare recipient they hire. Most companies, moreover, find that welfare graduates stay in jobs longer than non-welfare counterparts. "Even when there's not full employment, these folks represent a good source of employees," says Gerald Greenwald, CEO of UAL Corp., which has hired 753 recipients as reservations agents, counter reps, and the like.

Analysts aren't sure what to make of high retention rates, though: While implying greater stability, they also could signal that participants just don't have

WORKING THE PHONE:
California welfare recipients hunt for jobs

the skills to leave for better work. They're concerned that most state and employer programs focus on getting recipients quickly into jobs, rather than on providing training that could help workers escape the low-skill, low-pay syndrome.

That job-first strategy looks good as long as workers receive welfare payments to augment low wages. But when benefits run out after five years—or sooner, in many states—many recipients could be left hanging.

The caseload has fallen, but the 1996 reform hasn't truly been tested yet. Here's how three companies are doing

This much we know: Since 1994, and especially in the past 18 months, the nation's welfare caseload has plummeted. Some 3.5 million families received aid in September, down 30% in four years. The rolls almost certainly have thinned since.

So is reform paying off? It's still not clear. The Personal Responsibility & Work Opportunity Reconciliation Act of 1996 created strong inducements for welfare recipients to find work, setting a five-year lifetime limit on benefits and requiring most people to land jobs within two years. Yet "no one really knows how many are leaving the rolls to get work and how many are leaving because they're pushed off," says Amy Brown, senior operations associate at Manpower Research Demonstration Corp., which studies poverty issues.

At the same time, the robust economy, evinced by April's 4.3% unemployment rate, has created strong demand for entry-level workers, muddying the effect of reform and prompting given speculation about what happens when growth tails off. "That will be known when we go into recession," says Robert Haveman, an economics professor at the University of Wisconsin.

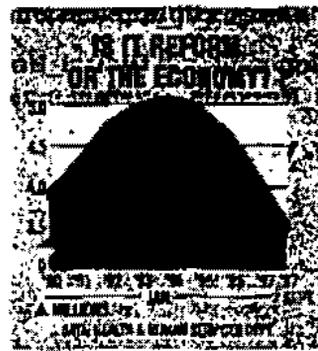
For now, the jobs are flowing freely. The Welfare to Work Partnership, whose first anniversary the White House will celebrate on May 27, has enlisted 4,800 companies. Some 79% of members surveyed expect to hire from welfare rolls this year, averaging 81 workers per company. After decades of government-centered welfare strategies, "we think we've made business part of the discussion and part of the solution," says Eli J. Segal, the Partnership's president.

It hasn't hurt that employers can get

Wider Opportunities for Women, a research group, estimates that a single adult supporting three children will face a gap of \$17.47 an hour between basic expenses and a typical \$7.70 hourly wage. **BENEFITS GAP.** At the same time, more welfare people in jobs will intensify demands on limited child-care and transportation resources. Mass transit systems don't get workers easily to the

suburbs, where the jobs are. And even with higher federal funding, most states don't offer child-care subsidies to all poor families who qualify, according to the Children's Defense Fund. That's why many parents seek informal care with friends or relatives—arrangements that could fray as recipients work longer hours

to counter benefits cuts. Sustainable welfare-to-work strategies must tackle these concerns. Working with government and nonprofit groups, business will have to invent



PHOTOGRAPH BY LISA © WELFARE TO WORK PARTNERSHIP. CHART BY EIC/ARTISTBY

Social Issues

small-scale, locally oriented programs that address child care, housing, transportation, and training. BUSINESS WEEK assessed three companies—UPS, Cessna Aircraft, and Cascade Engineering—that are headed that way already.

By Keith H. Hammonds
in New York

UPS'S PACKAGE DEAL FOR WORKERS

United Parcel Service of America Inc. has long struggled to find part-timers willing to work odd hours at its distribution center near Philadelphia International Airport. Even so, UPS was wary when, in late 1996, welfare officials in depressed Camden, N.J., offered an almost unlimited supply of labor. Executives wondered whether welfare recipients were worth hiring. And if they were, how could they get from Camden to the remote UPS operation?

A six-month test program answered the first question: UPS retained 88% of its welfare employees, compared with its 60% average in Philadelphia, and it saw no decline in productivity. "I have been pleasantly surprised," says Chairman James P. Kelly.

Transportation, though, remained a quandary. At the start, UPS hired two school buses to ferry workers. Then came a grander solution. UPS asked two public bus systems to extend routes directly to its terminal, promising to subsidize any bus that didn't break even. Now, 63 buses make the trips around the clock, all of them profitable.

The point, for UPS, is to do whatever it takes to keep workers on the job. Tiffany Smith, a 21-year-old sorter, relies on the buses to travel from southwestern Philadelphia. On-site, she meets regularly with a welfare caseworker, brought to the airport by UPS, to find subsidized housing; other workers get similar help for a range of nonwork problems. Smith also takes classes for her general equivalency diploma, taught at the airport by local college professors and paid for by UPS. Smith plans to work toward a nursing degree.

Not all such programs fit. For instance, UPS helps its workers augment their part-time earnings by arranging complementary shifts at XPC, FNC Bank, Hertz, and other jobs nearby. But some welfare recipients can't afford to work more than 20 hours per week, given the child-care costs required. "I would like a second job, but I need someone to look after my sons,"



says Marlene Fugge, a 27-year-old mother of two from North Philadelphia.

Indeed, Fugge and other welfare workers at UPS worry about what will happen when their assistance comes to an end. Fugge makes about \$700 a month from UPS and collects \$210 in food stamps. When food stamps run out, she'll need to work full-time, which will strain her relatives' ability to care for the kids. Yet Fugge can't pay for professional care and still make the rent.

UPS, which has hired 9,500 welfare recipients nationwide, will have to address such tensions, especially as participants work longer hours to satisfy the law's requirements. For now, it doesn't pay for child care, and the costs of its transit scheme have been nominal. As welfare reform toughens, UPS's role may grow more complex—and more expensive.

By Roy Furehgott in Philadelphia

CESSNA'S ROUTE TO A BETTER LIFE

Here was an all-too-familiar story—a single mother of five kids who had known nothing but life on welfare. Then last year, facing the threat of benefits cuts, 30-year-old Anna Berry entered the training program at Cessna Aircraft Co. Berry says the interviews,

UNITED PARCEL SERVICE

Philadelphia

WELFARE HIRES 700
 STARTING PAY: \$8.50/hour
 Delivery giant provides public transportation work for workers
 Package handling

testing, attendance requirements, and course work were "real scary and hard all the way." But nearing graduation and a \$9.58-an-hour job at Cessna's jet assembly plant across town, her smile is broad: "This program saved me."

Cessna opened its training facility eight years ago in Wichita's depressed 21st Street

corridor essentially to showcase corporate citizenship. "We wanted to create opportunities for people with no skills," says Chairman Russell W. Meyer Jr. It has since produced 214 graduates, of whom 71% still work at Cessna or other local employers. Along the way, through trial and error and a lot of bucks, the company has discovered it takes more than just job offers to turn welfare recipients with chaotic lives into productive manufacturing workers.

TEMPORARY HOUSING. From the onset, Cessna relied on state social-service agencies to screen applicants and on federal training grants to pay 50% of wages for the first six months. In that time, participants learn about budgeting and about cooperating with peers and supervisors, as well as the technical skills they'll need to make airplanes. Cessna's guarantee: All assembly-line graduates get a job starting at \$9.58 an hour, plus benefits.

Simply providing training, though, did not keep low-income workers on the job. So Cessna began offering graduates counseling and peer mentoring. In the spark-

Social Issues

ling facility that opened last October, a day-care center takes up to 40 kids, including one of Berry's. And on June 1, the company is set to unveil temporary housing for six families with acute problems such as homelessness or domestic violence. Employees pay 30% of gross income to stay up to six months.

FEAR OF FAILURE. Cessna won't say how much it all costs, but "in pure financial terms, this is not a good proposition," concedes John E. Moore, senior vice-president for human resources. The infrastructure requires heavy investment, and training is time- and labor-intensive. "We can't just hard them through," says Johnnie Carlodge, the program's manager, "because they'd be working on \$15 million business jets, not flipping hamburgers."

Even then, Cessna loses a few. Some 26% of entrants don't graduate, typically those with little education or a poor work history. Strong candidates, too, find it difficult. Chanté Bowser, 25, recalls she "broke down and cried [during training] over trouble with the blueprints and my fear I was going to fail." Now, though, Bowser makes \$18.58 an hour assembling jet fuselages and has just bought a home. "I'm on the cusp of middle income," she beams. And she's off welfare, perhaps, for good.

By Richard A. Melcher in Wichita



CESSNA AIRCRAFT

Wichita

- ▶ WELFARE HIRES: 214
- ▶ STARTING PAY: \$9.98/hour
- ▶ Planemaker supports workers with training, child care, and housing

Anna Berry, playing with her daughter Kenya, found initial job demands 'hard all the way.'

FROM THE FRYING PAN TO THE FACTORY

How do unskilled workers escape dead-end jobs? It's the most difficult problem facing welfare reformers. In Grand Rapids, Mich., Cascade Engineering Inc. and Burger King of West Michigan have devised a modest but compelling solution—a ladder of opportunity from the French fryer to the factory floor.

Their program, dubbed "work-to-work," is just getting under way. Welfare recipients will toil six months for \$6 to \$7 an hour at a Burger King, where they'll pick up basic work habits. At the same time, they may take community college night classes in remedial reading and technical skills. Then they'll start on the night shift at one of Cascade's factories, making plastic parts for cars and furniture. They will make \$7 an hour to start, with the opportunity to move up to \$12.60, or \$26,000 a year.

Cascade, with 700 employees and \$140 million in revenues, has been hiring low-income workers for four years. Some 80% stay with the company longer than six months. Many, such as 33-year-old Rodney Decker, had scraped along for years at the bottom of the economic ladder. Unemployed for months, Decker survived by taking food handouts at the Salvation Army and relying on friends for a place to sleep. "Now I'm starting to roll," he says, on a break from packing plastic foam. "I'm going to get my own apartment, I'm putting money in the bank, and I'm fixing on getting a car."

Despite such successes, Cascade Chief Executive Frederick P. Keller was frustrated that 60% of prospective workers flunked the company's entrance exam, which requires 10th grade reading proficiency. Keller shared his gripe with Stuart P. Ray, chairman of Burger King of West Michigan, which owns 41 franchised restaurants. Ray had a problem of his own: simply attracting workers in an area with 2.6% unemployment. "Then it dawned on us that we could help each other," recalls Keller. "Stuart said: 'We can give people a vision of what they could be doing—that they could go from low-wage jobs to a high-paying career.'"

The Michigan Family Independence Agency, which oversees welfare in the state, provided 120 applicants to inter-

view for 30 jobs. State and federal training funds will pay up to half of workers' initial salary. And Cascade and Burger King will share federal tax credits for employing welfare recipients. To get participants to their midnight shifts—after city buses have stopped running—the companies have helped finance Angel Wings, a church-run shuttle-van service.

Local welfare officials applaud the initiative—"a model we hope other businesses will emulate," says Margaret Gavins of the Family Independence Agency. In time, the program may provide something more lasting than just jobs: a clear path toward self-reliance.

By Keith Naughton in Grand Rapids

CASCADE ENGINEERING

Grand Rapids

- ▶ WELFARE HIRES: 30
- ▶ STARTING PAY: \$7/hour
- ▶ Participants work at a local Burger King while getting technical training
- ▶ Michael Raab, recently out of jail, learned how to make plastic parts for the Park Avenue



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FROM: LINDA MOORE, SPECIAL ASSISTANT TO THE PRESIDENT and
 DEPUTY DIRECTOR FOR POLITICAL AFFAIRS
 ROOM 111, EXT. 6-5247

SUBJECT: Some welfare recipient

COMMENTS: is can you havent already seen this...
Am sure you have. *LM*

Dan Burkhardt	91 OEOB	Craig Smith	115 OEOB
Paul Begala	147 OEOB	Cynthia Jasso-Rotunno	115 OEOB
Bruce Reed ✓	2 FL WW	Kim Tilley	285 OEOB
Thurgood Marshall	S-212 Capitol	Ann Lewis	6 FL WW
Cheri Carter	118 OEOB	Peter O'Keefe	117 OEOB
Chip Payson	184 OEOB	Linda Lance	722 Jackson Pl.
Kris Balderson	160 OEOB	Karen Skelton	115 OEOB
David Beaubaire	160 OEOB	Minyon Moore	115 OEOB
Emily Bromberg	106 OEOB	Nick Baldick	115 OEOB
Phil Caplan	GFL WW	Mona Pasquil	115 OEOB
Dawn Chirva	130 OEOB	Chris Lavery	115 OEOB
Nancy Herrelich	1 FL WW	Angelique Pirozzi	115 OEOB
Anne McGuire	160 OEOB	Mickey Ibarra	2 FL WW
Jennifer Palmieri	184 OEOB	Lynn Cutler	106 OEOB
Vicki Radd	1 FL WW	Steve Silverman	160 OEOB
Todd Stern	GFL WW	Lisa Brown	266 OEOB
Stephanie Street	GFL WW	Tom Janenda	556 OEOB
Dan Wexler	117 OEOB	Andrew Friendly	176 OEOB
Aviva Steinberg	184 OEOB	Patti Sohis Doyle	185.5 OEOB
Karen Finney	100 OEOB	Evan Ryan	185.5 OEOB
Laura Graham	184 OEOB	Peter Selfridge	185.5 OEOB
John Marchinson	170 OEOB	Dan Rosenthal	185.5 OEOB
Jeff Forbes	107 EW	Peggy Cusack	287 OEOB
Mike Harten	282 OEOB	Maurice Dattiel	273.5 OEOB
Mike Feldman	282 OEOB	Ansley Jones	281 OEOB
Wendy Hartman	283 OEOB	Ron Klain	276 OEOB
Moe Vela	276 OEOB	Elizabeth Harrington	276 OEOB
Eric Schure	267 OEOB	Dan Pink	267 OEOB
Julie Green	170 OEOB	Ginny Terrano	272 OEOB

Woman evicted 4 days before being cited in Clinton speech

By Kevin O'Mara
STAFF WRITER

Four days before she was featured by President Clinton in the State of the Union address, former welfare recipient Elaine Kinslow was evicted from a Near-Southside residence for nonpayment of rent, according to the landlord.

A check was late and then bounced for the \$350 rent she owed for January, said Mike Lamb, property manager for Ladd Properties.

"She said she was going to make good on it, but she didn't," Lamb said Wednesday.

So, he said, she and the three of her four teen-age sons who live with her were evicted.

He said Kinslow usually was late in paying her rent.

Kinslow returned to Indianapolis on Wednesday evening from her appearance in Washington. She said she had recently switched residences but did not identify where she had moved.

"I really had some problems with my landlord," she said. "For a few days I was between houses."

For about a year, Kinslow and her children had lived in half of a double residence in the 1700 block of Cottage Avenue she rented from Ladd Properties.

For the past year, she has worked for Pathfinder Transportation Services, a company that shuttles to work people who are trying to move from welfare dependency.

Kinslow, 37 and twice divorced, was contacted last week by the White House, which wanted to use her as an example of those who have worked their way off public assistance.

Sitting two seats from Hillary Rodham Clinton during Tuesday night's speech, Kinslow was applauded by the first lady and others when she was introduced by the president.

Kinslow was greeted at Indianapolis International Airport on her return home by friends, family and reporters.

"I never dreamed he would ask me to stand up in front of everybody," Kinslow said of Clinton's gesture. "I think I was crying a bit. I tried not to."

Two decades ago, advocates of organic farming can recall, they were derided as "communists" for urging U.S. farmers to abandon fertilizers and pesticides in favor of composting and beneficial insects.

But today, the U.S. Agriculture Department will put its official stamp of approval on the booming industry by issuing rules to standardize the growing, marketing and distribution practices necessary to label food as "organic."

Organic farmers from across the country, food industry officials and consumer groups will be briefed by Agriculture Secretary Dan Glickman. A senior executive with Japanese corporate giant Sumitomo is flying in for the event because of the growing Japanese appetite for organic products.

Sales of U.S. organically grown tomatoes, beans, carrots, milk, cheese, beef and other foods have been growing at a blistering rate of 25 percent annually. Sales of the products, which are now certified as organic by some three dozen state and private groups with varying rules, should top \$4 billion this year.

"When I first started out in organic farming back in 1979, I remember being called a 'communist' by some government officials," said Bob Scowcroft, head of the California-based Organic Farming Research Foundation.

Organic food gets federal OK

"Now, we believe that organic foods could go from being just one percent of the total U.S. food supply to 4 [percent] or 5 percent in just a few years," Mr. Scowcroft added.

The foundation has been contacted for information by Argentina — which is trying to build up its organic soy milk and tofu exports — to industry giants like Con-Agra. Kentucky Fried Chicken already sells organic salads in some of its Japanese restaurants and wants to expand once the new U.S. rules are clear, Mr. Scowcroft said.

The food industry says it is eager for new labeling standards to help consumers know what they are buying.

"We hope it will mean that when a consumer goes to the grocery store, he or she will know that this product has met very specific federal guidelines," said Ben Zingman, a vice president with the Grocery Manufacturers Association.

With the organic niche catching the eye of bigger companies, consumer groups also welcome the new standards but fear the USDA rules may try to water down techniques that have been painstakingly developed by small farmers.

Although details about the proposed rules were not available,

some industry sources said they worry that the USDA's proposed rules will not ban genetically modified produce, the use of toxic sewage sludge as a fertilizer, or the so-called "factory farms," which raise thousands of head of livestock in close confinement.

"These standards are going to be degraded because the big manufacturers want to get into the business now," said Ronnie Cummins of Pure Food Campaign, a nonprofit group that sued the department four years ago to improve labels on fresh meat.

For example, Mr. Cummins said it was not clear whether the USDA rules for organic meat would ban a common practice by big U.S. meat producers of grinding up leftover carcasses and blending the material with animal feed. That practice horrifies small organic farmers, who feed their animals only organically grown grains and do not use antibiotics.

And organic farmers are also watching to see how the USDA handles the controversial issue of genetically modified crops — another practice rejected by organic growers.

Katherine DiMatteo, head of the Organic Trade Association, which has lobbied the USDA for nearly seven years to issue organic standards, said any of those practices would "clearly" be opposed by the organic industry.

"If necessary, we'll pull out all the stops to protect the integrity and stringent standards that we currently use in organic farming," she said.

Of the estimated 15,000 organic farmers in the United States, only about a third have certified products.

*CR/EK
Can we do anything to promote this?
BR*

Social-ministries network seeks role in welfare reform

By Larry Wilham
THE WASHINGTON TIMES

A network of Christian social ministries will send their calling card to the nation's governors tomorrow, offering to be partners with government in revamping welfare.

In a letter to state houses, Call to Renewal requests meetings with governors or their top staffers so the ministries can seek ways to work under the "charitable choice" clause in the 1996 Welfare Reform Act.

The clause allows faith-based social services to bid for state welfare contracts without having to shed their religious identities.

Thousands of these groups "want to move from just service to solutions," said Jim Wallis, founder of Call to Renewal, which has built the new coalition.

"We are a year into welfare reform, so-called, and it will begin to affect more people over the next year," Mr. Wallis said. "We hope to have more in place by then."

Call to Renewal convened "round tables" in April and October on how churches can address poverty and welfare. They drew representatives from 37 denominations and ministries, both liberal and conservative.

The appeal to governors for state-level attention is one part of a third phase focused on action.

The charitable choice law, the letter says, "opens up new possi-

bilities for church-government cooperation ... along with mechanisms for monitoring and evaluating" partnership projects.

The letter also says that the ministry network is developing "a national database of these organizations and programs and creating regional clearing houses aimed at multiplying these exemplary efforts nationwide."

Several of the city missions in the International Union of Gospel Missions have been exploring partnerships with state welfare funding, said its executive director, Stephen Burger.

"We don't have a major plan, because every state has a different schedule," he said. "We have tried to keep our missions informed to get what I call 'at the table' when the state takes some action."

The federal law mandates that states complete welfare reform in two years. Some states are just beginning, and others are ending the period. They can channel funds through counties or state offices.

The reform requires certain types of welfare recipients, such as alcoholics or able-bodied single parents, to seek work. Charitable groups, in turn, are trying to care for the more dysfunctional people and provide life skills, housing and job training to others.

Today, the U.S. Conference of Mayors releases a survey of 29 cities showing emergency housing requests had the lowest rise in 13 years but emergency food re-

quests soared. One reason, the report said, is low wages and high housing costs.

Mr. Burger said a new kind of ministry-government partnership is what the Department of Housing and Urban Affairs calls "continuum care." It funds ministries that run a multipurpose rehabilitation program.

"HUD's attitude has changed tremendously," Mr. Burger said.

Meanwhile, academic groups such as the Brookings Institution are highlighting the role city churches play in social services. One study, which was the focus of a Brookings conference Dec. 2, shows that city churches channel as much as \$100,000 annually into services.

At the same time, however, they have older buildings that face major repair costs. One solution presented is to have a "national conversation" on the topic, winning public and private support to fix up the old churches.

Mr. Wallis said neither he nor all the ministries in Call to Renewal agree with welfare reform because it lessens the federal role and puts hardship on the needy. To mobilize communities to ease poverty, he held 100 "town meetings" to promote church, private and government partnerships.

"We're not going to go to the states over the heads of the local [ministry] leaders," he said of his national group's role, emphasizing that the initiative is grass roots.

Mr. Wallis said his last town meeting, which was in Lancaster, Pa., and drew 50 city leaders, revealed "they didn't yet have a common strategy." The meeting generated headlines and public interest, and now, he said, "The message is, 'We're coming together in Lancaster.'"

The Washington Times
MONDAY, DECEMBER 15, 1997

Teamsters hopeful would likely turn union from left

By Bill Sammon
THE WASHINGTON TIMES

DETROIT — The politics of James P. Hoffa — a pro-lifer and member of the National Rifle Association — are clearly to the right of Teamsters President Ron Carey, who hired a former Planned Parenthood spokesman and gave union funds to a group trying to legalize marijuana.

If Mr. Hoffa succeeds Mr. Carey next year, as many expect, the union will likely move away from the leftist agenda it has embraced in recent years and begin a return to the pre-Carey era, when the Teamsters endorsed Republican Presidents Reagan and Bush.

"We're not going to be pushing any far, far left-wing agenda, which I think Ron Carey's people were doing," said Mr. Hoffa, who described himself as "a middle-of-the-road, Scoop Jackson-type of Democrat."

"Actually, when the truth comes out, I think you'll see that Carey

himself had no agenda," Mr. Hoffa said. "Carey is really a colorless, non-philosophical person who turned over the responsibility of running the union to the far lefties with political agendas."

These include William W. Hamilton Jr., the former Planned Parenthood spokesman who became director of government affairs for the Teamsters. Mr. Hamilton used this powerful post, which included control of the Teamsters political action committee, to dramatically increase financial support for left-wing causes.

Mr. Hamilton and Mr. Carey have been accused of using these liberal groups to launder union funds into the Carey re-election campaign last year. They have stepped down from their union jobs.

Another of the "far lefties," according to Mr. Hoffa, is Judy Scott, the former general counsel of the Teamsters who insisted, over the objections of several financial experts within the union, that an un-

JAMES P. HOFFA

Teamsters presidential candidate

Born: May 19, 1941, in Detroit

Education: Bachelor's degree in economics, Michigan State University, 1963; law degree, University of Michigan Law School, 1966.

Family: Wife, Virginia, and sons, David and Geoffrey

Career highlights: Started out loading and unloading freight from Great Lakes ships. Worked as a Teamsters truck driver, bus driver and heavy equipment operator in Clear, Alaska. Practiced law in Michigan from 1968 to 1993, representing Teamsters on a wide range of legal issues. Since 1993 he has served as special assistant to Larry Brogan, a Teamsters leader in Detroit.

Hobbies: Enjoys travel, golf, hunting, fishing, racquetball and weight lifting.

Source: Hoffa campaign

The Washington Times

precedented contribution of \$475,000 be sent to a liberal advocacy group called Citizen Action. Much of the money was laundered back into the Carey campaign.

"The Judy Scotts and the Bill Hamiltons seized control of the union and told Ron, 'Why don't you

just go down to your condo in Florida and if anything comes up, we'll call you. We'll take care of it,'" Mr. Hoffa said. "And he went along with it because he's basically lazy. He just wanted the money."

"Carey would spend two or three or four days a week at his condominium in Florida. You

would see this guy in the middle of January as brown as that wood," said Mr. Hoffa, pointing to a paneled wall in his office. "I'm white and pasty 'cause I'm working up here in Detroit."

"They invited him up for, you know, photo ops and press conferences. They'd have a bunch of people with signs — everything was staged. He did very little running of the union."

Mr. Hoffa vowed to be more hands-on not only with the Teamsters, but also within the AFL-CIO.

"When we win, I look forward to taking a proactive role on the executive board of the AFL-CIO," he said. "We are not coming there with an agenda. We are coming there with the idea that we are joining other labor leaders to really make labor strong and very effective."

Several of those leaders, including AFL-CIO Secretary-Treasurer Richard Trumka, have been implicated in the Carey money laundering scandal. But Mr. Hoffa went

out of his way to praise Mr. Trumka, who is second-in-command to AFL-CIO President John J. Sweeney.

"To an extent, Sweeney and Trumka and the present leadership have done a good job," Mr. Hoffa said.

Like other labor figures, Mr. Hoffa has more praise for House Minority Leader Richard Gephardt than Vice President Al Gore. The two men are considered early rivals for the Democratic presidential nomination.

Mr. Hoffa blasted Mr. Gore's endorsement of the Kyoto treaty to cut global warming because it would cost union jobs.

"It's nothing but elitist thinking to penalize the working people of this country," he said. "Al Gore is out of step with the American people. He wrote that unfortunate book about 'we don't need cars' or 'cars are the enemy.' Well, he's just not in tune with the working people who have to have a reliable car."

The Washington Times

MONDAY, DECEMBER 15, 1997

As deadline looms, states lag in pairing jobs, families

Fewer than half will meet goals of federal law

ASSOCIATED PRESS

Despite a sunny economy and plummeting numbers of people on welfare, many states will fail this week's first big test of how well the nation's new welfare law works.

By Wednesday, states must show they have 75 percent of all two-parent welfare families in jobs or job training.

Yet a 50-state survey by the Associated Press showed fewer than half the states are confident they will meet the target. And at least 17 states concede they are certain to fall short. Many others remain unsure.

States that miss the deadline potentially stand to lose millions of federal dollars, although it's not clear whether the federal government will levy fines. Many states are betting it won't.

Regardless, their troubles suggest welfare reform may be more difficult than some had hoped. The two-parent cases rank among the easiest, since having a couple facilitates arranging child care and virtually every other parental task.

"It's an almost impossible goal, not just for us, but for a number of other states," said Linda Logan of South Carolina's welfare department. Some of the largest states, California, Florida and Texas among them, will miss the deadline.

This is just the first deadline. By 2002, states must have 90 percent of two-parent families, and half of all families, in work activities. "Work activities" include a job, a subsidized position, community service, a limited job search or, for a small group, education and training.

By this week's deadline, states need only have 25 percent of their total welfare caseload working, a goal most states expect to meet.

But they complain it is much tougher to meet the second requirement: getting 75 percent of two-parent families working 37.5 hours a week between the parents.

"Many of those [parents] are the hardest to employ. They have severe barriers, alcohol and drug

WELFARE REFORM

Federal law requires states to put welfare recipients into work activities. This year states must have 25 percent of all families and 75 percent of two-parent families in such activities. The results of a 50-state survey:

■ Seventeen states say they will meet the two-parent family participation target: Arizona, Maine, Maryland, Massachusetts, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New York, Oklahoma, Oregon, South Dakota, Tennessee, Utah, Wisconsin and Wyoming.

■ Six states say they probably will meet the target: Colorado, Connecticut, Illinois, Kentucky, North Dakota and Ohio.

■ Sixteen states say they will not meet the two-parent family participation target: Alabama, California, Delaware, Florida, Georgia, Hawaii, Idaho, Iowa, Louisiana, Michigan, Nevada, North Carolina, Pennsylvania, South Carolina, Texas and Vermont.

■ Three states — Alaska, Minnesota and Virginia — say they probably will not meet the target.

■ Seven states say they do not yet know if they will meet the target: Arkansas, Indiana, Kansas, New Jersey, New Mexico, Rhode Island and West Virginia.

■ Information was not available from Washington state.

Source: Associated Press

The Washington Times

and other substance abuse problems," said Corinne Choe of California's welfare agency, where 138,000 two-parent families are on welfare.

Alabama has only 52 two-parent families on welfare; 11 of them are working.

"It's virtually impossible... to consistently meet a level of 60 [percent] to 75 percent," said Joel Sanders, director of Alabama's welfare-reform program.

The Department of Health and Human Services, the agency that oversees welfare, has little sympathy for states that are already failing to meet requirements, said spokesman Michael Kharfen. States asked for the new power and must now be held accountable, he said.

"Everybody's going to be watching this," he said.

Yet it's not clear whether the agency will actually fine states that fail. It has considerable flexibility to waive penalties, which could amount to 5 percent of a state's welfare money. That's about \$187 million for California, \$4.7 million for Alabama.

The fines climb to a maximum of 21 percent by 2002, and Mr. Kharfen said the agency will assess on a "state-by-state basis."

Many states fully expect penalties to be waived.

"In the first year of welfare re-

form it's unlikely any sanctions will be imposed," said Nevada welfare director Myla Florence. She noted HHS has issued no rules explaining how the law is to be interpreted.

Most states should meet the requirement once final rules are in place, Elaine Ryan of the American Public Welfare Association predicted.

Those who don't, she said, may avoid penalties by counting working-poor families who get child care but not cash assistance as part of caseloads. That would increase the percentage of working families.

It's just too cruel to cut off families who are not working, Miss Ryan argues. Conservatives respond that threatening to cut off a welfare check motivates people to find jobs or, at minimum, to take training or other options.

"You cannot require people to do anything if you're unwilling to sanction them when they're unwilling to perform," said Robert Rector of the Heritage Foundation.

Fearing fines, some states — including Georgia, Hawaii and Maryland — say they are considering paying benefits for two-parent families with state money only. Without federal money, they don't have to follow federal rules. Florida definitely plans to do that until final rules are set.

Like, the language has lots of baggage

By Mark Egan
REUTERS NEWS AGENCY

LOS ANGELES

It's not English; it's American. This is the land of "psychobabble" and "bushlips," the home of the "Clinton" and the "Michael Jackson."

Jim Crotty has spent more than a decade traveling from state to state in his motor home, writing his alternative travel guide, "Monk Magazine." His book, "How to Talk American," published this month by Mariner Books, has insight into everything from Vegas vernacular to redneck rhetoric.

"This is where we are linguistically in America, for better or worse. Take what you like and leave the rest," Mr. Crotty says. Saying goodbye in Los Angeles is a perfect example. In the City of Angels there are three basic ways to bid farewell: "I'll call you" means get lost, you'll never hear from me again. "Let's do lunch" means I like you but you're a loser. "Let's do sushi" signals the start of a true friendship.

California's biggest contribution to the American language is the use of the most versatile word ever — you guessed it, "like." Like, a word preceding every, like, noun and, like, verb, is almost the only description needed in a world where adjectives are, like, becoming a dying breed.

"There is a definite decline of people's ability to express themselves in a very specific way," Mr. Crotty says of the ever-more-pervasive use of slang across America.

Hollywood gave us Pamela Anderson Lee, Demi Moore and more breast implants than any other city on Earth, but don't call them fake breasts, call them a "rig." And while we're talking about surgery, a "Michael Jackson" is plastic surgery that went horribly wrong. But the pop star denies he ever had his nose and cheeks done, which leads nicely to the "Clinton."

Some of the president's detractors on Capitol Hill have given new meaning to his name. A "Clinton," they say, is a complete policy reversal. Naturally there is more than one kind: a "half Clinton" is a regular policy reversal, a "full Clinton" is a policy reversal with feeling, while a "Joubin Clinton" is a reversal followed by a denial of the reversal.

But language with a political bite is bipartisan. Mr. Clinton's supporters already had coined the word "bushlips," meaning a disingenuous political statement. The expression came about after George Bush's infamous 1988

presidential campaign proclamation, "Read my lips: no new taxes."

And, while we're talking politics, a "grassy knoll theory" is a cockeyed conspiracy scenario, such as third-party presidential candidate Ross Perot's claim that the Republican Party attempted to sabotage his daughter's wedding. The term comes from the never-ending debate over the 1963 assassination of President John F. Kennedy.

Mr. Crotty worries that the fragmentation of language "is a real danger to democracy."

"There is a danger with the Balkanization of language that you will have enclaves of people living within America completely separate from the rest of America and completely self-sufficient," he says.

When in the Midwest, beware if you see "Rocky Mountain oysters" on the menu. They are actually the fried testicles of a young bull. Want to wash them down with coffee? How about a "double no fun" (a double decaf latte) or "thunder thighs" (a double tall mocha with full-fat milk and extra whipped cream)?

In the world of crime, an "Alaska divorce" is murdering one's spouse. The expression was coined by locals who joke about the effects of depression during the long, dark winters. And the "Almond Joy theory" is when a suspect's behavior cannot be explained. It was inspired by the slogan for the popular candy bar, "Sometimes you feel like a nut, sometimes you don't."

And when in America you simply must talk psychobabble.

"I honor that" is the most annoying expression, Mr. Crotty said. It means I respect what you're saying, I'm at one with your feelings and opinions, your essence. Use it with a hushed, earnest tone for maximum effect.

"Rebirthing" is just pricey hyperventilation, while a "safe space" is a workshop where you are free to explore your inner self.

If someone tells you "I have a problem with that," you probably have said something deemed politically incorrect. Your "baggage" is your issues — also know as "dysfunctions" — which may stem from "hidden anger" toward your family. So express your rage and find your "inner child."

And remember when you go to work not to dip your pen in the company ink, or fish off the company pier, or get your meat and bread in the same store. In other words, don't date your fellow workers.

Happy trails, dude, I'll call you.

The Washington Times
MONDAY, SEPTEMBER 29, 1997

cotton gins, from agriculture companies.

Under the new law, there would be an incentive for such sales, because agriculture companies would be able to defer their capital gains taxes.

But the provision, a long-sought goal of farm groups, has hit a snag because critics charge it would reward Mr. Simmons with a multimillion-dollar windfall. The provision was intended to give farmers a shot at reaping profits from lucrative crop-processing as their federal subsidies are phased out.

Critics said Mr. Simmons would benefit through the sale earlier this year of Amalgamated Sugar Co. of Ogden, Utah, the nation's second-largest processor of sugar beets. In a highly complex transaction, Mr. Simmons sold Amalgamated through Valhi to the Snake River Sugar Co., a cooperative of about 2,000 farmers based in Oregon.

"This is exactly the kind of special-interest tax break the line-item veto was intended to eliminate," Rep. Charles Schumer, D-N.Y., wrote in a letter to Mr. Clinton on Wednesday.

But spokesmen for Mr. Simmons said the original transaction with Snake River was constructed so that Mr. Simmons would not have to pay any capital gains taxes for at least 30 years. Under the terms of the deal, Mr. Simmons entered into a partnership with Snake River and retains an interest in Amalgamated and shares in its profits.

In other words, the deal was structured as a partnership, eliminating capital gains tax liability.

The provision in the tax bill signed Tuesday by Mr. Clinton would defer capital gains without requiring agriculture companies and co-operatives to go through the same financial gymnastics. It does so by extending an existing provision to co-operatives that allows companies to defer capital gains taxes when they are sold to Employee Stock Ownership Plans.

"We did not have a keen interest in selling the business and paying a big tax," said Mr. Watson, explaining the original transaction.

Mr. Watson said Valhi would not benefit from the new provision because Mr. Simmons already has deferred his capital gains taxes. But he acknowledged the provision would allow Valhi and Snake River to revisit their deal to see if they could arrange a less cumbersome transaction without having to pay capital gains taxes.

"If we could figure out some way to restructure our joint venture, it may fit under this provision," Mr. Watson said.

Mr. Watson declined to place a dollar value on the capital gains taxes Valhi has deferred. Various news reports, however, have carried estimates ranging from \$20 million to \$63 million.

In his letter to the president, Mr. Schumer charged that Mr. Simmons would reap a \$104 million windfall. But that is an estimate of how much the provision would cost the Treasury Department over 10 years and would include all other capital gains taxes deferred by various agriculture companies selling assets to former co-operatives.

Kenneth Kies, the Joint Tax Committee's chief of staff, was reported to be out of the country and unable to explain the rationale for putting the tax provision on the veto list.

Rep. Bill Archer, R-Houston, does double duty as chairman of the committee and of the House Ways and Means Committee. A spokesman for Mr. Archer, James Wilcox, said the congressman did not consider Mr. Simmons' interests when he supervised the drafting of the tax bill.

The new provision was sponsored in the House by Mr. Stenholm, the ranking Democrat on the House Agriculture Committee, and Rep. Kenny Hulshof of Missouri, a GOP freshman and a member of the Ways and Means Committee.

News Corp. Gets OK from Justice Department to Buy Heritage Media of Dallas By John Kirkpatrick, The Dallas Morning News

Aug. 9--The Department of Justice has approved News Corp.'s acquisition of Dallas-based Heritage Media, dropping its investigation into the deal, the two companies said Friday.

"We are obviously quite happy about the department's decision," said News Corp. spokesman James Platt. "We look forward to having Heritage join us."

News Corp. has agreed to pay \$1.3 billion for Heritage.

Doubts about the deal were raised two weeks ago by the San Francisco field office of the Justice Department's antitrust division, which was investigating the transaction. The San Francisco office told the companies that it would recommend to Washington that the deal be challenged on violation of antitrust laws.

In response, News Corp. and Heritage agreed to extend the period in which the antitrust division had to OK or allow the acquisition,

allowing more time for an investigation.

Late Thursday, the deal was approved, Mr. Platt said.

"They sent a letter saying they had no objections. They didn't get into detail," he said. "We don't know what they were looking at."

News Corp. is controlled by media magnate Rupert Murdoch, who first built his fortune in Australian newspapers and then extended his reach around the globe. Among News Corp.'s premier holdings are the Fox television network and 20th Century Fox studios.

Heritage is a diversified company, with properties in two key areas: TV and radio stations and marketing and promotions operations.

News Corp.'s interest is in Heritage's marketing and promotions side, including a division that dominates the business of electronic coupon-dispensing machines inside stores. Currently, Heritage has such machines in more than 40,000 stores.

News Corp. also has a division in the same business, and that is believed to have been the antitrust division's principal concern.

Justice Department officials confirmed Friday that the Heritage acquisition had been approved but refused to discuss the investigation or any details.

The government's approval allows News Corp. to stick to its plan to sell Heritage's six TV stations and 24 radio stations. Baltimore-based Sinclair Broadcast Group has agreed to pay \$630 million for the broadcasting properties. None of the stations is in Texas.

Heritage shareholders are scheduled to meet Monday to formally consider the company's sale to News Corp.

"If approved, a closing of the transaction is expected shortly thereafter," Heritage said in a written statement issued Friday.

Two Accused of Exploiting Deaf Mexicans Are Found Locked Up in Mexico City By Tracey Eaton, The Dallas Morning News

MEXICO CITY--Aug. 9--Two men accused of leading a gang that allegedly smuggled and exploited deaf Mexicans are deaf themselves and were found locked up Thursday, virtual captives, raising questions about who was exploiting whom.

Mexican authorities couldn't -- or wouldn't -- explain it Friday.

All officials would say is that they have arrested four people "who are heads of a gang that specialized in smuggling disabled people."

Two of those arrested -- Jose Rustrian Paoletti and Ezdra Suri Dahab Kassin -- on Thursday reportedly tried to cash a letter of credit worth \$220,779. Workers at the Banamex bank in Mexico City detected what looked like a forged signature and alerted security guards.

Federal police arrived and arrested the suspects. The suspects then led police to a home in Mexico City's Narvarte neighborhood, where the two additional suspects were found.

Jose Paoletti Moreda and his son, Renato Paoletti Lemus, were in a room on the roof of the home and the door was secured with chains from the outside, Mexico's attorney general's office said in a statement.

The letter of credit was in the name of Jose Paoletti Moreda, and the other suspects tried to cash it while Paoletti Moreda was locked in the house, authorities said.

Given the sketchy information released by Mexican authorities, activists for disabled people in Mexico City said they are having trouble figuring out what's going on. Poor communications between those who can hear and those who can't only complicates matters, they said.

"Maybe the two suspects in the house did nothing wrong. Or maybe they were doing something wrong, abusing other deaf people, but they might not have realized it was wrong," said Guadalupe Montes, an advocate for the deaf in Mexico City.

"You can't fully understand what might be going on until you get inside the world of the deaf. It's a very different world," said Ms. Montes, whose brother, Victor Manuel, heads the Mexican Association of the Deaf.

Mexican authorities said the four arrested on Thursday are connected to the ring in New York that allegedly smuggled deaf Mexicans into the United States and forced them to sell key chains and other trinkets on the subway.

The New York case began after police found dozens of deaf Mexicans crammed into two apartments. Since then, U.S. prosecutors have charged seven people in the case. Three others have been arrested and charged by New York state authorities.

"A lot of people have misunderstood this case, at least here in Mexico," Ms. Montes said. "When some of those arrested in New York were shown on TV doing the hand signal for love and peace, people in Mexico thought they were trying to insult someone. That's because that sign (done by raising the thumb, forefinger and pinky)

Clinton wants businesses to view welfare recipients as untapped resources By Jodi Enda Knight Ridder Newspapers (KRT)

WASHINGTON - Working against a history littered with failure, President Clinton is campaigning to erase the stigma of the "welfare queen" and goad businesses to hire workers off the public-assistance rolls.

Experience would indicate he's tilting at windmills. In years past, many private companies have been reluctant to pull people from the bottom rungs of the economic ladder.

But the president knows that if he bows to history, welfare reform one of the hallmarks of his administration will flop.

So Tuesday morning in St. Louis, nearly one year after he signed a law intended to "end welfare as we know it," Clinton will attempt to change the national image of welfare recipients, to encourage employers to view them not as public burdens, but as untapped resources.

With the help of new radio and newspaper public-service announcements he will try to debunk the notion of the lazy "queen" who chooses to live on the dole, replacing her with someone who is temporarily down on her luck, but eager and able to work.

"This is an emerging new workforce," said Eli Segal, president of the Welfare to Work Partnership, a private organization created by businesses to help move welfare recipients into jobs. The group is sponsoring the new public-service ads. Removing the stigma of welfare, Segal hopes, "will have the effect of actually changing the entry-level hiring practices of many companies in the United States."

That hasn't happened in the past. Despite a number of reform efforts, despite job-training programs and tax incentives for employers, companies never signed on to a full-scale effort to put welfare recipients to work.

But even skeptics of the welfare-to-work effort and opponents of the new law say if ever the time is ripe for progress, it is now.

"There are a couple of things that are different this time. One is that the economy is so good," said Demetra Smith Nightingale, director of the Welfare and Training Research Program at the Urban Institute, a Washington think tank. "The other thing that is different is that the president has taken it upon himself to use the bully pulpit to call the country forward to help on this. That political leadership, I think, is important because it's being combined with business leadership. The priority is clear."

So is the need to work, said Elena Kagan, deputy assistant to the president for domestic policy. Unlike efforts of the past three decades, she said the new law offers a "carrot and a stick" opportunities for recipients to find and learn new jobs combined with a very real threat that benefits will be cut off if they don't.

Furthermore, unemployment is so low in some parts of the country that employers have nowhere else to turn but the welfare rolls, experts said.

"Firms are having trouble finding the kind of employees that they really want, so they are willing to hire people that they otherwise would not," said Harry Holzer, an economics professor at Michigan State University. But, he added, "Nobody expects that to last very long."

The St. Louis event will be the first of several challenges to individual cities and regions to link their businesses with their job-training facilities, child-care centers and transportation systems to help welfare recipients find, get to and keep jobs, Segal said. About 500 businesses nationwide have pledged to participate since his nonprofit group organized in May, he said, though they have not specified how many welfare recipients they will hire.

First in St. Louis and then across the country, a computer database will be created so that companies that want to hire welfare recipients can locate assistance in the form of training programs, day-care facilities or mentors other businesses that have transcended the problems that often come with inexperienced workers.

Still, few expect the effort to be a panacea.

"Even if business leaders say, 'Yes, we're going to do this,' when it gets down to the nitty gritty, whether they actually will do it is debatable," said Kent Weaver of the Brookings Institution, another Washington think tank.

The Clinton administration is looking to the private sector to hire 2 million welfare recipients by 2000, enough to move more than half the nearly 4 million adults on welfare this spring. So far, companies pledging to participate represent only a drop in the bucket.

While the new balanced-budget agreement signed by Clinton last week offers employers tax credits to hire and retain long-term welfare recipients, neither business leaders nor welfare experts think that will make a difference.

"Most companies will say we do not use that as part of our hiring criteria," said Jim Van Erden of the National Alliance of Business, a nonprofit group that represents 4,000 large, medium and small companies nationwide.

And no matter how many businesses agree to hire welfare recipients, no one sees a place in the job market for as many as one-third of the recipients who are considered virtually unemployable.

"We're at a stage where we're getting the people most capable of going to work getting a job. When we work down the list and drug dependency, illiteracy, domestic violence become issues, it will get harder and harder," said Gary Stangler, director of the Missouri Department of Social Services.

"We will find out what we've never known in this country: what part of the population is more accurately described as disabled, people who are never going to make it in America."

Stangler and many of his counterparts across the nation remain optimistic, though, that most of less problem-plagued welfare recipients will benefit from the year-old law, which forces them to find jobs within two years and limits life on welfare to five.

"The time limits and work requirements put more of a sense of urgency behind it," said Stangler, who has been involved with welfare for much of two decades. Combined with the booming economy, he said, "I think it's an environment unlike anything I've seen." "There's been a lot of success with welfare-to-work programs in the last five years," said Gordon Berlin, senior vice president of the Manpower Demonstration Research Corp., which evaluates social programs. "But there's been a lot of recidivism. Welfare was a safety net, an unemployment-insurance system, because unemployment didn't cover the low-income jobs they got."

Even with the most successful programs today, Stangler noted that half the welfare recipients who get jobs lose them within two months.

The new law, and tighter restrictions in some states, will prevent many people from going on and off welfare at will. The question is whether that will force them to try to stay in their jobs longer or will land them on the streets.

Another concern is that by focusing attention on welfare recipients, the government may actually be harming the working poor vying for the same jobs, said Mark Alan Hughes of Public/Private Ventures, a nonprofit research organization in Philadelphia.

"If all we're doing is really changing the order in the hiring line," he said, "are we really doing any good? I'd be afraid that that is what we're doing."

Farm Provision in Tax Bill May Be on List for Clinton's Line-Item Veto By Robert Dodge, The Dallas Morning News

WASHINGTON--Aug. 9--Dallas investor Harold C. Simmons and thousands of farmers are anxiously waiting to see if President Clinton vetoes a small but controversial provision in the new tax bill.

The provision is reported to be on a short list culled from 79 items the president could choose for his first line-item veto. And as White House advisers mull over the list, lawmakers and lobbyists are waging a furious battle over the issue.

"It is on the short list because of all the attention that has been given to it," said Democratic Rep. Charles Stenholm, who was frantically trying to reach White House Chief of Staff Erskine Bowles from his Stamford, Texas, farm Friday.

Steve Watson, a vice president of Mr. Simmons' Dallas-based Valhi Inc., added, "We have all kinds of reports that this is still being considered as a line-item veto."

A senior administration official, who requested anonymity, confirmed the farm provision is one of those being reviewed closely.

The president indicated at a news conference Wednesday that he might use his new line-item veto authority on provisions in the tax bill he signed Tuesday. White House Press Secretary Mike McCurry said Friday that Mr. Clinton has not decided whether to wield his veto pen.

"He has indicated to some people here he wants to get this right," said Mr. McCurry, adding "the president has asked for some follow-up work on two or three particular questions."

Under the line-item veto that became effective this year, the congressional Joint Committee on Taxation provides a list of provisions that could be subject to a line-item veto. A provision can be vetoed if it unfairly rewards a special interest, defined as a group of less than 100 taxpayers.

Congress can override the president's veto with a two-thirds vote in the House and Senate.

The farming provision in question would make it easier for farmers' co-operatives to buy processing facilities, such as sugar refiners and

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SPOTLIGHT

Companies urged to set realistic 'welfare to work' goals

August 11, 1997
Web posted at: 6:43 p.m. EDT (2243 GMT)

WASHINGTON (AP) -- Laura Askew got the call many on welfare wait for. She got the job. And not just any job, this one was at the White House.



"I was just overwhelmed," said the 29-year-old woman now working as a mail clerk in the Executive Office of the President. "I called my sister. I was just hollering on the phone."

On Tuesday, President Clinton travels to St. Louis to celebrate other companies that have picked up his challenge to move people from welfare to work. But even as private firms are pushed to do more, an advisory group is cautioning companies to set achievable goals.

Companies "should realistically assess" their ability to support and motivate people leaving welfare, said the guide developed by the Welfare to Work Partnership.

More than 750 companies have joined the partnership, each promising to hire at least one welfare recipient. But a year after Clinton signed the welfare law, they have no totals.



Laura Askew poses outside the New Executive Office Building in Washington. (AP Photo)

An Associated Press survey in May of the nation's largest firms showed just a handful had welfare-to-work programs in place. If that doesn't change by next May, the effort is in serious trouble, admits Eli Segal, a longtime Clinton supporter who heads the partnership.

The clock is ticking: With the economy enjoying its lowest unemployment in nearly a quarter-century, now is the best time to persuade businesses to hire someone off public assistance, Segal says.

"There's a real sense we've got to get this done quickly," Segal said.

Many companies, including some of the 250 that will be honored by Clinton, have promised to hire someone off welfare, but have no idea how to do it and end up frustrated. The guide makes the case that hiring people off welfare is good for business, offering tax credits and new workers in a tight labor pool. And it argues that realistic, modest goals are likely to reap results.

Among suggestions:

- Do an honest evaluation to determine how many people you can hire and what sort of support services are needed.
- Don't feel compelled to set up your own training program. Consider an intermediary that helps people move from welfare into jobs.
- Realize not all recipients are unruly drug addicts; some are virtually ready to work, while others need more help.
- Find a champion in the company to boost the effort and make it work.

At the White House, that champion may be Ada Possey, acting director of the Office of Administration.

"I have always had an aversion to people being stereotyped," Possey said, explaining her interest in the program, which has hired six welfare recipients to work in the four-building complex that makes up the president's executive office. The

White House isn't releasing their salaries, but Possey said they are in the \$18,000-\$20,000-a-year range.

Overall, the federal government has hired 410 people off welfare toward its goal of 10,000, a spokeswoman said.

Possey said things are going wonderfully at the White House, but she said there are no plans in place to go beyond the six hires on the job. Her explanation was right in line with the partnership's advice: "We're going to sit with what we have and make sure everything's going right."

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News

FROM THE POST-DISPATCH



Two Years Not Enough, Say Women On Welfare : 'A Job? I Don't See It,' Says Mother Of 2 Girls

Tuesday, August 12, 1997

By Lorraine Kee
Of The Post-Dispatch Staff

TO REGINA GARDNER, the new welfare-to-work program sounds good in theory. "I want to work," said Gardner, a youthful-looking 31.

But in practice, the program doesn't work for Gardner. And today's visit to St. Louis by President Bill Clinton, who will trumpet the country's strong economy and its shrinking welfare rolls, won't change that.

From their home in Overland, Gardner supports her two daughters on public assistance.

She receives \$232 a month in assistance for 9-year-old Regina Jr. She gets another \$425 a month in Social Security disability payments for 10-year-old Pamela, who suffers from cerebral palsy and blindness.

At 95 pounds, Gardner alone lifts her 65-pound daughter from their car or bathtub. She has no relatives to care for her children, no day-care center where she can take both of them, no hope for a job.

"A job?" Gardner said Monday during a seminar put on by Reform Organization of Welfare, or ROWEL, at St. Patrick's Center downtown. "I don't see it.

"I need a day care that will take care of my kids," she said. "And not just any day care. I need one that will take good care of them."

During Clinton's first term, 12 million new jobs were created. The welfare rolls shrank by 2.75 million during that time.

But a study by the Urban Institute found that women will be squeezed the most by welfare reform because of their low work skills and limited job experience.

On Monday, the Human Development Corporation of Metropolitan St. Louis conducted its first day of classes for its new Young Adult Opportunity Center.

The center trains adults, ages 18-35, on how to get and keep a job. The program covers everything from how to smile to how to show up on time for work. Of the 22 "clients" or students on the first day, 17 were women, said program director Keith Antone Willis.

Pat Payette was on welfare for five years. She gave it up because she couldn't afford it. Her assistance check didn't cover her \$300 in rent, she said.

So Payette, who is now on ROWEL's board, calls herself one of the "working poor."

When she was on assistance, Payette said, the welfare system made a number of assumptions about mothers such as herself. It assumed that:

They have extended family that can care for their children if the mothers work. "The extended family no longer exists," Payette said. "Everybody's working."

The children of welfare mothers are healthy. Payette is rearing twin daughters with mental disorders.

Jobs are 9 a.m. to 5 p.m. Employers want employees who can deal with rotating shifts, who can work weekends, who can work overtime with little notice, Payette said.

'It Costs To Keep A Family'

Now Payette is studying for her college degree, trying to make ends meet by working at a camp for children with behavioral disorders and, occasionally, as counter help at fast-food restaurants.

"I followed all the rules," Payette said. "But it costs to keep a family."

For Evelyn Fesler, the price for her working is that someone has to stay home with her 4-year-old.

Fesler, 22, is a certified nurse assistant. But she doesn't make enough to cover food and medical expenses for her son.

"I've got to think of my kid," said Fesler, unhappily filling out a form for food stamps on Monday in the midtown state office building in St. Louis.

"My husband's not working because of my kid. Someone has to stay home with him."

'I Would Work If I Could'

Krista Elsing, 21, pushed her 7-month-old in a stroller outside the state office. She also has a 1 1/2 year old.

"I would work if I could," said Elsing, of St. Louis. "I hate being on welfare. But I don't have the education, and I don't have nobody to take care of my kids."

Gardner has a high school diploma. She once had a good job at Emerson Electric

where she did sandblasting and packing.

She quit when she was pregnant with Pamela.

For a while, she worked as a hostess at Chevy's restaurant. But she quit because her work schedule was too unpredictable.

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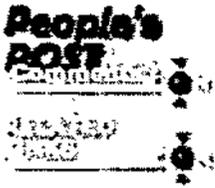
She's rearing her children, keeping a step ahead of house payments, electric and gas bills and grocery tabs - and hoping to earn enough someday to support her family.

Because she doesn't have income of her own, "I can't even open a checking account," Gardner said.

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FROM THE POST-DISPATCH



Two Years Not Enough, Say Women On Welfare : Building Skills Takes Time, Student Says

Tuesday, August 12, 1997

By Susan C. Thomson\
Of The Post-Dispatch Staff

VICKY FENTON is what welfare reformers call one of the easy ones. She has a resumé, showing experience as a dental assistant and an executive secretary. She's smart, articulate, poised, purposeful and educated.

When she gets her master's degree in social work from St. Louis University at the end of next semester, she'll almost surely get off welfare and onto the rolls of the gainfully employed. Already, she's had a tentative job offer.

Today, before an audience including President Bill Clinton, she'll get to say something about welfare and welfare reform.

The president is coming to town to trumpet his welfare-to-work program at a kickoff for The Welfare to Work Partnership-St. Louis, a business group promoting jobs for welfare recipients.

Fenton, 44, of Creve Coeur, will take part in a panel discussion on ways to increase those jobs. She'll speak from her own four years' experience. She doesn't know how much she'll get to talk, what questions she'll be asked or what direction the conversation will take.

She knows, though, that she'll be looking for an opening to make a special point. "The thing I would like to say is I disagree with the two-year program of welfare-to-work and you're out," she said. "I know what I had to do to get where I am." And two years just wasn't enough.

A divorce in 1993 cost Fenton and her three daughters - Erin, Laura and Rachel, now 15, 13 and 9 - their membership in the middle class. Food stamps, Medicaid, free school lunches, hand-me-down clothing, handouts from food pantries and the charity of friends and neighbors have seen them through.

Meanwhile, Fenton has been a full-time college student, first getting her bachelor's degree from the University of Missouri at St. Louis and then enrolling in graduate school.

Because she had been out of the work force for a decade, Fenton considered college her only choice.

"I didn't feel I had current skills to become employed at an income that would support myself and my children," she said. And she didn't care what it took to get the schooling she felt she needed.

She has paid for her education by a combination of scholarships, grants and \$25,000 in student loans.

Fenton said her own experience as a single mother was a major reason she chose to major in social work. Specifically, she said, "I want to do counseling with families and children."

Whether she will actually get to meet the president today is unclear. But it almost

doesn't matter.

"I just feel so blessed," she said. "I've worked really hard to get where I am, and it's finally paying off."

Clinton's Itinerary

Here's the itinerary for President Bill Clinton's visit today to St. Louis to kick off the national Welfare to Work Partnership's city-to-city campaign.

Times are tentative. No events are open to the public.

9:50 a.m.: Clinton arrives at Lambert Field.

10:40 a.m.: He tours the Mid.Tec Corp. building at 23rd and Locust streets and speaks to business people attending a workshop set up there by the national Welfare to Work Partnership.

1:15 p.m.: He addresses a \$5,000-a-plate, fund-raising luncheon at Windows on Washington, 1501 Washington Avenue, organized by the Democratic National Committee.

2:50 p.m.: Clinton flies back to Washington from Lambert.

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If you had started planning your retirement when you should have, you'd have used one of these.



Better get started now.

Surprising Rise in Welfare Mothers Entering Workforce Study suggests new law led 500,000 to seek work

Ramon G. McLeod, Chronicle Staff Writer

A half-million single mothers have gone into the job market since U.S. welfare reform was approved last year, and federal economists believe that the law is the main reason for the unanticipated increase.

The findings are contained in a study published in the current issue of an obscure newsletter produced by the Federal Reserve Bank of San Francisco -- believed to be one of the first to look at the effects on the labor force of the law signed 10 months ago by President Clinton.

Meanwhile, state officials reported last week that California's welfare caseload has fallen to 822,000 cases, down nearly 11 percent from its peak in fiscal year 1994-95.

"People have seen the handwriting on the wall, that's been obvious here for a while," said Paul Alkebulan, a top job trainer in Alameda County's welfare-to-work program.

"They know the changes are coming," he said. "You get a lot of different reactions to that. We're seeing some who have a real sense of desperation, but most understand that they have to do something now."

Former recipient Sandra Grayson said she was keenly aware of the changes in the law and was eager to make a move off the system. She said she was very concerned about finding her own job before tough new rules forced her to take anything available, she said.

"I heard about the (changes) in the media," she said. "And I actually think they're great because people need to get out of the system. You have to be dependent on yourself first."

Grayson, 33, an Oakland single mother of three, landed a job Wednesday as a records clerk at the Alameda County Courthouse. She is earning \$8.40 per hour.

She had been on welfare for the past three years, but two weeks ago she entered a county-operated job search program.

Bright and energetic, Grayson caught the attention of recruiters from Diversified Personnel, an employment agency under contract with the county to assist in job placements.

"While she was interning here, Sandra volunteered to handle the phones, on her own time, while our regular person had dental problems to deal with," said Dee Dee Langley, a vice president of the company. "That kind of initiative gets you noticed by employers."

Frank Mecca, director of the California Welfare Director's Association in Sacramento, said people like Grayson, who have prior work experience and some college credits, are the easiest people to place. He cautioned against too much optimism over the federal report because successes such as hers will be harder to duplicate as caseloads shrink.

"Caseloads have been declining for a couple of reasons, and one of these is that people who have a pretty good chance of getting hired are just not bothering with the system as much," he said.

"But the deeper you get into the caseload, the harder it's going to be as you get into the people with the lowest skills and experience," he said.

Alameda County's Alkebulan agreed: "You just have to realize that there are people on welfare who just don't have enough wattage to make it out in the job market. They are going to find it very difficult to get work."

Indeed, even the new federal law acknowledges that 20 percent of the current caseload will probably never get off aid. For the other 80 percent, the law puts a five-year lifetime limit on welfare and requires recipients to work for their welfare checks after 24 months. And not of all the new jobseekers have been successful. The unemployment rate for single mothers has also risen since August, moving from 8.65 percent to 9.05 percent in March 1997.

Joe Mattey, a senior economist at the Federal Reserve Bank of San Francisco who did the study, said he and co-author Mary Daly were not expecting to find much of a correlation between the enactment of tough new welfare rules and an unexpected surge in labor force participation that began last summer.

"When we first looked at these numbers, we thought it was something more broad-based (than welfare reform)," said Mattey.

"Of course the economy has generally been doing well, but the closer we looked the clearer it became that groups with high AFDC (Aid to Families with Dependent Children) likelihood were accounting for more of the growth than would be expected," he said.

Mattey said the rates at which single moms went to work more than doubled after the welfare reform bill passed.

Between July 1995 and July 1996, the numbers of these women entering the workforce increased at an annual rate of 2.4 percent. Between August 1996 and March 1997, the numbers rose at a 6.5 percent annual rate.

That translated into an increase from 8 million in August 1996 to 8.5 million in March 1997, an improvement he said was "unanticipated."

That kind of gain would be welcome over the next five years when California's economy will have to absorb more than 300,000 people, most of them single

mothers, under the provisions of the new federal law.

California's welfare program will have to be in compliance with these requirements in order to continue to receive the more than \$3 billion the federal government gives to the state, which spends more than \$6 billion annually on welfare.

But budget issues aside, the real question about welfare reform is a human one: Will there be work for everyone?

"The bank's study may really be showing that we've had a series of lucky coincidences," said Margaret O'Brien-Strain, an economist at the Public Policy Institute of California, a nonpartisan research organization in San Francisco.

"The economy has obviously been strong at a time when a lot of people need to get into the job market," she said.

But there is also an old truism about jobs and the poor, she said:

"People with low skills and little experience are always the last ones in and the first ones out."

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Welfare changes draw fire

House proposals would 'gut' reform, governor says

By Cheryl Wetzstein
THE WASHINGTON TIMES

Changes made in House committees last week to the welfare law would "destroy welfare reform in Wisconsin," Wisconsin Gov. Tommy G. Thompson has said in a letter to House Speaker Newt Gingrich.

The welfare changes would allow unions to block community-service activities, drive employers away from welfare-to-work programs, boost administrative costs and "in effect ... gut welfare reform," Mr. Thompson wrote.

Wisconsin is widely regarded as the national leader in welfare reform. The state's welfare caseload has dropped by an unprecedented 55 percent as a result of reforms supported by Mr. Thompson since the late 1980s.

"We are aware of the problem that Governor Thompson pointed out in his letter and are currently looking into it," a spokeswoman in Mr. Gingrich's office said yesterday.

Other House aides said Mr. Thompson's concerns will be taken seriously and probably will result in changes, but he may have misinterpreted some changes.

At issue is the \$3 billion welfare-to-work program that is being added to the welfare law as part of the budget deal worked out this year by the White House and congressional leaders.

The welfare-to-work program is intended to help states help welfare recipients who have been on the rolls for more than two years, who live in areas of high unemployment or who have few skills to find and retain jobs.

The bill says the welfare-to-work funds can only be spent for "job creation" in the public and private sectors, wage subsidies, on-the-job training, contracts with job-training programs, job vouchers, and job-support services.

It also has worker protections, including:

- Rules to prevent states from "displacing" regular workers with welfare recipients.

- An expanded grievance process allowing welfare recipients to challenge state rules they believe are unfair and punishing states that violate the grievance process.

WELFARE-REFORM COMPLAINTS

Wisconsin Gov. Tommy G. Thompson and Heritage Foundation welfare expert Robert Rector say changes made last week to the welfare law by two House committees would be disastrous.

Examples:

- The new \$3 billion welfare-to-work program couldn't be used to fund community-service or self-sufficiency programs. This, in effect, would outlaw these GOP-approved ways to reduce welfare dependency and "destroy" Wisconsin's successful reform.

- New "worker displacement" language would prohibit states from assigning welfare recipients to jobs performed by regular public-sector employees, even if the jobs were open because employees quit or retired. This would boost the power of public-sector unions and relegate welfare recipients to only the oddest of jobs — as happened under the failed welfare program of the 1970s, the Comprehensive Employment and Training Act.

- New language would allow welfare recipients to file grievances and have hearings on any aspect of welfare reform. This would greatly hamper a state's ability to enforce its work rules and put administrative costs out of control.

- New language allowing teen-agers in school and adults in vocational education to be counted as "working" would effectively gut the welfare law's work requirements.

- New language requiring welfare recipients to be "provided benefits and working conditions" like regular employees would relegate welfare recipients to the lowest-paid work activities and drive employers out of welfare-to-work programs.

The Washington Times

These rules are disastrous for Republican-style welfare reforms, the Heritage Foundation's Robert Rector said.

Wisconsin's new must-work welfare program and community-service programs, which are supposed to give people work experience while encouraging them to seek better-paying jobs, would be "outlawed" under the proposals, Mr. Rector said.

Moreover, the welfare-to-work program appears to be a reincarnation of a much-maligned 1970s program.

"This is CETA. This is exactly what this is," Mr. Rector said, referring to the Comprehensive Employment and Training Act, a \$60 billion program that was shelved under President Reagan as a scandal-ridden boondoggle.

Last week, the House Ways and Means and Education and the Workforce committees voted on changes affecting the welfare law, including worker dislocation, the grievance process and required wage levels.

These things would "add enough authority for unions and other con-

cerned parties to block work experience activities at will," Mr. Thompson wrote to Mr. Gingrich, Georgia Republican, on Friday.

"These provisions will make it impossible for states to meet the work participation requirements and will dramatically increase costs. In effect, these provisions will gut welfare reform," he wrote.

Mr. Thompson "might be misinterpreting some of the provisions that we added. ... We don't think the language of the bill is as broad or as regulatory" as he thinks, a spokeswoman for the House Education and the Workforce Committee said yesterday. "But we're certainly willing to work things out, and we look forward to working with him to make whatever adjustments are needed."

Another House aide said most of Mr. Thompson's concerns are justified. "We'll try to fix these flaws in conference" when the Senate and House combine their bills, she said.

The Senate Finance Committee is expected to look at the welfare law today or tomorrow as it reviews the budget bill.

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Mom said to pick Web over kids

CINCINNATI — A mother accused of devoting so much time to her computer that she endangered her children has declined to enter a plea.

Cincinnati police officials said Sandra Hacker, 24, left her three children in filthy and deplorable conditions, amid broken glass, human waste and other debris. But they said Mrs. Hacker's computer area was in immaculate condition.

Police Sgt. Paul Neudigate said Mrs. Hacker locked her children in their room so they would not bother her while she surfed the Internet for six to 12 hours a day.

Psychologists say Mrs. Hacker may suffer from Internet Addiction Disorder — a disorder in which a person replaces food, sleep and work with time on the Web.

Her estranged husband, Alexander, was awarded temporary custody of the children, ages 2, 3 and 5.

The Washington Times

TUESDAY, JUNE 17, 1997

Both defense committees oppose base-closing plan

By Pat Towell
CONGRESSIONAL QUARTERLY

Defense Secretary William S. Cohen's plan to shut down additional military bases in order to pay for new weaponry has been rejected by House and Senate defense committees in their versions of a \$268 billion defense authorization bill for fiscal 1998.

Supporters of the base-closing plan hope to amend the Senate's version of the bill on the floor, setting the stage for a battle with the House over the politically sensitive issue.

Closing bases is one of the few areas where the committees join forces against the administration. For the most part, they are at odds with each other.

The Senate bill, approved by the Armed Services Committee on Thursday, includes provisions that would slightly reduce the size of the Army and allow the Pentagon to shift more maintenance work from government-owned depots to private contractors, two elements of Mr. Cohen's defense plan.

The House National Security Committee version, which the full House will debate starting tomorrow, includes sections to stymie both proposals.

The House and Senate bills also

are sharply at odds over the Navy's plan for a new generation of nuclear-powered submarines, the timetable for funding a new aircraft carrier and the number of Aegis destroyers to be funded in fiscal 1998.

The House panel approved \$331 million to pave the way for future purchases of B-2 stealth bombers. The Senate committee included a provision specifically barring more B-2 production.

But because the full House came within a whisker last year of eliminating B-2 funds sought by the National Security Committee, in this year's even tighter budgetary environment, the B-2 may not survive on the House floor.

The continuing inability of Republicans to frame an alternative to President Clinton's defense program in the fifth year of his presidency underscores the absence of a GOP consensus on defense policy for the post-Cold War era, except for a commitment to anti-missile defense.

But disagreements within the Republican defense community may be worsened this year by the very tight budgetary constraints under which the defense committees had to operate.

The defense ceiling reached in the bipartisan budget deal last

month is \$2.6 billion above what Mr. Clinton requested, a relative pittance. GOP defense experts contend that the resulting Pentagon budget is too tight to allow the force to stay in fighting trim and modernize its arsenal while maintaining the high pace of overseas deployments that Mr. Clinton has approved.

"It's an impossible situation," said Rep. Curt Weldon, Pennsylvania Republican, chairman of the House National Security subcommittee on military research and development. "We have a president with an internationalist foreign policy and an isolationist defense budget."

Even as Republican congressional leaders were mounting one more futile attack on Mr. Clinton's overall budget policy, however, Mr. Weldon and other GOP defense specialists bitterly acknowledged that they had no realistic prospects of convincing the public that the defense establishment was being spread dangerously thin.

"We have an administration that is driving the defense debate from the bully pulpit, and misinforming the public and Congress," Mr. Weldon fumed.

• Distributed by Scripps Howard.

Huang denies acting for foreign nations

NEW YORK (AP) — Making a rare public appearance, the man at the center of the Democratic Party's fund-raising scandal denied funneling money from foreign governments into President Clinton's re-election campaign.

"I don't know if foreign governments have" given money, John Huang said, according to yesterday's Daily News. "If there is money, I haven't seen it."

Mr. Huang appeared Sunday at a New York City banquet for veterans from a Taiwan military academy. He told his audience that Chinese-Americans "don't have the numbers" to wield much influence, "but we can participate by

giving money. Money is the milk of politics."

He also told his listeners they should take an active part in politics. "If you are a doctor, you can only cure one person at a time," he said, speaking in Mandarin. "But if you enter the policy-making level, you can affect 10,000 people."

After giving the speech, Mr. Huang told the newspaper he would testify at congressional hearings if subpoenaed. He declined to discuss specifics of numerous allegations against him.

The Democratic Party has said it will return about \$3 million in donations — more than half of it raised or donated by Mr. Huang.

Mr. Huang also had access to top-secret information as a political appointee at the Commerce Department in 1994 and 1995. Last week, Rep. Gerald Solomon, New York Republican, said investigators have evidence that Mr. Huang passed classified U.S. government information to his former employer, the Lippo Group, which is based in Indonesia but has substantial dealings with China.

The Justice Department, the Commerce Department inspector general and Congress have been investigating whether Mr. Huang assisted China or Lippo or sought to bring illegal foreign money into U.S. elections.

The Washington Times

TUESDAY, JUNE 17, 1997

Race Course

Clinton Stays Popular With Blacks in Spite Of Fraying Safety Net

One Reason Is His Readiness To Tackle Issue of Bias. As He's Doing Tomorrow

Minorities' Shifting Attitudes

By MICHAEL K. FRISBY

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—When African-Americans appraise President Clinton, many truly like what they see. But should they?

Mr. Clinton visits black communities. He supports affirmative action. And in San Diego tomorrow, he launches a broad initiative to encourage a public dialogue on diversity. Not since Lyndon Johnson has an American president devoted such energy to race relations.

So for many blacks, particularly outside politics, Mr. Clinton can do no wrong.

"I like anything he does," says Edith Merriweather, who has worked as a cook at a nursing home on and off for 30 years in tiny Warrenton, Ga. The president won her heart after her teenage son, Deandra, got excited about school when working on classroom computers; she knows Mr. Clinton



President Clinton

is a big advocate of computers for schools. Ms. Merriweather, a 57-year-old single mother who gets food stamps, says the president "is doing a marvelous job."

What Ms. Merriweather hasn't noticed is that Mr. Clinton also has overseen the unraveling of some of the social safety net for the poor, the programs inspired by Franklin D. Roosevelt that sought to guarantee a minimum quality of life. Under welfare-reform legislation signed by Mr. Clinton, some low-income people will find food stamps harder to get and other benefits skimpier. Since a disproportionate number of blacks are poor, this deeply affects African-Americans.

Moreover, affirmative action has been scaled back on his watch despite his desire to preserve the concept. Prodded by a Supreme Court ruling, Mr. Clinton scrapped one of the biggest programs for minority contractors, at the Defense Department. Meanwhile, the earnings gap between blacks and whites has grown.

Personal Touch

By now, Americans are familiar with the president's uncanny political skills. But today, as he prepares to turn a national spotlight on race relations, the intriguing question is how he generates such enthusiastic support from blacks while enacting social and budget policies scaling back programs long important to them. The answer lies partly in his personal skills, partly in the sheer good luck bestowed by a strong economy.

And in some measure, the answer also lies in the way some blacks themselves are rethinking the government's social contract with them. The black middle class is expanding, producing larger numbers of African-Americans who aren't dependent on social programs and who carry the same middle-class attitudes as their white counterparts. At the same time, some low-income blacks have grown disenchanting with programs that have failed to either better their lives or improve crime- and drug-plagued inner-city communities.

Whatever the reason, the fact that a lot of programs for the poor have been dismantled under the Clinton presidency has been a blip on the radar screen to the majority of African-Americans," says Ron Lester, a pollster who has extensively researched black attitudes.

For starters, the president's personal connection to blacks helps him. He was raised among poor blacks in Arkansas and knows African-American culture, from soul music to Baptist churches. Blacks sense he has a higher comfort level with them than do many white politicians, and feel he not only is aware of discrimination but has thought about what causes it.

Back of the Bus

When Mr. Clinton was a child in Hope, Ark., he used to pay a nickel to ride a city bus to school, he recalls in the book he wrote last year. He liked sitting in the back, he says, but was always chased out by adults and told that only blacks sat there. Looking back, Mr. Clinton reasons that children are taught bigotry, that it doesn't come naturally.

In an interview with The Wall Street Journal this week, Mr. Clinton recalled going back to Hope as a young adult and recognizing that the black children he played with never had the options he did. "I just kept seeing all these young people that I thought were intelligent, appealing young people. . . . And it just made me angry and sick that they didn't have any opportunities." Mr. Clinton said: Bigotry and discrimination, he said, are the products "of an expression of people's disappointments or frustrations in their own lives, and this is just the sort of the outlet for it."

Asked to explain his popularity among blacks, Mr. Clinton said, "I believe African-Americans, first of all, have learned through years of struggle for survival to instinctively sense who cares about them and who doesn't and who is really committed."

Please Turn to Page A10, Column 1

Continued From First Page

led to equality and opportunity." And, he said, "I think they feel that way about me." He added that blacks are "more impervious" to the arguments of those who attack him "because they have known attacks and they have known suffering."

The simple fact that Mr. Clinton addresses the tough issue of race is enough to win him points with blacks. "What people constantly say is that Clinton deals with race," Mr. Lester says.

This sense of empathy was reinforced by the rise of House Speaker Newt Gingrich, who wanted deeper reductions in social programs than the president. In 1994, Mr. Clinton was rated favorably by about 60% of blacks. The next year, after Republicans tried to implement their "Contract With America," that rose by 20 percentage points as Mr. Clinton fought much of the conservative blueprint. Among blacks, Mr. Clinton benefits simply by not being Newt.

Of course, his presidency also comes at a time when the economy is so healthy that many people haven't needed government services. Welfare reform, a favorite target of liberal activists, hasn't stung mothers and their children as hard as anticipated because of the economy's vibrancy.

Isabel Sawhill, a welfare analyst at the Urban Institute think tank, says the shrinkage of welfare rolls comes in part because people who once might have been expected to start receiving benefits have found jobs instead. Her nearly completed analysis estimates that only 140,000 welfare recipients a year may be cut from the caseloads, far fewer than some have thought.

"I think the good economy is, for now anyway, masking the possible adverse consequences of reform," she says.

Changing Views

Then there are the evolving attitudes of African-Americans. Polls show they support reforming the welfare system, even though they worry about the specific reforms enacted. Mr. Lester recently asked minority high-school students from New Jersey to name the No. 1 problem in their community. The answer wasn't crime, drugs or homelessness but welfare's unpleasant side effects. Mr. Lester recalls that one teenager complained: "My mother gets up at 5 a.m. to go to Rutgers and work in the cafeteria, and her sister is home watching TV all day."

One reason old images about black attitudes may not hold up is the fact that, while the economic gap between whites and blacks generally is big and growing, a bigger black middle class has been steadily emerging. One indicator is median black family income, which stood at 58% of white median family income in 1990 but by 1995 had grown to 60.9% of it. While blacks generally are more inclined than whites to think government has a role in improving life, middle-class blacks have different expectations than poorer Americans.

Such attitudes may help explain why Mr. Clinton has felt the latitude to start, in conjunction with a Republican Congress, changing the government's very social contract. The new, Clinton-era social direction is to empower people through jobs and home ownership, rather than with direct help from Uncle Sam.

In his first year, Mr. Clinton's biggest initiative for the lower classes was a \$23 billion extension of the Earned Income Tax Credit, which isn't an entitlement program for the destitute but rather a reward for the working poor. In fact, the politics of government entitlements in general have shifted. Mr. Clinton's attempt to create a new health-care entitlement failed. And for now there are no prospects of any new entitlement programs, such as guaranteed housing for the poor.

Under Mr. Clinton, big housing projects are out and home ownership is in. Nothing symbolizes this change more than the decision to demolish 30,000 dilapidated public-housing units last year. The goal is to raze 100,000 by the year 2000. Before, money would be spent fixing them.

Home Ownership

Now, the federal government, after deciding that clustering poor people together doesn't work, instead is creating more mixed-income projects that blend into neighborhoods. The Department of Housing and Urban Development is doing something even more creative: Some people receiving vouchers and certificates to help with rent will be encouraged to buy homes and use their rental assistance toward paying the mortgage.

Housing expert Margery Turner, a former HUD official, supports this direction, but concedes: "It will mean there is less housing assistance for the poorest of the poor. And that's bad."

Robert Borosage, co-director of the Campaign for America's Future, a progressive activist group, is more cutting in his critique. He decries "the suburbanization" of politics. "There is no urban policy, and no urban-poverty program," he says.

But Will Marshall, president of the more conservative Progressive Policy Institute, says a new social-policy direction is needed because, even with the growth of the black middle class, many poor blacks have been left behind without the skills for today's high-tech jobs. He cites census data showing whites still control 82% of the country's net worth, with blacks owning 11%. He argues that old-fashioned preference programs have failed.

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Washington Wire

A Special Weekly Report From
The Wall Street Journal's
AI Capital Bureau

ALIVE AND WELL: A donor who Democrats said was dead lives, in New York.

The Democratic National Committee, investigating questionable donations, couldn't find the Michele Lima who gave \$3,000 last year without listing an address. But the DNC discovered a Michele Lima, who had been dead for 11 years, and figured she was the one listed. It told reporters, prompting news stories about a deceased donor and outrage from her son.

But it turns out that there is another Michele Lima. She is the wife of James Lu, who donated \$3,000 the same day and gave the address in Queens where the couple then lived. That Michele Lima didn't return messages left with two brothers. The DNC now says it has "no particular reason to believe" the real donor is dead.

Another New York donor, Hong Jen Chiao, who the DNC also couldn't locate and was thought by some to be fictitious, is found and says her \$4,000 gift was legitimate.

INFIGHTING GROWS over proposed anti-pollution regulations.

Environmental Protection Agency Chief Browner phones worried Democratic mayors to say she can ease the economic burden when carrying out the new rules. Michigan Rep. Dingell sends her a letter complaining that is illegal. Clinton's and Gore's staff chiefs now sit in on arguments between Browner and White House economic advisers, who want to weaken the proposals.

Democrat Dingell and others consider introducing legislation to overturn the proposed rules. But, after the disaster-bill debacle, GOP leaders don't have the stomach for an environmental fight. And many Democrats, split between labor and environmental lobbies, would like to duck such a vote.

REPUBLICANS FAULT each other for the disaster-bill disaster.

"When Republicans get blamed for a breakdown in the system, we end up looking bad," GOP consultant Whit Ayres says. Some House members complain that Gingrich's revamped communication operation failed to put punch behind the bill that was vetoed. Democrats don't plan ads on the issue: "The Republicans are doing the advertising for us," says Dan Sallick, a Democratic campaign official.

But Democrats have their own divisions. Conservative House members are angered by suggestions that labor might actively oppose those who vote against labor's agenda. Liberal Democrats want a sharper fight against GOP tax cuts. Treasury chief Rubin tells House Democrats that Clinton will stand up for party values — but some say it isn't clear how far he will go.

Pollster Paul Maslin urges Democrats to hold their biggest fire for now in the fight to regain Congress: "You're building the foundation for the real chance, which is not 1998 but 2000."

RAINMAKER DOLE reels in new clients for Verner, Liipfert, Bernhard, McPherson & Hand, which plans to hire more lawyer-lobbyists to handle the business. "I'm definitely working hard at it," says the former GOP presidential candidate, whose clients are involved in health and foreign policy.

CLINTON MAPS a big push on winning renewal of China's trading privileges with the U.S. His radio broadcast tomorrow will focus on how Hong Kong citizens of all political stripes support U.S. trade with Beijing. Today, he will send Congress a letter of support signed by every living U.S. Treasury secretary.

GORE'S GAINS: With an eye on California's high-tech industry and 54 electoral votes, Gore initiated this week's White House call for a more-generous capital-gains tax break for smaller start-up companies. The Treasury had quashed the idea when it percolated during last year's campaign.

MOVING AHEAD: Eric Holder's Senate confirmation for the No. 2 post at Justice is expected soon. Holder, the U.S. attorney for the District of Columbia, faces questions today from senators about his office seeking to delay IRS audits of some police officers, but no senator has signaled opposition.

DASH TO JUDGMENT: The Supreme Court pushes to wrap up its backlog.

About 23 cases, more than one-fourth of the court's docket, are due to be decided by month's end. At stake are volatile issues like Internet porn, gun control and the line-item veto. The liberal appeals court in San Francisco, already reversed 20 times this term, will probably take another hit on its ruling supporting a right to assisted suicides.

After 38 unanimous decisions in 65 rulings, the justices are expected to be more divided in many of the final cases. Kennedy is the swing vote; he has sided with the majority in nearly every close ruling. Souter votes with the left as often as with the right. Stevens leads in dissents with 24. Scalia is most likely to write separate opinions.

Chief Justice Rehnquist still aims to finish by June 30; some justices have plane reservations for right after.

MINOR MEMOS: What's second prize? Department of Housing and Urban Development officials conduct "HUD for a Day" tours to selected cities. . . . Some lawmakers rushed to finish a revised disaster-aid bill yesterday in time to turn to other priorities: attending the U.S. Open golf tournament near here, or the Paris Air Show. . . . In time for Tuesday's 25th anniversary of the Watergate break-in, the Genesis Institute's West Report devotes a full edition to "Who Was Deep Throat?" One guess: former Nixon aide Diane Sawyer.

—RONALD G. SHAFER

THE WALL STREET JOURNAL
FRIDAY, JUNE 13, 1997

Y. Cynthia/Diana - cc: Power

Has this come out yet? If so, can one of you get a copy and review? Is it really this bleak? Let's think about doing a weekly item for the President.

WR
Newslips

Prospects Dim For 'Workfare,' A Study Shows

Elm

Mountain, Sun Belt States To Create Lots of Jobs; Northeast Will Struggle

By FREDERICK ROSE

Staff Reporter of THE WALL STREET JOURNAL

Despite the nation's current economic strength, most states won't generate enough low-skilled employment to absorb the welfare recipients expected to need work this year and in 1998, according to a forthcoming study by Regional Financial Associates.

Just 13 states, led by fast-growing Nevada, will provide sufficient jobs to meet projected employment requirements imposed by welfare reform, while 21 states, including New York and California, are expected to generate less than half the needed positions, concludes the West Chester, Pa., economic consulting firm.

The study, slated for publication later this week, goes to the heart of a major worry about welfare reform: As the law increasingly requires that today's recipients be employed, will there be jobs for them? Regional Financial Associates' state-by-state economic analysis finds wide variations and, overall, raises questions about even a strong economy's ability to bring forth the kind of low-skilled jobs that welfare recipients likely can fill.

"The clearest finding is that only about half of the welfare caseload targeted to enter the work force over the next two years will find an opening," write authors, Steven G. Cochrane, Toni Horst and Sophia Koropecky. Other welfare recipients, unable to find ordinary, business-generated jobs will require special government and private industry-supported programs, the authors conclude. "What this means is that different states are going to be learning very different lessons and going through very different processes in welfare reform," Mr. Cochrane said in an interview.

States' expected experience with so-called "workfare" needs, where recipients must work to be eligible for support, as well as some legal immigrants who are being removed from welfare rolls, is affected by two trends: the projected local job growth and the states' recent welfare caseload.

The fast-growing Mountain and Sun Belt states, with relatively small welfare caseloads, generally will fare well, according to the study. Nevada, for instance, is expected to provide more than three times the number of jobs it needs to put welfare recipients to work. Utah and Idaho are projected to produce double the jobs they need. "These states may need to do little more than act as an employment agency," said Mr. Cochrane, who is director of regional forecasting at Regional Financial Associates.

But major, welfare-heavy states, many in the Northeast, will have a much harder time, the study says. New York, for example, is projected to create just 13% of the jobs it needs for welfare recipients. Rhode Island will have just 15% of the needed jobs and Pennsylvania just 33%. On the West Coast, California, with the nation's largest welfare population, is expected to come up with just 42% of the jobs needed. "These states will need to do far more," says Mr. Cochrane, "with training and special job-creation programs, as well as job placement."

Regional Financial Associates did the analysis by matching government data on state welfare caseloads and estimated new-job needs with its own projections of employment growth for each of the states. While considerable research has been done on many facets of welfare reform, the consulting group's study appears to be one of the few analyses of state-by-state job prospects for welfare recipients.

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PHONE:
FAX: *456-2878*

FROM: John Monahan
Director

PHONE: (202) 690-6060
FAX: (202) 690-5672

RE:

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Texas Republicans vow to pass welfare measure

By George Rodrigue

Washington Bureau of The Dallas Morning News

WASHINGTON — Texas Republicans vowed Wednesday to permit privatization of welfare services nationally after spurning tentative Clinton administration offers of a compromise that would let part of the state go private.

"What we ought to do is add [amendments] that would allow any state that concluded that it could serve people better and provide more services by doing it on a competitive [private] basis, that they'll have the right to do it," said Sen. Phil Gramm, R-Texas.

Some Democratic lawmakers said such a bill would never pass.

Democrats also have said the idea of a partial-state experiment deserved study, but Texas Gov. George W. Bush's aides have said the test would be too small to make economic sense.

Federal officials have talked of permitting a test in only about 10 percent of Texas.

Meeting separately with White House Chief of Staff Erskine Bowles

Foes say privatizing won't be approved

and chief domestic policy adviser Bruce Reed, Texas Democrats praised the administration's ban on letting private firms administer welfare, food stamp, Medicaid and job-training programs.

Republicans charged that President Clinton rejected Texas' privatization plans because of pressure from public-employee unions, who fear the move would allow states to lay off from one-third to two-thirds of their members.

"The president is taking care of organized labor and that is all it amounts to," said House Majority Leader Dick Armey, R-Irving.

An April 4 White House memorandum indicated that opposition from labor factored in Mr. Clinton's decision. That memo also said Mr. Clinton had legal authority to partly waive federal laws that require only government employees to handle food stamp applications.

Mr. Bowles later said that Mr. Clinton believed it was simply un-

wise to turn poverty programs over to private firms, which could conceivably boost profits by cutting services to the needy.

Democratic legislators leaving a separate meeting with Mr. Bowles agreed.

"There are a lot of things I think we could work out with Texas to make sure that it can run an efficient system — and that it is not someone in private business who is deciding whether someone needs food on their table or a roof over their head," said Rep. Gene Green, D-Houston.

Rep. Charles Stenholm, D-Stamford, was the only legislator to attend both meetings with the White House team. He urged his colleagues to wait and see what plan finally emerges from the Texas Legislature, which is trying to reconcile competing House and Senate bills on the matter.

Mr. Stenholm, who has admitted to some frustration at the White House's rejection of Gov. Bush's plan

for a sweeping waiver of food stamp and Medicaid laws, said Republicans had no real hope of getting the two-thirds majorities in the House and Senate that would be required to override Mr. Clinton's decision.

"No way. Not to override a [presidential] veto," he said. "Absolutely not."

Republicans called the issue a matter of principle. "It seems to me that Congress passed a law that says states should be more efficient, they should run their own systems," said Sen. Kay Bailey Hutchison, R-Texas. "Texas did that, and big brother federal government stepped in and said, 'Nice try, but no banana.' And I think that it's just time that we passed a different law."

Even if they cannot pass a welfare-privatization bill over Mr. Clinton's veto, Texas Republicans have other levers at their disposal.

Mr. Gramm's spokesman, Larry Neal, said the senator had put a "hold" on the nomination of Deputy Health and Human Services Secretary Kevin Thurn, who officially vetoed Texas' privatization plans.

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PAGE 03

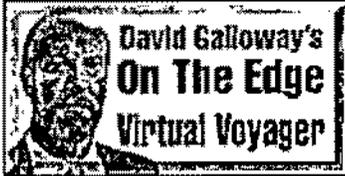
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11:22 AM 5/12/1997

So far, so good for welfare reform

By CLARENCE PAGE

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MADISON, Wis. -- It is the type of story that warms a welfare reformer's heart.

Faced with a looming loss of her benefits, an unmarried Green Bay mother found the first job outside her home that she ever had in her life.

But, after receiving her first paycheck, she became angry. She said she was going to quit. She was being cheated, she told her caseworker. Her employer was not paying what he promised.

After examining her pay stub, her caseworker quickly figured out the problem. Nobody had warned the woman about something called withholding taxes.

The woman listened intently as her social worker explained how state and local governments collect payroll taxes to pay for schools and highways and, yes, Aid to Families with Dependent Children, more commonly known as "welfare."

Soon the woman decided that this tax thing was not so bad after all. She stayed on the job.

That's life in the world of work. One paycheck and already she's complaining about taxes.

I heard quite a few stories like that last week from social workers and other service providers at Wisconsin's annual Governor's Employment and Training Conference in Madison.

Unfortunately, along with the good news, I also heard horror stories about overcrowded shelters and depleted food banks this past winter in Milwaukee. There also have been bureaucratic snafus that mistakenly dropped qualified recipients from the rolls before their paperwork was processed.

But even the critics say, however begrudgingly, that the horror stories have not been as horrible or widespread as many feared. So far, the good news has far outweighed the bad.

If you want to study what works in welfare, Wisconsin is a great place to start.

Even before President Clinton signed a highly controversial welfare reform bill that handed off the national safety net to the laboratory of the states last year, Wisconsin was taking the lead in moving residents from welfare to work.

Since the beginning of 1993, Wisconsin has reduced its welfare

rolls by 49 percent, followed by Oregon's 43 percent and Indiana's 42 percent.

Nationwide welfare rolls dropped 20 percent during that period, to 11.3 million people from 14.1 million, the largest drop in the past 20 years.

The big questions left hanging are: Why have the rolls dropped, how much farther can they drop and could they go back up?

The causes of the welfare decline are hard to pin down, according to an analysis the President's Council of Economic Advisors released on Friday. Yet the report gives a good try. It attributes 40 percent of the decline to the five-year-old economic boom and about a third to federal waivers that freed state governments to experiment. The rest it attributed to a variety of factors that eased the transition from welfare to work, including expansion of such important working-poor benefits as the earned-income tax credit.

Significantly, the biggest successes have come in states that now sanction recipients who do not comply with work requirements, according to the council. Although it's hard to tell just how many have fallen through the cracks, "doubled up" with relatives or gotten married to a new income provider, most appear to have entered the world of stable work, many for the first time.

Politically that's good news for all sides. Tough-minded governors like Wisconsin's Republican Tommy Thompson are beginning to look like miracle workers. The Republican Congress no longer looks as heartless as it did when it pushed for drastic reforms. President Clinton no longer looks as cynical as he looked when he signed the Republican-sponsored bill that openly outraged liberals in his own administration.

But if 40 percent of the decline in welfare rolls is a direct result of the healthy economy, what happens to those recipients when the economy turns unhealthy?

That question still concerns Health and Human Services Secretary Donna Shalala, she said in a press briefing in Washington with Janet Yellen, chairman of the Economic Council. But fortunately, she adds, the 20 percent drop in the rolls has delivered a big bonus to the states in welfare savings that many are socking away in anticipation of future needs and to reach those welfare recipients who have fallen through the cracks or otherwise failed to reap the benefits of reforms.

"This is going to be the most studied social policy of any in the past 20 years," Shalala said. Numbers will have to be crunched and families followed. It is still too early to tell whether the first wave of success stories is just the cream and how difficult the next wave will be.

Sanctions impose a big stick not only to force welfare recipients to work but also to push social workers to help

recipients move into the world of work, a world that is quite foreign and confusing to many.

That's a complicated task and, as Gov. Thompson has often pointed out, it can't be done on the cheap. It costs more money, not less, to implement true welfare reform. But so far, at least, it appears to be paying back some big dividends. Some of those dividends can be measured in dollars. Others can only be measured in rescued lives.

Clinton's Welfare-to-Work Plan Shows Early Success, but Can It Fill the Bill?

By HILARY STOLT

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — The top executives of more than 100 companies, including some of the biggest in the country, will stand with President Clinton at the White House today and proclaim their commitment to give jobs to people on welfare.

But where they take it from there remains to be seen.

The East Room ceremony will be the latest and flashiest event so far in Mr. Clinton's campaign to encourage private employers to hire workers off the public-assistance rolls and thus make a success of the controversial welfare-overhaul bill he signed last summer. The initial results have been encouraging: businesses ranging from Fortune 500 conglomerates to mom-and-pop operations to even the federal government have pledged to offer jobs to welfare recipients.

But that's only the first step.

For the program to succeed, it will have to move mass numbers of people from welfare checks to paychecks: Each year hundreds of thousands of low-skill and no-skill people will have to find and retain jobs, mostly in the private sector. By early in the next century, some experts guess, more than one million people a year who might have opted for welfare under the old system will instead be looking for work.

Five Original Members

The group that will appear at the White House today started as a five-company coalition several months ago, when Burger King Corp., Monsanto Co., Sprint Corp., United Parcel Services of America Inc. and United Airlines joined to form a Welfare-to-Work Partnership at President Clinton's urging. After several months of working the phones, the chief executives of the five founding companies have managed to sign on another 100 participants, including Time Warner Inc., Ameritech Corp. and Xerox Corp., as well as smaller businesses such as Tender Loving Things Inc. of San Leandro, Calif. The California company, which makes massagers and stress-relief products, has 84 employees, more than 20 of whom were once on welfare.

The head of the coalition, Gerald Greenwald, chairman of United's parent, UAL Corp., quickly admits that 100 businesses aren't enough. "Obviously, to make this effective the 100 has to grow to 1,000 pretty soon," he says.

Though the partnership members are quick to stress that the White House and the federal government aren't involved in the project in any way, it is Mr. Clinton's old friend Eli Segal who is running the effort. Consequently, it was easy to come by a White House invitation, a carrot that has proved effective on many matters. "It certainly was helpful to say, we hope you can join us at the White House for the

kick-off," Mr. Greenwald says.

"We see the mission as twofold," Mr. Segal says. "First: motivating companies of all sizes . . . Second: providing them with the technical assistance they need." The partnership plans to develop manuals outlining the most effective training and hiring practices and hopes to serve as a clearing house to match companies interested in hiring welfare workers with similar firms that have successfully done so.

Welfare overhaul "is going to work only if there are legitimate, meaningful jobs available as people come off welfare," Mr. Greenwald says. "The intention of this effort is to energize the private sector—big corporations to little companies—to find the means by which to create meaningful jobs for people coming off welfare."

UAL has set a goal of hiring 400 welfare recipients this year for baggage handling, ramp work, reservation-taking jobs. By the year 2000, it hopes to hire 2,000. But while some of America's most lustrous corporate brass are lending their names to the effort, perhaps the greatest potential for employing people on public assistance, particularly long-term welfare recipients, may be with small neighborhood businesses because of their proximity to people's homes and jobs that may be less specialized.

Role of Small Business

"I think it's probably not the Fortune 500 companies that are going to provide the most job opportunities," says Isabel Sawhill, a senior policy analyst at the Urban Institute. "It is more likely to be small businesses."

Of all the businesses seeking to find room for welfare workers, General Converters & Assemblers, Inc., a manufacturing company in an inner-city neighborhood in Racine, Wis., has been among the most successful. But its efforts underscore the immense difficulty many businesses will face in retaining welfare workers.

General Converters president George Stinson, who will introduce Mr. Clinton today, estimates that his profits would be between 20% and 25% higher if he didn't have the added costs of training workers with few if any skills. More than 60% of the company's employees came off public assistance, and Mr. Stinson says General Converters not only provides on-the-job training but also brings in a literacy counselor twice a week. It regularly provides a person to teach basic workplace skills such as interpersonal communication and coming to work on time. Soon he hopes to add a day-care center to the company's premises.

"We may hire someone for the first two or three months who can only give 60%, but in the long run we get an empowered employee, an employee that has self respect and is really appreciative of us," Mr. Stinson says.

THE WALL STREET JOURNAL
TUESDAY, MAY 20, 1997

AMA Turns Up Heat on Clinton, Backs Ban on Late-Term Abortion Procedure

By DAVID ROGERS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — The American Medical Association, adding to the pressure on President Clinton, joined in support of legislation banning a controversial late-term abortion procedure.

Mr. Clinton vetoed a similar bill in the last Congress. The AMA endorsement gives new life to conservative efforts to summon a veto-proof, two-thirds majority when the Senate votes on the measure again this week.

Proponents are confident of 62 or 63 votes but need four or five more to reach two-thirds. Sen. Rick Santorum (R., Pa.), a lead sponsor, was pressing last night for a final vote as early as today, and said the odds were "improving" with the AMA backing.

In addition, Senate Minority Leader Tom Daschle, who has previously opposed the bill, signaled that he is reconsidering his vote despite continuing doubts about the measure's constitutionality. In debate last week, the Senate soundly defeated a Daschle alternative seeking to find some middle ground between the warring camps. But the Democratic leader, in remarks made at home in South Dakota, appeared to suggest it would be better to enact the bill and let the Supreme Court decide its legality.

The procedure at issue is alternatively described as a "partial birth" abortion or as "intact" dilation and extraction. It typically involves the extraction of the

fetus, feet first, through the birth canal, with all but the head delivered. The physician forces a sharp instrument into the base of the skull and uses suction to remove the brain, an operation that lends itself to the most graphic descriptions by antiabortion forces in the daily record of debate in Congress.

The abortion-rights movement has been thrown on the defensive, and the fight now turns more on what exceptions will be permitted to the ban. The bill now would exempt cases in which a mother's life is endangered; the White House — and Sen. Daschle — have argued that there also must be protection for a mother's health.

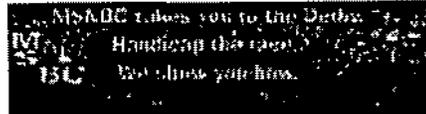
Both camps are dug in so deeply that it is difficult to dislodge either. In this regard, the AMA endorsement may be significant, coming from a professional group of physicians.

In a statement made last evening, the AMA said the procedure covered by the ban is "broadly disfavored" both by experts and the public. "It is a procedure which is never the only appropriate procedure and has no history in peer-reviewed medical literature or in accepted medical-practice development," the AMA said.

The AMA has long avoided endorsing abortion legislation, but as a Republican ally, it has been under growing pressure to come off the sidelines in this fight. By taking a stand now, the AMA may be helping itself in the debate over Medicare savings, which will affect health-care providers.

THE WALL STREET JOURNAL
TUESDAY, MAY 20, 1997

5/14/97

The New York Times

May 12, 1997

From Welfare to a Job Via Community Service

Forum

- [Join a Discussion on Welfare Reform](#)
- [Join a Discussion on Workfare and Welfare](#)



By PETER T. KILBORN

DAYTON, Ohio -- Diana Goodrich, 33, has had a hard time finding a steady job since a decade ago, when the nursing home where she worked closed. She had been getting along on temporary jobs and food stamps until she came up against a provision in the new federal welfare law restricting adults without children at home to just three months of food stamps every three years.

But the law also offers people like Ms. Goodrich a way out: She could keep the benefits if she did "community service." So she became a part-time sorter of second-hand clothes at a Salvation Army warehouse here.

"They told me that to get my food stamps, 'You've got to work free for the country,'" she said. Her stint as a sorter is leading to a regular job and a real paycheck at \$5.15 an hour.

"She's been working out very well," said Maj. Larry See, administrator of the warehouse. "I think we will end up hiring her."

Federal officials have high hopes for using community service to steer welfare recipients with few skills and little work experience into jobs, the main objective of the welfare legislation that President Clinton signed into law in August. Advocates of this approach say that at the very least, community service imparts a sense of what it is like to hold a job.

At least 100,000 welfare recipients are already doing these jobs because some states, including Ohio, established community service programs well before the new welfare law was passed. As more recipients come up against the law's deadline to go to work, millions more could be taking community service jobs.

Under the new law, single people who are not rearing children, like Ms. Goodrich, lose their one welfare benefit, food stamps, if they are not working. And parents who are rearing children lose their principal benefit, their monthly

check, if they are not working within two years.

Working or not, parents also face a five-year limit to their welfare checks, so by then they will need real jobs, for which community service will not qualify.

But the community service approach is controversial, and as states start experimenting with it they are looking to state and local governments with experience in such programs. Among them are Hawaii, Montana and Ohio, and in particular, Montgomery County, Ohio, of which Dayton is the hub.

Starting with a pilot program a decade ago, Montgomery County has moved thousands of welfare recipients into community service jobs: 1,150 of the county's 9,000 recipients now hold them. Views among officials and employers about these jobs without real paychecks are decidedly mixed.

It is not hard to find workers like Ms. Goodrich who profited from a community service assignment, or to find employers like the Salvation Army who consider it a useful way to try out a new worker before making a commitment. But critics say that making welfare recipients work without pay is counterproductive.

One sobering view is that of the man who has supervised the program here for six years. "I have no interest in it," said Stephen Rice, director of the Montgomery County Department of Human Services.

Rice maintains that community service rarely prepares welfare recipients for, or leads them to, the paying jobs they will have to get after five years. "Our goal is getting people into paid employment so they can get out of poverty," he said, adding that community service is useful only when the worker is given schooling and vocational training.

Many people who deal with labor force issues share the ambivalence found in Montgomery County. Gary Burtless, a labor economist at the Brookings Institution in Washington, said of people like Ms. Goodrich, "As a citizen, I agree with the general public that it is better that this woman be doing something."

But he added, "It's going to be labor of a very particular type -- the least capable and the least flexible -- because the most flexible will find jobs in the private sector."

In New York and some other major cities, union officials say the community service approach gives public employers, particularly, an incentive to replace union workers with people on welfare. But here in Dayton, there has been little resistance by unions because the community service jobs are generally new and part time, and have been performed in the past by volunteers.

In many cases, the number of hours that community service workers are expected to put in is determined by dividing the \$4.75 hourly minimum wage into the amount of their monthly welfare check. So a mother who receives a monthly check of \$300, for example, would work 63 hours a month -- far less

than the \$300 she would earn in a full-time paid job at the minimum wage.

Montgomery County has rock-bottom unemployment, a condition conducive for even the least-skilled workers to find real jobs. See of the Salvation Army said that he had four minimum-wage openings in clothes-sorting and thrift shop services, and that after three months the workers would receive health benefits and life insurance.

But in communities where real jobs are not so plentiful, or where many jobs could evaporate the next time the economy takes a downturn, public officials worry that community service workers who are the least qualified even in good times will come up against the five-year limit, lose their benefits and be ill-prepared to compete for real jobs with other unemployed workers.

Like Ms. Goodrich, Tawnya Lambert, a 28-year-old single mother of four, is using community service as a bridge to real work. She is a community college student and a community service cook at St. Paul United Methodist Church in Dayton, which employs about 15 such workers.

"I got pregnant with my first child when I was 18," Ms. Lambert said. "I worked at an ice cream cone factory until the month before I had him. I was going to a medical clinic where someone said, 'You should apply for welfare.' I got all the benefits because I had quit work. It was an easy way to have money -- you didn't have to do anything."

After she had her second child, Ms. Lambert said she started helping out at the church, which provides services that include day care and meals for children like hers. Four years ago, the welfare office told her she would have to work, she said, adding, "It made me think, 'I can get a job and make more money.'"

Joan Johnson, the church administrator, called Ms. Lambert "a very talented person," but added, "I'm scared for these people." Ms. Johnson said that with community service and so many young children, Ms. Lambert could not carry the full load in college that would lead to a degree and a well-paid job before she reached the five-year time limit.

The church has been able to hire a few former community service workers, like William Slade, 45, who became a full-time custodian at \$5.25 an hour after his predecessor quit.

Still, Ms. Johnson said, many welfare recipients the county sends her never show up, cannot cope or may never be able to hold a regular job.

"Many cannot work," Ms. Johnson said. "We're a church -- we help people. But there are people with fried brains. I don't want them flipping my hamburgers."

Other charitable organizations here and in other states have refused to hire community service workers, saying they work at dead-end jobs.

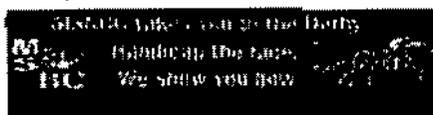
For example, Catholic Charities USA in Alexandria, Va., which represents a

network of 1,400 private social service agencies, has been reluctant to take in welfare recipients because it also wants government aid to train them for real work.

"It's kind of a moral dilemma," said Sharon Daly, head of social policy for Catholic Charities. "People should be paid, and paid enough to meet their needs. But our attitude has changed because the law has changed, and our clients don't have any choices."

[Home](#) | [Sections](#) | [Contents](#) | [Search](#) | [Forms](#) | [Help](#)

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Home

Sections

Contents

Search

Forums

Help

May 13, 1997

Judge Rules for Increase in Pay of *Workfare* Recipients

Forum

[Join a Discussion on *Workfare* and Welfare](#)

By STEVEN GREENHOUSE

NEW YORK — A state judge in Manhattan ruled Monday that *New York* City's *workfare* system unfairly calculates the number of hours that more than 35,000 welfare recipients must work to receive benefits.

The city now calculates those hours based on the \$4.75-an-hour federal minimum wage. For many workers, in exchange for about \$100 in welfare benefits each week, they work about 20 hours in jobs like cleaning parks, sweeping sidewalks or doing clerical work.

But Justice Jane Solomon of *New York* state supreme court ruled that the city must base the calculation on what it paid regular city workers for similar tasks, or about \$8 to \$10 an hour in most cases.

City officials sought to play down the significance of the decision, saying they would appeal.

But welfare advocates and lawyers for the *workfare* employees who brought the lawsuit praised the decision as a breakthrough that could mean that people who are required to work in return for their benefits will be treated more like other workers.

If the ruling is upheld, they said, the city will probably reduce the number of hours they work each week instead of choosing the more expensive option: increasing welfare benefits by a large margin to reflect the higher prevailing rate.

One of the most common jobs for *workfare* employees is cleaning parks. Calculations by City Comptroller Alan Hevesi found that the comparable pay received by regular, full-time groundskeepers in the city's parks is \$9.08 an hour. Another common *workfare* job is clerical work in social service offices, and the comptroller said the prevailing rate for that is \$8.11 an hour.

Boris Brukman, a Ukrainian immigrant who is the lead plaintiff in the lawsuit, often does electrical repairs for the city, and the prevailing wage for such work is \$18 an hour.

Marc Cohan, a senior lawyer with the Welfare Law Center, a nonprofit public

policy group that brought the lawsuit, said, "*Workfare* has done a bad job in moving people from welfare to work, so this decision is good for the workers, because it means they can work less hours and spend more time in education and training programs that will make it easier for them to move from welfare to work."

Because of changes in federal welfare laws, city officials say they may have to put up to 100,000 welfare recipients into *workfare* jobs in the next few years. Some experts said Solomon's ruling could actually ease that task by forcing the city to have two recipients work, say, 10 hours a week cleaning parks, instead of having one worker do it for 20 hours.

"To the extent there is a finite amount of work that public agencies need to be done, it will certainly make it easier to spread the work around among participants," said Steven Savner, a senior staff lawyer with the Center for Law and Social Policy, a Washington research group.

In an oral decision from the bench, Solomon said the city had violated the *New York* State Constitution and state welfare law, because it has not determined the prevailing wage of the many different jobs done by *workfare* workers and then not paid the workers whichever is higher, the prevailing wage or minimum wage. She said she would issue a written decision soon.

A spokesman for Mayor Rudolph Giuliani said: "The decision will be appealed. Therefore it will have no immediate impact on our ongoing programs. Ultimately, the entire issue will be pre-empted by federal welfare law."

Welfare experts said Solomon's ruling will not take immediate effect if the city appeals, because under state law, injunctions are usually lifted when government bodies appeal.

Cohan, the lawyer for the *workfare* employees, insisted that City Hall was wrong to assert that state welfare rules are pre-empted by federal welfare law. He said state law applies, since most of the city's *workfare* workers are recipients of home relief, which is independent of the *new* federal welfare law.

One welfare advocate who is trying to unionize *workfare* recipients said the decision goes a long way toward ensuring that *workfare* workers are treated like regular workers.

"This decision exposes the myth that these folks are not workers," said John Kest, director of organizing for the Association of Community Organizations for Reform Now. "It's impossible to maintain the view that these folks are in training programs or doing community service when everyone knows what they're doing is work that city employees used to do."

Welfare analysts said the decision would please union leaders who fear that the rapid growth in low-paying *workfare* jobs will pull down wages and take jobs away from union workers. Requiring cities to pay these workers the equivalent of the prevailing wage is expected to reduce *workfare*'s downward tug on wages, while giving cities less incentive to use *workfare* employees to do the work once done by unionized city workers.



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

JAN 7 1997

To: Bruce Reed
From: Donna E. Shalala

For your amusement I sent a copy to the
President.

Sincerely,

Donna E. Shalala



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

JAN 7 1997

MEMORANDUM FOR THE PRESIDENT

I thought the title alone was worth the
article.

Sincerely,

A handwritten signature in black ink, appearing to be "D. Shalala", written over the word "Sincerely,".

Donna E. Shalala

SDC, Apartheid Agency
By Steven J. Korris

**Is Welfare Reform
Conservative?**
By David Dodenhoff

**Liberal Churches'
Empty Pews**
By Thomas C. Reeves



**THE CRIMINAL
(JUSTICE?) SYSTEM**

Nixing Judges
By Michael E. Hartmann

Copping Pleas
By Ralph Adam Fine

Volume 5, Number 2

Fall/Winter 1996

MORE THAN MEETS THE EAR

Talk Radio and the Market at Work in Local Milwaukee Media

By Mark Belling and
Charles J. Sykes



\$5.00

IS WELFARE REFORM REALLY CONSERVATIVE?

DAVID DODENHOFF

Welfare is the classic wedge issue. When the ideological consensus uniting the Democratic Party began to fray in the 1960s, astute Republican politicians grabbed hold of a few threads and started to pull. Among those threads were urban riots, the blossoming drug culture, social engineering by the federal government, the erosion of sexual mores, the pace of civil-rights initiatives, popular fears about crime, and, of course, the escalating federal commitment to welfare. Republicans believed, correctly, that a conservative popular majority was coalescing around these issues, particularly welfare.

By the 1960s, "welfare" to most people meant the Aid to Families with Dependent Children program, or AFDC. AFDC was authorized in 1935 as part of the Social Security Act and was designed primarily to assist the children of poor, widowed mothers (it was known as "Aid to Dependent Children" in its early years; a separate grant for mothers was added in 1950). Women were not expected to work outside the home in the 1930s, and work was scarce during the Depression in any case. Thus, a family without a male breadwinner



could find itself in dire economic straits. Following the design of a number of state programs created in the 1910s and 1920s, therefore, the federal government created its own dependent-children program in 1935.

For the next 20 years, AFDC created little controversy. By the late 1950s, however, politicians and the public began to notice several gradual changes in the program that ultimately would reorient thinking about it.

First, three back-to-back recessions in the 1950s and early 1960s helped to push welfare rolls and the associated costs sharply upward. Second, the massive migration of poor blacks from the rural south to northern cities with less-restrictive relief policies meant that blacks constituted a larger and more-visible part of the welfare population than ever before. Third, increasing numbers of welfare mothers were not widows but divorcees or, worse, women who never had been married at all. Finally, a change in the broader population also called attention to welfare families — more and more middle-

*David Dodenhoff received a Ph.D. in political science at the University of Michigan last June and is a resident fellow of the Wisconsin Policy Research Institute. His doctoral thesis, *When We Help the Poor*, analyzed welfare policy in the United States.*

class women were taking on regular employment outside the home, while the vast majority of welfare mothers were not (at least not on the books).

The confluence of these four factors began to produce a climate of resentment toward welfare programs and their recipients in the 1960s. In that resentment, Republican politicians found an issue. They would use it — in combination with crime, “big government,” the radicalization of the civil-rights movement, the breakdown of “traditional values,” and later, the tax issue — to force a division between lower-middle-class and working-class voters and the Democratic Party, which had been home to such voters since 1932. The strategy worked well — between 1968 and 1992, Republicans won five of seven presidential elections. Even the two losing efforts reflected the shift in the nation’s political center of gravity; the Democratic victors were conservative in much of their rhetoric, and promised major, work-oriented reforms to AFDC.

“Welfare reform” was more than just talk to Republicans and conservative Democrats, however. Conservatives in Congress, the White House, and statehouses nationwide actually produced a great deal of meaningful reform legislation. Republicans and conservative congressional Democrats applied much of the political pressure behind the Work Incentive Program in 1968 — the first significant, work-related welfare reform. A Republican president, Ronald Reagan, backed by a Republican Senate and a conservative coalition in the House, authorized several important welfare-to-work initiatives in the Omnibus Budget Reconciliation Act of 1981, the signature document of the “Reagan Revolution.” Then in 1986, Reagan used his State of the Union address to call for yet another welfare overhaul, resulting in the Family Support Act of 1988. That act replaced the Work Incentive Program with the Job Opportunities and Basic Skills (JOBS) program, which imposed somewhat more stringent work and training requirements on welfare mothers.

After the passage of JOBS, the locus of innovation shifted to the states, which had sig-

nificant leeway in implementing the new legislation. Republican governors like William Weld of Massachusetts, Christine Todd Whitman of New Jersey, Pete Wilson of California, John Engler of Michigan, and, of course, Wisconsin’s Tommy Thompson, were among the most aggressive and innovative in putting JOBS into effect and in securing federal approval for welfare experiments. Finally, it was a conservative Republican Congress and a newly conservative president that authorized additional federal welfare reforms this year, ending the entitlement to support and phasing in time limits and increasingly tough work requirements.

Work Can Hurt

This is the political history of welfare reform, a history that has earned most reform efforts — including the Wisconsin Works, or W-2, program and the recent federal legislation — the label “conservative.” But has welfare reform been conservative in practice, and will it continue to be as W-2 and similar plans in other states are implemented? There is reason for doubt.

The idea at the heart of most major welfare initiatives during the past 30 years has been work. Conservatives and liberals alike believe in work for work’s sake, but conservatives in particular value work as a means to self-sufficiency, to breaking one’s reliance on government assistance. Thus, welfare reform has a claim to being conservative not because it “makes people work,” but because in so doing it attempts to remove government from its central role in the lives of poor single mothers and their children.

Looking at just that side of the ledger, one indeed might think that W-2 and the federal legislation constitute conservative reforms. But work means a great deal more than self-sufficiency (though it may not even mean that, more on which below). By definition, work also means that children will be separated from their mothers for anywhere from four to 12 hours a day, as mothers meet employment requirements. That is a problem in any home because day-care workers and babysit-

ters, no matter how competent and well-trained, no matter how much they "love children," simply cannot provide the same kind of attention, affection, and discipline that parents can. It is especially problematic in female-headed households, however, where children already face a deficit of parental attention due to the absence of fathers in their lives. Granted, day-care and babysitters are the norm in a world in which most mothers work outside the home, but this is a trend that good conservatives are supposed to lament — *not* because they begrudge women a role in the work world, but because they value the vitally important work that they traditionally have done at home.

Work and self-sufficiency will have another perverse, and hardly "conservative," consequence for welfare mothers and their children as well. That will be to push fathers even further from the center of family life. Under the new, work-based reforms, the message to mothers will be as follows: "You can't rely on the state forever, and you obviously can't rely on your children's father. You're going to have to make it on your own."

Naturally, the message to fathers then becomes: "This woman and these children don't need you." That message, coupled with tougher child-support recovery efforts, very well may destroy the already-tenuous connections between children on welfare and their biological fathers, and welfare mothers and their mates. Again, for a conservative movement for which "family values" is a political mantra, this seems an odd consequence to invite.

When Less Government Means More

The transition to work also will not reduce governmental spending on welfare by any amount close to what reform advocates expect. It is true that the federal welfare bill

cuts spending significantly from the pre-reform spending baseline. But every welfare mother who lands an entry-level or other low-paying job immediately becomes eligible for the federal Earned Income Tax Credit (EITC). The EITC is a wage subsidy for poor and near-poor working families. Families that owe taxes use the EITC as a credit against their tax liability. Families with no tax liability can receive the credit in cash — up to \$3600 per year (Wisconsin has its own earned-income credit that supplements this amount). The vast majority of welfare mothers are not eligible for the EITC now because they are not on a payroll. But welfare reform will change all that. As AFDC mothers' welfare payments fall,

their taxpayer-financed wage subsidies will rise. In other words, federal welfare reform will, if effective, result in the transfer of millions of women from one welfare program to another.

The states face a similar sort of dilemma, one that ought to make conservatives squirm. In the short run, at least, many states will have to commit more governmental resources to the reformed welfare system than to the current one.

Take Wisconsin, for example. Governor Thompson has acknowledged that welfare reform will require an increase in state spending — primarily for community-service jobs and expanded child and health care. If you are going to require women to work who have a spotty work history, few skills, and minimal education (a combination that probably describes 40% of welfare mothers), you are going to have to provide community-service jobs to familiarize them with daily work and make them more attractive to private-sector employers. If you are going to ask women with very little money to leave home to take a job, you are going to have to provide funds for child care. And if you are going to subsidize child and health care for welfare mothers, fairness

Under welfare reform, the message to fathers becomes: "This woman and these children don't need you."

dictates that you do the same for the working poor who do not rely on welfare. Under W-2, Wisconsin is going to do all of that. All of that costs money. More money, in fact, than the current system.

Skepticism About Self-Sufficiency

Such reforms might seem "unconservative" on their face, were it not for one thing — the added spending is supposed to be necessary only in the short run. Ultimately, women will secure their own jobs in the private sector and have no need for community-service employment. As their incomes increase, they will be able to afford their own child care, and as they work their way to better and better positions, they will receive health care as part of their compensation package. What's more, welfare recipients are entitled to work in community-service jobs for no more than a total of two years. After that, their benefits will be cut off. Inevitably, then, the state's financial commitment to welfare will have to fall over time.

Or will it? The idea of a smooth, steady ascendancy from welfare dependence to employment and self-sufficiency belies much of what we have learned about welfare recipients' success at entering the economic mainstream. Most existing welfare-to-work programs have had only a small impact on welfare recipient employment and earnings. For the few welfare mothers fortunate and competent enough to find and keep steady work, that work very rarely pays a wage that allows an escape from poverty. The typical outcome is a shift in the mother's income sources — relatively less from the state in the form of a cash welfare grant, and relatively more from a private employer. Of course, in order to get women working in the first place, the state usually has to "invest" funds in child care, counseling, and minimal training that may offset or even exceed the amount saved on the grant. And again, the result of that investment usually is *not* self-sufficiency and financial independence.

Why is this? Huge numbers of welfare mothers are not equipped — in terms of skills, education, or work experience — to

hold down anything other than low-paying, entry-level jobs. There was a time when social workers and welfare reformers proposed a "human-capital" approach to this problem — extensive training and education designed to equip trainees for good jobs. That idea has become *passé*, however — supplanted by the concept of "work first." Unfortunately, the kind of work for which most welfare mothers are prepared simply will not deliver them from poverty and dependence, nor will it significantly lessen the state's role in supporting them.

True, Wisconsin has been an exception to this rule, and has enjoyed some noteworthy success in reducing welfare rolls during the past 10 years. Ironically, however, that may portend trouble in the future. Why? Recall what happened in the years after the War on Poverty legislation was enacted. In 1964, poverty rates stood at 19%. By 1973, that number had fallen to 11%. Flush with success, many federal officials announced that poverty would be eradicated within the next generation. Poverty rates, however, never would be as low as 11% again (the current poverty rate is about 14%). Why not? In part because generally slower economic growth, declining federal payments to the poor, and the rise in female-headed households expanded the ranks of the poor. But also because the further poverty rates fall, the more the remaining poverty population is composed of "hard core," long-term cases that are the most difficult to close.

The same is true of welfare caseloads in Wisconsin. The decline in cases over the last decade in the state means that the remaining AFDC population will be more difficult to move out of dependency. Consider the following anecdote, relayed to me by a representative of a local staffing agency involved in the placement of welfare recipients with private-sector employers. A Milwaukee company recently was offering a high number of good-paying (\$8.00/hour), entry-level jobs that, after a probationary period of one month, would result in permanent employment, frequent and significant raises, participation in a 401(k) plan, health care, and other benefits. For welfare mothers at the bottom of the employment

ladder, opportunities don't get much better than this. The staffing agency enthusiastically sent about 75 workers to the job site. Not one lasted through the month's probation. Not one. In fact, only a handful lasted more than a week.

Why? The long and the short of it is that the hard-core welfare population does not know how to work. This does not mean that they do not want to work or that they are happy on welfare (though that certainly is true of a small percentage of welfare mothers). It means, instead, that they lack the self-esteem necessary to succeed at work, that they have alcohol- and drug-dependency problems, that they do not know how to act or dress in a professional manner, that they cannot manage the discipline of work, that they do not have the basic organizational skills to get their kids out of the house in the morning and make the bus on time, that they are not accustomed to deferring to authority and following instructions, and that their first instinct is not to tackle the problems that make work difficult, but simply to quit or not to show up for work in the first place.

Coddling or Conservatism?

Not all long-term welfare mothers face these problems, nor do all face them to an equal extent. But individually or in combination, such problems effectively have prevented large numbers of welfare recipients from working. A natural, and defensible, response to this problem is: "Life's tough in the working world. Get used to it." That response, however, reflects the very influences many of these women lack: a two-parent family, working role models, schools that impose real discipline and demand responsibility, and a life-long acculturation to work. Thus, "getting used to it" is as foreign to many welfare mothers as mouthing off to a supervisor, smoking

in the bathroom, or taking a break on company time would be to most middle-class people.

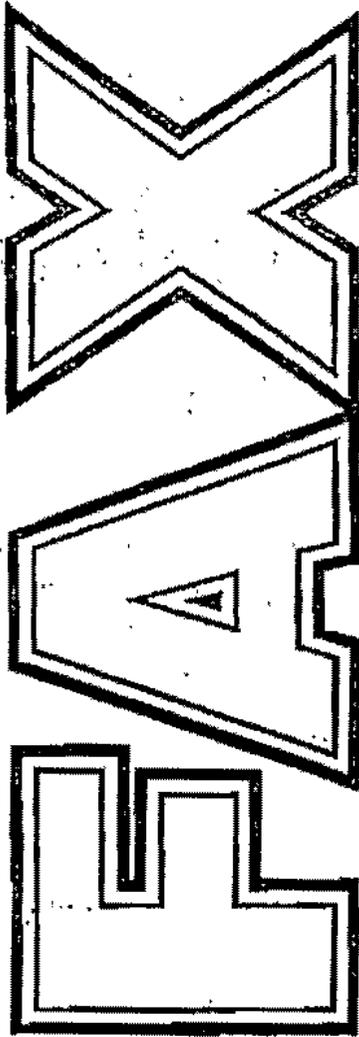
Recognizing that point makes one even more pessimistic about the prospects for a genuinely conservative welfare reform. To the extent that the long-term welfare population will be able to make the transition to work at all, it will require a tremendous amount of hand-holding by financial support staffers and social workers — identifying and knocking down the many obstacles that keep recipients from working, treating even the smallest success (showing up on time for a job interview, for example) as an earth-shaking accomplishment, intervening with employers, monitoring transportation needs, and so on.

"Getting used to" work is as foreign to many welfare mothers as mouthing off to a supervisor or smoking in the bathroom is to most middle-class people

State workers simply cannot manage this level of involvement at present; it is not uncommon for them to handle several hundred cases at once. The only remedy to that problem is to hire more financial-support staff and more social workers — hundreds in this state alone, thousands nationwide. But that, once again, throws water on the idea of welfare reform as a fundamentally "conservative" enterprise.

Finally, even with such hand-holding, there is no guarantee that most of the hard-core recipients will make the transition to work. It is difficult, if not impossible, to undo in two years a life's worth of dysfunctional learning. When the two-year clock runs out in Milwaukee County in September 1999, therefore, the state is likely to face a few unhappy options — attempting to waive the two-year limit and increase the budget sharply for community-service jobs, cutting off welfare mothers and separating them from their children, or returning to the *status quo ante* of a check, food stamps, and medical assistance with few reciprocal obligations on the part of welfare mothers. Ironically, the last of these options may be the most conservative of the lot.

T R A N S M I T T A L



C. Rice

Date: January 7, 1997

To: Bruce Reed

Telephone Number:

Fax Number: 202-456-7028

From: Edwin Eisendrath

Telephone Number: (312) 353-5680

Fax Number: (312) 886-2729

Number of Pages (including this cover sheet): 3

Re: This is what we're up to here in Chicago.
Talk to you soon.

U.S. Department of Housing
& Urban Development
Midwest Office of the
Secretary's Representative
77 W. Jackson Blvd.
Chicago, IL 60604

WTR News 5 clip
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FROM MIDWEST SEC REP

National Report

The New York Times

Public Housing Program Opens Door to World of Work

By DON TERRY

CHICAGO, Jan. 5 — Not long ago, the world of work might as well have been orbiting Mars or Jupiter as far as Joe Coleman was concerned.

After 20 years of unemployment and welfare checks, the 47-year-old high school dropout had just about forgotten how good a job could make a man feel.

Plenty of his neighbors in his Chicago public housing development could say the same thing. Of the more than 125,000 people who live in public housing across this city, less than 10 percent work and more than 80 percent receive some kind of Government assistance.

But eight months ago, Mr. Coleman said, a "miracle" happened. He was one of the first people hired by a fledgling new janitorial business largely owned and operated by a group of public housing tenants, determined to break the cycle of dependency and self doubt that so many residents have been riding for so long.

The tenant owners did not worry about Mr. Coleman's job history, his school record or his "bad habits" that he does not like to talk about. Instead, they gave him a chance and today he has worked his way up to a team leader, many of whom make \$9.50 an hour. The starting pay is \$5.50 an hour. All the jobs are part-time.



Photographs by Todd Wachman for The New York Times

A job program created for Chicago public housing tenants helps in developing small businesses and finding jobs. Tanya Williams is a janitorial worker for one such business, the Clean Up Committee.

"My life has really changed," Mr. Coleman said. "I can start dreaming again. It feels good to get up every morning and know you have a job to go to."

Mr. Coleman's new employer, the Clean Up Committee, is one of eight custodial companies owned by public housing tenants and their joint-venture partners from the private sector. The two sides were brought together by a Chicago Housing Authority program developed as a response to welfare reform. The goal is to turn tenants into entrepreneurs and better employees and wean them from welfare during 12 months of training and support.

Under the rules of the one-year-old program, the tenants must own at least 51 percent of the company to be eligible for the small business program and Housing Authority loans and contracts. The Clean Up Committee has a \$730,000 contract to clean 17 Housing Authority buildings. The company employs 46 people, 80 percent of them public housing residents and all of them struggling. When it started less than a year ago, it had nine employees.

"The vast majority of our participants haven't worked in many, many years," said Ron Carter, the housing authority's director of economic development. "But that has not diminished their enthusiasm for work."

Indeed, Martha Marshall, who is one of the owners and a public housing resident, said her tiny company has applications from nearly 200 residents eager to mop floors, sweep stairways, polish elevators, change light bulbs, scrub toilets and clean windows from 7 to 11 P.M. five days a week.

"Most people I know in housing would rather work than get a hand-out," Mrs. Marshall said. "If we had the contacts, we could put a whole



As a job holder, Joe Coleman said, "My life has really changed."

bunch of folks to work the next day. Poor people are not lazy. What we need is jobs and a chance."

But Mrs. Marshall said she saw her company as a stepping stone for her employees, a fresh start after years of unemployment. "My objective," she said, "is to get full-time jobs with benefits, so people can really live, not just survive." The program is called the Resident Employment Development Initiative, or REDI, and includes job training, substance-abuse counseling and tutoring in remedial math and reading.

According to Housing Authority surveys, the average tenant has math and reading skills well below the 12th-grade level, especially on the city's South and West sides,

A Chicago man's 'miracle' after 20 years of unemployment

where most of the neighborhoods surrounding the developments are segregated and poor and the schools have traditionally lagged behind in resources. Still, even for residents with higher skills, finding a job in most public housing neighborhoods is difficult.

For the most part, decent jobs in the inner city disappeared long ago, leaving behind huge pockets of poverty. Eleven out of the 15 poorest census tracts in the United States are located in Chicago Housing Authority developments.

"If welfare reform is to truly work" Mr. Carter said, "the real challenge is to create employment opportunities."

The Housing Authority is doing what it can. So far, the REDI program has placed 2,000 residents in entry-level jobs, 500 of them in part-time jobs with companies, largely owned by the tenants, like the Clean Up Committee. The program's goal is to place participants in full-time private-sector jobs. This year, Mr. Carter said, he hopes to place 5,000 residents in entry-level jobs and expand the tenant-owned businesses to include landscaping, extermination, construction and 50 Laundromats. Laundromats, decent grocery stores and other basics of American life are hard to find in public housing neighborhoods.

While enrolled in the one-year program, the residents are allowed to keep their Government health and child care benefits. But for every \$1

they earn in their new jobs, they lose \$1 in public assistance.

"This way," Mr. Carter said, "a person isn't immediately cut off from the safety net. There has to be a transitional process from welfare to work."

The transition has not always been smooth. Mrs. Marshall said she had had to live about 10 people for abusing drugs and alcohol and for repeated absences or lateness. "Our backs aren't strong enough to carry a bunch of folks, so we don't try," she said. "There are too many people who want to work and show up on time to worry about the few who don't."

On Friday, before their shift, several employees of the Clean Up Committee talked about their new jobs and lives.

"This is my first permanent job," said Tanya Williams, 26, the mother of three. "I never had anything to fall back on. Now, I can see a future for me and my kids."

Mr. Coleman added: "I'm a team leader. It feels real good to have people counting on you again. It feels good to have people respect you and you respect yourself."

Ora Foster, 55, held up her arm and said there was another benefit to her new job.

"I'm getting muscles I never knew I had," Mrs. Foster said, adding her last job had been in 1985. "Before I was working, I was depressed all the time. I couldn't sleep at night. Nowadays, I sleep like a baby."

A few hours later, as darkness smothered the city and the street corners were crowded with drug dealers and other desperadoes, Mrs. Marshall went from building to building to check on her employees and to deliver a little piece of hope.

"Here you go," Mrs. Marshall said to Mrs. Foster, handing her an envelope. "Here's your paycheck."

NATIONLINE

Five senators urge Reno to sue tobacco companies

Five Democratic senators urged the Justice Department Tuesday to sue the tobacco industry to recoup an estimated \$20 billion spent treating sick smokers every year.

The group told Attorney General Janet Reno by letter that she "has the opportunity to have the tobacco companies begin to fill the fiscal hole they dug for the American taxpayers." The senators are Tom Harkin of Iowa, Frank Lautenberg of New Jersey, Ron Wyden of Oregon, Dick Durbin of Illinois and Paul Wellstone of Minnesota.

Also, Nevada officials said they will join the two dozen states already suing tobacco firms. Talks are to continue Monday on a plan for the industry to pay up to \$300 billion over 25 years and accept new federal regulations. But the industry wants broad immunity from future lawsuits.

NOBEL WINNER JAILED: Nobel Prize-winning scientist Daniel Gajdusek was sentenced in Frederick, Md., to 18 months in jail for sexually abusing a 15-year-old boy he brought back from a research trip to Micronesia in 1987. Prosecutors said Gajdusek, 73, brought home 56 children, mostly boys, from trips to the Pacific islands since the 1960s. He has said he brought them to the USA to educate them. He won the 1976 Nobel Prize in medicine for work on viruses.



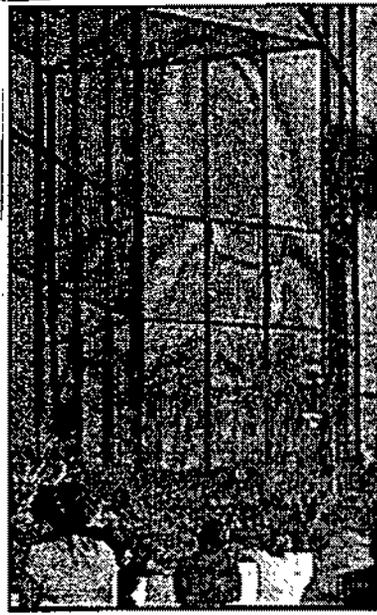
Gajdusek: Abused a 15-year-old

what is this?
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TRACKING WELFARE: The U.S. Census Bureau will track the effect of welfare reform. The 10-year study will look at welfare dependency, how long people stay on welfare, and the long-term effect of the 1996 welfare reform act on individuals and families. During the next several months, the bureau will interview about 35,000 households. Next year, 20,000 households will be surveyed. They'll include people who have received welfare or who may be eligible.

— Haya El Nasser

YOUNG MARRIEDS: The parents of an 11-year-old Albuquerque girl have filed a domestic violence suit against the 19-year-old boy she "married" and "divorced" in playground ceremonies. Martin and Melinda Moon say Cody Finch punched their daughter, Katie Rose Sawyer, and that Finch's brothers vandalized the Moons' home. Cody's lawyer, Raymond Archambeau, said the case belonged in children's court. But a special commissioner, called for under New Mexico's family law, ruled that the children had a "continuing personal relationship." Thus a domestic violence court hearing is set for Monday. "Domestic violence court is for adults acting like children," Archambeau said. "Not to make children act like adults." — Kristen Hartzell



By Bruce Hopkins, Tampa Tribune

In Clearwater, Fla.: Owner wants to turn building into a shrine.

OFFICE SHRINE: An office building in Clearwater, Fla., has drawn more than 1 million people to view a shimmering image they believe is the Virgin Mary. The image will become a permanent shrine if the building's owner has his way.

Experts said the image was created by mineral deposits from water. But owner Mike Krizmanich says he believes the apparition is a gift from God. He told the Tampa Tribune that he planned to turn the building into a permanent home for the apparition and use its inside office space for a spiritual purpose. He

said he did not want to sell the building, even to a religious organization, and prefers to set up the shrine himself.

NEW HMO RULES: Health maintenance organizations that deny treatment to senior citizens with urgent health problems now must respond within 72 hours if those patients appeal. The new federal rules affect the 13% of Medicare beneficiaries who are enrolled HMO managed-care plans. Until now, Medicare HMOs have had up to 60 days to respond to appeals from patients denied care, even if the care was urgently needed.

— Steve Findlay

ALSO TUESDAY . . .

► **BROKE LAWYERS:** The Florida Supreme Court agreed to hear arguments from state-funded lawyers who say Florida must halt executions because the capital crime defense office can't afford to defend death-row inmates.

► **EXOTIC BIRDS:** One of the nation's largest importers of African gray parrots pleaded guilty to illegally importing more than 4,000 of the exotic birds from Zaire, which bans their export. Adolph "Buzz" Pare, 62, agreed to pay fines and restitution totaling \$300,000, the largest sum ever in a federal wildlife smuggling case, officials said.

Scam artists at work in Grand Forks



By Eric Gay, AP

Save the piano: Jeff Lunak cleans up in Grand Forks, N.D.

Police in Grand Forks, N.D., put out an alert for scam artists taking advantage of flood victims. Among the cons are people who identify themselves as National Guard members or police and inquire about home alarm systems and other home security information. "I can't over-emphasize that these are false calls," Police Capt. Ron MacCarthy said. Meanwhile, in Grafton, N.D., police were searching for William Borgen, 77, and his wife, Carol, 60, missing since April 20 when they took a de-

tour because of flooded roads. Also Tuesday:

► A convoy of 200 government-owned mobile homes from Kentucky is headed to the flood-ravaged Red River valley this week and is to arrive in Minnesota on Friday. Flood victims can live in them for free for 18 months.

► An anonymous California woman will give \$2,000 to each flooded family in Grand Forks and East Grand Forks, Minn. Grand Forks Mayor Pat Owens: "Greatest news we ever heard."

Written by John Bacon with staff and wire reports

USA TODAY
WEDNESDAY, APRIL 30, 1997

Sergeant convicted of 18 rapes

By Tom Curley
USA TODAY

AI

A drill instructor was convicted Tuesday of raping six trainees in the most serious court martial in the biggest sex scandal in Army history.

Sgt. Delmar Simpson was convicted on 18 of 19 rape counts and faces life in prison.

The jury of three white men, two black men and one white woman, all of superior rank, will decide Simpson's sentence after hearing additional testimony beginning Monday.

Simpson is likely to appeal his conviction to the U.S. Army Court of Criminal Appeals.

Simpson, 32, is among 12 drill instructors at Aberdeen (Md.) Proving Ground charged with sexual misconduct.

The crimes range from rape to sex with a lower-ranking soldier, forbidden by military rules against fraternization.

Simpson admitted having sex with women under his command but denied any rape.

Defense lawyers contended the women willingly had sex with Simpson, some in hopes of getting favorable treatment.

The inquiry at Aberdeen has led to sexual misconduct inquiries at Army bases worldwide. Criminal investigators are pursuing more than 300 cases.

Testimony in Simpson's case painted an embarrassing portrait of barracks life and raised questions about the treatment of women in the co-ed military.

Female privates testified that some drill sergeants talked their sexual conquests. Women said they felt they had no choice but to submit to their military superiors.

Rep. Jane Harman, D-Calif., says the verdict sends a strong signal, but "it will take more than individual prosecutions to get the job done."

Harman of the House National Security Committee says Congress will insist "that the clearly lax environment in which these circumstances arose is corrected."

The NAACP has questioned whether the Army's investigation is racially motivated and challenged the verdict in the Simpson case.

The NAACP points out that all the defendants are black men while their accusers are mostly white women.

▶ Army's investigation, 6A

Boeing to link up with Teledesic

By Kevin Maney
USA TODAY

AI

Boeing Tuesday agreed to invest up to \$100 million in Teledesic, a deal that brings closer to reality the pie-in-the-sky plan of a space-based Internet.

In exchange, Boeing will get as much as 10% of Teledesic and become the prime contractor for the \$9 billion, 288-satellite system.

The agreement should help end doubts that Teledesic, backed by cellular entrepreneur Craig McCaw and Microsoft CEO Bill Gates, would ever get built or launched. Boeing has agreed to have the system operating by 2002.

"It reduces the technological risk," says Chris Meyer of Ernst & Young.

Once up and running, Teledesic would allow anyone anywhere in the world to link up to the network by using a plate-size antennae. Users could access World-Wide Web pages instantly.

Villages in remote China, far from any telephone lines, could use it to make phone calls. Universities in developing nations could use it to get high-speed Internet access for students. Executives in Chicago could use it for TV-quality videoconferencing.

As part of the Boeing deal, some of the specifics of the original Teledesic will change.

Instead of 840 satellites orbiting 435 miles up, the system will use 288 orbiting about 700 miles up.

But performance won't change. "The intent is to have a system with the same performance as fiber-optic lines," says Teledesic CEO David Twyver.

Teledesic recently got past a major hurdle: It won approval from the Federal Communications Commission (FCC) to operate an advanced two-way network.

"The FCC license was our starting gun," Twyver says.

▶ And access for all, 1B

Panel advises parity in cocaine sentencing

By Gary Fields
USA TODAY

AI

The U.S. Sentencing Commission recommended Tuesday that Congress reduce the wide disparity between federal prison sentences for trafficking in crack and powder cocaine.

"Although research and public policy may support higher penalties for crack than for powder cocaine, a 100-to-1 quantity ratio cannot be justified," the commission said.

The advice addresses a racially charged issue: Crack cocaine, used mostly by blacks, nets a far stiffer sentence than powder cocaine, used mostly by whites and Hispanics.

Federal law requires a five-year, minimum sentence for people caught selling five or more grams of crack. However, someone convicted of trafficking powder cocaine would have to sell 500 grams or more to get the same sentence.

to get the same sentence.

Supporters of current sentencing guidelines argue that crack deserves stiffer penalties because it is linked to more street violence.

A 1995 commission effort to have crack and powder cocaine offenders get equal sentences was rejected by Congress and President Clinton.

Tuesday, the commission offered a range of sentencing options that would reduce the disparity.

parity to as low as 1.6-to-1 but no higher than 15-to-1.

Clinton said Tuesday that he supported the commission's move. "The sentencing laws must continue to reflect that crack cocaine is a more harmful form of cocaine," he said.

But members of the Senate Judiciary Committee, which must approve recommendations, appeared reluctant.

Sen. Spencer Abraham, R-Mich., said that he was "very

skeptical of the approach."

But Julie Stewart of Families Against Mandatory Minimums said a study last November in the *Journal of the American Medical Association* said there was no difference between crack and powder.

"Though the argument is that there are greater harms associated with crack, none of the arguments make sense."

▶ Congressional battle, 3A

Witness: McVeigh talked of plan

By Kevin Johnson
USA TODAY

AI

DENVER — A star witness in the Oklahoma City bombing trial Tuesday described how an angry Timothy McVeigh disclosed his plan to destroy the Alfred P. Murrah Federal Building.

Lori Fortier said that on at least three occasions in late 1994, McVeigh shared intimate details of his plan to "take action against the government."

former Army buddies, testified in exchange for immunity from prosecution.

At one meeting in the Fortiers' trailer home in Kingman, Ariz., she said McVeigh arranged soup cans on the kitchen floor and described the bomb he planned to build.

She said McVeigh talked about how he and another friend robbed an Arkansas gun dealer to finance the bomb, stole explosives from a Kansas quarry and planned to mix an explosive brew of am-

Fortier said she knew it was McVeigh when news of the bombing reached Kingman. "I could have stopped it."

McVeigh sat cross-legged watching Fortier but showed little reaction.

Defense lawyers begin their cross-examination today and are expected to challenge Fortier's credibility. She said Tuesday that she used drugs on a weekly basis during 1993 until she agreed to cooperate with the government.

USA TODAY

WEDNESDAY, APRIL 30, 1997

CR, EK -
what's this about?

BR

D.C. Asks U.S. to Redefine 'Work' Under New Law

City Faces Millions in Penalties as It Struggles to Move Welfare Recipients Into Jobs

By Hamil R. Harris
Washington Post Staff Writer

The Barry administration has asked the federal government to expand the definition of "work" so the city can comply with the federal mandate to move people from the welfare rolls into jobs.

Unless federal guidelines are relaxed, city officials said, Washington may face millions of dollars in penalties for failing to meet an Oct. 1 deadline to put about 3,000 welfare recipients to work.

The city's solution: place up to 1,000 people in classroom-like "Job Clubs," where they would receive help in searching for jobs, and have others serve as unpaid volunteers in social service agencies and at non-profit organizations.

The Barry administration wants those two options counted as "work activities," helping the city to meet a requirement to place 25 percent

of its recipients in situations meeting that definition within a year. It also wants all physically incapacitated welfare recipients to be exempted from the work requirement.

There are 25,000 households in Washington receiving some type of welfare assistance. More than 70,000 residents—including half the city's children—now receive Aid to Families With Dependent Children or Emergency Assistance or participate in the Job Opportunities and Basic Skills Training programs.

"Reform of the welfare system . . . is a massive undertaking that involves far more than a restructuring of cash assistance programs," said Deputy City Administrator Jearline F. Williams. "Our task in the District . . . is made more difficult by the current fiscal crisis that confronts this city."

Williams, who is in charge of the city's welfare reform effort, said the

biggest challenge will be finding real jobs for people. She said the city has to create more jobs itself.

"We have to have more small business development in disadvantaged neighborhoods in order to create jobs in those community where welfare recipients are living," she said.

Williams and Wayne D. Casey, interim director of the Department of Human Services, testified at a D.C. Council hearing yesterday. Casey said that in a recent meeting, officials at the U.S. Department of Health and Human Services seemed flexible to modification in the federal guidelines.

"We believe that the federal government will be receptive to our waiver because other states [have] gotten waivers," he said.

The federal welfare reform law also sets a five-year lifetime limit during which people can receive welfare.

"It is going to be very difficult for many people to move off the welfare rolls in five years," said D.C. Council member Linda W. Cropp (D-At Large).

Even welfare recipients who receive job training may have a difficult time finding work, if Terrie Eberhardt's case is any indication. She said at the council hearing yesterday that she graduated from J.W. Marriott's Pathways to Independence job training program in February with high hopes of escaping the welfare rolls.

But Eberhardt, 33, who was trained as a hostess, has been unable to find work. Now she worries about what will happen when her welfare benefits run out.

"I am just wondering now how am I going to make it," Eberhardt said.

"Welfare reform will create more homelessness, more crime and it will hurt the children."

TUESDAY, MAY 6, 1997

The Washington Post

American Airlines Pilots Approve 5-Year Contract

Action Opens Way for Jetliner Purchases

By Frank Swoboda
Washington Post Staff Writer

American Airlines pilots yesterday easily approved a new five-year contract brokered by the White House, ending the threat of a strike against the nation's second-largest airline.

The Allied Pilots Association, which represents American's 9,300 pilots, said the contract was approved by nearly 69 percent of the members. APA President Jim Sovich said pilots in all 10 American bases except San Francisco favored the pact.

"I think all the bases realized it's time to move forward," Sovich said. "We've demonstrated in the past that if the company treats the pilots fairly, they'll give 150 percent. If they don't, they won't."

American Airlines President Donald J. Carty hailed the agreement as "a very nice solid ratification, we're very pleased with it."

Carty said that as a result of the contract approval, American expected to make a decision within a week

on the purchase of up to 103 new Boeing jetliners. The order had been put on hold pending the outcome of the vote. He said the carrier also hoped to make a decision within the next 60 days on the purchase of a fleet of small 50-seat regional jets for its commuter service.

The approval ended more than three years of negotiations that resulted in a brief strike last Feb. 15. The strike ended after a few minutes when President Clinton sent everyone back to work under a 60-day cooling off period while a three-member emergency board looked into the dispute. It was the first time the White House had intervened in an airline dispute in 30 years.

Tentative contract agreement was reached March 19 after the two sides agreed to let the emergency board members mediate the dispute. If the two sides had not reached agreement, a strike could only have been averted if Congress had approved special legislation to end it.

See PILOTS, C4, Col. 5

PILOTS, From C1

The union's executive board voted 12 to 6 to recommend approval of the new contract, raising questions about winning membership approval. The members rejected an earlier agreement last fall by a margin of 61 percent.

The new agreement provides base pay raises of 9 percent through the year 2001, plus 5.75 million in stock options that allow pilots to buy the stock at \$10 below yesterday's closing price of \$93.37½. The contract also put an end to the two-tier wage system that pays new pilots at a lower rate than the members with more seniority.

In addition, the contract allows American to fly regional jets on its American Eagle commuter subsidiaries, a company demand that the union had resisted until the very end. Carty said yesterday that American would move quickly to place its order for regional jets. "It's something we need to hurry up about," he said, noting that some of American's competitors already were flying the small jets.

The contract was accepted by 69 percent of Allied Pilots Association members, said APA President Sovich.

"I'm sure that everyone that has been involved in the process is delighted to have it over," Carty said.

The Washington Post

TUESDAY, MAY 6, 1997

More Welfare Recipients Start Tiny Firms

Programs Promoting Self-Employment Gain Favor

By MICHAEL M. PHILLIPS

Staff Reporter of THE WALL STREET JOURNAL

After 23 years on Aid to Families with Dependent Children, Dianla P. Matson finally figured out how to get off welfare: She gave herself a job.

With a \$500 loan from the nonprofit Foundation for International Community Assistance, or Finca, Ms. Matson bought soil and seeds to start a greenhouse business in rural Menahga, Minn. Two loans later, the business is providing her more than \$7,000 in annual income, and last summer she left AFDC — a pattern that poverty experts hope will become more common as the new welfare reform law forces millions of poor people off public-assistance rolls.

"I'm more or less self-supporting," says Ms. Matson, who still receives small government disability payments. "I'll make it on my own one way or another."

More Leeway for States

When President Clinton signed the Republican-inspired welfare reform bill last August, he gave states greater leeway to design their own public assistance programs, while imposing a five-year limit on most benefits and requiring many beneficiaries to work. Now, as social service providers scramble to find jobs for all those welfare recipients, there's a wave of enthusiasm for programs such as Finca's that help the poor finance, launch and run their own tiny businesses.

"A year or two from now it's going to be a major component of welfare policy," predicts Finca founder John Hatch.

That doesn't mean entrepreneurship is for every soon-to-be-former welfare recipient. Most specialists in the field agree that only 3%-10% of recipients have the inclination and ability to run their own microbusinesses — companies with one-to-five employees, including the owner. And, as with new businesses of any sort, many of those companies will surely fail.

But even if a relatively small share of welfare recipients turn to self-employment for some or all of their income, the number of new entrepreneurs could hit the tens or even hundreds of thousands. The Urban Institute calculates that one million families will lose their AFDC benefits by the year 2002, while 850,000 families lose disability payments and perhaps as many as 900,000 lose their food stamps.

Part of Reform Plans

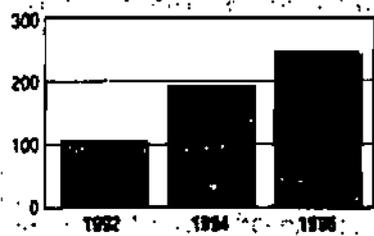
The welfare reform law itself didn't provide for microbusiness programs, but it does allow states to make the approach part of their own reform plans. Already at least 10 states, including Iowa, Arizona, California, Missouri and Tennessee, have

legislation that could allow welfare recipients to start businesses without having those assets counted against public assistance income limits. In other states, advocacy groups are pushing for more aggressive microbusiness development programs. "It's a hugely growing field, and there's a lot of fast work under way because of the pace at which welfare reform is moving," says Amy J. Kays, associate director of the Aspen Institute's economic opportunities program in Washington, D.C.

The White House is putting together a \$3.4 billion "welfare-to-work" jobs bill

Helping Hands

Number of registered microbusiness development programs in the U.S.



Source: The Aspen Institute

that, among many other provisions, is likely to encourage states to finance microbusiness development for welfare recipients. The issue is also expected to be a hot topic for U.S. participants in a first-ever international "Microcredit Summit" to be held in Washington on Feb. 2-4. The Clintons have been longtime supporters of microbusiness programs, and first lady Hillary Rodham Clinton, who has strongly supported the summit, visited with poor entrepreneurs during a recent trip to Bolivia.

Growing List

Much of the initial experience in microbusiness programs came from the developing world, from El Salvador to Bangladesh, where tiny lending projects are often used to help women generate an independent source of income. In the U.S., philanthropic and government microbusiness development programs have proliferated in recent years. "This country in the '80s began to develop pockets of poverty that are very similar to the developing world," says Maria Otero, executive vice president of Accion International, which operates programs in Chicago; San Diego; El Paso, Texas, and other cities.

In 1992, The Aspen Institute counted 108 microenterprise development programs in 38 U.S. states. In 1996, the institute found 248 programs in 44 states. As of 1994, the latest year for which such data are available, the institute calculated that 208,000 people had received loans, training or technical assistance from those programs. The figure is believed to be substantially larger today. "The percent of their money that a family earns from their tiny business is the percent that keeps them above the poverty line," Ms. Otero says.

The programs take many different forms. Some require borrowers to form groups that guarantee each member's loan, providing intense peer pressure for repayment. "I'd been dealing with a bank for 15 years and I couldn't get a loan because I had no collateral," says Buelah Williams, who has since used three Finca loans to build her Maryland clothing business and expects to hire as many as five employees this year.

Other programs, such as the Detroit Entrepreneurship Institute, provide extensive business training, but no financing. After graduation, institute accountants help the new entrepreneurs with their taxes while the graphics art department provides them with letterhead, business cards and envelopes to get them on their feet. The impending arrival of welfare reform has generated a burst of interest from the city's poor, says the Institute's president and chief executive officer, Cathy McKelland. "In a sense there's almost a panic" about the prospect of losing benefits, she says. Evening classes for low- and moderate-income individuals now boast a waiting list 400 people long.

Even those most enthusiastic about self-employment programs, however, concede they won't work for the bulk of the people expected to leave welfare in the coming years. Starting a business is inherently more risky than working for someone else, they say, and the successful entrepreneurs often require close financial and technical support during the initial years of operation. Cost is also an issue. The price tag per job created or retained by a microenterprise program often exceeds the cost of other job programs, according to an Aspen Institute study. But researchers hasten to add that the microenterprise programs are usually working with the poorest of the nation's poor, who may have fewer skills and other special needs that make them harder to assist.

"This may not be the 100% solution, but it may be the 10% solution or the 5% solution," says Jeff Ashe, executive director of Working Capital, a nonprofit microbusiness lending program based in Cambridge, Mass.

Bruce
Did you
see this?
Lyn

THE WHITE HOUSE
WASHINGTON

February 28, 1997

MEMORANDUM

TO: Sylvia Mathews
John Podesta
Bruce Reed
Rahm Emanuel

FROM: Marcia L. Hale *MHL*

SUBJECT: Mayor Rendell's address to the Philadelphia Chamber of Commerce

I thought you might find this interesting.

attachment



The Philadelphia Inquirer, May 11, 1981

Greater Philadelphia Chamber of Commerce members near Mayor Rendell say, "There is going to be heck to pay when the smoke clears" if at least some people losing welfare benefits cannot find jobs.

Rendell urges firms to create jobs for ex-welfare recipients

He chided Chamber of Commerce members. He said they should help make reform work.

By Nathan Gorestein
INQUIRER STAFF WRITER

Mayor Rendell yesterday called on the region's business leaders to create jobs for welfare recipients who will be thrown off the dole by reform.

At a meeting of the Greater Philadelphia Chamber of Commerce, Rendell said that because many of the members had supported welfare reform, they had an obligation to help make it work.

"There is a second city out there... a city in trouble where there are too many unemployed," Rendell said.

He said the extra effort was necessary because state and federal welfare reforms were expected to reduce or eliminate benefits to an estimated 475,000 Philadelphians.

Not enough jobs are available to support those people, Rendell said. The private sector or government will have to create jobs "if Americans are really serious about welfare reform."

"There is going to be heck to pay when the smoke clears" if at least some of those losing benefits cannot find jobs, he told the audience at the Wyndham Franklin Plaza Hotel.

Declaring that everyone at the chamber meeting had at least once in their lives complained about



In his annual speech to the chamber, Rendell praises corporate leaders for backing his plans for the Avenue of the Arts.

"lazy hums" on welfare, Rendell gently chided each listener to create one or two jobs for former welfare recipients.

The mayor spent much of his annual speech to the chamber praising the region's corporate leaders for supporting development along the Avenue of the Arts and helping when the city faced its budget crisis five years ago. He ended by asking the crowd to emulate U.S. Sen. Rick Santorum (R., Pa.), who Rendell

said has several ex-welfare recipients working in his offices.

A Santorum spokesman said three former welfare recipients were working on the Republican's Pennsylvania staff. Two are staff assistants and one is an office manager.

Charles Pizzi, chamber president, said his organization had hired four mothers who had been on welfare as administrative assistants and clerks, and would encourage others

order the condition that the local telephone market is open to competition by September, and New Hampshire approved it after establishing service standards. Vermont is still examining the transaction's implications.

The U.S. Justice Department and the Federal Communications Commission also must approve the deal.

While a veto by the New York Public Service Commission isn't likely to derail the merger, it could delay its approval, telecommunica-

tion merger would harm Nynex customers, who they say pay the highest rates in the country and have the worst service. Since 1995, Nynex has been fined about \$62.3 million by the New York commission for shoddy service.

Opening local telephone markets, which have long functioned as legal monopolies, was the crux of the 1996 Telecommunications Act.

In the case of Bell Atlantic and Nynex, their adjacent territories made them each other's most likely competitors in an open marketplace, antitrust and telecommunications lawyers have said.

Rendell links welfare reform to job creation

RENDELL from D1 to follow suit.

"They've been a terrific asset to our organization," Pizzi said.

At least one businessman seemed receptive to the mayor's call. "I think some of the problems are so complex, everybody has to do their part," said Pierce Eichelberger, an engineer who moved to this region from Florida three years ago and had never before heard Rendell.

"Very rousing. This mayor is quite the visionary," Eichelberger said.

Rendell also said that he planned to extend his wage-tax reduction plan from five to nine years, and that he would cut the much-disliked tax further if the state took over local court costs. Such a move would free up \$108 million the city spends on its criminal-justice system.

The mayor also said that an area firm, which he did not identify, was considering constructing an office building in Center City.

There has been no office construction in Center City since rents and the value of downtown office buildings started on a downward spiral in 1989. Almost a dozen aging office buildings remain mothballed or are largely vacant.

Pizzi said that what is considered "Class A" office space was in relatively short supply. He said the company Rendell referred to was looking to occupy an entire building.

Sales & Earnings

Company	Quarter	Sales (\$ mil)		Net Profit (\$ mil)	
		This year	Last year	This year	Last year
Aaron Rents	4	70.72	60.08	0.16	0.17
Acuson	4	33.67	63.84	-0.10	0.07
Aetna	4	4,489.90	3,368.80	-0.80	1.53
Aetna Comm	4	720.60	428.60	0.03	0.02
Amphenol-Bechtel	4	2,894.30	2,601.20	0.20	0.47
Atter	4	203.90	136.98	0.42	-0.31
Bell Index	4	159.13	147.17	0.49	0.52
Block Drug	4	216.41	174.35	0.76	0.55
Bojorne & Shupe	4	84.97	91.11	0.33	0.24
BT Office Pds	4	375.90	309.90	0.12	0.11
CalMed	4	101.29	104.32	0.01	-1.18
Cancerone Prod	4	459.25	419.30	1.10	0.86
Clark USA	4	1,348.34	1,108.38	NA	NA
Culp	4	87.47	85.48	0.27	0.22
CVS	4	1,549.89	1,363.93	0.53	-0.95
Data Intl	4	107.33	108.20	-0.15	-0.35
Detail Diesel	4	305.20	510.40	0.19	0.18
Everett Capital	4	141.04	142.89	0.57	NA
Fabrecaud	4	127.8	94.59	4.08	0.62
Fla Rock Indus	4	106.38	92.27	0.67	0.58
Frost Guaranty Ins	4	63.25	65.99	NA	NA
Fort Howard	4	284.46	415.30	0.81	-0.33
Gardner Denver	4	63.93	47.46	0.54	0.45
General Signal	4	546.70	501.80	0.78	0.41
Global DirectMail	4	253.58	171.41	0.31	0.28
Goodyear Tire & Rubber	4	3,270.00	148.40	-2.82	-0.26
Gulfstream Aerospace	4	321.20	327.30	0.18	0.24
Haverly Furniture	4	125.89	111.44	0.44	0.37
Host Marriott Svcs	4	292.50	358.60	0.03	-2.13
IES Indus	4	286.16	216.76	0.59	0.47
Interim Svcs	4	206.53	245.20	0.53	0.46
J.B. Hunt Transport	4	381.42	382.47	0.14	-0.18
KN Energy	4	476.88	330.25	0.78	0.67
Leggett & Platt	4	625.40	541.60	0.48	0.38
Libbey	4	118.73	114.02	0.65	0.59
U.S. States	4	64.59	61.88	0.81	0.95
Magellan Health	4	346.62	235.67	0.16	0.38
Mattel	4	1,190.55	1,158.26	0.41	0.40
McDonald & Co	4	62.95	53.42	0.58	0.85
Medaphis	4	142.90	144.70	1.45	-0.02
Micro Svcs	4	55.96	2.83	0.50	-0.63
Motivcare	4	145.34	94.80	0.23	0.08
N.A. Mortgage	4	84.23	79.20	0.57	0.84
NAC Ra	4	171.81	165.12	0.87	0.26
National Healthcare	4	107.31	91.38	0.99	0.70
Northrup Grumman	4	2,282.00	1,812.00	0.30	1.17
NY Times	4	718.25	685.07	0.54	0.34
Oregon Metallurgical	4	52.12	39.65	0.45	0.26
Parker Indus	4	96.66	88.80	0.49	0.38
Penning	4	609.24	606.02	0.81	-0.60
Parkus Family Rest	4	61.08	61.66	0.29	0.05
PhyCor	4	230.70	138.65	0.18	0.12
Piercing Fargood	4	68.34	49.14	1.45	1.01
Policy Mgt Svcs	4	164.40	139.16	0.75	-1.64
Pomroy Corp Res	4	192.32	59.25	0.47	0.32
Pratt & Whitney	4	62.28	56.85	0.27	0.19
Ruppert Indus	4	816.02	581.95	0.15	0.46
TeleTech Holdings	4	58.93	18.48	0.11	0.02
Thermo TerraTech	4	75.70	55.58	0.96	0.09
Thomson	4	62.83	43.10	0.11	0.22
Thomson Indus	4	329.11	116.85	0.41	0.25
Tunes Music	4	871.27	966.71	0.64	NA
Unum	4	1,027.70	1,034.10	0.66	0.86
Univ Forest Pds	4	188.52	140.05	0.12	0.12
West TeleServices	4	82.02	69.58	0.12	0.09
Westport Svcs	4	458.00	422.80	0.61	0.48

Regional Earnings

Genesis Health Ventures Inc. (GHEV)	Revenue	2000	1999	% C
Q1 '00	120.00	120.00	120.00	0.00
Q2 '00	120.00	120.00	120.00	0.00
Q3 '00	120.00	120.00	120.00	0.00
Q4 '00	120.00	120.00	120.00	0.00
Revenue	\$225.00	\$192.00	+17%	
Net Income	\$11.25	\$8.64	+29%	
Per share	\$0.22	\$0.25	+3%	

Tyco Toys Inc. (TTI)	Revenue	2000	1999	% C
Q1 '00	100.00	100.00	100.00	0.00
Q2 '00	100.00	100.00	100.00	0.00
Q3 '00	100.00	100.00	100.00	0.00
Q4 '00	100.00	100.00	100.00	0.00
Revenue	\$300.00	\$300.00	0%	
Net Income	\$100.00	\$100.00	0%	

Revenue	2000	1999	% C
Q1 '00	\$225.00	\$192.00	+17%
Q2 '00	\$225.00	\$192.00	+17%
Q3 '00	\$225.00	\$192.00	+17%
Q4 '00	\$225.00	\$192.00	+17%
Revenue	\$900.00	\$768.00	+17%
Net Income	\$112.50	\$86.40	+29%
Per share	\$0.22	\$0.25	+3%

Vishay Intertechnology Inc. (VISH)	Revenue	2000	1999	% C
Q1 '00	400.00	400.00	400.00	0.00
Q2 '00	400.00	400.00	400.00	0.00
Q3 '00	400.00	400.00	400.00	0.00
Q4 '00	400.00	400.00	400.00	0.00
Revenue	\$1,600.00	\$1,600.00	0%	
Net Income	\$160.00	\$160.00	0%	
Per share	\$0.10	\$0.20	+50%	

Revenue	2000	1999	% C
Q1 '00	\$1,600.00	\$1,600.00	0%
Q2 '00	\$1,600.00	\$1,600.00	0%
Q3 '00	\$1,600.00	\$1,600.00	0%
Q4 '00	\$1,600.00	\$1,600.00	0%
Revenue	\$6,400.00	\$6,400.00	0%
Net Income	\$640.00	\$640.00	0%
Per share	\$0.40	\$0.80	+50%

Judge... thumb of the state Supreme Court. Today, most observers praise the new system, saying it inspires more See **JUDGES** on A6

smaller loads every night while he cleaned 1970. And... people...

After Daley takeover, change sweeping Chicago schools

Financial order is restored. Buildings get dramatic improvements. Still, some worry about quick fixes.

By Daniel LeDuc
INQUIRER STAFF WRITER

CHICAGO — Built in 1914, the Helen C. Peirce Elementary School is a three-story, blond-brick building with space for 750 students. On a recent morning, 1,029 students were

crammed into the school's classrooms, adjacent storefront space, and four trailers on a slushy playground.

Soon, there will be more space for young voices singing *The Sound of Music*, a cafeteria to replace hallway

servicing tables, more elbow room for fourth graders writing their fledgling novels.

A 23-classroom addition is planned for next year at this school on the city's poor, multiethnic north side. It will be the most visible sign of the changes since Mayor Richard M. Daley, with the blessing of the state legislature, took complete control of the nation's third-largest public school system.

It was the most radical transfer of school authority to a big-city mayor in the nation.

In little more than 18 months, Daley has managed to restore financial order to the once perpetually deficit-ridden system, which former Education Secretary William Bennett once called the "worst in America." And at Peirce Elementary and elsewhere — in bricks and mortar, new roofs and new windows — dra-

matic improvements are changing the face of the system.

But what is happening inside those buildings is harder to change.

Nearly one-fifth of the city's 500 schools are on academic probation for low test scores; truancy and dropout rates remain high; middle-class residents continue to desert the system.

And with the schools' success no See **CHICAGO** on A5

Many women in Egypt tell of being tortured by police

They report stripping, beatings and threats of rape. Officers want them to tell on kin, they say.

By Alan Sipress
INQUIRER STAFF WRITER

CAIRO — Amal Farouq's black shroud hides all but her chestnut eyes, concealing the scars of her latest encounter with Egypt's police, wounds she says were inflicted during torture by government interrogators. But the all-enveloping robe cannot cloak her anguish.

Some nights, Farouq, 28, says she still has nightmares of a huge police officer tearing at her clothes, pawing her skin, threatening to rape her. Her own screams awaken her.

Her account of torture by Egyptian security forces is one of many provided by women to human rights organizations. These monitors have documented dozens of

involving beatings, electric shocks and — especially harrowing in this profoundly conservative society — stripping and threats of rape. The number of female victims could exceed 100, according to these groups.

Police investigators routinely arrest women to extract information about their husbands, brothers and sons in cases ranging from Islamic violence to auto theft. If suspects are on the run, their female relatives are taken hostage to force a surrender. If the men are already in custody, the women are forced to provide incriminating testimony.

Egyptian authorities say they do not torture women, just as they have rejected repeated allegations of mistreating male prisoners. In a speech to youth members of the ruling National Democratic Party, Interior Minister Hassan Al Alfi said two months ago that reports issued by human rights organizations "are false and 99 percent of the contents are lies."

Inside

■ In a deal backed by the military, the vice president will lead Ecuador. **A2.**

■ An Irish artist finds inspiration at the Italian Market. **B1.**

Sections

National/Int'l... **A**
City & Region... **B**
Sports... **C**
Health & Science... **D**
Magazine... **D5**
Classified... **E**
Business... **F**

Features

Comics... **D10**
Editorials... **A10**
Legal Notices... **B6**
Movies... **D6**
Newsmakers... **D2**
Obituaries... **B4**
Puzzles... **D11**
Television... **D8**

Weather

Chance of flurries late today. High 42, low 26. Brisk tomorrow. More snow may be on the way Thursday. **Full report, B5.**

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A bit of algae.
A formula to nourish more infants

By Donna Shaw
INQUIRER STAFF WRITER

COLOMBIA, Md. — You might say that David Kyle went from the Milky Way to mother's milk.

His journey started with NASA, which in the early 1980s wanted to develop food and oxygen sources for space stations on Mars and the moon. The agency turned to Kyle and his colleagues, who at the time were researchers in the Martek division of Martin Marietta Corp.

The scientists looked for simple life-forms that could be grown easily and in large quantities. They settled upon microalgae, tiny plants found in soil and water.

But in 1985, Martin Marietta decided to spin off Martek when NASA shelved its deep-space ambitions. So Kyle and two coworkers, Richard



David Kyle inspects algae in a Corp. The company identified

Martek Biosciences Corp. as a state rate company. The company has what it says is the world's largest collection of algae species, nearly 3,000, including one from Radmer's birdbath.

The three researchers are convinced that algae have untold potential uses. Many medicines; other products, they note, are m

Chicago schools see changes

CHICAGO from A1 tied to the mayor's political fortunes, some educators worry that real reforms may be sacrificed for quick fixes before the next election.

Still, amid the accolades and the brickbats there is something new in many Chicago classrooms. Hope.

"There's a lot of pressure on pupils and teachers to keep a quiet, academic environment," said Janice M. Rosales, the principal at Peirce Elementary. "But there's also the pressure of accountability, to raise test scores. We're not on probation, but we see the schools that are and that's motivation."

She paused. "It's the businessman's world — sink or swim."

From Mayor Rendell's declaration of a renewed commitment to Philadelphia's schools, to efforts from Sacramento, Calif., to Boston, big-city mayors are taking on education reform with renewed vigor.

Nowhere has the shift of control from educators and school boards to politicians at City Hall been more pronounced than in Chicago.

The State of Illinois has given the mayor authority to appoint the superintendent — now called the chief executive officer — and a five-member board and to assume broad authority over the use of state school funds.

To underline his commitment to education, Daley named his own budget chief as the schools' CEO and his former chief of staff as board president. He promised a businesslike approach to running the 420,000-student system and said executives from local companies would be recruited to manage local schools to free up principals to concentrate on academics.

"There is no other model in the country like Chicago's," said Michael Bakalis, a former Illinois state school superintendent who now teaches at Northwestern University. "The Chicago schools are not being run democratically. They're being run by two or three people. I'm not saying that negatively. It's a crisis situation."

The previous school board president went to prison for income tax evasion, and the political intrigue at the board's offices, Daley complained, "made the Kremlin look

progressive."

Within a month after assuming the new powers, Daley's administration had signed a four-year contract with the teachers' union, allowing modest raises and turning the once-skeptical union into an ally.

"Prior to this, it was always them against us and us against them," said union spokeswoman Jackie Gallagher. "Now, there is open discussion and open debate. We're part of what's happening."

School CEO Paul Vallas, a school-teacher before he entered government, next drove out other unions representing maintenance employees and other nonprofessional employees and replaced them with private services, saving \$170 million. He exposed warehouses of food and furniture that gathered dust under the old administration. He changed

procedures to order such supplies delivered directly to schools for immediate use — and scored a public relations coup.

More important, Wall Street took notice of the new fiscal practices. For the first time since the late 1970s, bond houses rated the system with investment-quality grades, allowing the new board to borrow \$806 million for school construction and renovation.

At schools like Peirce, the annual maintenance budget increased from \$10,000 to \$100,000. The storefront spaces and trailers will soon be gone. A new roof, new stairs and new windows "which we've been begging for for the past 12 years," says Rosales, will soon be realities.

Nan Sullivan, whose two children attend Peirce and who sits on the school's parent-teacher council, has nothing but praise for the changes. "Nothing else was working," she said. "Now, there's a lot of hope."

Not everyone is happy. The centralization of power has prompted complaints that the schools are being run by a political machine in which whom you know counts more than what you need.

"I would not call this a corporate model at all. It's city hall style," said Julie Woestehof, executive director of Parents United for Responsible Education. "I've begun calling Vallas the super-committeeman. Everything goes through him. If you want

an addition for your school, go to him. If you want something done in your neighborhood, go to your alderman. That's the way it works in Chicago, that's the level they're on."

Vallas dismisses such attitudes: "Our success has almost disappointed some people. My job is to ensure that the educators have the time to focus on their jobs."

Many reform groups here, including Parents United, grew out of education legislation passed in 1988 that created local school councils with the intent of giving more autonomy to schools and parents. Some of those councils now feel their authority is threatened.

Even so, most have acknowledged that Vallas' first year was successful in bringing finances under control. This year, the focus is on classroom performance, and such improvements take time.

Vallas, who has sought out advice from leaders of Chicago's giant Catholic school system, plans to institute a new values-oriented philosophy in the classrooms. He also intends to impose a core curriculum in high schools to emphasize basic math, science and reading skills.

The new board has begun mandating homework, and administrators have expelled more problem students than in the recent past.

Vallas has promised to raise standardized test scores — his main benchmark of academic progress — through mandating summer school for elementary students who don't keep up, banning promotions based only on social reasons, and increasing efforts to root out truancy and boost attendance.

Most elementary school students showed progress in the Iowa Tests of Basic Skills released last summer, following the first year of the mayoral takeover. But Daley spokesman Jim Williams said it was too soon for the new administration to claim any credit for the improvement.

Vallas used those test scores to place 169 schools on probation last October. Those schools have been assigned teams of educators and consultants to work with them to improve. The probation can affect the principals' performance ratings, and schools not showing improvement are threatened with being shut down.

Vallas shrugs off those who question his emphasis on test scores. "Either you know how to read," he said, "or you don't know how to read."

Since Daley's takeover, there is something new in many Chicago classrooms. Hope.

Two ways to

Predictive Use of Breast-Cancer Genetic Test Is Disputed

By MICHAEL WALDHOLZ

Staff Reporter of THE WALL STREET JOURNAL

A debate has erupted over the predictive powers and usefulness of a genetic test used by several thousand women to learn whether they carry a gene defect that sharply increases their chances of developing breast cancer.

The test has been on the market since last fall, and some women — told that they have an 85% chance of getting the illness by age 70 — have taken the drastic action of undergoing pre-emptive double mastectomies after receiving positive test results.

But a new study released today in the *New England Journal of Medicine* contends that the genetic defect's presence gives a woman only a 56% chance of developing breast cancer. That finding — strenuously attacked as flawed by the researchers who discovered the breast-cancer genes — may embroil the genetic test in controversy over how many women should use the test and what actions they

should take if it shows they carry a cancer-causing gene.

Caught in the middle are the women in families with a high incidence of breast cancer who discover they carry defective versions of the genes, known as BRCA1 and BRCA2. Last year, Staci Mishkin, a 35-year-old Springfield, Va., resident, took the test and learned she had inherited a mutant version of one of the genes. Breast cancer had killed her grandmother, mother and two aunts. In January, Ms. Mishkin had both of her breasts removed and replaced with reconstructive plastic surgery.

"I don't believe, given my family history, that the risk is only 56%," says Ms. Mishkin, the mother of two young children. "I don't have any regrets about removing my breasts. I feel safer and believe I am safer." (Last month, researcher Lynn Hartman, an oncologist at the Mayo Clinic in Rochester, Minn., provided some of the first real evidence that such a drastic course of action does, indeed, prevent cancer. A new report in today's *New England Journal* supports that finding.)

But the choices may be more difficult for women in families with a lower incidence of breast cancer whose chances of developing the disease may be lower even if they carry one of the suspect genes. The latest findings, reported in one of several breast-cancer studies today in the *Journal*, were so disturbing that the respected medical publication took the unusual step of calling for a retreat from widespread genetic testing until doctors are sure what results from the test really mean.

The new gene test's "enormous potential for prevention and treatment . . . is in danger of being overwhelmed by a flood of information on oddsmaking and fortunetelling that is affecting individual patients," Bernadine Healy, former director of the National Institutes of Health and now dean of the Ohio State University

School of Medicine, said in a *Journal* editorial.

The new report, produced by researchers at the National Cancer Institute, "is very important because it clarifies the real risk for most women in the general population" who get tested and find out they carry a gene mutation, says Richard Klausner, director of the institute. "People need to understand that the field of cancer-gene testing is brand new and that our knowledge is changing and going to continue to change."

The latest contradictory findings are fueling concern that most doctors and women at risk of developing the inherited form of cancer will be too confused by the gene test to make proper use of it. "It is too early to use the [test] in everyday clinical practice because it violates a common-sense rule of medicine: Don't order a test if you lack the facts to know how to

Please Turn to Page B10, Column 5

Continued From Page B1

interpret the results," says Dr. Healy of Ohio State.

But two pioneering research scientists who tracked down and isolated the BRCA1 gene say that the new study is flawed and that the 85% lifetime risk of cancer is more reliable than the 56% mark the new study claims. The institute's "study is simply wrong," says Mark Skolnick, a researcher at the University of Utah in Salt Lake City, whose company, Myriad Genetics Inc., isolated BRCA1, the first of two known breast-cancer genes, in 1994. Since last fall, Myriad has sold a test that can detect defects in both genes, at a cost of about \$2,000, to thousands of women through private doctors and medical centers. OncorMed Inc. of Gaithersburg, Md., also provides the test.

"I worry that the new study will persuade many women that their risk of cancer is low enough that they don't need to consider undergoing a [preventive] double mastectomy," Dr. Skolnick says. "The truth is if they have the gene they will very likely get cancer. The surgery can save lives."

The new findings were also greeted skeptically by Mary-Claire King, a geneticist at the University of Washington who first identified the presence of the BRCA1 gene back in 1990. "It would be really great if the risk of cancer is lower than [the 85%] we originally discovered in our research," she says. But she believes the new study is faulty and says women shouldn't rely on it. The findings were based on interviewees' recollections of their family medical history rather than hard medical records, she says, and memory alone is often unreliable.

By contrast, in the two previous studies on BRCA1 and BRCA2 that put forth the 85% risk, researchers counted families' past breast-cancer cases only after confirming them in medical records.

The debate is expected to intensify as researchers study the rising number of women taking the test. Scientists estimate that defective genes cause 5% to 10% of 185,000 new cases of breast cancer (and 43,000 breast-cancer deaths) each year in the U.S. But because the cancer is so common, it is clear that in many families the disease isn't being passed on genetically, even though it may look that way. Among women in the general population who don't carry the defective gene, the risk of developing breast cancer in their lifetime is 12%.

The new report is one of several efforts to determine the gene's true frequency within the general population. This study, which looked at more than 5,000 Jewish women in the Washington, D.C., area, found that about 2.3%, or 120 women, carried a defect in one of the two breast-cancer genes. Scientists asked these women how many cases of breast cancer had occurred in their families, recorded the numbers and projected that the risk of developing cancer by age 70 among women in these families was about 56%. In another controversial finding, the new study found the risk of ovarian cancer caused by the defective genes was 16%, sharply lower than the 40% risk predicted by other research.

Even if the lower cancer risk is accurate, the test can still benefit women in high-risk families who lack the defective genes. That's because these women now "don't have to even think about surgery," says Willy Burke, director of the Women's Health Care Center at the University of Washington in Seattle. The lower risk rate also suggests that some other factor may be thwarting the emergence of breast cancer in women with the cancer genes, says Francis Collins, director of the National Institute for Human Genome Research. "Some mix of genes or diet, perhaps. If that's true, identifying those factors may help in our fight against this disease."



Sara Day

'IT'S GOOD WHAT THEY'RE DOING'
Work and welfare have gone together for 10 years for 26-year-old Sara Day. Through the birth of four children, she has been employed for all but six months of that time: at an air-conditioning company, at the Cincinnati zoo, at a factory making shower doors. Her wages were low enough to enable her to keep some welfare benefits and—because the jobs carried no health benefits—Medicaid for her children. Currently, her monthly welfare check is \$341.

It wasn't legislation that goaded Ms. Day onto a path off the rolls. She says she was simply "tired of jumping from job to job." So in late 1995, with the help of a state tuition subsidy, she began pursuing a two-year secretarial degree at Cincinnati State University. If she graduates as expected in a few months, she hopes to qualify for a job paying more than \$20,000 a year. "I'm looking forward to the day of getting off of assistance," she says.

People like Ms. Day promise the swiftest victories in the effort to reduce welfare dependency. Many of these "easy to serve" beneficiaries turned to welfare in a crisis—as pregnant teens or as recently divorced young mothers—and tend to view their benefits as a stopgap.

"I have had some downfalls but not enough to give up," says Ms. Day, who has never married. She could have claimed exemption—but didn't—from the state's 20-hours-per-week work requirement as the mother of a child under three (a waiver that last month was tightened to mothers of infants under one year). Instead, she has been working 19 hours a week at the college she attends.

She knows her transition off welfare may still be difficult. Recently, she was dismayed when her monthly food-stamp allotment was cut to \$130 from \$232 after she moved to a house where she doesn't have to pay utility bills. She hopes that the secretarial job she envisions landing later this year will carry medical benefits, but there are no guarantees.

Even so, she volunteers that "it's good what they're doing" with welfare reform. "It's getting people up off their butts."



Cassandra Barham

STRUGGLING BUT DETERMINED
A few months ago, Cassandra Barham got the news she had been yearning for: She passed the exam for a high-school equivalency diploma.

It's been a long time coming. Ms. Barham, who left school when she bore her first child at 16, is 47 years old. Through three decades on and off public assistance, she insists that she has never abandoned her desire to return to school, find a good job and leave welfare. But along the way she has been undermined by adversity and, perhaps, by some of her own choices. One of her children—she eventually would have seven—died at three months of age. Her marriage broke up. She left New York City to relocate in Cincinnati.

Because she has dyslexia, her efforts to get more education weren't always successful. Her experience with jobs and job-training was unfruitful. She says a blood clot on one lung ended a janitorial job a few years back, and that a shoulder injury cut short a building-maintenance training program. Arthritis, she says, kept her from working rapidly enough to hold a sewing job she had trained for.

Earning a diploma has given her confidence a lift, making her more hopeful that she can hang on to a job. She recently spent time in a local program that helps welfare recipients prepare for job interviews and the rigors of work.



Ronald Taylor

She has landed two paying jobs for a total of 25 hours per week: sewing at a local program called "Women on Track," and performing "organizing outreach" at a community council in a poor Cincinnati neighborhood. "People have gotten dependent," she says. "My job is to get out there and educate people . . . to get up and do for yourself."

She recognizes that she must heed her own advice. Her monthly welfare grant was cut to \$166 from \$341 after she found paying work; she also gets \$122 in food stamps. With the clock ticking toward Ohio's three-year limit on benefits, her caseworker has urged her to find full-time employment quickly, rather than entering a computer training program that interested her. And her 15-year-old daughter, one of two children still at home, recently gave birth to a baby boy.

Her medical problems could make it difficult to hold a job, but she vows: "I'm not going to let them overcome me."

'ONE DAY AT A TIME'

It was at age 15, Ronald Taylor remembers, that he first smoked marijuana. He began drinking a year later. And the lure of getting high has haunted him ever since.

Adolescent fun turned into "my disease," he says, costing him jobs, breaking family relationships and landing him in jail. To this day, substance abuse remains the biggest obstacle to his attempts to achieve self-sufficiency.

"I can beat it," he insists, "one day at a time."

In his daily struggle lies a stark reality: behind the rosy headlines about declining caseloads, social-service workers can help Mr. Taylor and others like him find jobs, but they can't overcome drug addiction or the host of other afflictions that defeat many welfare recipients.

Mr. Taylor has been getting about \$120 a month in state disability benefits and \$120 a month in food stamps, all of it going to pay for his room, board and treatment at Prospect House, a residential drug-rehabilitation center. But "I don't like being on
Please Turn to Page B6, Column 6

Continued From Page B1
welfare," he says, dressed in a shirt and tie and looking younger than his 40 years. "If you're physically able to work, you should work."

So on a brisk February morning, Mr. Taylor heads for downtown Cincinnati and a county office that helps welfare beneficiaries find and prepare for prospective jobs. From a range of possibilities—janitorial, production clerk, temporary work—Mr. Taylor finds an especially promising lead: washing trucks for a package-delivery service for \$8.25 an hour.

"The only thing I worry about is getting there on time," he says. He lacks a car, and the work site is too far to walk from Prospect House. Yet his recent personal victories—he's been drug-free since last October—leave him feeling confident. "I'm trying to get a better life," he says. "I can do the job."

The first few weeks go well. The delivery company solves his transportation problem by picking him up for work. He speaks of enrolling in trade school to improve his earning power.

"His prospects are very good," says Sonny Richardson, Mr. Taylor's counselor at Prospect House. "He's got a better chance than he ever did."

The next day, however, Mr. Taylor is dismissed from the Prospect House program. He had gone absent without leave, Mr. Richardson says, and hasn't been seen there for two months. The state assistance Mr. Taylor had received through Prospect House has been discontinued.

Calendar of Cutbacks

Federal deadlines for reducing benefits. States can impose more stringent deadlines.

- July 1, 1997**
 - About 14% of 965,000 disabled children now getting Supplemental Security Income benefits will lose them under tougher criteria.
 - Cutoff of disability benefits for substance abusers.
 - Cutoff of federal aid to unmarried teen parents not living at home or under adult supervision, as well as to teen parents not attending school.
 - States must cut benefits of mothers who refuse to cooperate in locating fathers behind in child support.
 - August 22**
 - Legal immigrants lose food stamps and disability benefits. Congress is weighing an easing of such cuts.
 - October 1998**
 - The five states showing largest percentage reductions in out-of-wedlock births receive federal bonuses.
- Christopher Georges

2/2

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-Did they send a letter?

BR

26 Republicans seek break for immigrants on welfare

House leaders unlikely to re-examine overhaul

By Cheryl Wetzstein
and Nancy E. Roman
THE WASHINGTON TIMES

More than two dozen House Republicans have signaled their concern to GOP leaders that they think the 1996 welfare law is too harsh on legal immigrants, who are scheduled to lose benefits.

The leaders are unlikely to re-examine the welfare overhaul, one of the most touted achievements of the 104th Congress. They know the public wanted reform and isn't likely to pay attention to the details, House members and aides said in numerous interviews.

Ending benefits to legal immigrants was responsible for much of the \$54 billion in savings culled from welfare reform over six years.

Leaders are in no position to relinquish even part of those savings as Republicans battle over how to balance the budget and deliver promised tax cuts.

Still, stories of immigrants whose lives are being upended by the law and who cannot join the crush of immigrants seeking citizenship have spurred some members to call for a review.

"Powerful committee chairmen have told freshman House members that we will not legislatively address these issues in this Congress. I disagree," said Rep. James E. Rogan, California Republican.

"As a new member of Congress, I may not have the political clout to force a resolution to my satisfaction," he said. "However, I do have a voice and a vote on the House floor. I intend to use it to do what I think is right."

One of the key changes in the welfare law was to end Supplemental Security Income (SSI), cash welfare and food stamps to legal immigrants, including those already enrolled in the programs. SSI provides up to \$484 a month to people who are blind, 65 or older, or disabled.

The Social Security Administration estimates that 415,000 legal immigrants will lose SSI over a year.

There's a "real uproar about this welfare law," said Rep. Ileana Ros-Lehtinen, co-author with fellow Florida Republican Lincoln Diaz-Balart of a bill to restore benefits to permanently and totally disabled immigrants.

"These folks aren't going back to where they came from," said Mrs. Ros-Lehtinen, a Cuban-American who represents a Miami district with a large immigrant population.

"These are people caught in an awful Catch-22," said Rep. Susan Molinari of New York, vice chairman of the Republican Conference and one of 26 members who support an effort to soften the law.

"On one hand, they will be unable to obtain citizenship because of their disability, but on the other hand, they can't continue their disability payments because they aren't citizens," she said.

The House Ways and Means Committee, which wrote the welfare law, is working on a technical corrections bill for welfare reform, but it won't alter the immigrant provisions. The committee has set adoption and unemployment insurance as its next priorities, a spokesman said.

Rep. E. Clay Shaw Jr., Florida Republican, has talked about creating a targeted block grant for states to use to sustain benefits to some immigrants, but a bill has yet to materialize.

The Washington Times
TUESDAY, APRIL 8, 1997

Hubbell earns hourly wage at local think tank

By Jerry Seper
THE WASHINGTON TIMES

Webster L. Hubbell, under investigation for his receipt of nearly a half-million dollars in legal fees in the nine months before his 1994 guilty plea in the Whitewater probe, is working as a \$10-an-hour researcher at a public-policy think tank.

R. Keith Stroup, spokesman for the National Center on Institutions and Alternatives, said Mr. Hubbell began at the Alexandria-based organization shortly after his release from the federal detention center at Cumberland, Md., and is working on a review of federal sentencing guidelines.

Mr. Hubbell, a former associate attorney general who pleaded guilty in December 1994 to defrauding the Rose Law Firm of

more than \$482,000 and failing to pay \$120,000 in income taxes, was in touch with NCIA lawyers before his guilty plea.

Mr. Stroup said the firm was hired by Mr. Hubbell's lawyers in 1994 to outline and later help negotiate a lesser sentence for the former Justice Department official under the federal sentencing guidelines.

The proposed sentence reduction, based on what Mr. Hubbell argued was his history of community service, included a 16-month sentence combining prison time and community service.

U.S. District Judge George Howard Jr. rejected the proposal, saying that while Mr. Hubbell's community service was noteworthy, the crime required him to stay within the recommended guidelines of 21 to 27 months.

Independent counsel Kenneth W. Starr also argued that while Mr. Hubbell had "devoted considerable time to laudable and important community service activities," his overall community service record was not exceptional or rare and, as a result, did not qualify under federal sentencing guidelines for a reduction.

Mr. Starr noted that much of Mr. Hubbell's community standing was based on charitable contributions, many of which were made with money stolen from the firm.

The NCIA, according to its literature, is a nonprofit organization seeking change in the way state agencies administer criminal justice and human service programs throughout the country. It was founded in 1977 by Jerome G. Miller and Herbert J. Hoelter and offers a variety of programs, in-

cluding many in Maryland.

The Maryland programs, some of which are state-funded, include community-based residential services for the Developmental Disabilities Administration and a "Youth-in-Transition" program for troubled children and adolescents.

Mr. Stroup said Mr. Hubbell's assignment at the NCIA is limited to the sentencing-guidelines project and he had little, if anything, to do with the other programs.

Mr. Hubbell yesterday did not return calls to his office for comment. In a recent interview with the Arkansas Times, he said he would "love to be able to have some impact on criminal justice policy."

"I want to get to the point where I can make a living but also help change what I saw while I was in prison," he said.

Panel ends probe of Illinois senator

ASSOCIATED PRESS

The Federal Election Commission has closed its investigation of Sen. Carol Moseley-Braun's 1992 Senate campaign without levying a fine or other punishment.

"After considering all the facts and circumstances of this case, the commission has exercised its prosecutorial discretion to take no further action in this matter," the commission wrote in a letter to Lyn Utrecht, the attorney who represents the campaign.

FEC spokeswoman Sharon Snyder said, "There are newer cases in-



Moseley-Braun

volving the '96 election, even '94, that are more pressing, perhaps. We were facing a possible statute-of-limitation problem with a '92 case and we don't have enough staff to do everything we'd like to do."

Mrs. Moseley-Braun, Illinois Democrat, had been dogged by questions relating to the \$6.7 million campaign since her election. They included accusations of extravagant personal spending.

"It's nice for her to not have this hanging out there anymore," said Michael Briggs, Mrs. Moseley-Braun's spokesman. "At long last she can put this issue behind her and move on with important issues that she's working on in the Senate."

The FEC's audit focused on travel and hotel expenses that were run up on a debit card used by Mrs. Moseley-Braun and her former fiance and campaign manager, Kgosie Matthews.

Last May, the FEC audit found a number of problems in sloppy bookkeeping and reporting.

WR-Newsclips

~~WR-Newsclips~~?

interoffice
MEMORANDUM

to: ~~Bruce~~, Elena, Diana, Lyn, Ken

from: Cynthia

subject: Slate article by Jodie Allen "Is the welfare law really as cruel as they say?" (attached)

date: March 9, 1997

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Welfare Scare

Is the new welfare law really as
cruel as they say?

By Jodie T. Allen

(1,467 words; posted Saturday, March 8; to be
composted Saturday, March 15)

You have a reasonably soft heart. You wouldn't feel comfortable seeing little kids begging in the streets, or stepping over the bodies of old folks gasping in the gutters. Maybe you read the *Atlantic Monthly* article by Peter Edelman, a former Clinton-administration official, who called the welfare-reform law signed last fall by his former boss "terrible legislation." Edelman says the result will be "more malnutrition and more crime, increased infant mortality, and increased drug and alcohol abuse." You don't defend the previous welfare system—who could?—but you wonder: Are the scaremongers right?

How worried should you be? Here's a quick review of what is—and isn't—likely to be truly troublesome as the great welfare-reform experiment begins.



1. States that are too "kind." Some folks' worries are the opposite of Edelman's. They fear that the welfare system won't change enough.

The new welfare law abolishes the current federal welfare-entitlement program, Aid to Families With Dependent Children, and replaces it with block grants to the states. States have to create replacement programs that set limits (five years) on how long most (four out of five) families can get welfare, and ensure that half the families still on the rolls in 2002 have at least one (part- or full-time) working member. States also have to contribute 75 percent of the money that they used to spend on AFDC to the new Temporary Assistance to Needy Families (TANF) program--the so-called Maintenance of Effort (MOE) requirement.

Beyond that (and a bunch of other eye-glazing rules and exceptions to exceptions that will keep federal regulation writers off the dole), states are basically free to offer whatever combination of cash and services they think is best.



So what are states likely to do? One option is--nothing much. If a state really wants to maintain the status quo, it can probably get away with it. Welfare law has long been loaded with requirements that states must cut fraud on the rolls, move recipients into jobs, provide necessary service, blah, blah, blah. The requirements go unmet. The governor makes a few calls to the White House or Capitol Hill. Eyes are averted.

Moreover, the new law, for all its seeming toughness, allows states plenty of leeway if they want to be generous. And welfare consultants are already showing the way. States are free, for example, to redirect the money that they used to spend on matching federal AFDC grants (about 45 percent of the total) to provide help for families who have lost their "temporary assistance" coverage. The new law also provides an incentive for states to use their own money to continue grants to families that exhaust their five-year eligibility.

Not so long ago, states like New York, Massachusetts, and California might have brazened it out. But times have changed. Most states have already toughened their welfare programs under waivers granted under the old pre-reform rules. Some of these waivers are for more generous programs, but others are just as tough as the new law.



2. States that are too mean. So how nasty might states get? Some were pretty mean already. People tend to forget that under the old rules, states got to set the key parameter--the benefit level. AFDC payments ranged from 11 percent of the official poverty line in Mississippi to about 65 percent in New York's Suffolk County. (This doesn't count food stamps, Medicaid, the Earned Income Tax Credit, and federal aid for housing, home heating, child care, and so forth, which will still be available.) At least in theory, Mississippi now could replace even its small cash contribution with the proverbial "bus ticket North." Not likely, perhaps, but worth watching out for.



3. **A shortage of money.** Under the old rules, the federal government would match the money states spent, according to a formula that took account of state need and benefit levels. The new rules cap federal welfare payments at the 1995 level (with some allowances for rising unemployment and other contingencies). For now that's a windfall for all but a couple of states, since welfare caseloads have dropped by almost 10 percent nationally since 1995. But what if times get tough and caps start to pinch? Well, the Food Stamp program has long been capped—supposedly—yet Congress has never failed to provide extra funds when governors needed them.



4. **A lack of "suitable" jobs.** Welfare advocates are already complaining that recipients will be pushed into "dead-end" jobs. But successful job-program operators have learned a key lesson since the last time we had this argument (back in Jimmy Carter's day): *Most* jobs in this economy are "dead end." People who work hard and build a good record move on to better jobs. And the labor-market success of millions of unskilled immigrants in recent years makes it hard to sustain the case that only highly trained or educated workers are in demand—at least for the moment.



5. Incapable workers. What about welfare parents who, in practice, just cannot hold jobs (or perform other "work activities") as the new law requires they do after two years on the rolls? Maybe they have low mental or physical abilities. Maybe they are drug or alcohol addicts or have multiple family or behavioral problems—or maybe they simply have a bad attitude. Nobody really knows how big a problem this is, and the extent will surely differ from area to area. But we won't know till we push the limits.

Many states are already finding that a simple shove can have surprising results. Wisconsin's ambitious (and relatively expensive) welfare reform has cut its caseload by more than half. Massachusetts put in a tough program in November 1995 and has seen its welfare rolls drop to the lowest level in 23 years. Oklahoma's welfare rolls have dropped by 17 percent over the last year, even though it has only talked about tougher rules.

Healthy job markets surely helped, but the economy has boomed at other times with little effect on welfare. State officials think many potential recipients simply got the message that times have changed, and found jobs on their own. Moreover, credible studies have shown that many families have hidden income. A recent study from California's Public Policy Institute, for example, found that nine out of 10 teen-age welfare mothers in the state have income sources other than AFDC. Reporters across the country who have set out looking for early horror stories have returned with articles that are, on the whole, remarkably upbeat.

Date: 02/18/97 Time: 16:01

CClinton urges churches to help find jobs for needy

WR
Newsclips

NEW YORK (AP) President Clinton received unvarnished opinions about welfare reform today as he appealed to the nation's churches to provide the jobs needed to make the welfare law he signed a success.

Clinton visited historic Riverside Church in Harlem, which started a program for welfare recipients a month ago at Clinton's suggestion. He spoke with several of the church's 2,000 members, ranging from those on welfare to millionaire magazine publishers.

"This can be done and I need your help to do it," Clinton said. "It is part of all our mission in life to do this anyway."

But Clinton was told that the federal government can't expect the private sector to become an automatic safety net for millions of people who lack the skills for long-term employment. He was told that those leaving public assistance need training and education, so they won't always be locked into the most undesirable jobs.

"I've seen the women clean the toilets. It's horrid and it's demeaning," said Nilda Roman, who is part of Riverside's community working group.

Later, the president told the Business Enterprise Trust Awards luncheon that there are thousands of welfare recipients who are eager to work "and a painful number literally don't know the first thing" about holding a job.

"This country will never be what it ought to be if there are people who are literally beyond the message," Clinton said. "I believe we can do better."

Although he spent much of the day talking welfare, Clinton was also raising cash for Democrats at a \$1 million dinner before traveling to Boston later tonight.

The president said the problem of creating jobs for those coming off welfare would be eased if one person were hired by each of the 135,000 churches, synagogues and mosques that have more than 200 members.

However, Clinton warned that the steady job growth that the economy has experienced in recent years likely won't last. With the tax credits he has proposed and a willingness on the part of the private sector, he said, finding work for welfare recipients would be "a manageable problem."

Earl Graves, CEO of Black Enterprise magazine, called it "unrealistic and unfair" for Clinton to suggest that businesses "sacrifice profit margins in order to do the government's job." He said lasting jobs for those on welfare can be engendered only with a federal safety net and training for the unskilled.

"The involvement of the private sector ... is not a substitute for government-provided resources," Graves said. "Unlike the federal government, we can go out of business."

Clinton said the federal government will not totally withdraw its support from those who leave welfare for good. He cited an extra \$3.3 billion he earmarked in his fiscal 1998 budget plan for welfare-to-work efforts, and a plan to allow employers to claim a 50 percent credit on the first \$10,000 of a hired welfare recipient's annual wages for up to two years.

"I don't think it's accurate to say this bill destroys the safety net for poor people," Clinton said. "It will be a good thing if we make this work, but there is no automatic system for doing it and that's why we need your help."

APNP-02-18-97 1609EST

eager to work ``and a painful number literally don't know the first thing'' about holding a job.

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Comments:

Here are some quotes by/news reports
of GOP Govs. positions on restoring benefits
to legal immigrants.

Please let me or Melissa know if
you need additional information.

Thanks,
Loly

GOP Governors on Restoring Benefits to Legal Immigrants

Governor Pataki:

"We think it's inappropriate to change the rules retroactively to deny benefits to those who came here under the old rules," he said Friday. "In the case of New York state, it's approximately 80,000 individuals - legal immigrants who are receiving benefits." - *AP, Jan. 25, 1997*

"It is inappropriate to change the rules retroactively" for immigrants who came here before the legislation was passed, said New York Gov. George E. Pataki in a Capitol Hill news conference. He asked Congress to reconsider the immigrant cutoff, which he said would cost New York \$ 240 million a year to make up from state revenues: - *Washington Post, Jan. 25, 1997*

New York Gov. George Pataki, complained that the legal immigrant provision unfairly burdened his state and that the federal government "was trying to balance its budget on the back of the states." - *The Record, February 2, 1997*

GOV. PATAKI: Right now their cost is being supported by the federal government, and under the legislation it would be shifted to the states so they would not be cared from. We don't want to see the federal government balance its budget at the expense of the states, and we want to see the federal government take a look to see what they can do to help this population.

MR. SESNO: What do you want from the federal government?

GOV. PATAKI: What I would like them to do is to continue to provide benefits for senior citizens who came here under the old rules, who are unable to become citizens, and who depend on Medicaid, SSI, food stamps, continue those benefits.

MR. SESNO: President Clinton would put \$13 billion or so back into the welfare system for some of these legal immigrants. Do you support that? Is that the right number?

GOV. PATAKI: Well, I don't know what the right number is for the country, and I don't want to say that the president should do it this way or Congress should do it that way. What we're looking for are solutions. - *CNN "LATE EDITION" HOST: FRANK SESNO GUESTS: NEW YORK GOVERNOR GEORGE PATAKI (R) HOUSE MAJORITY LEADER DICK ARMEY (R-TX) HOUSE MINORITY LEADER DICK GEPHARDT (D-MO) 12:00 P.M. (EST) SUNDAY, FEBRUARY 2, 1997*

Governor Edgar:

"On another controversial issue, Edgar said there was nothing in Clinton's remarks to the governors to discourage him in his efforts to seek restoration of federal funds to aid some legal immigrants. Their benefits are being cut off as a result of federal welfare reform passed by Congress last year.

Clinton reportedly will ask Congress for about \$13 billion for Illinois and other states with high immigrant populations.

It would cost Illinois about \$163 million to pick up the tab for those benefits currently being provided by the federal government, Edgar said.

"I don't see how we have the state dollars to pick up that program," he said. - *Copley News Service, February 03, 1997*

Governor Bush:

"The welfare system has failed, trapping too many Americans in a life of poverty and dependency. The reform bill is not perfect but it's an important step toward self-sufficiency for millions of our most vulnerable citizens. I wholeheartedly support the RGA resolution, and I look forward to working with members of Congress to improve this landmark legislation, to take care of the elderly and disabled, without going backward," said Gov. Bush. - *RGA press release, Feb. 3, 1997*

Texas Gov. George W. Bush raised the issue at a Republican Governors' Association meeting in Grand Rapids, Mich., last year. At the gathering of governors, Bush called it unfair to "change the rules for an 80-year-old agricultural worker who is in this country legally, and who may be in a nursing home," according to his spokesman, Karen Hughes. - *Washington Post, Jan. 25, 1997*

Governor Almond:

"The governor said he would work to avert cuts in federal assistance to immigrants, but did not spell out what he would do beyond lobbying officials in Washington." - *January Providence Journal-Bulletin 31, 1997*

Mr. Pataki, Mr. Edgar and Gov. Lincoln C. Almond of Rhode Island, a Republican, expressed their concerns at a meeting here today with Trent Lott, the Senate Republican leader. - *New York Times, Jan. 25, 1997*

In an announcement released yesterday morning, the governor pledged that he will "take a number of steps to counter the adverse effects of the federal welfare changes on Rhode Island's legal immigrants." "While federal welfare reform was well intentioned, unfortunately there are elements of the reform that will leave thousands of immigrants in Rhode Island without the important supports of Food-Stamp assistance or SSI payments," Almond said. - *Providence Journal-Bulletin, Dec. 20, 1996*

Governor Whitman:

Whitman said she still hopes "technical corrections" could address the problem, and that Clinton will include additional money for immigrants in his coming budget. Of particular concern, she said, are elderly and disabled immigrants incapable of meeting the requirements for citizenship. - *The Record, February 2, 1997*

New Jersey would spend \$2 million a year to help poor legal immigrants who are elderly or disabled become United States citizens under Gov. Christine Todd Whitman's new budget proposal, a move that might protect them from losing benefits under the new Federal welfare law. - *New York Times, Jan. 30, 1997*

A spokesman for Gov. Christine Todd Whitman (R) said the New Jersey governor also supports reopening the issue. - *Washington Post, Jan. 25, 1997*

Governor Wilson:

California Gov. Pete Wilson joined a bipartisan group of governors Sunday to endorse changes to the new federal welfare law that would reinstate benefits to the nation's most helpless, noncitizen legal immigrants. - *The Daily News of Los Angeles, February 3, 1997*

Speaking on the resolution: "It allows people who are really unable to care for themselves and unable to exist to have a continuing remedy and I think that's proper," Wilson said. - *The Daily News of Los Angeles, February 3, 1997*

Consequently, the policy calls for changes to the welfare law, but it also says changes are not necessarily needed. Asked whether that was not a contradiction, California Gov. Pete Wilson, said: "You got it." - AP, Feb. 3, 1997

Governor Voinovich:

"I am opposed to reopening the law," Voinovich said. "But when you pass a piece of legislation as complicated as welfare reform, there are some aspects of it that you may not have anticipated - for example, the issue of legal immigrants in nursing homes who are receiving Supplemental Security Income. Are we going to throw those people out on the street and wipe our hands?" - *New York Times, Feb. 2, 1997*

Despite their resolution, Gov. George V. Voinovich (R-Ohio) said the governors might look favorably on adding money for elderly immigrants to an appropriations bill, or giving refugees a longer time to receive benefits while they are getting settled. "We think some accommodations might be made in the budget." - *Washington Post, Feb. 2, 1997*

General:

"The call for change, coming as it does from Republican governors, represents an ironic twist in the long-running debate over welfare. It has largely been conservative governors who have most vocally embraced the welfare measure and pushed for its passage. But Pataki, Illinois Gov. Jim Edgar (R), and Rhode Island Gov. Lincoln C. Almond (R) are now asking Senate leaders to reconsider whether some of the revolutionary changes to welfare went too far.

Pataki said he had "significant" support from other Republican governors, and Democratic governors almost unanimously support reopening the bill." - *Washington Post, Jan. 25, 1997*

REFORMING WELFARE

CAN THE SYSTEM BE SALVAGED?

Tom DeLay and Yasmeen Nixon don't exactly travel in the same Washington circles. DeLay, 47, is a fire-breathing conservative congressman from Houston. Yasmeen, 20, is a single mother in her junior year of high school struggling to raise her two-year-old daughter, Rashima.

But on this, the middle-aged congressman and the young welfare mother can agree: The system that supplies Yasmeen with \$330 a month in cash and \$206 in food stamps is a mess. In DeLay's view, welfare is predicated on the "simple condition that recipients promise not to work and not to marry."

Exactly, says Yasmeen. When she took a government-subsidized, minimum-wage job last summer, she nearly went under. Her food-stamp allotment was cut to \$143 a month, \$700 of her wages was subtracted from subsequent cash stipends, and the payments were delayed by paperwork—all because she began working. She fell behind on the rent, and had her telephone and electricity cut off. The experience convinced Yasmeen that the odds are against her getting off welfare, even in a make-work job. "I'd like to go to work, but not for \$330 a month," she says.

When people as different as Yasmeen Nixon and Tom DeLay agree that welfare is a self-defeating trap, can real

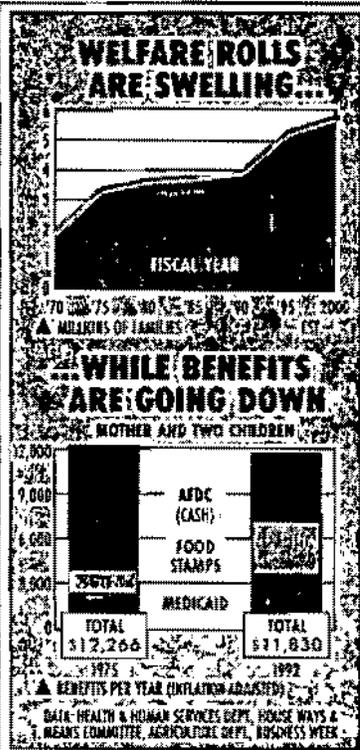
reform be far behind? In Washington, the consensus that the 59-year-old system is broken runs from black conservatives to white liberals, from Democrats to Republicans. Beyond, states are jumping in. From Washington to Wisconsin, Maryland to Massachusetts, they're experimenting with alternatives. "Distrust and anger with the current system unite the entire country," says

David T. Ellwood, one of the Administration's top reform architects at the Health & Human Services Dept.

To seize the opportunity, President Clinton is sending Congress a sweeping reform proposal that is intended to transform the government's welfare check-writing machine into a job-training and work-placement system. At the center of the reform is a two-year time limit on Aid to Families with Dependent Children (AFDC). Instead of languishing on the dole, nearly all welfare recipients would be moved from dependence to the workplace within two years. "We can't have

fewer expectations of welfare mothers than women in the workforce," says Health & Human Services Secretary Donna E. Shalala. "Girls shouldn't think they don't need to get up and go to work in the morning."

But Clinton isn't the only one seeking to leverage the suddenly potent issue. House Republicans, led by DeLay, are pushing their own bill. Moderate Demo-



crats have theirs. The Congressional Black Caucus is readying a set of "non-negotiable demands." And liberals are warning that by punishing welfare mothers, Clinton will just hurt children—who are two-thirds of the recipients.

The two competing bills already in Congress share specific solutions, such as providing job training and child care. The Republicans, though, favor a more



INCHING INTO INDEPENDENCE

Thanks to Denver's training and child-care program, welfare mother Cynthia Hayes managed to find a \$7-an-hour job

fore acquiring even the rudimentary skills of the workplace. This is one area where the U.S. lags behind its major trading partners. "The bottom half of our workforce can't compete with the bottom half of theirs," laments Massachusetts Institute of Technology economist Lester C. Thurow.

Welfare dependency contributes to crime and illegitimacy as well. Welfare has become a sinkhole for young women, and, for men, a safety net that cares for the babies that they make but abandon with impunity. A shocking number of today's inner-city population is growing up without fathers, without their incomes, and without the stability of a two-parent family. Since 1960, the percentage of children living in single-parent homes has soared from 9% to 27%. Meanwhile, the number of children living in poverty has nearly doubled, to 22%. Most of this is attributable to an explosion of out-of-wedlock births.

"DESTRUCTIVE FORCE" The result is a downward economic spiral. Today, the chances of a child growing up to be dependent on welfare is four times greater if that child is born into welfare. "Welfare is a modern-day form of what I call slavery," says New Jersey lawmaker Wayne R. Bryant, a black Democrat from Camden who helped write that state's tough reform law. "It is a destructive force for low-income families."

Certainly, recipients aren't getting rich from the hodgepodge of programs that make up welfare—AFDC, Medicaid, food stamps, free school meals, housing subsidies, and utility assistance. Welfare benefits haven't even kept up with inflation (chart). And in no state does the maximum AFDC benefit raise a family of any size above the poverty line. AFDC spending has actually declined from 1.5% of the federal budget in 1975 to 1%.

Despite ambitious campaign promises, the current welfare system would not end abruptly under the Clinton plan. Rather, by 1996, adult recipients under age 25 would be required to enroll in training and take a job within two years. If jobs for the young mothers aren't available, public-sector jobs would be created. About a third of the 5 million adult recipients, those with disabilities or disabled children or children under age 6, would be exempted. But this would not be workfare—recipients working off their benefit checks in menial or demeaning jobs. "The most important thing we can do is make real work pay better than welfare," says Bruce N. Reed, who heads the White House welfare task force.

To do that will require lots of help for

punitive approach to moving mothers off the dole: imposing tougher sanctions on those who refuse education, job training, or job placement. But the big political clash will come over how to finance reform. "The dirty little secret of welfare reform is that politicians say they can save money, but that's baloney," says Larry Jackson, Virginia's Commissioner of Social Services.

But there are economic incentives for redesigning welfare. Too often, welfare wastes tax dollars on a system that does little more than maintain families at subsistence levels. The cost to business of such wasted potential is high, resulting in a dearth of qualified applicants for even low-skilled jobs such as running a cash register. Many employers find that they must train entry-level workers be-

mothers. The current proposals envision varying degrees of child-care and transportation aid. All would pressure mothers to name the fathers at birth, and all propose mechanisms to enforce child support. The proposals assume universal health-care reform will pass soon.

The bills differ in the penalties to be applied to mothers. Moderate House Democrats would limit former welfare parents to three years of subsidized, community-service jobs before they are dropped. The bill also would impose a lifetime, two-year limit for AFDC benefits. The Clinton plan would leave many of these controversial determinations to the states—for example, the decision of whether to pay for additional children born to welfare moms. The House Republican version also leaves this decision to the states. But it contains other penalties, ranging up to elimination of AFDC.

The largest difference—and it's a critical one—is in the financing. Both House versions offset the expense of child care and job training and placement through a \$20 billion, five-year budget cut. They would eliminate a range of federal entitlement programs, including Medicaid, for legal immigrants. (Illegal aliens are already ineligible for most federal welfare benefits.) Exempted from the cut would be elderly immigrants and those granted political asylum. "The first and most important responsibility of any government is to its own citizens," ex-

plains sponsor Dave McCurdy (D-Okla).

The Clinton bill has \$9.5 billion over five years to pay for reform, potentially a fatal deficiency. Initially, a White House task force gave the President a blueprint for a five-year, \$15 billion reform program. Much of the increased spending for child care was to have come from a \$4 billion tax on gambling. But howls of protest from Nevada, Atlantic City, and Native American groups anxious to protect casino profits killed the tax. Instead, Clinton's program would be paid for by the benefit cuts

to lift their families well beyond the poverty range. "We can't expect welfare recipients to flip hamburgers at \$5 an hour," says Representative Harold E. Ford (D-Tenn.). Ford favors a \$9-an-hour wage for public-sector jobs. Meanwhile, the welfare reform debate is also likely to renew calls to raise the minimum wage.

The Administration hopes to escape the cost crunch because of the so-far healthy expansion. If the economy could continue adding about 200,000 jobs a month, actually below its performance

for legal immigrants, by tax hikes on wealthy Americans, and by some offsetting benefit cuts for the less-well-off. Among the potential tax hikes: eliminating subsidies to farmers with nonfarm income above \$100,000 and ending the tax break for annuities that pay out more than \$100,000 a year. White House Budget Director Leon Panetta lately has been covering the Capitol searching for new tax revenue. He's still empty-handed.

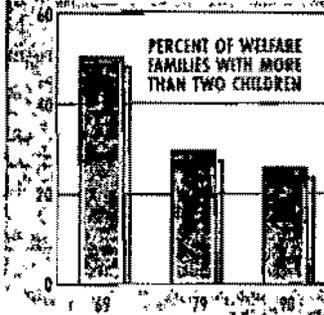
COST CRUNCH. Clinton's \$9.5 billion estimate may be too low, since the actual cost of entitlement programs is difficult to estimate. One critic of the Clinton proposal, Mark Greenberg, an attorney with the Center for Law & Social Policy in Washington, estimates the cost could be nearly that much in just a single year. Some want to spend lots more. Liberal critics are demanding that welfare moms receive wages high enough

HOW WELFARE FAMILIES ARE CHANGING

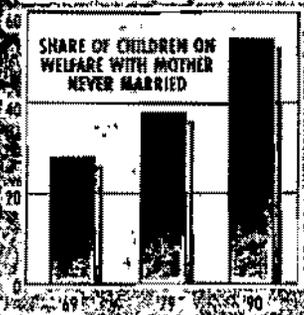
WELFARE MOTHERS ARE YOUNGER...



...AND HAVING FEWER CHILDREN...



...BUT MORE KIDS ARE BORN OUT OF WEDLOCK



DATA: HEALTH & HUMAN SERVICES DEPT., HOUSE WAYS & MEANS COMMITTEE, BUSINESS WEEK

THE BATTLE TO REIN IN WELFARE

THE CLINTON PLAN

WHAT IT WOULD DO Require welfare recipients to agree to education, job training, or placement. Welfare mothers under age 25 who refuse would face a reduction or cutoff in cash benefits, generally after two years, with exemptions for new mothers or those unable to work.

DRAWBACKS Requires universal health care so working poor are not penalized. At \$9.5 billion over five years, may be underfunded.

HOUSE REPUBLICAN VERSION (HR. 3500)

WHAT IT WOULD DO Require welfare recipients to agree to education, job training, and placement within one to two years or face sanctions. Fathers must pay support or participate in a work

program. No added benefits for children conceived during welfare period. Cut off entitlement benefits to legal immigrants.

DRAWBACKS Shifts some of the costs for legal immigrants to the states. Denying additional benefits for children born to welfare mothers just hurts the families.

MODERATE DEMOCRATS

WHAT IT WOULD DO Provide job training and placement and child care and health care for welfare recipients and transitional workers. Set two-year lifetime welfare limit. Make grandparents liable for the offspring of their minor children. Cut off entitlement benefits to legal immigrants.

DRAWBACKS Shifts some of the costs for legal immigrants to the states. Lifetime welfare limit will be tough to enforce. Grandparents may not have the resources to support grandchildren.

DATA: BUSINESS WEEK

this year, the rate would accommodate many new workers and welfare mothers while still shrinking the jobless rate. The Clinton Administration figures that only an additional 200,000 jobs will be needed for welfare moms in 1999, rising to 500,000 a year by 2004.

But successful job placement assumes that reform provides welfare families with adequate health care and child care. Studies show that as many as 20% of welfare recipients stay on AFDC just to keep the accompanying Medicaid benefits for their children—particularly those with chronic illnesses. Infant care in a quality, licensed day-care center can easily cost \$900 a month—far beyond the reach of entry-level workers.

Welfare mothers may well decide to stay home with their children rather than subject them to substandard day care, no matter what the sanctions in the law. "Why, just because I'm poor, should I have to take my kid down to some dark basement to play all day where all the dolls' heads are pulled off?" says Nixon.

WILLING TO PAY. Despite the potential pitfalls, White House advisers relish the symbolism of a Democratic President going after deadbeat dads and welfare cheats. That has the GOP Right worried and searching for ways to up the ante—such as requiring all able-bodied recipients to work for their benefits—a favorite of conservative William J. Bennett, the former Secretary of Education.

President Clinton says he holds out the hope that "welfare reform might catch fire [and] we might have a bipartisan consensus to move the bill in a hurry and get it this year." That would likely give a boost to Democrats in November. But election-year politics will actually make it tougher to get a bill this year because any welfare reform worthy of the name is going to cost a lot—more than the \$9.5 billion envisioned in the Clinton plan and much closer to the \$18 billion to \$20 billion in the two House bills. Under the new budget rules in Congress, that has to be paid for. The cynical ploy of making states and nonvoters—the legal immigrants—foot the bill won't pass Congress.

But gimmicks may not be necessary. Polls have shown that voters are receptive to paying more for improving welfare. And few people naively believe it's going to be simple to "end welfare as we know it," as Clinton has promised. But there is a chance to make the system fairer, reward work, foster independence, and encourage families to stay together. Just doing that much would be a major victory.

By Paul Magnusson and Howard Gleckman in Washington

THE SYSTEM DOESN'T WORK. THIS MIGHT

The key: Turn welfare into a job-creating machine



After three decades of bitter debate, the political system now seems on the verge of a remarkable consensus: Welfare as we know it must end. Changing a system so obviously flawed is a worthy goal, but the challenges are enormous. How can the typical welfare family—an unwed mother with two kids, little education, and few job skills—become self-sufficient? "Never in history," says Douglas J. Besharov of the American Enterprise Institute, "have poorly educated single mothers with children been an economically viable family."

But it is not hopeless. Emerging alternatives to welfare, although still small-scale and local, show promise. **BUSINESS WEEK** endorses a set of proposals that would slash welfare rolls by at least half—moving 2.5 million moms and nearly 5 million kids into mainstream society within two years. These proposals are based on a simple concept: Work is better than welfare. They would focus on getting welfare moms—and 90% of adults on welfare are mothers—into the private sector. Public-service jobs would be available but only as a limited, last resort. Fathers would have to provide financial support to their children.

Any reform plan must help those on welfare without sending the wrong signals to those already working. **BUSINESS WEEK** would continue benefits for the disabled and those with very young or

fill children. Those able to work, who choose not to, would receive no cash benefits, but food stamps and medical care would still be available to kids. Working mothers would receive child and medical care, though only until they could support themselves.

Welfare reform would work best combined with a health-reform plan that gives equal access to medical benefits. Added child care may give welfare mothers an advantage over the working poor, but that may be a necessary price to pay to move moms into the workforce.

NEW HOPE. **BUSINESS WEEK'S** proposals are not punitive. Instead, they seek to provide the poor with the same incentives as the rest of society: Those with intelligence and ambition will use their newfound jobs as stepping stones to more rewarding work. A majority may never get beyond low-paying jobs. But life will change because they—not government—would be responsible for their lives and those of their children. "We need to be saying it's good to work," says top Clinton welfare adviser David T. Ellwood.

Fixing welfare in this way could cost upwards of \$4 billion a year—at least

PROVIDE WORK

Dora Young sees her \$6.17-an-hour job as a stepping-stone

double what Clinton says his plan will cost. That figures a \$4,000 annual tab for a child's day care, vs. Clinton's estimate of \$1,700, plus \$5,000 a year for each public-service job. Make no mistake; it would be cheaper to keep sending welfare checks. But consider the social costs: White women, for example, are six times more likely to go on welfare as adults if they come from a welfare family. Young black men who grow up on welfare are three times more likely to go to jail than those who do not.

Many newly working mothers will pay taxes, and that will help offset the cost—perhaps \$1 billion. The rest would come from spending cuts. Eliminating operating subsidies for Amtrak and setting user fees for the air-traffic-control system would save more than \$2 billion annually. Trimming agriculture subsidies could save \$2 billion more. Paying the bill will be tough, but the real challenge will be getting people working, restoring families, and giving kids some hope. Here's how **BUSINESS WEEK** would do it:

JOBS, JOBS, JOBS. There is widespread agreement among experts that up to two-thirds of the adults on welfare are employable. And most say they want to work. To help them, the system must be retooled to focus on skill training, job search help, and developing close ties to local businesses that can provide the jobs. These positions will be mostly entry-level and won't pay much to start. But with child care and medical benefits, they'll be a start on the road to economic independence.

That's what's happening at The New Hope Project in Milwaukee. Begun in 1990, it provides a wage subsidy, child care, and health benefits, but only for those who are working. Participants must look for private-sector jobs, though some take temporary community-service jobs. Early results: 60% of the 52 volunteers work in local companies.

One success story is 36-year-old Dora Young. A high-school dropout, the Milwaukee mother of five had been on and off welfare for 12 years. But a year ago she landed a full-time job with Marriott Contract Services Inc., cooking lunches for students at Marquette University. Young makes \$6.17 an hour, so she's still getting an income supplement, plus food stamps and Medicaid. Her goal: "To get experience to get a better-paying job."

Not everyone will find work right

away, so new public-service jobs will be needed. But real reform will succeed only if there are enough private-sector jobs to absorb the 2 million or so new workers. Recent studies suggest that work is out there—especially in an expanding economy that is creating about 250,000 positions a month. "It is realistic to think they can find jobs," says Labor Secretary Robert Reich.

Still, many jobs are in the suburbs and would require long commutes. Others just don't pay enough to pull a mother and two kids above the poverty line of \$11,000. Says former Commissioner of Labor Statistics Janet L. Norwood: "There are a lot of jobs for unskilled workers willing to accept minimum wage or just slightly above it."

Side Inc./Temp Side. It teaches word processing, computer programming, and receptionist skills and provides placement in clerical and secretarial jobs. Of the 20 participants hired by Sunny Side, 13 have either gotten a permanent job or are temping full-time.

CHILD CARE. Giving up a welfare check—and the related package of food stamps, child care, and the rest—doesn't make sense if the payoff is a low-wage job with fewer benefits. "Mothers on welfare would love to work," says Massachusetts Governor William F. Weld, "if they had health care and child care." He wants to abolish welfare but use the savings to provide these benefits.

Training and financial support helped Cynthia Hayes, a 31-year-old divorced mother of three who has been on welfare for three years. The Denver program led her through a word-processing and job-search course, then helped her land a \$7-an-hour job. But Hayes says she couldn't have done it without adequate—and state-financed—child care. "There was no way," she says. "Child care would have cost me \$900 a month."

REBUILD THE FAMILY. Nearly 7 million children from one-parent families live in poverty. To help them, the economic and emotional links between fathers and children must be restored. Paternity should be disclosed at birth. Dads who are able should contribute child support. Others should be given training and, if needed, made to perform a public-sector job. Finally, family planning must be taught early to reduce the number of unwanted pregnancies.

LET STATES LEAD THE WAY. All too often, federal rules stifle state welfare initiatives. Welfare programs ought to be turned over to the states so that they are free to experiment, within guidelines set by Congress. The problems leading to welfare dependence are ultimately local, and state officials have been most successful in crafting solutions.

Today, the adults and children on welfare suffer daily from a well-intentioned but misguided system. It will take years to retool welfare into a job-creating machine. But until that is done, too many citizens will be denied a stake in the future. By focusing on jobs, the process can at least begin.

By Howard Gleckman and Paul Magnusson in Washington

HOW TO FIX WELFARE

FOCUS ON WORK Make welfare a short-term safety net, as intended. Require healthy adults to work, but offer job-linked training. Continue assistance to the disabled and those with young or chronically ill children.

TARGET PRIVATE EMPLOYMENT Strive for permanent private-sector jobs. Make public service jobs temporary and a last resort. Abandon welfare. People should work for paychecks, not welfare checks.

PROVIDE PROPER INCENTIVES Today welfare, food stamps, and Medicaid are a better deal than a low-wage job. Instead, provide new workers with tax credits and health and child care. Phase out benefits as pay increases.

SUPPORT FAMILIES Now, the welfare system tears families apart. Change tax and support laws to encourage marriage. Provide family planning at an early age. Establish paternity at birth. Force fathers to help support kids.

ALLOW STATE FLEXIBILITY The most creative welfare solutions increasingly come from state and local governments. Let states run welfare within federal guidelines.

DATA: BUSINESS WEEK

PROVIDE TRAINING. Welfare recipients can survive on such entry-level jobs, but good job training is critical if they are to do better than that. Most of the government's 50-plus training programs for welfare recipients have been well-intentioned but ineffective. To succeed, training must address the basics—arriving on time and taking orders—as well as job skills. And it must be tailored to the needs of individuals and the local market. Ideally, training ought to be tied to specific jobs. Such training won't necessarily cost much; We can retool existing programs, get rid of failed ones, and focus on what works.

Denver's Family Opportunity Partnership shows the promise of targeted training. The program works closely with a local temporary agency, Sunny

BEN WATTENBERG
Wash. Times Staff Writer - 10-91

Welfare reform disaster spotter

Finally, President Clinton has appointed a task force to develop his famous plan to end welfare as we know it, to break the permanent culture of dependence. That's the good news.

But Sen. Daniel P. Moynihan, the man in politics who knows the welfare issue best, is not happy. The New York Democrat says that if the Clinton plan embodies the principles that have been ascribed to it, it will be "a political train wreck waiting to happen." That, says Mr. Moynihan, is because "there is a dirty little secret to it."

The secret is simple: The Clinton plan — at least based on what has been said about it by Mr. Clinton and others — will not end welfare as we know it. Not even close. Douglas Beaharof of the American Enterprise Institute estimates that under the (admirably vague) Clinton program a typical welfare mother will still receive about 90 percent of her current benefits!

How so? The guts of the plan is "two years and out." That ostensibly means that for up to two years able-bodied welfare mothers will get major support for education, job training and child care, but then must get a job or lose benefits.

But what happens if a welfare recipient doesn't go to work? Based on the ideas propounded by Mr. Clinton, the only penalty would be a loss of

the mother's share of an Aid to Families with Dependent Children grant. Thus, the mother continues to receive her children's share of the AFDC grant. And food stamps. And housing grants. And Medicaid. And Women-Infant-Children benefits. And is eligible for about 70 smaller programs. There is little incentive to work.

Moreover, one of the task force's co-chairmen, Harvard Professor David Ellwood, proposes to establish a "child support assurance system." That new program would give extra money to children whose fathers are not paying child support.

(Mr. Ellwood is a mystery. Is he the tough "two years and out" advocate? Or is he the soft "government as Daddy" proponent? He has been described by some hard-liners as "a sheep in wolf's clothing.")

The politics of all this, says Mr. Moynihan, are potentially catastrophic: "What an awful surprise voters will get when they find out that ending welfare means being able to retire on a court-awarded child-support grant!"

The whole welfare situation is a mess, driven by a massive increase in illegitimate births. Nothing seems to work. Mr. Moynihan's Family Support Act (1989) was designed to transform welfare into workfare. But it isn't panning out. A new report by the Public Policy Institute of New York State reveals that the New York effort to reform the system has made it worse, partly because it is based on the idea that "entry-level" jobs are not good enough for welfare recipients.

Is there an answer? A quick cut-off of welfare leaves innocent children in peril. Incremental tinkering with AFDC does not change the bonuses for factless reproductive behavior, thus guaranteeing another generation hooked on dependency.

My guess is that the welfare situation must be seen whole — AFDC, food stamps, housing grants, and most of the rest. Then those "Greater Welfare" programs must be reduced, over time, for able-see WATTENBERG, page F4

WATTENBERG

From page F1

bodied, long-term poor people. An automatic across-the-board cut of, say, 10 percent per year for five years would send the message to future generations that America will no longer make it easy to have children out of wedlock.

Liberals will fight even the original Clinton formulation, let alone any dramatic change to Greater Welfare. But if the task force moves in a tough direction, such a fight might be Mr. Clinton's political salvation. It would help America and prove to voters that it was no trick when Mr. Clinton said, "Welfare should be a helping hand, not a way of life."

Could a tough plan emerge from the Clinton task force? Bruce Reed, another co-chairman of the task force, says the group will look beyond just AFDC to the entire range of welfare programs, with a guiding light of "the bolder the better."

Only such an approach can avert a train wreck.



Daniel Moynihan

Ben J. Wattenberg, a senior fellow at the American Enterprise Institute, is a nationally syndicated columnist.

CLINTON REFORM PLAN

6-15-94

Polarization Politics Seen as Key Obstacle to Plan

Welfare: Despite gaining consensus for his reform proposal outside Capitol, Clinton faces stiff resistance in trying to overcome results from liberals, conservatives.

By RONALD BROWNSTEIN TIMES POLITICAL WRITER

WASHINGTON—The welfare reform plan that President Clinton released Tuesday sits squarely in the center of public opinion on this historically divisive issue, according to a recent poll. But that may not be enough to guarantee the proposal a majority in Congress.

Indeed, the coming debate over welfare reform—which will remain muted until Congress takes action on health care—is likely to illuminate the difficulties of translating a consensus outside the capital into a consensus among the interest groups, elected officials and political strategists who shape the legislative process inside the Washington Beltway.

Within hours of its release, Clinton's plan was under intense assault from liberals as too harsh and from conservatives as too soft. "This is a pretty conservative plan," said Roberto N. Ikeno, a staff attorney at the California Women's Law Center in Los Angeles. "I have some grave worries about whether this is a recognized way of punishing welfare."

Meanwhile, William J. Bennett, education secretary under Ronald Reagan and an unimpeachable conservative, dismissed the plan as "a joke, a hell of a joke... marginal thinking." Only the few voices in the middle praised the program. Will Marshall, president of the Progressive Policy Institute, a conservative think tank, hailed it as "radical, yet constructive change."

Overcoming these impasse toward polarization will make welfare reform the toughest test of Clinton's capacity—and willingness—to forge a new centrist coalition for change that transcends what he has called "the brain-dead politics of both parties."

"The problem is you now go into a congressional process that is driven by political factions... that are not connected to what is happening in the country," said Stanley H. Greenberg, Clinton's pollster.

Over the last 30 years, few issues in American politics have been more divisive than welfare. Conservatives, like Reagan, have routinely discouraged recipients as greedy, indolent "welfare queens," while many liberals have reflexively labeled all critics of the system as uncaring and racist.

The practice of Clinton's presidential campaign—influenced heavily by ideas in journalist S.D. Dawson's book, "Why Americans Hate Politics"—was that the "false choice" in that rancorous debate alienated most Americans. The promise of Clinton's approach in welfare was that by fusing traditionally liberal ideas of increasing spending on education and training with the conservative demand for

The Plan at Work

If passed, the President's plan to overhaul the nation's welfare system will require:



TRAINING

A welfare recipient working with a case manager would be required to develop an employment plan. This plan would identify the education, training and job placement services the recipient needs to move into the work force.



LIMIT ON BENEFITS

1 Recipients over 18 face a 24-month lifetime limit on cash benefits.

2 Mothers who exhaust their cash benefits and have not found a job on their own would be enrolled in a subsidized, private-sector job or community service paying the minimum wage for 15 to 20 hours a week. Parents who refuse to take a private sector job would be kicked out, but those who are unable to find such a job would be allowed to remain in the program indefinitely.



CHILD SUPPORT CRACKDOWN

The child support system would include regular updating of child support awards, new penalties for those who refuse to pay and a national child support clearinghouse to track payments and notify parents who face across state lines to avoid paying.



NEW RULES FOR IMMIGRANTS

New restrictions on welfare benefits for legal immigrants whose relatives can afford to support them.



ANTI-FRAUD MEASURES

A national public assistance clearinghouse would track recipients, monitor earnings and check compliance with work limits and work requirements.



CAMPAIGN AGAINST TEEN-AGE PREGNANCY

A \$100-million campaign against teen-age pregnancy.

The Price Tag

The five-year cost summary of President Clinton's welfare reform plan:

THE COST	
	in billions
More money for education, training and job placement	\$ 2.8
Jobs for participants who reach the two-year time limit	1.2
More child-care spending for people in the mandatory education and training program and in the jobs plan	2.7
More child care for the working poor	1.5
Initial investments to improve collection of child support payments	0.6
Teen-age pregnancy prevention	0.8
Miscellaneous (including an option for states to eliminate bias against two-parent families; investments in automation; and incentives to work and save)	1.7
Total Cost:	10.8
SAVINGS	
From reductions in cases and fraud	\$1.5
Net Cost:	\$9.3

North American Free Trade Agreement. Clinton did seek bipartisan support. But on his top priorities, last year's economic plan and new health care reform, his proposals have been almost entirely at Democrats.

"There is a conceptual Rubicon that this Administration hasn't yet crossed toward a strategy that builds coalition across the center of the spectrum rather than from the left in," said Marshall.

The hesitancy is reflected in some compromises in the welfare plan, critics said. Republicans, for instance, complained that Clinton had undermined his two-year work requirement by allowing welfare recipients to remain on public employment "indefinitely if they cannot find private sector work."

"I think people want complete time limits here," said Rep. Rick Santorum (R-Pa.), who led a task force that produced the principal GOP welfare proposal.

And Republicans, along with some moderate Democrats, complained that by imposing the new two-year work requirement only on recipients born after 1971, Clinton had evidenced his promise to "end welfare as we know it." Intended partly to defuse opposition on the left, that cautious approach means that only about two-thirds of the caseload will face the work requirement by 2001, the Administration estimates.

Those, however, are the kind of tactical differences that legislators are paid to resolve, and Santorum acknowledged that the Clinton work proposals could be the best

for a center-right congressional agreement. "There are problems there," he said, "but they are not insurmountable problems as far as we're concerned."

Paying for the plan will prove another significant hurdle. Clinton's call for funding the reform mostly through cuts in other social programs encounters resistance on the left. But Clinton's biggest problem may be that, by delaying the plan's introduction for so long, he allowed the conservative forces in the welfare debate to gain strength. "They took a lot of momentum," said Rep. Steve McCurdy (D-Ohio).

While moderate Democrats led by McCurdy have put forward a plan similar to Clinton's, congressional liberals have stepped out in various opposition to his two-year limit and "family cap" provisions.

Republicans "have also" registered opposition. "I don't think all House Republicans signed onto Santorum's bill—which approached Clinton's in many respects. But that support has eroded under a widening conservative coalition," Mack which contends that the legislation costs too much, that too little is done to help the most needy and does not draw a sharp enough contrast with Clinton.

Clinton's plan has positioned him firmly in the center of the welfare debate, a position that the legislative process may not be able to maintain. But in the perplexing geography of welfare reform, the center may prove too narrow a strip of ground to control the battle. The test for Clinton now is to demonstrate that his promise of ending the "false choice" of political polarization on welfare is not itself a false hope.

work (embodied in his call for a two-year limit on benefits) he would build a new consensus for reform.

In fact, that consensus already glimmers from surveys of public opinion. Clinton's proposed two-year limit—coupled with a promise of public service employment if private jobs cannot be found—won support from an overwhelming 90% of those polled in an April Los Angeles Times survey. Opinions varied hardly at all by race or party affiliation.

Other core ideas in Clinton's plan also drew substantial majorities. Two-thirds of those surveyed in The Times Poll supported his proposal to require teen-agers receiving welfare to live with their parents or another responsible adult; two-thirds also supported denying additional benefits to women who have children while already on welfare. As Clinton's plan would allow states to do. Another recent poll found more

than 90% of Americans back Clinton's call for cracking down on absent parents who owe child support.

By contrast, 84% of those surveyed supported the idea that had rallied conservatives: cutting off all welfare benefits for women who bear children out-of-wedlock.

But it remains uncertain that the political system can deliver change that reflects the broad consensus in public opinion. If there is any lesson in Clinton's first 17 months in office, it is that Washington actively resists consensus. On issues from health care to deficit reduction to crime, polarization has appeared to be the oxygen of its political system—oxygen that is pernicious as an organizing tool for liberals and conservatives alike.

To many observers, Clinton has exacerbated the problem by vacillating in his legislative and political strategy. On the crime bill now moving toward conclusion and the

Los Angeles Times

National Perspective

SOCIAL PROGRAMS

Clinton's Welfare Reforms Shaped by Predecessors

The President's plan shares similarities with other attempts. But it differs in ways that reflect changing attitudes.

By ROYAL BROWNSTEIN
Times Staff Writer

WASHINGTON—Richard Nixon promised "total welfare reform—the transformation of a system frozen in failure." Jimmy Carter asked Congress to "look for ways to improve welfare systems." Ronald Reagan called for "real and lasting emancipation" from welfare.

Now comes Bill Clinton, who will release a reform plan in Kansas City today that is intended to reduce his promise. "To end welfare as we know it."

Like his predecessors, Clinton's plan begins with the assumption that the welfare system has failed both the hapless and the deserving. It is intended to help. But, in both its ambition and its modesty, Clinton's plan has been shaped by the frustrations that these earlier reform efforts left behind.

The most striking aspects of Clinton's plan attempt to establish a social policy of widespread public consensus around both the importance of work and the urgency of reversing the growing trend toward poverty, welfare, and single-parent families. In the plan, Clinton will require even the members of very young children to accept work after two years on the rolls, and launch several controversial initiatives to discourage idleness—ideas almost entirely absent in the earlier reform efforts.

"The times have changed and our policy's debate reflects the changed times," says Richard P. Nathan, who directed Nixon's welfare reform effort. "The central Democratic today are further to the right than Nixon and the central Republicans were in the 1970s."

And yet, Clinton's plan envisions much more incremental change in the welfare system than the sweeping reforms Nixon and Carter offered. Constrained by the budget deficit and faced with public skepticism over the government's ability to manage large-scale public works programs, Clinton will cautiously phase in his two-year work ban by imposing it only on recipients born after 1971. That will keep down the plan's cost to \$9.3 billion over five years—but will mean that only half the recipients will face the work requirement by then, a prospect that has led critics to call the plan a

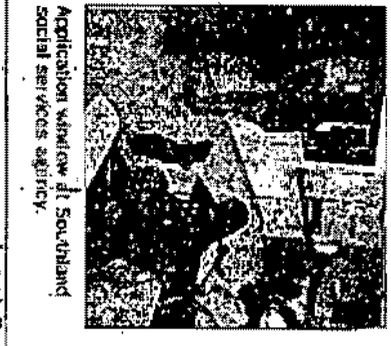
More Families on Welfare

The President's proposal focuses on Aid to Families With Dependent Children. The number of families receiving such assistance more than doubled from 1970 to 1980, a period when the U.S. population rose by 22%.

KEY ELEMENTS OF CLINTON PLAN

- **2-YEAR LIMIT:** A 24-month lifetime limit on each benefit for anyone over age 18.
- **PUBLIC-SECTOR JOBS:** Subsidized private-sector jobs or community service at minimum wage, for those who have exhausted two-year cash benefits and have not found a job on their own.
- **CHILD SUPPORT:** New penalties for those who refuse to pay, and a national child support enforcement system to track payments and catch parents who flee across state lines to avoid paying.

Source: Congressional Budget Office, "The State of the Union Report," 1993.



Source: Congressional Budget Office, "The State of the Union Report," 1993.

Application Whitlow at Southland Social Services Agency



Source: The Times

"welfare to living." What Clinton's plan shares most prominently with his predecessors is uncertainty over how to reform a system that has proved remarkably resilient to reforming efforts. "What's the barrier to that they use the ability to take the best reform ideas, wherever they are, coming from, and ultimately turn them into law," says Gary Baker, Reagan's domestic policy adviser.

Both Nixon's "Family Assistance Plan" and Carter's "Program for Better Jobs and Income" fell into a valley of defeat between liberals and conservatives and failed to clear Congress—although each offered more generous aid packages than anything under consideration today. "The Nixon plan offered a guaranteed minimum income to all families with children, subsidized in most cases on a sliding scale. Carter's would have created a vast public employment plan for welfare recipients and the jobless.

Clinton's plan also offers a guaranteed minimum income to all families with children, subsidized in most cases on a sliding scale. Carter's would have created a vast public employment plan for welfare recipients and the jobless.

Under Reagan, Congress in 1983 finally approved a major reform, the Family Support Act. But in subsequent funding and delays in implementation have dented its impact.

Clinton's call for reforming work after two years echoes the goals of these plans. In the first decade after Congress authorized the welfare program in 1935, women generally were expected to stay at home to rear their children, observe the tenets of Wisconsin's "Mother's Law" and her for-the-bombing-bomb. "But the New England Single Mothers and the History of Welfare."

But as the percentage of women with children working outside the home increased, so did demands that welfare recipients work. An response to these shifting attitudes, the plan developed by Clinton, Carter and Reagan each sought the same balance: increasing the availability of child care and job training

for welfare recipients, and more of them to work. Clinton shares that approach, but he that balance: changing the focus toward the family and giving a leader Nixon's plan, not children 6 years old and no exception from work requirements. Clinton's plan requires that all age 17, it was the family; 1980 reform women will under age 3. Clinton's plan from work; only women with year older younger—and subsequent contingents of 100 children covered with mothers were on welfare.

Clinton's plan also reflects a growing confidence in private enterprise to design and deliver social programs—a major shift from the public sector. Clinton's plan would have created a national public sector jobs program for government to fund job for welfare recipients after implementation—something that would be established work rather than public work. The increased emphasis on private enterprise is particularly apparent in the case of welfare-to-work programs, which are seen as a more effective and less expensive way to help welfare recipients find jobs.

In some ways, this reform program is a continuation of the Clinton's work on welfare policy. Clinton's work on welfare policy is a continuation of the Clinton's work on welfare policy.

Frustrated Efforts

men requesting on's plan offers in ways itudes riment alike. thers with nger were ents. Carter's children up support Act in children will exempt children 1 rovide nly 12 weeks e their ritals say. ets the nroop's nister well as the e. The Carter many as 1.4 hinton's calls of 100,000 lve years even many of rivate sector ployments. in ng adities are n Clinton's eases. ed focus on s the welfare st half of the s aggressively fact ection faded eared in e the ed rising after e came in 1965 than. Then an e wrote a ck community yrate of en almost 1 in ericans. nd ferociously pone. civil n said: "What e the white ily adaptation part of the ave been ene when 30% s of black rriage. With consensus that

to a right to discourage out-of-wedlock births," says political pollster Geoff Garin, who has extensively examined public attitudes toward welfare.

That consensus rests on a different foundation than the fears of "immorality" that dominated welfare policy in the first half of this century. Today, what's primarily driving the anxiety over birth control is marriage are practical fears that family disintegration is contributing to crime, urban disorder and a cycle of dependency.

Yet the question of how to reverse the trend remains enormously controversial, with most Americans hesitant about any programs that "punish innocent children," as Garin says.

In his plan, Clinton will propose a nationwide campaign to discourage teenage pregnancy—including efforts to encourage abstinence, requirements that teenagers receiving welfare live at home or with other responsible adults and, most controversially, giving blanket approval for states to deny recipients additional benefits for children conceived while they are already on welfare.

Liberals denounce that "family cap" as punitive and ineffective and are mobilizing against it. But with illegitimacy fused in the public mind to the issue of crime, Clinton's biggest problem may be preventing the debate from careening further to the right.

Already ideas to deter illegitimacy are proliferating that are far tougher than his. Conservative social policy theorist Charles Murray has found a wide Republican audience for his proposal to cut off all welfare for women who bear children out of wedlock; a handful of other policy analysts, led by criminologists James Q. Wilson and John J. DiIulio Jr., are attracting increasing notice with calls for encouraging (or requiring) more unmarried mothers to place their children in orphanages and foster homes.

If some worry that unhappiness with the present system will produce change that is too radical, the most common fear is the opposite: that Congress will be unable to reach enough consensus to launch a significant departure. The same sort of left-right cross-fire that sank Nixon's and Carter's efforts is already pounding at Clinton's plan.

It will take all of Clinton's political skills to avoid his predecessor's frustration. "It is," says Nathan, "a very delicate balancing act to try to get a coalition to reform welfare."

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Bruce -
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 back in your family's good
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What do you make of
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Welfare plan splits Republicans

By Sandy Hume

House Republican leaders are currently drafting a tougher welfare reform bill in response to President Clinton's calls for a softer version, setting the stage for battles with GOP moderates as well as with the White House.

The leadership plan now includes five major changes — from a reduction in the five-year lifetime limit to retroactive time limits on benefits — that Clinton previously vetoed.

The president has discussed debating the welfare bill for months,

and Republicans want to send a clear message that — calls for bipartisanship notwithstanding — the White House will have a battle on its hands.

"If they want to re-open the welfare debate, we have more than enough reforms we'd like to enact that weren't included in the last bill," said Tony Rudy, a spokesman for House Majority Whip Tom DeLay (R-Texas), whose staff is spearheading the plan. "We will be ready. We're not going to roll over and play dead if they try to gut the welfare bill. And the liberals will be saying,

"Don't put us in that bitter patch."

But several moderate House Republicans — whose power in the 105th Congress many expect to grow — said this week that they would resist the leadership plan. And some may even support some of President Clinton's efforts to tone down the bill.

"Some of the things he [Clinton] is interested in I'm interested in too," said Rep. Nancy Johnson (R-Conn.). "I personally suspect that there are some changes that should be made."

Johnson said that requirements

■ CONTINUED ON PAGE 9

Welfare plan

■ CONTINUED FROM PAGE 1

faced by those who sponsor legal aid may be too stringent, and that form used nationally for beneficiaries on, for example, rent deductions, may not be flexible enough.

"We should look at problems created in the legislation ... that at the time we might not have thought of," Johnson said. "Nobody is proposing changes to the underlying structure of the bill."

The House GOP leadership, however, appears to have significant changes in mind. Among them:

— making the five-year lifetime limit on benefits retroactive (Republicans contend that nearly half of current beneficiaries have already been on welfare for years);

— cutting the five-year limit to as few as two years;

— imposing a family cap on Aid to Families with Dependent Children (AFDC) recipients, meaning that states would not be allowed to give cash benefits to families with additional children while on welfare;

— block granting the Supplemental Security Income (SSI) program to states. GOP leaders contend that the welfare reform bill only slightly adjusted which assists the blind, poor elderly disabled, and which has increased in cost more quickly than AFDC.

Johnson described tougher amendments as "things, as a moderate Republican, I helped drive out of the tent and her position is unchanged."

"I would certainly continue to vote against those," she said.

She is not alone. Rep. Michael Castle (Del.), who co-authored a welfare bill similar to the one ultimately adopted, said "I would not favor making it even more restrictive than it is." At the same time, he opposes Clinton's calls for reinstating benefits

an splits GOP

"I don't doubt that we'll need to make some changes, but we just don't know at this point" what they should be, Castle said.

Like Castle, Rep. Fred Upton (R-Mich.) said he prefers giving it a chance to work before deciding it is broken.

Calling the existing welfare bill "one of the reasons we're still in the majority," Upton was wary of attempts to push forward a tougher bill.

"I don't want to spin windmills," he said. "I want to work on something that's going to be enacted. It's no sweat off his [Clinton's] brow to veto it a third time ... he's not running for re-election."

Another moderate who may join Johnson, though, is Rep. Amo Houghton (R-N.Y.). A spokesman described Houghton as having done his own "independent study" of the bill, even spending a day in a welfare office in his district.

"He is willing to make improvements," said Press Secretary Chet Lunner.

The division portends friction in the smaller House GOP conference between its moderate and conservative wings, which may struggle over abortion, school prayer and affirmative action votes.

"The Republicans really have to fight a two-front war, one with the White House and one to preserve unity in their own party," said Dave Mason, a vice president of The Heritage Foundation. But Mason cautions that it's far too early to tell how difficult harmony in the GOP ranks will be to achieve.

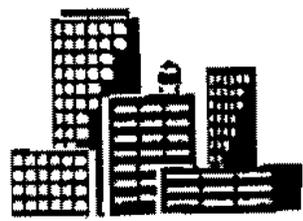
"I don't think we know yet whether there are going to be big divisions among Republicans," Mason said.

Rudy, DeLay's spokesman, vowed cooperation between both wings of the GOP conference.

"We'll work together with the moderates to see if we can achieve step two in the welfare reform process," Rudy said.

**CITY OF MILWAUKEE
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THE NEW YORK TIMES OP-ED MONDAY, DECEMBER 30, 1996

Welfare Recipients Need Wages, Not Workfare

By David R. Riemer

NOW that Federal law allows them to, the states can end welfare entirely for able-bodied adults. They should replace it not with workfare but with a system that pays real wages for community service work. Participants will not only move more quickly into private-sector jobs, they'll get more money. And so will their states' economies.

The national plan to "end welfare as we know it" lets states continue the decades-old practice of giving able-bodied adults a monthly cash grant. Most states will do exactly that. But Washington no longer compels them to do so, and the law gives them at least two other options.

States can set up workfare programs, handing out grants but insisting that recipients work off the money. Or — and this is the real breakthrough — states can end cash grants altogether and use the money to create a system that gives minimum-wage community service jobs to unemployed adults who can't find work in the private sector.

Under workfare, you receive a monthly check (first, then do the work). But a wage-paying community service job, just like a real job, would require you to work first and get paid later. Under workfare, you get a cash grant. You don't pay Social Security or Medicare or file a W-2 form. And

From community service to the private sector.

because cash grants don't qualify as wages, you're not eligible for the Earned Income Tax Credit.

But a wage-paying community service job would give you a regular paycheck. You'd see your gross income shrink because of deductions for payroll taxes, but you'd build up credit toward Social Security and Medicare. You'd be eligible for the tax credit. And you'd become famil-

your way into the private labor market.

One could argue that the combination of a wage-paying community service job and the Earned Income Tax Credit would bring in almost as much as a real entry-level job, thus discouraging participants from seeking private-sector work. The point has some merit, but there are ways around it.

To begin with, community service jobs should provide only 25 to 30 hours of work a week at minimum wage. That would make them less attractive than any private-sector job that provides full-time work, even at the minimum wage. The part-time schedule would also encourage participants to look for real employment. So would limiting community service jobs to, say, six months and requiring an unpaid leave of several weeks after that to seek private-sector work.

Some may wonder whether single parents should be included in such a program. While it makes sense to give cash grants for a brief period to single parents who have just had a child — Wisconsin's six weeks is reasonable — parents should be expected to support their children through work.

But those who hold community service jobs will not earn enough to pay for child care and health insurance, even with the tax credit. So the new system will have to offer all low-

income parents affordable child care and allow families to enroll in Medicaid at a premium they can pay. The Earned Income Tax Credit should also be expanded.

Although a program of wage-paying community service jobs will cost more per person than traditional welfare, it could ultimately mean that fewer people receive state assistance. Even if it does end up costing more overall, it's worth trying. Those who participate will be better able to move into real jobs and be treated with the dignity that society gives people who work for their living. Cities and towns will be improved by assigning people to community service projects, from picking up litter to helping out in day care centers.

And states will get a recurring

fiscal bonus. Here's why.

Only people who are paid a wage can claim the Earned Income Tax Credit. Expanded in 1989 and 1993, this Federal program offers a low-income worker with one dependent child a maximum annual credit of \$2,152. Those with two or more children can get up to \$3,556. And those who are eligible can get 60 percent of the one-child credit right in their paychecks. An extra \$2,000 can really improve these families' lives, paying for rent, groceries, work clothes, bus fare, maybe even a used car. It means getting ahead.

But states gain too, because that extra money their workers receive will ripple through their economies.

Wisconsin's decision to rely mostly on cash grants and workfare, instead of a wage-based system, means thousands of people on assistance aren't eligible for the tax credit. And that means \$50 million less will flow through Wisconsin's economy.

New York City, with more than 200,000 families on welfare, could see an infusion into its economy of as much as \$400 million, if its welfare recipients receive wages through community jobs instead of cash grants.

In 1933, when they launched the Civil Works Administration, and again in 1935, when they created the Works Progress Administration, Franklin Roosevelt and Harry Hopkins jettisoned Herbert Hoover's system of doling out cash grants in favor of a wage-based system for helping the able-bodied poor.

I had hoped that my home state of Wisconsin would take the lead this time around. But if Wisconsin doesn't, other states should. Any state that takes the plunge and replaces welfare with real work will help its poor and its economy. □

David R. Riemer, director of administration for the Mayor of Milwaukee, is on the board of the New Hope Project, which runs a program of wage-paying community service jobs being tested in that city.

cc: Rahm

Welfare Fixers

Adam Wolfson

IN 1982, the journalist Ken Auletta defined *the* question of the underclass: how do we explain why “violence, arson, hostility, and welfare dependency rose during a time when unemployment dropped, official racial barriers were lowered, and government assistance to the poor escalated”?

Indeed, government spending on welfare increased from about \$33 billion in 1964 to over \$300 billion in 1992 (both figures in 1992 dollars). During the Reagan and Bush years alone, total welfare spending rose more than 50 percent. But all the while, rates of poverty, illegitimacy, non-work, crime, and family break-up got worse, not better. From 1965 to 1990, the illegitimacy rate for blacks rose from 28 to 65 percent, and for whites from 4 to 21 percent. Meanwhile, work among the poor plummeted, to the point where today only about 11 percent of poor households are headed by a full-time worker. For many, Aid to Families with Dependent Children (AFDC)—what most of us think of when we speak of welfare—has become a permanent condition, with over 50 percent of its recipients remaining on the rolls for over ten years.

One thing, however, has changed. Since 1935, when AFDC was first created, through President Lyndon Johnson’s War on Poverty in the 1960’s, to Bill Clinton’s 1992 promise to “end welfare as

ADAM WOLFSON is executive editor of the Public Interest.

we know it.” welfare innovation and welfare reform were pretty much a Democratic affair. That is no longer the case. When conservative Republicans gained control of Congress in 1994, they also assumed a major share of responsibility for the nation’s welfare system and those trapped in it.

How do they intend to proceed? As it happens, although most conservatives agree on the permanent need to end welfare as a federal entitlement, there have been three different and, to some extent, rival schools of thought about how to reform the system. All three have been incorporated in the Personal Responsibility and Work Opportunity Act, which formed the basis of the Republican welfare bill that President Clinton eventually vetoed this past January, and also in the many state plans now being put into effect by such Republican governors as Tommy Thompson of Wisconsin and John Engler of Michigan. The three approaches therefore bear scrutiny, for it is no exaggeration to say that the well-being of America’s welfare population, and indeed of American society, depends upon the conceptual clarity with which we approach this long-festering problem.

THE MOST influential of the three schools is associated preeminently with the name of Charles Murray, and its guiding premise is that humans respond rationally to economic incen-

rives. It is a tribute to the sheer rhetorical force and intellectual brilliance of Murray's extensive writings that, although conservatives often tend to resist mechanistic views of human nature, they have embraced this analysis almost without reservation. The most important parts of the Republican welfare bill, those dealing with "personal responsibility," are in fact based on Murray's logic. I am referring in particular to those sections which attempt to curb the high rates of family disintegration and out-of-wedlock births by the application of negative economic incentives. Under these provisions, states would be permitted (though not required) to deny cash assistance to children born out of wedlock to teenage mothers, and would also be permitted (though again not required) to deny additional cash assistance to mothers on welfare who continue to have more children.

Why, Senator Daniel P. Moynihan asked in connection with this aspect of the conservative reform effort, should children have to pay for the sins of their fathers (and mothers)? The answer is to be found in certain assumptions that were first spelled out by Murray over a decade ago in his now-classic book, *Losing Ground: American Social Policy 1950-1980*. The crucial passage appears midway through the book:

It is not necessary to invoke the *Zeitgeist* of the 1960's, or changes in the work ethic, or racial differences, or the complexities of post-industrial economies, in order to explain . . . illegitimacy and welfare dependency. All were results that could have been predicted . . . from the changes that social policy made in the rewards and penalties, carrots and sticks, that govern human behavior. All were *rational responses* to changes in the rules of the game of surviving and getting ahead. [Emphasis added]

In other words, according to Murray, the welfare state has provided exactly the wrong incentives to the poor and the underclass by rewarding non-work, family dissolution, and out-of-wedlock births. It follows that if we change the rules of the game, behavior will change with it. Get rid of the economic supports (e.g., AFDC) that enable poor single mothers to support additional children, and they will eventually either abstain from sex, or use birth control, or (one supposes) have abortions.

There is much to Murray's argument. But implementing it might also entail more than the American people and their representatives are

willing to swallow. The key to his rationalist approach is "the overriding threat, short-term and tangible." Here is how he describes the threat in a recent article on reducing illegitimacy:

A major change in the behavior of young women and the adults in their lives will occur only when the prospect of having a child out of wedlock is once again so immediately, tangibly punishing that it overrides everything else. . . . Such a change will take place only when young people have it drummed into their heads from their earliest memories that having a baby without a husband entails awful consequences.

Murray relies heavily on a calculus of pleasure and pain in part because, as a libertarian, he sees no other way. Since government "does not have the right to prescribe how people shall live or to prevent women from having babies," it is left with no options for affecting people's lives other than the tax code. But there is also a deeper reason for Murray's reliance on what he labels "the technology of changing behavior." He thinks it the only effective means of training the human animal. Though he acknowledges the roles of religion and morality in forming people's sensibilities and attitudes, much of the force of these other agencies, he writes, has always been "underwritten by economics."

It is perhaps this oddly materialist version of human volition that has led some conservatives to look beyond Murray for solutions to the welfare problem. What if, they ask, gutting the welfare system does not have the desired effect forthwith? It will take a very resolute legislator indeed to go on applying negative incentives for as long as it takes. And even if we concede that negative incentives have their place in any plan of welfare reform, how can we expect young people to aspire to the roles of motherhood and fatherhood unless we offer a more elevated conception of these roles in their own terms?

Interestingly enough, Murray himself wrote the preface to a recent book, Marvin Olasky's *The Tragedy of American Compassion*, which embodies an alternative to the "technology" of behavior control. The book's legislative impact has thus far been slight, but its influence can be felt in measures that would authorize states to contract out their welfare services to private religious charities and to churches. Its stamp is also to be found on Republican efforts to restore civil society, like Senator Dan Coats's Project for

American Renewal. The book has garnered the endorsements of such heavyweights as William J. Bennett and Newt Gingrich, and later this spring a more policy-oriented sequel will be published by the Free Press under the title *Renewing American Compassion*.

Though Olasky (who teaches at the University of Texas at Austin) agrees with Murray that we should scrap the current welfare system, his analysis of how we got where we are is quite different from Murray's and, correctly understood, leads down different paths. In fact, Olasky turns Murray's thesis on its head. Although he acknowledges the impact of economic incentives on people's behavior, in his view the underlying forces are spiritual and, broadly speaking, religious. Thus, according to Olasky, "the key change of the 1960's" was "not so much new benefit programs [Murray's claim] as a change in consciousness concerning established ones, with government officials approving and even advocating not only larger payouts but a war on shame."

To Olasky, American social-welfare policy has always reflected the dominant theology of the day. In the 18th and early 19th centuries, theology emphasized a merciful but just God and a sinful human nature that only God's grace could cure. This produced a hardheaded approach to social policy: aid to the poor was given in kind, but not in cash; charity, understood as "suffering with" the needy, was personal and paternalistic; material aid was considered secondary to, and dependent upon, saving souls; aid was for the "deserving," not the "undeserving," poor.

But this Calvinist theology lost out in the late 19th century to a universalistic, liberalized view that "emphasized God's love but not God's holiness," that jettisoned belief in original sin for a Rousseau-like belief in the natural goodness of man, and that essentially secularized a whole range of Christian beliefs. The effects on social policy were dramatic and devastating—and, in Olasky's opinion, completely predictable. The state took over the care of the poor, crowding out private charity. Shame and the work ethic were supplanted by the attitude that the poor have a constitutional right—that is, an entitlement—to welfare. Emphasis shifted from improving the spiritual conditions of the poor to improving their material conditions. As Owen Lovejoy, president of the National Conference of Social Work, put it in 1920, the goal would no longer be private salvation but rather the crea-

tion of "a divine order on earth as it is in heaven."

Olasky's history describes, in short, a descent, a fall from grace. As a nation, he claims sweepingly, we have been making war not on poverty but on God, and "the corruption is general." Therefore, although he too, like Murray, would tear down the welfare state, he does not expect any sudden alteration in behavior. Rather, he sees in the end of the welfare state an opportunity for private charities, and in particular private religious charities, to take over some of the responsibilities of caring for the poor, especially in the (for him) primary arena of their spiritual needs.

After all, writes Olasky, it was the federal government's entry into the welfare arena that "crowded out" private religious charities in the first place. Remove the government, and the charities will come surging back. Yet he is honest enough to admit that the historical record is not entirely clear on this point: which came first, the increasing involvement of professionals and the government in the lives of the poor, or a decline in voluntarism and religiosity? This is a crucial question, for if something in the culture led to a decline in voluntarism prior to the federal government's takeover of welfare, then a simple withdrawal of the latter will not necessarily lead to an increase in the former.

"In the end," predicts Olasky, "not much will be accomplished without a spiritual revival that transforms the everyday advice people give and receive, and the way we lead our lives." If that were really so, it would be reasonable to conclude that public-welfare programs should not be scrapped at all, but rather kept in place until the hoped-for spiritual revival occurs, lest the poor be left without God and without material support at once. Be that as it may, however, there is much else in Olasky's thinking, particularly about the role of private "compassion," that reformers can make use of in the months and years to come.

THIS BRINGS us to the third current. Unlike the first two, both of which see big government as the principal culprit in the welfare mess, this one envisions a role for government in its solution.

Perhaps the principal figure here is Lawrence Mead of New York University. In his book, *The New Politics of Poverty*, Mead argues, against Murray, that the marginal economic disincentives created by welfare do not explain the really

staggering extent of non-work and family dissolution in the welfare population. Moreover, having a baby out of wedlock in order to receive a welfare check is not really "rational," in Mead's judgment. Rather, this and other aspects of the behavior of the underclass are the results of a certain personality profile. The non-working poor, says Mead, are defeatist, passive, and psychologically resistant to taking low-skilled jobs. A "culture of poverty" exists that cannot be fully explained by the rationalist model.

What to do? The answer, according to Mead, is workfare, an approach that would require able-bodied recipients of welfare to enter the labor market. By forcing the poor to be like the rest of us, workfare seeks to manage and even (in the words of Congressman Bill Archer) to "transform" them.

The thinking of Mead and others who favor workfare—Mickey Kaus of the *New Republic* is another well-known proponent of such schemes—is evident in the various versions of the Republican welfare-reform bill. All include the basic requirement that for any aid poor people receive from the government, they must work, in the private sphere if possible but in the public sector if not. According to the bill, 50 percent of welfare recipients must be working by 2002; even single mothers with children (over the age of one) should be required to work; and families receiving benefits will be cut off after five years.

Mead argues that workfare represents, in effect, a "new paternalism," a "tutelary regime." And indeed his ideas have alarmed more than a few conservatives, especially those of a libertarian bent. Many believe that any attempt by the government to mold behavior, even that of the poor, marks a break from the American tradition of limited government. Such fears are in Mead's view well-founded. But the appearance of the contemporary underclass itself marks, he believes, a watershed development in our national life, if not "the end . . . of an entire political tradition." That tradition—the tradition of the Founders, and of such classical liberals as Hobbes, Locke, and Montesquieu—"took self-reliance for granted." It assumed that people are, by nature, rational maximizers of their economic interests. But now it appears that many are not; and so a "new tradition," a "new political theory," even a "new political language" is needed.

All this seems somewhat overheated. For some reason, many of those who propose work as a solution to the welfare problem cannot resist militaristic metaphors. (Thus Mickey Kaus, in *The End of Equality*, urges Americans to build a "Work Ethic State.") But we need not really move beyond our own liberal tradition in order to enforce the norm of work. The Founders themselves recognized that humans are frequently irrational, indeed even lazy. And Adam Smith, the classical liberal *par excellence*, was not mining words when he observed that among the "inferior ranks" of society there was a surfeit of "gross ignorance and stupidity." Rather than positing rational self-interest as a universal human trait, Smith and other classical liberals thought that through persuasion and law, it would be possible to turn men away from their former pursuits of military glory and religious enthusiasm toward "small savings and small gains." A little bit of workfare for those still unmindful of their economic self-interest thus need hardly spell the end of the American political tradition.

WHAT IS especially interesting about the three conservative strands of thought about welfare is that despite the theoretical differences among them, together they provide a coherent guide as to how to fix a broken system. As men are not angels, Charles Murray's negative incentives have their place. But neither are men brutes, and hence something more is needed than a "technology" of behavioral change. As Marvin Olasky reminds us, a rebirth of the spirit of religious charity would change many lives for the better. And as Lawrence Mead reminds us, in a commercial republic such as ours, work is the proper condition for all who are able.

Indeed, the politicians have seen the big picture in a way that is perhaps not so easy for the lone social thinker to do. The Republican welfare-reform bills in Congress, along with the many state plans being put into effect by Republican governors, make use of Murray's incentives, Olasky's religious charities, and Mead's workfare. If there are theoretical and practical difficulties with each of these approaches, it is precisely the combination that may make conservative welfare reform politically palatable and even, in the end, effective.