THE WHITE HOUSE

WASHINGTON

April 5, 1999

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed

SUBJECT: Secretary Shalala's Report on Welfare Reform

Following your recent conversation with Secretary Shalala about welfare reform, she has provided the attached summary of the impacts and implementation of reform. This report pulls together evidence from many of studies we have described before, providing a helpful comprehensive summary. The report urges you to make your FY 2000 budget and other proposals to help low income working families a high priority. Her key points include:

Research Evidence

- Employment: There is solid, consistent evidence -- both from evaluations of state welfare reform demonstrations and national data -- that welfare reform has led to increased employment and earnings for welfare recipients. State studies show employment increases between 7 and 29 percent, and earnings increases of 16 to 27 percent. The employment rate of previous-year AFDC adult recipients increased from 19 percent in 1992 to 25 percent in 1996, and jumped to 32 percent in 1997.

- Family income: When earnings are combined with the EITC and other benefits, families who go to work should have more income than if they remain on welfare. For example, in the average state, a women with two children would be better off working 20 hours a week than she would be on welfare. At the same time, there is some early evidence that some of the most disadvantaged families may be losing income.

- Child outcomes: There are no early indications that rates of foster care or child abuse have increased as a result of welfare reform. For example, a recent study from Wisconsin found 5 percent of former welfare recipients (19 families) had a child live with someone else because they couldn't care for them after leaving welfare, but almost as many respondents (16) said this had happened to them before they left welfare. Maryland found that only 3 children (all in one family) had been placed in foster care out of a sample of 1,810 children in families who had left welfare.

- Food Stamps and Medicaid: As you know, enrollment in Food Stamps and Medicaid has fallen recently for a variety of reasons. The memo reviews the possible explanations but does not have definitive explanations for these trends. We continue to work closely with HHS and USDA to better understand the factors contributing to these trends and to ensure that the federal and state agencies are doing everything possible to make sure those who are eligible for these benefits continue to receive them.

- Legal immigrants: The memo underscores the importance of our current budget initiatives to restore benefits to vulnerable legal immigrants.

State policy choices

- Across the country, there has been a strong and pervasive shift towards encouraging, requiring, and supporting work. Most states require parents to engage in some form of work sooner than the 24 month federal requirement -- 23 states require immediate participation in work -- but they have flexibility to define what counts as work for this purpose. The memo indicates that Pennsylvania is the only state that treats this work requirement as a strict time limit that could lead to terminating families from assistance.

- There is significant variation in state use of sanctions, time limits, and diversion. Thirty eight states terminate assistance for families not cooperating with work requirements (typically cutting off benefits after several infractions, and restoring benefits to those who subsequently comply), while the remainder reduce benefits. Eight states have chosen a lifetime time limit shorter than five years, while five states plan to use state funds to extend benefits beyond the federal five year time limit and another five plan to impose time limits on adults only. It is too early to determine the impact of time limits since only a small fraction of recipients have reached them. Many states are experimenting with a variety of strategies to divert families from receiving cash assistance by providing lump sum emergency payments and other supports and requiring an applicant to search for a job before receiving assistance.

- States are in varying stages of designing strategies for and making investments in helping long-term recipients move from welfare to work and succeed on the job. The challenge is to convince states to invest unspent TANF funds on these adults.

The Unfinished Agenda

To make work pay and ensure the long-term success of welfare reform, Secretary Shalala encourages you to focus on three issues:

- Help low income families retain their jobs and find better ones by: enacting your initiatives to expand child care, raise the minimum wage, and maximize access to Medicaid and CHIP; making Food Stamps more accessible for working families; and through the TANF rule, encouraging states to help working families with transportation, child care and other supports.

- Invest in all families, including the hard-to-serve by: reauthorizing DOL's Welfare-to-Work program, encouraging states to invest TANF funds in hard-to-serve populations as well as non-custodial fathers, and resisting efforts to cut the TANF block grant.

- Treat legal immigrants fairly by enacting our new proposals to restore additional disability, health and nutritional benefits and by releasing guidance on public charge.

WR - Evaluations

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

MAR 22 1999

MEMORANDUM FOR THE PRESIDENT

Introduction

The purpose of this memorandum is to provide a summary of:

- what we know now about the effects of welfare reform;
- what we know about the implementation of welfare reform, including State policy and spending choices; and
- what implications this information has for the next steps and the unfinished agenda of welfare reform.

Welfare reform has been successful in moving many, many families from welfare to work. Yet, the available evidence suggests that there are "winners" and "losers" among welfare families – some families are benefiting substantially from the new incentives, requirements, and opportunities and others are being left behind. And while a variety of studies show positive impacts on earnings, many parents leave welfare for work yet still do not earn enough to raise their families out of poverty. Our challenge now is to make work pay so that no working family is forced to live in poverty.

In order to achieve this full promise of welfare reform, we need to focus attention on supporting working families through a range of strategies, including health insurance, child care, Food Stamps, and other supports, so that families who leave welfare for work that may be low-wage and less than full-time are able to support themselves and their children. We also need to strongly encourage States to focus policy attention and resources on those families who remain on welfare and need more intensive services, including substance abuse and mental health services, domestic violence services, and supported work. Finally, we need to continue our efforts to ensure that legal immigrant families are treated fairly.

The Research Evidence

Despite the broad array of ongoing research about welfare reform, it is still early and our knowledge in many areas is still limited. We know a lot about effects on employment and earnings, but we know little about effects in other domains, such as child well-being or family structure, and we know very little about low-income families who do not enter the welfare rolls. Also, welfare reform has been implemented in the context of a strong national economy, so we know little about the effect of welfare reform in other economic circumstances.

Employment and Earnings

There is solid and consistent evidence from a variety of sources that welfare reform has increased the average employment and earnings of welfare recipients. This finding, that welfare reform and the strong economy have indeed had a positive impact on work, is the most solid of the research findings we have, because it comes from so many different sources.

- Experimental studies of State waiver demonstrations and other work programs that are very similar to TANF programs show consistently positive impacts on employment and earnings[1]. Recent results from specific State programs at the upper range show employment increases in the range of about 7 to 29 percent, and earnings increases of about 16 to 27 percent. For example, in the evaluation of the Minnesota Family Investment Program (MFIP), earnings for single-parent long-term recipients in urban counties increased by $1,041(26.9 percent), and the percent ever employed increased by 17.0 percentage points (28.8 percent) over 18 months.[2]

- TANF administrative data from 39 States shows a 30 percent increase in employment among TANF recipients in the fourth quarter of FY 1997, compared to the first three quarters. Over the same period, the average earnings of those employed increased by 17 percent, from $506 to $592 per month.

- Analyses of data from the Census Bureau's annual Current Population Survey (CPS) indicate a clear pattern of increased employment. The March employment rate of previous-year AFDC adult recipients increased from 19 to 25 percent between 1992 and 1996, and jumped to almost 32 percent in 1997. Also, the March employment rate of single mothers whose previous-year income was under 200 percent of poverty rose from 44 percent in 1992 to 54 percent in 1997, with average annual increases in 1996 and 1997 twice as large as in the previous 3 years.[3]

Other Impacts of Welfare Reform

The evidence about impacts on family income, on food security and hunger, on health insurance status, on child outcomes, and on other family experiences, are much less clear at this point. The best reading of the available evidence suggests that because the baseline levels of employment and earnings for welfare recipients are so low, even with substantial increases most families exiting welfare continue to be poor; and that while some families are benefiting dramatically

---

[1] Fein, David et al, *Indiana Welfare Reform Evaluation: Program Implementation and Economic Impacts After Two Years*, Abt Associates, Inc., November 1998

Bloom, Dan et al, *The Family Transition Program: Implementation and Interim Impacts of Florida's Initial Time-Limited Welfare Program*, MDRC, April 1998.

Miller, Cynthia et al, *Making Welfare Work and Work Pay: Implementation and 18-Month Impacts of the Minnesota Family Investment Program*, MDRC, October 1997.

[2] Miller, Cynthia et al, *Making Welfare Work and Work Pay: Implementation and 18-Month Impacts of the Minnesota Family Investment Program*, MDRC, October 1997.

[3] U.S. Department of Health and Human Services, Administration for Children and Families, *Temporary Assistance for Needy Families (TANF) Program: First Annual Report to Congress*, August 1998.

from the new incentives, requirements and opportunities, others are being left behind. However, current evidence does not support the hypotheses that large numbers of people are becoming homeless or that more children are being moved into foster care (see below).

- Results from waiver demonstrations and studies of recipients who left welfare ("leaver" studies) for the most part indicate that average family income has been unchanged with some families increasing their income but others experiencing declines. For example, 2-year impacts on clients assessed as "job-ready" from Indiana's waiver demonstration showed earnings up 17.0 percent ($1,374) and quarters of employment up 12.8 percent, but total combined income from earnings and benefits was unchanged.[4]

- When earnings are combined with the EITC and other benefits, most families who go to work would have a higher income than if they had remained on welfare. In the average State, a woman with two children could be better off working 20 hours a week than she would be on welfare. However, not all eligible families are accessing tax credits and benefits, such as Food Stamps, child care, and transportation subsidies. In some cases State policy choices may have the effect of restricting families' access to Food Stamps and Medicaid.

- There is some early evidence that the most disadvantaged families may be losing income. CPS data indicate that real average family income for the bottom quintile of female-headed families with children declined between 1995 and 1997, after increasing from 1993 to 1995.[5]

- Some individuals leaving welfare may earn too much to qualify for Food Stamps, or they may be unaware of their eligibility. For example, a South Carolina leaver study found that 17 percent reported having had no way to buy food some of the time since leaving TANF. (This was true of nine percent while on TANF.) Having a job did not reduce the probability of not having a way to buy food.[6]

- Another area of concern is the impact of welfare reform on child well-being in such areas as adequate shelter, health and development, family stability and other outcomes. In particular, we need to measure effects on child health and development, foster care and child abuse. There are no early indications that rates of the latter two have increased with welfare reform.

---

4 Fein, David et al, *Indiana Welfare Reform Evaluation: Program Implementation and Economic Impacts After Two Years*, Abt Associates, Inc., November 1998

South Carolina, Department of Social Services, *Survey of Former Family Independence Program Clients; Cases Closed During April Through June, 1997*, July 1998.

Cancian, Maria et al. *Post-Exit Earnings and Benefit Receipt Among Those Who Left AFDC in Wisconsin*, Institute for Research on Poverty, University of Wisconsin-Madison, October 1998.

Bloom, Dan et al, *The Family Transition Program: Implementation and Interim Impacts of Florida's Initial Time-Limited Welfare Program*, MDRC, April 1998.

Fein, David, and Karweit, Jennifer, *The ABC Evaluation: The Early Economic Impacts of Delaware's A Better Chance Welfare Reform Program*, Abt Associates, Inc., December 1997.

5 Bavier, Richard, "An Early Look at the Effects of Welfare Reform," unpublished manuscript.

6 South Carolina, Department of Social Services, *Survey of Former Family Independence Program Clients; Cases Closed During April Through June, 1997*, July 1998.

A 1997 Maryland study found that, of the 1,810 children in their sample of families leaving welfare, only 3 children, in one family, had been placed in foster care in the 3-6 months of follow-up. The recently published Wisconsin report found that 5 percent of respondents – 19 families – reported that since leaving welfare they have had a child live with someone else because they couldn't care for them, but almost as many respondents – 16 families – reported that this had happened to them before they left welfare.[7] We are investing in additional research on child outcomes under welfare reform, and reports will be available over the coming months.

- We are currently supporting research in a number of other areas where we do not yet have results to report. For example, we do not yet know what the full impact of time limits will be, as only a small fraction of recipients have reached them. Over the next four years, an increasing share of the caseload will come up against them. We are also currently undertaking studies to increase our limited knowledge of how families are faring in which there are persons with disabilities, substance abusers, or victims of domestic violence. Finally, early research is not yet available on the effects of welfare reform on child health and development.

Participation in Medicaid and Food Stamps

Enrollment in both Medicaid and Food Stamps has fallen recently, for a variety of reasons.

- Because of your efforts, Medicaid coverage has been preserved to a substantial extent under welfare reform. Nonetheless, Medicaid enrollment dropped by about 1 million from 1996 to 1997. There are many potential reasons for the decline, and we do not have any definitive answers about why it has occurred. Improvements in earnings and employment resulting from the strong national economy have probably played an important role in this decline, making it possible for some low-income Medicaid families to find jobs that offer health insurance. It is also important to note that, while Medicaid enrollment has declined, the number of people under the poverty level who are uninsured has not increased from 1996 to 1997. Changes in attitudes toward public assistance may also be playing a role in falling TANF, Food Stamp, and Medicaid caseloads.

  However, as States change how they deliver cash assistance, we need to be concerned that a variety of other factors might be affecting Medicaid participation. These include: termination of the long-standing programmatic linkage between eligibility for cash assistance and Medicaid; potential barriers to enrollment for working families (e.g., limited application sites and hours of operation); and confusion about the eligibility of legal immigrants and their citizen children. Finally, as States continue to experiment with strategies that encourage families to seek employment prior to applying for TANF, some eligible adults and children may be diverted from Medicaid, and may not even know they are eligible.

---

[7] Born, C. et al. *Life After Welfare*. Family Investment Administration, MDHR and University of Maryland School of Social Work. September 1997. (This analysis was not repeated in the later reports in this series.)

Survey of Those Leaving AFDC or W-2 January to March 1998, Preliminary Report, Wisconsin Department of Workforce Development, January 1999.

- Food Stamp participation fell from an average of 27.4 million persons in 1994 to 21.5 million persons in 1997 – a drop of 5.9 million. During this same period, the number of persons living in poverty fell by only 1.5 million, from 38.1 million to 36.6 million. Since 1997, Food Stamp participation has dropped even further to 18.6 million persons in December 1998. Part of this drop is due to the new restrictions on Food Stamp participation by certain legal immigrants and able-bodied unemployed adults without dependent children. Also, many eligible individuals may erroneously believe that once they leave or are diverted from TANF they are also ineligible for Food Stamps. In addition, many of the factors cited for the decline in Medicaid participation also apply to Food Stamps. While immigrants and able-bodied unemployed adults without dependent children account for a significant portion of the decline in Food Stamp participation, 60 percent of the decline can be attributed to fewer AFDC/TANF participants.

Legal Immigrants

Legal immigrant families were among those most at risk after welfare reform. Their disproportionate declines in participation are consistent with anecdotal reports we have received about the chilling effect of public charge policies and confusion over changing eligibility requirements on the use of benefits by legal immigrant families. The findings lend support to our interagency efforts to develop clear guidance on public charge policies, and they provide support for the Administration's recent accomplishments and current budget proposals to restore certain benefits to vulnerable legal immigrants. We also have research efforts underway in New York City and Los Angeles that are studying the situation of legal immigrants.[8]

State Policy Choices

States have a wide array of choices when it comes to designing their programs. However, the primary focus of State policy choices continues to be encouraging, requiring, and supporting work. A major study of the implementation of welfare reform noted that the pervasive changes in social programs since enactment of the Personal Responsibility and Work Opportunity Reconciliation Act "have occurred in large part because strong signals have been sent by governors and State legislators that a work-based approach to welfare reform is no longer just one Federal priority among many but is now a central objective within each State."[9] Almost all of the States have moved to "Work First" models, requiring recipients to move quickly into available jobs.

Beyond the focus on work, three other themes stand out about State policy choices:

---

8 Zimmerman, Wendy and Michael Fix, *Declining Immigrant Applications for MediCal and Welfare Benefits in Los Angeles County*, The Urban Institute, Washington, D.C., July 1998.
Fix, Michael and Jeffrey S. Passel, *Trends in Noncitizen's and Citizen's Use of Public Benefits Following Welfare Reform, 1994 to 1997*. The Urban Institute, March 1999.

9 Nathan, Richard P. and Gais, Thomas L., *Implementation of the Personal Responsibility Act of 1996*; Federalism Research Group, The Nelson Rockefeller Institute of Government, State University of New York.

- As envisioned in the statute, there is considerable variety in the choices States have made about policies such as time limits, sanctions, diversion, and policies for families who face specific barriers to work. There is no single, typical program.
- State choices about TANF policy and implementation can affect families' ability to receive other benefits for which they are eligible (such as Medicaid and Food Stamps), sometimes in unintended ways. The "delinking" of eligibility for Medicaid and TANF, for example, offers States both challenges and new opportunities. When families learn they can receive Medicaid coverage without having to receive welfare, they may be less likely to turn to welfare in the first place. Therefore, we must be clear that States are accountable for ensuring access to these benefits for eligible families.
- Many States have not yet reinvested the TANF resources freed up by declining caseloads to help families with more intensive needs (for example, families with a disabled parent or child, families with a member who needs substance abuse or mental health treatment, families suffering from domestic violence) move to self-sufficiency before the time limits take effect. We must keep challenging States to make these investments, while at the same time protecting the TANF resources in the Congress.

Making Work Pay and Requiring Work

States have enacted policies to make work pay, generally by increasing the amount of earnings disregarded in calculating welfare benefits. Forty-seven States made changes to simplify and expand the treatment of earnings compared to the AFDC treatment. In conjunction, all States have raised their limits on assets and/or vehicles so that families do not have to get rid of a vehicle that may be their only transportation to work and so that they can accumulate savings.

Parents or caretakers receiving assistance are required to engage in work (as defined by the State) within 24 months, or shorter at State option. Most States have opted for a shorter period, with 23 States requiring immediate participation in work; 8 States requiring work within 45 days to 6 months; 17 States requiring work within 24 months; and 3 States with other time frames for work. In addition, some States use a narrow definition of "work," whereas others allow for a broader range of activities, including training or volunteering. There is no Federal penalty associated with failing to meet this requirement, so States have considerable flexibility in how they structure and enforce it. Many States have chosen to treat this requirement as a broad goal for the system, and we are not aware of any State except Pennsylvania that is treating it as a strict time limit that could lead to termination of individual families from assistance.

Another major feature of State policy regarding work is the increased use of sanctions if a family fails to participate in required activities. While we do not have good national data at this point, the State waiver studies suggest that there is much more aggressive State use of sanctions under welfare reform. For example, waiver demonstrations indicate that a demonstration county in Florida increased its sanction rate from seven to thirty percent and Delaware's sanction rate increased from nearly zero to fifty percent.[10] Under PRWORA, if the individual in a family

---

[10] Bloom, Dan et al, *The Family Transition Program: Implementation and Early Impacts of Florida's Initial Time-Limited Welfare Program*, MDRC, May 1997.

Fein, David, and Karweit, Jennifer, *The ABC Evaluation: The Early Economic Impacts of Delaware's A Better Chance Welfare Reform Program*, Abt Associates, Inc., December 1997.

receiving assistance refuses to engage in required work, the State has the option to either reduce or terminate the amount of assistance payable to the family, subject to good cause. Thirty-eight States have elected to terminate the amount of assistance payable to a family for not cooperating with work requirements (typically after several infractions), and thirteen States have chosen to reduce the amount of cash payable to a family.

Time Limiting Assistance

State policies related to time limiting assistance to a family vary greatly. States have chosen the following time limit policies:

- 27 States use the federal time limit (Alabama, Alaska, Colorado, District of Columbia, Hawaii, Iowa, Kansas, Kentucky, Maine, Maryland, Minnesota, Mississippi, Missouri, Montana, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Oklahoma, Pennsylvania, South Dakota, Vermont, Washington, West Virginia, Wisconsin, and Wyoming);
- 6 States (Louisiana, Nevada, North Carolina, South Carolina, Tennessee, and Virginia) have chosen "intermittent" time limits with a lifetime limit of 60 months (for example, Louisiana limits TANF receipt to 24 months in any 60 month period, with a lifetime limit of 60 months);
- 8 States have chosen a lifetime time limit shorter than the federal limit (Arkansas, Connecticut, Delaware, Florida, Georgia, Idaho, Ohio, and Utah);
- 5 States have chosen options involving supplements for families reaching the federal time limit (Illinois, Massachusetts, Michigan, Nebraska, and Oregon); and
- 5 States have chosen time limits for adults only (Arizona, California, Indiana, Rhode Island, and Texas).

Diversion

Many States are experimenting with a variety of strategies to divert families from receiving cash assistance. These strategies are quite diverse and include lump-sum cash payments, where families receive a payment sufficient to resolve an immediate emergency (such as a car breakdown) and keep the family working and off of cash assistance; applicant job search, where the applicant is required to look for a job for some period of time (with or without structured assistance from the welfare office) before receiving benefits; and other alternative support services (such as linkages to child care or community resources). These strategies are quite new and there is little research yet on their effects.

However, a recent study, funded by the Department, has examined the emergence of diversion programs as a welfare reform strategy and the potential for diversion to affect access to Medicaid. The study reported on the use of diversion in all 50 States and the District of Columbia, and also included an examination of the experiences of five local communities in establishing and operating diversion programs. In addition to noting the importance of processing Medicaid applications even in cases in which TANF assistance is deferred, it highlights promising approaches that other States may follow to ensure access to Medicaid and other supports, such as child care, for those who obtain employment through diversion or are otherwise diverted from the TANF rolls.[11]

One of the local programs examined in the study is Montana's, which provides a child care and Medicaid only option for families with work or child support income. The study found that this has greatly increased demand for child care in Montana.

Families Facing Specific Barriers to Employment

Although there have been dramatic gains in work for many TANF families, too many families with multiple barriers to success could be left behind. While many parents on welfare have succeeded in moving to work despite extraordinary obstacles, others will need additional treatment and support services to work and succeed at work, and the States vary a great deal in the extent to which they have planned and invested in programs to provide these supports. There are no completely reliable estimates of specific family needs among welfare families, but recent studies suggest that as many as 27 percent of adults in the caseload nationally have a substance abuse problem; up to 28 percent have mental health issues; up to 40 percent have learning disabilities or low basic skills; and up to 32 percent are current victims of domestic violence.

The Department (including both the Administration for Children and Families and the Substance Abuse and Mental Health Administration) has co-sponsored with the Department of Labor a series of conferences on Promising Practices under welfare reform, which has featured practitioners and researchers providing information on the approaches to treatment and support that enable parents facing these obstacles to prepare for work and succeed at work. However, while there are a number of States that have developed innovative and impressive approaches and a few States that have already made substantial investments,[14] we are concerned that too few States are operating at a scale that will meet the need. One important accomplishment to note is that as a result of your strong focus on domestic violence, many States have made policy decisions and investments that focus for the first time on protecting and supporting women on welfare who have experienced domestic violence.[15] The challenge now is to convince States of the importance of investing unspent TANF funds in these hard-to-serve adults remaining on the rolls.

---

11 Maloy, K., et al, *A Description and Assessment of State Approaches to Diversion Programs and Activities Under Welfare Reform.* The George Washington University Medical Center, Center for Health Policy Research, August 1998.

Pavetti, LaDonna A., et al, *Diversion as a Work-Oriented Welfare Reform Strategy and its Effect on Access to Medicaid, An Examination of the Experiences of Five Local Communities.* The George Washington University Medical Center, Center for Health Policy Research, publication pending.

12 *Ancillary Services to Support Welfare-to-Work,* prepared by Mathematica Policy Research, Inc., under contract to DHHS/ASPE, June 1998.

13 *In Harm's Way? Domestic Violence, AFDC Receipt and Welfare Reform in Massachusetts,* University of Massachusetts, 1997.

14 For example, North Carolina is reported to be doing innovative programming with substance abuse clients, and Washington is reported to have focused attention on the learning disabled.

15 *Ancillary Services to Support Welfare-to-Work,* prepared by Mathematica Policy Research, Inc., under contract to DHHS/ASPE, June 1998.

Unobligated TANF Funds

While 17 States (including California, Illinois, and Texas) have committed all of their FY97 and FY98 Federal TANF funds, the remainder of the States have about $3 billion (10 percent of the total) unobligated as of the fourth quarter of FY 98, the subject of much attention in Congress and the press (see attached chart). The reasons include: State choices to hold resources for the future in rainy day funds; a time lag in reallocating funds left uncommitted as a result of unexpected caseload declines; and a time lag in implementing welfare reform on a statewide basis.

Innovative investment of these funds is essential to the success of welfare reform. States need both to help working families to sustain and improve their employment and to help hard-to-serve family members overcome their various obstacles within the time limits, so that all families are given the chance to succeed.

The Unfinished Agenda

Making work pay — to lift families out of poverty — has always been one of this Administration's major goals. Your initiatives to expand the EITC and child care, to raise the minimum wage, and to encourage States to expand their earnings disregards through waivers, have been important steps toward the goal of every working parent being able to provide for their children's basic needs. Yet millions of young, low-income parents are not benefiting from programs like Medicaid, Food Stamps, and child care that could support their entry into the workforce and lift them out of poverty once they do work.

Working parents, including both those who have left welfare and those never on assistance, should not have to worry about being unable to feed, house, clothe, or secure medical care for their children. Yet there are millions of children now living in working families with incomes below the poverty level. To make work pay and ensure the long-term success of welfare reform, forceful action is needed in at least three areas: supporting low-income working families who no longer receive, or never received, cash assistance; helping the less employable TANF recipients secure stable jobs; and continuing our efforts to ensure that legal immigrant families are treated fairly.

Many of the proposals below are in your FY 2000 budget. We will see them enacted only if the Administration as a whole makes these items high priorities in any budget, tax or appropriations negotiations.

Helping low-income working parents keep their jobs and find better ones

1. **Hold the States' feet to the fire.**

Millions of eligible individuals are not participating in programs that would lift them out of poverty. We must use every means available to get States to reach out to these people and provide them with the benefits and services they need.

2. **Enact your Child Care Initiative, which would make child care more affordable for hundreds of thousands of low-income working families and, through the Early Learning Fund, increase the quality of child care and promote school readiness for children across income levels.** (in FY 2000 budget)

We are currently providing child care assistance through Child Care and Development Block Grants for only 1.25 million of the 10 million children eligible.

In addition, an extensive body of research shows that the poor quality of care many young children receive threatens their cognitive and social development. As you and the First Lady highlighted in the 1997 White House conference on early learning and the brain, the first three years are absolutely critical to an individual's intellectual development. Children who fall behind during this crucial period may never catch up, with devastating educational and economic consequences. This is why the Early Learning Fund should be a centerpiece of the Administration's education agenda.

3. **Maximize access to Medicaid by publicizing the range of options available to States under current law to widen outreach and broaden coverage, and by continuing to act on reports that States may be inappropriately diverting eligible persons from Medicaid.**

Shortly, we will issue a guidebook describing the requirements governing Medicaid eligibility, application and enrollment. Under Medicaid, States have great flexibility in how they operate their programs. The guide will also highlight the options States have for facilitating enrollment -- such as expanding coverage of working families under section 1931 and providing presumptive eligibility and 12 month continuous eligibility. As part of our ongoing technical assistance activities, the Department will sponsor a "best practices" conference to help disseminate information on how to improve enrollment. We are also, as you know, working with the NGA on a range of outreach activities for both Medicaid and CHIP.

4. **Eliminate unnecessary reporting requirements for transitional Medicaid, in order to provide this transitional health coverage to more working families.** (in FY 2000 budget)

This will lessen one of the main reasons cited by States and families for low utilization of transitional Medicaid.

5. **Expand allowable uses of the $500 million Medicaid fund created to cover the cost of extra eligibility determination work resulting from the breaking of the link between welfare and Medicaid.** (in FY 2000 budget)

Giving States greater flexibility in the use of these funds for outreach would allow them to enroll in Medicaid and CHIP more children in families that are diverted from or never connected to TANF.

6. **Resist efforts to rescind the funds available for CHIP.**

7. **Enact your proposal to increase the minimum wage from $5.15 to $6.15.**

Various studies have found that the average wage for those leaving TANF for work ranges from approximately $5.50 to $7.50 per hour. A minimum wage increase would put significantly more money in the pockets of those parents currently working for less than $6.15 per hour and would likely also bump up the wages of many now earning just over $6.15.

8. **Make Food Stamps more accessible to working families by:**

   - **Eliminating the vehicle fair market value test (while retaining the more appropriate equity test; the equity is the amount the household would receive, and could use for food, if the car were sold);**

   - **Giving States the option to implement quarterly reporting (in addition to the current options of monthly reporting or reporting any change within 10 days); and**

   - **Increasing the error rate tolerance from the current $5, an action that would reduce potential State liabilities for serving working families with changing circumstances.**

The latter two proposals do not require legislation.

If savings are identified from the larger-than-expected decline in the Food Stamp caseload, it would be appropriate and desirable to reinvest those dollars in the Food Stamp program to expand access for working families. I know this is a priority for Secretary Glickman, and I completely share his goals in this area.

The availability of Food Stamps as a support for such families can also be enhanced by encouraging State outreach, especially for families diverted from or leaving TANF, and by clarifying State obligations under current law and regulations (which USDA did in a January 29 letter to State commissioners).

9. **Publish the final TANF regulations, which will encourage States to help working families with transportation, child care or post-employment education or training (to upgrade skills), and to otherwise use TANF dollars creatively to accomplish the goals of welfare reform.**

In addition, the Department will continue to explore through demonstration projects innovative strategies to stabilize the employment and boost the earnings of TANF recipients who find jobs.

This year, the Department will award the first High Performance Bonuses on job retention and earnings gains, as well as initial job placement. We will continue to encourage States to focus on these goals, which will in turn provide us with a wealth of information regarding State performance in welfare reform.

10. **Secure the additional $144 million requested for HUD's Welfare-to-Work housing vouchers and the additional $75 million sought for the Department of Transportation's Job Access program in the FY 2000 budget.**

Investing in all families, including the hardest to serve

11. **Reauthorize DOL's Welfare-to-Work program, which is targeted to high-poverty areas and to hard-to-employ recipients.** (in the FY 2000 budget)

12. **Encourage States to make the additional TANF investments (e.g., in substance abuse and mental health services, services for victims of domestic violence, intensive work services) needed to move some of the more disadvantaged recipients into long-term employment. Also encourage States to invest in services for non-custodial parents, to help them increase their earnings and child support payments.**

Treating immigrants fairly

13. **Give States the option of providing Medicaid and CHIP to legal immigrant children who entered the country after enactment of welfare reform.** (in the FY 2000 budget)

14. **Give States the option of providing Medicaid to pregnant legal immigrants who entered the country after enactment of welfare reform, to ensure that their children, who will be U.S. citizens, get the best start in life.** (in the FY 2000 budget)

15. **Release DOJ/INS/State guidance on public charge.**

Clarifying the public charge policy will ensure that immigrant families know which benefits they can access without fear of deportation or other adverse impact on their immigration status, thus addressing the potential effect of public charge on this community's receipt of needed benefits.

16. **Restore SSI and Medicaid for legal immigrants who entered after enactment of welfare reform, have been in the country for five years, and became disabled after entry.** (in the FY 2000 budget)

17. **Restore Food Stamps for aged legal immigrants who were in country prior to passage of welfare reform and turned 65 after that date.** (in the FY 2000 budget)

Maintaining TANF funding

18. **Resist efforts to reduce the TANF block grant and enact the Administration's budget proposal to uncap the contingency fund; this combination will enhance States' ability to meet needs not currently anticipated.**

As welfare reform has been implemented in a time of a strong national economy, we know little about how effective the TANF program would be in other economic circumstances. In addition, it is likely that falling caseloads have left on the welfare rolls a higher proportion of families who need intensive services.

Conclusion

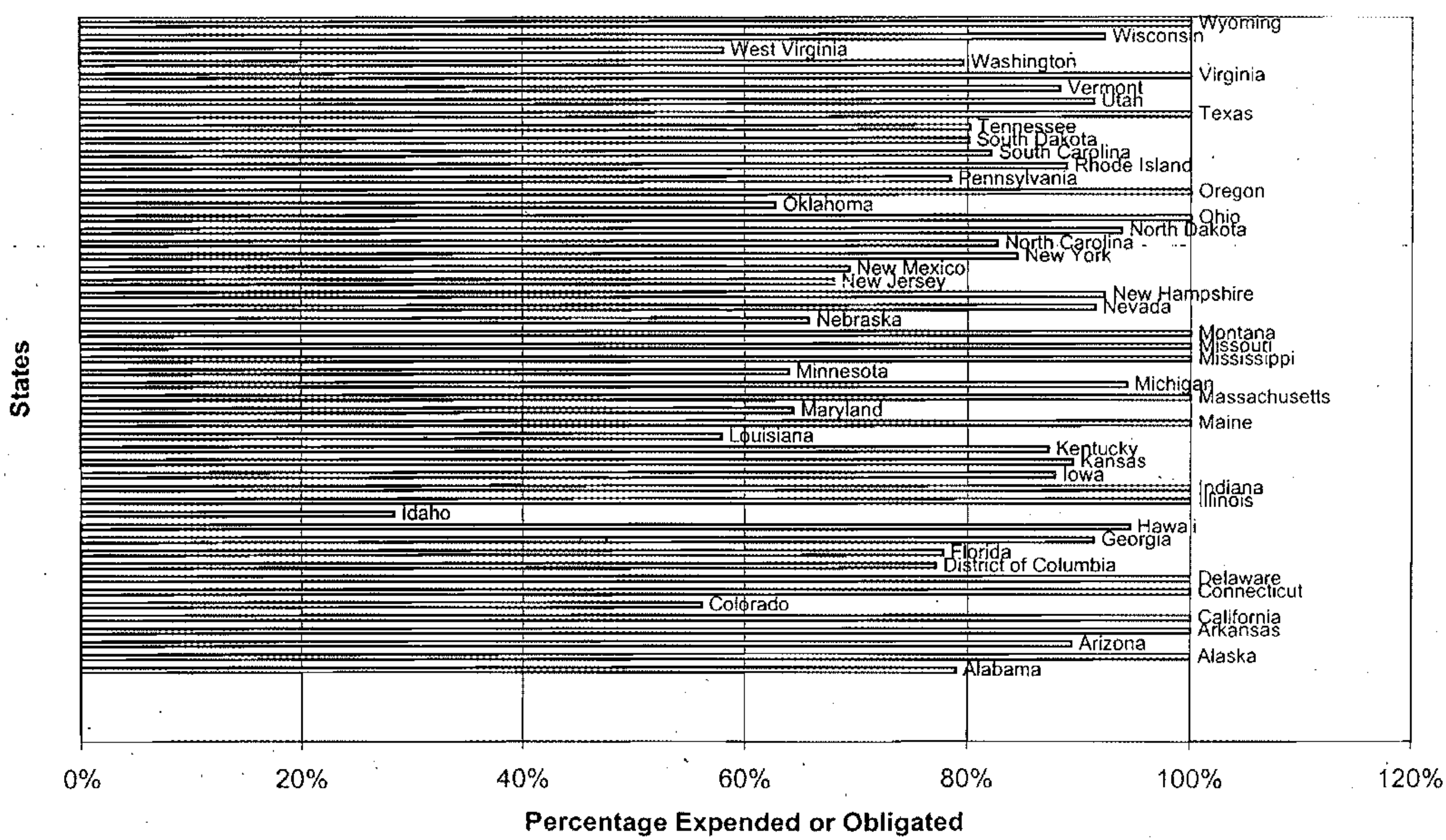
Perhaps the most important step you can take as President is to help working families by fundamentally changing the perception of programs such as Food Stamps, health care (Medicaid/CHIP), and child care so that they are seen as supports for working families. Low and moderate-income working families should think of Food Stamps, Medicaid, CHIP or child care subsidies as no different from student loans, Hope scholarships, or Pell Grants – which no one considers welfare. States are the critical actors in this transformation and we need to hold them accountable for both moving more forcefully in restructuring their income support systems to make them worker-friendly, and investing TANF resources to ensure that all families move to work and succeed at it. The States need to focus on lifting working families out of poverty, not just getting them into jobs.

The initial success of welfare reform is clear. Now we must, through the actions described above, take the next steps toward making work pay and ensuring that no working parent is unable to meet their children's and their own basic needs. Our goal must be to lift every working family out of poverty.

Donna E. Shalala

Attachment

90% OF FY 97 & 98 FEDERAL TANF FUNDS HAVE BEEN EXPENDED OR OBLIGATED BY STATES



EXECUTIVE CORRESPONDENCE

DO NOT WRITE ON THIS COVER AS IT IS INTENDED FOR RE-USE
RETURN IT WITH THE FILE COPIES TO ORIGINATING OFFICE

WR - Evaluations

Working program gives hope to poor

More near middle class in Milwaukee

ASSOCIATED PRESS

The Milwaukee experiment began with a simple philosophy: People working full time shouldn't be living in poverty. It offered child care, health insurance and extra cash in hopes of lifting the working poor toward the middle class.

Now researchers have concluded it worked, increasing earnings and decreasing poverty while improving children's performance in school. Their findings, being released today, are sure to be examined by states worried that people streaming off the welfare rolls are still dwelling in the economic basement.

"In many ways, this is sort of a vision of a new kind of social contract: If you are willing to work full time, we will make it worth your while," said Robert Granger, who directed the study of the New Hope Program for Manpower Demonstration Research Corp.

Participants who were working full time were entitled to free child care and health care, plus extra payments that would bring their income to the poverty line. For those who could not find work, New Hope offered short-term, full-time community service jobs.

Researchers found the program cut in half the number of people who had never worked and boosted participants' incomes by 13 percent. The results are particularly notable because people outside the program were likely to work on their own, thanks to a strong economy and pressure from Wisconsin's tough welfare program. Still, the New Hope participants did even better.

Since the program's inception, many states, including Wisconsin, have begun offering some of the same services, sometimes to the working poor as well as people on welfare. More money is now available for child care and a new program to get health insurance to children in working-poor families. The federal earned income-tax credit has been expanded, giving more of the working poor the chance to sharply cut or eliminate their tax bills.

But New Hope went further, particularly by offering the community service jobs.

Monique Harris began in New Hope with a community service job when she could not find anything on her own. She is now earning $10 an hour.

"I would just get interviews and the letters would come saying they found someone more qualified, with more experience," said Miss Harris, who had been on welfare for a few years when she joined the program.

She started taking messages and filing papers at a community health clinic. Then, when her six months of community service ran out, she got a regular job in the billing department. In the meantime, the program made sure she had health insurance and child care and gave her extra money.

Those perks are gone now; participants were allowed only three years in the program, but Mrs. Harris is still working. In fact, researchers found that most people who took community service jobs found regular work afterward.

A local nonprofit group designed New Hope as an experiment to see whether offering support services could encourage full-time work and lift people out of poverty. It was funded by grants from foundations and the city, state and federal governments.

It enrolled about 700 people in 1994 and 1995 and closed last year. Another 700 people who showed interest in the program were not enrolled so researchers could measure the impact of the program by comparing participants with the nonparticipants.

The Washington Times
FRIDAY, APRIL 16, 1999

The Washington Times
FRIDAY, APRIL 16, 1999

NATO attacks resume in wake of mistaken strike on refugees

Serbian forces fire shells at KLA over Albanian border

By Veselin Toshkov
ASSOCIATED PRESS

BELGRADE, Yugoslavia — NATO acknowledged yesterday that its bombs hit a convoy of refugees in Kosovo but pressed ahead with its air campaign, hitting military barracks, TV transmitters and bridges throughout Yugoslavia.

NATO expressed deep regret over the "tragic accident," saying its planes had been targeting Serbian forces when they struck a column of ethnic Albanians fleeing the province. The bombing left refugees' bodies dismembered and burned on a Kosovo road.

Meanwhile, Serbian forces lobbed artillery shells over the border into northern Albania in a running battle with the rebel Kosovo Liberation Army. International observers said that five KLA fighters had been killed in the past 24 hours.

Some mortars landed close to Albania's border checkpoint at Morini, where international aid workers were operating and refugees were passing through, said monitors from the Organization for Security and Cooperation in Europe, which watches the border.

Thousands of ethnic Albanians crossed into Macedonia and Albania yesterday, fleeing what they described as a methodical Serbian push to empty towns and villages in Kosovo.

Yugoslavia renewed its denunciations of the attack on the convoy. "This is the worst picture of a humanitarian catastrophe brought on by the NATO bombings," said Foreign Ministry spokesman Nebojsa Vujovic.

In Djakovica, the main town nearest the attack, an investigative judge said 69 bodies, mostly women, children and elderly, had been identified so far.

There were additional charred bodies and body parts, making a precise body count difficult, said the judge, Milenko Momcilovic.

Teuta Sulja, 16, told reporters on an official Yugoslav-organized trip to the site that seven persons were killed on the flatbed trailer she was riding on.

"I lost an uncle and a father and another relative," she said.

At its headquarters in Belgium, NATO said it "deeply regrets the loss of life." NATO spokesman Jamie Shea said the alliance had taken "every possible precaution" to avoid hurting civilians.

British Prime Minister Tony Blair said ultimate responsibility lay with Yugoslav President Slobodan Milosevic, because his campaign of "ethnic cleansing" against Kosovar Albanians had precipitated the attack.

"Of course, we regret these things deeply when they happen. But that should not make us flinch from placing responsibility for this conflict squarely on the shoulders of . . . Milosevic," Mr. Blair said.

Mr. Milosevic launched a crackdown on ethnic Albanian separatists 14 months ago in Kosovo, a campaign that has forced tens of thousands from their homes. The NATO bombings began March 24 after he refused to sign a peace accord for the province.

The goal of the air operation is to cripple Serbia's ability to crack down on the ethnic Albanians.

The presence on Kosovo's roads of huge refugee columns like the one hit Wednesday could signal a final push by Serbian forces to rid the province of its ethnic Albanian majority.

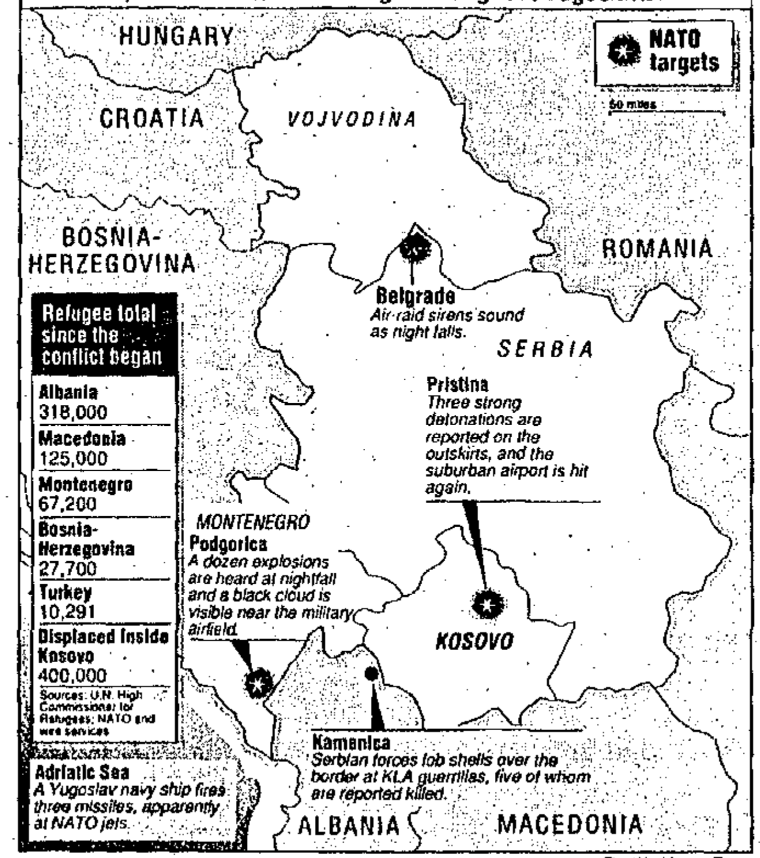
Along the tense Albania-Yugoslavia border, international observers reported a new round of Serbian shelling, as well as machine gun and mortar fire near the Albanian hamlets of Padesh and Kamenica.

Kamenica briefly fell into Serbian hands Tuesday when light infantrymen pushed across the border into Albania.

In the latest wave of attacks by allied planes, NATO targeted military installations that included barracks in the suburbs of Belgrade, along with transmitters carrying state-run TV.

WAR IN YUGOSLAVIA: DAY 23

NATO presses ahead with its air campaign, hitting military barracks, TV transmitters and bridges throughout Yugoslavia.



The Washington Times

In other developments:

- Witnesses said a Yugoslav navy ship anchored off Montenegro had fired three missiles, apparently trying to hit NATO jets.
- The state-run Tanjug news agency said NATO targeted 10 towns or their surroundings. New NATO strikes were also reported in Kosovo.
- NATO strikes also knocked out a major railway bridge over the Lim River and hit another bridge over the Ibar River valley, both south of Belgrade.

Good news on welfare

There's no doubt that the latest news about welfare, released last week by the Department of Health and Human Services, is good news: the percentage of people in this country on welfare is lower than it's been since 1970.

Since 1993, HHS reported, the number of welfare recipients has dropped by 25 percent, to 10.7 million. Almost half of that decrease happened after the welfare-reform bill was signed last year. And the trend is nationwide: Though some states, notably Oregon, Wyoming, Wisconsin, Tennessee and South Carolina, have gone lower than others, all the states except Alaska and Hawaii have posted decreases. Apparently, state welfare authorities have been taken enough by surprise by this development that the majority have no mechanism in place for tracking former welfare recipients. But in Massachusetts, where at least some tracking has been done, the results are illuminating. As The Washington Post reported it, 20 percent of those leaving the welfare rolls did so because they no longer qualify, 10 percent had moved out of state, a small percentage were in the process of reapplying for benefits — and *50 percent* had gotten a job.

Clearly, more and better tracking will have to be done to determine very precisely how and why the decrease developed — and to ensure that it is maintained. But the latest figures, showing continued and even greater decreases since reform went into action last year, make it quite obvious that welfare reform, as envisioned by the governors who created their own state-based plans, and as enacted nationally by the Republican Congress and signed by a Democrat in the White House, is working as well as had been predicted.

Now comes the fight over who gets the kudos. Mr. Clinton, of course, is not likely to give up the presidential prerogative of taking credit for good things that happen on his watch. He ran in 1992 on the pledge to "end welfare as we know it," and when he signed the bill in 1995, welfare as we know it did indeed come to an end.

The story is slightly more complicated than that, however. Once he was off the campaign trail and in the Oval Office, Mr. Clinton became something of a reluctant welfare reformer.

His first priority in social policy was not welfare reform, but a plan for massive government intrusion into the nation's health care system. As New York Democratic Sen. Daniel Patrick Moynihan observed, quite rightly, the priorities were misplaced; the nation faced no crisis in health care, but welfare assuredly was in crisis. Trillions of dollars spent over three decades of anti-poverty policies had mainly yielded a culture of dependency, family breakdown and other social pathology.

The administration had a solution of sorts — in effect, a massive jobs and job-training program that would have been even more expensive than the current welfare system, while still preserving many of its dependency fostering features. Even so, the proposal went nowhere in the first two years of his first term.

Then came the election of a Republican congressional majority in 1994. With the arrival of the GOP came a genuine commitment to welfare reform — as well as a broad consensus among members of both parties in Congress that the time had come to act. In many cases with bipartisan support, Congress passed legislation aimed at ending the welfare entitlement. But this was hardly legislation to the liking of the people who had come up with the administration plan not long before. Twice, Congress sent Mr. Clinton a reform bill with teeth. Twice, he vetoed the reforms.

The third time was a charm — thanks to his 1996 re-election bid. There were minor changes between the bills Mr. Clinton vetoed and the one he eventually signed. But the biggest change was the political calculation. Mr. Clinton's 1996 re-election bid was underway, and he determined that signing the welfare reform bill would be a substantial boost.

Call it democracy in action. And give Mr. Clinton due credit. He didn't necessarily want to be where he ended up — but he got there, courtesy of the GOP Congress.

WR — Evaluations

The plight of Christians

You might say that the State Department has found religion, or more accurately, religion has finally made a dent at the State Department. Whichever you prefer, suddenly the Clinton administration has become very concerned with the fate of Christian believers around the world. So concerned, in fact, that a report is dedicated solely to the issue. The State Department recently published the first ever report on the state of religious freedom around the world and what the U.S. foreign service has been doing to uphold the principle of religious liberty.

The truth is that Christians have become the most persecuted group on earth with over 250 million believers attacked, threatened and even murdered for wanting to live as Christians. And as surprising as it may seem, it is only recently that the question of religious persecution of Christians has become at all a concern of the foreign policy establishment. Now, the State Department report has assessed the state of religious freedom in over 70 countries along with brief descriptions of what American activities have been to support the rights of believing Christians to practice their faith.

The details of Christian persecution are gruesome and widespread. In China, Christians are unable to openly practice their faith, they are harassed by the police and arrested. In the Sudan, Christians and animists in the South are forced into slavery in the North where they are used as concubines, beaten, tortured and forcibly converted to Islam. In many of the countries of the Middle East, Christians have been harassed and murdered and once vibrant Christians communities have been nearly destroyed by Muslim governments.

The State Department report goes through country by country assessing the state of religious freedom enjoyed by citizens. In some cases, however, political considerations seem to have taken precedence over a truthful account. The Christian community of Egypt, for example, is in dire straights but not because of the government. Rather, terrorist Islamic groups have burned down churches and murdered Christians while the police have made very little effort either to stop the persecution or to arrest the guilty. But the report's assessment of Egypt's level of religious freedom does not nearly approach the reality of the situation not to mention the lack of government concern for non-Muslim citizens. According to Michael Horowitz of the Hudson Institute, "Egypt got off easy."

It is important to note, moreover, that the State Department did not decide to report on religious freedom of its own accord. The subject has only recently become a foreign policy issue as a result of the dedicated efforts of individuals and organizations around the country who have pressed for greater awareness of the plight of Christians overseas. This new movement has led to the soon-to-been debated Wolfe/Specter bill on religious persecution which would establish an independent office within the White House to monitor religious persecution around the world. Sounds like an excellent idea.

The Washington Times

MONDAY, AUGUST 18, 1997

University of Wisconsin–Madison

Institute for Research on Poverty

WR-Evaluations

Post-Exit Earnings and Benefit Receipt among Those Who Left AFDC in Wisconsin

Maria Cancian, Robert Haveman, Thomas Kaplan, and Barbara Wolfe
with the assistance of Sandra Barone and Dan Ross
Institute for Research on Poverty
University of Wisconsin–Madison

July 20, 1998
Release Date: August 31, 1998

This second interim report was prepared for the Assistant Secretary of Planning and Evaluation (ASPE) of the U.S. Department of Health and Human Services. Data used here were provided by the State of Wisconsin under an agreement between the Department of Workforce Development (DWD) and the Institute for Research on Poverty. The cooperation and assistance of DWD is gratefully acknowledged. The opinions expressed are those of the authors, and do not reflect the views or policies of ASPE or DWD.

Post-Exit Earnings and Benefit Receipt among Those Who Left AFDC in Wisconsin

I. INTRODUCTION

During the period from July 1995 to July 1996, single-parent AFDC caseloads in Wisconsin declined sharply, by 23 percent.[1] Who were these families who left the rolls during this period, and what has happened to them? This paper is the second in a series of reports on the characteristics, economic status, and labor force participation and earnings of single, female-headed families who left the Wisconsin AFDC program during this one-year period.

The first report of the series described the characteristics of women who received AFDC in Wisconsin in 1995. The report noted that Wisconsin AFDC cases headed by single, adult women were primarily urban, young, and relatively lacking in formal education. The report contrasted the characteristics of those who left AFDC with those who stayed, and assessed the relative importance of various household and locational characteristics for the probability of leaving welfare. Controlling for other factors, the characteristics most closely associated with the probability of leaving welfare were:

- mother's education,
- the number and age of children,
- residence in an area of low unemployment, and
- race.

This report extends the analysis of "leavers" contained in the earlier report, using a slightly different sample of leavers. (Appendix 1 compares the sample definition in the two reports and explains the reasons for the shift in sample definition.) In particular, we address the following questions about these families:

- What proportion of this group of leavers returned to AFDC, and what characteristics of leavers are most closely associated with returning to AFDC?
- Did AFDC leavers and their families have incomes that exceeded the maximum benefits they would have received under AFDC?
- Did leavers and their families escape poverty after leaving AFDC?
- How much did leavers use other public assistance programs, and what household characteristics most affected the probability of using other public assistance programs?

---

[1]Wisconsin's AFDC-Regular program (for single-parent families) provided benefits to 65,017 cases in July 1995 and to 50,166 cases in July 1996.

- To what extent did leavers work and earn in the periods after they left AFDC, and how did these trends compare to the work and earning patterns of those who did not leave AFDC?
- What household and locational characteristics among leavers were most closely related to the probability of working at all, and of obtaining relatively high earnings?
- What kinds of jobs did leavers find, and which kinds of jobs seemed to offer the highest wages and the most stability?

The analysis reported here is based on administrative data from the state of Wisconsin. In order to analyze the earnings patterns of participants we have merged data from the CARES system (which includes information collected in the context of administering AFDC and related means-tested programs) and the Unemployment Insurance system (which includes information on quarterly earnings and employer). While these data allow us to consider a substantial range of outcomes, a number of important limitations must be considered in interpreting our results. We have data only on public assistance received in Wisconsin and on mothers' earnings reported to the Wisconsin Unemployment Insurance (UI) system. We have no measures for individuals who moved out of state, no measures of earnings of individuals who are self-employed or in other noncovered UI employment, and no measures of spouse or partner's earnings or other income.

Since we recognize that individuals who never appear in any public assistance or earnings records after leaving AFDC may have left the state, we report selected results for a sample that excludes these "disappearers."[2] However, we do not exclude those who may have been out of state for part of the post-exit period if they appear in administrative records for at least some time. To illustrate the implications, take as an example our analysis of post-exit earnings: An analysis of earnings that excludes cases that have disappeared from all state administrative data likely overstates employment levels, since some disappearers have not left the state and should be counted among those not working. On the other hand, an analysis that includes all leavers understates earnings, since some individuals have earnings out of state or in uncovered employment.

Despite these limitations the merged administrative data provide a productive starting point for the timely analysis of important policy issues. Further information on data construction and sources is contained in Appendix 1.

[2]Tables 1–4 include all leavers. Remaining tables exclude the 7.8 % who "disappeared." Parallel tables including the full sample are available from the authors. We are unable to distinguish the reasons that individuals disappear: some get married and rely on a husband's earnings (not working or receiving benefits), some are in-state but manage without public assistance or own earnings, and some have left the state.

II. A COMPARISON OF LEAVERS AND RETURNERS

A. Who Left AFDC?

Defining "leavers" as those who received no AFDC benefits for two consecutive months between August 1995 and July 1996, we identified 26,047 leavers and 28,471 "stayers"—those who received benefits throughout this period. We tracked leavers for a period of 18 months from the date they left and stayers from July 1995 to December 1997.

Table 1 shows the percentage of all AFDC-Regular cases open in July of 1995 that left AFDC within the following year, by the characteristics of the family receiving assistance. The first column indicates that, of the 54,518 cases included in the sample, 47.8 percent left AFDC for at least two consecutive months at some time in the next year.

The characteristics of leavers have implications for their long-term prospects and for our expectations regarding the future prospects of those who remain on AFDC. Inasmuch as families leave AFDC because they have alternative means of support, we expect leavers to include those with the best work and marriage prospects. The data in Table 1 generally bear this out.

One of the largest differences between leavers and stayers is geographical: Families in Milwaukee were least likely to leave AFDC (36.6 percent left the program over the next year) compared to those in other urban counties (where 57.9 percent of the sample left AFDC) and rural counties (where 66.8 percent left AFDC). Although exit rates varied substantially by region, the relationship between other characteristics and exit was generally similar across regions, with two exceptions: in Milwaukee, families with young mothers were less likely to leave AFDC, while in the remainder of the state older mothers had the lowest rates of exit. Moreover, Milwaukee families with very young children were less likely to leave AFDC, while in rural counties families with older children had the lowest exit rates.

In both Milwaukee and the rest of the state, women were more likely to leave AFDC if:

- they had higher levels of education
- they were white or, to a lesser extent, Hispanic
- they had fewer children
- other adults were present in the household
- the mother was not receiving Supplemental Security Income (SSI)
- none of the children in the family were receiving SSI
- the mother had been sanctioned
- the mother was a citizen
- the mother had more work experience in the preceding two years (July 1993-June 1995)

- the mother had higher total earnings in the two preceding years.

By their nature, tabulations of this sort show relationships between only two variables. However, the variables of interest interact with each other, and as a result a clear picture of the relationship of two variables *holding the others constant* may be obscured. Using multivariate statistical methods, we are able to relate factors associated with leaving AFDC to actual AFDC exits, while holding other relevant factors constant.

Table 2 presents the results of a multivariate probit estimate of the likelihood of leaving AFDC. For the most part, the simple bivariate relationships between participants' characteristics and likelihood of leaving, shown in Table 1, are consistent with the results shown in Table 2. However, the results in Table 2 show that, controlling for other factors, racial differences in exit rates for whites and African Americans are substantially reduced, and Hispanics have a higher probability of exiting. Table 2 also suggests that having a child who receives SSI benefits does not have a statistically significant impact on the likelihood of leaving when other factors are controlled.

B. Who among the Leavers Returned to AFDC?

To be defined as having exited AFDC in this analysis, a family must have received no benefits for two consecutive months. By construction, then, no family that left AFDC could have returned to the AFDC rolls in the next two months.

Table 3 shows the likelihood of returning in 3–6 months, 7–12 months, 13–15 months, or not returning to AFDC at any time in the 15 months following an exit.[3] The first line of the table shows that 20.3 percent of the 26,047 families that left AFDC returned in 3–6 months. About 7 percent returned in 7–12 months and 2 percent returned in 13–15 months. As shown in the fourth column, 70.5 percent of families leaving AFDC did not return in the subsequent 15 months. (See Section III for a discussion of use of other means-tested benefits by AFDC leavers.)

The remainder of Table 3 shows the return rates by characteristics of the families. Overall, the characteristics associated with a smaller likelihood of returning to AFDC are the same as those associated with a greater likelihood of being a leaver (see Table 1). There are, however, a few exceptions:

1. While women with more earnings and work experience were more likely to leave AFDC, they were also more likely to return. Employment is an important avenue to self-sufficiency, and past earnings are generally a good indicator of future earning prospects. Thus, we expected women with substantial earnings histories to be more likely to leave AFDC and less likely to return to the program. That women with greater work experience and earnings appear to be more likely to return to AFDC is a puzzle requiring additional research.[4]

---

[3]In order to follow these women for 15 months we use data through September of 1997.

[4]One possible explanation is that among women who have little prior observed work experience a substantial proportion have high residential mobility. However, even after excluding women who do not appear in state records in the 15 months after leaving AFDC (and who may have left the state), those with more quarters of

2. While mothers receiving SSI were less likely to leave AFDC, once having left they were no more likely than others to return within 15 months.

3. Sanctioned mothers, who were more likely to leave AFDC, were also more likely to return.

4. Legal immigrants, who were less likely to leave, were also less likely to return once off the program.

We again studied this issue using multivariate analysis. Table 4 presents the results of a multivariate probit model relating the likelihood of returning within 15 months to a large number of potentially explanatory variables. The results shown there are again largely consistent with the bivariate results of Table 3. The primary exception is that having a child on SSI does not have a statistically significant impact on the probability of returning to AFDC, controlling for other factors. Greater work experience continues to be associated with a higher, and statistically significant, likelihood of returning to AFDC, even when the analysis is limited to those who appear in at least some state administrative records after their exit from AFDC.

III. THE ECONOMIC WELL-BEING OF LEAVERS

Perhaps the most important issue regarding the Wisconsin reforms concerns the economic well-being of those who left the welfare rolls. In this section, we turn to this question, exploring it from a variety of perspectives and using a set of measures that analysts might view as important. We ask the following questions:

- To what extent did leavers and their families have incomes that exceeded the maximum benefit they would have received under AFDC? How did this differ by family size?
- To what extent did leavers and their families escape poverty in the periods after they left welfare?
- What proportion of leavers had incomes above 150 percent of the poverty line? How did this compare to stayers?
- To what extent did leavers and members of their families continue or discontinue all use of public assistance programs? What was the trend in the use of public assistance by leavers? Did these trends differ among leavers, those who left AFDC and then returned, and those who did not leave AFDC during the period of our observation?
- What factors are most associated with some former recipients becoming more independent of public assistance usage than others?
- Finally, how did the AFDC leavers fare in general compared to the stayers?

---

work and greater earnings were also more likely to return to AFDC (figures not shown).

A. To what extent did leavers and their families have incomes that exceeded the maximum benefit they would have received under AFDC? How did this differ by family size?

One measure of the success of welfare reform is whether former welfare recipients have higher incomes than they did on AFDC.

Table 5 shows the proportion of leavers, "continuous" leavers,[5] and stayers with incomes above the AFDC benefit level. The table presents the data by family size (number of children), since one issue of concern has been whether the removal of AFDC benefits, which increased as family size rose, would adversely affect larger families.[6]

Over one-half of all leavers with one child had earnings that exceeded the maximum AFDC cash benefit for which their family size would have made them eligible. When we add in AFDC benefits received (if they returned to the rolls), to obtain total measured cash income,[7] the proportion is 56.2 percent. This proportion is about the same as that for those who remained off the rolls during the year immediately following their exit; for this group the proportion whose cash income is greater than the maximum AFDC benefit is nearly 57 percent.

Among families with two children, about 49 percent had earnings that exceeded the maximum AFDC benefit for their family size. Adding other sources of cash income brought the proportion to over 53 percent. For the continuous leavers the proportion for both measures of income was nearly 54 percent.

Finally, among the leavers with the largest family sizes, three or more children, somewhat more than 47 percent had cash incomes above the maximum AFDC family-size based benefit. Earnings alone brought 43 percent of leavers with three or more children an income above the maximum AFDC benefit.

In part because many AFDC stayers also had earnings (see discussion below), when we compare the proportion with cash incomes above the maximum public assistance benefit for a family of that size, the stayers have more income than the leavers. But the differences are relatively small across all family sizes.

In summary:

- **Using as a measure of economic well-being whether or not a family's cash income is greater than the maximum cash benefit they would have been eligible for under AFDC, more than one-half of all leavers were better off. This was especially the**

---

[5]Continuous leavers are those who remained off Wisconsin AFDC for at least one year following exit.

[6]The data in Table 5 should be interpreted with caution. First, working requires most individuals to incur additional costs, in particular for child care, Social Security taxes, transportation, meals eaten outside the home, and appropriate work attire. These costs are not included in any measure in Table 5. Second, potential income from the Earned Income Tax Credit, which is designed to defray some of these costs, is also excluded from Table 5.

[7]Our measure of cash income excludes earnings from self-employment or other employment not covered by the Unemployment Insurance system. Also excluded are earnings of husbands or partners, and income other than earnings or benefits.

case for families with one child and less so for families with more children. For families with three or more children, the proportion better off under this measure was about 47 percent.

- **Continuous leavers were somewhat better off according to this measure than all leavers.**

B. To what extent did leavers and their families escape poverty in the periods after they left welfare?

An alternative measure of economic well-being is escape from poverty. Table 5 and Figure 1 also shows the proportion of leavers, continuous leavers, and stayers with incomes above the poverty line, again by family size (number of children).

For this measure of economic well-being, family size matters considerably, as does whether or not a leaver was a continuous leaver or returned to welfare. Families with more children were far less likely to have cash incomes above the poverty line, and those who did not return (continuous leavers) were more likely to be above the poverty line than those who returned. For example, the percentages of all leavers with cash income above the poverty line for 1, 2, and 3+ children families are 29.3, 19.1, and 11.1, respectively. All leavers were more likely to have incomes above the poverty level than the stayers.

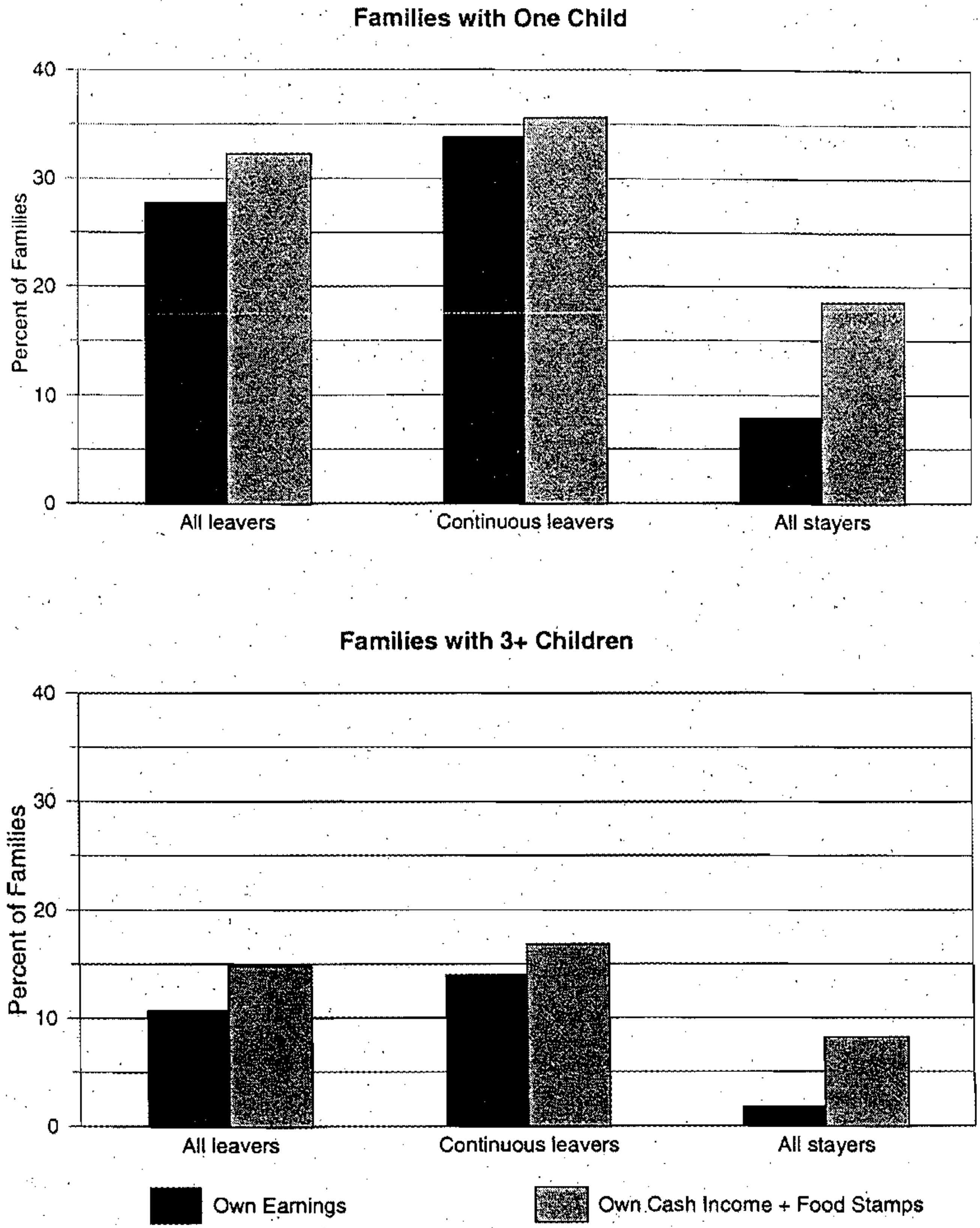
The last column of Table 5 adds the value of Food Stamps the family received, treating it as equivalent to cash. The same pattern holds, though the proportion with incomes (cash plus Food Stamps) above the poverty line is generally greater with the inclusion of Food Stamps. Still, no more than 36 percent of any of the groups has cash income plus Food Stamps exceeding the poverty line. Just over one-third (35.6 percent) of continuous leavers with one child, and just over one quarter (25.7 percent) of continuous leavers with two children, had incomes including Food Stamps above the poverty level. Less than 17 percent of those with larger families had cash income plus Food Stamps above the poverty line.

- **Using "escape from poverty" as our measure of economic well-being, continuous leavers had a much higher probability of success than stayers: for example, among those with just one child, continuous leavers had about a 36 percent probability of success, a probability nearly *double* that for stayers with one child. The proportions who were successful by this measure declined with increasing family size, but for all family sizes, the probability of this form of success for leavers was about double that for stayers.**

C. What was the proportion of leavers with incomes above 150 percent of the poverty line? How did this compare to stayers?

An alternative and higher measure of success is obtaining an income that is 150 percent or more above the poverty line. Few among former recipients were able to achieve this level. The group with the highest probability of achieving this level of economic well-being was continuous leavers with one child. Even among this group, when Food Stamps were included with earnings, only 13.3 percent were successful. The proportions of all other groups who were successful was below 11 percent, and among those with more than one child, the proportion of continuous leavers who were successful was 5 percent

Figure 1. Percentage of single-parent families with earnings or income greater than the poverty line during the year after exit from AFDC.



Note: For stayers and all leavers, cash income includes AFDC.

or less. On the other hand, AFDC stayers were far less likely to achieve even these low probabilities of success. Among stayers with just one child, only 3.7 percent achieve this level of income, far above the 1.4 and 0.4 percent of those with two children, or three or more children, respectively.

- **Using attainment of income above 150 percent of the poverty line as the measure of economic well-being, few were successful. Continuous leavers with one child had the highest probability (about 13 percent). Stayers and those with multiple children were far less likely to achieve such economic success.**

D. To what extent did leavers and members of their family units break the tie to public assistance and discontinue all use of public assistance programs? Alternatively, to what extent did "leavers" continue to use public assistance in the quarters after leaving welfare? What was the trend in the use of public assistance by leavers?

If one views the purpose of welfare reform as establishing full economic independence, success of the reform would be indicated by the proportion of those who leave the rolls and no longer receive any form of public assistance.[8]

Table 6 presents the proportions of groups who used various forms of public assistance by quarter since exit for the leavers, and since the third quarter in 1996 for stayers. Only those cases for which we have information on earnings or public assistance records at some point during the five-quarter period are included. (The tabulations exclude those cases which have no record in any state data base subsequent to leaving welfare.) The last row of each panel shows:

- As expected, continuous leavers were more likely to be fully independent of any form of public assistance than were all leavers.
- Over the quarters, there was a steady decline in the use of public assistance for all of the groups distinguished in the table.
- Five quarters (a year and three months) after exiting, nearly half of the continuous leavers were receiving no public assistance of any type; nearly 40 percent of all leavers were independent of public assistance.

[8]Alternatively, one could view a higher level of public assistance receipt as indicating the ability of the state's social service agencies to deliver help to those who need it.

E. **Among leavers, what was the most commonly used form of assistance? Did this pattern change over time? Did the pattern of use of public assistance differ among leavers, continuous leavers, and stayers?**

Although reliance on public assistance declined over time among leavers, the majority of leavers continued to use some form of public assistance, most likely Medicaid.[9]

Table 6 shows that, in the first quarter after exiting, the majority of leavers (all and continuous) received both Food Stamps and Medicaid. After the first quarter, continuous leavers reduced their use of assistance; by the fifth quarter after exit, approximately equal proportions received Medicaid only or Medicaid plus Food Stamps. Among all leavers, there was a slightly higher probability of using Medicaid plus Food Stamps rather than Medicaid alone. Very few of these families received only Food Stamps.

Those families who remained on the rolls also for the full July 1995-June 1996 period decreased their use of other public assistance after that period. The proportion receiving AFDC, Food Stamps, and Medicaid declined over this period from about 94 percent to 55 percent. Among those "stayers" who left AFDC during the 15 months after the third quarter of 1996, the most commonly used form of public assistance was Medicaid, a pattern consistent with that of the leavers.

- **The most commonly used form of assistance among leavers was Medicaid. The receipt of Food Stamps declined over quarters after exit, although many leavers made use of both Food Stamps and Medicaid.**

F. **What factors are most associated with recipients becoming more independent of public assistance?**

Table 7 (and Appendixes 2 and 3, which provide greater detail) summarizes the results of a multivariate probit estimation showing the effect of several factors on the probability of using no public assistance in the first and fifth quarters after exit from AFDC.

In the first quarter after leaving AFDC, former recipients were more likely to be independent of public assistance if:

- they were older (although the association was not linear)
- they were not African American
- their youngest child was older (this may reflect the greater likelihood of Medicaid eligibility for younger children)
- the mother was on SSI[10]

---

[9]The Medicaid records used here show only eligibility, not actual use of the program, and may apply to one or more members of the assistance unit.

[10]This pattern is a puzzle requiring additional study.

- they resided in areas of lower unemployment
- they were citizens, rather than legal immigrants
- they had been sanctioned while on AFDC

By the fifth quarter after exit, the patterns for age of mother, race, age of youngest child (with the exception of children 3–5), those sanctioned, and residing in areas of high unemployment had not changed from those observed after the first quarter. However, several other of the relationships observed in the first quarter had changed by the fifth quarter after exit. Former recipients were more likely to be independent of all forms of public assistance in the fifth quarter if:

- they were more educated
- the mother did <u>not</u> receive SSI
- a child received SSI
- they were immigrants
- they had fewer children

In sum, it appears that AFDC leavers with greater human capital, with fewer and older children, and who live in a tighter labor market are more likely to be independent of other public assistance programs than those without these advantages. A few other groups of AFDC leavers also are more likely to not be receiving any form of public assistance, for reasons that are not clear: these include those who were sanctioned, those with children aged 3–5 and those with children on SSI.[11]

G. Finally, using all these measures, how did the leavers fare compared to the stayers?

By most measures, it appears that many leavers attained higher levels of living and economic independence than did stayers. They were more likely to have incomes greater than the maximum AFDC grant and especially to have incomes that lifted their families above the poverty line. Those with few children seemed to be doing better on average than while they were on AFDC, although those with three or more children were in a more difficult situation. Leavers were almost by definition less likely to be dependent on public assistance, although those with many children and those living in areas of higher unemployment were more likely to remain dependent on some other form of public assistance.

The full picture remains incomplete, however, in part because we have no data on the increased expenditures associated with working or the tax credits and liabilities of the leavers. We can gain increased insight into the labor market experiences and earnings trends of leavers, which are also important measures of the success of welfare reform. We turn to this next.

---

[11] The low level of any use of public assistance among these groups suggests the need to explore the overall financial well-being of these families.

IV. THE LABOR MARKET EXPERIENCES OF THE LEAVERS

Another of the very important issues regarding Wisconsin welfare reform concerns how those who have left the welfare rolls have fared in the labor market. In this section, we explore this question from a variety of perspectives. We ask the following questions:

- To what extent did leavers work after they left welfare?
- What was the level of earnings of leavers after they left welfare, and how did this compare to the earnings of those who remained on welfare?
- What was the pattern of earnings of leavers after they left welfare, by characteristics of the household?
- What household characteristics of leavers seemed to be most closely related to having earnings (i.e., working at all) in the year after leaving welfare?
- For leavers who were working in the year after leaving welfare, what household or locational characteristics seemed to distinguish those with higher earnings from those with lower earnings?

A. Do Leavers Work after Exiting Welfare?

Table 8 presents evidence on the extent to which households we have defined as leavers worked after leaving the rolls. ("Work" is defined as having earnings that were reported to the Wisconsin Unemployment Insurance system.)

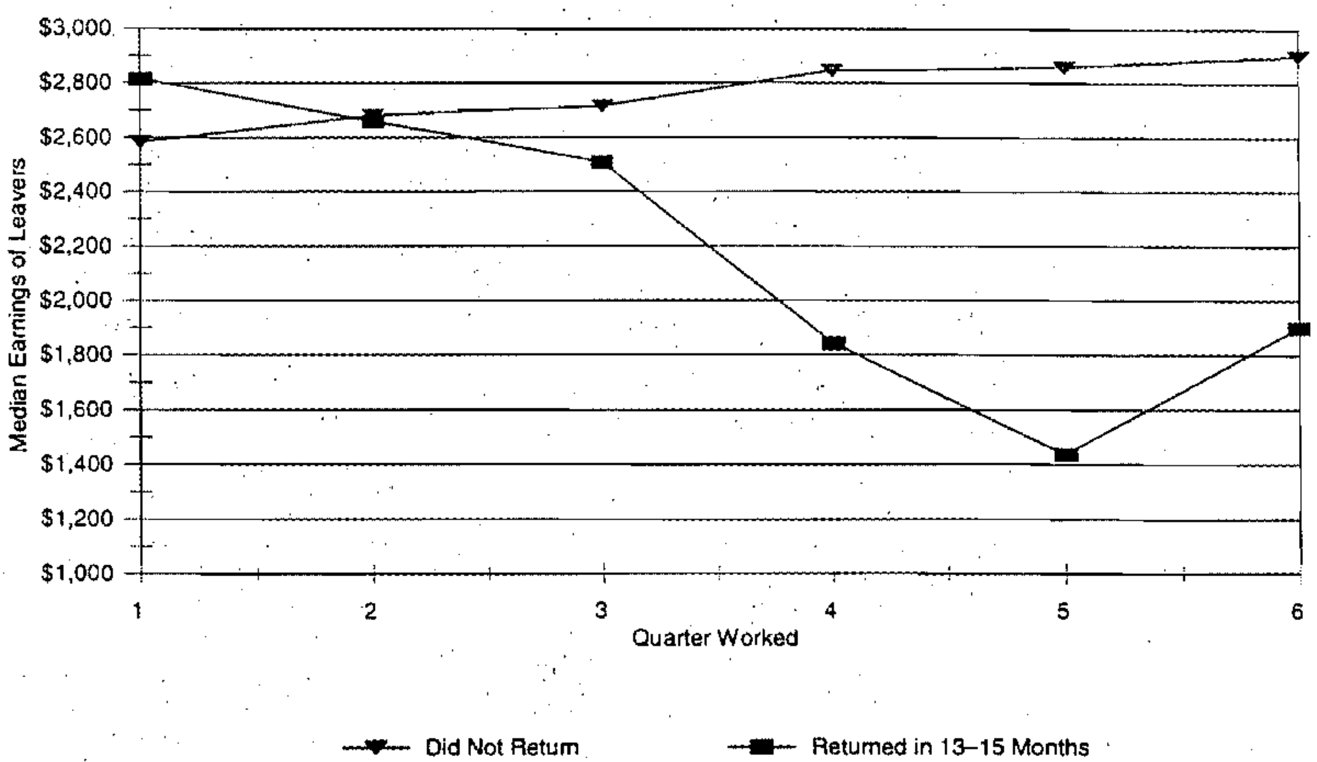
The first row of Table 8 shows the pattern for the entire group of leavers, distinguished by whether or not they returned to AFDC within 15 months of leaving. Surprisingly, leavers who both did and did not return to AFDC worked a substantial proportion of the time after they left welfare (69 percent of the total number of quarters for non-returners and 62 percent for those who returned).[12] Those who did not return to welfare earned about $2400 per quarter worked, while those who returned had median earnings of about $1750 per quarter. During the quarters in which they were receiving AFDC, those households who did return earned about $1500 per quarter. During the quarters that they were not on welfare, their earnings were nearly as large as the earnings of those who never returned to the welfare rolls. These patterns are shown in Figure 2.

Although the levels of earnings of leavers who returned to welfare were smaller when they were back on AFDC than that of those who did not return, the earnings of the returners were still substantial. A significant amount of working is being done by those leavers who return to welfare, even while they are receiving welfare benefits.

---

[12]The sample excludes disappearers. Including individuals who never appear in state records reduces employment for non-returners from 69 to 62 percent. By definition the calculations for returners are unaffected, since those who "return" did not "disappear."

Figure 2. Median earnings of families during the six quarters after exit from AFDC.



Note that the composition of leavers may be different for each quarter after exit.

- **Those recipient households who left the rolls worked a substantial amount irrespective of whether or not they returned to the welfare rolls in the 15 months after they left. However, while off welfare, their quarterly earnings were about $1000 more than when they were on welfare.**

Table 8 also provides data for various groups of leavers, distinguished by age, race, schooling, family structure, location, and prior work. Earnings were lowest for the youngest mothers (18–24), and to a lesser extent, the oldest (over 40). Both the quarters worked and earnings rose with schooling. For example, for leavers who never returned to the welfare rolls, those with more than 12 years of schooling had median earnings as reported to the Unemployment Insurance system that were nearly $3000 per quarter, while those with less than 11 years of schooling earned about two-thirds of this amount—about $2000 per quarter.

Interestingly, among those women who worked, the earnings of racial minorities exceeded those of whites, irrespective of the category distinguished in the table. This pattern was probably influenced by the high concentration of minorities in Milwaukee County, ~~an area of~~ relatively high wages, and should be interpreted with this in mind. However, for those leavers who never returned to welfare, the median number of quarters worked by whites exceeded that of the other racial groups. (In Sections D and E, below, we control statistically for related factors when estimating the effect of any particular factor.)

There was very little variation, in median quarters worked or in earnings, by family structure. Those with more than three children tended to work fewer quarters than those with fewer children, but their earnings were no lower. For reasons that are not clear, households whose youngest child was older than 12 generally worked and earned less than those whose oldest child was younger than 12, especially for the group who never returned to welfare. This is an interesting puzzle in our data for which we do not have an explanation.[13]

In terms of location, Milwaukee households who did not return to the rolls worked slightly more quarters than households elsewhere in Wisconsin, and the median quarterly earnings of Milwaukee households exceeded those of households not in Milwaukee.

The table includes data for four special groups of welfare recipients—households in which the mother received SSI benefits (indicating a severe disability), households with a child on SSI, households in which the mother had been sanctioned, and households in which the mother was a legal immigrant. For these groups, the percentage of quarters worked was substantially below that of the average leaver. The same was true of median earnings of the groups, except for legal immigrants, for whom earnings were among the highest recorded in the table. This high earnings record of the legal immigrants will be observed in our multivariate estimates as well.

Finally, both the percentage of quarters worked and median earnings rose with the number of quarters that the household had earnings during the two years before leaving AFDC. Indeed, among the

[13]Age of youngest child may be a proxy for length of time on welfare. If so, the pattern we observe may suggest that longer-term recipients have greater difficulty in returning to the labor market compared to those with shorter periods of time on welfare. This may mean that additional training in job readiness may be required for this population if they are to be successful in the labor market. We intend to explore length of time on welfare in the future and to analyze the link to labor market participation and success.

leavers shown in this table, those with 8 quarters of continuous work experience before their exit from AFDC—both those who did not return to welfare and those who did—worked about 90 percent of the quarters while they were not receiving welfare benefits, and earned $2800 to $3000 per quarter. These, too, are at the top end of the work/earnings figures in the table.

In summary:

- **Among the leavers, work (percentage of quarters worked) and median earnings were positively related to education. They were lower among whites than among minorities and for large families relative to smaller families. Special groups of recipients–on SSI, sanctioned, or legal immigrants–tended to work less; however, the earnings of the immigrants were relatively high. Finally, both the extent of work and earnings after exiting the rolls were positively related to work experience during the two years prior to leaving the rolls–prior work experience did seem to matter.**

B. What Were the Earnings of Those Leavers Who Worked?

Table 9 presents evidence on this question. In all panels of the table, the fourth row indicates the percentage of the "leavers" who worked in each of the six quarters after they left the rolls. The pattern here is consistent with that in Table 8. For the entire population of leavers, the proportion hovered between 65 and 69 percent over the six quarters.[14] It was slightly higher for those we have called "continuous" leavers (those who did not return to AFDC in this six-quarter period) and those who were not on AFDC in a particular quarter. However, for those who returned to AFDC in a particular quarter, the percentage working was substantially lower, ranging from 50 to 65 percent for those who had any AFDC during the quarter and from 40 to 56 percent for those who were continuously on AFDC during the quarter. Interestingly, this work propensity among leavers who returned dropped significantly as the time since they first left increased.

The last row of each panel shows the percentage of leavers who had earnings in a particular quarter in excess of $500. For all leavers, continuous leavers, and leavers not on AFDC during the quarter, about 90 percent of those who did record earnings had earnings above $500. However, for those who received AFDC during the quarter, only about 80 percent of earners had more than $500 during the quarter.

- **During the 18-month period after leaving the rolls, about two-thirds of leavers worked in each quarter and about 90 percent of those working earned more than $500 during the quarters that they worked.**

- **Over one-half of leavers who returned to AFDC also worked, but many of them appear to have earned rather small amounts during the quarters that they were on AFDC.**

[14]The sample excludes disappearers. Including them reduces the percentage with earning to 60 to 63 percent from the 65 to 70 percent shown in Table 9.

The other two rows in each panel show the average (mean and median) quarterly earnings for all leavers, and for the various categories of leavers. For all leavers who worked, median earnings were about $2400 in the first quarter after exiting, and this value rose to about $2700 by the sixth quarter after leaving.

As expected, this median value was about $200 per quarter higher for those who were continuous leavers (ranging from $2600 to $2900 over the six quarters), about $1000 less for those who had any AFDC benefits during the quarter (about $1500 per quarter over the six quarters), and about $1500 less for those who were continuously on AFDC over the six quarters (about $1000 per quarter over the six quarters).

- **The median AFDC leaver earned about $2500 per quarter, as reported to the Unemployment Insurance system; the median leaver who was continuously off AFDC (about two-thirds of the leavers) earned about $2700 per quarter.**

- **Leavers who returned to the AFDC rolls after exiting earned substantially less than those who did not return to welfare—the median returnee earned at a rate of about $1500 per quarter, though only about $1000 per quarter if they were continuously on AFDC.**

Table 10 presents the earnings of stayers—those who had not exited AFDC by July 1996, though they might have left later. Their median earnings per quarter ranged from $1200 to $2200 over the six-quarter period following July 1996. (The rapid growth suggests that a number of these stayers drifted off the rolls after July 1996.) Indeed, for those stayers who left AFDC after July 1996, median earnings ranged from $2500 to $2700 per quarter. In contrast, for those on AFDC in July 1996 and who remained on in subsequent quarters, median earnings ranged from about $1200 to $1400 per quarter. This level of earnings is not substantially different from that of the "leavers" who subsequently returned to welfare.

A particularly interesting pattern in this table is the percentage of those stayers receiving AFDC benefits during a quarter who also had earnings. Over the six quarters following July 1996, this percentage ranged from 35 to 41 percent. The percentage of those stayers who were on AFDC with earnings greater than $500 per quarter ranged from 27 to 32 percent. In summary:

- **A sizable proportion of AFDC recipients were working and earning. About 40+ percent of the households who were stayers by our definition had earnings during the 18-month period after July 1996; indeed, of those stayers who were on AFDC in a particular quarter, over one-third had earnings.**

- **For those stayers who were on AFDC in a particular quarter, median earnings were about $1200–$1400 per quarter, or less than one-half of the median earnings of the leavers who were continuously off welfare.**

Table 11 focuses on a one-year period, and shows both the probability of working as well as the annual earnings for those who worked at any point in the year. Calculations are shown for all leavers (and subgroups of them) and those we have classified as "stayers." For all of the leaver groups, over 80 percent had earnings during the year after exit, and about 70 percent of those who were not on AFDC at all during the year (continuous leavers) earned in excess of $2000. Earnings were the highest for leavers who did not return to AFDC; the median individual recorded over $8700. For all leavers, mean and median earnings were about $8200 and $7500, respectively. Consistent with earlier results, the stayers also worked and earned; median earnings for those who worked in this group were $3500 per year.

- **Eighty percent of leavers worked in the year following an exit. For those who worked, median earnings in the year after exiting AFDC were about $7500; for those who remained off AFDC during that year, median earnings were over $8700.**

C. Do Earnings Increase with "Time since Welfare"?

Table 12 presents the median earnings of leavers who worked by the time since exit (that is, by the number of quarters after their exit from welfare), and the average quarterly growth rate for each of the groups. One pattern dominates: For all leavers, and for all of the socioeconomic categories indicated in the table, median earnings among workers increased with the time since welfare. For leavers working in a given quarter, earnings increased from less than $2400 to more than $2700 over this period, which equals an annual growth rate of about 9 percent. It is important to note, however, that these growth rates are not the same as an average of individual rates of earnings growth, since the composition of leavers may be different for each quarter.

As seen in this table, the groups with the most rapid increases included cases headed by: (a) women with more education, (b) whites and Hispanics, (c) those with fewer children, (d) those whose youngest child is older than 5 years, (e) those with another adult in the home, (f) those living in rural areas, (g) mothers on SSI, (h) legal immigrants, and (i) those with more prior work experience. (Some of these rates should be interpreted with caution, as they start from a very low base. For example, women on SSI have a very high growth rate of 9 percent but start at $1,053, or about 44 percent of the median overall.)

D. What Family and Economic Factors Seemed to Influence Working?

In the previous sections, we saw that those households who exited welfare—the leavers—engaged in substantial work, and that among the more than 80 percent who worked, median earnings were over $7500 per year. The tables so far presented have shown relationships between only two variables. However, the variables of interest interact with each other, and as a result a clear picture of the relationship of two variables, *holding the others constant*, may be obscured.

Table 13 presents a probit regression relating a large number of potentially determining factors to a labor market outcome that we define as "having any earnings during the first year after exiting welfare." The results of this estimation show the independent influence of particular factors on the probability of having earnings in this first year. The model was estimated over 24,020 leavers who did not "disappear" from our data, of which 19,615 (or 81.7 percent) had some earnings during the first year after exit.

In this model we include earnings in the quarter of exit as an explanatory variable. Not surprisingly, employment status in this quarter has a major impact on the probability of employment in the four subsequent quarters. In addition, when we account for work status at exit, many other explanatory variables have an insignificant effect. In particular, as shown in Table 13, age, education, and having a child between 1 and 11 years old (as compared to a child under 1) do not have a significant impact on later employment.[15] Relative to white households, African Americans and Hispanics had significantly lower chances of having earnings. Of the remaining variables in the estimation, only the following appear to have a statistically significant effect:

- If the mother was on SSI, the probability of having earnings in the year after exiting welfare was nearly 14 percentage points less, at the mean of all other variables, than if the mother was not on SSI;

- If the household had been previously sanctioned, the probability of having earnings was significantly lower;

- Women with greater work experience in the 8 quarters prior to exiting were more likely to have earnings;

- Women who lived in counties with a high unemployment rate had a statistically significantly lower probability of working than women living in counties with a lower unemployment rate; each one-percentage-point increase in the local unemployment rate decreases the probability of working in the year after exiting welfare by about six percentage points (at the mean of all other variables); and

- Women who exited earlier in the period over which we measured "leaving" (that is, in the last half of 1995, as compared to the first half of 1996) seemed to have a lower probability of working and earning in the year after exiting. While the coefficient is statistically significant, its magnitude is very small, implying less than a one-percentage-point difference at the means among these categories in the probability of working and earning.

In summary: Relatively few factors that we have been able to measure appear to have a statistically significant independent effect on the probability of having earnings in the year after exiting welfare, controlling for work status at exit. These include:

a. mother on SSI (negative),
b. household having been sanctioned (negative),
c. youngest child older than 12 years (positive),
d. minority status (negative),
e. having earnings in the two years prior to exiting or in the quarter of exiting (positive),
f. living in a high unemployment rate county (negative), and
g. leaving welfare in late 1995 relative to early 1996.

E. What Family and Economic Factors Seemed to Be Related to Higher Earnings?

One of the most important outcomes of interest concerns the level of earnings received by leavers who worked. Table 14 shows the results of a Tobit regression model "explaining" the level of earnings in the year following exit from welfare. The same variables that we used in the probit estimates presented

[15] These variables are significant when work status at exit is excluded. See Appendix 4.

above are used here as well. As indicated above, the estimates presented here include statistical controls for other factors that may make the interpretation of the earlier tables misleading. Hence, understanding the correlates of earnings levels among the leavers should rely on the patterns described in this section.

The results are consistent with Table 8, and suggest that earnings rise and then fall with age. The level of education has a significant impact on earnings. In contrast, race seems to have virtually no effect on earnings level, once we control for other factors.

Among the family structure variables, having more children was positively related to earnings, as was having a youngest child older than one year. Having another adult in the family was associated with lower earnings.

The results for the special groups that we distinguished earlier are consistent with results shown in the prior tables. Mothers who were on SSI, or had been sanctioned, or had a child on SSI, had lower earnings than those mothers for whom these characteristics did not hold. Conversely, immigrant leavers had more annual earnings than did nonimmigrants.

Living in a county with a lower unemployment rate had a significantly positive impact on earnings. Work experience in the two years prior to exiting welfare also had a significant, positive impact on earnings.

In summary, the following factors seem to be most closely associated with higher earnings:

- **Human capital (having more education and having prior work experience) was positively and significantly associated with higher earnings;**
- **Having more children was associated with higher earnings, but having children who were very young discouraged earnings;**
- **Having been sanctioned or having a family member on SSI appeared to reduce earnings;**
- **Legal immigrants had significantly higher earnings than did native leavers;**
- **Finally, living in a county with a low unemployment rate was associated with substantially higher earnings.**

F. What ~~Kinds of~~ Occupations Did Leavers Enter?

Tables 15 and 16 describe the occupations of leavers by standard industrial classification, as established by the U.S. Government's Standard Industrial Classification Manual (1987). The manual classifies occupations by a four-digit industry code. For this project, based on the composition of occupations employing the 23,536 leavers that we could observe, we used the most general levels of classification, with the exceptions described in Appendix 1.

In the first quarter after leaving AFDC, a total of 6,748 leavers had no reported earnings in the Unemployment Insurance system, while 16,788 of the leavers reported earnings. The occupational groupings with the highest median wages in the first quarter after exit were Financial, Insurance, and Real Estate (($3,284 in median quarterly earnings); Durable Manufacturing ($3,093 in median quarterly earnings); Health Services ($2,947 in median quarterly earnings); Transportation, Communication, and Public Utilities ($2,877 in median quarterly earnings); Construction ($2,867 in median quarterly earnings); and Nondurable Manufacturing ($2,809 in median quarterly earnings). One-third of leavers who found employment in their first quarter after exit worked in occupations in these classifications.

In contrast, occupational groupings with the lowest median wages in the first quarter after exit from AFDC were Other Services ($1,980 in median quarterly earnings); Retail Trade ($1,960 in median quarterly earnings); Temporary Agencies ($1,782 in median quarterly earnings); Hotels and Lodging ($1,666 in median quarterly earnings); Restaurants ($1,630 in median quarterly earnings); and Agriculture, Forestry, and Mining ($1,536 in median quarterly earnings). About 41 percent of leavers who found employment in their first quarter after exit worked in jobs within these classifications.

Six quarters after leaving, the number of leavers who were not working had risen from 6,748 (in the first quarter) to 7,526, an increase of about 12 percent. For leavers employed in the sixth quarter, the same occupational groupings that paid the highest median wages in the first quarter after leaving AFDC continued to do so, except that Wholesale Trade replaced Transportation, Communications, and Public Utilities as one of the higher-paying occupational classifications. About 35 percent of leavers with earnings were employed in these higher-paying occupations. For the lower-paying occupational groupings, the same classifications that had provided the lowest median earnings in the first quarter after exit continued to do so in the sixth quarter. By that time, the percentage of leavers employed in these occupations had fallen to 38 percent.

Table 17 indicates the percentage of leavers in an occupational classification in the first quarter after exit from AFDC who were still in that classification in the sixth quarter. The most stable occupational classifications for this group of leavers were Health Services; Transportation, Communication and Public Utilities; Social Services, Public Administration, and Education; and Financial, Insurance, and Real Estate. The least stable were Hotels and Lodging; Construction; Agriculture, Forestry, and Mining; and Temporary Agencies. With the exception of the Construction classification, the least stable jobs were also among those offering the lowest median wages. Among leavers who started in the least stable occupational classifications:

- Those who started in Construction jobs and left the classification were most likely to move into Retail Trade, Temporary Agencies, Restaurants, and Social Services/Public Administration/Education, if they remained employed.

- Those who started in Hotels and Lodging were most likely to move toward Business Services; Health Services; and Social Services/Public Administration/Education, if they remained employed.

- Leavers employed in Agriculture, Forestry, and Mining in the first quarter and who moved to a different occupational classification were most likely to work in nondurable manufacturing or temporary agencies by the sixth quarter.

- Leavers who started in temporary agencies were most likely to have moved into Durable Manufacturing; Health Services; Social Services/Public Administration/Education; and Business Services, if they remained employed outside of their initial occupational classification.

Table 18 shows the percentage change in median wages for those in the sixth quarter after AFDC exit compared to those in the first quarter, by occupational classification. Median wage progression was increased by more than 10 percent for more than half the occupational classifications, although leavers in the Business Services classification in their sixth quarter of earnings were making about the same as leavers in their first quarter of earnings. And leavers working in Temporary Agencies in their sixth quarter of earnings were earning 12 percent less than leavers who were in Temporary Agencies and in their first quarter of earnings.

In summary:

- In the first quarter after leaving AFDC, about one-third of leavers who had earnings reported to the Unemployment Insurance system worked in occupational classifications paying relatively high median wages for leavers, and about 41 percent of leavers worked in occupational classifications paying relatively low median wages.

- In the sixth quarter after leaving, about 35 percent of leavers with earnings were employed in higher-paying classifications. The percentage of leavers with earnings who were employed in lower-paying classifications had fallen to 38 percent. The number of leavers not working rose by about 12 percent over this period. Some of the decline in the lower-paying classifications reflected movement from the low-wage classifications into nonwork.

- The most stable occupational classifications—those in which leavers who entered the classification in their first quarter after exit from AFDC were most likely to remain there in their sixth quarter—were Health Services; Transportation, Communications, Public Utilities; Social Services, Public Administration Education; and Financial, Insurance, and Real Estate. The least stable occupational classifications were Hotels and Lodging; Construction; Agriculture, Forestry, and Mining; and Temporary Agencies. The most common moves out of the least stable occupations were to nonwork or to occupational classifications paying higher median wages.

- Median wage progression among leavers in the first and sixth quarters after AFDC exit increased by more than 10 percent for more than half the occupational classifications. However, leavers who were employed in Temporary Agencies in their sixth quarter after exit had median quarterly earnings that were more than 12 percent less than those employed in this classification in their first quarter after exit. Leavers working for Temporary Agencies six quarters after their exit from AFDC may be seeking part-time or episodic work or have skills that do not easily qualify them for permanent work.

V. CONCLUSION

Most states have recently experienced substantial welfare caseload declines. The implications of these declines depend to a large degree on the ability of families who have left welfare to remain independent and move to self-sustaining employment. This analysis, while limited by the administrative data used, provides an initial indication of the economic well-being of individuals who left AFDC during the time of early work-based reforms in Wisconsin. Almost half of Wisconsin's single-parent AFDC participants receiving benefits in July of 1995 left the rolls in the following year. By analyzing administrative data from the state's unemployment and welfare information systems, this paper has described the families who left AFDC during that period and our knowledge of how they fared after they left.

Compared to those who stayed on AFDC, the leavers were better educated, had fewer children, and were more likely to have had earnings during the preceding two years. The leavers who succeeded in remaining off AFDC after their exit were also better educated and had fewer children than leavers who returned. Paradoxically, greater earnings in the years before exit increased the likelihood that leavers would return to AFDC. For some low-income single parents, work appears to have been fairly constant even if not always full-time, and their earnings rose or fell in ways that made them sometimes eligible and sometimes ineligible for AFDC.

The best predictor of earnings after exit from AFDC was steady employment in the two years before exit. Even leavers who returned to AFDC (about one-third of all leavers) worked a substantial amount after their return, although quarterly earnings were about $1,000 more when off than when on AFDC. Among those who worked and whom we could track, median earnings in the year after exiting from AFDC were about $7,500 for all leavers and $8,700 for leavers who did not return to AFDC. The proportion of leavers who had any earnings did not grow substantially over the quarters. However, median earnings calculated over those who worked in a given quarter grew at a rate of about 2.5 percent per quarter. Legal immigrants who left AFDC and worked had significantly higher earnings than did native leavers. Leavers who had been sanctioned and worked had significantly lower earnings than those who had not been sanctioned, while those who lived in counties with higher unemployment rates had both a significantly lower probability of working and considerably lower earnings, even when they were able to find employment.

Leavers who found jobs in finance/insurance/real estate, durable manufacturing, and health care earned the highest median incomes. Temporary agencies, hotels and lodging, restaurants, and agriculture/forestry/mining were the industrial classifications paying the lowest median wages. The seven industrial classifications employing the most leavers (each of which employed more than 1,000 of the leavers in our sample in both the first and sixth quarters after exit) were social services/public administration/education, health services, retail trade, restaurants, temporary agencies, durable manufacturing, and business services. The most common placements for leavers thus included both some of the highest-paying and some of the lowest-paying occupational classifications.

A key question we set out to address concerned the economic well-being of those who left the AFDC rolls. We have not arrived at an unambiguous answer. The ambiguity derives in part from data limitations: we do not know about earnings from jobs outside of the Unemployment Insurance system, about contributions to the household made by other adults, or about work-related expenses. Moreover, even for the earnings and public assistance we can measure, the picture is complex. Among leavers who did not return to AFDC and who had just one child, about 57 percent had earnings in the year after their exit greater than the AFDC level, 36 percent had earnings plus Food Stamps greater than the poverty line, and 13 percent had earnings plus Food Stamps greater than 150 percent of the poverty line. Among leavers with three or more children and who did not return to AFDC, 48 percent had earnings in the year after exit greater than the maximum AFDC benefit, 17 percent had earnings plus Food Stamps greater than the poverty line, and 1.8 percent had earnings plus Food Stamps greater than 150 percent of the poverty line.

On the one hand, then, more than 55 percent of continuous leavers with just one child, and more than 45 percent of continuous leavers with three or more children, fared better economically, at least by our limited measure, through working than they would have if they had remained on AFDC without working. On the other hand, only about a third of continuous leavers, even among those with just one child, generated income (including Food Stamps) we are able to measure that exceeded the poverty line in their first year after leaving. Interpreting these results is complex. Those favoring current directions in welfare reform can argue that, because the earnings of continuous leavers increased with time off welfare, their incomes might compare more favorably with our benchmarks if we had been able to measure them in the second or third, rather than the first, year after exit. Those opposed to current policy trends might argue that a comparison of earnings after exit to the full-time AFDC benefit may imply that leavers had only a choice between full-time AFDC with no paid work and full work with no AFDC, when a combination of AFDC benefits and work might have been preferable for many.

Social scientists seeking to clarify these debates can only try to sharpen their questions and improve their data sources. We intend to try to do both in our next reports.

TABLE 1. Percentage of Leavers, by Recipient Characteristics

	Total	Milwaukee	Other Urban	Rural
Total (N)	54,518	29,575	16,229	8,714
Number of Leavers	26,047	10,826	9,404	5,817
Percentage of Leavers in AFDC-Regular Caseload	47.8	36.6	57.9	66.8
Casehead's Age				
18-24	47.5	32.7	61.2	72.3
25-29	50.0	38.4	61.9	69.0
30-39	47.8	38.8	55.7	64.2
40+	43.2	38.4	44.8	54.2
Education				
<11 Years	38.9	31.1	48.4	60.4
11 years	40.5	30.1	54.1	69.8
12 Years	53.0	41.1	61.6	68.5
>12 Years	58.8	50.3	63.9	66.6
Race				
White	60.8	45.2	62.8	68.1
African American	36.3	33.8	50.3	48.3
Hispanic	45.7	40.5	55.0	70.9
Other	42.5	36.2	35.2	55.0
Unknown	47.5	38.7	60.3	74.8
Number of Children				
1	55.2	44.1	63.0	69.3
2	49.2	37.8	59.6	67.9
3+	39.3	30.0	50.0	62.0
Age of Youngest Child				
<1	46.8	31.9	59.2	71.8
1	45.5	32.0	56.7	70.2
2	47.8	35.3	60.0	68.2
3 to 5	48.2	37.4	58.5	65.6
6 to 11	47.7	39.1	56.9	61.2
12 to 18	52.5	47.0	55.6	64.6
Other Adults in Household	52.6	38.7	59.6	67.7
Mother on SSI	22.6	18.3	27.5	27.7
Child on SSI	36.3	29.3	48.7	53.8
Mother Sanctioned	51.5	36.9	61.9	71.7
Mother Legal Immigrant	32.7	35.1	29.7	5.3
Number of Quarters with Earnings 7/93-7/95[a]				
none	36.7	27.6	44.9	53.3
1 - 3 quarters	48.0	35.2	60.9	69.0
4 - 7 quarters	59.3	47.5	69.5	76.0
8 quarters	71.4	64.1	80.1	82.1
Total Earnings from 7/93 to 7/95[a]				
< $500	37.2	27.5	46.5	54.9
$500-$2,499	46.7	33.4	60.2	68.8
$2,500-$7,499	56.9	43.8	68.0	74.9
$7,500 or more	69.5	62.4	76.6	79.6

[a]Sample includes caseheads who were 18 or older in July 1993 (N=50,934).

Table 2. Probit Estimates of the Probability of Leaving AFDC

	Coefficient	Std. Error	dF/dx**
Casehead's Age			
continuous	0.044	0.005 *	0.018
age squared	-0.001	0.000 *	0.000
Education (Compared to Less than a High School Degree)			
High school graduate	0.119	0.013 *	0.047
More than high school graduate	0.205	0.018 *	0.082
Race (Compared to White)			
African American	-0.182	0.017 *	-0.072
Hispanic	0.051	0.025 *	0.020
Other	-0.203	0.032 *	-0.080
Unknown	-0.027	0.027	-0.011
Number of Children (continuous)	-0.089	0.005 *	-0.036
Age of Youngest Child (Compared to Less than One)			
One	0.027	0.020	0.011
Two	0.059	0.021 *	0.024
Three to Five	0.006	0.019	0.002
Six to Eleven	-0.001	0.022	0.000
Twelve to Eighteen	0.182	0.028 *	0.073
Other Adults in Household	0.114	0.013 *	0.045
Mother on SSI	-0.651	0.022 *	-0.242
At Least One Child on SSI	0.030	0.021	0.012
Mother Sanctioned	0.113	0.022 *	0.045
Mother Legal Immigrant	-0.106	0.051 *	-0.042
Number of Quarters with Earnings from 7/93-7/95 (values from 1 to 8)	0.090	0.002 *	0.036
Foster Children Present in Household	-0.184	0.052 *	-0.072
County of Residence (Compared to Other Urban Counties)			
Milwaukee	-0.626	0.034 *	-0.245
Rural counties	-0.062	0.034	-0.025
Brown	-0.239	0.048 *	-0.094
Dane	-0.284	0.041 *	-0.111
Douglas	-0.386	0.063 *	-0.148
Eau Claire	-0.252	0.056 *	-0.098
Kenosha	-0.238	0.044 *	-0.093
La Crosse	-0.374	0.054 *	-0.144
Marathon	-0.506	0.064 *	-0.190
Racine	-0.273	0.041 *	-0.107
Rock	-0.159	0.044 *	-0.063
Waukesha	-0.208	0.054 *	-0.082
Winnebago	-0.144	0.057 *	-0.057
Unemployment Rate in Zipcode of Residence			
Unemployment Rate	-0.623	0.110 *	-0.248
Dummy if missing	0.848	0.042 *	0.311
Constant Term	-0.376	0.088 *	
Log Likelihood	-33133.6		

* Statistically significant at the 5% level.

** Evaluated at the mean.

TABLE 3. Characteristics of Leavers

	Returned to AFDC Within:			Did Not Return	
	3-6 months*	7-12 months	13-15 months	to AFDC	Total
Total (N)	5,290	1,891	514	18,352	26,047
	20.3%	7.3%	2.0%	70.5%	
Casehead's Age					
18-24	20.6	8.3	2.1	68.9	8,766
25-29	20.0	6.8	1.9	71.3	6,304
30-39	21.0	6.8	1.9	70.4	8,649
40+	17.6	6.3	1.8	74.4	2,328
Education					
<11 Years	22.5	8.3	2.6	66.6	5,498
11 years	26.9	8.8	2.1	62.2	4,181
12 Years	19.0	7.0	1.9	72.1	11,931
>12 Years	15.0	5.3	1.3	78.4	4,437
Race					
White	14.3	5.3	1.4	78.9	13,416
African American	29.6	9.7	2.7	58.0	8,390
Hispanic	22.0	8.1	2.5	67.4	1,679
Other	18.9	8.4	2.0	70.6	1,090
Unknown	20.7	9.4	2.4	67.6	1,472
Number of Children					
1	18.0	6.8	1.8	73.4	10,368
2	20.8	7.4	1.8	70.0	8,052
3+	23.0	7.7	2.4	67.0	7,627
Age of Youngest Child					
<1	18.4	7.6	2.1	71.9	4,376
1	19.3	7.5	2.1	71.0	4,087
2	21.2	7.1	2.0	69.7	3,330
3 to 5	21.7	7.2	1.9	69.2	6,242
6 to 11	21.3	7.6	1.9	69.2	5,269
12 to 18	18.7	6.1	1.7	73.5	2,743
Percentage with Other Adults in Household	17.7	6.3	1.7	74.3	8,163
County of Residence					
Milwaukee	27.8	9.4	2.8	60.1	10,826
Other Urban	15.3	6.1	1.4	77.2	9,404
Rural	14.5	5.3	1.3	78.9	5,817
Percentage with Mother on SSI	17.4	8.0	2.7	71.9	1,186
Percentage with a Child on SSI	24.6	8.5	2.2	64.7	1,942
Percentage with Mother Sanctioned	22.9	8.8	1.9	66.4	2,039
Percentage with Mother Legal Immigrant	13.6	4.3	1.2	80.9	324
Number of Quarters with Earnings 7/93-7/95**					
none	16.7	6.1	1.8	75.4	7,183
1 - 3 quarters	21.1	7.7	1.9	69.3	7,368
4 - 7 quarters	21.6	7.6	1.9	68.8	7,235
8 quarters	23.0	6.9	2.3	67.8	2,712
Total Earnings from 7/93 to 7/95**					
< $500	17.8	6.5	1.8	73.9	8,771
$500-$2,499	21.7	8.2	1.9	68.2	4,349
$2,500-$7,499	21.5	7.2	2.0	69.3	5,372
$7,500 or more	21.4	7.2	2.1	69.3	6,006

* Returns within two months were not considered exits.

** Sample includes caseheads who were 18 or older in July 1993 (N=24,498).

Table 4. Probit Estimates of the Probability among Leavers of Returning to AFDC

	Coefficient	Std. Error	dF/dx**
Casehead's Age			
continuous	-0.036	0.008 *	-0.012
age squared	0.000	0.000 *	0.000
Education (Compared to Less than a High School Degree)			
High school graduate	-0.150	0.019 *	-0.051
More than high school graduate	-0.319	0.027 *	-0.101
Race (Compared to White)			
African American	0.332	0.026 *	0.116
Hispanic	0.152	0.037 *	0.053
Other	0.259	0.045 *	0.093
Unknown	0.179	0.038 *	0.063
Number of Children (continuous)	0.047	0.008 *	0.016
Age of Youngest Child (Compared to Less than One)			
One	0.039	0.030	0.013
Two	0.082	0.032 *	0.028
Three to Five	0.110	0.028 *	0.038
Six to Eleven	0.133	0.032 *	0.046
Twelve to Eighteen	0.072	0.042	0.025
Other Adults in Household	-0.080	0.019 *	-0.027
Mother on SSI	0.030	0.043	0.010
At Least One Child on SSI	-0.022	0.033	-0.007
Mother Sanctioned	0.068	0.031 *	0.024
Mother Legal Immigrant	-0.338	0.088 *	-0.103
Number of Quarters with Earnings from 7/93-7/95 (values from 1 to 8)	0.023	0.003 *	0.008
Foster Children Present in Household	0.305	0.088 *	0.111
County of Residence (Compared to Other Urban Counties)			
Milwaukee	0.344	0.046 *	0.118
Rural counties	0.096	0.044 *	0.033
Brown	0.008	0.065	0.003
Dane	0.123	0.057 *	0.043
Douglas	0.086	0.094	0.030
Eau Claire	0.154	0.077 *	0.054
Kenosha	0.232	0.059 *	0.083
La Crosse	-0.052	0.082	-0.017
Marathon	0.197	0.090 *	0.070
Racine	0.097	0.056	0.034
Rock	0.055	0.059	0.019
Waukesha	0.200	0.072 *	0.071
Winnebago	0.089	0.078	0.031
Unemployment Rate in Zipcode of Residence			
Unemployment Rate	0.946	0.176 *	0.321
Dummy if missing	-0.316	0.049 *	-0.097
Constant Term	-0.351	0.134 *	
Log Likelihood	-14887.9		

* Statistically significant at the 5% level.

** Evaluated at the mean.

TABLE 5. Income Levels of the AFDC - Regular Caseload during Year after Exit from AFDC* (Excluding "Disappearers")

	Earnings	Cash Income	Cash Income Plus Food Stamps
Families with One Child			
All Leavers (N=9,684)			
More than Maximum AFDC Benefit	51.9	56.2	-
More than the Poverty Line	27.8	29.3	32.3
More than 150% of the Poverty Line	9.7	10.0	10.5
Continuous Leavers (N=6,927)			
More than Maximum AFDC Benefit	56.7	56.7	-
More than the Poverty Line	33.9	33.9	35.6
More than 150% of the Poverty Line	12.9	12.9	13.3
All Stayers (N=8,414)			
More than Maximum AFDC Benefit	23.2	54.5	-
More than the Poverty Line	7.9	12.5	18.5
More than 150% of the Poverty Line	1.9	2.9	3.7
Families with Two Children			
All Leavers (N=7,440)			
More than Maximum AFDC Benefit	48.8	53.3	-
More than the Poverty Line	18.1	19.1	23.1
More than 150% of the Poverty Line	3.4	3.5	3.8
Continuous Leavers (N=5,021)			
More than Maximum AFDC Benefit	53.9	53.9	-
More than the Poverty Line	23.3	23.3	25.7
More than 150% of the Poverty Line	4.7	4.7	5.0
All Stayers (N=8,299)			
More than Maximum AFDC Benefit	20.7	50.3	-
More than the Poverty Line	4.2	7.0	12.9
More than 150% of the Poverty Line	0.6	1.0	1.4
Families with Three or More Children			
All Leavers (N=4,167)			
More than Maximum AFDC Benefit	43.2	47.3	-
More than the Poverty Line	10.7	11.1	14.8
More than 150% of the Poverty Line	1.3	1.3	1.4
Continuous Leavers (N=2,763)			
More than Maximum AFDC Benefit	48.3	48.3	-
More than the Poverty Line	14.0	14.0	16.8
More than 150% of the Poverty Line	1.8	1.8	1.8
All Stayers (N=5,958)			
More than Maximum AFDC Benefit	17.1	45.2	-
More than the Poverty Line	1.8	3.5	8.2
More than 150% of the Poverty Line	0.2	0.3	0.4

* During the 12 months from 7/96 to 6/97 for stayers.

NOTES: Poverty line by family size in 1996 dollars is: 1 child - $10,360
2 children - $12,980
3 children - $15,600.

Maximum AFDC benefit by family size is: 1 child - $5,280
2 children - $6,204
3 children - $7,404

Cash Income is earnings plus AFDC benefit.

TABLE 6. Employment and Assistance Status of Leavers in the Quarters after Leaving Welfare (Excluding "Disappearers")

	1st Quarter after Exit	2nd Quarter after Exit	3rd Quarter after Exit	4th Quarter after Exit	5th Quarter after Exit
All Leavers (N=24,020)					
Receiving AFDC, FS, & Medicaid	14.4	19.6	18.9	17.2	15.1
Receiving AFDC and FS	0.0	0.0	0.0	0.1	0.1
Receiving AFDC and Medicaid	1.1	1.3	1.3	1.1	1.1
Receiving AFDC only	0.0	0.0	0.1	0.1	0.1
Receiving FS and Medicaid	39.0	28.0	25.6	24.3	22.9
Receiving FS only	2.1	1.9	1.7	1.8	2.0
Receiving Medicaid only	27.8	26.3	25.9	26.0	20.6
Not receiving AFDC, FS or Medicaid	15.6	22.9	26.6	29.5	38.1
Continuous Leavers (N=16,325)					
Receiving FS and Medicaid	43.5	32.7	28.7	26.2	23.8
Receiving FS only	2.5	2.3	2.1	2.2	2.6
Receiving Medicaid only	35.3	34.8	33.4	32.5	23.9
Not receiving AFDC, FS or Medicaid	18.7	30.2	35.8	39.1	49.6
All Stayers (N=28,471)					
Receiving AFDC, FS, & Medicaid	93.6	79.3	69.6	62.3	55.1
Receiving AFDC and FS	0.1	0.1	0.1	0.1	0.1
Receiving AFDC and Medicaid	6.3	5.4	4.5	4.4	4.1
Receiving AFDC only	0.0	0.0	0.0	0.1	0.1
Receiving FS and Medicaid	-	7.5	11.5	14.0	16.4
Receiving FS only	-	0.3	0.5	0.7	0.9
Receiving Medicaid only	-	4.4	7.5	9.4	11.0
Not receiving AFDC, FS or Medicaid	-	3.0	6.3	9.2	12.4

NOTE: For stayers, first quarter after exit is third quarter 1996.

Table 7. Probability of Leavers Being off Public Assistance (Excluding "Disappearers")

	First Quarter after Exit	Fifth Quarter after Exit
Casehead's Age		
continuous	+*	+*
age squared	-*	-*
Education (Compared to Less than a High School Degree)		
High school graduate	ns	+*
More than high school graduate	ns	+*
Race (Compared to White)		
African American	-*	-*
Hispanic	ns	ns
Other	+*	ns
Number of Children (continuous)	-	-*
Age of Youngest Child (Compared to Less than One)		
One	+	ns
Two	ns	ns
Three to Five	ns	+*
Six to Eleven	+*	+*
Twelve to Eighteen	+*	+*
Other Adults in Household	ns	+*
Mother on SSI	+*	-*
At Least One Child on SSI	ns	+*
Mother Sanctioned	+*	+*
Mother Legal Immigrant	-*	+*
Number of Quarters with Earnings from 7/93-7/95 (values from 1 to 8)	+*	ns
Foster Children Present in Household	-*	-*
County of Residence (Compared to Other Urban Counties)		
Milwaukee	+*	ns
Rural counties	ns	-*
Brown	-*	ns
Dane	+*	ns
Douglas	ns	-*
Eau Claire	-	-*
Kenosha	+*	ns
La Crosse	ns	ns
Marathon	-*	-
Racine	+*	ns
Rock	ns	ns
Waukesha	ns	ns
Winnebago	ns	ns
Unemployment Rate in Zipcode of Residence		
Unemployment Rate	-*	-*

Symbols: *Statistically significant coefficient at 5% level; +,- statistically significant at 10% level, ns not statistically significant at 10% level. Probit estimates also include two variables when information is missing; one for race, the other for unemployment rate.

TABLE 8. Work Experience of Leavers by Characteristics (Excluding "Disappearers")

	Did Not Return to AFDC		Returned to AFDC within 15 months					
			Total		Quarters on AFDC		Quarters off AFDC	
	% Quarters Worked*	Median Earnings**	% Quarters Worked*	Median Earnings**	% Quarters Worked*	Median Earnings**	% Quarters Worked*	Median Earnings**
Total	69.1	$2,429	61.8	$1,759	60.1	$1,472	66.8	$2,308
Casehead's Age								
18-24	73.0	$2,247	61.6	$1,560	59.6	$1,315	67.8	$2,133
25-29	70.2	$2,502	64.2	$1,873	63.7	$1,537	68.4	$2,368
30-39	68.7	$2,556	62.0	$1,921	61.2	$1,611	66.7	$2,450
40+	53.4	$2,397	54.4	$1,824	53.5	$1,573	58.0	$2,185
Education								
<11 Years	59.2	$2,025	53.8	$1,508	53.4	$1,360	58.9	$2,036
11 years	65.6	$1,979	56.7	$1,470	54.7	$1,266	62.7	$2,059
12 Years	71.9	$2,456	66.4	$1,894	65.0	$1,530	70.9	$2,413
>12 Years	74.0	$2,993	69.7	$2,187	68.8	$1,735	73.2	$2,790
Race								
White	69.7	$2,195	61.7	$1,625	59.7	$1,315	67.2	$2:030
African American	69.5	$2,951	63.1	$1,945	62.4	$1,639	68.1	$2,627
Hispanic	65.3	$2,778	60.2	$1,863	60.6	$1,558	63.5	$2,453
Other	61.6	$2,612	52.7	$1,572	50.2	$1,350	57.6	$2,034
Unknown	69.3	$2,470	60.1	$1,667	59.9	$1,424	65.3	$2,152
Number of Children								
1	69.8	$2,397	62.1	$1,676	60.5	$1,383	67.7	$2,161
2	70.1	$2,425	62.7	$1,784	60.8	$1,505	68.2	$2,323
3+	66.8	$2,481	60.5	$1,860	60.6	$1,585	64.2	$2,509
Age of Youngest Child								
<1	68.6	$2,209	58.2	$1,585	56.5	$1,321	63.2	$2,116
1	69.9	$2,344	57.6	$1,653	56.8	$1,444	63.6	$2,181
2	69.7	$2,406	63.7	$1,720	62.8	$1,418	68.2	$2,271
3 to 5	71.8	$2,508	64.7	$1,809	63.8	$1,483	70.0	$2,411
6 to 11	71.2	$2,617	65.1	$1,965	63.8	$1,624	69.8	$2,509
12 to 18	58.3	$2,307	56.8	$1,752	55.2	$1,502	61.0	$2,191
Other Adults In Household	66.5	$2,201	59.1	$1,636	57.3	$1,357	64.5	$2,104
County of Residence								
Milwaukee	70.8	$3,020	64.1	52,027	63.7	$1,718	69.3	$2,658
Other Urban	69.4	$2,295	59.1	$1,519	57.2	$1,230	63.7	$1,942
Rural	66.4	$2,016	58.1	$1,479	55.6	$1,167	64.0	$1,821
Mother on SSI	18.7	$1,162	13.7	$699	13.9	$623	14.2	$1,051
Child on SSI	59.9	$2,276	50.9	$1,501	50.1	$1,251	56.5	$2,215
Mother Sanctioned	58.5	$1,654	49.0	$1,296	48.4	$1,117	53.4	$1,750
Mother Legal Immigrant	61.1	$3,108	54.6	$2,425	56.0	$1,976	57.3	$2,962
Number of Quarters with Earnings 7/93-7/95								
none	49.9	$2,227	37.9	$1,467	37.3	$1,255	41.9	$2,025
1 - 3 quarters	68.3	$2,170	58.6	$1,502	57.6	$1,252	64.0	$2,084
4 - 7 quarters	79.2	$2,488	73.9	$1,907	72.1	$1,552	79.2	$2,402
8 quarters	89.8	$3,019	87.3	$2,389	86.3	$2,066	90.5	$2,779

* During 8 quarters after initial exit.

** Median earnings during quarters with work.

TABLE 9. Earnings of Leavers (Excluding "Disapearers")

	1st Quarter After Exit	2nd Quarter After Exit	3rd Quarter After Exit	4th Quarter After Exit	5th Quarter After Exit	6th Quarter After Exit
All Leavers						
N	24,020	24,020	24,020	24,020	24,020	24,020
Mean Earnings	$2,440	$2,509	$2,563	$2,686	$2,751	$2,822
Median Earnings	$2,383	$2,437	$2,460	$2,602	$2,632	$2,721
Percent with Earnings	68.5	66.6	66.5	66.8	66.8	65.3
% w/ Earnings > $500	62.0	60.4	60.0	60.8	60.8	59.2
Continuous Leavers						
N	16,325	16,325	16,325	16,325	16,325	16,325
Mean Earnings	$2,628	$2,734	$2,784	$2,893	$2,959	$3,003
Median Earnings	$2,583	$2,682	$2,715	$2,845	$2,861	$2,902
Percent with Earnings	70.2	69.4	69.5	69.3	69.0	67.1
% w/ Earnings > $500	64.6	64.3	64.0	64.3	64.0	61.8
Not on AFDC during Quarter						
N	20,302	21,017	21,181	21,626	22,126	22,753
Mean Earnings	$2,574	$2,697	$2,741	$2,851	$2,914	$2,954
Median Earnings	$2,536	$2,656	$2,676	$2,796	$2,827	$2,864
Percent with Earnings	69.0	68.9	69.7	69.8	69.5	67.7
% w/ Earnings > $500	63.3	63.8	64.1	64.7	64.4	62.2
On AFDC during Quarter						
N	3,718	5,030	4,866	4,421	3,921	3,294
Mean Earnings	$1,671	$1,668	$1,657	$1,732	$1,656	$1,708
Median Earnings	$1,544	$1,459	$1,458	$1,481	$1,423	$1,452
Percent with Earnings	65.6	58.1	54.1	53.2	53.1	50.2
% w/ Earnings > $500	54.9	47.4	43.8	43.5	42.1	39.7
Continuously on AFDC during Quarter						
N	597	2,448	2,575	2,448	2,315	1,878
Mean Earnings	$1,274	$1,319	$1,291	$1,422	$1,352	$1,400
Median Earnings	$1,017	$1,034	$1,068	$1,141	$1,077	$975
Percent with Earnings	56.3	47.6	43.6	42.1	43.3	40.3
% w/ Earnings > $500	40.5	35.0	32.1	32.1	31.7	29.1

NOTE: Mean and median earnings are for those working during quarter.

TABLE 10. Earnings of Stayers (Still Receiving AFDC in 7/96)

	3rd Quarter 1996	4th Quarter 1996	1st Quarter 1997	2nd Quarter 1997	3rd Quarter 1997	4th Quarter 1997
All Stayers						
N	28,471	28,471	28,471	28,471	28,471	28,471
Mean Earnings	$1,473	$1,854	$1,904	$2,060	$2,139	$2,421
Median Earnings	$1,202	$1,622	$1,685	$1,846	$1,924	$2,218
Percent with Earnings	38.4	44.0	41.8	45.9	50.2	49.2
% w/ Earnings > $500	29.1	36.4	34.9	38.9	42.1	42.7
Not on AFDC during Quarter						
N	0	4,348	7,369	9,453	11,575	15,516
Mean Earnings	•	$2,645	$2,569	$2,699	$2,724	$2,793
Median Earnings	•	$2,592	$2,512	$2,664	$2,705	$2,698
Percent with Earnings	•	65.0	62.9	62.9	64.3	60.5
% w/ Earnings > $500		59.5	58.0	58.1	58.8	55.0
On AFDC during Quarter						
N	28,471	24,123	21,102	19,018	16,896	12,955
Mean Earnings	$1,473	$1,624	$1,480	$1,525	$1,501	$1,665
Median Earnings	$1,202	$1,392	$1,242	$1,290	$1,187	$1,406
Percent with Earnings	38.4	40.2	34.5	37.4	40.5	35.6
% w/ Earnings > $500	29.1	32.3	26.9	29.3	30.6	27.9

NOTE: Mean and median earnings are for those working during quarter.

TABLE 11. Earnings during the Year after Exit from AFDC[a] (Excluding "Disappearers")

	Earnings During Year After Exit
All Leavers	
N	24,020
Mean Earnings	$8,232
Median Earnings	$7,543
Percent with Earnings	81.7
% w/ Earnings > $2,000	68.1
Continuous Leavers	
N	16,325
Mean Earnings	$9,215
Median Earnings	$8,787
Percent with Earnings	82.1
% w/ Earnings > $2,000	70.8
Leavers Not on AFDC during Year	
N	16,642
Mean Earnings	$9,197
Median Earnings	$8,781
Percent with Earnings	82.0
% w/ Earnings > $2,000	70.6
Leavers on AFDC at Some Point in Year	
N	7,378
Mean Earnings	$6,047
Median Earnings	$5,232
Percent with Earnings	80.9
% w/ Earnings > $2,000	62.4
All Stayers	
N	28,471
Mean Earnings	$4,869
Median Earnings	$3,500
Percent with Earnings	60.8
% w/ Earnings > $2,000	40.3

[a] During the year July 1996 - June 1997 for stayers.

TABLE 12. Median Earnings of Leavers Working during Quarter (Excluding "Disappearers")

	1st Quarter After Exit	2nd Quarter After Exit	3rd Quarter After Exit	4th Quarter After Exit	5th Quarter After Exit	6th Quarter After Exit	Average Quarterly Growth Rate
Total (N)	16,455	16,006	15,971	16,041	16,039	15,678	
Total (Median)	$2,383	$2,437	$2,460	$2,602	$2,632	$2,721	2.7
Casehead's Age							
18-24	$2,210	$2,212	$2,271	$2,358	$2,458	$2,546	2.9
25-29	$2,498	$2,564	$2,600	$2,692	$2,701	$2,799	2.3
30-39	$2,489	$2,556	$2,593	$2,762	$2,776	$2,856	2.8
40+	$2,333	$2,464	$2,391	$2,544	$2,589	$2,687	2.9
Education							
<11 Years	$2,186	$2,193	$2,166	$2,283	$2,272	$2,323	1.3
11 years	$2,090	$2,041	$2,045	$2,186	$2,205	$2,251	1.5
12 Years	$2,400	$2,460	$2,493	$2,645	$2,675	$2,755	2.8
>12 Years	$2,775	$2,886	$2,971	$3,129	$3,253	$3,376	4.0
Race							
White	$2,185	$2,230	$2,311	$2,422	$2,466	$2,509	2.8
African American	$2,649	$2,735	$2,737	$2,844	$2,873	$3,007	2.6
Hispanic	$2,594	$2,730	$2,642	$2,893	$2,876	$2,965	2.8
Other	$2,637	$2,615	$2,529	$2,764	$2,927	$2,892	2.0
Unknown	$2,402	$2,446	$2,322	$2,598	$2,593	$2,600	1.7
Number of Children							
1	$2,317	$2,347	$2,402	$2,528	$2,583	$2,693	3.1
2	$2,387	$2,454	$2,449	$2,612	$2,629	$2,693	2.5
3+	$2,490	$2,539	$2,560	$2,701	$2,707	$2,792	2.3
Age of Youngest Child							
<1	$2,213	$2,217	$2,273	$2,379	$2,466	$2,512	2.6
1	$2,325	$2,412	$2,408	$2,514	$2,566	$2,668	2.8
2	$2,361	$2,428	$2,457	$2,553	$2,687	$2,677	2.6
3 to 5	$2,466	$2,517	$2,535	$2,674	$2,672	$2,786	2.5
6 to 11	$2,499	$2,581	$2,608	$2,784	$2,777	$2,882	2.9
12 to 18	$2,257	$2,347	$2,339	$2,530	$2,540	$2,662	3.4
Other Adults in Household	$2,193	$2,260	$2,301	$2,453	$2,476	$2,550	3.1
County of Residence							
Milwaukee	$2,692	$2,785	$2,791	$2,907	$2,942	$3,062	2.6
Other Urban	$2,239	$2,271	$2,327	$2,426	$2,517	$2,567	2.8
Rural	$1,999	$2,025	$2,136	$2,325	$2,269	$2,309	3.0
Mother on SSI	$1,053	$942	$1,105	$1,464	$1,814	$1,540	9.0
Child on SSI	$2,239	$2,221	$2,203	$2,388	$2,391	$2,443	1.8
Mother Sanctioned	$1,835	$1,902	$1,806	$1,984	$1,958	$1,904	0.9
Mother Legal Immigrant	$2,888	$3,163	$3,031	$3,432	$3,421	$3,583	4.6
Number of Quarters with Earnings 7/93-7/95							
none	$2,398	$2,437	$2,472	$2,527	$2,584	$2,661	2.1
1 - 3 quarters	$2,214	$2,272	$2,253	$2,379	$2,422	$2,474	2.3
4 - 7 quarters	$2,362	$2,392	$2,424	$2,610	$2,641	$2,739	3.0
8 quarters	$2,728	$2,801	$2,832	$2,971	$3,065	$3,104	2.6
Return to AFDC							
Did Not Return	$2,583	$2,682	$2,715	$2,845	$2,861	$2,902	2.4
Returned in 3-6 months[a]	$1,708	$1,676	$1,979	$2,177	$2,215	$2,372	7.0
Returned in 7-12 months	$2,540	$2,054	$1,516	$1,627	$2,027	$2,347	0.5
Returned in 13-15 months	$2,816	$2,661	$2,510	$1,843	$1,439	$1,902	-5.5

[a] Returns within two months were not considered exits.

TABLE 13. Probit Estimate of the Probability of Leavers Having Earnings during Year after Exit (Excluding "Disappearers")

	Coefficient	Std. Error	dF/dx**
Casehead's Age			
continuous	-0.011	0.012	-0.001
age squared	0.000	0.000	0.000
Education (Compared to Less than a High School Degree)			
High school graduate	-0.013	0.027	-0.001
More than high school graduate	0.040	0.038	0.004
Race (Compared to White)			
African American	-0.119	0.039 *	-0.012
Hispanic	-0.236	0.055 *	-0.028
Other	-0.076	0.061	-0.008
Unknown	-0.147	0.055 *	-0.016
Number of Children (continuous)	0.002	0.011	0.000
Age of Youngest Child (Compared to Less than One)			
One	0.018	0.042	0.002
Two	0.033	0.045	0.003
Three to Five	0.046	0.040	0.004
Six to Eleven	0.070	0.046	0.007
Twelve to Eighteen	0.173	0.058 *	0.015
Other Adults in Household	-0.027	0.026	-0.003
Mother on SSI	-0.791	0.052 *	-0.136
At Least One Child on SSI	-0.021	0.046	-0.002
Mother Sanctioned	-0.137	0.040 *	-0.015
Mother Legal Immigrant	-0.161	0.120	-0.018
Number of Quarters with Earnings from 7/93-7/95 (values from 1 to 8)	0.111	0.005 *	0.011
Foster Children Present in Household	0.057	0.126	0.005
County of Residence (Compared to Other Urban Counties)			
Milwaukee	-0.220	0.063 *	-0.022
Rural counties	-0.100	0.058	-0.010
Brown	0.090	0.090	0.008
Dane	-0.005	0.078	0.000
Douglas	-0.599	0.112 *	-0.093
Eau Claire	-0.175	0.106	-0.020
Kenosha	-0.277	0.078 *	-0.034
La Crosse	-0.036	0.102	-0.004
Marathon	-0.037	0.116	-0.004
Racine	0.056	0.077	0.005
Rock	-0.103	0.078	-0.011
Waukesha	-0.053	0.104	-0.005
Winnebago	0.151	0.110	0.013
Unemployment Rate ~~In Zipcode~~ of Residence			
Unemployment Rate	-0.612	0.273 *	-0.060
Dummy if missing	-0.490	0.065 *	-0.070
Earnings in Quarter of Exit	0.001	0.000 *	0.000
Quarter of Exit (Compared to 2nd Quarter, 1996)*			
3rd Quarter, 1995	-0.095	0.032 *	-0.010
4th Quarter, 1995	-0.086	0.035 *	-0.009
1st Quarter, 1996	0.017	0.036	0.002
Constant Term	0.824	0.189 *	
Log Likelihood	-7020.900		

* Statistically significant at the 5% level.

** Evaluated at the mean.

TABLE 14: Tobit Estimate of Earnings of Leavers in Year after Exit (Excluding "Disappearers")

	Coefficient	Std. Error
Casehead's Age		
continuous	219.2	46.9 *
age squared	-4.4	0.7 *
Education (Compared to Less than a High School Degree)		
High school graduate	1528.5	100.2 *
More than high school graduate	3176.9	132.7 *
Race (Compared to White)		
African American	-104.3	135.4
Hispanic	70.9	202.8
Other	216.0	238.7
Unknown	-205.6	204.0
Number of Children (continuous)	111.7	43.2 *
Age of Youngest Child (Compared to Less than One)		
One	953.0	153.5 *
Two	1198.6	163.2 *
Three to Five	1288.6	146.1 *
Six to Eleven	1506.9	167.3 *
Twelve to Eighteen	831.5	220.1 *
Other Adults in Household	-385.6	97.1 *
Mother on SSI	-8149.7	279.3 *
At Least One Child on SSI	-1072.0	181.4 *
Mother Sanctioned	-2362.5	167.8 *
Mother Legal Immigrant	2540.3	455.0 *
Foster Children Present in Household	-1006.6	486.7 *
County of Residence (Compared to Other Urban Counties)		
Milwaukee	1192.1	219.6 *
Rural counties	-900.3	207.8 *
Brown	377.9	302.2
Dane	549.3	275.2 *
Douglas	-3856.0	489.9 *
Eau Claire	-666.9	375.4
Kenosha	-1099.5	300.3 *
La Crosse	-1475.8	381.8 *
Marathon	53.9	431.5
Racine	213.9	274.3
Rock	-178.5	285.8
Waukesha	900.8	345.4 *
Winnebago	298.0	366.7
Unemployment Rate in Zipcode of Residence		
Unemployment Rate	-7998.1	963.3 *
Dummy if missing	-4140.0	296.5 *
Average Quarterly Earnings 7/93-6/95	2.3	0.0 *
Quarter of Exit (Compared to 2nd Quarter, 1996)		
3rd Quarter, 1995	-67.7	119.1
4th Quarter, 1995	326.0	124.3 *
1st Quarter, 1996	473.4	131.1 *
Constant Term	743.3	731.5
Ancillary parameter	6555.9	33.8

* Statistically significant at the 5% level.

TABLE 15. Median Earnings of Leavers by SIC Code for Those Working, by Quarter after Exit, Ranked by Average Earnings in SIC Code

	1st Quarter After Exit	2nd Quarter After Exit	3rd Quarter After Exit	4th Quarter After Exit	5th Quarter After Exit	6th Quarter After Exit
Temporary Agencies	$1,782	$1,637	$1,553	$1,575	$1,567	$1,566
Agriculture, Forestry, Mining	$1,536	$1,319	$1,623	$1,993	$1,817	$1,714
Hotels, Lodging	$1,666	$1,551	$1,620	$1,707	$1,747	$1,730
Restaurants	$1,630	$1,650	$1,686	$1,693	$1,755	$1,752
Retail Trade	$1,960	$1,900	$2,004	$2,111	$2,103	$2,136
Other Services	$1,980	$1,848	$2,180	$2,408	$2,477	$2,223
Business Services	$2,220	$2,325	$2,336	$2,230	$2,265	$2,251
Personal Services	$2,198	$2,292	$2,227	$2,445	$2,298	$2,483
Social Services, Public Administration, Education	$2,665	$2,827	$2,748	$2,949	$3,011	$3,120
Wholesale Trade	$2,550	$2,797	$2,841	$2,972	$3,173	$3,222
Transportation, Communications & Public Utilities	$2,877	$3,048	$2,923	$3,116	$2,992	$3,109
Health Services	$2,947	$3,057	$3,081	$3,214	$3,245	$3,330
Non-durable Manufacturing	$2,809	$3,032	$3,094	$3,305	$3,363	$3,579
Construction	$2,867	$3,070	$2,789	$3,632	$3,418	$3,548
Durable Manufacturing	$3,093	$3,273	$3,367	$3,600	$3,688	$3,723
Financial, Insurance, Real Estate	$3,284	$3,337	$3,549	$3,655	$3,688	$3,895

TABLE 16. Percentage of Leavers Working in SIC Codes, Ranked from SIC Code with Lowest Average Earnings to Highest (N=23,536)

	Sixth Quarter After Exit																
First Quarter After Exit	Not Working (N=7,526)	Temporary Agencies (N=1,582)	Agriculture, Forestry, Mining (N=76)	Hotels, Lodging (N=487)	Restaurants (N=1,734)	Retail Trade (N=1,907)	Other Services (N=258)	Business Services (N=1,100)	Personal Services (N=380)	Social Services, Public Admin., Education (N=2,360)	Wholesale Trade (N=438)	Transportation, Communications & Utilities (N=548)	Health Services (N=2,268)	Non-durable Manufacturing (N=922)	Construction (N=97)	Durable Manufacturing (N=1,242)	Financial, Insurance, Real Estate (N=613)
Not Working (N=6,748)	60.7	8.0	0.3	1.8	5.1	5.3	0.7	3.6	1.0	4.9	1.0	0.8	3.1	1.9	0.2	2.6	1.0
Temporary Agencies (N=1,653)	26.2	20.7	0.1	1.6	4.1	4.2	0.6	6.4	1.0	6.4	2.8	2.1	6.6	4.6	0.4	9.8	2.1
Agriculture, Forestry, Mining (N=99)	29.3	4.0	29.3	3.0	3.0	2.0	3.0	3.0	2.0	1.0	3.0	1.0	4.0	10.0	1.0	1.0	0.0
Hotels, Lodging (N=530)	23.6	3.6	0.2	33.4	7.4	7.7	1.9	4.2	0.8	4.9	0.8	0.4	4.5	1.9	0.6	3.4	0.9
Restaurants (N=2,029)	23.8	3.8	0.1	2.0	41.7	8.4	0.9	2.5	1.2	3.9	1.4	0.9	3.2	2.1	0.5	2.7	0.8
Retail Trade (N=2,221)	22.5	5.5	0.1	1.2	6.2	38.5	0.9	3.2	0.9	4.9	1.7	1.7	4.0	3.0	0.4	3.0	2.3
Other Services (N=273)	25.3	8.6	0.7	2.2	5.1	5.1	34.1	1.1	0.7	4.4	1.1	2.2	2.9	2.9	0.4	3.3	1.8
Business Services (N=1,120)	21.6	10.5	0.5	1.4	3.8	4.6	0.9	34.3	1.0	4.9	1.1	1.7	4.2	3.8	0.0	3.6	2.2
Personal Services (N=417)	18.2	4.6	0.0	1.2	4.6	5.0	0.5	2.4	42.2	7.2	1.0	0.7	4.3	2.6	0.7	2.9	1.7
Social Services, Public Administration, Education (N=2,329)	18.4	3.7	0.1	0.5	2.8	3.4	0.4	2.4	0.5	56.6	0.7	1.1	5.7	1.4	0.2	1.4	0.9
Wholesale Trade (N=460)	22.6	6.5	0.4	0.7	3.9	7.4	1.1	3.5	1.3	4.1	34.6	1.3	3.9	3.3	0.4	3.9	1.1
Transportation, Communications, Public Utilities (N=490)	13.9	6.1	0.0	1.0	1.8	3.7	0.4	1.0	0.6	5.1	1.2	56.7	2.7	1.2	0.4	1.2	2.9
Health Services (N=2,390)	13.3	5.8	0.0	0.6	2.0	2.6	0.3	2.1	0.7	6.8	0.4	1.2	61.1	1.1	0.2	1.1	0.7
Non-durable Manufacturing (N=930)	23.7	5.9	0.3	1.2	3.6	5.1	0.5	2.8	0.5	2.7	1.3	1.1	3.3	42.0	0.2	4.6	1.2
Construction (N=100)	22.0	6.0	1.0	3.0	5.0	8.0	0.0	2.0	0.0	5.0	2.0	3.0	1.0	2.0	32.0	4.0	4.0
Durable Manufacturing (N=1,187)	20.3	6.3	0.5	1.3	2.7	5.2	0.9	2.4	1.0	2.5	1.8	0.6	1.8	3.7	0.2	48.4	0.5
Financial, Insurance, Real Estate (N=580)	13.3	8.0	0.0	0.7	2.8	3.5	0.3	3.6	0.9	4.7	0.9	1.9	2.9	0.7	0.3	1.7	55.9

TABLE 17. Stability of Occupations among Leavers, by Occupational Classification

Occupational Classification	Percentage of Leavers Who Entered the Classification in First Quarter after Exit and Who Remained in the Classification in Quarter 6
Health Services	61.1
Transportation, Communications, Public Utilities	56.7
Social Services, Public Administration, Education	56.6
Financial, Insurance, Real Estate	55.9
Durable Manufacturing	48.4
Personal Services	42.2
Nondurable Manufacturing	42.0
Restaurants	41.7
Retail Trade	38.5
Wholesale Trade	34.6
Business Services	34.3
Other Services	34.1
Hotels and Lodging	33.4
Construction	32.0
Agriculture, Forestry, and Mining	29.3
Temporary Agencies	20.7

TABLE 18. Percentage Change in Median Earnings among Leavers, from First Quarter after Exit to Sixth Quarter after Exit, by Occupational Classification

Occupational Classification	Percent Change in Median Wages
Nondurable Manufacturing	+27.4
Wholesale Trade	+26.4
Construction	+23.7
Durable Manufacturing	+20.4
Financial, Insurance, Real Estate	+18.6
Social Services, Public Administration, Education	+17.1
Health Services	+13.0
Personal Services	+13.0
Other Services	+12.3
Agriculture, Forestry, and Mining	+11.6
Retail Trade	+9.0
Transportation, Communications, Public Utilities	+8.1
Restaurants	+7.5
Hotels and Lodging	+3.8
Business Services	+1.4
Temporary Agencies	-12.1

APPENDIX 1
Sample and Variable Definition

We extracted data from the CARES database for all 65,223 AFDC-Regular recipients in the state of Wisconsin in July 1995. The analyses in this report exclude cases which were open in July 1995 but received $0 in AFDC benefits in both July and August 1995 (n=397), cases in which there were no children identified in the assistance group (n=843), cases in which the children were not cared for by a parent (n=6,101), cases with two parents in the household (n=983), cases in which the mother was less than 18 or more than 65 years of age (n=407), cases in which the casehead was a male (1,845), and multi-family households in which the family receiving assistance could not be identified (n=129). This definition differs from that used in the first report only in the addition of 444 cases for which we were originally unable to identify the family receiving assistance, but have now identified the casehead through further investigation.

We then divided this analysis group into two groups: leavers and stayers. As in the original report, leavers are defined as those who received $0 in AFDC benefits for two consecutive months between August 1995 and July 1996. By this definition there were 26,047 leavers and 28,471 stayers. The number of leavers increased from that in the first report owing to a more complete understanding of the data. The first report failed to identify some people who left AFDC and then returned. Those cases have now been identified as leavers.

As in the first report, the analyses were done at the county level. The counties are grouped as follows: Milwaukee County, other urban counties (Brown, Calumet, Chippewa, Dane, Douglas, Eau Claire, Kenosha, La Crosse, Marathon, Outagamie, Ozaukee, Pierce, Racine, Rock, St. Croix, Sheboygan, Washington, Waukesha, and Winnebago), and rural counties (all other counties).

<u>Demographic Variables</u>

The demographic variables were taken from the CARES database and reflect characteristics as of July 1997. These variables include: mother's age, mother's education level, mother's race, total number of children in the household, age of the youngest child in the household, presence of other adults in the household, SSI status of mother, SSI status of children, mother's AFDC status, mother's immigrant status, and county of residence.

<u>Employment and Earnings Variables</u>

Employment and earnings information was obtained from the state Unemployment Insurance (UI) database. We have information on quarterly earnings and place of employment from July 1993 to December 1997 for all of the mothers in our sample. These data were used to calculate the number of quarters with earnings between July 1993 and July 1995, the average quarterly earnings over this period, and the total earnings over this period. We also calculated total earnings in each of the six quarters after exit for leavers and in each of the six quarters from July 1996 to December 1997 for stayers.

The state UI database also contains the Standard Industry Code (SIC) code of the place of employment. We used this information to group workers into the following categories:

Group	SIC Codes Included in Group
Agriculture, Forestry, Mining	0100 - 1499
Construction	1500 - 1999
Non-Durable Manufacturing	2000 - 2999
Durable Manufacturing	3000 - 3999
Transportation, Communications & Public Utilities	4000 - 4999
Wholesale Trade	5000 - 5199
Retail Trade	5200 - 5799, & 5900 - 5999
Restaurants	5800 - 5899
Financial, Insurance, Real Estate	6000 - 6999
Hotels, Lodging	7000 - 7099
Personal Services	7200 - 7299, & 8811
Business Services	7300-7362, 7364-7399, 8111, & 8700-8799
Temporary Agencies	7363
Other Services	7500 - 7999, 8999
Health Services	8000 - 8099
Social Services, Public Administration & Education	8200 - 8399, 8400 - 8699, & 9000 - 9999

Other Assistance Variables

Information on Food Stamp receipt and Medicaid eligibility for all household members in our sample was obtained from the CARES database. These data were used to determine whether anyone in the household was receiving assistance in each of the quarters following exit, as well as the total amount of Food Stamp benefits received by the household in the year after exit from AFDC.

Census Variables

The unemployment rate by zipcode was taken from the 1990 census zipcode level database STF3B.

APPENDIX 2. Probit Estimate of the Probability of Leavers Being off Public Assistance in 1st Quarter after Exit (Excluding "Disappearers")

	Coefficient	Std. Error	dF/dx**
Casehead's Age			
continuous	0.022	0.011 *	0.005
age squared	-0.001	0.000 *	0.000
Education (Compared to Less than a High School Degree)			
High school graduate	-0.006	0.023	-0.001
More than high school graduate	-0.029	0.030	-0.007
Race (Compared to White)			
African American	-0.119	0.030 *	-0.027
Hispanic	0.036	0.045	0.009
Other	0.139	0.053 *	0.035
Unknown	0.106	0.044 *	0.026
Number of Children (continuous)	-0.017	0.010	-0.004
Age of Youngest Child (Compared to Less Than One)			
One	0.064	0.035	0.015
Two	-0.024	0.038	-0.006
Three to Five	-0.028	0.034	-0.007
Six to Eleven	0.108	0.038 *	0.026
Twelve to Eighteen	0.281	0.049 *	0.073
Other Adults in Household	0.022	0.022	0.005
Mother on SSI	0.137	0.052 *	0.034
At Least One Child on SSI	0.053	0.040	0.013
Mother Sanctioned	0.214	0.036 *	0.055
Mother Legal Immigrant	-0.231	0.111 *	-0.048
Number of Quarters With Earnings from 7/93-7/95 (values from 1 to 8)	0.008	0.004 *	0.002
Foster Children Present in Household	-0.335	0.130 *	-0.065
County of Residence (Compared to Other Urban Counties)			
Milwaukee	0.308	0.051 *	0.074
Rural counties	0.031	0.050	0.007
Brown	-0.156	0.076 *	-0.034
Dane	0.288	0.063 *	0.076
Douglas	-0.010	0.114	-0.002
Eau Claire	-0.182	0.096	-0.039
Kenosha	0.176	0.069 *	0.045
La Crosse	0.054	0.089	0.013
Marathon	-0.238	0.106 *	-0.049
Racine	0.245	0.063 *	0.064
Rock	0.089	0.067	0.022
Waukesha	-0.053	0.084	-0.012
Winnebago	-0.001	0.088	0.000
Unemployment Rate in Zipcode of Residence			
Unemployment Rate	-0.864	0.221 *	-0.203
Dummy if missing	0.537	0.057 *	0.158
Constant Term	-1.359	0.165 *	
Log Likelihood	-10178.0		

* Statistically significant at the 5% level.

** Evaluated at the mean.

APPENDIX 3. Probit Estimate of the Probability of Leavers Being off Public Assistance in 5th Quarter after Exit (Excluding "Disappearers")

	Coefficient	Std. Error	dF/dx**
Casehead's Age			
continuous	0.018	0.009 *	0.007
age squared	0.000	0.000 *	0.000
Education (Compared to Less than a High School Degree)			
High school graduate	0.109	0.019 *	0.042
More than high school graduate	0.276	0.025 *	0.107
Race (Compared to White)			
African American	-0.214	0.026 *	-0.080
Hispanic	-0.036	0.039	-0.014
Other	-0.007	0.046	-0.003
Unknown	0.005	0.039	0.002
Number of Children (continuous)	-0.077	0.008 *	-0.029
Age of Youngest Child (Compared to Less Than One)			
One	0.018	0.030	0.007
Two	0.009	0.032	0.003
Three to Five	0.105	0.028 *	0.040
Six to Eleven	0.236	0.032 *	0.091
Twelve to Eighteen	0.484	0.042 *	0.190
Other Adults in Household	0.066	0.019 *	0.025
Mother on SSI	-0.258	0.046 *	-0.094
At Least One Child on SSI	0.072	0.035 *	0.028
Mother Sanctioned	0.117	0.032 *	0.045
Mother Legal Immigrant	0.173	0.085 *	0.067
Number of Quarters With Earnings from 7/93-7/95 (values from 1 to 8)	0.001	0.003	0.000
Foster Children Present in Household	-0.294	0.103 *	-0.105
County of Residence (Compared to Other Urban Counties)			
Milwaukee	0.040	0.042	0.015
Rural counties	-0.077	0.040	-0.029
Brown	-0.008	0.058	-0.003
Dane	-0.016	0.052	-0.006
Douglas	-0.291	0.092 *	-0.104
Eau Claire	-0.294	0.073 *	-0.105
Kenosha	0.032	0.057	0.012
La Crosse	0.090	0.072	0.035
Marathon	-0.134	0.081	-0.050
Racine	0.061	0.052	0.023
Rock	0.036	0.054	0.014
Waukesha	0.073	0.066	0.028
Winnebago	-0.009	0.070	-0.003
Unemployment Rate in Zipcode of Residence			
Unemployment Rate	-1.454	0.191 *	-0.552
Dummy if missing	0.243	0.054 *	0.095
Constant Term	-0.433	0.134 *	
Log Likelihood	-15472.9		

* Statistically significant at the 5% level.

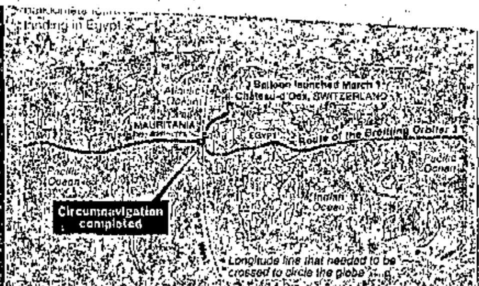
** Evaluated at the mean.

APPENDIX 4. Probit Estimate of the Probability of Leavers Having Earnings during Year after Exit
(Estimate without controlling for earnings in quarter of exit)

	Coefficient	Std. Error	dF/dx**
Casehead's Age			
continuous	0.007	0.010	0.002
age squared	0.000	0.000 *	0.000
Education (Compared to Less than a High School Degree)			
High school graduate	0.106	0.024 *	0.024
More than high school graduate	0.201	0.032 *	0.042
Race (Compared to White)			
African American	-0.045	0.033	-0.010
Hispanic	-0.073	0.046	-0.017
Other	-0.035	0.054	-0.008
Unknown	-0.086	0.048	-0.020
Number of Children (continuous)	0.003	0.010	0.001
Age of Youngest Child (Compared to Less Than One)			
One	0.130	0.036 *	0.028
Two	0.214	0.039 *	0.044
Three to Five	0.208	0.035 *	0.044
Six to Eleven	0.244	0.040 *	0.051
Twelve to Eighteen	0.260	0.050 *	0.052
Other Adults in Household	-0.045	0.023 *	-0.010
Mother on SSI	-1.201	0.049 *	-0.402
At Least One Child on SSI	-0.070	0.039	-0.016
Mother Sanctioned	-0.306	0.036 *	-0.079
Mother Legal Immigrant	0.171	0.099	0.035
Number of Quarters With Earnings from 7/93-7/95 (values from 1 to 8)	0.170	0.004 *	0.039
Foster Children Present in Household	-0.054	0.108	-0.013
County of Residence (Compared to Other Urban Counties)			
Milwaukee	-0.055	0.054	-0.012
Rural counties	-0.107	0.051 *	-0.025
Brown	0.122	0.078	0.026
Dane	0.009	0.068	0.002
Douglas	-0.646	0.100 *	-0.193
Eau Claire	-0.084	0.092	-0.020
Kenosha	-0.272	0.069	-0.070
La Crosse	-0.107	0.091 *	-0.025
Marathon	-0.013	0.102	-0.003
Racine	0.046	0.068	0.010
Rock	-0.095	0.068	-0.022
Waukesha	0.049	0.089	0.011
Winnebago	0.183	0.096	0.037
Unemployment Rate in Zipcode of Residence			
Unemployment Rate	-0.979	0.223 *	-0.221
Dummy if missing	-0.715	0.059 *	-0.217
Quarter of Exit (Compared to 2nd Quarter, 1996)			
3rd Quarter, 1995	-0.106	0.028 *	-0.024
4th Quarter, 1995	0.020	0.030	0.004
1st Quarter, 1996	0.017	0.031	0.004
Constant Term	0.775	0.165 *	
Log Likelihood	-9351.700		

* Statistically significant at the 5% level.

** Evaluated at the mean.



The New York Times

2-Man Crew Rounds the World to Grab the Elusive Prize

By MALCOLM W. BROWNE

GENEVA, March 20 — Dr. Bertrand Piccard and Brian Jones sailed into history today when their Breitling Orbiter 3 completed the first nonstop balloon trip around the world — a goal many had sought but never achieved.

At 10:54 this morning (4:54 A.M. Eastern time) at an altitude of 36,000 feet, their balloon sped past the finish line at 9 degrees 27 minutes west longitude over Mauritania, the longitude from which they began their 20-day voyage.

The harrowing trip had taken the pilots over Europe, Africa, Asia, the Pacific Ocean, Central America and the Atlantic Ocean.

When they crossed the finish line, their mission control team at Geneva airport broke into cheers and sprayed a forest of news television cameras with champagne.

"I am with the angels and just completely happy," Dr. Piccard, 41, told them by satellite telephone after attaining one of aviation's most elusive goals.

His partner, Mr. Jones, 51, asked by the crew whether they were celebrating their achievement, replied: "The first thing I'll do is phone my wife, and then, like the good Englishman I am, I'll have a cup of tea."

Dr. Piccard, who comes from a long line of accomplished scientific adventurers, added that he felt that an "invisible hand" had guided the balloon along its "fantastic voyage."

After flying over the equally invisible finish point, the Breitling pilots decided to continue on for another day at high speed, intending to land in Egypt on Sunday morning.

(After the balloon took off from Château-d'Oex in the Swiss Alps on March 1, the pilots flew southwest to North Africa to catch a favorable jet stream going eastward. The official beginning of their trip was therefore the westernmost point the balloon reached before heading east.)

Before reaching Egypt, the balloon is expected to fly over Libya, a nation that has sometimes barred balloonists from its airspace.

"But for us, Libya has been extremely helpful and cooperative," said Alan Noble, an English balloonist and engineer who was the team's flight director. He said the Breitling Orbiter 3's lifting gas would cool on Saturday night and the balloon would be allowed to descend slowly to the ground on Sunday morning provided all continues to go well.

A team is waiting to pick up the two aeronauts. With more than one day's supply of propane fuel still aboard, the balloonists said they would try to reach the Nile desert before landing just after dawn on Sunday.

They had hoped to set down near the Pyramids in Cairo, but the winds will take them too far south, their meteorologists said.

In any case, the Swiss Post Office

Continued on Page 41

By MICHAEL R. GORDON

MOSCOW, March 20 — In his long and somewhat mysterious political career, Yevgeny M. Primakov has dealt with the United States in many guises: reform Communist, intelligence chief and an occasionally quarrelsome Foreign Minister.

But now, as Prime Minister and effective leader of the Russian Government under an erratic, ailing and jealous President, Boris N. Yeltsin, Mr. Primakov is facing one of his most important challenges.

In Washington next week, his goal will be to win several billion dollars in credits from a skeptical International Monetary Fund. The prize would help Russia to regain a modicum of respectability on the world financial markets and to restructure its colossal foreign debt.

It would also make Mr. Primakov a conquering hero at home, with greatly improved chances of succeeding Mr. Yeltsin.

It is a testimony to his dogged persistence — and the anxiety of the West about Russia's stability — that he is likely eventually to prevail, despite an economic policy that is little more than a vague and sometimes contradictory prescription for muddling through.

His supporters say this is all the West can expect from a nation exhausted by its tainted experiment with capitalism. With Mr. Yeltsin's health fading by the day and Russia's market reformers in political exile, they say, the United States would be wise to recognize Mr. Primakov as its best bet.

"The fact is we have had a more or less stable situation," said Yuri Kobaladze, the deputy director of the Itar-Tass Government news agency, who also worked for Mr. Primakov when he ran the nation's intelligence service. "Nobody else could have achieved this very small positive result."

To his critics, however, Mr. Primakov is a classic Soviet apparatchik, an official who has established a political equilibrium largely by avoiding the tough decisions needed to yank Russia out of its economic mire.

"He is part Andropov and part Brezhnev," said Andrei Piontkovsky, one of Russia's leading political analysts.

Continued on Page 6


Associated Press

Yevgeny M. Primakov may try to succeed Boris N. Yeltsin.

CLINTON MEETS ADVISERS

Thousands of Refugees Fleeing an Outbreak of Violence as Foreign Monitors Leave

By JANE PERLEZ

WASHINGTON, March 20 — As hundreds of foreign monitors left Kosovo and President Clinton met his national security advisers to discuss the worsening situation there, Serbian forces took advantage of the vacuum today to press a heavy offensive against the separatist Kosovo Liberation Army.

After Mr. Clinton met his advisers, a senior official said it appeared that the Yugoslav leader, Slobodan Milosevic, was preparing for a major offensive.

In Belgium, Gen. Wesley C. Clark, the Supreme Commander of NATO, described the situation in Kosovo in much starker terms. He said in a telephone interview today that the offensive was well under way and that "all sources indicate that the situation has dramatically deteriorated on the ground in Kosovo as the verifiers have departed."

In Kosovo, thousands of panicked refugees fled their homes, many for the second time this week. Reporters who reached the town of Srbica said Serbian forces dressed in snow-white camouflage and black masks were seen driving through the streets with tanks and troops deployed all around the town, which is in the Drenica region, the heart of the ethnic Albanians' revolt. [Page 10.]

A senior NATO diplomat said Mr. Milosevic appeared to be taking advantage of the departure today of the international monitors, sometimes referred to as verifiers, and intensifying an offensive aimed at crushing the forces of the ethnic Albanians.

At the White House, a day after warning that the Serbs had crossed the threshold of acceptable behavior, Mr. Clinton met with Secretary of State Madeleine K. Albright, Defense Secretary William Cohen, Gen. Henry H. Shelton, Chairman of the Joint Chiefs of Staff, George Tenet, the Director of Central Intelligence, and Samuel R. Berger, the national security adviser.

The senior Administration official who briefed reporters said Mr. Clinton was "deeply concerned" about the situation. "There were confirmed reports of the outbreak of violence," he said.

At NATO, the senior diplomat described about 5,000 Yugoslav troops in the field in Kosovo and many more

On a Once Forlorn Avenue, Tax Preparers Now Flourish

By JASON DePARLE

LIFE AFTER WELFARE
First-Time Filers

MILWAUKEE, March 20 — It slopes up from the old Schlitz Brewery, past empty lots, storefront churches, Victory over Violence Park and the Black Holocaust Museum. It burned in two days of racial violence in 1967. Since then, Dr. Martin Luther King Jr. Drive, once a proud retailers' row, has mostly been known as an asphalt emblem of urban distress.

But in the first tax season since the state completed its radical welfare reductions, King Drive has acquired an unlikely new identity — as a battleground of bookkeepers. From the Federal Building at its southern base to the Shalom Zone of churches in the north, the tax preparers have arrived in droves, seeking the business of the neighborhood's new workers.

On a strip once so forlorn it drew a National Guard patrol, H & R Block has decorated a spiffy new office with posters of the Caribbean beaches that beckon those with refunds. Across the street, in its makeshift quarters in an abandoned bakery, Jackson Hewitt, another tax preparation service, has been so busy it has had to double its staff. A few blocks north, at Milwaukee Check Cashers, a tax business is booming behind the bulletproof glass. Tax preparation is such a growth industry here that even a welfare office on King Drive is offering a course in its numerical arts.

Up and down the avenue, the explanation is the same: tough welfare laws are good for business. "With welfare being cut off and everything, everybody's got to go back to work," said Lorenzo Cartman, who manages the H & R Block office on King Drive. "They either work or they starve, and I don't think they want to starve."

Indeed, Mr. Cartman was so confident in his theory — less welfare means more work — that he staked his fortune on it, choosing to manage the King Drive store over other H & R Block offices because he thought it would be easier to meet his performance goals. "I was thinking, 'First-time filers.' People finally moving out on their own," he said. "I liked the numbers."

But tax season on King Drive is more than a

Continued on Page 20

INSIDE

UConn and Ohio State Reach the Final Four

The Connecticut men's basketball team won its first trip to the Final Four with a victory over Gonzaga, while St. John's fell just short in a loss to Ohio State. In women's play, UConn was upset by Iowa State while Purdue and Tennessee rolled into the round of 8. SPORTSSUNDAY

[NY TIMES
3/21/99]

As the Benefits Expire For Welfare Recipients, Experts Begin to Worry

Continued From Page 1

are waves of worry along bureaucratic fronts. Competing approaches to the deadlines' enforcement are in play as requests for extensions arrive. The state officials who oversee the program are quarreling with the private agencies that help run it. And all are looking to avoid blame when families stay mired in problems that are sometimes decades in the making.

Amid the proliferating subplots, the deadlines have had at least one clearly positive effect: afraid of being called to task or even fined for their clients' slow progress, welfare agencies are revisiting old cases with new intensity. But it remains unclear how much even the best social work can accomplish, especially as troubled lives compete with expiring clocks. And the heightened concern about these few families implicitly raises questions about the tens of thousands dropped from welfare before them without nearly as much thought.

Though the program, Wisconsin Works, or W-2, prides itself on being tough, so far the forces of caution have prevailed. Forty-eight recipients have sought extensions to the two-year limit and all have received them, putting off the day of reckoning by three to six months.

Among them was Robin Edwards, a 38-year-old mother of six who works as a janitor at a Milwaukee parochial school in exchange for a monthly welfare check of $673. A painfully shy woman who stares at the ground when she talks, she reads at the third-grade level and is unclear about such basics as what year her deadline expires. "I'm really not too sure," she said.

In fact, her time expired this month. As it did, it added to the concern up the bureaucratic ladder.

At Y-W Works, a private agency in Milwaukee that handles her case, social workers redoubled a two-year effort to help Ms. Edwards find a regular wage-paying job. Sabrina Lee returned to Ms. Edwards's problems with child care. Pepita Johnson gave weekly lessons on talking to employers. Mark Miller lined up interviews at a hospital and a grocery.

The challenges before them were considerable. In the past 19 years, Ms. Edwards had held just one private job, for a few weeks. Among the skills she is trying to acquire are the rudiments of workplace grooming. "They tell me, 'Don't go in there with body odor on you,'" she said.

As the social workers attended to Ms. Edwards, the head of Y-W Works, Julia Taylor, asked the state for more time.

J. Jean Rogers, the state official who

at Harvard. He wanted to give the poor two or three years of training and then require those still on the rolls to work for their checks. But they would remain eligible for aid, with the Government providing the jobs, if necessary, along with other services.

President Clinton used that plan as a template for his 1992 pledge to "end welfare as we know it." Like Professor Ellwood, Mr. Clinton merely proposed sending the poor to a work site after a few years. He never suggested dropping them from the rolls.

But conservatives seized on his bold rhetoric and called for doing just that. "Ending welfare," they argued, meant enforcing finite periods of eligibility, period. Otherwise, they said, the poor would lack the motivation to leave welfare.

Soon, this new definition prevailed: not time limits followed by work assignments, but time limits followed by nothing. Under attack for failing to keep his "end welfare" pledge, President Clinton accepted a Republican plan in 1996, signing a law that placed a five-year lifetime limit on eligibility for Federal benefits.

The law permits states to set shorter limits, and Wisconsin is one of 20 to do so. It also allows states to exempt 20 percent of their welfare families from the deadline. Wisconsin has no outright exemptions, though there is no limit on the number of extensions a recipient can seek.

At first, time limits appeared to be one of the most consequential features of the new welfare law. The Urban Institute, a Washington research group, predicted that of the 5 million families then on welfare, 1.4 million would suddenly be dropped in 2001 when their five-year limit expired. But a good economy and tough work rules have already cut the country's welfare rolls nearly in half, and as a result, the impact that time limits will come to have is now less clear. Many of the 2.7 million families still receiving aid are expected to leave the rolls before their deadlines expire. And after such precipitous reductions, states may approach the deadlines more permissively than once expected.

So far, the state evidence is mixed. Some of the largest have rejected the strict limits envisioned by Federal law. California and New York, which account for a third of the nation's recipients, have said that after five years they will reduce, but not eliminate, a family's cash aid. If necessary, they will finance the continued payments themselves.

Massachusetts, by contrast, is rigorously enforcing a two-year limit. Of the first 5,000 families to reach the limit, about 70 percent lost their cash assistance. (Time limits do not affect food stamps or Medicaid.) Similarly, Louisiana dropped 4,200 families this year, about 10 percent of its caseload, after

Photographs by Nicole Bengiveno/The New York Times

FACING DEADLINES Robin Edwards, above, who works as a janitor at a parochial school in exchange for her welfare check reached her benefits deadline, as did Loretta Triplett, left, who has battled depression for 35 years and works part time as a clerk at an electric company. Both received extensions of their benefits.

Life After Welfare

functionally.") In the end, the state gave Ms. Alva six more months to study English and to find care for her husband and son.

These first decisions have been shaped by

The schizophrenic woman, for instance, had been seen by three other agencies.

While Ms. DeLessio, the welfare rights lawyer, called Y-W Works one of the most work. Ms. Rogers, a strict critic of welfare, gave Ms. Edwards three more months, but only after urging Y-W Works to follow a seven-point plan.

"Contact employers with whom she has interviewed to determine for certain why she is not being hired," she wrote. "Engage her in family planning." Ms. Rogers's decisions, in turn, are reviewed by aides to her boss, Linda Stewart, the Secretary of the Department of Workforce Development, who is considered more of a moderate.

The entire process is buffeted by competing political concerns. Saying many families have not received enough help, critics of W-2 have threatened to sue on behalf of the first recipients who lose their aid. "The state should extend the deadline for everyone, given the disarray the program was in," said Pat DeLessio, a welfare rights lawyer.

But others are warning against retreat. "We have to make sure that time limits have teeth," said State Representative John Gard, a Republican who sponsored the legislation creating W-2. If extensions become the rule, he said, "we'll need to scrutinize this closely."

As for Ms. Edwards, though she is getting a remarkable amount of attention, her circumstances are not particularly remarkable. Officials often describe the last cases as the hardest, but that is not necessarily so. Work programs like W-2 sometimes affect the most troubled families first: addicted, depressed or disturbed clients often just disappear. For every client now getting a second look, there may well be two or three others with similar problems who vanished into the post-welfare world.

Ms. Edwards herself had a spotty history in the program, sometimes missing weeks of work. But Y-W Works continued to pursue her. And its efforts just produced a result that took her by surprise: She got a job. On Oct. 1 she began working three days a week as a janitor at a Toys 'R' Us.

No one pretends her problems are solved. With only a part-time job, Ms. Edwards is still on welfare — she now sweeps the school two days a week — and her clock is still ticking. Supporters of time limits would call her breakthrough a testament to the power of deadlines. Critics would describe her as a vulnerable woman whose safety net is shrinking.

Her supervisor at the school, Venus McMurry, sounds a pessimistic note. "I don't care what anybody says, the girl's not ready to work," Ms. McMurry said.

Ms. Edwards offers no predictions about where this experiment is heading. "Hopefully, I'll have some luck," she said.

The Country

Clinton's Proposal Seized by Republicans

Though they swept the country appearing inevitable, time limits on welfare were anything but. Until Bill Clinton ran for President in 1992, few welfare experts had pondered them and no states had tried them.

Although time limits are now hailed by conservatives, they were first proposed by a liberal, Prof. David T. Ellwood, an economist

about 19,000, but the vast majority were working families who would have been ineligible for welfare in most states.

For evidence about how the limits work, most analysts turn to Pensacola, Fla., which began experimenting with them in 1994. As in Wisconsin, the poor seemed to pay the deadlines little mind. Families given limits of two or three years left the rolls no quicker than a control group of other families.

But researchers found that the Pensacola program, like Wisconsin's, did motivate caseworkers. "They felt like they really had to pay attention to people as they approached the time limit," said Dan Bloom of the Manpower Demonstration Research Corporation, a New York City group that evaluated the program. Likening time limits to shock therapy, Mr. Bloom said creative managers might be able to find other ways to motivate caseworkers. But, he added, "it's harder."

The State

Conflicting Visions About Time Limits

Wisconsin would seem the last place to fret about families losing welfare. When Gov. Tommy G. Thompson, a Republican, took office in 1987 after an anti-welfare campaign, there were nearly 100,000 families on the rolls. Now there are 7,700.

But as a few dozen families now seek extensions, tensions are running high. Consider the jousting around Simona Alva, a Mexican immigrant who went on welfare seven years ago after her husband fell ill with epileptic seizures.

An outgoing woman with 11 children and 10 cockatiels, Ms. Alva insists that her ability to work is limited. She speaks no English. She gets lost on city buses. Though seven of her children are grown, she worries that a mentally ill son, who is 24, will burn down the house without her supervision. And like many Hispanic women, who are leaving welfare more slowly than blacks or whites, she feels her place is in her home, watching over her troubled family. "The woman is supposed to take care of the man," she said.

Since joining W-2, Ms. Alva has held the least demanding of two major types of jobs in the program, called a "transitions" job. She spends four hours a day, under close supervision, packing books and calendars. But with eligibility at each job level limited to two years, she is now expected to move up to a more demanding "community service" job with longer hours, or leave welfare. The combined eligibility for all work levels is five years. Because clients are generally required to move up the ladder, those who start in community service, as most do, are typically expected to leave the program for regular jobs after two years. They are the ones most affected by the current deadline.

In Ms. Alva's case, Y-W Works, the private agency, requested an extension, arguing that her ability to work is "complicated by her husband's and her son's disabilities." State officials were skeptical. "This seems to be a person who is ready to move up," they wrote.

The agency resisted. ("Her illiteracy renders her vulnerable in the workplace.") The state pushed back. ("She can communicate

THE FINAL CASES. With some Wisconsin families at the deadline for the cutoff of aid, welfare workers in Milwaukee recently discussed how to help them.

ton, as well as his Republican critics, count the 1996 welfare law as the cornerstone of their respective legacies. The law replaced a 60-year-old cash safety net with time limits and work requirements.

No place has come closer than Wisconsin to the goal of ending welfare. A decade ago, 100,000 families relied on public aid. Now 7,700 do. The changes taking place in the state, particularly in Milwaukee, its largest city, continue to reverberate in broad and unpredictable ways. Throughout the year, The New York Times is returning to Milwaukee to plot the pattern of change.

The articles and related coverage of welfare issues are available on The New York Times on the Web at www.nytimes.com/politics.

welfare agencies and advocacy groups for the poor. Eager to avoid a lawsuit, some agencies are seeking extensions for any client who wants one, shifting the burden to the state. "It's a game of chicken to see who's going to be the first to make a denial," said an official at one agency.

To circumvent the limits, some agencies are also quietly shifting clients to an easier level of work — buying them two more years of eligibility. As the deadlines approached, the number of Milwaukee clients placed in the least-taxing "transitions" jobs grew 11 percent as the overall rolls declined.

A second level of tension pits the agencies against the state. Under state contract, agencies can be fined $5,000 for any "failure to serve" a client. So far, no fines have been issued, but Ms. Rogers, the presiding state official, has sometimes criticized the Milwaukee agencies. With Ms. Rogers examining every request for an extension herself, a flurry of social work is sometimes intended as a defense.

A third level of tension exists among state officials, as suggested by the contrasting tenor of their remarks in recent interviews. Ms. Rogers is a firm believer in time limits, who has longtime ties to the Governor. "If time limits are serious, you have to treat them seriously," she said. "You don't just look for some external reason" for extensions. Her boss, Ms. Stewart, sounded less stern. "I don't think our legislators expect us to be punitive toward people," she said.

The Agency

Limits Produce More Social Work

Amid the tensions, families that might have been left to languish are getting a second look. At Y-W Works, a weekly brainstorming session shows the personalized attention that the system can muster at its best. Client by client, a roomful of social workers revisited the struggles of people approaching the deadline.

Here is one: "She's a schizophrenic who refuses to take her medication."

And another: "She finds it hard to stop using marijuana."

And another: "She just plain flat out doesn't have the emotional energy to do anything about where she is in life."

While such personal attention was missing from the old welfare system, its achievements remain unclear.

Teams of workers were sent to the homes of the schizophrenic woman and the woman on marijuana. But that was just a start. The depressed woman had the group stumped. Her Medicaid plan will pay for only six visits with a therapist. "We've got to find something better than that," her caseworker said.

If the meeting shows the system at its most conscientious, it also shows that clients can — indeed often do — still fall through the cracks. After all, these are families who have made little progress in nearly two years.

Sometimes caseworkers miss problems. Often clients hide problems. Turnover among caseworkers is high. And families that move must often start at a new agency, as cases are apportioned geographically

behind time limits. "The whole idea is we were going to do these individualized assessments and get people the services they need," she said. "That did not happen."

Ms. Taylor, the agency head, says the issue is less the casework than the difficulty of the cases. Of the first 10 Y-W Works clients to reach their limit, 5 were physically disabled or caring for disabled relatives. Five spoke little or no English. On average, they had a fifth-grade reading level and had been on welfare for the last seven years.

Time limits "do help create a sense of urgency, and sometimes that's helpful," Ms. Taylor said. "But we're dealing with really difficult problems. It's not something that's going to necessarily get solved in two years."

In mulling extensions, sometimes the hardest cases are easiest, because the need for more time seems most obvious. Such is the case with Elise Moore, another schizophrenic woman. She often refuses medication and will attend her work assignment only if her housemate comes with her. Even then, she often flees. "If I hear voices, I'm gone," she says. "I don't want to be around people when I start to scream."

Her case generated no dissent: state officials quickly agreed to an additional six months. Y-W Works plans to use the time to help Ms. Moore reapply for Federal disability benefits. A more difficult challenge, in Wisconsin and beyond, involves people with less obvious but perhaps no less disabling problems. On the surface, Loretta Triplett, 48, seems, if anything, overdue to leave welfare for work. She has a high school diploma. Three of her four children are grown.

And she insists she could find work if she had to. "It needs to be a position I'm going to enjoy," she said.

In a program that promotes entry-level work, statements like that, if taken alone, could disqualify her from an extension.

But inside, Ms. Triplett is stalked by more than finicky standards. She has battled depression for 35 years and tried medication without success. Tensions at home add to her worries. She says her son drinks heavily, and with her daughter susceptible to depression, Ms. Triplett must often care for three young grandchildren. She is self-conscious about her missing front teeth, and she conducts job interviews — indeed, most conversations — through clenched lips. "I don't like to smile," she said.

Tight-lipped about her problems as well, Ms. Triplett began opening up to a counselor at Y-W Works only recently, shortly before her benefits were scheduled to expire.

If they do, she will join legions of Wisconsin women in the post-welfare world, many with similar problems. About two-thirds find at least sporadic work, according to most surveys. Others turn to family or boyfriends. Relatively few have wound up on the streets. But relatively few have escaped poverty. Most simply find new ways to get by. Ms. Triplett said that if she lost welfare, she would move in with her mother.

In June, Ms. Triplett began a new work assignment at the electric company. Arguing she could gain new clerical skills, Y-W Works asked for another six months. The state gave her three. "We don't want to cut her off," said Anne Paczesny, her counselor. "We see her as making progress. It's just not as fast as W-2 wants."

From Welfare to Wor

Low-Paying Jobs Hinder Quest for Self-Sufficie

By William Branigin
Washington Post Staff Writer

It's early afternoon and Cathy Mitchell is struggling to focus on the computer screen in front of her. She was up all night finishing a project for her career development class—a document laying out goals for her future employment, her family, herself.

As her instructor reviews tool bars and other facets of Microsoft Word, the 35-year-old mother of seven closes her eyes. Screen savers with scenes of Africa, reminders of her childhood, appear on her monitor as she loses the battle for attentiveness to her first all-nighter since high school.

After six years on public assistance, Mitchell is trying to master computer skills as part of Virginia's welfare-to-work program. Her sleepless night notwithstanding, she is doing well in the computer course, which aims to give welfare recipients the know-how to make their way in a modern economy.

The course, run by Fairfax County with state and federal funding, addresses a fundamental flaw in welfare reform: Under work requirement rules, many recipients are getting jobs, but often at such low wages that they remain mired in poverty and in need of services.

It is a fate Mitchell desperately wants to avoid. Like many able-bodied adults required to work in order to continue receiving cash assistance for 24 months under welfare reform, the Springfield resident has taken various jobs, but they didn't pay much or last long.

"It was just a dead end," she said of her last job, cleaning carpets for $8 an hour. "When you have children, you don't just want to survive day to day. You want to have a career. [Now] I can see myself getting a career, not just a job."

With its two dozen computers and encouraging signs posted on the walls—"Take action—Find a job today," "The way to learn is to begin"—the classroom in Falls Church is on the front lines of the battle to make welfare reform succeed.

Five years after entering the fray with one of the most far-reaching welfare-to-work programs in the nation, Virginia is seeing some significant changes. Aided by a strong economy, former welfare recipients who have gone through the program report increased employment rates, earnings and employee benefits. Since 1995, the state's cash-assistance welfare rolls have shrunk by more than half, dropping below 31,000 cases and saving taxpayers more than $200 million.

But at the same time, many of those leaving welfare still have difficulty meeting their families' basic needs, according to recent studies. And the caseload drop-off has slowed of late, leaving behind a core of people who are difficult to place in jobs, social workers say. (Almost two-thirds of those still on the rolls are exempt from work requirements because of disabilities and other factors.)

A study of welfare reform in Fairfax County by Virginia Tech researchers found that 10 months after leaving the state's program—the Virginia Initiative for Employment not Welfare, or VIEW—nine of 10 former recipients of cash assistance "continued to participate in at least one other benefit program"—usually food stamps, Medicaid or subsidized school meals for their children.

The study, released in May, pointed to "increasing employment status" and "stable" child-care and housing arrangements among former welfare recipients. But it noted that most still "need some type of assistance during their continued transition from welfare to work."

For many recipients, welfare reform was the push they needed, motivating them to acquire skills and a job, said Juani Diaz, who manages benefits programs for Fairfax County's Department of Family Services.

Left behind are those with alcohol or drug addictions, little or no English skills, and mental health or other problems, Diaz said. She favors "flexible time limits" in place of the current system, which cuts off cash assistance to able-bodied adults after two years.

"We're beginning to see the fallout from welfare reform with people who don't quite have the skills they need," said Linda Wimpey, director of Fairfax Area Christian Emergency and Transitional Services, a nonprofit group that assists former welfare recipients. "We're seeing people who are having trouble making the kind of salaries they need to live in Fairfax," one of the nation's most affluent counties.

"Some of them are giving up," said Julie Swanson, a social worker with the group. "They're no longer taking cash assistance, but they haven't become self-sufficient. . . . We're down to the hard-to-serve clients who have multiple problems and need more time and effort to make it."

Under Virginia's 1995 welfare reform law, able-bodied recipients of cash assistance are required to look for jobs and meet other requirements. Cash assistance is limited to two years, although once employed they can receive a third year of aid for transportation, child care and medical costs. If their incomes are low enough, they remain eligible for federal food stamps and housing assistance.

The 1996 federal welfare reform included similar provisions, instituting Temporary Assistance for Needy Families, a block-grant program for the states.

In a separate survey of Virginia families who left the cash-assistance rolls for reasons other than time limits, researchers from Virginia Tech and Mathematica Policy Research Inc. reported recently that about 85 percent worked at some point during the year after their cases closed, and nearly half worked steadily. But they earned $1,067 a month on average, slightly below the federal poverty level for a family of three.

Yet the study found that fewer than 3 percent of the families were homeless after leaving welfare, and 46 percent said they were better off since joining the work force. Nineteen percent said they were doing worse.

Renee Loeffler, director of Virginia Tech's Institute for Public Policy Research and one of the study's authors, said the state's welfare-to-work program has been successful in prodding people to get jobs and has not produced "severe hardship, as some had feared."

Because many former recipients are just starting to work, "it is not surprising that they would have relatively low wages at this point," she said. "The chances of families rising out of poverty were nil while they were still on welfare. Now some families are beginning to move up the economic ladder."

Among families that left welfare before reaching their time limit, 28 percent reported household incomes above the poverty line about a year later, compared with 13 percent when they were still on welfare, Loeffler said. Among families who reached the time limit, there was essentially no change in income after six months.

Doubled

Celeste Cobb, a 47-year-old single mother, appreciates welfare-to-work but not the time limits. For years, Cobb was on and off welfare as she battled a drug addiction, she said. Two years ago, she went through the VIEW program and Fairfax County's computer course.

WR-
Evaluations

Now she's a part-time clerk for the county Health Department, but she hopes to get a higher-paying job with benefits. "When my daughter was younger, it made more sense to me to stay home and receive a check than to go to work, because of what day care costs alone," she said.

"I think the benefits should last a little bit longer—until you can feel your way." But on the whole, Cobb said, "the welfare-to-work program is a good idea. It helps to build up self-esteem. . . . I've had to take some low-paying jobs, but I realized I had to start somewhere, and better jobs will come."

The computer course, begun two years ago, represents a small step toward improving the job prospects of people coming off welfare. About 60 people have completed the 16-week program, and 90 percent have found jobs, according to the Fairfax Department of Family Services.

Mitchell hopes to join them soon.

Born in Uganda, she came to the United States when she was 7 and grew up in Annandale. Her parents own the modest, four-bedroom house where she lives with her children and for which she pays nominal rent of $100 a month.

Mitchell said she went on welfare six years ago when her common-law husband, a construction worker, nearly lost his hand in an accident and could no longer work. The couple eventually split up. Until then, she said, they had been doing fairly well; at one point she owned a housecleaning business.

She applied for welfare "thinking it would only be for a little while, until I get back on my feet," she said. "But the way [the old system] worked, there was no way to get back on your feet. There was no incentive. You go into it thinking you'll turn things around, but you end up stuck in the mud."

Under VIEW, Mitchell took jobs as a nanny, a maid and a carpet cleaner. But it wasn't until she enrolled in the computer class in April that she began to see a way out of poverty.

"It's been a turning point in my life," she said. "Before, welfare didn't have the ability to give you anything but benefits, so you could see it lasting forever. But the VIEW program and the [computer] course say 'We're going to help you out and teach you something so you don't have to come back knocking on our door.'"

The course ends in August, as will her monthly cash benefits of $518. But Mitchell is confident that she'll be able to land a decent job at last.

"At my age, this is my last chance," she said. "But I think I've realized potential in myself that I never knew I had. I won't be back knocking on any doors."

The Washington Post
Monday, July 10, 2000

Barriers To Guard Washington Monument

Report Highlighted Terrorism Risks

By Arthur Santana
Washington Post Staff Writer

The federal government is working on a plan to protect the Washington Monument from terrorists by using a circle of spaced metal bollards or a barrier of some other design to prevent vehicles from approaching it.

Officials hope the barrier, funded last year by $3.6 million from Congress, will be in place by the end of next summer. The barrier—the first of its kind for a national monument in Washington—will be augmented by a metal-detecting system to screen all monument visitors.

The obelisk was singled out as particularly vulnerable in a government-commissioned report that assessed the terrorism risks of several of the monuments on the Mall.

National Park Service officials said they are leaning toward installing bollards, specially designed metal posts 40 inches above ground, in a circle 150 feet from the corners of the monument. They would prevent vehicles, possibly carrying explosives, from approaching the monument's base, according to the Park Service.

The bollards would stand 40 inches apart and would replace the reinforced concrete Jersey barriers that have circled the monument for the past two years since work on the monument's exterior began, said John Parsons, of the National Park Service.

Terry Carlstrom, director of the National Capital Region of the National Park Service, said he hoped that the design would "be done in such a way that you won't even notice it."

Another possibility is a concrete seating arrangement circling the monument, though Parsons said bollards are being most seriously considered.

This fall, the plan will be presented to the Commission of Fine Arts, the National Capital Planning Commission and the D.C. State Historic Preservation Office for approval. Although the agencies have not seen the plan, some of their officials have mixed opinions.

"We have a number of projects here in the city that we've approved that have bollards. . . . And just speaking of them in general, they can be designed in a way to really be integrated to the urban fabric," said William Lawson, acting executive director of the Planning Commission. "Just off hand, knowing no more than that, we certainly would be open to considering them."

But Charles Atherton, secretary of the Fine Arts Commission, said he would like to see an alternative used for the security barrier. He also said he has not officially heard about the bollards.

"I'd certainly like to try something else to begin with, that's for sure," Atherton said, adding that he is concerned about the proliferation of bollards in Washington.

"There might be some other device that would provide the same security so that it doesn't look you have a barricade around the base of the monument," Atherton said. "I don't think bollards are the cure-all for every security problem we have in Washington."

Atherton said some bollards in Washington, such as those on the south side of the White House, look reasonable. But he said the Fine Arts Commission must see a design before making a decision. "Those reasonable-looking bollards on the south side of the White House might look very silly indeed around the base of the Washington Monument."

Unlike the bollards at the White House, the posts proposed for the Washington Monument would not have chains, allowing visitors to pass between them, Parsons said. The plan also calls for gates at points around the monument to allow service vehicles inside the perimeter, Carlstrom said.

The Jersey barriers are 170 feet from the monument, and they are expected to stay until the permanent barrier is in place, Carlstrom said. The installation should not force the reclosing of the monument, which is to open at month-end after restoration work, said Mall Superintendent Arnold Goldstein.

Congress's security concerns over the Washington Monument were heightened by recent terrorist attacks in the United States and abroad, Parsons said. Part of the $3.6 million from Congress was used to fund a counterterrorism study by consultants Booz-Allen & Hamilton of Falls Church.

The report, obtained by The Washington Post, concluded that Washington's monuments, particularly those on the Mall, are vulnerable to terrorist attacks. The report also concluded that the U.S. Park Police—charged with protecting the sites—are understaffed and poorly funded. The report's authors cited the Washington Monument as being especially vulnerable.

Congress approved the $3.6 million before the report's release in October, but the report prompted the National Park Service to push the perimeter design out to 150 feet. The design had previously put the perimeter at the flagpoles, about 100 feet from the base, Carlstrom said. It is unclear what will be between the flagpoles and the new barrier.

If the bollards were installed, they would have a deep foundation.

"It would not allow penetration. A vehicle can't get through them," Carlstrom said.

Because the monument stands atop a hill without a pedestal, it gives the impression of rising naturally from the landscape. Parsons said he hopes that will not change with the installation of the new barrier.

Park Service officials hope the measures receive quick approval from the three agencies, though long delays at the Commission of Fine Arts, the National Capital Planning Commission and the D.C. State Historic Preservation Office are nothing new.

A plan to refine the Washington Monument grounds—from 14th to 17th streets NW and from Independence to Constitution avenues NW—went through 12 years of negotiations and meetings before all groups agreed on a plan in 1993.

"Anything we had to do, they had to approve," Carlstrom said.

Discussions about how to change the grounds began in 1981. In 1989, Park Service officials came up with a new plan for the grounds, calling for a grassy area at the base of the monument to be encircled by a short wall that visitors could sit on. It was not until 1993 that they reached agreement on that, although it has not been implemented.

"In the interim, you have to realize, we were doing things," Carlstrom said. "The walkways on the west side were donated in 1983 . . . and before that, we did reconfiguration on the west and north side of the monument grounds to come up with a higher elevation so we could meet with American Disability Standards."

Now, they are trying to design the plaza. But funding for that has not come through, Parsons said. It is unclear how much it will cost.

"We certainly hope to find the resources to build it as it is designed," Parsons said.

The Park Service does have funding for the security measures. And Lawson said he does not expect the approval process for the monument's security perimeter to take as long.

"I think it could happen a lot faster," Lawson said. "Number one, the agencies . . . work so much closer together than they did a decade or two decades ago."

Atherton agreed: "It's a security matter, and it's a priority."

"I don't think anybody feels that it's going take any particular length of time at all," he said. "I think we'll just have to address it as quickly as possible, but not be rushed into it either."

The Washington Post
Monday, July 10, 2000

WR - Evaluation

How One County Cleared the Welfare Rolls

By ROBERT PEAR

RUSHVILLE, Ill., Aug. 11 — Holly E. Cain, manager of the local welfare office, used to post job openings for welfare recipients just inside the front door of her agency here. She nearly put herself out of business. Welfare disappeared from this county. For more than a year, there have been no new cases, no old cases, no one on the rolls receiving cash assistance.

Mrs. Cain still clips and posts help-wanted advertisements from local merchants, schools and hospitals. But the notices are no longer intended for welfare recipients. All sorts of people stop by to check what jobs might be available.

"That's new," said Mrs. Cain, who has run the four-person Schuyler County office of the Illinois Department of Human Services for 20 years. "It's a very positive change."

Schuyler, on the prairie west of Springfield, Ill., was the first county in the state and one of the first in the nation to be "welfare free." As other counties have approached that status, they have found that the last cases are among the most difficult.

This county, with a population of about 7,500, illustrates in microcosm some of the profound changes that have transformed much of the nation's welfare system since President Clinton signed a landmark welfare law on Aug. 22, 1996.

The elimination of cash assistance here resulted not just from a strong economy, but also from hard work by local welfare officials, who gave lots of personal attention to each case — and who have many lessons to teach the rest of the country. With practice, they became adept at matching welfare recipients with jobs.

Virtually all the former welfare recipients in Schuyler County have kept their jobs or moved on to higher-paying jobs, Mrs. Cain said.

But poverty has not disappeared here, and life is not easy for the former welfare recipients, some of whom take home less than $1,000 a month from their jobs. But they say they have more self-confidence and self-esteem because they are earning paychecks and not getting cash assistance any more.

"It was scary," said Karen J. DeMoss, 46, describing her transition to work after 12 years on welfare. "But I have more confidence now. And I wish I had gotten off public aid a long time ago."

Ms. DeMoss once held factory jobs, but in her years on welfare she got into a rut. Tears welled up as she recalled how she had to explain to her two teenage sons that the family was poor. That was three years ago. Now, she said, the boys are proud of her because she caters banquets and wedding receptions. "They think it's nice their mom can cook for 300 people," Ms. DeMoss said.

Likewise, Deanna D. Zeisler, 34, who now works in a restaurant and does cleaning, said: "I didn't feel good when I was on public aid. I feel good about myself now. I'm working. It feels good to have a paycheck in my name. It may be a tiny paycheck, but I earned it. It wasn't just handed to me."

Life is still austere for Ms. Zeisler. "I can't afford to go to the movies," she said. She volunteers at the local theater, taking tickets and selling popcorn, in return for the privilege of seeing a film with her three sons.

The goals of the 1996 law and the intent of Congress are thoroughly understood by Mrs. Cain and her colleagues at the welfare office here. Drawing on their experience and their contacts in the community, they devised a strategy to carry out the law by matching workers with jobs.

"We didn't wave a magic wand," Mrs. Cain said of her effort to whittle down the welfare rolls. Her supervisor at the regional office in Springfield, Gregory Matarelli, said "it's not happenstance" that Schuyler County was the first to eliminate welfare, though that was never an explicit goal.

The welfare office here went about its work methodically and systematically. Whenever a welfare recipient got a job, Mrs. Cain or her caseworkers would call the person every two or three weeks for five months, to make sure the person kept the job.

"We pretty well know most of our clients, or their family members," Mrs. Cain said. (In 1995, the last year for which Census Bureau estimates are available, Schuyler County had a median household income of $27,370, about 80 percent of the comparable figure for the nation as a whole.)

Of the 102 counties in Illinois, four others — Cumberland, Hardin, Putnam and Washington — had no welfare cases in July. A total of 53 had fewer than 20 cases each.

State officials pay close attention to those counties. They receive a monthly report describing the circumstances of each family on welfare in any county with fewer than 50 cases. Supervisors like Mr. Matarelli want to know if the families are working, and if not, why not. They discuss each case with local welfare officials, suggesting techniques that have proved effective in other counties.

As the number of cases dwindled, Mrs. Cain formed a "5 o'clock club" for those who remained on welfare — the cash assistance program officially known as Temporary Assistance for Needy Families. They met on Monday evenings to share their job-hunting experiences.

"They gave support to one another," Mrs. Cain said. "They listened to one another much more readily than they'd listen to me standing up there saying the same thing."

Ms. DeMoss said caseworkers prodded her to start looking for work. "They made it sound like a positive thing, not like it was doomsday and we'd be out on the street with nothing," she said.

The number of families on welfare in Illinois has fallen below 100,000 this year for the first time in three decades. State officials say 86,600 families are receiving cash assistance, down from a peak of 247,800 in 1994. More than two-thirds of the cases are in Cook County, which includes Chicago, but even in that county the number of families receiving cash assistance has declined by 50 percent in the last three years.

Illinois differed from many other states in one crucial respect. It encouraged people to hold on to Medicaid and food stamps after they took jobs and lost cash assistance.

The number of people in Schuyler County receiving Medicaid or food stamps rose to 418 in July of this year from 368 in July 1997, even as the number of people on cash assistance dropped to zero.

In many states, people were inadvertently dropped from Medicaid when they lost cash assistance. But in Illinois, state and local officials saw Medicaid as an indispensable form of assistance that could help tens of thousands of welfare recipients take low-wage jobs offering no health insurance benefits. Indeed, Mr. Matarelli and Mrs. Cain said they had audited the records of closed welfare cases to make sure families were receiving the medical and food assistance to which they were entitled.

Linda Renee Baker, secretary of the Illinois Department of Human Services, said, "We are aggressive about letting families know they may still be eligible for food stamps and Medicaid." In addition, she said, the state increased spending on child care by 30 percent this year, to $648 million.

The staff at the Schuyler County welfare office has not been reduced, despite the absence of welfare recipients since April 1999. Mrs. Cain said the four employees still had plenty of work to do, arranging Medicaid, food stamps, child care, transportation and other services for needy county residents, including former welfare recipients. Mr. Matarelli said those services helped welfare recipients "get some traction in the economic mainstream."

Cumberland County, in east central Illinois, had 143 welfare cases in September 1994 and has not had any in 8 of the last 12 months. Asked why the numbers were so low, Paul D. Marti Jr., manager of the local welfare office, said, "It's a combination of good case work, a good economy and good follow-up."

If trends continue, Mr. Marti said, many more counties may become welfare-free. "That would mean that everyone has gotten work or has been assisted in some way to get beyond welfare," he said. But, he added, "State officials discourage talk of that goal," for fear that caseworkers might improperly limit access to welfare if they focused too much on caseload statistics rather than on serving clients.

Mrs. Cain and Mr. Marti said the last cases were the most difficult because these welfare recipients often had mental or physical disabilities, alcohol or drug abuse problems, little work experience, few job skills and limited education.

"But," Mr. Marti said, "because the numbers are so low, you have a lot more time to work with clients, and you can focus on them quite a bit. They're the toughest cases, but they're also the most gratifying when you're able to help them."

not cover Europe and could ignite a new arms race in Asia.

To the leaders of the largest industrial nations, he presented the face of an earnest problem solver, visiting North Korea and pressing its leader, Kim Jong Il to abandon his long-range missile program.

Vladimir P. Lukin, former Russian ambassador in Washington and now a deputy speaker of Parliament from the liberal party Yabloko, said that because Russia today has only a weak hand to play as a world power, Mr. Putin is seeking a constructive role to complement his reform efforts at home. That, Mr. Lukin said, will require a Western orientation, though not necessarily close relations with the Americans.

Still, he added, "Putin and his staff understand that whether Russia finds its place in the international division of labor depends mostly on our relations with Europe and the United States."

At home, freedom has taken a few jolts that rattled even Mr. Putin's most ardent supporters, most notably the storming of the headquarters of Media-Most, the conglomerate that owns the NTV television network, a frequent critic of Mr. Putin.

After seizing documents, prosecutors ordered the arrest of Media-Most's chairman, Vladimir A. Gusinsky, held him for four days and charged him with financial crimes related to assembling his media empire.

The charges were dropped, but only after Mr. Gusinsky was summoned for a private meeting at the Kremlin with Mr. Putin's chief of staff, Aleksandr S. Voloshin. The contents of that conversation have yet to be made public.

Since the meeting, the government-controlled natural gas monopoly, Gazprom, has been putting pressure on Mr. Gusinsky to sell a controlling stake in his media empire by threatening to call in the loans that the gas giant extended him in the salad days of 1995-96, when oligarchs like Mr. Gusinsky were helping Mr. Yeltsin win re-election.

Yevgeny A. Kiselev, the general director of NTV and anchor of its popular news program Itogi, told an interviewer last week that Mr. Gusinsky would surrender control of his media properties only "at gunpoint."

"I worked for the government-owned media for years, like many of my colleagues," Mr. Kiselev said, "and I don't believe any wishful talk that government-owned media in Russia can be independent."

It may take months before the fate of Mr. Gusinsky's empire is settled, but many Russians already view the case as a profound test of press freedom.

"It's a very serious mistake," said Irina M. Khakamada, referring to the government assault on Mr. Gusinsky.

A deputy speaker of Parliament and leader of the pro-market Union of Right Forces party, Ms. Khakamada supports Mr. Putin, especially for his commitment to economic reform. But her optimism is leavened with reservations about what she calls Mr. Putin's "enlightened authoritarianism."

"I think his personal dream is to demonstrate that a liberal and enlightened market economy with the help of civil institutions can be successfully combined with more strict and rigid authority in the system of power," she said. "The idea is not to strengthen his own personal power, but to strengthen Russia."

Many influential Russians remain more skeptical.

As the sirens wailed last week around Pushkin Square, where a bomb shattered the evening calm with an explosion that so far has killed 11 people and left more than 50 with serious or critical injuries, a group of prominent intellectuals and businessmen was issuing an "appeal to society" for a new political movement to counter any drift toward authoritarianism.

"Russian democracy is young and too dependent on the recent totalitarian past," the appeal said. The Putin government reflex, of seizing power from oligarchs and regional governors alike, is endangering the "main achievements of the last decade," especially intellectual freedom, the group said.

Perhaps because it is August, vacation season, the appeal failed to generate any groundswell of response from ordinary Russians, who anyway have a strong instinct for gravitating toward the existing power.

For all his talk of reform and strengthening the power of the center, Mr. Putin has yet to dismiss a single governor or mayor, though new legislation will soon arm him with clearer authority to do so.

Vladislav Y. Surkov, a deputy chief of staff under Mr. Putin, said in an interview that a full-fledged anti-corruption campaign was impossible, since it would be interpreted as a political purge and evoke images of 1937 and Stalin's terror.

Mr. Surkov said reforming the functions of government was the only way to fight corruption for now.

"We inherited a thick layer of problems that accumulated during decades," Mr. Surkov said. "If you think they can be solved without a certain consolidation of power, as we say, then you are mistaken."

He said Mr. Putin was aware that many people do not see him as committed to democracy. "I want you to believe me that the president is a democrat," he said. "It's true. But I don't understand how the elementary desire to establish order, and I mean elementary order, is considered undemocratic."

2/2

No Rise in Child Abuse Seen in Welfare S

UR - Evaluations

By SOMINI SENGUPTA

When Congress abolished welfare as a permanent safety net four years ago, there were alarming predictions about the prospect of an already overwhelmed foster care system's being flooded by a new wave of abused children. But according to the early findings of two studies, the changes do not appear to have had such dire effects across the country.

Confirmed cases of child abuse and neglect have fallen since 1996, the researchers involved in the studies say. Their conclusions are confirmed by federal statistics released yesterday reporting that there were 903,000 cases of child maltreatment in 1998, compared with 969,000 in 1996 and 1,019,000 in the peak year of 1993.

One study notes, too, that while data is limited, the number of children entering foster care has been stable or falling slightly in recent years, continuing the national decline that began slightly more than five years ago, after the worst period of crack cocaine addiction. In 1999, 3.30 children out of every 1,000 entered foster care, according to one study, down from 3.87 in 1994.

Perhaps no other forecast to stem from the 1996 welfare overhaul was as chilling as the predictions regarding foster care. At the time, some advocates for the poor and child welfare officials feared that the stress of losing benefits or the pressures of having to work for a welfare check would lead to a rise in child abuse and neglect.

But the latest findings suggest that since President Clinton signed the 1996 legislation placing strict time limits and work obligations on much of the country's welfare recipients, their children do not seem to have flooded into foster care.

That somewhat heartening picture comes at a time when children's overall well-being has improved slightly. Child poverty, infant mortality and birth rates for teenagers declined noticeably in the 1990's, a study released last month by the Federal Interagency Forum on Child and Family Statistics found.

"I don't think the picture is entirely rosy, but there is little evidence, if any, to suggest that there's a large population negatively affected," said Rob Geen, a senior research associate with the Urban Institute, a research organization based in Washington that is conducting a far-reaching study of the impact of the welfare changes.

Researchers and policy analysts caution, however, that certain states and certain families show signs of trouble that deserve closer attention. There are, after all, many much less blunt ways of measuring possible damage to children other than foster care admissions — from health conditions to juvenile delinquency.

"The concerns come in when you speak to individual workers and hear stories about specific families that have been affected by welfare reform," Mr. Geen said. "There are many of them, but they are not large enough or well documented enough to show up in the aggregate numbers."

The full and lasting impact of welfare changes on children and family well-being will most likely play out over the next several years, because different states are on different schedules for putting the law's changes into effect.

Some states imposed work requirements or time limits on welfare recipients before the 1996 federal laws took effect. In other states, time limits have not kicked in. Officials with the Urban Institute, as well as those with the Chapin Hall Center for Children at the University of Chicago, who have conducted a study of welfare families in Illinois, consequently warn that the snapshot they have so far developed is an early one.

For now, even if the most dire predictions do not appear to have been realized, how much of that can be attributed to the success of an overhaul of welfare remains imprecise. Other trends — chiefly, the general economic health of the country, declining rates of child poverty, and unrelated changes in child welfare policies — could also be responsible. Nor is it clear what would have happened to foster care caseloads in the absence of changes in welfare.

Some children, the researchers contend, may be getting by without welfare because their parents have found work. Some children who are in fact being neglected may now not show up on the radar of child welfare workers because their families are no longer on government assistance. Other at-risk families may be temporarily shielded by relatives and friends.

In raising concerns that foster care systems would be burdened by an influx of vulnerable children, advocates noted that poverty is the greatest single ingredient in the mistreatment or neglect of children. Many experts wondered, then, whether under a welfare overhaul more children would land in foster care and whether more of them would languish there for longer because judges might be reluctant to return children to homes with empty pantries.

"Nearly everyone we spoke with expected to see significant negative effects from welfare reform on child welfare," Mr. Geen said. "There's no evidence to suggest that there has been a substantial impact."

He adds, however, that there is scattered evidence of trouble that merits close examination. In some states, like Michigan, child neglect reports based on lack of supervision have spiked sharply. Mr. Geen said state child welfare workers told him they believed that the increase reflected, in part, new welfare-to-work requirements, with mothers now having to leave their children unattended. But the increase, Mr. Geen said, could be due to other changes.

Mr. Geen's report is based on aggregate data and interviews with 500 policymakers, welfare office workers, child welfare caseworkers, advocates and other experts in 12 states: Alabama, California, Colorado, Florida, Massachusetts, Michigan, Minnesota, New Jersey, New York, Texas, Washington and Wisconsin.

State by state figures will not be released until Mr. Geen's report is published later this year.

In Michigan, New Jersey, Texas and Washington, the number of child abuse and neglect investigations increased significantly from 1996 through 1998, the most recent year for which figures are available. Mr. Geen said state officials attributed those increases not to welfare changes, but to other factors in child welfare policies, like changes in screening policies. He said the number of substantiated cases declined in all but one of the 12 states.

In more than half of the 12, welfare workers filed more child neglect reports than in the past. But case workers who investigate those reports noted that many of the referrals were inappropriate, Mr. Geen said.

Meanwhile, the Chapin Hall study similarly concluded that child welfare indicators had not taken a turn for the worse since the welfare law changed. Neither abuse and neglect reports, nor the number of children coming into foster care, has gone up in Illinois since 1996, it found.

"That's not entirely due to the success of welfare reform," said Robert Goerge, associate director of Chapin Hall. "We have a very strong economy and that generally results in fewer reports of abuse and neglect and fewer children going into foster care."

At the same time, Illinois embarked on a major overhaul of its child welfare system, seeking to get more children into permanent homes and trying to prevent children from coming into the formal foster care system.

Therein lies the difficulty of understanding the impact of welfare policy changes on children's lives. The ebb and flow of foster care numbers is driven by everything from widely publicized incidents of child fatalities, like the Elisa Izquierdo case in New York City, which significantly drove up abuse reports, to crack cocaine addiction, which drove up foster care numbers to record levels in the early 1990's.

"We still don't have full information on whether requiring parents to go to work and threatening to cut off their aid actually improves the welfare of their children or prevents abuse and neglect," Mr. Goerge said. "But it is certainly the case that welfare reform hasn't made things worse."

The number of families on welfare has dropped by 50 percent since 1993, to 2,453,000 in September 1999, according to figures released recently by the federal Department of Health and Human Services. So far, many single mothers on welfare have found jobs and have seen some increase in their income, according to a study by the Center on Budget and Policy Priorities, a research organization in Washington. But since the new welfare laws took effect, the incomes of 1.8 million families have declined, to $8,400 a year on average, compared with $8,760 in 1995. The center has not specifically inquired what has happened to their children.

According to federal data, in New York State the welfare caseload has shrunk by one third since 1993, to 279,692 families in September 1999, most of them in New York City. Of those who have left the rolls, city officials cannot say how many have found work. Nor is much known about the general well-being of their families, including their encounters with the city's child welfare agency.

Those who are left on the rolls, some social policy analysts say, may be the ones who are the most ill-prepared to make it on their own. They may be impeded by mental illness or substance abuse, or they may be victims of domestic violence — the same conditions that may also place their children at greater risk of abuse and neglect. Their prospects may not be discerned until a year or two from now.

"People want to know the answers now," Mr. Geen said. "But everyone we spoke to said, 'Please come back in two years and we'll have a different story to tell you.'"

The New York Times
THURSDAY, AUGUST 10, 2000

2 Babies, 1 Heart, 90 Minutes for a Miracle

A1

By DENISE GRADY

When Sandra and Ramón Soto, a couple in their 20's from Puerto Rico, called Children's Hospital in Boston last year, it was to seek help for a desperate accident of nature. Mrs. Soto, a special-education teacher, was pregnant with twins. But the two tiny girls were fused at the chest and abdomen, locked in the classic embrace of Siamese twins. And only one had a heart.

Doctors in Puerto Rico and even the Sotos' own families had urged Mrs. Soto to end the pregnancy, but the couple, deeply religious and eager to have children, rejected that advice.

"We decided to fight for our babies," Mr. Soto said. It was the beginning of a medical odyssey, part adventure and part ordeal, for the determined couple and teams of doctors who helped them, from two Boston hospitals and half a dozen medical specialties.

It soon became clear that one of the infants was doomed and that it would take complex surgery — meticulously planned and perfectly performed immediately after the babies' birth — to save the other. Over the next few months, the doctors planned for an operation that would require eight hours.

But the plan nearly became useless when Mrs. Soto suddenly developed life-threatening high blood pressure, requiring an emergency Caesarean section, which left the pediatric team only 90 minutes to assemble.

In the end, the gamble worked. Today the surviving twin is a healthy 14-month old, with huge brown eyes and an impish grin, living with her parents in Paterson, N.J. Her name is Darielis Milagro — Milagro for "miracle."

Her birth and treatment cost more than $500,000, partly paid by Medicaid programs in Massachusetts and New Jersey and the rest absorbed by the hospitals.

The operation, performed in May of 1999, was not disclosed publicly at the time but is being described today in The New England Journal of Medicine by Dr. Steven Fishman and a team of eight pediatric heart specialists, obstetricians and radiologists from Children's Hospital and Brigham and Women's Hospital, where the babies were delivered.

Mr. and Mrs. Soto decided to talk publicly about their experiences because, Mr. Soto said, "We want other parents with this problem to try to save their kids." In an interview this week at the couple's apartment, Mr. Soto spoke with a reporter in both English and Spanish and translated for his wife when necessary.

Soon after learning that their daughters were conjoined and sharing one heart, the Sotos decided to seek help outside Puerto Rico, because they became convinced that doctors there had nothing to offer but abortion. Mr. Soto, who had seen a television program about Children's Hospital, called the hospital from the couple's home in Manatí, near San Juan.

A Spanish-speaking translator at the hospital referred them to Dr. Fishman, a pediatric surgeon, who said he would try to help them.

On the Sotos' first visit to Boston, a fetal echocardiogram disclosed an abnormality that had never before been reported in conjoined twins: a circulatory condition in which the twin with the heart pumped blood to the other through the umbilical cord. The condition meant that cutting the cord, normally a happy event in the delivery room, would kill both babies.

"One would die, and that would result in the death of the other, since they're essentially a single organism," said Dr. Mary van der Velde, director of fetal echocardiography at Children's Hospital, who diagnosed the circulatory condition.

Doctors realized that the only hope would be surgery to separate the twins as soon as they were born. But they knew that at best they would be able to save only the baby with the heart.

"It would be either zero or one," said Dr. Fishman. "There was no way that they could stay attached and live, or be separated and both live. And we knew that we would have very little time to separate them once the cord was cut."

Conjoined twins are rare, occurring in 1 in 30,000 to 1 in 100,000 births. Many have serious defects in addition to being conjoined; some die as fetuses, some at birth and in some cases parents choose abortion.

Conjoined twins with a single heart have been born before, but often the hearts have been abnormal, and few babies have survived. There have been no reported cases of conjoined twins with the Sotos' circulatory pattern, Dr. Fishman said, though cases may have occurred but gone undiagnosed, with the fetuses dying at birth or in the womb, or being aborted. So the operation separating the Soto twins was a first.

Most conjoined twins are separated weeks or months after they are born, to give them a chance to grow and become strong enough to survive surgery and to let doctors study their anatomy and plan the operation.

In the Sotos' case, doctors began planning while the twins were still in the womb. To find out what internal organs were present and whether any were joined, two radiologists, Dr. Clare Tempany and Dr. Lennox Hoyte, performed magnetic resonance imaging, or M.R.I. examinations, and used software to assemble the images into a three-dimensional model showing the babies' organs.

The software, normally used to study brain tumors in adults, had never been applied to the tiny structures inside fetuses before, and it took 70 to 80 hours of work to interpret the images and create the models, Dr. Tempany estimated.

Eventually, they determined that the vital organs were normal except for the livers, which were fused. Surgeons would be able to divide them.

Additional studies also confirmed that not even a heart transplant would save the second twin, because she was missing major blood vessels.

"There was nothing to hook a heart into," Dr. Fishman said, adding that in any case, newborn donor hearts are virtually impossible to find.

Given that the second twin could not survive, Dr. Fishman planned to make his incisions as much as possible to her side of the bridge linking her to her sister, to spare the twin who would live and also to provide the ribs, skin and tissue needed to cover the large opening that would be left in her chest and abdomen.

Mr. Soto said that although the couple had been told that only one baby would survive, reality did not sink in until Dr. Fishman gathered them and other family members together in a conference room at the hospital and drew a detailed diagram of the proposed surgery on a blackboard. He finished by marking a large X over the outline of the twin who would die.

"We cried," Mr. Soto said. "I guess until then we thought God was going to put a little heart in there."

Only when he saw the family in tears, Dr. Fishman said later, did he feel sure that they understood that only one of their daughters could survive.

The couple chose names for both babies and made plans to bury one, who would be called Sandra Ivellise, in a family plot in Puerto Rico.

But the doctors' and the family worried that both babies might die before they were born. Their circulatory condition, called a TRAP sequence, for "twin-reversed arterial perfusion," sometimes occurs in twins who are not conjoined but in which only one has a heart, with the blood circulating to the second through the umbilical cord.

In those cases, the twin with the heart, referred to as the "pump twin," can die from heart failure induced by the strain of pumping blood to its sibling. When the TRAP condition is diagnosed in non-conjoined twins, doctors can operate on the fetuses to cut off the blood supply to the second twin, which is usually not fully developed anyway. The second twin dies, but the twin with the heart is saved.

But that procedure cannot be done if the twins are conjoined, as the Soto babies were, because the death of one will kill the other as well.

As Mrs. Soto's pregnancy progressed, fluid began to accumulate in one of the twins' chests, a sign of heart failure. Doctors feared the babies would be lost, but somehow the condition resolved. A Caesarean delivery and immediate surgery for the babies were planned for the first week of June.

But at 7 a.m. on May 30, Mrs. Soto's obstetricians called Dr. Fishman with alarming news. She had developed a disorder called preeclampsia; and her blood pressure was so high she was at risk of having a stroke. She needed a Caesarean immediately, the obstetrician said.

"If you do that, the babies will die," Dr. Fishman said. He pleaded for time to assemble his operating-room team, about 20 people. The obstetricians gave him 90 minutes.

The team gathered, and Dr. Fishman stood by in the delivery room at Brigham and Women's Hospital, waiting to rush the babies through the corridors to Children's Hospital, which is next door.

But he was unprepared for the emotional impact of seeing two live babies, and knowing that soon there would be only one, he said, describing his feelings this way, "As much as we spent months planning for this, and it seemed ethically and emotionally simple, nevertheless when I saw them both initially pink and both crying and moving their arms and having the same size bodies, it was heart wrenching."

Mr. Soto saw his daughters in the delivery room, but, he said, he was afraid to touch them. Mrs. Soto, fearing that neither baby would live, said she could not bear to look at them.

As the doctors had predicted, Sandra, who lacked a heart, began to fail almost immediately when the cord was cut.

"We began to see things change before our eyes," said Dr. Errol Norwitz, part of the obstetrical team. "She became cool, and very pale." Her blood pressure was too low to measure, she lacked a pulse and she was not getting enough oxygen. It was urgent that she be separated from her sister.

The babies were given anesthesia, put on ventilators and whisked off to the operating room. The surgery went smoothly. The most wrenching moment occurred about two-thirds of the way through the procedure, Dr. Fishman said, when the twins were physically separated and it was time to take Sandra's body away.

Darielis spent six months in the hospital and required more operations to repair a heart defect and an intestinal obstruction. She also needed physical therapy and a brace to help straighten her spine, which was curved backward from her cramped position in the womb.

And for her first year she had a bulge in her chest the size of an adult's fist, created by a rib cage that Dr. Fishman had constructed from Sandra's tissue and bone to protect Darielis's heart, which at first did not fit into her chest. But recent surgery has smoothed the bulge, and she looks completely normal, with surprisingly faint scarring and a remarkably sunny disposition.

For now, the Sotos are not sure how long they will remain in the United States. They are living near Mr. Soto's mother and brother in Paterson.

Mrs. Soto is expecting another baby, a girl, in November. But the family has not forgotten the daughter they lost. They hope to visit Sandra's grave in Puerto Rico soon.

Asked what they would eventually tell Darielis about her beginnings, Mr. and Mrs. Soto answered simultaneously, "La verdad." The truth.

The New York Times
THURSDAY, AUGUST 10, 2000

The New York Times
FRIDAY, AUGUST 11, 2000

A Trap of Welfare And Child Abuse

By Patrick T. Murphy

CHICAGO

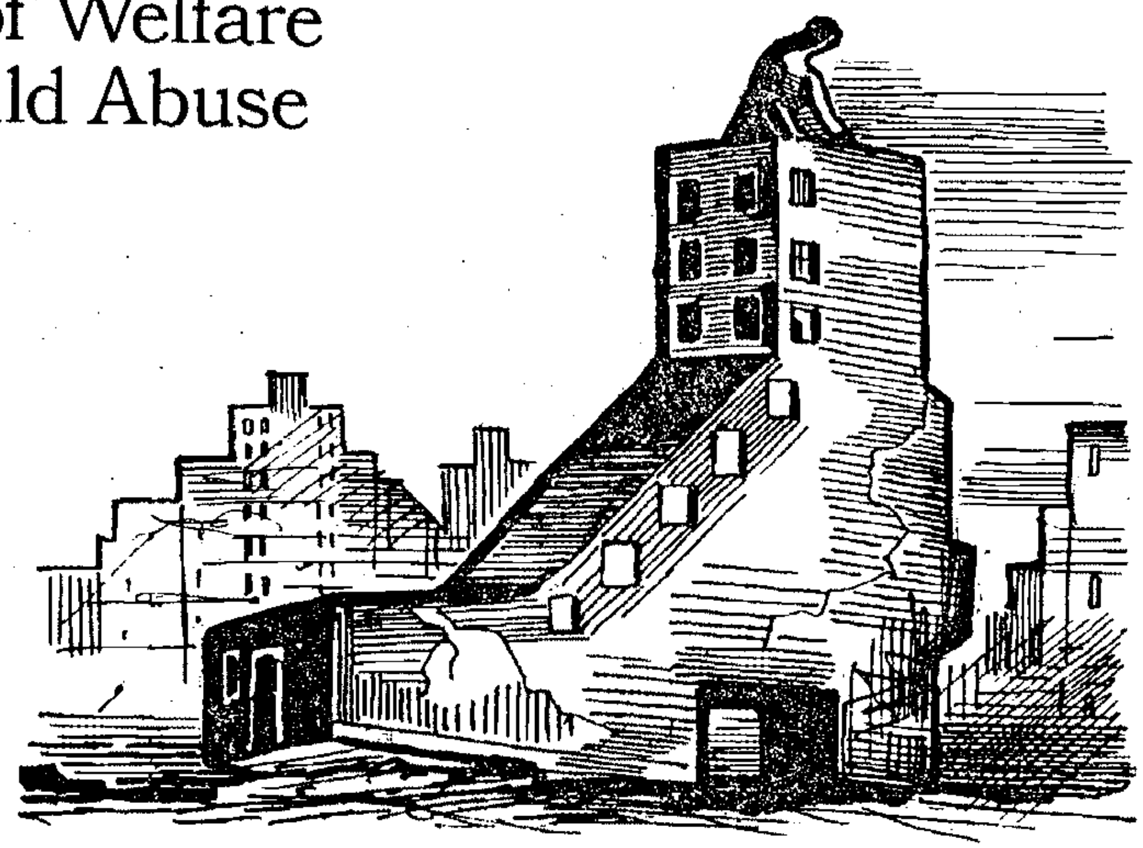
The surprise for me in the statistics reported this week on child abuse was not the national decline in cases since welfare reform, but how little time it took.

I have represented abused and neglected children for decades, and, like many others in close contact with the child welfare system, I never bought the predictions that removal of the old safety net would send more parents into the pathology of abuse. I thought the opposite, because I expected the birth rate for teenagers on welfare to go down once the system stopped encouraging births. That would mean fewer families under intense stress.

In Chicago, the number of abused and neglected children in the system has fallen by nearly half since 1996, when the new welfare law passed. A major reason is that there are fewer new cases. In New York, too, cases are decreasing, not increasing.

In the same years, birth rates for both white and African-American teenagers have also dropped substantially. Certainly, welfare reform is not the complete reason. A thriving economy has to have played a role in giving people an incentive to break old patterns, as has education reinforcing a deliberate message about irresponsible teenage behavior. Though I can't prove it, I believe welfare reform is just as important an ingredient.

Opponents of welfare reform ridiculed the notion that children were having children in order to get welfare. In the most literal sense, they were right. But children having children had become part of the culture surrounding many girls whose families were on welfare, and government support had allowed it to flourish. The girls having the babies were not equipped to see the consequences in their own lives or their children's.



David Suter

Fewer teenage mothers, fewer families in stress.

A typical abuse case that I see now involves a woman in her early 20's who has between two and four children, usually by different fathers. She had her first child when she should have been reading "Macbeth" as a sophomore in high school and her second when she should have been reading "Hamlet" as a senior. The fathers have shirked all responsibility and disappeared. By the time the woman is in her 20's, she has four children and no involved man to help her. She turns to drugs as the only viable opportunity for a vacation. Or, as some argue, for self-medication.

We bring her to court on abuse charges, give her a counselor and ultimately return the children, whereupon she goes back to her bleak housing project, looks out the window and realizes that without an education and job opportunities, her future, and that of her children, is nonexistent. Her depression is based on reality. She ultimately turns back to drugs or liquor or both, and the children are abused or neglected again.

These cases began when our welfare system was still sending out an illusory promise to inexperienced girls that they and their children would be supported for the rest of their lives. The truth was that the support was absolutely minimal and could never be more than minimal.

A couple of years ago, one of our lawyers picked up a 14-year-old inner-city girl who had just delivered a baby at a Chicago hospital. On the way out, a social worker warned the girl that the next time she had a child, she should be more serious about prenatal care. Today, the girl would more likely have been warned that having children mortgaged her future and told about ways of controlling her fertility, from abstinence to abortion.

Has welfare reform worked? It's probably too early to tell. But the social worker's dismissive assumption about an inner-city girl's needs would not be so easy now. Nor could the girl so easily accept repeated early motherhood. I believe this fundamental change will translate into even fewer abused children needing my help a few years from now. □

Patrick T. Murphy, public guardian of Cook County, Illinois, is author of "Drowning in Hot Water," a novel.

Editorial Observer/TINA ROSENBERG

A Polish Election Vexed by Communist Spies

Until yesterday, Poland's presidential election on Oct. 8 seemed unlikely to turn on agriculture, pensions or any other subject Poles seriously worry about. The most important issue was the identity of "Alek" and "Bolek" — code names belonging to supposed domestic spies of 15 and 30 years ago, culled from deep in the secret police archives. Under a 1998 law, signed by President Aleksander Kwasniewski, informers who do not come clean about their past cannot hold high government posts — and "Alek" was alleged to be President Kwasniewski himself, an overwhelming favorite to win reelection if allowed to run. "Bolek," moreover, is allegedly one of his competitors and the hero of Poland's liberation from Communism, former president Lech Walesa.

Mr. Kwasniewski was cleared yesterday. A special court may rule today on the fate of Mr. Walesa. As Poland is learning from these cases, screening laws, which are designed to strengthen democracy, do not always do so. They lend themselves to manipulation by unscrupulous politicians. What has happened in Poland now may be a tale not of Communist-era spying, but of present-day political intrigue.

Is Lech Walesa yesterday's collaborator or today's victim?

In 1997 Poland decided to emulate the Czech Republic and pass a law to keep former secret police agents out of government. In Poland, officials must declare whether they were informers. Only those found to be lying lose their jobs. Mr. Kwasniewski and Mr. Walesa said they were not spies, and so risked losing the right to run.

Accusations of spying have brought down two recent governments. In January 1996, Prime Minister Jozef Olesky resigned after being accused of spying for the K.G.B. Three months later, prosecutors dropped the charges after finding that the evidence was flawed. In 1992, by contrast, it was the accusers who fell. Antoni Macierewicz, the interior minister of a right-wing government, released a list of 64 people he said the secret police files named as spies — among them the prime minister's most important political adversaries, including then-President Walesa. A parliamentary committee later concluded that only 6 of the 64 had signed any agreement to collaborate — Mr. Walesa not among them. The Government fell. But Mr. Macierewicz is one of Mr. Walesa's accusers today.

The accusation that Lech Walesa was a paid informant illustrates the absurdity of screening laws. Mr. Walesa has long admitted that in 1970 he signed some documents he was not particularly proud of. But he says he never promised collaboration and never informed.

In fact, Mr. Walesa, who specialized in telling people what they wanted to hear, was perfectly capable of signing anything and then behaving as he pleased. His calculated duplicity was so effective that at the height of the Solidarity movement, top Communist leaders were convinced he could be won over. The strategy served him — and the foes of Communism — well.

The documents could also be fakes. Secret police officials often cooked up files to blackmail dissidents. Mr. Walesa says he saw versions of the same documents in 1992, and they have been altered to be more incriminating today.

Even if Mr. Kwasniewski had been an informer, that would be irrelevant today. He presided over Poland's accession to NATO. Poland today is the economic success story of the former East Bloc. Despite the allegations of spying, he remained the choice of a majority of voters. Throwing him off the ballot would be undemocratic.

The timing of the accusations may be no accident. In March 1999, investigators requested President Kwasniewski's file from Poland's current security service. Poland's parliamentary government is led by a center-right party opposed to both Mr. Kwasniewski and Mr. Walesa. But the file was presented to the court only now, shortly before the election.

The proper way for Poland, and every other nation, to deal with its secret police files is to open them in a depoliticized manner. The files should go to an independent historical commission. Individuals should be able to see their own files, as in Germany. Access to their files has enabled the victims there to understand the havoc wreaked on their lives, to find out which of their friends did not spy, and to begin dialogues with those "friends" and colleagues who did — dialogues that have turned into important national conversations about the nature of collaboration.

Poland, which is planning to open its files to individuals next year, needs this kind of discussion as well. It should abandon the current screening law, which can be easily used for political attacks based on questionable evidence.

The New York Times
FRIDAY, AUGUST 11, 2000

The Washington Times
TUESDAY, AUGUST 1, 2000

WR - Evaluations

ROBERT CARLESON

Welfare reform successes

The facts are in: The welfare reform of 1996 has worked. Has it worked because of the work requirements? Partly, but not much. Has it worked because of the lifetime five-year limit for welfare? Not really. Is it because of the booming economy? Not at all.

Why then has it worked? It has worked because the reform turned incentives to the states on their heads.

From World War II until the mid-1990s, in every good economic year the nation's welfare rolls went up, instead of down. Why? It was because the 1935 Aid to Families With Dependent Children (AFDC) program was an open-ended entitlement program financed at least in half by the federal government, with the states determining the benefit levels and many eligibility requirements.

Federal money flowed automatically depending on individual state spending on AFDC. Therefore, in good economic years the states had more money to spend, so they simply made more people eligible for welfare and did nothing to move able-bodied families off the system. To do so would have been to lose federal money.

The result was the exploding welfare rolls of the 1960s, '70s and '80s. During this period, the nation's family welfare rolls went down only twice — in 1974 and in 1982, both during major recessions. The 1974 reduction came about through the Reagan California welfare reform of 1971-72 followed by the New York reforms, which used the California model, and later by many other states that followed suit.

I was Ronald Reagan's welfare director while he was California governor, and we withstood slings and arrows charging that we were losing federal money. Our reply was that: No, we are saving federal money. Later, with Mr. Reagan's approval, I advised Gov. Nelson Rockefeller of New York, who took similar actions.

In 1973, I became U.S. commissioner of welfare and carried the California message to the other states. The result was the historic drop of the nation's AFDC rolls in 1974, the first time since the start of World War II.

The reduction of the rolls in 1982, another recession year, stemmed from President Reagan's comprehensive welfare reforms, which tightened eligibility requirements. In addition, the 1981 reforms permitted the states for the first time to require work for benefits. But few states took advantage of work requirements, since removing families from the rolls would result in a loss of federal money.

The perverse incentive, that the more a state spent the more federal money rolled in, remained. Consequently, the boom years of the '80s and early '90s saw an exponential growth in welfare rolls.

With new Reagan-style governors such as Tommy Thompson of Wisconsin determined to reduce their rolls and use the work requirements permitted in the Reagan reform of 1981, gains were made in the early '90s.

But the real revolution came with the election of 1994. All the big states, except Florida, had new Reagan-style Republican governors who would support reform, and, most important, Republicans controlled both the House and the Senate. Since President Clinton had made the end of welfare as we know it a mantra of his 1992 campaign, the new Congress could send him true welfare reform and test his promise.

The "Contract With America" welfare-reform plank consisted of many negative mandates that had been the staple of conservative welfare reform over the years because a Democratic Congress would never repeal the open-ended entitlement nature of AFDC. With the new Congress, I went to the leaders and urged them to add an outright repeal of the 60-year-old AFDC program and replace it with finite annual appropriations, or block grants. We would reverse the incentives. With the new program, a state that required work and removed non-needy families from the rolls would get to keep the federal money saved instead of losing it. This would prove to be a powerful incentive.

The reduction of the rolls in 1982, another recession year, stemmed from President Reagan's comprehensive welfare reforms.

The work requirements in the legislation are very weak, but the states now have an incentive to use them. The same is true of the five-year limit on benefits. There are many loopholes to protect those families who through no fault of their own need more years.

The economy? Now that the states have a financial incentive to get able-bodied people off welfare, the good economy is being used to reduce the rolls instead of being used to increase the rolls, as in the past.

Welfare reform is a success because we reversed the incentives to the states. Congress should keep its promise to the states to continue the block grants at its capped funding for the first five years. We have stopped the uncontrolled growth in welfare spending. Let the states have their reward for doing a good job at welfare reform. If this promise is kept, the governors will be more apt to support capping and block granting other open-ended welfare-entitlement programs.

Robert B. Carleson is chairman of the American Civil Rights Union. He was principal adviser on welfare reform to Ronald Reagan while he was California governor and then president.

The Washington Times
TUESDAY, AUGUST 1, 2000

JESSICA MELUGIN

Double-click for consumers

"We are from the government and we're here to protect you from free content online, lowered costs of doing business, advertisements that you might actually be interested in, and the free flow of information."

In light of Thursday's deal between the government and a group of Internet advertisers, the above statement's not far from the truth.

Under the agreement that both the Federal Trade Commission and industry leaders cannot stop congratulating themselves for, online advertisers must inform Web surfers about information collection practices and give them the option of not participating.

Additionally, anonymous data cannot be merged with information that personally identifies a consumer without that individual's consent. The rules are only binding for the companies that signed on to the deal, but the FTC is sending legislation to Congress that would force the entire industry to comply with the regulations.

The members of the Network Advertising Initiative (NAI) include market leaders like DoubleClick, Engage, 24/7 Media and AdForce and represent almost 90 percent of the online advertising market. For members of NAI, this deal has some very tangible, if not immediately apparent, perks. Mark Horn, director of public policy for advertising agency Engage pointed out, "We already meet and exceed these standards." But he added that it was an important step to take to assure consumer confidence. In other words, Engage's cost of complying with the deal will be zero.

And the group's other market leaders that will need to modify their business practices to comply with the costly rules have sufficient cash flow to do so. But many smaller and yet-to-be started agencies will find the cost of compliance prohibitive and will be forced out of business. So while it is true that leading advertisers will have one less thing to worry about, that one thing will be competition from up-and-coming firms, not lagging consumer confidence.

In addition to the leading advertising agencies, the other winner is the FTC itself. With these new pre-regulations, they have expanded their grip on the Internet and pushed Congress one step closer to mandating restrictions on online information collection. So instead of elected members of Congress making rules the FTC has to enforce, unelected bureaucrats are setting the agenda and pressuring Congress to follow their lead. This might make for a happy FTC, but it should be a red flag for the public.

Conspicuously absent from the negotiating table was a consumer representative. Not coincidently, consumers are the group that will not be enjoying the big benefits the FTC and big advertising firms are so excited about.

It is true that less user information will be collected and moved around, but is that necessarily a good thing?

The free flow of consumer information has meant increased lending, lower interest rates and even tracking down so-called "dead-beat dads" with data collected in the financial sector. Marketing lists comprised of consumer shopping habits have meant the successful launch of new small businesses because they don't have to waste precious cash resources on advertising to uninterested consumers. On the Internet, information collection benefits often take the form of free content, personalized sites and, more accurately, targeted marketing.

If the free flow of information is thwarted, consumers will be forced to give up these benefits, and for what? The peace of mind that no one is keeping track of what your hobbies are or what sort of travel deals most appeal to you?

Privacy concerns will be valued over the convenience of personalized sites and better tailored advertising for some consumers. But better to let individual consumers decide where the tradeoff lays for them than to impose costly, one-size-fits all regulations on everyone. Only the marketplace is decentralized enough to cater to Web surfers individually — the FTC can only dream of that kind of scope.

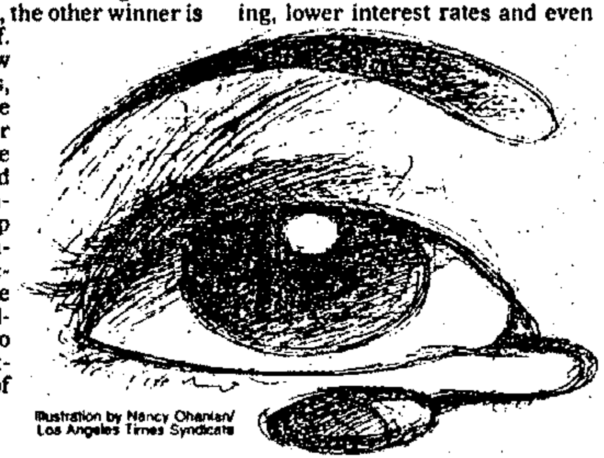


Illustration by Nancy Ohanian/Los Angeles Times Syndicate

Jessica Melugin is a technology policy analyst at the Competitive Enterprise Institute.

Mother charged in forcing abortion

Said to threaten daughter with gun

By Joyce Howard Price
THE WASHINGTON TIMES

A Florida woman charged with forcing her pregnant teen-aged daughter at gunpoint to go to an abortion clinic was denied bond yesterday, pending the outcome of a mental and physical examination.

Palm Beach County Judge Howard Berman also ordered the defendant, Glenda Dowis, 42, of Fort Pierce to have no contact with her daughter, Brittany, 16, who remains in the first trimester of pregnancy.

Detective Michelle Ferrara of the Lake Clarke Shores Police Department said Brittany is currently staying with her maternal grandmother.

According to Ms. Ferrara, Brittany wound up at the Aware Woman Medical Clinic in Lake Clarke Shores — an hour's drive from Fort Pierce — Tuesday after her mother pointed a handgun at her stomach and threatened to kill her if she didn't have an abortion.

Mrs. Dowis and Brittany had discussed the teen's pregnancy on July 25. The mother made it clear she wanted Brittany to have an abortion, but the daughter refused, the detective said. Nevertheless, Mrs. Dowis scheduled an abortion for her daughter on Tuesday.

Ms. Ferrara, who interviewed Brittany, said the girl told her her mother had threatened to beat her until she miscarried.

En route to the abortion clinic Tuesday, Mrs. Dowis stopped and picked up another woman, who is a family friend. The three rode to Lake Clarke Shores in silence.

Brittany told police her mother kept a gun — a .38 caliber revolver that belonged to Mrs. Dowis' late father — under the front seat of the car during the drive. "But the victim said she saw her mother put the gun in her purse" when they arrived at the abortion clinic, said Ms. Ferrara.

Because police later found the gun in the car, they theorize Mrs. Dowis may have returned it to the car after escorting Brittany into the clinic.

"The daughter was very distraught," said Ms. Ferrara. Once inside the clinic and alone with staffers, she let them know her mother was forcing her to have an abortion she did not want.

Meanwhile, the police detective said, Mrs. Dowis told a nurse in the waiting room, "If my daughter doesn't have this abortion, I'm going to blow her brains out."

Mrs. Dowis, a construction worker, was arrested and charged with one count of false imprisonment and one count of domestic assault. She was held without bond overnight. Her no-bail status continued yesterday following her initial hearing, pending the outcome of the forensic exam.

Ms. Ferrara said the mother did not speak and showed no emotion in the courtroom yesterday. "She stood real strong," the detective said.

The father of Brittany's baby is her 23-year-old boyfriend. Ms. Ferrara said Mrs. Dowis had warned Brittany her boyfriend was facing jail time for having sexual relations with an underage girl.

However, Ms. Ferrara said a 16-year-old can have "consensual sex" in Florida, provided her partner is not eight or more years older.

Asked why Mrs. Dowis would have threatened to harm her daughter unless she had an abortion, Ms. Ferrara said Brittany's mother was very proud of the fact that she had come to know the district attorney and other powerful public officials.

"She told her child she spent many years developing those relationships, and she didn't want to lose them because she has a pregnant teen-aged daughter," said Ms. Ferrara.

Judge Berman apparently isn't expecting the forensic evaluation of Mrs. Dowis to take long. Ms. Ferrara said the judge has scheduled a bail hearing for the defendant tomorrow afternoon.

WR - Evaluations

Welfare-to-work gains strong, two studies find

Education emphasis not as beneficial

By Cheryl Wetzstein
THE WASHINGTON TIMES

Welfare-to-work programs help even the most disadvantaged people get jobs and earn more money, two studies released yesterday say.

One study of 20 programs found that participants earned an average of $500 a year more than peers who were not in the programs.

A second study of a Los Angeles program found higher employment rates and an average of $1,627 more in earnings among participants compared with nonparticipants.

The findings are encouraging, said Olivia A. Golden, assistant secretary for children and families in the Department of Health and Human Services.

The two studies "show that well-implemented programs help many more parents on welfare gain jobs, increase their earnings and reduce welfare costs," she said.

The studies also addressed questions about what works in large urban populations and with "all families on welfare, including the most disadvantaged," she said.

Manpower Demonstration Research Corp. (MDRC), which conducted both studies, said programs that stress work were more effective with disadvantaged populations than programs that stress remedial education.

This was particularly apparent in Los Angeles, which has 600,000 welfare recipients.

For 10 years, Los Angeles ran a welfare-to-work program that focused on remedial education. A MDRC study of that program, known as Greater Avenues for Independence (GAIN), found almost no increases in employment among participants.

Los Angeles officials changed the focus of the GAIN program to work between 1993 to 1995, "with impressive results," said Mr. Wallace.

A two-year study of 21,000 welfare recipients, half of whom were in the revamped Jobs-First GAIN program and half in a control group, found that those in the program were more likely to be working: Sixty-seven percent of Jobs-First GAIN participants had jobs compared with 58 percent of the control group.

Jobs-First GAIN participants also made more money — their total earnings averaged $8,012 over two years, compared with $6,385 made by the control group.

The MDRC study found areas for improvement: A third of the people who began working while in the program were unemployed two years later; the increased incomes still didn't lift some families out of poverty; and the increases in work led to higher demands for child care.

Still, "given the increasing concentration of welfare recipients in large cities, these findings have important implications nationally," said Mr. Wallace.

The 20-site welfare-to-work study, which MDRC conducted for Health and Human Services, found similar results: Overall, adults in welfare-to-work programs earned more money than those not in the programs, and work-focused programs were most effective with disadvantaged adults.

The study also showed that adults could find jobs despite obstacles, including problems with child care, transportation and health. The one exception was depression — adults who suffered from this malady did not significantly increase their earnings, the study said.

The 20 welfare-to-work programs were in California, Florida, Georgia, Michigan, Minnesota, Ohio, Oklahoma and Oregon.

The Washington Times
THURSDAY, AUGUST 3, 2000

Jury says lawyer cheated family in Padre Island deal

Mexican-American plaintiffs call it victory for 'pride'

By Hugh Aynesworth
THE WASHINGTON TIMES

BROWNSVILLE, Texas — More than six decades after a New York lawyer bought Padre Island from a Mexican-American family, a jury ruled yesterday that he had cheated the family's descendants out of lucrative oil and gas royalties.

On Monday, the jury will decide how much the millionaire lawyer, Gilbert Kerlin, now 90, must pay the more than 500 Balli heirs who filed the lawsuit.

The jury calculated the lost royalties at $1.2 million. The remaining penalties for fraud, malice and conspiracy could be millions more. The Balli heirs are seeking $11 million.

Ranchers, lawyers and historians say the outcome of this case could spur more such lawsuits throughout the Mexican-American border area.

"This is going to open the doors," Pearl Balli said. "This is not an isolated case. This happened to a lot of people."

Nicolas Balli, a wealthy priest, was deeded the skinny island on Texas' east coast by King Charles of Spain in the 18th century. At his death, the property, then little more than a deserted expanse of sand and seaweed, was passed on to a nephew, Juan Jose Balli.

In 1938, Mr. Kerlin, then fresh out of Harvard Law School, came to Brownsville to buy the island. He rounded up several heirs of Juan Jose Balli and paid them to sign over 61,000 acres and the rights to minerals, oil and gas under their land.

The Balli descendants had fallen upon hard times. Almost all of their vast Rio Grande ranch lands had been lost or repossessed and they were struggling to feed their families.

Documents indicate that Mr. Kerlin paid Balli family members small sums — some testified their grandparents or great-grandparents got no more than $25 or $75 — but Mr. Kerlin promised them a percentage of whatever oil and mineral royalties accrued.

They never received a penny in royalties, according to evidence presented during the civil trial.

Mr. Kerlin didn't move to Padre Island or try to develop it. He simply made a lot of money out of underground and undersea royalties. His deal included the water between Padre and the Texas coast.

Over the years, he sold the land, which has since been turned into resort hotels and condominiums.

Padre Island is 130 miles long and about 3 miles wide. The Padre Island National Seashore, opened in 1968, is 67.5 miles long.

Mr. Kerlin's lawyers argued that the Balli family had already sold the island to Mexican investors generations before they made the deal with him. But Mexican documents indicated the sale to Mexican investors was canceled.

The tip-off about where the all Hispanic jury was headed came Monday when the foreman sent out a note to Judge Patrick McDowell asking for a calculator. Within hours, another request came from the deliberative body, this time asking for a specific type of calculator — a large desk-type one.

Jurors, in a stinging rebuke, ruled that Mr. Kerlin committed fraud, conspired against the Balli family and acted maliciously. They must now decide how much Mr. Kerlin owes the plaintiffs.

"I had a feeling this was coming, that we were going to finally get justice," said Rebecca Gomez Sexton of McAllen, as she and other plaintiffs in the case celebrated yesterday.

"This isn't about money," said Mrs. Gomez, "It's about pride, and what is right."

"Mark this date down," said a grinning Jose Garcia, "because today is when the doors open and justice walks in."

This fall a similar case will be heard in Sarita, a town with more cattle than people. Balli descendants claim property was stolen from them that became part of a huge Texas ranch just north of the famed King Ranch and fairly close to Corpus Christi.

Judge McDowell, a senior visiting judge from Dallas, who is fast becoming an expert on south Texas land holdings, will be the judge in the Sarita case also.

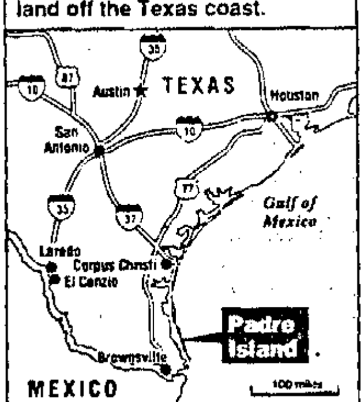
Some of the plaintiffs in the Brownsville case will be in the same role in Sarita.

The Balli decision is "revolutionary," said Armando C. Alonzo, associate professor of history at Texas A&M University.

"It serves as a model. It sets a precedent for other Hispanics in other parts of the Southwest to look seriously into the possibility of obtaining equity in the courts," Mr. Alonzo told the Associated Press.

ISLAND DISPUTE

A civil court yesterday ruled in favor of descendants of the former Mexican owner of Padre Island, a 60,000-acre parcel of land off the Texas coast.



The Washington Times

The Washington Times
THURSDAY, AUGUST 3, 2000

WR Evaluation

Economists Watch Canada Welfare Reform

Early Success Found With Income Supplements for Those Taking Jobs

By MARK HEINZL
Staff Reporter of THE WALL STREET JOURNAL

TORONTO—Has Canada figured out a better way to move individuals from the welfare rolls into the labor market?

Canadian economists think so, and some economists in the U.S. are closely monitoring Canada's welfare-to-work experiments to see if the short-term success of its programs will have lasting results. Of particular interest are so-called making-work-pay programs, which provide incentives to encourage welfare recipients to enter the work force.

"A number of member countries are considering introducing or reforming policies in this area," says Jorgen Elmeskov, deputy director of economics at the Organization of Economic Cooperation and Development in Paris, an organization that provides industrialized nations with a forum to discuss, develop and perfect economic and social policy. Last fall, the OECD invited economists from around the world to discuss the effectiveness of various making-work-pay programs.

Welfare reform is one of the most vexing issues facing the world's industrialized nations as they struggle to find ways to provide social-support programs for their poorest citizens without stifling the incentive to work. Most reform programs seek to achieve three main goals: to reduce poverty, increase employment and limit government dependency.

But too frequently, critics say, welfare-reform programs make progress against one problem but exacerbate the other two problems. For example, when the U.S. raised welfare benefits decades ago to reduce poverty, poverty rates did fall, but the unintended results were that dependency grew, employment rates declined and family life eroded.

In recent years, welfare reform in the U.S. has mostly focused on enforcing punitive measures designed either to limit the time that recipients receive welfare benefits or to reduce the size of the benefits. But according to Gordon Berlin, senior vice president at Manpower Demonstration Research Corp., a nonprofit group that tests new approaches to social problems, punitive programs increased work and reduced dependency but "had no effect on poverty and, in some cases, made poverty worse" as the recipients ended up in low-wage jobs. "What's exciting [about the Canadian experiment] is they seem to have broken through and achieved all three goals simultaneously," he says.

What Canada found is that it is getting more successful by being generous. Instead of cutting benefits, it is raising them substantially, which it believes is a reward to encourage recipients to work.

In one experiment, single-parent welfare recipients—95% of whom are women—in New Brunswick and British Columbia were offered as many as three years of varying payments to supplement earnings from any full-time job found within a year. The supplements doubled what most participants would have earned from a minimum-wage job or received in welfare alone. For example, someone on welfare who received about $10,000 in benefits would be promised a minimum of job wages and welfare benefits of $20,000.

About 35% of the group found jobs and received the income supplements. And when job-hunting training such as preparing resumes and job leads were added in, nearly 52% involved in that study left welfare for full-time work within a year. Although many welfare recipients remained jobless despite the incentives, the program doubled the percentage of welfare recipients who found work compared with a control group without incentives, a report on the program concluded.

"Most programs apply the stick approach, but what we are talking about is applying the carrot approach," says John Greenwood, executive director of Social Research & Demonstration Corp., an Ottawa not-for-profit group that is running the project for the Canadian government. Mr. Greenwood is also an auther of a report on the project that was published by the OECD.

It won't be known until next year whether those in the single-parent project who took jobs will keep them after their incentives expire. But the program is intended to keep people working even after the supplements end. By staying in the workplace, single parents gain skills that can lead to raises or higher-paying jobs, the researchers contend.

The income-supplement programs cost money. Though employment gains cut welfare costs and led to higher tax revenue in the Canadian study, there was a net cost to the government of 55 Canadian dollars (US$37.22) per person per month to run the single-parent program. But a substudy testing people who had been on welfare for only one year showed a net gain to the government of C$29 a person a month. Those people tended to find higher-paying jobs, which reduced the supplements they got and increased the taxes they paid.

The Canadian study is similar to another one carried out in Minnesota, and a modified version of it was adopted by the state in 1998. The Minnesota Family Investment Program offered income supplements to single-parent welfare recipients that took jobs, and increased the allowed amount of earnings not counted when calculating a family's welfare benefits. The program led to significantly higher employment and incomes. The Minnesota program, however, cost substantially more per person than the Canadian program.

The question for policy makers is whether the costs of such programs are worthwhile. Manpower Demonstration's Mr. Berlin says the programs fit better with North American values than traditional welfare programs and lead to improvements in family life and children's well-being. "We are supporting people when they work, rather than when they don't," he says.

University of Western Ontario economist Jeffrey Smith says he was "positively surprised" by the Canadian study's results so far but is doubtful the program will pass a "cost-benefits analysis" once it is known how many job-takers went back to welfare when the supplements expire. "It's pretty darn expensive," he says.

Replacing the Stick With a Carrot

Both Canadian and U.S. programs try to lower poverty without increasing dependency on welfare payments.

CANADIAN 'MAKING WORK PAY' PROGRAM

- **How it Works:** Offers single parents on welfare pay top-ups if they find a job.
- **Increased employment:** 110%[1]
- **Increased earnings:** 61.5%
- **Cost to Government:** $450 per person per year
- **Other:** Incidence of government benefits decreased 15%. 35% of those offered the program accepted.

MINNESOTA FAMILY INVESTMENT PROGRAM

- **How it Works:** Financial incentives and child-care payments for single parents on welfare who find a job.
- **Increased employment:** 35%
- **Increased earnings:** 61%
- **Cost to Government:** $2,000 per year per family
- **Other:** Led to higher marriage rate, reduced domestic abuse, improved well-being of children.

[1]Employment reached 29%, 15.2 percentage points higher than the control group.

Sources: OECD, Manpower Demonstration Research

still low

U.K.'s Granada Sets Sights on Continent and U.S.

Deal With United Media Leaves Firm in Control Of British ITV Network

By CHARLES GOLDSMITH
Staff Reporter of THE WALL STREET JOURNAL

LONDON-Granada Media PLC said it plans to seek broadcasting assets on the European continent and expand its U.S. production business after sealing control of United Kingdom commercial television through the £1.75 billion ($2.65 billion) acquisition of United News & Media PLC's TV assets.

The deal—in which Granada Media is to pay £1.25 billion in new shares plus £500 million—leaves Granada Media with £1.5 billion in cash from its recent flotation and in firm control of Britain's Independent Television Network network, or ITV, as it sets its sights abroad.

"We see opportunities in collaboration with other European broadcasters, in terms of buying assets together or doing coproductions," said Granada Chairman Charles Allen. "We also hope to build on our relationships in New York and Los Angeles to grow in the U.S.A."

He added that the company would join other major European broadcasters to sell advertising and pursue major sporting events, and that it plans a range of new channels bearing the ITV brand.

Separately, British Sky Broadcasting PLC, which is 37.5% owned by Rupert Murdoch's News Corp., said yesterday that it would bid to supply news to the ITV network when a 10-year contract for the service comes up for renewal in 2002. "We feel sure we could offer a very attractive proposition for ITV," said Nick Pollard, head of Sky News. The contract is held by ITN, a consortium that includes Granada, United News & Media and Reuters Group PLC.

Granada's acquisition of United's television assets, including two lucrative ITV franchises in southern England, marks a watershed event in the consolidation of the U.K.'s fragmented commercial-television industry. The deal creates a company with more than £1 billion a year in ITV advertising revenue and a potential viewership of 15 million of the U.K.'s 25 million homes.

The linkup is expected to be followed in the next couple of years by the combination of the TV interests of Granada and Carlton Communications PLC, which also holds several ITV franchises, in order to create a single ITV powerhouse. That will first require U.K. legislation, expected by 2003, to scrap a rule that now limits any one broadcaster to 15% of the total television audience.

Media Merger

In U.S. dollars, converted from pounds at current rate

Granada Media

For fiscal year ended Sept. 25, 1999

Revenue	$1.51 billion
Profit	$823.6 million
Net Assets	$1.45 billion

United News & Media businesses being acquired

For financial year ended Dec. 31, 1999

Revenue	$849.3 million
Profit	$112.0 million
Net Assets	$528.4 million

Source: the companies

Recent megamergers in the U.S. media sector, such as the one planned between America Online Inc. and Time Warner Inc., have exposed Europe's media players as relative minnows on the global stage. Mr. Allen said he plans to link up with other major broadcasters, particularly in Germany, France, Italy and Spain, to boost Europe's clout.

"We never saw consolidation in the U.K. as the end; it's the beginning," said Mr. Allen. "We've got real firepower to get to the next stage of consolidation."

Granada Media had revenue of £998 million in its latest fiscal year and pretax profit of £544 million. United's TV businesses had revenue of £561 million and pretax profit of £74 million.

In the U.S., Granada has a production arm, the Los Angeles-based Granada Entertainment USA, that produces dramas and movies for such outlets as the A&E and HBO cable channels. United's own production arm, which was part of the acquisition, is known for its children's and wildlife programming.

Granada shares rose 5.1% Friday to close at 615 pence, while United shares slumped 12% to 830 pence.

THE WALL STREET JOURNAL
MONDAY, JULY 31, 2000

WR-Evaluation

Single moms leave welfare for work

Most earn more than minimum wage

By Cheryl Wetzstein
THE WASHINGTON TIMES

Most single mothers who left welfare between 1995 and 1997 ended up working full time and earning more than the minimum wage, says a national study released today by the Urban Institute.

The study mirrors findings from smaller studies, which have also found that most people who leave welfare do so for work.

These "welfare-leaver" studies undercut arguments that welfare reform will push masses of families into homelessness or destitution, as was widely predicted during the 1995-96 welfare debates.

* Instead, most "leavers" are doing as well as or better than low-income families, says researcher Pamela Loprest, author of "Families Who Left Welfare: Who Are They and How Are They Doing?"

"It's very important to see that [the former recipients] aren't at the bottom, bottom, bottom of the barrel . . . they're fitting into the working-poor group," she says.

On the downside, however, the data show that almost 30 percent of "leavers" went back on welfare.

Also, among those who left welfare permanently, about a fifth weren't working, living with someone who is working or getting disability benefits as of 1997.

People in this latter group are at risk of "falling through the cracks," says Ms. Loprest, noting that 93 percent of the people leaving welfare are single mothers with children.

Today's Urban Institute study coincides with the opening of a three-day Welfare-to-Work Partnership conference in Chicago, which will be attended by President Clinton, several governors and hundreds of state officials and corporate leaders.

The partnership came into being after the 1996 welfare-reform law was signed to encourage businesses to hire welfare recipients.

To date, some 12,000 businesses have signed up with the partnership and helped hire more than 410,000 welfare recipients, says the D.C.-based partnership.

Between 1995 and 1997, 2.1 million people left the welfare rolls for at least one month, says the Urban Institute study, which used data from 1,289 families collected through the National Survey of America's Families.

By 1997, 29 percent of the "leavers" were back on welfare.

Of those who stayed off the rolls, however, 61 percent had jobs.

Most working ex-recipients — nearly 70 percent — worked full-time or 35 hours or more a week, Ms. Loprest found.

Their average hourly wage was $6.61.

When compared with low-income female-headed families, the data showed that former welfare recipients came out ahead — they were more likely to get jobs and have higher incomes.

However, low-income families were more likely to have longer tenures in their jobs and higher household incomes because most families had two parents.

Of the 39 percent of "leavers" who weren't working, the data showed that many had income from disability benefits, child support or another household member who worked. But 20 percent of these people had none of these supports and "we do not know very much about how long long these recipients will be without work or how they are surviving," Ms. Loprest wrote.

The Washington Times

MONDAY, AUGUST 2, 1999

Mouse stem cells used to fix damaged nerves

ASSOCIATED PRESS

Researchers have shown that master cells from rodent embryos can be used to repair nerves in the spinal cord and brain, a step toward new treatment for nerve disorders such as Parkinson's disease and multiple sclerosis.

In laboratory studies, researchers guided the evolution of embryonic stem cells from mice into mature nerve cells that were transplanted into rats, after which they produced a nerve insulating material the rats lacked.

"We have shown that you can make olgiodendrocytes and astrocytes [two types of nerve cells] from embryonic stem cells," said Ronald D.G. McKay, a molecular biologist at the National Institutes of Health. "This approach could be used for a number of diseases," including Parkinson's and multiple sclerosis.

Mr. McKay is a co-author of a study that appeared Friday in the journal Science.

In the study, the olgiodendrocytes and astrocytes grown from stem cells were put into rats with a genetic disease that blocks formation of the nerve insulating material called myelin. The rats' disorder is the rodent equivalent of a human myelin disorder called Pelizaeus-Merzbacher disease.

The researchers found that the transplanted cells caused myelin to grow around the nerve fibers in the rats. Mr. McKay said that by starting with mouse embryonic stem cells, researchers had a biological marker that enabled them to prove that the new myelin growth in the rats originated from the transplanted mouse cells.

The loss of myelin is a key part of several neurological diseases, particular multiple sclerosis. In MS, the body attacks and destroys myelin, causing a crippling loss of nerve function.

"A considerable amount of science has to be generated before it can be used in humans with multiple sclerosis, but this holds great promise," said Ian D. Duncan of the University of Wisconsin, a co-author of the study.

Stephen Reingold, a vice president for science at the National Multiple Sclerosis Society, said the study is "intriguing and exciting" because it showed stem cells could be used to grow new myelin. But he cautioned that the myelin disorder in the rats is different from multiple sclerosis.

Temperatures drop across the Midwest

Heat, humidity claim at least 182 lives

CHICAGO (AP) — Though temperatures began to drop yesterday across the Midwest, the death toll from last week's record-breaking heat rose even higher, with another 50 deaths here blamed on the heat and humidity.

In much of the country, the worst had passed, with yesterday's temperatures 10 to 20 degrees cooler across the Great Lakes and much of the upper Midwest. Chicago warmed to 81 by early afternoon, compared with a high of 104 on Friday.

But 50 more bodies were brought to the Cook County morgue from Friday to yesterday, said city Health Commissioner John Wilhelm, and officials expected the death toll to rise. A refrigerated trailer was brought in to store bodies until autopsies could be done.

The new deaths added yesterday brought the Illinois total to 80 and the nationwide number to at least 182 since July 19.

But for parts of the country that were sweltering a day or two ago, yesterday brought relief.

The temperature was an almost crisp 59 degrees when Bill Hansche left for work early yesterday at the Maple Grove County Club in West Salem, Wis., a sharp change from afternoon temperatures that peaked at 100 on Friday.

"Today, it's just perfect," Mr. Hansche said. "I wish you could box these up and bring one out every day you need one."

In Louisville, Ky., the afternoon temperature was down to 78 — from a high of 104 on Friday and 99 on Saturday.

> *"Today, it's just perfect. I wish you could box these up and bring one out every day you need one."*
>
> *—Bill Hansche, West Salem, Wis.*

While the cooler air pressed slowly toward the east and south, heat advisories and warnings also remained in effect for areas scattered from Oklahoma and Arkansas to Georgia and the Carolinas, the National Weather Service said.

Three heat-related deaths had been reported in North Carolina, where the early afternoon temperature at Raleigh-Durham International Airport was a record-breaking 101, the third consecutive day of temperatures above 100.

"It's hotter here than south Louisiana, where we moved from," said Raymond Rodgers as he stood in the sun painting outdoor furniture with his 14-year-old daughter in Raleigh.

The cold front isn't expected to arrive in Alabama until today. Yesterday's heat index — a combination of temperature and humidity — was forecast at 110.

Sixty-eight of Illinois' deaths were in Chicago's Cook County, and while city Health Commissioner John Wilhelm expected the number to go higher, he said the latest heat wave is not a repeat of 1995's deadly weather.

The heat wave of that year contributed to more than 700 Chicago-area deaths. While city officials said they've learned many lessons about helping elderly and other vulnerable residents handle the heat, Mayor Richard M. Daley said people have to take responsibility for checking on loved ones.

"Why don't family members check on other family members and parents?" Mr. Daley asked. "Why are they calling the city to do that? That is the most frustrating thing in any crisis."

But for the Folak family on Chicago's North Side, it was frustrating to learn that their concern for a longtime tenant couldn't save him from the extreme temperatures.

The body of Eddie Slautas was discovered Friday night in the apartment where he lived for 70 years, above a tavern owned by Bill and Sandy Folak.

Mr. Slautas, who would have turned 75 yesterday, had several fans but refused the Folaks' offer of an air conditioner, Sandy Folak said.

"He said, 'Why should I make my electric bill higher. The fan is good enough,' " she said.

The Washington Times
MONDAY, AUGUST 2, 1999

e and Glory

to Claim Success In Welfare Overhaul Stumbles Over Facts

Though Caseloads Are Down, Figures Don't Match The Boasts From States

Campaigning in New Jersey

A1

By JOHN HARWOOD
Staff Reporter of THE WALL STREET JOURNAL

PRINCETON, N.J. – To catch the political mood on the government's latest experiment in welfare overhaul, watch two TV commercials for the re-election of New Jersey Gov. Christine Todd Whitman.

"Welfare rolls down 31% after Whitman turns welfare into work," an announcer says, touting the governor's "Work First" initiative. Another 30-second spot bears happy news for recipients as well as taxpayers: "I've been working for nine months, and it's better than anything," says a beaming young woman, who adds, "My kids are very proud of me."

Mrs. Whitman's campaign boasts that New Jersey has become a "national model" for its welfare-to-work efforts. But claims like these make the Garden State a national model for something else: the coast-to-coast hype surrounding the most recent national attempt to solve stubborn problems of dependency and poverty.

Early Celebration

Fourteen months after the federal overhaul bill became law, politicians everywhere are shouting that "Welfare reform works," as President Clinton puts it. In some ways, it does: With a boost from the booming economy, national caseloads have fallen by about 14% since Congress acted. And the decline doesn't seem to have engendered the sort of dire human suffering so loudly predicted by opponents of the new law.

Yet welfare experts across the ideological spectrum say the rush to celebrate may yet prove just as mistaken. Liberals note there is little evidence that the nation's reshaped welfare agenda has seriously dented the core challenge: helping long-term recipients, who tend to have the fewest skills and most serious social problems, move toward self-sufficiency. Conservatives caution that local welfare bureaucrats are just beginning to translate the strictures of federal and state-level overhaul legislation into reality.

One early sign of difficulty: Most states have expressed uncertainty as to whether they met the Oct. 1 federal deadline for requiring three-fourths of welfare families with two parents in the home to perform at least some work as a condition of receiving benefits. A final determination is subject to computation by the states and the federal government's interpretation of the law.

Nevertheless, politicians are racing toward the microphones to sing reform's praises – sometimes stumbling over the facts along the way. Take the advertisements for Mrs. Whitman's re-election. Despite the assertion in her campaign ad, the moderate Republican hasn't exactly turned "welfare into work" yet. Of the roughly 80,000 New Jersey families in which adults and children receive welfare benefits, latest figures show that adults are performing "work activities" in only one in four cases.

Previous Success

New Jersey's caseload has dropped substantially since Mrs. Whitman began her term in January 1994, when 123,200 families were receiving benefits. But about 85% of the decline occurred before her program took effect in April. Indeed, the young woman featured in the governor's re-election ad, Monsi Flores began working several months before Work First New Jersey became law, under the welfare-overhaul plan started by Mrs. Whitman's Democratic predecessor. Ms. Flores, who has since left her clerical job in Newark, couldn't be reached for comment.

Mrs. Whitman defends the ad by saying that "a lot of women have come along" since Work First began with stories similar to Ms. Flores's. And she says the "overall atmosphere" of her administration, including tax cuts to stimulate the economy, has helped produce New Jersey's caseload decline even if most of that decline preceded Work First.

Pulled Ads

She isn't alone in straining to promote her program. In New York, Republican Sen. Alfonse D'Amato ran radio ads boasting of helping 120 families in an apartment complex in Kingston get off welfare – then canceled it after it turned out that only four families there were on welfare to begin with. In North Carolina, Democratic Gov. Jim Hunt issued a news release earlier this year announcing that his welfare plan had saved taxpayers $75 million – and issued another one the very same day upping the figure to $90 million.

All the hype makes it easy to forget that there are still about 3.8 million U.S. families receiving benefits – or about 10,000 more than were on the rolls back in 1989, when caseloads began a sharp increase that experts still don't fully understand. States serving huge chunks of the national caseloads, most notably giants California and New York, have been slow to comprehensively reshape administration of their welfare programs. The reasons range from complexity to philosophical resistance to mundane technical obstacles. Only six states, a recent national survey showed, were operating computer systems capable of tracking how long a recipient has been

Please Turn to Page A5, Column 1

Continued From First Page

Store workers with 401(k)s have loans outstanding.

"Probably too many have loans," Mr. McGarvey says. But as he sees it, if employees couldn't get at their money easily, many wouldn't participate in the retirement-savings program in the first place. They can generally borrow only as much as they put into the plan, he notes. That borrowing feature certainly has motivated the Essarys, who have taken out loan after loan on Bill's retirement plan, diligently repaying each one in order to qualify for the next.

On a hot autumn Saturday, Mrs. Essary returns from coaching her daughter's Little League baseball team and sits in the dining room, sifting through her husband's 401(k) statements and retirement-plan documents, which would appear to be written in Sanskrit. "Ninety percent of the guys get this stuff in their cubbyholes and throw it out," she says. "I'll read it and reread it till I can recite it back to you."

Mr. Essary is about to get a raise, and his wife is trying to figure out how much he should increase his loan repayments. Bill, who has just returned from his usual 12-hour graveyard shift plus overtime, sleepily fries up chicken and fixes potato salad for supper while his wife lays out their strategy.

"I see no reason to take this extra pay and spend it," she says. "This is not the entertainment portion of the program. To Bill, payday is reward day. He's in it for having fun. Jim in it for the pain."

Mr. Essary shrugs.

His wife continues, "I tell him, you want to p— it away at Target, or save it? We don't argue about money. There isn't enough to argue about anyway."

Mr. Essary nods.

Organizing the family's finances comes naturally to Mrs. Essary. She grew up in the affluent San Francisco enclave of St. Francis Woods – her father was a professor of dentistry – and recalls her mother showing her dividend checks and explaining what they were. But her solid middle-class life crumbled early. She married at 18, had a son at 19 and was divorced a few years later. She was working part time as a bookkeeper when she was hospitalized for cancer and lost her job and home.

Spartan Existence

On her feet again a few years later, she met and married Mr. Essary, a truck driver seven years her junior, whose father was a backhoe operator. Their son Bradley was born in 1985, Amanda was born a year later, and Mrs. Essary's older child was living with them. Then Mrs. Essary, while working at a local toy store, injured her back when a pallet of plate glass crushed her against a wall. No longer able to work, she qualified for Social Security disability payments, supplementing them with occasional free-lance bookkeeping jobs.

THE WALL STREET JOURNAL
FRIDAY, OCTOBER 17, 1997

WR
Evaluations

1/2

The family moved in 1992 to Whitefish, Mont., where Mrs. Essary's aunt owned some property. But when truck-driving jobs turned out to be scarce there, they returned to California, stored their possessions and hunkered down in a single room in the E-Z 8 motel just off Highway 80, paying $300 a week (including the truck driver's discount). To save money, the family occasionally checked out of the motel and moved in with friends for a few days. Most nights for a year, Mrs. Essary cooked supper on a hot plate. On Fridays, they splurged on dinner at a truck stop across the road.

In September 1993, Bill was hired by Super Store, and a year later he became eligible to participate in the dairy distributor's retirement plan. The Essarys' toughest days were behind them. Thanks to his steady salary (now about $36,000 a year), which he supplemented with overtime, they were able to buy a big-screen television set, pizza dinners and videos for the kids — not to mention cover the rent on a suburban house.

But Mr. Essary's retirement plan became the means to pay for many other things. Just six months after he began his contributions of pretax dollars to the plan, his mother had kidney failure. He borrowed the $1,200 he had saved in the plan to cover the family's bills during a leave of absence he took at the time.

As soon as he paid back that first loan, Mr. Essary took out a second loan, in March 1996, for $1,200, and bought a used trailer to take the kids camping at nearby Lake Berryessa.

And Another

After repaying that loan, he took out a third. He now had $4,000 of his own money in his account — having continued making contributions and repaid all loans — and he borrowed it all. The Essarys wanted to buy the home they were renting, and they intended to use the loan to pay the bank fee for an owner-financed mortgage.

The deal fell through. But instead of putting the borrowed money back into the 401(k), they spent $1,400 on a 17-year-old motorboat (a 17-footer with a Chrysler 360 engine), paid off $947 in credit-card bills and gave some money to Mrs. Essary's 26-year-old son from the earlier marriage, a graduate student whose wife was expecting a child.

The Essarys put the remaining $800 into an account with a credit union, earning 5%. Three months later, they used it toward a down payment on a 1987 Dodge Ram ¾-ton pickup. The borrowed 401(k) money enabled them to qualify for a truck loan with monthly payments spread out over one year instead of three. Mrs. Essary figures the shorter term will save $2,000 in interest payments.

"I have to juggle it all," she says. "If I only had my eye on retirement, it would be pretty simple. But life isn't simple."

But what about the trade-off? When families borrow from a 401(k), they typically end up with less income in retirement (as much as 30% less, according to the GAO), because they lose the ability to earn a return on the money while it is outside their account. To compensate, Mrs. Essary has shifted the money in her husband's 401(k) into aggressive mutual funds, hoping for higher returns.

Smaller Endowment

So how much money would the Essarys have in Bill's retirement plan if they had never borrowed from it? Probably about $15,000. Instead, they have $10,835, most of which is the employer's contribution and earnings on that. The company contributes 5% of Mr. Essary's base pay and matches his contributions, dollar-for-dollar, on the first 5% of his pay he contributes. (He can contribute up to 12%.)

The longer the Essarys take to repay their loans, of course, the more investment income they forgo. Moreover, should Mr. Essary lose his job tomorrow, part of the amount remaining in the plan would immediately go to repay his loan, wiping out much of his account.

At Super Store, Mr. McGarvey, the human-resources executive, says the company is making a calculated trade-off, too. Super Store knows that employees are reducing their future retirement income by taking out loans. But Mr. McGarvey acknowledges that the company wants to increase participation among such lower-paid employees because, under federal pension law, if too few such workers enroll, then the higher-paid employees can't contribute the maximum allowed by law, currently $9,500.

On the Essarys' kitchen counter sits a large coffee can, two-thirds filled with change. It is the savings tool the family used before the 401(k) entered their lives. "When we hit a cash-flow problem, we go to the coffee can," Mrs. Essary says. In the past, they have even used the stash to help pay the rent.

The 401(k) is another, better type of coffee can, as far as they are concerned. Next year, when the current loan is paid off, they plan to take out another loan against the plan, using the money for a belated honeymoon in Vancouver, British Columbia.

Mrs. Essary has no regrets about shrinking tomorrow's account for today. "They told me I'd be dead in 1979," she says. "I have a lot of illnesses that could creep up and kick me out. It wouldn't matter if I had this big retirement fund. I have a finite period of time on this planet."

THE WALL STREET JOURNAL
FRIDAY, OCTOBER 17, 1997

2/2

With the Economy Humming, Welfare Has Its Image Polished

WR - Evaluations

A1

By JASON DePARLE

The New York Times THURSDAY, SEPTEMBER 11, 1997

WASHINGTON, Sept. 10 — Welfare recipients, last year's political pariahs, are shedding their outcast status.

Not long ago, a woman on public aid could have turned to C-Span and heard a Congressman likening her to alligators or wolves, or the Speaker of the House, Newt Gingrich, warning that she posed a threat to American civilization.

Now on WSFA, the NBC affiliate in Montgomery, Ala., she can find a weekly feature portraying a welfare family in favorable terms. "Dump the stereotypes," the correspondent says. On St. Louis radio, she can find an advertising campaign lauding those with the "guts to get off welfare." In Charlotte, N.C., she can see billboards — paid for by the county and posted by the Chamber of Commerce — exhorting employers to give recipients a chance.

The mood change goes more than billboard deep. State legislatures, including several in the Deep South, have rejected many of the harshest proposals to emerge under the new state-run systems. Likewise, after cutting immigrant benefits by more than $22 billion last year, Congress hurried back this summer and restored nearly $12 billion.

To be sure, the sweeping Federal legislation passed last year has put more restrictions than ever on welfare benefits, and the aura of good will could quickly fade. It is too soon to tell how many families will prosper in the new era of time limits and work requirements, and how many will sink deeper into poverty. But for the moment at least, the tougher rules coincide with new civic, business and political efforts to recast recipients in a positive light.

"The whole climate in talking about welfare recipients has changed, from negative to positive," said Ron Kaufman, a Republican political strategist who is advising the Welfare to Work Partnership, a nonprofit group that encourages businesses to hire people on public assistance. "Everyone's on their best behavior politically, if you will."

The reappraisal has multiple roots. With caseloads crashing, much of the news coverage has suddenly turned to welfare successes. With labor markets tight, businesses are being forced to give recipients a second look. With tax revenues up, legislatures can afford more generosity.

And with the most divisive questions settled by last year's law, many legislators have found themselves guided less by ideology than by a new, nuts-and-bolts practicality.

Consider the journey of Mike Coffman, a Republican State Senator in Colorado and a principal author of that state's new welfare law. When he started working on welfare issues three years ago, Mr. Coffman said, he began with "a primitive approach" that fo-

Continued on Page A28

Continued From Page A1

cused on cutting spending and punishing bad behavior.

But this year, as the state began imposing a five-year time limit on cash benefits, Mr. Coffman joined the push for support services, including child care, health care and cash supplements for those seeking training or education.

"When I was outside the system, it was very easy to be ideological and have simplistic solutions," he said. "As I began to learn more, I began to see welfare recipients as victims of bad government policy. I developed a degree of sympathy for them."

Not everyone is impressed.

Peter Edelman, a former welfare official who resigned from the Clinton Administration last year to protest the new law, warned that the mood could quickly sour should the economy do so.

"It would be embarrassing to legislators to be mean and nasty and cut the money when we're rolling in dough," Mr. Edelman said. "If the unemployment rate in Charlotte was 8.2 percent instead of 3.2 percent, you wouldn't have the Chamber of Commerce running around telling businesses to hire people on welfare."

"I really dislike the hype that says everything is wonderful," he added. "The heavy lifting hasn't started."

In signing the welfare law last summer, President Clinton expressed a hope for civic efforts like those now taking place.

"Welfare's no longer a political football to be kicked around," Mr. Clinton said. "It's a personal responsibility of every American who ever criticized the welfare system to help the poor."

But even he might have had a hard time predicting that President George Bush's political director (Mr. Kaufman), President Ronald Reagan's pollster (Richard Wirthlin), and a host of corporate executives would come together in an effort to erase the stigma of being on welfare.

The effort is being coordinated by the Welfare to Work Partnership, which was established this spring with Mr. Clinton's encouragement. Among its tools is an advertising campaign, scheduled this fall for radio, television, and print.

"Welfare mothers are irresponsible," states the underlying text of one of the print advertisements. But the line has been rewritten to read: "Welfare mothers make responsible employees." The same goes for "welfare is a program that creates dependence." It becomes, "welfare to work is a program that creates independence."

The advertisements were designed without charge by Ammirati Puris Lintas, a blue-chip firm more accustomed to selling BMW's than the talents of the poor.

"We're trying to present the stereotype and smash it at the same time," said Duncan Pollock, the chairman of the firm's office in New York. "If there are latent feelings, we felt that to be effective we had to bring them to the surface — get them on the table and deal with them."

The campaign was tested in St. Louis in August, in coordination with a visit by President Clinton to promote the hiring of people on welfare. Before the campaign, 43 percent of those business leaders who expressed an interest in hiring recipients said they considered them "a good source of employees."

After the campaign, which consisted of a modest number of print and radio advertisements, that figure

1/2

rose to 52 percent.

"A focused effort can change the underlying perceptions," said Maury Giles, a researcher at Wirthlin Worldwide, which collected the data.

But the numbers also underscore the challenge that remains. Another way of reading the data is that even among those employers who expressed an interest in hiring recipients, about half doubted their abilities.

In Charlotte, the Chamber of Commerce began an advertising campaign last year with an $84,000 contract from the county department of social services. The president of the advertising agency that designed it, Pam Boileau, was once on welfare herself.

New efforts are recasting last year's political pariahs in a positive light.

"There's such a stigma around welfare recipients," Ms. Boileau said. "Each one of us has to accept the responsibility of helping recipients get off the rolls."

In Montgomery, it is not an advertising agency but a television correspondent, Jennifer Schram, pushing a new look at recipients. Her weekly profile of a welfare family is designed, in part, to help the state recruit mentors to work with those leaving the rolls.

"I show that it could be any of us," Ms. Schram said. "Some unforeseen accident could happen. Where would we turn?"

The flood of optimistic accounts could raise unrealistic expectations. Not all the "myths" about welfare recipients' problems are wrong.

Should progress stall as the nation confronts the tougher cases that remain on the rolls — people with little education, little work experience or problems with alcohol and drugs — the conversation could return to the tone set by Senator Phil Gramm, Republican of Texas. Mr. Gramm ran for President last year in part by demanding that people on welfare "get out of the wagon and help the rest of us pull."

For now, the mood swing has brought results. Perhaps none has been as dramatic as the decision by Congress to reinstate $11.7 billion of welfare benefits for immigrants, just months after contending that the program, Supplemental Security Income, was rife with fraud and abuse.

The move partly reflects an ebbing of budgetary pressure. It also derives from a growing fear of the Hispanic vote. And the concern over last year's cuts may have been stoked by press accounts of several immigrants thought to have committed suicide partly in despair over losing their benefits.

While partially restoring the immigrant cuts, Congress also allotted an additional $3.4 billion for programs to help recipients find work.

"Things have changed substantially since last year," said Ellen Nissenbaum, who follows anti-poverty legislation for the Center on Budget and Policy Priorities, a Washington advocacy group.

State legislatures have also shown more concern about the needy than some opponents of the new law predicted.

"What I saw wasn't just sympathy but support — support in a tangible way," said Jack Tweedie, who tracks welfare programs for the National Conference of State Legislatures.

In New York, for instance, the Legislature rejected Gov. George E. Pataki's plan to cut benefits by 45 percent over four years. In California, the Legislature blocked a proposal by Gov. Pete Wilson to enforce time limits as short as one year. Both legislatures also rejected the Governors' proposal to abolish general assistance programs, which provide cash payments to single adults.

To some extent, the fights merely reflect party divisions. Both Governors are Republicans, and three of the four legislative bodies in those states are controlled by Democrats. But there were other forces at play, including a fear of county officials from both parties that a withdrawal of state aid would leave them awash in needy people.

"Our views on these matters are not philosophical or political," wrote a group of Republican county officials in New York, in an April letter opposing various aspects of Mr. Pataki's plan. "Rather they concern the fiscal and practical impact that the choices made in Albany will have on local governments."

In Arkansas, Gov. Mike Huckabee, a Republican, proposed a two-year limit with few services or exemptions. But the Democratic-controlled Legislature created exemptions for recipients with "extraordinary barriers." And it postponed the start of time limits until next summer, to give the state time to put other support services in place.

Similarly, the Alabama Legislature moved to soften a proposal by Gov. Fob James Jr., a Republican. Though both Houses are controlled by Democrats, some of the work was led by a Republican, Representative Jim Carns. He pushed for earnings supplements for recipients who find jobs and child care for teen-aged mothers.

"I had the typical knee-jerk reaction before I got into this," Mr. Carns said. "I thought it'd be easier to save money."

His work drew praise from State Senator Rodger Mell Smitherman, a Democrat who serves as chairman of the Senate Black Caucus.

"There's a realization that it's one thing to say you want people to work, but it's another to create the environment for them to do that," Mr. Smitherman said. "I was pleased to see that it wasn't all harsh."

The compromise fashioned by Mr. Smitherman and Mr. Carns even contained an increase in benefit levels, the only one in the country. But the two were shocked when the bill was defeated by a last-minute filibuster: with Alabama ranked almost last in benefits, a few legislators decided that the grant increase, from $164 a month to $185, was not enough.

The New York Times

THURSDAY, SEPTEMBER 11, 1997

2/2

WR-Evaluation

Welfare Reform Success Cited in L.A.

By Judith Havemann
Washington Post Staff Writer

A1

Independent researchers have found the first solid evidence that welfare reform is beginning to work in the nation's largest cities, federal officials announced yesterday.

While the welfare rolls have declined by nearly 4 million individuals since President Clinton signed dramatic overhaul legislation two years ago this Saturday, the biggest drops have occurred in rural states and suburban communities.

In Los Angeles, however, home to more welfare recipients than 48 of the 50 states, recipients who were subject to the requirements of reform were far more successful at getting jobs and made significantly more money than recipients who were not, according to the Manpower Demonstration Research Corp., a noted New York research group.

The researchers found that 43 percent of poor families who were required to participate in the city's new welfare reform program got jobs, while only 32 percent of families randomly selected to remain in the traditional welfare program did. This represents an increase of one-third over the old welfare program.

The typical welfare family subject to the reform initiatives earned $1,286 in the first six months of the program, while "control group" families earned $879, a difference of 46 percent. The study covered a period from 1996 to 1997.

See WELFARE, A8, Col. 1

WELFARE, From A1

Up to now, many of the early results from welfare reform have been attributed to the robust economy and to "creaming"—the tendency for the most able and well-educated recipients to leave the rolls on their own and get jobs without much state intervention.

But Los Angeles provides the first hard evidence that welfare reform is beginning to touch the inner city, where many of the most disadvantaged recipients are clustered.

Most of the recipients included in the study had only a 10th-grade education. More than a third had not worked within the past two years. Nearly half had never been married, and one in five had a limited proficiency in English.

"No other large city has ever shown results like this," said Lawrence Mead, professor of politics at New York University and author of a recent book on welfare reform.

Other researchers pointed out that while Los Angeles had been more successful than other big cities, most recipients were still not working.

"We should exercise caution here," said Toby Herr, director of Project Match in Chicago. "If we know we can get 43 percent to work, what percentage can we keep working, and how can we shorten the intervals between jobs?"

The federal law requires recipients to work, puts limits on how long someone can receive benefits and gives states broad latitude to design their own programs.

The Clinton administration yesterday released statistics showing a continued, steep decline in welfare caseloads nationally. Since Clinton took office in early 1993, the number of Americans receiving welfare has fallen by 5.7 million, or 41 percent.

Given that drop, the findings on Los Angeles are particularly significant because the welfare recipients remaining on the rolls are increasingly concentrated in the nation's inner cities, according to a study conducted last May by Bruce Katz at the Brookings Institution.

Nearly 70 percent of 23 large cities and urban counties "did not perform as well as their states in moving recipients off the welfare payrolls," Katz found. In 1996, most cities had "shares of the state's welfare population that were larger than the cities' share of the state's total population."

Los Angeles County—which has 750,000 people on welfare, the largest caseload in the nation after the states of California and New York—required recipients to attend job orientation sessions, look for work, participate in job clubs and work with job counselors. These activities have become central features of most states' efforts to carry out the federal welfare law.

The Los Angeles story is particularly striking when compared with its previous welfare reform efforts. In the 1980s, Los Angeles County tested a welfare overhaul aimed at providing education and job training so that recipients could quality for better jobs. At the end of the first year, the results were nil.

About 27 percent of welfare recipients enrolled in the expensive new program got jobs. Welfare recipients who were excluded from the program got jobs at an almost identical rate—25 percent. The group that received the educational help made $1,304 in the first year, while the group for which nothing was done made $1,308.

Although the results of the most recent program reflect only six months, John W. Wallace, vice president of the regional office of Manpower Demonstration Research, said the pattern appeared to be holding up for at least the first year of the program.

"L.A. showed an openness and willingness to learn from the research, to change and adopt the best practices in the field," Wallace said.

Los Angeles welfare director Lynn W. Bayer said that although the program had been "very successful in getting people their first job," the city is now focusing on "post-employment services" to help recipients get better jobs so they can earn enough to support their families.

Most of the Los Angeles recipients were still receiving welfare because their earnings were so low. The typical welfare recipient who was working was earning $6.54 an hour. Bayer said recipients need to earn $7.82 an hour before they make enough to stop receiving assistance.

The Washington Post
Thursday, August 20, 1998

Hill Democrats See Speech As a Failure

By DAN BALZ
Washington Post Staff Writer

A1

President Clinton's speech Monday night was increasingly seen by Democrats yesterday as a political failure that has unleashed a torrent of anger among some of the president's most loyal supporters and created problems no one at the White House anticipated.

"It's not only opportunity lost, it's additional troubles gained," a former administration official said. "If one of your goals has to be to try to bring this to closure in some reasonable time frame, the opportunity was there Monday night and was lost."

The list of problems includes an emboldened Republican Party determined to see the investigation through to the end, a Democratic Party for now deflated and demoralized by a Clinton performance that fell far short of their expectations, editorial opinion from newspapers across the country that has been extremely harsh in condemning Clinton's speech, a White House staff whose credibility has been compromised for the battles ahead, and the threat of further problems from Starr's investigation, now in its final stages.

Some Democrats yesterday attributed part of the underwhelming public response from Capitol Hill to the fact that most lawmakers are on vacation or in their home states and have not felt the need to say much. These lawmakers, they said, will be testing opinion at home and if Clinton's approval ratings remain strong—as they have so far this week—Democrats will quickly rally behind him.

See CONGRESS, A11, Col. 1

CONGRESS, *From A1*

They also predicted that, unless Starr's report provides convincing evidence of obstruction of justice by the president, that many lawmakers will call for the House to take no action against the president, if for no other reason than to show a united front in the midterm elections. "If it's about sex, they're free to condemn it," one Democratic strategist said.

But a former administration official said the principal reason Democrats have reacted the way they have is that they have been burned before by Clinton and worry about what lies ahead. "They're not sure everything is out," he said. "They don't believe there's been this purging process. They're afraid."

A congressional Democrat said, "Members were lied to for seven months and are not happy about it. They're not just going to take the talking points from" the White House.

One Democrat who worked in the past two presidential campaigns said Clinton's tenuous relationships on the Hill have contributed to the weak reaction. "No one's ever stuck up for him," this Democrat said. "Clinton doesn't come from there. He doesn't have deep roots there." He called Congress's reaction "worrisome."

Democrats fear the president's speech makes it more likely that the Starr investigation will overwhelm any other message they hope to deliver during the fall campaign—the opposite of what they had hoped and the White House intended.

As the White House scrambled yesterday for advice on how to contain the damaging fallout from the nationally televised address, another prominent Democrat complained about Clinton's performance.

Sen. Daniel Patrick Moynihan (D-N.Y.) called the speech "not adequate" because Clinton failed to apologize for his relationship with former intern Monica S. Lewinsky and because he attacked independent counsel Kenneth W. Starr. "What were we doing hearing about the special prosecutor?" Moynihan told an Albany, N.Y., radio station.

Moynihan's comments came a day after such Democrats as Senate Minority Leader Thomas A. Daschle (S.D.), House Minority Leader Richard A. Gephardt (Mo.) and Sen. Dianne Feinstein (Calif.) registered their disapproval of what Clinton did with Lewinsky or how he explained it on Monday night. That same day, Rep. Paul McHale (D-Pa.) urged Clinton to resign.

With some exceptions such as Sen. Tom Harkin (D-Iowa) and Rep. Barney Frank (D-Mass.), who have been steadfast in his defense of Clinton, Democratic lawmakers have been tentative to defensive in their assessments of Clinton's speech, while expressing clear disapproval of his relationship with Lewinsky.

Others have been missing in action. Such prominent elected officials as Sens. John D. "Jay" Rockefeller IV (D-W.Va.), Joseph I. Lieberman (D-Conn.) and John F. Kerry (D-Mass.) have made no comment on the president's speech. Aides said they were on vacation and not reachable.

Many Democrats have issued written statements, and the few who have ventured onto national television to try to defend Clinton have made comments critical of him as well. One of those was Rep. Vic Fazio (D-Calif.), who spoke with Clinton after Monday speech.

On CNN's "Larry King Live" Tuesday, Fazio said, "I'm not disappointed" with Clinton's speech and said further pursuit of the investigation by the independent counsel represented "a kind of partisan vendetta." But Fazio said he was "disappointed in my president" and frustrated that the issue has diverted attention from issues Democrats hope to use in their fall campaigns.

"The follow-up [questions] on this are just deadly," one Democratic strategist said in explaining why Democratic lawmakers may be more comfortable with written statements right now.

The political reaction to the president's speech was far different than anything White House officials anticipated. With overnight polls showing Clinton's approval rating holding strong and reports from focus groups showing a good response to what Clinton had to say, they were caught off guard by the response from Capitol Hill.

Although some Republicans have called for Clinton to resign this week, most GOP leaders have cautioned colleagues to wait until Starr reports to Congress before they recommend a course of action. Most Americans still oppose impeachment, polls show. Still, some members have begun floating the possibility of issuing a censure or reprimand against Clinton for his conduct. "Republicans are discussing it as a possibility," said a Democratic congressional source.

Other lawmakers, however, may resist such a move. Rep. Lindsey Graham (R-S.C.), a member of the House Judiciary Committee, said his panel should decide to either investigate the charges in Starr's report as part of an impeachment inquiry or drop the matter altogether. "I don't think Congress has a role in spanking the president," Graham said.

Friends of the administration expressed anger that Clinton had allowed his anger at Starr to overrule a White House political team skilled in crisis management that wanted more contrition and less defiance.

"Closure wasn't achieved and some new troubles were unearthed ... because he rejected the advice of people who have been loyal and protective of him successfully for six years and are some of the best at this stuff in the history of the presidency," said a former senior official.

Others simply said Clinton failed himself at one of the most critical moments of his presidency.

"Everybody was certain he would rise to the occasion and for the first time he didn't do it," one former administration official said.

Said another veteran of Clinton's first term, "Everybody agrees he blew it.... He could have killed this in January or he could have killed it on Monday, and he didn't do it either time."

Staff writer Juliet Eilperin and researcher Ben White contributed to this report.

The Washington Post

THURSDAY, AUGUST 20, 1998

WR - EVALUATIONS

Economy Lifts Incomes of Single Black Women Who Head Households

By STEVEN A. HOLMES

CHARLOTTE, N.C. — Three years ago, Nancy Wright was struggling to hold body and soul and two children together on the $237 she received in her monthly welfare check, supplemented by $187 worth of food stamps.

These days, Ms. Wright, 35, is earning almost $1,400 a month as a supervisor at a fiberglass plant. Though hardly affluent, she can afford to take her children out for a night on the town. She has bought a car, and she just returned with her two sons from a week's vacation in Atlantic City and New York — the first time she had left North Carolina.

"I'm able to buy them clothes and school supplies," she said, rattling off the benefits of her new-found prosperity. "I can take them out to get something to eat or go to the movies. I've accomplished a whole lot since I started working."

Ms. Wright's brightening fortunes are part of a little-noticed phenomenon among single black female heads of households. Long at the bottom of the economic scale, these women have seen their income rise sharply in recent years, pushed by a strong economy, tight labor market, increases in the minimum wage, more stringent welfare eligibility requirements and Government training programs.

In 1996, the latest year for which complete data are available, the median income for this group was $15,530, a jump of more than 21 percent in inflation-adjusted dollars from the $12,765 the women brought home in 1993, according to Census Bureau data.

Labor Department figures for single black female heads of families, a slightly different category because it includes only women with children, show a similar increase in income, rising to $16,256 in 1996 from $13,489 in 1993.

Incomes for these women are rising faster than nearly any other demographic group in the country, in part because they are starting from such a low base. Median income for white households (including married, living alone, or single parent) is $47,023. And a median income of $15,000 still leaves single black female heads of households squarely in the ranks of the working poor. But the increases come after two decades when their income barely increased or even declined. From 1969 to 1993, their medium income fell by more than 4 percent.

The fact that their income is improving is a sign of how much the benefits of the economic recovery are cascading down to groups on lower rungs of the economic ladder.

"They're doing much better than they have in years," said Edward Montgomery, chief economist at the Labor Department.

One reason is the recent increases in the minimum wage, which rose to $4.75 from $4.25 in 1996 and rose again to $5.15 last September. Economists say the bulk of single black mothers are hourly workers, so an increase in the minimum wage helped lift their income.

But even without a federally mandated increase in the hourly minimum wage, these women would still be benefiting from the strong economy, which is especially robust here in Charlotte, where the unemployment is less than 3 percent.

With such a strong economy, Labor Department data show that incomes at the bottom of the wage scale have begun to rise even more sharply than those at the top, seemingly reversing decades of rising income inequality.

"It's too early to call it a trend in terms of reversing income inequality," said Secretary of Labor Alexis M. Herman. "But there is no question we are heading in a positive direction."

In addition to being pulled into the job market by rising wages, many of these women are being pushed there by efforts to overhaul the welfare system. In 1995 North Carolina received waivers from the Clinton Administration allowing it to require welfare beneficiaries to undergo job training. A year later, the state received permission to set a two-year time limit for a family to receive cash assistance and to decline to raise welfare payments if a recipient had another child 10 months after going on the rolls.

Since the changes, North Carolina's welfare rolls have dropped to 65,873 families this past June from 113,485 in June 1995. Because about 65 percent of the families on welfare in the state are black, in 1995 and this year, and because about 60,000 people who have left the rolls have gotten jobs, single black mothers have been major beneficiaries of the policy changes.

Ms. Herman also said that new Labor Department studies show that 1.7 million people nationally were working last year who were on welfare in 1996, though she did not say how many of these people were unmarried black females who are heads of households.

For some, like Sherry Thomas, Government training programs made a huge difference. Divorced in 1992, on welfare and living in public housing two years later, Ms. Thomas re-entered the work force through the Job Training Partnership Act. The program paid her tuition at a junior college, covered the day care costs for her three children and paid her rent.

"Definitely that was my bridge to standing on my own and not having to continually depend on the system," she said.

Today, two years after subsisting on $278 a month from A.F.D.C., Aid to Families with Dependent Children, and an additional $350 in food stamps, Ms. Thomas is a computer programmer, earning "in the $30,000 range." She has also started a business designing Web sites and has bought a four-bedroom split-level house.

Rather than worrying about addicts and gunfire outside her door, she now savors the crepe myrtles bursting with pink flowers in her front yard, and the two apple trees, their branches heavy with fruit, growing out back.

"I still have bills and everything, but I'm raising my kids in a better environment, which is something I always wanted to do," Ms. Thomas said.

Beyond the changes in welfare and a strong economy, the improving conditions for many of these women stem from their own grit and determination.

Eleven years ago Cheryl McKnight dropped out of high school in Sumter, S.C., about 120 miles southeast of here, to get married and start a family. But after her first child died of leukemia at the age 2, Ms. McKnight's marriage soured.

After getting a divorce in 1993, Ms. McKnight went on welfare, but soon got a job as a laboratory technician in a plant that made dyes for textiles. The position paid $6 an hour, but Ms. McKnight considered it a dead-end job.

In 1997 she moved to Charlotte, the first time she had left her hometown, got a job flipping hamburgers at a Hardee's and enrolled in a community college course to earn her high school diploma.

Ms. McKnight worked from 4 A.M. to 11 A.M. at the all-night restaurant while attending classes from 12:30 P.M. to 3:30 P.M. every day and from 6 P.M. to 8:45 P.M. on Tuesdays and Thursdays. "I was determined to get that diploma," Ms. McKnight said.

After receiving the diploma last December, Ms. McKnight got a job as a receptionist and clerk at a drivers training school.

She is still struggling. Her pay of $7.50 an hour isn't much greater than what she earned as a lab technician or at Hardees. But she is studying college algebra, biology, psychology and chemistry to pass the entrance exam to get into the nursing program at a local community college.

"I can see a future financially for my son and I now," she said. "Moving to Charlotte was a big move for me in a lot of ways. I'm just a better person now."

The New York Times

TUESDAY, AUGUST 18, 1998

Fund-Raiser for D'Amato Will Be Given by Gingrich

Democrats Pleased by Ties to Conservative

By ADAM NAGOURNEY

Senator Alfonse M. D'Amato has agreed to allow House Speaker Newt Gingrich to hold a fund-raiser in Georgia on his behalf today, even as his prospective Democratic challengers have sought to hurt Mr. D'Amato by repeatedly linking him to Mr. Gingrich's policies.

Mr. D'Amato's decision to fly to Georgia and appear with Mr. Gingrich at the event was a surprise, if a pleasant one, to the three major candidates for the Democratic nomination to oppose Mr. D'Amato this fall. As it turned out, Representative Charles E. Schumer of Brooklyn had been planning to begin using a new television advertisement today that for the first time directly linked Mr. D'Amato to Mr. Gingrich and to what the commercial describes as the Speaker's attempt to reduce Medicare benefits.

"A coincidence," Mr. Schumer said.

The fund-raiser, which will cost $1,000 a head, is to be held at a country club in Mr. Gingrich's hometown, Marietta. Aides to Mr. D'Amato and Mr. Gingrich were unable to provide an estimate of how much Mr. D'Amato expects the event to bring in.

The fund-raiser itself will not be open to journalists. Mr. D'Amato did not announce the event, which was first reported in a column by Robert Novak and was confirmed yesterday by Mr. D'Amato's advisers.

Mr. D'Amato's prospective opponents — Mr. Schumer, Mark Green and Geraldine A. Ferraro — have made it clear that they would seek to use Mr. D'Amato's association with Mr. Gingrich against him this fall. As a result, several Democratic strategists said they were surprised that Mr. D'Amato, who is known for his political astuteness, had agreed to this fund-raiser just when attention to the campaign was beginning to increase.

The Gingrich fund-raiser does not appear to be a sign that the Senator has any financial difficulties. Mr. D'Amato has already raised $20 million, about twice as much as his nearest possible rival, and has about $12 million on hand to spend. He has had a steady stream of television advertisements on the air in recent weeks.

Mr. D'Amato's campaign spokesman, Harvey Valentine, said Mr. Gingrich had offered to sponsor a fund-raiser for Mr. D'Amato when they ran into each other a few months ago. He said Mr. D'Amato was not concerned about the event being used against him. "You know, the Senator has made his disagreements with the Speaker known," Mr. Valentine said. "When it's appropriate, we'll continue to do so."

Still, the fact that Mr. D'Amato decided to go to Marietta for the event rather than invite Mr. Gingrich to come to New York suggested that he was not looking for much attention.

By contrast, Mr. D'Amato's political associate, Gov. George E. Pataki, who is also up for re-election, has repeatedly gone out of his way this year to distance himself from Mr. Gingrich. And the Governor has often criticized Mr. Gingrich for policies that Mr. Pataki said hurt the Republican Party, especially in the Northeast.

Mr. Schumer's aides, who viewed the joint appearance as the political equivalent of a hanging curveball, quickly produced a list of quotes from Mr. Gingrich from over the years that were critical of New York. "These guys are two peas in a pod," Mr. Schumer said. "D'Amato went along with all of Gingrich's cuts on Medicare, so now Gingrich is giving him his reward."

A spokesman for Mr. Green, Joe DePlasco, said that the planned fund-raiser demonstrated that "as much as D'Amato tries to show that 'I'm a new D'Amato,' there's nothing new here. He's the same old conservative D'Amato."

Ms. Ferraro's communications director, Stephen Gaskill, also seized on news of the event, saying that it was "not surprising that D'Amato has a close relationship with Newt Gingrich, given the way that both of them vote."

Mr. Gingrich's political spokesman, Michael Shields, ridiculed the criticism, saying it came from "liberal Democrats appealing to the far-left wing of their base by bashing a leading Republican." He added, "His opponents have not read any of the recent poll numbers that show the Speaker's approval ratings are much higher than they used to be."

Mr. Shields said the Speaker had offered to help Mr. D'Amato as a sign of his regard for Mr. D'Amato, who is the chairman of the Senate Banking Committee.

"The Speaker and Senator D'Amato are good friends," he said. "We want to make sure that we have a strong Senate and a strong chairman of that committee. As we pass bills in the House, we want to make sure we get them through the Senate."

The New York Times
TUESDAY, AUGUST 18, 1998

More Welfare Recipients Going to Work, Study Finds

By ROBERT PEAR

WASHINGTON, June 18 — Millions of people have left the welfare rolls since Congress overhauled the Federal program two years ago, but what happened to them has been a puzzle for policy makers. Now, the most comprehensive study of the new system says more and more are going to work.

The General Accounting Office, a nonpartisan arm of Congress, said today that there had been sharp increases in the proportion of welfare recipients being placed in jobs.

The findings address one of the biggest questions about social welfare policy in the United States. Officials have expressed many opinions but until now have had only sketchy information about what happened to the people leaving welfare.

Since shortly after President Clinton took office, the number of people on welfare has fallen 37 percent, to 8.9 million in March 1998 from 14.1 million in January 1993. The number has dropped 27 percent since August 1996, when Mr. Clinton signed a bill ending the Federal guarantee of cash assistance for poor children.

The accounting office examined the experiences of seven states chosen to be representative of the nation as a whole. In five of the states, it found "significant increases" in the proportion of welfare recipients who obtained jobs.

"California, Louisiana and Maryland more than doubled their job placement rates from 1995 to 1997, and Oregon and Wisconsin increased their rates by more than 70 percent," the report said.

Texas had a slight decline in the proportion of welfare recipients who found jobs. Data from Connecticut, while not exactly comparable, showed a substantial increase in the number of families leaving welfare because of increased earnings.

The General Accounting Office reported that 17 percent of Maryland's welfare recipients were placed in jobs in 1997, up from 4 percent in 1995. In Louisiana, the proportion rose to 17 percent, from 6 percent, while in California it rose to 19 percent from 9 percent.

Many more people, beyond those who found employment, were required to participate in "work activities" that prepare them for jobs, the report said.

Representative Sander M. Levin of Michigan, the ranking Democrat on the House subcommittee responsible for welfare legislation, reacted to the report with cautious optimism. "So far, so good," Mr. Levin said, "but there's much left to be done."

In 1995 and 1996, opponents of the welfare bill predicted that states would try to outdo one another in cutting welfare benefits and adopting punitive measures to keep poor people away. In an interview today, Mr. Levin said, "We have not seen a race to the bottom."

But Mr. Levin said the progress of the last two years would be jeopardized if House Republicans cut spending on programs for poor people, as required under the budget blueprint approved by the House on June 5.

Representative E. Clay Shaw Jr., the Florida Republican who is chairman of the subcommittee, welcomed the report as evidence that "welfare reform is working."

Authors of the report were quick to point out that some important questions remained unanswered. The report does not show the effects of the 1996 law on the well-being of children. It does not measure the extent of hunger or homelessness among people removed from the welfare rolls. Nor does it show what will happen if the economy, now booming, turns sour.

The accounting office said people who left welfare in the last few years were "the most readily employable," while those remaining may have more difficulty getting jobs because they have fewer skills, less education or more serious medical problems.

In its report, the accounting office also made these points:

¶Forty-two states have liberalized their rules on earned income so that welfare recipients can keep more of their cash assistance payments after they begin working. Nearly all states have increased their limits on the value of automobiles and other assets that people can own while receiving public assistance.

¶The proportion of welfare recipients who are told to pursue education and job training has declined in the last three years. Instead, people are routinely told as soon as they apply for welfare to get jobs.

¶Nineteen states have adopted stricter time limits on welfare than the five-year limit set by the 1996 Federal law. But most of these states make exceptions in some cases.

For example, welfare recipients in Connecticut may obtain a six-month extension of the state's 21-month time limit if they "have made a good-faith effort to comply with work requirements, but have been unable to find employment," the report said.

In Connecticut, the General Accounting Office found that 2,667 families had reached the 21-month time limit by December 1997. In this group, 1,666 families lost welfare benefits, but 1,001 families, representing more than one-third of the total, got extensions allowing them to continue receiving cash assistance.

WR - Evaluations

The New York Times

FRIDAY, JUNE 19, 1998

The New York Times
FRIDAY, JUNE 19, 1998

New York City Is to Use Public Funds for Private Pre-Kindergarten Classes

By SOMINI SENGUPTA

With less than three months left before 14,000 4-year-olds are supposed to begin new pre-kindergarten classes established by the state, New York City's overcrowded public school system is planning to enroll a third of those children in private and parochial preschools.

Unable to squeeze the preschoolers into public schools ripping at the seams, officials expect to use public funds to educate about 5,000 children in private schools. It is a rare example of the city's public school system relying on the private sector for basic academic services; the only precedents are smaller programs in counseling and tutoring.

The state law that established pre-kindergarten classes encouraged local school districts to draw up contracts with private preschools. The law requires each district to devote at least 10 percent of its funds to contracts with private agencies, and education officials in Albany said the requirement was added because they knew many districts would be unable to find the space or the qualified teachers on their own. The private preschool industry, worried about losing business, also lobbied heavily in Albany.

When state lawmakers enacted the law establishing the $500 million program last summer, they allocated money for teachers and aides, but none for construction, despite the space problem.

Since then, translating the language of the law into reality has flummoxed school officials across the state, especially in New York City, which now expects to be spending 35 percent of its state allocation for the program on private and parochial schools.

Indeed, the story of pre-kindergarten in New York is emerging as the story of good intentions crashing into difficult realities.

In some areas of the city, parents have been unable to submit applications for their preschoolers because district officials have not picked the private preschools they will use. Bathrooms and playgrounds are still being inspected, teacher credentials reviewed and classrooms observed. As school officials have discovered, conditions at private preschools vary widely. Dirty floors and a dearth of books at a day care center on the ground floor of an East New York housing project dismayed one superintendent, while the emphasis on penmanship at a preschool in northern Queens troubled another district official, who considered the school's approach too rigid.

And recently, a new complication was unearthed: When a Brooklyn superintendent showed up to inspect a yeshiva, it was closed for a religious holiday, revealing the potential chaos that mismatched school calendars could create for working parents.

Still, most educators unequivocally embrace the concept of preschool education, not just in New York but around the country. A survey taken last year by the Children's Defense Fund, an advocacy group based in Washington, found that 21 states had increased financing of preschool programs, most of them intended for poor children. Last year, the New Jersey Legislature set aside $125 million for pre-kindergarten classes in 125 of the state's poorest school districts. In Connecticut, lawmakers agreed last year to spend $86 million over two years on pre-kindergarten classes in more than a dozen poor, mostly urban districts.

"Who can say anything bad about children having early-childhood education?" said Dr. Arthur Greenberg, the head of Community School District 25 in Flushing, Queens. "Is it well planned? No. I know a whole bunch of superintendents who would have liked more time to get this off the ground."

When the universal pre-kindergarten law was enacted a year ago, it drew bipartisan support from lawmakers, and got a strong boost from Lieut. Gov. Betsy McCaughey Ross. New York City's Board of Education voted to require each of its 32 districts to provide the classes.

Champions of the program cited research pointing to the long-term benefits of early education. For instance, studies of Head Start, the federally financed pre-kindergarten program for poor children, showed that preschoolers enrolled in the program initially showed measurable improvements in health, school attendance and cognitive test scores. The gains in cognitive test scores, however, faded after a couple of years.

To stretch its resources, New York City decided to establish half-day pre-kindergarten classes; a few other districts in the state are creating full-day programs. The program is financed with $46 million in state funds for the 1998-99 school year, matched by $5 million from the Board of Education. Unlike Head Start, which is limited to needy children, New York's pre-kindergarten program is available to children regardless of their family income, though in the first year only districts with the largest percentage of poor children — including all New York City districts — are eligible.

Private preschools that want contracts with the city school system must be licensed by the city, and they cannot offer religious instruction. Any parochial schools involved in the new program will, under the state law, have to scrub classroom walls of religious icons and agree to a secular curriculum.

Given the stipulations, several private agencies, including schools run by the Roman Catholic Archdiocese of New York, have passed up the offer.

"We are in the business of religious education," said Dr. Catherine Hickey, superintendent of schools for the archdiocese, which has more than 6,000 children in pre-kindergarten classes. "We probably would not sacrifice one of our own religious early-childhood programs for the sake of secular programs."

The privatization issue has not drawn opposition from the teachers' union. An estimated 225 teachers will be hired to instruct children in pre-kindergarten.

"Obviously, I would prefer it in the public schools," said Ronald C. Jones, the United Federation of Teachers vice president for elementary schools. "Until we get to that nirvana, I don't think we should deprive these kids of pre-K."

WR - Evaluations

Most Get Work After Welfare, Studies Suggest

A1 By CAREY GOLDBERG

BOSTON, April 16 — From Idaho to South Carolina, a growing collection of state reports are coalescing into a preliminary but increasingly suggestive picture of the fates of the millions of Americans who have left the welfare rolls under new restrictions, from the success many have at finding jobs to the hunger some endure.

In Washington State, former welfare recipients earn a median hourly wage of $7.40, while in South Carolina the average is closer to $6. In Kentucky, people who leave welfare tend to work in retail or service jobs; in Maryland, both wholesale and retail trade dominates among new paychecks.

And in general, according to the early and possibly over-optimistic glimpse these studies offer of life months after welfare, about two-thirds of former recipients find jobs and about one-fifth find themselves worse off than before.

In the latest such detailed study to come out in Massachusetts, a report released today found that 71 percent of people who got off and stayed off welfare reported a year later that someone in their household was working, and 86 percent reported that their families were at least as well off as in their welfare days. Among those here working full time after a year, the average weekly earnings were $323.

The report "is very, very good news," said Claire McIntire, the state commissioner of what used to be called public welfare and is now called transitional assistance. But, Ms. McIntire said, it also "clearly points out areas we need to keep working on."

Those areas include hunger and food stamp use, Ms. McIntire said. The study found that three months after leaving welfare, about 10 percent of former recipients reported having gone hungry, the same percentage as reported having gone hungry while still on welfare. But though the number did not change, the length of time they said they

Continued on Page A11

Continued From Page A1

went without food grew, reaching 10 days or more in several cases.

Also, food stamp use, in keeping with a national phenomenon, looked low: only 6.5 percent of the households still off welfare after a year were receiving food stamps, even though many more were eligible.

Such studies tend to present an overly rosy picture, officials acknowledge, because they depend on a small sample — 210 households, in the case of Massachusetts — of welfare recipients willing to be interviewed, and those worst off are by nature tougher to find and less willing to talk. Nonetheless, they do suggest that the pattern of widespread deprivation feared by critics of welfare changes has not yet materialized, though they also document a measurable minority that is clearly worse off.

Like many reports on welfare reform, the Massachusetts study "is a case of whether the glass is two-thirds full or one-third empty," said Lawrence Bailis, a poverty and welfare expert at Brandeis University. Some people are clearly better off,

Mr. Bailis said, "but our data and the welfare department data showed there are people falling through the cracks."

In addition, the main thing to keep in mind about such reports is that they are essentially best-case scenarios, cautioned Deborah Harris, a staff lawyer for the Massachusetts Law Reform Institute. "It shows what happens in a booming economy, when the people who are most likely to be able to survive without welfare leave welfare, and are not being forced off by a time limit," Ms. Harris said. "And even so," she added, interpreting data from the innards of the 61-page report, "only slightly more than half had family income from earnings after a year."

The Massachusetts economy is indeed booming, with the latest unemployment rate at 2.8 percent. But the state's welfare numbers are much the same as those turning up elsewhere, said Sheldon Danziger, a professor of social work and public policy at the University of Michigan who is working on Michigan's tracking of former welfare recipients. In particular, the finding that about two-thirds of former recipients are working is about par, Professor Danziger said.

"What I would say is that there are no longer people on welfare who were the stereotypical case that upset the public — that is, people who could have gotten jobs but stayed on welfare — because all those people have been pushed off," he said.

So now, the two-thirds proportion many researchers are finding "raises the issue of whether there are people who are truly needy who are not getting anything under the new system," Professor Danziger said. "My own view is that some recipients being forced off the rolls are going to need some sort of guaranteed work-for-your-welfare position of last resort" in a sheltered environment, because private employers will not hire them.

Here in Massachusetts, time limits on certain welfare recipients have begun to kick in, and thousands have exhausted their two-year maximum and are being knocked off the welfare rolls. Advocates for the poor complain that the state is unusually tough about granting extensions to those who apply.

Intentionally, Commissioner McIntire said. Otherwise, she said, "we wouldn't have a time limit."

Ms. McIntire said Massachusetts officials were investigating why the rate of food stamp use was so low, and would not tolerate hunger in the commonwealth. The state is gathering more data and looking into programs to get more information about food stamps to current and former welfare recipients who do not realize it is a separate program with separate eligibility, and will also move to make the stamps easier to apply for, she said.

The Massachusetts report highlighted an array of other telling aspects of life after welfare. It found, for example, that a year out, nearly 18 percent of respondents reported income over $500 a week, while 12 percent reported income below $150. Households also reported greater debt a year out than earlier on, with 20 percent reporting debt of over $10,000, compared with 17 percent after three months.

What the report did not answer, however, was a central mystery of welfare reform: how the many thousands of people who have dropped off the welfare rolls but are not working are managing to support themselves.

In the Massachusetts report, Ms. Harris said, 23 percent were "off welfare and not working, and we have no idea what their sources of income were."

Ultimately, said Mr. Bailis of Brandeis, the bottom line of the report must be that "even if most are better off, we as a society have a concern for people who are in trouble, and our data and these data showed hungry kids."

"I know the commonwealth has planned all kinds of steps to make sure people don't fall through the cracks," he said, "but this is suggesting that even more may be needed."

But the report, advocates said, highlights the kinds of troubles awaiting those who lose their welfare benefits now. The report showed that about one-quarter of those who left welfare got back on it, Ms. Harris pointed out. Other states have shown similar numbers, with 24 percent of families returning to welfare within three months in Michigan, 19 percent in Maryland and 38 percent in New Jersey, according to a compilation by the National Conference of State Legislatures.

But with new time limits, many would lose that option, Ms. Harris and other advocates emphasized. And those who remain on the rolls are likelier to be in more difficult situations than those who promptly left.

Brian Flynn, a lawyer at Greater Boston Legal Services, offered as ar example his client, Rene Marvel whose request to get back on welfare after she lost her job was recently denied. Ms. Marvel was told — incor rectly, Mr. Flynn said — that sh could not get food stamps withou welfare. So, though she is scrapin by raising a family of five childre and sometimes goes hungry, she ha not applied, Ms. Marvel said.

"They referred me to the foo pantry," she said. "They don't tel you what you really need to know They tell you what they want you t know, which is that you've been o assistance for this amount of time you need to find a job."

The New York Times

SATURDAY, APRIL 17, 1999

Gretzky, Hockey's No. 1 Scorer, Retires With Rinkful of Records

A1

By JOE LAPOINTE

Wayne Gretzky was a hockey artist in a sport often stereotyped for brute force and violent intimidation, using his stick as a paintbrush and his skates as dance slippers. Over two decades, he became the National Hockey League's career leader in points and goals, a nine-time most valuable player who not only dominated his sport competitively but helped spread its popularity past the borders of his native Canada to new markets in the United States.

After 21 years as a professional, the last three as a New York Ranger, Gretzky announced his retirement yesterday afternoon in a news conference at Madison Square Garden. His final game will be tomorrow afternoon at the Garden against the Pittsburgh Penguins.

"I'm done," Gretzky said, speaking from a dais with his family beside him and surrounded by photographs of himself in the uniforms of several teams. "It's just time. Of course I'm sad. I've played hockey for 35 years, since I was 3 years old. I'm going to miss it."

Gretzky was known as the Great One, or sometimes as the Great Gretzky, and it was not just a pun on his name. In his sport, he, Gordie Howe and Bobby Orr are generally regarded as the best players in its history.

In comparison to those in other team sports, Gretzky will be remembered at the level of Babe Ruth and Ty Cobb in baseball or Michael Jordan and Wilt Chamberlain in basketball. He won 10 scoring titles, as did Jordan. He led the Edmonton Oilers to four Stanley Cup championships in the 1980's, while Jordan led the Chicago Bulls to six National Basketball Association titles. Gretzky's nine most valuable player awards are four more than Jordan won in the N.B.A.

In terms of marketing, Gretzky is often credited with stirring interest in his cold-weather sport so that it was able to expand to southern cities such as Tampa, Fla.; Miami; Dallas, and San Jose, Calif. When he was traded from Edmonton to Los Angeles in 1988 in a deal that involved many players and much money, the move left him in tears and was treated as a tragic day in Canadian history. But it helped spur interest in professional hockey in Southern California, and Gretzky's presence there at that time is widely thought to have contributed to creation of the Disney-backed expansion franchise called the Mighty Ducks of Anaheim.

Gretzky played one season as a 17-year-old in the World Hockey Association, and his presence and potential with the W.H.A. Oilers helped spur a merger with the N.H.L. in 1979, officially called an expansion, that created one major league circuit.

Slightly shorter and much more slender than the average player,

Y2

The New York Times

SATURDAY, APRIL 17, 1999

ryland owns the river bed, and it has so far refused to give nians a permit for the intake pipe.

WNSTEIN COMMENT: Working-Poor Families Need p Getting Ahead
y Ronald Brownstein
Los Angeles Times

WR Evaluation

As the nation's economy rolls through its unprecedented 110th month of growth, this extraordinary expansion increasingly is defined as much by its breadth as its length. With each month, the circle of prosperity is widening. Unemployment among African-Americans and Latinos is at an all-time low; homeownership is at an all-time high for both groups. The Progressive Policy Institute recently calculated that families on the bottom fifth of the income ladder saw their income rise 14 percent from 1993 through 1998, after falling 17 percent over the previous 25 years.

Yet, for all that, it's also clear that even this rising tide is not lifting all boats, at least not enough to keep them safely above water. Millions of workers are still struggling in low-wage jobs to raise families. At a conference on the problem in Washington, D.C., last week, economist Stephen J. Rose released data showing that about 20 million workers living in low-income families earn $15,000 a year or less. That's about one-seventh of the total labor force working hard without very much to show for it. And the vast majority of those workers are the principal breadwinners in their families, Rose found.

If there's good news in the picture, it's that the needs of these working-poor are rising on the political radar in both parties. Policies to bolster them are emerging along two distinct tracks. The first looks to provide more resources financial and otherwise to low-income working families. The second looks to help workers advance into better-paying jobs.

Thinking on the first track is much more advanced. President Clinton and the two men vying for his desk Vice President Al Gore and Texas Gov. George W. Bush have all proposed significant new measures to support low-income working families.

Bush's agenda focuses on tax reductions: He wants to cut the lowest income-tax rate from 15 percent to 10 percent and provide low-income families a new tax credit to purchase health insurance. He has also unveiled a pair of innovative ideas to help working-poor families buy their own homes.

Clinton and Gore envision a much broader role for government. Like Bush, both men start with tax cuts. Their proposal is actually more carefully targeted than the Texan's: Clinton and Gore each would expand the earned-income tax credit, which is specifically aimed at working-poor families and can be received as a refund on federal taxes. They also want to expand the existing Children's Health Insurance Program, which provides insurance for children in working-poor families, to cover adults. They have proposed that the government spend significantly more to help low-income families pay for day care. And they would raise the minimum wage, which Bush has said he would support only if states could opt out of the increase.

Any of these steps would be overdue. Yet they address only one part of the problem. Government should aim not only to bolster workers in low-wage jobs, but to help them advance into better-paying jobs where they are less likely to need public supports at all. And that has proved much more difficult.

The economy itself still provides much of the answer. Rose, a senior economist at the Educational Testing Service, calculated that about half of the 20 million low-wage workers naturally advance into higher-paying jobs over the course of their working careers. But that means about 10 million workers are consistently stuck near the bottom. Not surprisingly, those with only a high school education (or less) and women heading single-parent households are at the greatest risk of remaining trapped in dead-end jobs.

That finding suggests the problem of persistent low-wages may be the next big challenge in welfare reform. The 1996 welfare reform law has enjoyed historic success at moving millions of women from dependency into the work force. But early evidence has been much less encouraging about the ability of these women, many of whom have only limited education and skills, to get ahead in the job market. One study widely cited at last week's conference found that the median hourly wages of women who voluntarily left the welfare rolls in the mid-1990s increased only 4 percent during their first five years at work.

So far, states have focused mostly on rapidly moving welfare recipients into jobs, without worrying much about whether the jobs provide opportunities for advancement. That's an understandable recoil from an earlier generation of policies that circulated welfare recipients through endless job-training courses that rarely attached to actual jobs. Yet evidence is growing of the need for a third way: programs that provide ongoing training and support to welfare recipients, and other low-income workers, as they negotiate the first rungs on the job ladder.

It's easier said than done to fit training into lives already overcrowded with responsibilities. But promising ideas are emerging. Some programs work closely with employers to provide intensive, short-term, pre-employment training directly tied to specific jobs; that can allow workers to enter firms in jobs above the bottom rung, making the climb that much easier. In an alternative model, California and Minnesota are providing employers money to continue training former welfare recipients once they are on the job. Likewise, the Anne E. Casey Foundation is funding an innovative program in Seattle that places low-income women in clerical jobs and then provides them regular Saturday computer-skill sessions staffed by volunteers from Microsoft.

At this point, identifying the best means to help low-wage workers advance is less important than establishing a commitment to the search. Few states have done so. Yet because welfare caseloads have fallen so fast, the states are amassing a cumulative surplus of $1 billion a year in their welfare block grants. Farsighted Clinton-administration regulations have given them enormous flexibility to use that money for programs that help not only former welfare recipients, but all low-income workers succeed in the work force. And employers are increasingly open to such efforts because the minuscule unemployment rate has made it much more difficult to quickly find replacements for new hires who wash out.

Add it all up, and "there will never be more of an opportunity" to help low-wage workers onto the escalator of upward mobility, says Brandon G. Roberts, a Washington-based consultant on training programs. The question now is whether we'll seize it.

INS Official Found Guilty in Espionage Case
By Mike Clary
Los Angeles Times

MIAMI A career U.S. immigration officer was convicted of four counts of espionage Tuesday in a case that was less about spying for Fidel Castro's Cuba than it was about cashing in once the Communist ruler is gone.

Mariano Faget, 54, a supervisor in the Miami office of the U.S. Immigration and Naturalization Service, was found guilty of violating the Espionage Act by disclosing official secrets and lying about his contacts with Cuban diplomats.

Faget, a 34-year INS employee who was one month away from retirement when arrested in February, faces up to six years in prison. He also stands to lose an annual pension of $47,000. Sentencing has been set for Aug. 18.

On the witness stand last week, Faget admitted that he had lied to the FBI and disclosed classified information to an old friend and business partner in New York, Pedro Font. But, he told jurors, his motive was to protect Font and their plans to do business in Cuba once the economic embargo is lifted.

He testified that he met with officials of the Cuban Interests Section is Washington to pave the way for later business dealings on the island through a company he and Font had formed.

Prosecutors agreed that Faget's motives were economic, not political. Still, he broke the law, argued prosecutor Richard Gregorie.

"Mariano Faget was supplying information to a friend of his in order to gain an economic advantage in doing business with Cuba," Gregorie said. "They were hoping to get in on the ground floor."

Defense attorney Edward O'Donnell, however, called Faget "a decent man who made a mistake. The jury sees the mistake as a crime. So be it."

Faget, a Cuban native who has lived here most of his life, was arrested after FBI agents said he fell for a "dangle" an operation in which a suspect is given a secret and then watched to see if he passes on that secret.

After a year's surveillance, an FBI agent visited Faget in his office to feed him phony information about an alleged Cuban defector. Twelve minutes after that meeting, Faget was recorded passing the bogus information on to Font in a telephone call from his INS office.

Three days after Faget's arrest, the United States ordered the expulsion of Washington-based Cuban consular official Jose Imperatori, one of two Cuban officials Faget was known to have met. Imperatori had accompanied Elian Gonzalez's grandmothers from Washington to Miami on the first of their two visits here, but prosecutors made no links between Faget and the case of the Cuban boy.

Asked if Font could be charged, Gregorie said prosecutors continued to review the case.

Bush Accuses Gore of Overseeing Decline in Military
By Julie Cart
Los Angeles Times

DENVER Texas Gov. George W. Bush, using the nation's oldest VFW post as a backdrop, told an audience of war veterans Tuesday that under the Clinton-Gore administration the morale and readiness of the American military has fallen off dangerously.

During a discussion with veterans and Colorado politicians, Bush charged "something was amiss" in the military and criticized President Clinton for over-deploying American troops and Vice President Gore for presiding over seven years of poor military management.

Bush, who last week was criticized over his proposal to create a national ballistic missile defense system, reiterated the need for a strong, well-funded military to carry out America's role as a "peacemaker, not a peacekeeper."

The Republican presidential candidate also brushed off Defense Secretary William Cohen's criticism of his recent defense proposals and declined Cohen's offer of a Pentagon tour to better inform his views, calling the invitation politically motivated.

"I think the briefing I got from (retired Gen.) Colin Powell, and (former Defense Secretary) Dick Cheney and (former Secretary of State) Henry Kissinger was substantial," Bush said sharply, referring to his foreign policy and military advisers. "These are leaders with a proven track record. I call on my opponent not to allow this administration to politicize matters of defense."

Flanked by Colorado's Republican Gov. Bill Owens and other GOP officials, Bush faced a rapt audience at Veterans of Foreign Wars Post No. 1, founded in 1899. He criticized what he termed Gore's lack of support of the armed forces and offered a litany of examples of poor military stewardship by the administration.

"My opponent, who is no stranger to exaggeration, boasts on his Web site that he has been intimately involved in the best-managed build-down in American military history," said Bush, who reminded the audience he is the commander in chief of the Texas National Guard. Bush went on:

"He also calls for a policy of forward engagement of the military. But I want the people of Colorado and America to consider the results of seven years of the vice president's management: U.S. troops are over-deployed, underpaid and under-trained. Entire Army divisions are not prepared for war. Military recruiting fell thousands short of its goal ... 6,000 United States troops are on food stamps. Al Gore says ... qualifies him for a promotion. No. The Clinton-Gore record ... out for a new sign on the Pentagon that says, 'Under New Management.'"

Gore spokesman Doug Hattaway replied: "Gov. Bush can talk about readiness all he wants, but he clearly isn't ready to lead. U.S. military experts say his irresponsible position on missile defense could lead to a new arms race. With all the complex issues we face, the next leader of the free world should not be going through on-the-job training."

Bush, who Tuesday launched a ...-state swing through the West, chose to speak on themes that resonate well in a region that supports gun rights and favors a strong military. In many Southwestern states, military bases are a region's largest employer. Bush pounded the theme of military morale and reeled off a string of statistics that he said illustrated the decline.

"I know many of you are concerned like I am a... state of our military," Bush said. "Under this current administration, the morale is dangerously low. Defense spend... a percentage of the gross national product is the lowest it has b... since prior to World War II.

"The United States Air Force readiness for combat has fallen to its lowest level in 15 years. Only 65 percent of Air Force combat units are operating at the highest level of readiness. Last November the Army rated two of its 10 divisions unprepared for war. Of the remaining eight divisions, several were downgraded and none achieved the highest level of readiness. Army recruiting fell 6,000 soldiers short last year, while the Air Force missed its target by more than 1,700 airmen."

Fiji's New Military Leader Throws Talks Into Turmoil
By Mitchell Landsberg
Los Angeles Times

SUVA, Fiji, May 31 Just when a prolonged hostage crisis appeared close to resolution, Fiji's new military leader threw negotiations into turmoil Wednesday by naming the husband of a woman being held by rebels as the head of an interim government.

The appointment of Ratu Epeli Nailatikau, who is also the son-in-law of the president forced from power this week, was seen as a slap in the face to rebel leader George Speight, who is holding much of the former government captive.

"We are going back to square one," said a spokesman for Speight, Ratu Timoci Silatolu, speaking by telephone from the Parliament compound where about 30 hostages have been held since May 19. "What they have done just might push us to confrontation again."

The hostage-takers released one captive Wednesday to attend a family member's funeral. Silatolu said the release of Assistant Minister Adi Ema Tagicakibau was a "humanitarian measure" and not necessarily a precursor to a mass release of hostages.

The spokesman said Speight had rejected the appointment of the new prime minister by Commodore Frank Bainimarama, who announced a military takeover Monday to break the impasse between the hostage-takers and the government.

Speight, an advocate for the rights of indigenous Fijians, has no veto power over the appointment. But the move further complicated the tortured negotiations to release the hostages, who include ousted Prime Minister Mahendra Chaudhry and Nailatikau's wife, former Tourism Minister Adi Koila Nailatikau. She is the daughter of President Ratu Sir Kamisese Mara, who ceded power to the military leader.

Negotiators have been meeting with Speight's representatives since the military takeover and imposition of martial law. The political crisis is one of the most serious and strangest in the country's recent history and could have devastating economic consequences for Fiji, a South Pacific nation heavily dependent on tourism.

The former British colony is located more than 3,000 miles southwest of Hawaii and includes more than 300 islands, with some of the world's most beautiful coral reefs and beaches.

Military negotiators have agreed to Speight's main demands, which include full amnesty for Speight and his supporters, scrapping the country's 1997 constitution that gave more rights to the nation's ethnic Indian minority, and appointing an interim government that excludes no members of the ousted regime.

The appointment of Nailatikau, a former army commander, meets the last of these conditions but does not appear to match the ultranationalist Speight's intent. On Tuesday, he said he had no ambition of heading an interim government himself but wanted it dominated by those who support the rights of indigenous Fijians, who make up 51 percent of the nation's population.

"I don't think Speight is very happy about it, but he may have to accept it," U.S. Ambassador Osman Siddique said. "A lot of things have gone his way ... be it's time that some things didn't go his way."

Speight, a former businessman, has appeared to be basking in the attention he's received since seizing the hostages. He has logged vast amounts of time on news programs in Australia and New Zealand, where his attempted coup has been covered

WR-Evaluations

The Washington Post
Wednesday, January 8, 1997

WELFARE AS WE KNEW IT

Who Are the 'Deserving Poor'?

By Jon Jeter
Washington Post Staff Writer

POOR FAMILIES IN KANSAS CITY, Mo., were having an awful time in 1910. Penniless, widowed mothers were losing their children to orphanages and foster homes. The city's forbidding streets were corrupting fatherless boys who had dropped out of school to find work.

Juvenile Court Judge E.E. Potterfield thought a bit of social tinkering might keep poor families together. So, that winter he went to the Missouri Legislature and persuaded lawmakers to approve his plan to provide monthly, state "allowances" to any local widow who was "in the judgment of the Juvenile Court ... a proper person, morally, physically and mentally for the bringing up of their children."

The idea caught on. The following spring, another juvenile court judge, Merrit W. Pinkney, in Illinois, lobbied his state's lawmakers to adopt the "Funds to Parents" act. Within nine years, a cadre of similarly reform-minded judges, activist womens' organizations and journalists had prodded 40 states, including Maryland and Virginia, to approve "mothers' pensions."

Unwittingly, Judge Potterfield ushered in 86 years ago a modest form of welfare state in the United States, setting the stage for one of the most enduring and passionate debates of 20th century American life, an argument as old as mankind. For while poverty has plagued civilizations for centuries, no society has resolved how best to help the poor.

It's a complicated issue, but in general, welfare programs elicit two widely shared values in American society: an almost reflexive desire to protect the weak and vulnerable and, alternatively, an abiding resentment of those who don't pull their weight. No government response to poverty has adequately reconciled these competing feelings, and the question of who exactly constitute the "deserving poor" persists to this day.

Nearly a century before Potterfield's approach, Great Britain, for example, provided relief for the indigent under its "Poor Law." But the statute was intended to discourage poverty as much as relieve it.

In exchange for public aid, the indigent were stripped of all civil rights and often required to labor long and brutal hours in Dickensian workhouses as a means tests for determining moral fitness. Individual responsibility, the mantra of

See WELFARE, H7, Col. 1

WELFARE, From H1

today's welfare reformers, was a central theme in British efforts to help the indigent.

"It is the poor who have duties, not the rich, and it is the first duty of the industrious poor not to be poor," wrote George Jacob Holyoake, a British aristocrat in 1879.

Before those socially minded judges prodded the United States into action, government-run social safety nets were being woven in Europe. In the late 1800s, Germany began to assemble what then was history's widest social safety net, creating pensions for the aged and unemployed and a national health insurance plan widely credited with transforming the nation's army and athletes into the world's finest by the turn of the century.

The United States trailed Germany and most other industrialized European nations in adopting any kind of national social welfare policy, and social scientists believe that America's reluctance was due in large measure to a Protestant ethos that reveres work. Moreover, as the country began to mature into a vibrant industrial marketplace, many Americans believed that jobs were plentiful and that charity was enough to help the few "deserving poor."

Potterfield's modest notion of using public money to provide poor, husbandless mothers with a minimum standard of living planted a seed that grew into the complex, labrynthine antipoverty programs popularly known as "welfare."

Yet, for all their supposed size and costliness, welfare programs cost just 1 percent of the federal budget and 2 percent of state budgets. And, for all of these programs' supposed ability to create dependency, more than half of welfare recipients stay on the dole less than two years, moving off to build productive, taxpaying lives.

Still, in extreme cases, a culture of welfare dependency has taken root in some families. And in a government eager to cut spending, it is easy to see some of the nonworking poor as undeserving.

But the welfare overhaul that President Clinton signed into law last year—limiting access to payments and requiring able-bodied recipients to work—is only the latest effort to reconcile America's rival values of sympathy for the downtrodden and resentment of those who do not work for a living.

For one thing, the new plan abolishes Aid to Families with Dependent Children (AFDC), the 61-year-old heart of the welfare program that was a federal guarantee of cash

1/3

assistance to the poor. Through AFDC, begun in 1935 as President Franklin D. Roosevelt's reincarnation of mothers' pensions, the government subsidy has been not only a lifeline for millions of impoverished American families but also a potent symbol of the collapse of inner cities.

Republicans and White House officials say the latest plan moves the country in a new, more enlightened direction. It came in a long line of efforts to modify and remodify programs to reconcile the two rival values of protecting the poor while not coddling nonworkers.

THE ROOTS OF THE REFORM EFFORT were planted in American political soil nearly 90 years ago when organizations such as the General Federation of Women and the National Congress of Mothers, both largely comprising educated and well-to-do women, took on the poverty issue and its impact on families who had lost husbands and fathers to death and desertion.

They lobbied Capitol Hill and the White House, and their feminist campaign received a huge boost in 1909 when President Theodore Roosevelt convened the Conference on the Care of Dependent Children in Washington and appealed for charity, or, failing that, public relief to help the indigent widow "keep her own home and keep her children in it."

Industrialists and corporate executives, wary of public assistance but preoccupied with the advent of labor laws and other proposals to regulate the workplace, consequently did little to combat the proliferation of mothers' pensions.

Sympathetic to widows impoverished by circumstances beyond their control, state lawmakers often approved the pensions by nearly unanimous votes.

In some communities, officials expanded the effort to include divorcees, unwed mothers and wives whose husbands were confined to mental institutions.

Social workers and judges who administered the programs chose only applicants deemed to be of the highest moral standing, what they believed to be the deserving poor. In stark contrast to today's emphasis on work, women receiving public assistance were discouraged from working. Far better, Americans felt then, that women stay home and rear their children.

Early in the century, European immigrants came to America in droves, and in the industrialized urban centers where they settled, 40 percent to 60 percent of all women receiving mothers' pensions were foreign-born immigrants, according to estimates by the now defunct Children's Bureau.

These women often were required to apply for U.S. citizenship as a condition of receiving aid. Sometimes these foreign-born poor were found undeserving because they had been heard using a language other than English at home.

Immigrants, of course, also figure prominently in Congress' recent overhaul of the welfare system. About 5 percent of the 12.8 million people on AFDC are legal immigrants, but the new law—being phased in over the next two years—bans immigrants from virtually all kinds of public assistance, including cash benefits and food stamps. They become "deserving" only after gaining U.S. citizenship.

AS ALWAYS, THE WELFARE ISSUE contains a powerful racial element. In 1931, only 3 percent of women receiving state pensions were black. Social scientists say that was the result of a prevailing racist attitude that automatically deemed black women unworthy of public aid and the fact that most pension programs were in cities while most African Americans then lived in the rural South.

Today, the public's popular conception of the typical welfare recipient is a black single mother in a big-city slum. In reality, slightly more whites than blacks receive public assistance—38 percent to 37 percent. Latinos, Native Americans and Asian Americans receive the remaining 25 percent.

But blacks, who make up about 12 percent of the U.S. population, do account for a disproportionate share of public assistance rolls.

By 1931, state-run relief programs for widowed and abandoned mothers provided relief for nearly 93,000 families and 253,000 children. Monthly cash payments provided by the states ranged from $4.33 in Arkansas (about $39 in today's money) to $69.31 in Massachusetts ($617 today).

But the stock market crash of 1929 and the Great Depression that gripped the country for years afterward profoundly changed America, putting nearly 12 million people out of work and curtailing states' abilities to provide for their poor.

President Herbert Hoover generally opposed direct government aid to the poor, arguing that it would foster dependency, ruin ambition among the working class and unfairly increase taxes on the working to subsidize the nonworking.

Hoover chose instead an economic revitalization strategy that consisted of business loans and massive public works construction projects, insisting that authorizing cash benefits for the needy "would impair something infinitely valuable in the life of the American people."

Such a policy, conservatives often said in supporting Hoover's efforts, would be damaging in the long run, later prompting a famous reply from Harry Hopkins, one of President Franklin D. Roosevelt's advisers, who quipped: "But people don't eat in the long run, they eat every day."

ROOSEVELT'S CREATION OF AFDC went largely unnoticed at the time, most political attention then being focused on his insurance plan for the aged, the Social Security Act. The AFDC legislation made poor families and widows eligible for cash benefits, but the feature seemed insignificant at the time because no one foresaw in the 1930s the explosion in female-headed households over the next 15 years, and not primarily because those women had been widowed.

In 1942, according to an Urban Institute report, the 37 percent of AFDC families in which the mother was a widow was only one percentage point greater than that of families in which the mother was divorced, separated or unmarried.

By 1961, however, widows accounted for only 7 percent of the AFDC population, according to Paula A. Holcombe of the Urban Institute. In 1993, widowed mothers headed only 1 percent of the 4.4 million families on AFDC, according to the Department of Health and Human Services.

This fundamental shift in family structure is at the center of the public backlash that led Congress and Clinton to overhaul the existing system, social scientists be-

The Washington Post
WEDNESDAY, JANUARY 8, 1997

2/3

lieve. Unwed mothers, who presumably could have married or chosen not to have a baby, don't generate the same sympathy as widows, and the conflict has rekindled the once-simmering but still polarizing question: Who exactly are the deserving poor? Do such people deserve help? Do their children deserve help?

With the responsibility of administering AFDC, the states were first to attempt reform, and as far back as the 1950s, their efforts have focused on the behavior of welfare recipients, a strategy that Republican lawmakers used last year in approving provisions such as work requirements and denying cash assistance to subsequent children born to mothers on public assistance.

In the 1950s, 19 states either approved or proposed legislation to deny additional cash benefits for babies subsequently born to mothers on AFDC. Largely reversed under pressure from the federal government, those efforts resurfaced in this year's overhaul. By 1962, according to the Urban Institute, 21 states required mothers to work if suitable child-care arrangements could be made.

The federal government, however, soon followed the states' efforts to repair a welfare system widely perceived as malfunctional and encouraging dependency on the welfare system. In an attempt to promote mainstream American vaules and encourage stable, two-parent families, Dwight D. Eisenhower was the first president who sought to reduce the numbers of families on public assistance, and President John F. Kennedy tried to do the same.

"The goals of our public welfare programs," Kennedy said in a 1962 speech to Congress that unveiled his reform plans, "must contribute to the attack on dependency, juvenile delinquency, family breakdown, illegitimacy, ill health and disability."

According to Holcombe, Kennedy's 1962 Public Welfare Amendments were designed to end dependency on welfare by utilizing caseworkers who attempted to "rehabilitate welfare recipients and move them back into the mainstream."

Despite the combined efforts of Kennedy and his successor, Lyndon B. Johnson, the nation's relief rolls swelled from 3.5 million to 5 million between 1962 and 1967, due largely to migration of the black poor to urban areas where blue-collar jobs were beginning to dry up and to Johnson's War on Poverty, which made more people eligible for cash benefits.

Despite the growth and popular misconceptions, however, welfare has never been a big-ticket budget item on a par with other entitlement programs such as Medicare and Social Security. As mentioned, it consumes just 1 percent of the federal budget.

But the War on Poverty did little to abate poverty and the American public's disdain for welfare has only grown in the last three decades.

President Richard M. Nixon's administration was first to propose drastic revisions to the welfare system with its Family Assistance Plan, which would have replaced AFDC and other cash benefits with a guaranteed annual income for poor families. The proposal's goal, like virtually all efforts before and since, was intended to cut costs and encourage formation of stable families.

But conservatives complained that costs would increase, and liberals said the proposed guaranteed income was too low. Political support from Congress never materialized, and the legislation was killed in 1972.

President Jimmy Carter's administration combined Nixon's plans for a guaranteed minimum income with a massive public jobs program, but that proposal met a similar fate in Congress in 1979. There followed a decade in which public backlash against welfare probably reached its zenith, at least until the 103rd Congress moved this year to abolish AFDC.

In his 1984 critique of social policy, Charles Murray provided what social scientists believe is perhaps the most convincing, and certainly most vehement, argument for repeal of welfare. His book, *Losing Ground,* contended that social welfare policy not only failed to curb poverty but also actually caused it by tacitly encouraging women to bear children out of wedlock and fathers to surrender their responsibilities to the federal government.

Social scientists and economists widely criticized the book, contending that Murray's analysis ignored the impact of a shifting economy on the least educated workers. But the book provided political momentum for President Ronald Reagan's efforts to pare public assistance rolls drastically.

Due largely to Reagan's efforts, nearly 700,000 families lost benefits or were weaned from the dole altogether in the 1980s, the largest reduction ever in the public assistance caseload. The current overhaul, however, with its stringent work requirements, is expected to eclipse that figure.

Even Reagan, however, insisted on the need for some social safety net for the poorest citizens. The recent legislation far exceeds any U.S. reform effort by technically abolishing AFDC.

But while the landmark legislation ultimately may reduce dependency on government aid, it is unlikely to end public debate about how a civil society best cares for its deserving poor, conservative and liberal social scientists agree.

As the industrial marketplace continues to evolve into a technological one, workers who cannot keep up with the changes are left farther behind. As a result, economists say, it is unclear whether the welfare poor will merely become the working poor once they leave the public relief rolls.

Poverty, economists agree, will never disappear.

3/3

The Washington Post

Wednesday, January 8, 1997

"All the News That's Fit to Print"

The New York Times

Washington and Baltimore: Sunshine dimmed by high clouds; highs in the 80's. Tonight, mostly cloudy. Lows in the 60's. Tomorrow, humid, showers. High in the 80's. Details, page A16.

VOL. CXLVI . . . No. 50,839 · Copyright © 1997 The New York Times · MONDAY, JUNE 30, 1997 · ONE DOLLAR

Thousands jammed Tiananmen Square in Beijing last night, before it was shut for the official celebration of Hong Kong's return to China. Page A6.

Associated Press

U.S. Welfare System Dies As State Programs Emerge

Emphasis on Work Is the Common Thread in a Patchwork of Decentralization

By JASON DePARLE

WASHINGTON, June 29 — The nation's 61-year-old welfare system, condemned last year by Federal law, will formally die on Tuesday, and a season of state legislative debate has brought new clarity to the decentralized system rising in its place.

If the emerging programs share a unifying theme, it can be summarized in a word: work. States are demanding that recipients find it faster, keep it longer and perform it as a condition of aid. Most states regard even a low-paying, dead-end job as preferable to the education and training programs they offered in the past. And recipients who break the rules are facing penalties of unprecedented severity.

But the hard edge also has a softer side. Operating on the assumption that work requires support, many states are investing in work-related services. Near-record increases for child care head the list, but states are also spending more on transportation, job placement and programs that let working recipients keep more of their benefits even while earning paychecks.

The result is a system evolving from a national safety net into a series of state trampolines: they are better equipped to lift the needy into the job market, but much less certain to catch them during the inevitable slips and falls. Wide-ranging in quality, some state programs can already boast of impressive achievements, while others are still being cobbled together in an atmosphere of conflict and doubt.

In at least one preliminary way, the interesting development is what has not taken place. Critics of a state-driven system have worried about a "race to the bottom," in which strapped state governments cut eligibility and benefits to drive the poor away. Although that remains a concern when the economy falters, it has not happened yet.

"Some people predicted it'd be a disaster, obviously," said Donna E. Shalala, the Secretary of Health and Human Services. "But I see governors taking the extra money they've

THE WELFARE EVOLUTION
A special report.

been given and using at least some of it to provide resources to help people work. Over all, I think there are more resources going into programs, not less."

In part the new investments may indicate that legislatures are quicker to spend money on needy people when they work. But there is also an old-fashioned fiscal lubricant involved: Federal dollars.

Though the new system has often been described as a cut, it will provide states with about $2 billion more this year than they otherwise would have had, according to a rough estimate by the House Ways and Means Committee. That is because Washington now sends the states fixed payments based on the welfare population of earlier years, even though the rolls are plummeting.

The Government is also giving

Continued on Page A11

A Partly Alien Place Joins China Today

By EDWARD A. GARGAN

HONG KONG, Monday, June 30 — There is in all of China, from the Gobi Desert to Manchuria, from the Forbidden City to the cloud-wreathed peaks of Guilin, no place like Hong Kong.

It is a place with a press as wildly free as the markets that help fuel its growth, a place accustomed to its own mind, a place where people insist on controlling their own future.

And at midnight tonight, it is this British colony and its 6.3 million people, half of them refugees from the waves of political and economic chaos that marked the first three decades of Communist rule in China, that will be returned to the embrace

NOW FOR SOMETHING REALLY JUICY
History may be in the making in Hong Kong, but the newspapers are filled with tales of crime. Page A6.

of the motherland.

Deng Xiaoping, the Chinese leader who died this year, appeared to recognize Hong Kong's distinctiveness, and in 1984 he said as much to Margaret Thatcher, who was then Britain's Prime Minister.

"We had to consider the actual situation of Hong Kong, China and Great Britain," Deng said the day that both countries agreed on Hong Kong's reversion to Chinese rule. "The resolution that all three parties would accept was 'one country, two systems,' which would allow Hong Kong to retain its capitalism, its status as a free port and its position as a financial center."

"There was," Deng intoned, "no other possible solution."

The formula, enshrined almost liturgically in the speeches of Beijing officials and of the man who will be Hong Kong's first post-colonial leader, the shipping magnate Tung Chee-hwa, is uttered to reassure Hong Kongers that things will not change too much, that the future is no cause for concern.

But words alone will not bridge the chasm between Beijing and Hong Kong for many people here have lived in China. If great numbers of people here believe, China so routinely lies to its own citizens about so much, why, they ask, would Beijing tell the truth to Hong Kongers?

"Let me tell you this," said a security guard at a housing project who gave only his surname, Ko, because

Continued on Page A6

CLINTON TAX PLAN BACKS G.O.P. IDEAS

But President to Seek Deeper Cuts for the Middle Class

By DAVID E. SANGER

WASHINGTON, June 29 — President Clinton will announce on Monday a revised tax-cutting proposal that his aides describe as an effort to give middle-class taxpayers somewhat deeper reductions than those passed overwhelmingly by the Senate on Friday, but one that accepts a number of the main concepts pressed by Republicans.

In a presentation at the White House, Mr. Clinton is expected to endorse, for the first time, tax proposals that would create education savings accounts that are similar to individual retirement accounts.

He is also expected to make proposals that edge toward a broader cut in capital gains taxes than he has previously endorsed, said officials who have been briefed on the broad outlines of Mr. Clinton's plan. But he will not agree — at least for now — on the House and Senate proposals to reduce those taxes to 20 percent from 28 percent, the officials said.

Aides to Mr. Clinton declined today to provide details of his proposals, hoping that he will regain the public relations advantage for his tax plans by making the proposals at the start of a weeklong Congressional recess. But they said his broad effort would be toward pushing more of the $85 billion in net tax cuts down to the bottom 60 percent of taxpayers.

Under tax legislation passed on

Continued on Page A11

Cries of the Dying Awaken Doctors to a New Approach

By SHERYL GAY STOLBERG

WASHINGTON, June 29 — In a Baltimore neighborhood of simple brick houses, where geraniums edge the lawns in cheery bursts of pink and red, an old woman is dying. On a sweltering summer afternoon, she is in bed, frail and frightened, waiting for her doctor to arrive.

A white Mazda pulls up, and the doctor, Timothy Keay, emerges carrying a blue nylon satchel, the modern equivalent of the black bag. Dr. Keay, an associate professor of family medicine at the University of Maryland, is a rarity in this impersonal, technological era: a doctor who makes house calls.

In the house, the air is still. Dr. Keay walks upstairs to see his 84-year-old patient. Beneath her thin cotton nightgown, a cancerous tumor the size of a cantaloupe is growing on her left breast. She has refused treatment, save for the clear plastic tubes that pump two liters of humidified oxygen into her nostrils each minute.

"Some doctors would say to her, 'Look, either get this operated on or I can't help you,'" said Dr. Keay, an expert in the emerging field of palliative care. "That is a stark choice. I say to her: 'It's your life. How can I be of assistance to you?'"

Instead of seeking to cure a patient, palliative care addresses a range of problems, from intense pain to depression, that dying people and their loved ones suffer.

Last week, the Supreme Court settled one of the most contentious ethical, moral and legal questions of recent decades, deciding that states may ban doctor-assisted suicide. But the ruling does not settle one of the most pressing crises in modern medicine: inadequate care for patients at the end of life.

That is a problem for the health care profession to solve, and while ethicists and lawyers have been de-

Continued on Page A10

Evander Holyfield after Mike Tyson bit his ear on Saturday night.

Jed Jacobsohn/Allsport

After Biting, Tyson Faces Trouble From All Corners

By TOM FRIEND

LAS VEGAS, Nev., June 29 — Mike Tyson bit a grown man Saturday night, and now his troubles are back in session. A boxing commission has suspended him, a district attorney may want to interview him, a doctor may want to do a [illegible] and a certain Evander Holyfield may want to see him.

The act itself was [illegible] ... [illegible] warning and then biting into his left ear ...

The Nevada State Athletic Commission has called a hearing for Tuesday to review the videotape and decide whether to impose a long-term [illegible] ...

[illegible]

Stirred by Her Life, Thousands Attend Service for Shabazz

By FRANK BRUNI

In a tribute that reiterated the degree to which the noble melodrama of Dr. Betty Shabazz's life and death touched so many people, thousands of mourners filled Riverside Church in Manhattan yesterday, with hundreds more spilling onto the sidewalks, to remember her as a brave widow, a loving mother and a tireless advocate for the oppressed.

The memorial, which followed Dr. Shabazz's private Muslim funeral on Friday, drew an eclectic assemblage of legislators, writers, ministers and entertainers.

There were brief testimonials about Dr. Shabazz, the widow of Malcolm X, not only from the current Mayor of New York City, Rudolph W. Giuliani, but from three of his predecessors, David N. Dinkins, Edward I. Koch and Abraham D. Beame. Gov. George E. Pataki spoke, as did Representative Maxine Waters, chairwoman of the Congressional Black Caucus.

The Secretary of Labor, Alexis Herman, attended on behalf of the Clinton Administration, reading a letter from the President that called Dr. Shabazz [illegible]

Continued on Page A16

Mir Astronauts Now Facing Uncharted Territory

Aleksandr Lazutkin, Michael Foale and Vasily Tsibliyev yesterday, in their first television link since the crash.

By MICHAEL R. GORDON

MOSCOW, June 29 — Vasily Tsibliyev, the commander of the Mir space station, [illegible] ... vehicle crashed into it.

"I have never done this kind of work," he bluntly warned officials at Russia's ground control center. "Without training it will not be possible to do this job."

[illegible] ... special equipment that is only now being built ...

[illegible]

NEWS SUMMARY

[illegible]

The New York Times
MONDAY, JUNE 30, 1997

U.S. Welfare System Dies As State Programs Emerge

Emphasis on Work Is the Common Thread in a Patchwork of Decentralization

A1

By JASON DePARLE

WASHINGTON, June 29 — The nation's 62-year-old welfare system, condemned last year by Federal law, will formally die on Tuesday, and a season of state legislative debate has brought new clarity to the decentralized system rising in its place.

If the emerging programs share a unifying theme, it can be summarized in a word: work. States are demanding that recipients find it faster, keep it longer and perform it as a condition of aid. Most states regard even a low-paying, dead-end job as preferable to the education and training programs they offered in the past. And recipients who break the rules are facing penalties of unprecedented severity.

But the hard edge also has a softer side. Operating on the assumption that work requires support, many states are investing in work-related services. Near-record increases for child care head the list, but states are also spending more on transportation, job placement and programs that let working recipients keep more of their benefits even while earning paychecks.

The result is a system evolving from a national safety net into a series of state trampolines: they are better equipped to lift the needy into the job market, but much less certain to catch them during the inevitable slips and falls. Wide-ranging in quality, some state programs can already boast of impressive achievements, while others are still being cobbled together in an atmosphere of conflict and doubt.

In at least one preliminary way, the interesting development is what has not taken place. Critics of a state-driven system have worried about a "race to the bottom," in which strapped state governments cut eligibility and benefits to drive the poor away. Although that remains a concern when the economy falters, it has not happened yet.

"Some people predicted it'd be a disaster, obviously," said Donna E. Shalala, the Secretary of Health and Human Services. "But I see governors taking the extra money they've

THE WELFARE EVOLUTION

A special report.

been given and using at least some of it to provide resources to help people work. Over all, I think there are more resources going into programs, not less."

In part the new investments may indicate that legislatures are quicker to spend money on needy people when they work. But there is also an old-fashioned fiscal lubricant involved: Federal dollars.

Though the new system has often been described as a cut, it will provide states with about $2 billion more this year than they otherwise would have had, according to a rough estimate by the House Ways and Means Committee. That is because Washington now sends the states fixed payments based on the welfare population of earlier years, even though the rolls are plummeting.

The Government is also giving

Continued on Page A11

Continued From Page A1

states an additional $600 million this year for child care. Added together, the new Federal money represents an increase of about 16 percent, or an additional $650 for every family in the program.

The program, which used to be called Aid to Families with Dependent Children, serves about four million adults, most of them single mothers, and more than seven million children. As of Tuesday, it takes on a new name to stress a new ethos of time limits and work rules: Temporary Assistance for Needy Families.

The combination of freedom, money and new expectations has produced a moment of dizzying change. Wisconsin is essentially abolishing cash aid, substituting a giant work program that will stretch from the sprawling ghettos of Milwaukee to the Minnesota border. Oregon is putting its hopes in intensified casework; Texas in private contractors. Illinois has put up $100 million of state money to offer child care to all low-income workers, whether they have been on welfare or not. New Jersey has created a $3.7 million transportation fund, to get poor people to far-away jobs.

And there are more modest innovations. An Episcopal diocese in Warren County, Tenn., has placed $10,000 in a revolving loan fund, to help a few welfare families buy used cars. A social worker in Manassas Park, Va., is collecting donated clothes, to help clients look better in job interviews.

But along with new opportunities, the poor face new perils. Bureaucratic errors in Milwaukee have withheld benefits from thousands of needy people, even though they complied with the work program as instructed. Mississippi punishes those who break the rules by withholding food stamps as well as cash, placing families at risk of complete destitution.

In many places, the passage of the Federal legislation last August did less to inaugurate a new era than to accelerate changes that had already begun. That is because 46 states were already running experimental programs under Federal waivers. From Oregon to Virginia, from Michigan to Mississippi the move toward an employment-focused system was well under way.

But the states with the three largest welfare populations — California, New York and Texas — have mostly been absent from the trend. By themselves, California and New York contain nearly a third of the country's recipients. In these two states, restrictive proposals from Republican governors are being contested by Democratic legislators. Until those disputes end, much of the welfare canvas remains unpainted.

And everywhere it is a work in progress.

New Work Rules

States Sharing A Work Philosophy

Work — it is an order to recipients, a philosophy for administrators and a mandate under Federal law. But the ways in which it is an actual program vary widely from state to state. Consider the differing emphases in Wisconsin and Michigan, whose Republican governors are typically considered leaders of stern reform.

In Michigan, Governor John Engler has invested in caseworkers to remove the "barriers" to work, like an inability to patch together child care or transportation. But he has been reluctant to create community service jobs for those who do not find work on their own. In Wisconsin, Governor Tommy G. Thompson has created thousands of workfare positions. But he has been quicker to assume that welfare recipients will find a way to hold them, and slower to emphasize the kind of home visits and casework that Michigan employs.

What virtually all states now share is a new philosophy, summarized in the phrase, "work-first." Though Federal law requires recipients to work within two years, few states are letting them wait that long. Education and training come later, if at all.

"It's no more, 'What am I going to be when I grow up?'" said Larry Temple, deputy director of the Mississippi Department of Human Services, which is paying private companies to place recipients in jobs. "If we've got a job that someone with a 10th-grade education can fill, and you've got a 10th-grade education — you're working."

To place people quickly, almost every welfare office runs some sort of job-search program, in which welfare recipients write resumes, practice interviews and get leads on possible openings. Almost two dozen states also have "diversion" programs, requiring needy people to put in as many as 20 or 30 job applications before they can receive benefits.

The tougher question is what comes next? What to do for those recipients — with little education or experience, and in some cases, bad attitudes and work habits — whom employers continuously turn away?

Some states will now pay businesses to hire them, converting welfare and food stamps into a subsidy for an employer. Oregon and Mississippi have pioneered the effort, but without great success. Most businesses, there and elsewhere, seem less interested in the temporary payments than in finding reliable help. In Tulsa, Okla., the Chamber of Commerce has gotten more directly involved in polishing work skills. It has helped create an intermediary corporation to give recipients entry-level work, like assembling fishing tackle for a local manufacturer. Those who perform well get recommended to area employers.

So far, only a few places seem willing to take the next step: creating large numbers of community service jobs. Though such efforts can be expensive, they may be what is needed to make work universally available, especially in areas where the economy sags.

Efforts are under way in Massachusetts and New York City, but the leader is Wisconsin. Beginning Sept. 1, virtually all of the state's 42,000 welfare families will have to work 30 hours a week to receive benefits. Though the emphasis is on placing them in private jobs, the state has vowed to create community service positions for those left behind.

That caps a remarkable reversal from the late 1980's, when investments in education and training were in vogue. Studies found that those programs had little effect while others that emphasized immediate job placement worked better. But some advocates worry that the pendulum has swung too far in a world of diminishing returns for unskilled workers. "You have lots of women in the welfare system who've had one crummy job after another," said Sharon Parks of the Michigan League for Human Services. "A lot of them are not going to be in a position to support themselves and their families."

New Services

Removing the Barriers That Prevented Work

For many women on welfare, finding a job is the easy part. Keeping it comes harder. Reliable child care and transportation are part of the solution, and many states are making new efforts to increase the supply of both, though formidable challenges remain.

"States are doing more than I expected," said Helen Blank, a child-care expert at the Children's Defense Fund. "The question is will it continue?"

A survey by the American Public Welfare Association found that 11 states had expanded the eligibility for child-care programs and 20 are putting in more state money than required. "The heat is on, people are watching," said Elaine Ryan, the organization's lobbyist. "It's becoming a kind of political imperative."

Though most have expanded child care for welfare families, a few have gone substantially farther. Wisconsin, Illinois and Rhode Island are pledging subsidized child care on a sliding scale to any low-income working family that needs it.

Perhaps no state has expanded its aid as

2/1

In response to this analysis, we offer three broad categories of recommendations to policymakers. Specific recommendations are presented in the final section of the report.

- State policymakers should base eligibility for transportation assistance on income, not on current or recent receipt of welfare. Such assistance—even using TANF funds—*does not* trigger the federal TANF time limits, including the five-year lifetime limit on assistance.

- State policymakers should use TANF to assist low-income workers with matching grants to acquire cars and to provide ongoing assistance to low-income workers for car operating expenses. State and federal policymakers should revise asset limits to permit the use of one car for each worker in a household without losing eligibility for any low-income work support program. State and local decisionmakers should use TANF to hire transportation coordinators (often referred to as mobility managers) to coordinate new transit alternatives for low-income workers with existing paratransit services for the elderly and disabled.

- Congress should fully fund the Access to Jobs and Reverse Commute program under the U.S. Department of Transportation at the authorized level of $150 million per year. Grants made under this program should go to local public transit systems but these grants should be restricted to public-private partnerships in which employer contributions partially defray the costs of new transit routes and schedules serving their locations. State and local policy makers should not use welfare-to-work grant funds for transportation assistance because TANF is generally available to fund this service. Using two separate funding streams and agencies to deliver transportation services creates inefficiencies.

Margy Waller is senior fellow at the Progressive Policy Institute (PPI) and director of the Working Families Project, a joint initiative of PPI and the Brooklings Institution Center on Urban and Metropolitan Policy. Mark Alan Hughes is distinguished senior scholar at the University of Pennsylvania's Fels Center of Government.

This report was supported by a generous grant from The Annie E. Casey Foundation to Public/Private Ventures, where the authors were director of policy development and vice president, respectively. The preferred citation for this report is: Waller, M. and Hughes, M. A. (1999). Working Far From Home: Transportation and Welfare Reform in the Ten Big States *(Philadelphia, PA: Public/Private Ventures and Washington, DC: Progressive Policy Institute).*

To obtain a copy of the full report, we encourage you to visit PPI's web site at http://dlcppi.org, or call the Publications Department at (202) 547-0001.

[illegible]reign buyers will surely face off, as well, over how [illegible] extensively investors can lay people off at Daewoo companies.

Various Factions Rekindle Call for Japanese Apology, Reparations
By Teresa Watanabe
Los Angeles Times

They cannot forget, as hard as they've tried.

Jean Bee Chan is a math professor in idyllic Sonoma, Calif., now, but she can still picture the menacing bayonets pointed at her as a young Chinese girl fleeing the Japanese siege of her country more than a half century ago.

James T. Murphy is a retired Air Force captain who spends these days watching travelogues on TV and tending his tomato plants in Santa Maria, Calif. But he still chokes up when he recounts, hesitantly, the beheadings, live burials and other acts too horrific to share, inflicted by the Japanese military on U.S. prisoners of war like himself during the infamous Bataan Death March.

Haunted by memories that refuse to fade, Chan and Murphy have joined a mushrooming movement of victims who are furiously re-fighting the Pacific War in California today this time with lawsuits and legislation to bring public attention to Japan's World War II atrocities and win an apology and financial compensation.

The effort is supported in part by American veterans, Jewish activists who have worked on similar cases seeking reparations for victims of the Nazis, and a well-financed, computer-savvy, global network of Asians and Asian Americans.

The prospect of new attention on the issue perplexes the Japanese government, which contends it already has taken appropriate steps, and worries portions of the Japanese American community who fear old animosities will be stirred.

The initiatives include lawsuits in California and New York that will seek compensation from Mitsui Mining Co. and other Japanese companies for allegedly forcing more than 500 former U.S. prisoners of war to perform slave labor during their captivity. So far, at least two California lawsuits have been filed in San Francisco and Los Angeles.

Sen. Dianne Feinstein, D-Calif, is researching whether the U.S. government still possesses documents on Japan's biological and chemical warfare research program which included torturous medical experiments on live people and, if found, will seek their declassification.

And, in a move that would have the smallest actual effect but has ignited the hottest passions, California Democratic Assemblyman Mike Honda is expected to push the state Legislature to vote on a nonbinding resolution Monday urging Japan to make a "clear and unambiguous" apology for its war misdeeds and offer individual reparations to victims. Those victims include former sex slaves known as "comfort women," American prisoners of war subjected to biological and chemical experiments, and those raped and killed during the Nanking Massacre in China in 1937 and in Guam, the Marshall Islands, the Andaman Islands, Manila and elsewhere.

The resolution also urges the U.S. Congress to adopt a similar measure and requests the president to seek an apology from Japan. The activists pushing it hope it will be a stepping stone to national attention for their cause.

"The atrocities and acts committed during World War II needs to be on record," Honda said. "Once they are on record, the likelihood of them happening again is slimmer."

The Legislature's only two Asian-Americans Honda and Democratic Assemblyman George Nakano have taken opposite positions on the resolution a split that has strained their relationship and agonized their supporters. Both are Americans of Japanese descent, who were interned during World War II and became educators before entering politics.

Honda says Asia's war victims deserve no less than Japanese Americans like himself who received $20,000 from the U.S. government for their wartime internment. Community criticism against his resolution reminds him, he says, of admonitions not to rock the boat when he joined other Japanese American activists agitating for redress in 1975.

"Sometimes I ask myself, is this all about pride?" Honda said. "No, it's about doing the right thing."

Nakano says he supports reparations but believes there are better ways to push the cause than a measure he sees as inflammatory, divisive and virtually powerless to affect Japan's behavior.

To Nakano and others, it is unfair to single out Japan for special state condemnation when so many nations have committed so many atrocities.

In what he views as a more even-handed approach, Nakano has offered a measure asking the University of California to document genocide throughout history and extract lessons from them for public school curriculums.

Japanese officials argue they already have apologized and point tc a Cabinet-approved statement in 1995 by then-prime minister Tomiichi Murayama. It directly apologized for the nation's "mistaken national policy ... (that) caused tremendous suffering to the people of many countries, particularly those of Asian nations." The statement went significantly beyond past expressions of "deep remorse," but victim advocates dismiss it because the parliament did not pass it.

Since then, other prime ministers have issued written apologies to former comfort women who accept $17,000 "atonement payments" from a Japanese public-private fund, as well as apologies to subsequent South Korean and Chinese leaders.

Japanese business executives in the United States fear they will bear the brunt of any backlash.

"Why this? Why now?" said Soichiro Kiyama, executive director of the Japan Business Association in Los Angeles, which opposes the Honda measure along with the Japanese Chamber of Commerce in San Francisco. "Of course we understand the historical facts, but what is the point of rekindling this issue now?"

The victims and their families answer that Japan's efforts so far have not managed to stop the hatred they still feel, the nightmares they still have, the tears they still shed when they recall the horrible events.

Tim Niu, a real-estate investor in the Los Angeles area, grew up hearing terrible stories of Japanese aggression: His father, Niu Sean Ming, narrowly escaped the Nanking Massacre by posing as a monl in a Buddhist temple. Even to his death in 1996, the senior Niu could not recount his memories of thousands of bloated corpses clogging a nearby river without breaking down in tears, his son said.

"We have 80 years of Japanese aggression," Niu said. "Japanese military men made our country and people suffer. So deeply in our hearts, we hate."

For some Asian Americans, the issue is not the merits of the resolution. Rather, they ask if it is wise for Asian Americans to become embroiled in foreign affairs especially at a time when alleged Chinese spying, influence-peddling and other foreign scandals have put them under what they see as an undue cloud of suspicion.

U.S. Role in Colombia: Anti-Drug or Anti-Rebel?
By Juanita Darling and Ruth Morris
Los Angeles Times

BOGOTA, Colombia Back in 1982, when U.S. leaders feared communism more than cocaine, then-Vice President George Bush attended the inauguration here of President Belisario Betancur and offered him a U.S. military base to keep an eye on his country's leftist insurgents, according to a Colombian official of that era.

Wary of such a high-profile U.S. presence, Betancur demurred, but he did agree to let the Americans install radar stations for surveillance. By 1990, relations were cordial enough that a group U.S. military advisers reviewed Colombia's military intelligence organizations and recommended changes.

Hundreds more soldiers, Marines, Coast Guard personnel and CIA and Drug Enforcement Administration agents have since followed them to Colombia.

Today, Americans assist in operating five jungle radar stations, fly drug-eradicating crop dusters and are helping redesign the Colombian army into a more effective drug-fighting force. They even pilot spy planes like the one that crashed into a Colombian mountain last month, killing all seven crew members, including f U.S. Army aviators.

The crash of that plane has raised questions about what exactly 200 or more Department of Defense employees both civilian and military are doing in Colombia. And that's not even counting the unknown number of CIA and DEA agents.

Are they here to combat drugs, or are they harbingers of anothe U.S. venture into an intractable war with Marxist guerrillas? And what happens to the information gleaned by U.S. spies?

The standard answer from U.S. military officials is that most ai involved in training missions and that none are involved in combating the Marxist guerrillas who have been fighting the Colombian government for more than three decades. The numbe are unusually high now 283 on Aug. 10 because of investigatio into last month's crash of the De Havilland RC-7, said Lt. Col. B Darley, a Pentagon spokesman. On top of that, 1,000 U.S. Marin arrived Thursday for a previously scheduled training exercise on the Pacific coast.

"We do have Americans in the field, probably out fighting, but those guys are not with the Department of Defense," he said. "They are DEA (agents)," he said, and refused to comment further.

"Two hundred people scattered over a country ... is not that much," Darley said. He contrasted that number with the 5,000 U.S. soldiers sent to Central America to help with disaster relief after Hurricane Mitch struck last October.

In a press briefing in Washington on his return Monday from a trip to Colombia, Undersecretary of State Thomas R. Pickering dismissed the possibility that more U.S. troops will be deployed to this country.

"That is not our policy," he said. "It is a crazy idea."

In fact, he added, until Colombia makes significant new progress in fighting the drug threat, the United States is unlikely to increase its counter-narcotics aid.

But those answers do not satisfy many political and human rights analysts, who recall that until 1996, the Pentagon also denied that the U.S. military advisers in El Salvador officially never more than 55 at a time were involved in combat against the country's leftist guerrillas during the 1980s.

Such concerns have been heightened as U.S. officials point to the strong ties between rebels and drug traffickers to justify the growth in U.S. anti-narcotics assistance to Colombia.

Colombia's insurgents get an estimated $600 million a year in "taxes" on opium poppies and coca the raw material for cocaine grown in territory under their control. Colombia supplies about three-fourths of the cocaine and a growing share of the heroin consumed in the United States.

To curb that supply, the United States has budgeted $289 million in anti-narcotics aid for Colombia this year, with the restriction that the money is not to be used to fight Colombian rebels. U.S. officials insist that careful logs are kept of equipment to enforce that rule, but the logs are not made public.

About 90 percent of U.S. aid is given to the Colombian National Police, because the army's poor human rights record makes most of its units ineligible for assistance.

Increased U.S. involvement in Colombia, said Teofilo Vasquez, a researcher at the Center for Research and Popular Education, a group here in the Colombian capital that studies human rights issues, "is simply adding another factor to the violence so that the war in this country will never be resolved."

Concerns about the U.S. military presence in Colombia center on both the kind of training the United States is providing and the military intelligence the U.S. advisers reviewed nine years ago. Spy missions put Americans near territory controlled by rebels, and they also put the United States in danger of inadvertently supporting some of the least savory elements in Colombia's brutal civil war.

Still, Colombian military leaders insist that they need U.S. help with spying.

"The population is involved with the guerrillas, so we cannot get intelligence from them," said Gen. Fernando Tapias, commander of the Colombian armed forces. In contrast, the rebels seem to have quite a reliable network to tell them when the army and police plan to attack a cocaine laboratory, he said. Often, the laboratories have been moved or no one is there.

U.S. intelligence technology, such as the De Havilland RC-7 or the radar stations, thus becomes crucial. In addition, U.S. tactical analysis teams take the raw data the radar and planes gather, Darley said, "and combine them into something useful in terms of establishing a pattern."

What worries many observers is that the planes may be learning about more than drug crops and narcotics flights. They could be finding out about the movements of the rebels who guard the drug crops.

The concern of many analysts is that the information provided to the Colombian military may be leaked to right-wing private armies. Estimated to have a troop strength of about 5,000, these groups fight the rebels mainly by attacking civilians believed to support the insurgency.

"Members of the armed forces are involved in promoting the actions of the paramilitaries," Vasquez said. Indeed, several high-ranking officers have been relieved of their commands pending investigations into allegations that they had ties to armed right-wing groups.

U.S. training programs for the Colombian armed forces also have caused concern.

Recently declassified documents show that Special Operations Forces, commonly known as Green Berets, conducted training in Colombia last year involving infantry, naval sp
helicopters and planes for counter-narcotics purpo

BROWNSTEIN COMMENT: A Case for Boosting Welfare of Working Poor
By Ronald Brownstein
Los Angeles Times

WR-Evaluations

WASHINGTON When the nonpartisan Urban Institute recently released the most detailed study yet of women who have left the welfare rolls, it offered ammunition to both critics and supporters of the landmark 1996 welfare reform law.

Supporters pointed to the findings that 71 percent of the women who had left welfare from 1995 through 1997 were still off the dole and that 61 percent of them were working, at wages significantly above their welfare benefit, and comparable to the wages for all low-income working families. Critics noted that fewer than one-quarter of the former recipients had health insurance in their new jobs, and that about one-third reported economic strains such as being forced to reduce the size of meals at some point in the last year.

Yet, those economic difficulties were not significantly greater than those reported by other low-income working families who had not been on welfare recently. And that convergence points toward what may be the most important lesson of the Urban Institute study: the need for policies to bolster all working families struggling to stay out of poverty. One of the unanticipated benefits of welfare reform may be to bring that need into clearer focus.

Few issues in Bill Clinton's presidency have generated more anger on the left than his decision to sign the welfare reform bill which ended the federal entitlement to welfare, imposed strict work requirements on recipients and set a five-year lifetime limit for aid. That liberal resistance is flaring again in the Democratic presidential race, with former Sen. Bill Bradley, who voted against the bill in 1996, continuing to criticize it. Yet the irony is that welfare reform, by moving millions welfare recipients into the work force, may strengthen the case for one of the left's top priorities: supporting the working poor.

Before welfare reform, the campaign dialogue about poverty inevitably collapsed into an argument about whether welfare recipients should be compelled to work. But now that work is required, there's more discussion in both parties about ensuring that work is more rewarding than welfare. When liberal Sen. Paul Wellstone, D-Minn., says that "if people work hard, they shouldn't be poor in America," he expresses a sentiment with far more popular support than the idea that no one on welfare should be poor

That's evident even in the actions of a Republican-controlled Congress usually skeptical of new federal initiatives.

Since 1996, Congress has approved an increase in the minimum wage, a $24 billion program to provide health insurance for the children of working poor families, and a measure permitting states to use federal Medicaid dollars to cover working poor adults (whic six states have now done).

In 2000, Bradley and Democratic opponent Al Gore are looking to do more. Gore has already called for a $1 hike in the minimum wage, an increase in the earned-income tax credit for married couples and government funding for universal preschool which could ease the day-care crunch for working parents. Bradley is mulling his own proposals to raise incomes, subsidize day care anc provide health care to low-income families.

Yet Bradley has taken a long step away from Gore by challengir the welfare reform law itself. Aides say Bradley hasn't decided ho if at all, he'd seek to revise the welfare law. But in an interview, hc made clear that his objections to the law are fundamental so mucl so they would demand basic changes if he acted upon them as president.

Bradley criticizes the decision to end the federal entitlement to welfare, the time limits and the bill's core provision the requirement that recipients accept work within two years. "We know the most important period in a child's life is from birth until age 3, and that's when the bond between the mother and the child absolutely critical," Bradley says. "What this bill does is break th bond." Asked whether the problem is a shortage of adequate day care or the basic requirement that mothers on welfare leave the home to accept work, Bradley insists: "Both."

In a separate interview, Gore planted himself firmly on the opposite side. He expressed puzzlement about Bradley's objectio to the law's two-year work requirement by noting that both partne now work in "7 of 10 American families with two parents" and that few of them are given two years of maternity leave. And he responded with an unequivocal "yes" when asked if he would

Fear and Hope in L.A.

City Wants to Show Its Best but Worries About Potential Violence

By William Booth
Washington Post Staff Writer

LOS ANGELES

On the eve of the Democratic National Convention in this dynamic and many-layered megalopolis, the locals and their leaders await the next few days with a palpable mixture of hope and dread.

Hope that the city, bounding back after recession and riot, earthquake and fire, will show the nation its better angels—and show off its shiny new museums, kaleidoscopic ethnic diversity and a buffed economy that is the eleventh-largest in the world.

And dread in a city that experienced some of the worst urban riots of the century after the not-guilty verdicts for police accused of beating motorist Rodney G. King.

This city, perhaps more than any other in the nation, has a profound fear of what could go wrong on its streets.

This anxiety—irrational or rational—has not been alleviated by the embattled Los Angeles Police Department, which has fixated on videotapes of riots last year during the World Trade Organization meetings in Seattle. Police commanders have been showing the tapes to downtown business owners and tenants, and some officials have gone as far as to recommend that the businesses consider boarding up their glass windows or stocking up on emergency provisions such as flashlights, food, water and cots.

One downtown tenant told the Los Angeles Business Journal that police were telling them the best strategy for the convention was to be out of town. "They're scaring the crap out of people down here," the office tenant said.

Carol Schatz, president of the Central City Association, a downtown business group, promises that "we'll be open for business."

But Schatz also feels the anxiety. "There is hope and acceptance," she said. "We hope this will be a celebration of democracy. But it is also true that private property is also part of the democratic tradition and so they're assuming people will be lawful."

She added, "We're prepared for every eventuality."

The trepidation about the wisdom of hosting the Democratic National Convention probably can be traced to the first televised images of news media vans and police cruisers set afire and smashed by hoodlums in the aftermath of the Lakers' victory in the National Basketball Association championship here in June.

The disturbance involved a few hundred people and caused thousands of dollars in damages. Local television news programs showed endless videotape of the mini-melee, which took place right outside the city's newest attraction, the Staples Center, home to the the Democratic convention.

The anxiety has not exactly been soothed by the city's mayor and lead cheerleader, Richard Riordan, who has warned darkly of "international anarchists . . . swinging tire irons."

In many ways, this is Riordan's convention. The Republican millionaire-mayor, coming to the end of two terms in office, aggressively sought to host the Democrats—and more importantly, the national news media—to show them a city that the avuncular Riordan boasts has returned from the ashes of recession and riot to an urban renaissance.

"We will have 20,000 members of the media here, and we're going to be the focus of the world during prime time. To get that kind of attention would cost us $1 billion. We will show the world our mountains, our beaches and our people and what a great city we have," Riordan said on a recent airing of his monthly radio show.

To secure the convention, Riordan and a handful of very wealthy Angelenos, including entertainment mogul David Geffen and financial wizard Eli Broad, assured the city that the costs of the event would be paid for by the Democratic Party and private donors. Riordan himself wrote a check for $1 million.

But last month, Riordan and the convention asked the Los Angeles City Council, which has a hostile relationship with the mayor, for $4 million in support after fundraising goals were not met. (This is in addition to the $10 million in costs to the city in transportation, police and other services associated with such a large convention.)

The council balked, and after tense negotiations, granted the money—with one proviso.

City Council member Jackie Goldberg, a Democrat, agreed to free the money only if the police allowed protesters to use Pershing Square, a park in the center of downtown, as a staging ground for demonstrations. Pershing Square is directly across the street from the Regal Biltmore Hotel, where many delegates and party dignitaries will be staying.

The mayor and police thought Pershing Square was

1/2

The Washington Post
Sunday, August 13, 2000

form, because they like him. He can go into a union hall or a black church and charm them, and convince them."

California Rep. Julian Dixon, whose district includes Watts, said Clinton "has made the party more accessible to independents and conservatives, and at the same time, he has appealed to minorities with appointments and his concept of fairness. He's done a good job of walking down the middle and holding hands with both sides."

Because so much of his success is personal, some Republicans question how lasting it will be. Vin Weber, a former Republican representative from Minnesota who advises many GOP candidates, said, "Clinton was fortunate he had a Republican Congress. He has held the congressional party in line largely by fear of what Republicans might do." Weber said that "under Clinton's tutelage, Democrats have at least wanted to appear to embrace the New Economy, including free trade. But you wonder if that will last forever. I have a hard time believing that, long term, they will accept it."

And GOP pollster Ed Goeas says there is another part of the Clinton legacy that clearly does not help Democrats—the morals issue. "Voters chose to look the other way during impeachment," Goeas observed, "but once throwing him out of office was no longer the question, voters have let them know they didn't like what happened, and didn't like being lied to."

Merle Black, a political scientist at Emory University in Atlanta, also raises a cautionary note. Clinton, he said, "has certainly given the Democrats more of a centrist image." But, Black said, while Clinton "enabled the Democrats to regain the White House, it hasn't reversed the Reagan realignment" that made the South the new political base of the Republican Party.

The result is an administration that has pursued elements of a moderate and liberal agenda at the same time, to the great confusion of the American people."

Looking back, even a loyalist such as Panetta says that Clinton "was carrying so much water on so many issues that the American people never quite understood just exactly what he was trying to accomplish . . . and Democrats paid a price for it."

Finding a Foil in Gingrich

As it turned out, having a Republican Congress to play against proved tonic for Clinton—and, to some extent, for his party. The new speaker of the House, Newt Gingrich, led an attack on everything from school lunch programs to arts subsidies—raising at least as many issues as Clinton had done when he was overloading the Democratic agenda. After six months of post-election shock, Clinton began rallying Democratic support in mid-1995, using Gingrich as his foil.

"We were fashioning a tighter focus on key issues," Panetta says, "but I don't think any of that would have been effective, were it not for the shutdown of the federal government." In negotiations on the budget at the end of 1995, Clinton fooled Republicans into thinking he would make the spending concessions they wanted if they threatened to cut off funds for operations of federal agencies. He called their bluff, and the public blamed Republicans for arrogance and partisan pique.

Clinton won reelection in 1996 by a slightly increased margin—in part by linking GOP nominee Robert J. Dole to the controversial Gingrich, in part because nervous Republicans gave him some major legislative victories and in part because of the steadily improving economy. But Democrats did not fare particularly well in 1996. Republicans retained their hold on both houses of Congress. Democrats regained only nine of the 52 House seats they had lost two years before and saw their Senate numbers decline by two.

Despite Differences, Party Unity

The singular event of Clinton's second term was his impeachment. "No question about it," says his friend and DLC ally From. "We could have been further along if we had not been impeded in 1998 and 1999" by the Monica Lewinsky scandal and the Republicans' effort to remove the president from office. Panetta says, "The president was consumed by trying to remain in office, and the Democrats were consumed by the battle to save him. The focus on money, on campaigning, on the fight for power has led us to neglect the need to build the party from the bottom up."

So where do things stand today? The unity that was forged among congressional Democrats—first in fighting Gingrich and his Contract With America conservative agenda and then in warding off the GOP drive to force Clinton from office—has largely, if not entirely, papered over the divisions inherited from the past and continuing during Clinton's first two years in office.

The unity shows in many ways. Unlike the previous two Democratic presidents, Lyndon B. Johnson and Jimmy Carter, Clinton faced no challenge from within his party when he was running for (or in Johnson's case, assumed to be running for) a second term. Most prominent Democrats declined to challenge Gore's claim on the 2000 nomination, and the lone opponent, Bill Bradley, was unable to win a single primary.

For a party accustomed to bruising internal battles, the Democrats arrive here in remarkable agreement. No major platform fights. No threatened walkouts. The party's congressional leaders, Sen. Thomas A. Daschle of South Dakota and Rep. Richard A. Gephardt of Missouri, may have their occasional policy differences with the White House, but both have gone out of their way to protect the president almost every time Republicans have challenged him on Capitol Hill.

That is not to say there is not occasional rumbling from the left—or what remains of it. Minnesota Sen. Paul D. Wellstone, perhaps the most liberal Democrat in the Senate, says, "I think the Democratic Party has become a party without a purpose, except to win elections. The [campaign] money chase has seriously diluted our policy purpose, and there is a belief that talking about the poor is a losing strategy. . . . We don't inspire people. And I hold the president in part accountable for that."

But Clinton has changed minds even on the party left. House Democratic Whip David E. Bonior of Michigan, a labor ally, led the fight against Clinton's major trade agreements, claiming they damaged the interests of workers here and abroad. Clinton has not converted him on that issue, but on many others, Bonior acknowledges he has changed. "I never worshiped at the altar of a balanced budget before this president," he says. "But through that fiscal discipline we have been able to blunt the Republicans' main charge against us. And we have built an economic climate that let us thrive as a nation. To convince someone like me is an accomplishment."

X Nor is that his only reconsideration. Bonior, like most congressional Democrats, opposed Clinton's decision to sign what was largely a Republican-designed welfare reform bill in 1996. Now, he says, "We were probably wrong in our reaction to it. I don't think a lot of us understood the positive impact it would have."

President's Power of Personality

Much of Clinton's success in holding Democrats together, even as he shifted the party onto new ideological ground, stemmed from his personality. "He can basically walk into any room and capture that audience," Panetta says. "He has the totally optimistic view that he can convince anybody any time, any place, of anything. Which he can."

Breaux says, "He's been able to override his differences with labor on NAFTA and on trade with China, his challenge to the NEA [National Education Association] on charter schools, the opposition of his base to welfare re-

A New Tradition for Democrats?

Clinton has made it abundantly clear that he regards Gore's election as essential to ensuring his personal legacy and keeping the Democratic Party on course. Stan Greenberg, who advises British Prime Minister Tony Blair as well as Clinton, says the leader of New Labor is a lap ahead of Clinton, despite having only three years in office.

"Both of them have addressed the disabilities that marginalized their parties in the past," Greenberg says, "but Blair has moved on to the problems of governing as Clinton has not been able to do since the Democrats lost Congress in 1994. By defending Democratic principles against Gingrich, Clinton in a way got by on the cheap. Gore may have the opportunity to carry it on to the second stage."

But even if Gore should lose in November, some think the change of perspective Clinton has brought will endure. Howard Paster, who managed congressional relations for the president early in the first term, said, "Gore's election may be less important than it appears. If Bush wins, the Democratic presidential candidates in 2004 wouldn't look very different from Clinton and Gore. If you look at the future leadership of the party, you don't have people who are the kind of liberals I was when I came into the process—the people who fed off the example of Bobby Kennedy. I worked for Evan Bayh's dad [former Indiana senator Birch Bayh] for six years, and Evan [now the junior senator from Indiana] is two distinct ticks to the right of his old man. And he is typical of his generation."

Breaux, who welcomes the change, says he thinks the Clinton model will hold, no matter what happens with Gore. "If Gore is not able to capture independents, it will be because he is not able to convey the New Democratic way of thinking," Breaux said. "And anyone running the next time, Evan Bayh or whoever, is going to be part of that new mold."

Similarly, Mikulski said, "There's a whole new generation of political leaders who grew up with Clinton and embody his approach." Citing figures such as Maryland Lt. Gov. Kathleen Kennedy Townsend and Baltimore Mayor Martin O'Malley, she said, "This is what the Democratic Party is going to look like."

Others are more skeptical about the permanence of the change. "My fear," Panetta said, "is that if there were to be a Republican president, we would again see a tilt to the left among Democrats. When you lose power, you tend to fall back into old habits. To some extent, the Clinton presidency radicalized the congressional Republicans, and a Republican president could do that to the Democrats as well."

"If Gore is elected, the Clinton tradition continues," said Dixon. "If not, I have my doubts, because there is no charismatic leader to rally around."

Such comments suggest that the Democrats should enjoy their exceptional harmony this week in Los Angeles. It may not last.

2/2

W/R Evaluations

New Path for Party?

Democrats' Image Has Changed, but Power Is Diminished

By David S. Broder
Washington Post Staff Writer

LOS ANGELES

Al Gore was 12 years old when the Democrats held their last national convention here. Bill Clinton was barely into his teens. Chronologically, this is a new era for the Democrats. But as Clinton prepares to hand off leadership of the Democratic Party to his chosen successor, the overriding question is whether the president has opened a new path for his party and whether the vice president can successfully continue on it.

The delegates hope—and, for the most part, believe—that Clinton's two victories and eight-year record point the way to success in the new century. But the stubborn facts are that the party's hold on power is weaker than it was before Clinton won the White House and it remains to be seen if voters believe it really has adopted a more moderate policy course.

A typically upbeat comment comes from Stanley Greenberg, the pollster in the president's 1992 campaign. "While the Republican takeover of Congress has short-circuited him in advancing a bolder agenda," Greenberg said, "he has been able to do what he set out to do in removing the disabilities voters had come to associate with the Democratic Party."

Louisiana Sen. John Breaux, an ally of Clinton's in the moderate Democratic Leadership Council (DLC), said that in pushing for welfare reform and expanded trade and in sponsoring measures such as the AmeriCorps program, community policing and charter schools, Clinton has fundamentally redefined the party's position. "These are items that never would have been part of a traditional Democratic way of thinking," Breaux said.

Ten years ago, according to Washington Post-ABC News polls, Republicans led Democrats by 10 points or more as the party voters trusted to handle the economy, taxes and crime. Those differences have disappeared now or swung to the Democrats' advantage.

In January 1990, for example, Republicans had a 19-point advantage as the party better able to handle the economy. A Gallup poll conducted earlier this year showed the Democrats favored by 4 points. On foreign affairs, a 26-point GOP advantage in January 1990 has been reduced to a 5-point lead in the May Gallup poll.

Maryland Sen. Barbara A. Mikulski, a longtime liberal, said Clinton has made the Democrats "a centrist party" even as he "has moved a whole cadre of issues traditionally associated with women out of that pigeonhole and put them front and center."

And yet, on the eve of the Democrats' nomination of Gore to carry their banner in the fall campaign, skeptics can make a case that the party has backslid or been left with very large obstacles.

The erosion in numbers since the morning of Election Day 1992 is unmistakable. There are 10 fewer Democrats in the Senate, 57 fewer in the House and 12 fewer in governorships today than there were then. Democrats also have lost control of 16 state legislative chambers.

Most of the damage came in 1994, the first election in which Democrats had to run on Clinton's record. As Mikulski said, "The first term was marked by some speed bumps and potholes and in '94 we paid the price for them."

Since then, the party has been making a slow, painful comeback. Whether that will continue in 2000 will be one critical measure of Clinton's legacy to his party.

With the certainty that someone new will move into the Oval Office next January, with Republican control of both the House and Senate turning on a few battleground states and districts, and with legislative elections that will decide who draws the new congressional boundaries to fit the 2000 census numbers, the stakes in this election could not be higher.

The oratory this week will credit Clinton with providing the foundation for future Democratic successes. Before his nomination, Democrats had lost three presidential elections in a row and five of the last six. Many observers agreed with the late political expert Horace Busby that Republicans had an "electoral college lock" on the White House.

Clinton's victory in 1992 broke that lock and in 1996, when he became the first Democrat since Franklin D. Roosevelt elected to successive terms, it certainly appeared that this might be a transformative experience for his party.

It still might. Al From, president of the DLC and an informal Clinton adviser, said that Clinton "has come up with a formula that lets Democrats get back in power. He has allowed us to compete in the suburbs and up the income scale. Politically, he has extended our reach, and that is important, because there isn't enough of the old coalition to win."

But when asked if the Democrats are committed to the Clinton path, From said, "Nothing is irreversible. . . . If we give up the mantle of reform and say we're going back to our old ways, we could lose the dynamics of change. George Bush is trying to do what Bill Clinton did in 1992—reposition his party in the political center. So we can't be complacent."

A Response to 1984 Experience

The last time the Democrats came to California for their national convention it was 1984. The site was San Francisco, perhaps the most liberal city in the country. The nominee was Walter F. Mondale of Minnesota, political heir to Hubert H. Humphrey and a man with lifelong ties to organized labor. He recognized the claims of another core Democratic constituency—abortion rights, feminist women—by making Rep. Geraldine A. Ferraro of New York the first female nominee for vice president on a major party ticket.

The convention keynote was delivered by New York Gov. Mario M. Cuomo, who told the delegates "There is despair . . . in Ronald Reagan's 'shining city on a hill.'" Mondale, in his acceptance speech, declared, "Mr. Reagan will raise taxes and so will I. He won't tell you. I just did." Reagan ended up winning 49 states and came within 10,000 votes of defeating Mondale in Minnesota.

It was after that election that a group of self-described Democratic moderates, mainly from the South, started the DLC as a counterweight to the unions, the minorities and the feminists who they thought had dictated party policy and strategy for too long. Clinton was part of the group, although he would not emerge as its leader for another six years.

Over time, the DLC gained strength, and in 1992, Clinton defeated several rivals who had taken more liberal positions, notably Sens. Tom Harkin of Iowa and Bob Kerrey of Nebraska, for the nomination.

The centerpiece of his first term was the 1993 budget proposal, which departed markedly from orthodox Democratic economics in placing its emphasis on deficit reduction—a policy strongly urged by the Republican chairman of the Federal Reserve Board, Alan Greenspan, and by Treasury Secretary Robert E. Rubin, a Wall Street financier.

Leon E. Panetta, who was budget director at the time (and later White House chief of staff), says, "I never got the sense that he [Clinton] came into it with a fundamental strategy of trying to change the way the Democratic Party is positioned or perceived. But he was serious about trying to get control of fiscal policy—even knowing the risks. He would ask, 'How much of a price will I pay? How much of a price will Democrats pay? Is there a chance we could lose the Congress?' He worried about that."

In fact, they did lose both the Senate and the House in 1994—the latter for the first time in 40 years. Republicans, who had unanimously opposed Clinton's first budget, campaigned against the tax increases it contained. But they found even more ammunition in the gun control law he insisted be part of an anti-crime bill, in his bungled effort to compel the armed forces to accept homosexuals, and especially in the ambitious health care plan devised by Hillary Rodham Clinton, which Republicans and their business allies convinced many voters was a plot to nationalize medicine.

By pressing for congressional approval of a North American Free Trade Agreement (NAFTA) that had been negotiated by the previous Republican administration, Clinton also opened a breach between the New Economy wing of his party and organized labor, which bitterly fought the measure as a threat to U.S. jobs, forcing Clinton to find Republican votes to pass it.

The result was attrition from both ends of the Democratic coalition. Union members, angry about NAFTA and disillusioned by the failure of health care, stayed home in droves. And the DLCers, who thought Clinton had blundered into too many old-liberal byways on health care and other issues, were openly critical.

Oklahoma Rep. Dave McCurdy, who had lost a Senate race that year, said that "while Bill Clinton has the mind of a new Democrat, he retains the heart of an old Democrat.

1/2

The Washington Post
Sunday, August 13, 2000

Brooke of Massachusetts, a light-skinned African-American married to a white woman, comes to mind.

But the most successful practitioner of the detachment strategy was John Fitzgerald Kennedy. It was all right to be Irish by 1960, but being an Irish Catholic was something else. Kennedy masterfully defused the "Catholic issue" by emphasizing that he was an American first, a Roman Catholic second. His cool public persona was decidedly a-religious: It was impossible, even then, to imagine the Christian Sabbath interfering with his presidential duties.

In the '60s, Kennedy's promise to separate his religion from his public duties was essential to his election. Today, when most candidates feel obliged to mention God every few minutes, that promise might get an Irish Catholic into trouble. The obvious sincerity of Lieberman's faith—and its influence on every aspect of his life—is nothing but a political plus today.

Another factor—one having nothing to do with the purported tolerance of the American public—may make Lieberman's Judaism even more of a plus than another religion would be. As is well known, Gore chose Lieberman, with his unimpeachable credentials as a highly moral family man, to distance himself from the libidinous transgressions of Bill Clinton.

If some Americans still hold negative stereotypes (as they surely do) of Jews as greedy, pushy and manipulative, there is also an overwhelmingly positive stereotype of Jews as self-sacrificing, self-disciplined, devoted husbands and fathers.

As Philip Roth pointed out in an essay in 1974, American Jews in the post-Holocaust era have long been identified with "righteousness and restraint, with the just and measured response rather than with those libidinous and aggressive activities that border on the socially unacceptable and may even constitute criminal transgression."

It is certain that the Lieberman campaign will be characterized by just such righteousness, along with an unprecedented public education in religious Judaism.

As the presidential campaign moves into high gear this fall, Lieberman's campaigning will be curtailed by observance of the Jewish High Holidays. Americans in Baptist churches and Buddhist temples will learn all about Yom Kippur, the Jewish Day of Atonement, and Rosh Hashanah, the Jewish New Year. This kind of intercultural tutorial can only be offered by a minority candidate who emphasizes, rather than obscures, his specific religious or ethnic identity.

Where I live, in New York City, which has the largest concentration of Jews in the nation, the question of whether Lieberman's candidacy will be "good for the Jews" is being raised with greater frequency than it is elsewhere. A friend of mine, a psychologist who works for a major Jewish philanthropic organization, cites the reported upsurge of antisemitic epithets in Internet chatrooms as an example of the danger of a Jew being "too visible."

I think she is wrong (though the ravings on the Internet do reflect an undeniably dangerous fringe element in American society). The anonymous bile in chatrooms is the equivalent of filthy scrawls on lavatory walls. When bigotry loses respectability, its practitioners are forced to seek anonymity.

This is a far cry from the respectable antisemitism that shaped my father's tortured relationship to his Jewishness in the 1930s—arguably the high-water mark of antisemitism in American history. In that decade, the administrators of Dartmouth College—where Dad spent two miserable years—did not hesitate to write to one another about the inadvisability of admitting too many young men whose physical appearance was clearly, as one distinguished alumnus put it, of "the kike type." The letters are preserved in Dartmouth's library and I felt an unexpected surge of rage when I read them. It is one thing to know in theory that many powerful men of that generation held such views of Jews (not to mention blacks, Irish and Chinese, who are also discussed in the letters) but it is quite another to see the words in print and to imagine how such sentiments affected your own father.

Of course, the time when such sentiments were publicly acceptable (whatever people may think privately) is long gone. When the social acceptability of racism and bigotry is on the decline, minority candidates succeed by making Americans feel good about themselves.

"Only in America," we like to tell ourselves. No minority (or, for that matter, majority) candidate ever got elected by telling the public, "You're racists." The ultimate success or failure of the Gore-Lieberman ticket will of course depend on whether the Democrats are able to convince the electorate that they offer a better social and economic future than the Republicans. Lieberman's presence on the ticket now becomes one element of the Democratic message. In addition to his other qualifications for office, any strong minority candidate—like Kennedy in 1960—must offer a subtext of tolerance. "You're not bigots," is the implicit appeal, "and you can prove it by voting for me." *E Pluribus Unum.*

2/2

Suddenly as Illinois, which has the nation's fourth-largest welfare population. A Republican governor, Jim Edgar, proposed adding $70 million in state money to the Federal pot, and a legislature split between a Republican-controlled Senate and a Democratic House added $30 million more.

Illinois said it can now offer a child-care subsidy to any family earning less than about $22,000 a year. "It doesn't matter if you're on welfare, used to be on welfare, almost on welfare," said Michele Piel, who runs the system for the Illinois Department of Public Aid. "We tried to wipe the slate clean, and envision a system as it ought to be."

But Ms. Piel warns that the increased financing has solved only part of the problem: Shift workers, mothers with infants, and parents in rural parts of the state — all may still find child care in short supply. Those shortages could grow even more intense as the new system puts more mothers to work. And the quality of care remains a concern.

States are also expanding transportation programs, but here the problem may be even more vexing. Many states offer public transit vouchers, but new jobs are often beyond the reach of bus and rail lines. Cars are often unaffordable, and van pools can be difficult to coordinate.

"I'm surprised at how much attention states are paying to the issue," said Mark Alan Hughes, a researcher at Public/Private Ventures in Philadelphia and a leading expert on the transportation problems of the poor. "But the next step's the harder part: How do you solve it?"

While welcoming this early expansion of services, skeptics worry that it will prove ephemeral. Even in these flush times, most states are not reinvesting their full Federal windfall, using part of it instead to offset other state spending. When the economy falters, the skeptics worry, the new services will disappear. "The time when a race to the bottom will happen is when a recession hits," said Wendell Primus, a former Federal welfare official who resigned to protest the new law and who now works as an analyst at the Center on Budget and Policy Priorities, a Washington advocacy group.

New Penalties

Toothless Rules, Then Painful Ones

Those who fear that the new system will harm poor families have typically focused on time limits. But most families are still years away from exhausting their eligibility. Meanwhile, about 20,000 have already lost their benefits under a different circumstance, for failing to comply with the work rules.

"Sanctions are a much bigger issue than time limits — much, much bigger," said LaDonna Pavetti of the Urban Institute, a Washington research group.

States have now made their penalties tougher than ever. In the past, welfare recipients who failed to report for work or training typically lost a third of their cash grant — about $125 a month in an average state. But as their income went down, their food stamps rose, compensating for two-thirds of the loss.

If that system was essentially toothless, the new one takes a painful bite. A recent survey by the General Accounting Office, an arm of Congress, found that 33 states now strip noncompliant families of all cash assistance. Some, like Michigan and Wisconsin, allow recipients to immediately re-enroll and cooperate. Iowa makes recipients wait six months before they can reapply.

In addition, all states bar food stamps from rising, and Mississippi goes even further — eliminating all cash and food stamps to those who do not comply with the work program. Of the 7,200 families in an experimental program there, as many as 19 percent temporarily lost all their aid. "We're talking about people who are refusing to go to work to feed their children," said Mr. Temple, the Mississippi official.

But in a time of sweeping bureaucratic change, mistakes are easily made. The G.A.O. report found that 44 percent of the penalties imposed in the first five months of Milwaukee's program were later overturned when officials discovered they had made errors. "That's outrageous," Ms. Shalala said. "The minimum we should expect is that we're not making mistakes with people's lives."

Avoiding mistakes may be harder than it seems. After starting a strict work program a few years ago, Utah officials began a study of about 100 families punished for failing to cooperate. In about half of those cases, the officials discovered factors that the social workers had not understood.

One woman who lost her benefits was already enrolled in a training program. Another had a phobia about leaving her home. "We found we were sanctioning people we shouldn't be sanctioning," said Bill Biggs, the Utah official who supervised the program before his recent retirement.

What happens to poor families that suddenly lose aid? No city has cut off as many families as Milwaukee, where the penalized seem to fall into several rough groups. Some have ignored the work rules because they had other options — a secret job, a boyfriend to support them, a child receiving a disability check. They have been able to replace, or even surpass, their lost welfare income. Others, befogged by drugs or depression, have crowded the shelters where the numbers of women and children are at record highs. Though small as a percentage of the declining caseloads there, these newly homeless families may well number in the hundreds.

The one quantitative study available points toward a similar pattern, of punished families falling into two broad categories. Mathematica Policy Research, a Princeton, N.J., consulting firm, recently tracked down 137 Iowa families that had lost their benefits.

Of them, 40 percent saw their incomes rise, by an average of $496 a month. But 49 percent lost an average of $384 a month, in incomes already low enough to put children at risk. "It's really hard to know what's the right thing to do," Ms. Pavetti said.

Time Limits

Many States Set Tighter Rules

As of Tuesday, states must start limiting most recipients to no more than five years of benefits in a lifetime. But a survey by the National Governors Association found at least 20 states imposing shorter limits on all or part of their caseload.

Texas has the shortest limit, of 12 months for those deemed most able to work. Tennessee has a limit of 18 consecutive months, and in Connecticut the limit is 21 months. Ten states, from Massachusetts to Oregon, have two-year limits, but the details vary widely.

Some states promise extensions to those trying to work. Others let recipients back on the rolls after an intervening period. So far, Michigan is the only state pledging to ignore the limits altogether. While states can use Federal money to provide extensions to 20 percent of the caseload, Michigan officials have said they will help any recipient who complies with the work rules.

Some states have considered letting individual counties set time limits of their own. Republicans in Colorado pushed such a plan, but they were thwarted by the state's Democratic Governor, Roy Romer. Critics of such local autonomy worry that localities will abuse it to drive poor families away. In Colorado, skeptics issued a warning: Welfare reform is not a bus ticket to Denver.

In at least one important, but little-noticed way, welfare policy is now at odds with itself. While time limits are in, so are state plans that let recipients keep benefits while they work — extending their stay on the rolls and further eating into the clock. "It may be that working families become some of the first casualties of time limits," said Mark Greenberg, a lawyer at the Center on Law and Social Policy who is critical of the limits.

As states succeed in winnowing their rolls, they may also find that those left behind have especially difficult problems - problems that a time limit alone will not solve. That has been the case in Utah, where the rolls have fallen by 35 percent over the last four years. "We weren't prepared for the group left behind," said Mr. Biggs, the former Utah official. "Over time they can move off the rolls, but it's a much more gradual process."

What percentage of the caseload will remain behind is anyone's guess. While the law exempts 20 percent, Mr. Primus has estimated that as many as half of the families on the rolls may hit a five-year limit. So far, limits have elapsed only in one experimental program, in Pensacola, Fla., where about 130 families have been dropped from the rolls. To the surprise of local officials, recipients there largely ignored the two-year limit, regarding the deadline as a long way off.

Among them was Theresa Sledge, 22, who has a 7-year-old son, a toddler, and another baby on the way. At first her social worker urged her to join a training program, pledging the necessary child care and transportation. Then, as the clock ran down, the worker urged Ms. Sledge to find a job. Failing to do either, Ms. Sledge now lives in a rickety trailer, feeding her children on food stamps and scrounging underwear and toilet paper from friends. "Hardship is not the word for it," she said. "They had told me it was going to happen, but it just didn't sink in."

The New York Times
MONDAY, JUNE 30, 1997

2/2

CLINTON TAX PLAN BACKS G.O.P. IDEAS

But President to Seek Deeper Cuts for the Middle Class

A1

By DAVID E. SANGER

WASHINGTON, June 29 — President Clinton will announce on Monday a revised tax-cutting proposal that his aides describe as an effort to give middle-class taxpayers somewhat deeper reductions than those passed overwhelmingly by the Senate on Friday, but one that accepts a number of the main concepts pressed by Republicans.

In a presentation at the White House, Mr. Clinton is expected to endorse, for the first time, tax proposals that would create education savings accounts that are similar to individual retirement accounts.

He is also expected to make proposals that edge toward a broader cut in capital gains taxes than he has previously endorsed, said officials who have been briefed on the broad outlines of Mr. Clinton's plan. But he will not agree — at least for now — on the House and Senate proposals to reduce those taxes to 20 percent, from 28 percent, the officials said.

Aides to Mr. Clinton declined today to provide details of his proposals, hoping that he will regain the public relations advantage for his tax plans by making the proposals at the start of a weeklong Congressional recess. But they said his broad effort would be toward pushing more of the $85 billion in net tax cuts down to the bottom 60 percent of taxpayers.

Under tax legislation passed on

Continued on Page A11

Continued From Page A1

Thursday by the House, roughly 18 percent of the $85 billion in tax cuts would go to the 1 percent of Americans with the highest family incomes, according to Treasury Department estimates.

The Senate bill, passed on Friday, would channel about 13 percent of the total tax cuts to the same group. Mr. Clinton's proposal, the officials said, would cut that 13 percent by more than half, though White House officials acknowledge that the figure is subject to change as the negotiations proceed next month.

Nonetheless, the concessions the White House has made so far — including virtual agreement to a sharp reduction in capital gains and estate taxes — make it clear that the final bill will reverse many of the effects of the major tax increase for the top 1.2 percent of taxpayers that Mr. Clinton pushed through in 1993.

Mr. Clinton's political strategists had guessed that the richest Americans would not battle higher income tax rates if one result was enough deficit reduction to send the country and the stock market into a prolonged economic expansion that disproportionately benefited the rich.

The bet paid off, though Mr. Clinton was roundly criticized last year by fellow Democrats who had voted for those increases after he suggested that he thought he had raised taxes on the rich too much.

Mr. Clinton's aides now argue that the tax increase cut the deficit sharply and helped pave the way for the Dow Jones Industrial Average to rise to 7,800, more than double the level in 1993. Whether he can rightly take credit for that increase, a practical result is that many wealthy Americans are now sitting on huge capital gains — which they are eager to liquidate at lower tax rates.

Although Mr. Clinton will not endorse a 20 percent capital gains tax rate on Monday, the body language given off by his aides in recent weeks suggests that he will ultimately agree to that figure. But they insist that he will veto any bill that also allows investors to subtract the effects of inflation on those capital gains. Such indexing is included in the House version of the tax bill, but not in the Senate version.

Mr. Clinton's proposal will open a round of three-dimensional chess on Capitol Hill that promises to dominate politics here for the next month. Starting a week from now, House and Senate negotiators will begin trying to work out differences between their respective tax bills. But because House and Senate leaders want to avoid a veto, the White House will play a major role in the negotiations.

Mr. Clinton's new proposal is described by aides as an effort to build on some provisions of those bills and limit the effects of others. The Senate tax bill, for example, creates classes of individual retirement accounts that are available to all taxpayers. Mr. Clinton's proposals will put income caps on those I.R.A.'s because Treasury officials argued that the Senate version would simply encourage rich Americans to move existing savings into tax-sheltered accounts.

Treasury Secretary Robert E. Rubin said in an interview today: "It's a question of how you look at the goals of tax relief. You could look at tax cuts as an effort to provide middle-class tax relief, or you could look at them as an effort to promote growth in the economy. What I have come to think in recent weeks is that those two criteria would lead you to roughly the same outcome."

Put another way, Mr. Rubin is arguing that the existing bills in Congress provide too many tax benefits to people who are rich enough to save anyway. The only way to encourage long-term savings for economic stimulus is to reorient those incentives to families making under $50,000 to $60,000 a year, the bottom three-quarters of the nation's taxpayers. Those are the families deciding between saving and spending.

Representative Bill Archer of Texas, the chairman of the House Ways and Means Committee and the principal author of the House tax bill, reiterated today in a letter to Mr. Clinton that the Administration was using figures that "artificially inflate people's incomes" to make it appear that too large a portion of the cuts were going to the rich. Mr. Archer argued that "71 percent of our tax relief goes to those who make between $20,000 and $75,000 a year."

Those statistical arguments stem from the fact that Mr. Archer's committee and the Administration are using very different measures of total income to make their case. The Treasury bases its estimates on a measure called family economic income, first put forward in the Reagan Administration. That measure takes into account not only salary and interest earned on savings but also pension benefits and other forms of remuneration that most families cannot immediately spend.

The Republicans are using more traditional measures of income. But in defining tax cuts, they are using statistics to make it appear that the wealthy do not benefit disproportionately. For example, they measure the effects of tax cuts only over the next five years, while many of the biggest gains for the wealthy would come after 2002.

Mr. Clinton is clearly hoping that at the end of the negotiations, he will be able to divert more of the tax cuts to families seeking to make use of education tax credits for attending community colleges. The Administration is also concerned that the education savings accounts that emerged from the House and Senate bills give too much aid to families that can save long in advance of college and too little aid to those who cannot afford such savings.

The White House also expects a long battle over the tobacco tax. The Senate plan would raise $15 billion over five years by increasing the tax on cigarettes by 20 cents a pack, to 44 cents, starting on Oct. 1. About $8 billion of those revenues would be committed to providing medical coverage for uninsured children. The House plan has no such provision.

The New York Times

MONDAY, JUNE 30, 1997

WR Evaluation

The Washington Post MONDAY, NOVEMBER 3, 1997

Welfare Clients Already Work, Off the Books

Experts Say Side Income Could Hamper Reforms

One in a series of occasional articles

By Barbara Vobejda and Judith Havemann
Washington Post Staff Writers

A1

WORCESTER, Mass.—Marcia Missouri leans over a three-ring notebook and, with a black ballpoint pen, designs a flimsy paper advertisement that she plans to tack up at her housing project.

"Once in a while, I do a side job," she said, a little work to augment her welfare check. Sometimes she cleans yards, but now she wants to braid hair for a few extra dollars. The sign lists a friend's phone; Missouri doesn't have one of her own.

As Missouri works on the sign, her neighbor and partner in poverty, Ursell Thompson, talks about her plans to make crafts that she will peddle to neighbors for Christmas gifts. Another friend, Veronica Murrell, says she may have to fall back on baby-sitting.

Such enterprise, as they see it, is simple necessity. It is also welfare fraud. And until recently, it was thought to be rare.

But as the federal welfare law enacted a year ago takes effect and caseworkers delve more deeply into the lives of their clients, they are finding an unsettling truth: Welfare fraud is virtually universal.

Supported by new research, state officials say that instead of the old image of welfare mothers sitting at home, unable or unwilling to work, they now see that many are already working—they're just not telling their caseworkers, for fear their welfare benefits will be cut.

The extra money these recipients make from styling hair, minding children or waiting tables may be rela-

See WELFARE, A10, Col. 1

WELFARE, From A1

tively small, but it is nevertheless illegal.

"I don't think of it as petty. Fraud is fraud," said Claire McIntire, welfare commissioner in Massachusetts, where The Washington Post is chronicling the impact of welfare reform through a series of occasional articles.

And ultimately, welfare workers say, it may be more troublesome than the proverbial "welfare queen" with her expensive home and gleaming Cadillac.

That's because the far more common practice of bringing in extra money on the side acts as a counter-incentive to welfare reform, hampering efforts to push recipients into official jobs. Until their welfare checks are cut off completely, caseworkers fear, many recipients simply will continue to combine their monthly benefits with under-the-table income.

Welfare experts say that should be no surprise. With benefits set at levels that keep a family below the poverty line, virtually all welfare mothers have found ways to bring in extra money, according to recent research that explores the phenomenon in unprecedented detail. And as history would predict, savvy recipients already have devised new strategies for getting around the changing requirements of welfare, investigators say.

McIntire and her counterparts in other states argue that welfare reform has had some positive effect on rooting out fraud. The most serious abusers—those recipients with substantial outside income from jobs or family—have left the rolls completely. In effect, they were "smoked out" by new regulations requiring recipients to spend 20 hours a week in a job or performing community service. Knowing they didn't have enough time to keep working secretly and find another job they could report to their caseworkers, they simply left the rolls. State officials say that explains as much as 20 percent of the shrinking welfare caseload—down 138,000 in Massachusetts and 3.6 million nationwide since 1993.

But those still on public assistance are much more worrisome.

"There are an awful lot who are just sitting there waiting," not taking advantage of training or other help to become self-sufficient, McIntire said. And the fact that many of those families are collecting benefits as well as unreported income makes it even harder to move them into the full-time, permanent work force, where they would have to live on their wages alone.

Officially, just 8 percent of Massachusetts welfare recipients tell the state they collect any outside income. Anonymously, 28 percent told researchers conducting a domestic violence study that they receive assistance beyond their welfare checks.

In the first national study of the issue released this year, researchers Kathryn Edin and Laura Lein report that virtually 100 percent of welfare recipients are bringing in extra funds, money they rarely report to caseworkers.

Some researchers see the research by Edin and Lein as good news, proof that welfare mothers have marketable skills and, when forced, can support themselves.

"People will be better off, on balance," said Lawrence Mead, a New York University political scientist who predicts that recipients will end up with more income when they are forced to work.

But if the good news is that welfare mothers are already working, it also may be the bad news: If they are willing and able to work, why are they still so poor?

"They're not going to be able to get a much better job than their covert job," Edin said. "But meanwhile, they lose their welfare check. . . . How much more enterprising can they get?"

Testing Tolerances

Until recently, Marcia Missouri paid $475 a month in rent. Her monthly welfare check was $486.

She said she tried to pay her rent first, then feed herself and her 11-year-old son on the $180 she received in food stamps each month. That meant she had $11 left over to buy shoes for her son, pay the electric bill, cover bus fare and parcel out quarters for the laundry. Extras like pizza, even a mid-week trip to the corner store, weren't in the budget.

It didn't take long before she fell behind in her rent. "I had a nice landlord who would let me pay late," said Missouri, who is 27.

Eventually, when she was hospitalized for minor surgery, she became eligible for public housing "and that saved my life," she said. But when her housing costs dropped, so did her food stamp allotment, to $30 a month.

For a period when Missouri was married, her husband worked as a day laborer, but they didn't report the wages to the welfare office. "They found out," she said. "They said I owed $400 in food stamps." She paid it back in installments, $10 a month.

Since her husband left last year, she has been getting by on welfare and extra income from baby-sitting her nephew, money she reports to the welfare office. She also takes an occasional side job, which she doesn't report.

"I go to my sister if I have no food," said Missouri. "I go to Wanda," she said, nodding at her friend.

Now she lives in a vast expanse of public housing, 936 units on an isolated spot at the corner of the city. The welfare mothers who live here, several of whom gathered at the request of The Washington Post and agreed to speak with reporters about the income they receive, are well aware of the welfare reforms that Massachusetts is imposing.

Since last year, women with children age 6 and older must find a job or perform community service in exchange for their benefits. The state also has instituted a two-year limit on benefits that will expire for thousands of recipients at the end of next year.

Those changes have prompted some recipients to take advantage of a healthy economy and find work, knowing they must eventually live without welfare. But for Missouri, Murrell and many others, the changes haven't caused such a reaction. They are convinced they will have even less money when they are off the rolls, in part because now they can combine their benefits with what they earn on the side.

They can tick off a list of restaurants, cleaning firms, small stores and cab companies that will hire them off the books. And they can recite the tolerance of every creditor for late payments, in hierarchal order of which should be paid first. The banks, phone company and cable TV service show little mercy. The housing authority is easier to bamboozle.

Missouri's neighbor, Ursell Thompson, recently tested that theory.

Like many others in the Great Brook Valley housing project, when money gets tight, Thompson does something that residents in private apartments would have a much hard-

1/2

er time getting away with: She doesn't pay her rent. She knows she can't be evicted before she's given the chance to pay up. And she knows she can go to the welfare office once a year and come away with an emergency grant that will pay the back rent.

It's a carefully choreographed dance, and the timing must be perfect. But this year, Thompson's timing was a bit off.

By September, she was nearly $300 behind and her phone and cable TV service were scheduled to be disconnected. Still, she ignored the bills until one morning a few weeks ago, when she woke up with a hunch that she had better pay her rent that day.

She was $5 short in her bank account, but wrote a check anyway and headed to the housing office. On the way, she ran into a friend, borrowed $5 and went to the bank to deposit it, covering the check.

When Thompson arrived home, she saw that her well-honed instincts had been right. Waiting in her mailbox was a final eviction notice that she could now ignore.

A day later, she was still elated. With a $5 bill and a couple of hours to spare, she'd kept her family off the street and her world intact.

The Caseworkers' View

At the welfare office in downtown Worcester, caseworkers spend their days in small partitioned cubicles, quizzing poor families on the details of their lives. That has made them somewhat cynical, said Richard Williamson and other caseworkers who point to glaring evidence that recipients aren't telling the whole truth.

Although they know welfare families must live on very little, the workers still hate cheating. It's a matter of fairness, and it distorts the basic incentives of the system. After all, if you can work under the table and collect a check, they argue, why take a full-time job until absolutely forced?

"Welfare is set up so the lowest of the working [poor] are supposed to be doing better than people on welfare," said Williamson, a caseworker for 19 years. But if hard-working people who get by on their wages see that the welfare family next door is better off, he said, "it destroys the whole system."

Welfare reformers have often boasted that the changing rules would create a new, more cooperative relationship between caseworkers and recipients, ending the workers' role as bureaucratic check-writers and replacing it with one of job counselor.

But in Worcester there is little to suggest that the new rules are bringing harmony.

In fact, said Williamson, "because we're taking a lot of negative actions, it's leading to more hostility and distrust." As caseworkers dock benefits or cut off families when they cheat or refuse to cooperate, "they think we're trying to put the screws to them."

The workers use a code for those they suspect of fraud: SLAM, for "Suspected of living above their means."

That describes families like Missouri's, whose rent and utilities exceed their monthly checks. Caseworkers know other money must be coming in. It's basic mathematics.

They can also reel off plenty of other schemes they say they see daily.

"We see . . . guys, they have grease under their nails and we'd ask him if he was working and he'd said no," said Dave Heller, who has been on the job for more than two decades. "You'd call and the kids would say, 'Oh, he's at work.' "

Or women wearing gold jewelry that, in Williamson's words, "could choke a cat."

Time after time, people claim they are unemployed, but are mysteriously unavailable for appointments until after 5 p.m., more evidence that they already have jobs,the caseworkers said.

Heller tells of a woman who said she didn't know where the father of her children was. But when Heller called the woman's house and asked for the father by name, he came to the phone, essentially proving that he was part of the household and that the woman had been lying.

When the workers suspect that recipients are ripping off the government, they refer the cases to the Bureau of Special Investigations. Yet for years, nothing would happen.

Two years ago, the bureau had a backlog of 58,000 cases, plus the task of investigating all the new tips pouring in every day.

Faced with gridlock, the bureau simply erased all the cases that had been pending from before 1992. Shortly thereafter, the chief of the unit quit, blasting his beleaguered subordinates in newspaper accounts as lazy "tax-fattened walruses" who were ignoring the remaining backlog of 19,000 cases.

When the state finally replaced him eight months later with Pamela D. Ring, the pace changed dramatically. Last May, investigators surrounded a $290,000 house north of Boston with a swimming pool in the back yard and several cars in the driveway. They arrested two women on charges that they had collected $170,000 in fraudulent welfare, food stamp and health care benefits while their husband and boyfriend were running thriving convenience stores in nearby towns.

Still, cases like this are rare. More common is the occasional job, and recently, a new species of fraud inspired by state welfare reforms. Ring says she is beginning to see fraud connected to the community service requirement and the availability of day care funds, as well as in efforts to receive Medicaid and disability payments and to get into public housing.

Her bureau is investigating complaints that recipients have managed to get employees at nonprofit agencies to sign forms falsely certifying that they have put in their community service hours. In one case, she said, a recipient simply changed the date on the same document week after week to make it appear as if she had fulfilled the community service requirement.

Ring is also looking into complaints about fraudulent claims for newly expanded day care subsidies, including centers that ask to be reimbursed for children they don't have in their care. Some families have done the same for children not living with them, even children living out of state. Ring said complaints of public housing fraud and cheating on the government's health insurance program have increased. And she fears that as the time limits near, some recipients may lie in an attempt to get disability or other governmental payments they don't deserve.

In the meantime, the yard work and baby-sitting and hair styling that brings extra money into welfare households is likely to continue. "We try to keep our focus on cases that are worth $1,000 or more," Ring said.

One Year and Counting

In just over a year, welfare benefits will run out for Missouri. Murrell is in the same situation, one year and counting.

Missouri is putting in her hours at community service and working on her high school equivalency degree. Murrell is taking business courses at a local college.

"I want to work," Murrell said. "I don't like to be home with bratty, [illegible] assed kids." She has already scoped out the best employers in town, the ones that pay benefits and help with college training. But if necessary, she said, "I'll work in fast food for $5.25 an hour."

Thompson, who was raised on welfare and has brought up fiv[e] children on the system, said she wil[l] do whatever it takes to get by.

As she looks out at the glass-strewn walkways slicing across th[e] housing project, she fears that man[y] residents will become desperat[e] when welfare benefits end. Ther[e], she predicts, the Christmas craft[s] and hair braiding will look mil[d] compared with the new type of frauc[d].

"Prostitution is gonna go up to a[n] all-time high," she said. The sam[e] with drug-selling and other crimin[al] activity. And truth to tell, she said, "i[f] all that stands between me and starv[ing] is a bag of crack, I'm selling it."

The Washington Post

Monday, November 3, 1997

2/2

WR-Evaluations

The New York Times
TUESDAY, DECEMBER 30, 1997

Success, and Frustration, as Welfare Rules Change

A1

By JASON DePARLE

WASHINGTON, Dec. 29 — When, at last, President Clinton walked into the Rose Garden on Aug. 22, 1996, to "end welfare as we know it," he brought many dramas to a close: six decades of anti-poverty policy; five years of ideological warfare; a standoff with Congress that had produced two vetoes; and a battle that had split his Cabinet and his party.

He also opened a new chapter in the nation's relationship with its poor. Damp with the morning's oppressive humidity, reaching for his pens, the President urged the fatigued combatants on all sides to pay attention to the experiment's crucial first years. "This is not the end of welfare reform," he said that day and many times later. "This is the beginning."

Now, after an eventful first year, 49 states have attached budgets and programs to the vague Federal vision. Taken together, these decisions begin to define what time limits and work requirements really mean, at least in a vibrant economy. Billions of dollars have flowed to states. Two million women and children have left the rolls. And thousands of stories have taken shape, of hard luck and hard-won achievements.

In Wisconsin, Gov. Tommy G. Thompson started the nation's boldest work program, all but eliminating cash aid. In Alabama, a state Representative, Jim Carns, saw the need for services that, as a conservative Republican, he formerly scorned. In Greenville, Miss., Beth Bradford tried to build a bridge between her church and the welfare poor, but surrendered with frustration at the town's racial and class divisions.

After 19 years on welfare in Milwaukee, Marla Spencer not only found a job but kept it. After years

LESSONS LEARNED

Welfare Reform's First Months

A special report.

of discarding jobs like old socks, Opal Caples lost one more. After losing her check, Theresa Sledge moved to a ramshackle trailer 15 miles from Pensacola, Fla. She is rearing her three children there on food stamps and charity while her husband talks openly of going back to selling drugs. As welfare turns from a right to a rigor, Ms. Sledge said, "it's either too easy or too hard."

Mr. Clinton's decision to sign the new welfare law has been scoured for what it reveals of his character. Did he sacrifice poor children for political gain? Did he finally find the mix of opportunity and responsibility he had pledged for so long to pursue?

What gives these questions such resonance is that they apply to the country as a whole. To chart the nation's nascent welfare policy is to glimpse the American soul, its caring and its callousness, its fairness and its biases, its competence and its neglect.

As the bill made its passage through Congress last year, its friends and enemies spoke out in homiletic terms. They described how their parents and grandpar-

Continued on Page A16

Continued From Page A1

ents had made it in this country. (Or had not. Or could not.) They insisted their communities would care for the poor. (Or had not. Or would not.) They spoke, either explicitly or through the thinnest of veils, of all the dangerous subjects the word "welfare" evokes: race, class and sex. What is taking shape is not just a new program with an ungainly name — Temporary Assistance for Needy Families — but a nation's definition of itself.

Perhaps the simplest of all surprises is that welfare really changed. Unlike previous welfare laws, this one was not a paper reform confined to a White House lawn. It set off warning bells from the governor's mansion down to the caseworker's desk. There was some mischief and meanness along the way and some surprising efforts to make a new social contract work. But if welfare changed in head-spinning ways, the problems of most poor, single mothers did not.

"Ending welfare" has a transformative ring: it suggests a world that, for good or ill, is profoundly altered. In real life, welfare came and went in less definitive ways. Without it, some women found low-paying work. Some secretly had it already. Some relied more heavily on boyfriends. Some slipped more desperately into need. To those who lived them, the changes were dramatic. But they may have altered the country's basic dilemmas less radically than commonly supposed.

With welfare and without it, the familiar struggles remained: families in poverty and children without fathers. In the end, it might prove easier than anyone imagined to change welfare, and even harder to change people's lives.

Early appraisals come with a warning: data are scarce; the economy is strong, and most recipients have not yet reached the time limits that will remove them from the rolls. The current snapshot captures a best-case moment. But slowly, tentatively, amid conflicting impressions, some lessons are starting to emerge.

These are among the surprises:

¶For better or worse, it is easier than hardly anyone imagined to reduce the welfare rolls. Even modest work requirements appear to produce huge declines in caseloads. That has been the case both in places with good economies, like Wisconsin, and bad ones, like the Mississippi Delta. In some places, anti-welfare rhetoric alone drove caseloads down, before the new programs even took effect. As welfare becomes more demanding, those with other options take them.

¶Despite the talk of moving recipients from welfare to work, the early evidence suggests that only about half of those leaving the rolls have jobs. That percentage seems little or no better than in the past, in weaker economies and with less stringent rules. With more people than ever leaving welfare, the raw number of workers is rising. But so is the number of families with neither benefits nor jobs.

¶With a few regional exceptions, the job shortage that critics feared has so far failed to materialize. With unemployment at its lowest level in 24 years, entry-level positions are widely available. But wages are typically low, job loss is common and so is part-time work. The earliest surveys suggest that many of those leaving welfare for work still remain in poverty.

¶Similarly, the child care shortages that critics feared have largely failed to appear. That is partly because states have made large new investments in child care. And it is partly because many recipients prefer to leave their children with family and friends. But the quality of care remains a concern, in centers and with neighbors alike.

¶Even under optimal circumstances, the new laws are claiming casualties. Even before reaching the time limits, tens of thousands of recipients have lost their benefits by failing to meet the new rules, some willfully, some lost in bureaucratic confusion. Many have seen substantial declines in incomes already dangerously low. But this increased hardship has not produced the surge of homelessness or abandoned children that critics feared. For a while, at least, most recipients can survive on the patchwork help of family and friends.

¶Despite the threat to crack down on deadbeat dads, almost all the burden has remained on the mothers. States remain years behind in implementing child support regulations, and some have resisted the tougher penalties the new law places on fathers in arrears. Likewise, much of last year's debate focused on reducing out-of-wedlock births. But in state welfare offices, the focus was seldom on pregnancy prevention and almost always on work. "We pay too much attention to the mothers and not enough attention to the fathers," said Wendell E. Primus, a top welfare official who resigned last year to protest the new laws.

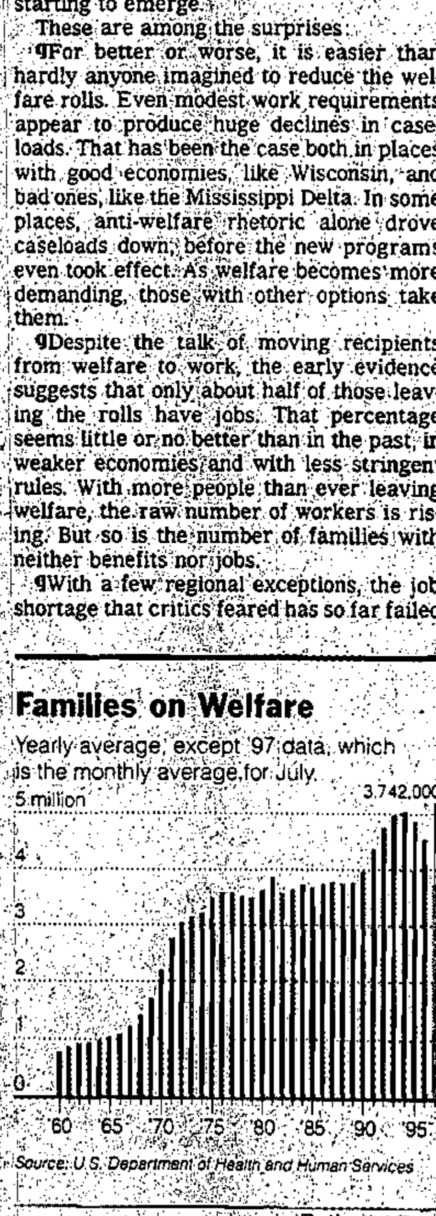
¶The passage of the law has helped moderate the angry politics that brought it about. Congress restored many of the cuts in immigrant programs it had made just a few months earlier, and most state legislatures rejected the harshest options available under the law. On the contrary, some recipients have found themselves lauded in civic campaigns designed to rid welfare of its stigma. In Montgomery, Ala., the NBC affiliate runs a weekly feature portraying a welfare family in a favorable light. "Dump the stereotypes," the correspondent says.

¶Although the law was presented as a deep budget cut, it has actually produced a significant increase in per capita welfare spending. Awash in Federal dollars, most states are pairing their tough new rules with offers of new services. Asked whether Congress would have passed a straightforward spending increase, Representative E. Clay Shaw Jr., the Florida Republican who sponsored the law, laughed and said, "That wouldn't even have gotten a hearing."

Some promising starts under ideal conditions and some signposts of trouble to come, the early lessons have emerged on three fronts: welfare policy, welfare politics and what might be called welfare civics.

Families on Welfare

Yearly average, except '97 data, which is the monthly average for July.



Source: U.S. Department of Health and Human Services

The New York Times

Welfare Policy

Caseloads Declining At Startling Rate

Positive or negative, approving or alarmed, every analysis begins with the same startling event: the unprecedented exodus from the rolls. Nearly 1.4 million families have surrendered their checks since the caseloads peaked in March 1994. Almost half of that number occurred in the past year alone.

1/4

The New York Times
TUESDAY, DECEMBER 30, 1997

Surely a job-rich economy is luring families away. Tougher programs are pushing them away. And the drumbeat of anti-welfare rhetoric seems to be scolding them away. Yet the importance of all three forces is difficult to discern, and it varies greatly from place to place. Like a national Rorschach, the graphs that plot a falling caseload evoke a mix of hopes and fears.

"It shows the faith we had in the human spirit was well placed," said Mr. Shaw, the bill's lead author.

"It doesn't show anything yet," said Senator Daniel Patrick Moynihan, the New York Democrat who led the opposition.

It does, however, defy what for decades had been a law of reverse gravity: rolls that went up did not come down. By 1994, the number of welfare recipients peaked at more than 14 million, almost all of them single women and children. The nation's welfare families tripled in the 1960's, nearly doubled in the 1970's, and bulged again after the 1990 recession.

Now the rolls have fallen 27 percent, and the pace continues to accelerate.

The rolls fell 7 percent in 1995, 11 percent in 1996, and at an annual rate of 18 percent in the first half of 1997. Even those numbers understate the average state's pace of change, because California and New York, with a nearly a third of the nation's welfare recipients, have lagged behind the rest of the country.

A national unemployment rate of just 4.6 percent is partly responsible. But there is much that it does not explain. Over the last four years, Minnesota and Wisconsin had virtually the same level of unemployment. But Wisconsin pioneered work requirements and its rolls fell nearly three times as fast.

Work rules have cut the rolls in places like the Mississippi Delta, where unemployment runs high. Even the credible talk of tougher rules can chase recipients away. As Mississippi's plan was moving through the state Legislature, caseloads in Tallahatchie County fell 25 percent. And the county's already high unemployment rate rose higher, to just over 12 percent.

Several lessons seem clear. One is that many people on welfare have other options for supporting themselves. In fact, with welfare benefits themselves too little to live on (the average family of three receives just $380 a month), many secretly had jobs. A second lesson is that when the difficulties of receiving welfare increase, those who can make other arrangements do. "A lot of people leaving the rolls are saying it's just not worth it," said Barry Van Lare, director of the Welfare Information Network, a nonprofit group monitoring the new law.

In trying to move recipients from welfare to work, President Clinton has hoped for more than just economic gain. He has also lauded the "structure, purpose, meaning and dignity that work gives." On the surface, the employment picture is more encouraging than almost anyone expected. Short of labor, employers have turned to welfare recipients, and welfare offices are working hard to supply them. But with wages low and job loss startlingly high, it is still hard to predict what programs will achieve, either in the moral or economic sense.

"I'm struck by how much creativity there's been," said David Butler, associate director of the Manpower Demonstration Research Corporation, a New York City group that evaluates work programs. "But I think it's been assumed if you got a job, things would take care of themselves. I don't think that's been very well thought through."

At their best, work programs have produced triumphs like that of Marla Spencer, a longtime Milwaukee recipient. Without the pressure of the new rules, Ms. Spencer said, she would never have found a job. Now she earns $5.95 an hour working in a commercial laundry, and she has married a Milwaukee bus driver. "Do like I did," she tells other recipients. "Listen to your supervisor."

But the journey of Rebekah Phillips, 24, a Pensacola woman with four young children, may be more common. After three years on welfare, Ms. Phillips landed a job at a convenience store and moved up to a $5.25-an-hour job as assistant manager. She was the portrait of self-confidence one evening last May as she stood beside a display of Laffy Taffy and praised the virtues of work.

"When F.D.R. started the welfare program, he did a great thing," Ms. Phillips said. "But now you have whole generations of families breeding other families to rely on Uncle Sam. I don't expect Uncle Sam to take care of me."

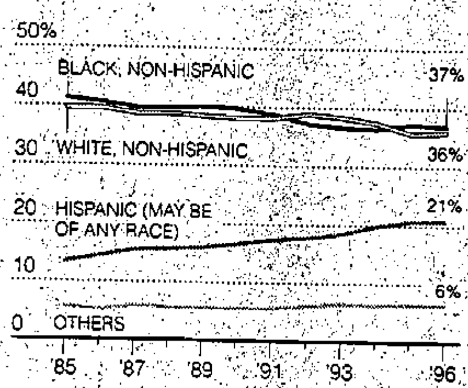
But a few months later, she grew depressed and began quarreling with her boss. "They say I quit, I say I got fired," she said last week. She found a second job but lost it two weeks later, and she is once more unemployed. "I was like, 'Hey, I've got this fat job. I'm assistant manager,'" she said. "I didn't even see the brick wall."

Likewise, Opal Caples, a Milwaukee woman, is once more unemployed after appearing on the cover of The New York Times Magazine in August for an article on the challenges that work programs face. "I went through a severe depression," Ms. Caples said last month.

A handful of states have conducted surveys to see how many former recipients have jobs. Few surveys are academically rigorous, but they suggest a similar story.

Race and Ethnicity Trends

Race or ethnicity of families on welfare.



Source: U.S. Department of Health and Human Services

The New York Times

In Massachusetts, 50 percent of the former recipients said they had jobs. In Idaho, 52 percent. In New Mexico, 56 percent. Tennessee's figure is unpublished, but Haskel Harrison, the researcher who ran the study, said, "It's going to be in the 50 percent range." In Maryland, 49 percent worked in the quarter they left the rolls, though the figure rose three months later, to 66 percent.

Manpower Demonstration Research, the evaluation company, did more careful studies of two experimental programs that began in 1994. In Pensacola, 48 percent of those who left the rolls had jobs. In Minnesota, the figure was 50 percent. In New York, Mayor Rudolph W. Giuliani has declined to track recipients, so there is no way to know how many are getting jobs.

Though the surveys are not definitive, their numbers show little or no improvement over the old welfare era. The most frequently cited study, by LaDonna Pavetti of the Urban Institute, a research group in Washington, found that about 46 percent of those leaving the rolls in the 1980's had jobs.

On the surface, the lack of improvement may seem disappointing. Then again, finding jobs for half of those leaving welfare might be considered an achievement, because more recipients (and more troubled recipients) are being pushed from the rolls. And if former recipients are not working, it is seldom because of a job shortage, the problem that many analysts feared a few years ago.

"I have yet to find a program administrator worried about finding jobs for people," said Ms. Pavetti, who is evaluating programs in 10 states. "They're worried about whether the people will show up."

Some recipients lose jobs because they lack reliable child care. But most states have significantly expanded their child care programs, and many recipients use relatives and neighbors. In Florida, clients have sought help with child care about half as often as officials initially expected. (Shortages do exist across the country for infant and night care.)

Transportation can also be a problem. And it can be a harder one to solve, because jobs often lie beyond public transportation routes.

But the reasons for job loss go far beyond baby sitters and cars. Flagging spirits, fights with supervisors, distractions at home — the internal struggles like those of Ms. Phillips and Ms. Caples are often the most profund.

Those who manage to keep their jobs might face a different problem, poverty-level wages. Tennessee surveyed 205 recipients who had found jobs. Three months later, only 75 percent were working, and just 48 percent were working full time. Those considered full time averaged 33 hours a week at $5.82 an hour, for a projected annual income of $9,987. That is certainly more than the $2,220 the state paid in cash welfare. But it is below the poverty level of $12,500 for a family of three.

In Maryland, those working were also below the poverty line, with average earnings of $8,300 a year.

The economic picture looks better when other Government benefits are figured in. Federal tax credits now provide low-income workers up to $3,650 a year, and most can also receive food stamps. And supporters of the new law argue that earnings will improve with time. "They certainly weren't going to get out of poverty by staying on welfare," said Robert Rector of the Heritage Foundation, a conservative research institution in Washington.

But to the extent that wages do rise, they tend to do so slowly. And no matter how they are measured, overall earnings remain low.

"I'm concerned about earnings, there's no question about that," said Donna E. Shalala, the Secretary of Health and Human Services. "The whole point of this is to eliminate poverty in the United States, not just to get people off of welfare."

Tougher rules come at a cost. Dropped from the rolls for rules violations, tens of thousands of families have found themselves with neither welfare nor work. In bare cupboards and in cold trailers, their hardships are accumulating. The defenders of the law say that is no surprise.

"You're going to have some who are just not going to be able to make it," said Mr. Shaw, the bill's author. "Welfare reform didn't just present an opportunity. It also

2/4

ited a certain amount of pain for not g able to take control of your life."

Like other supporters of the law, Mr. Shaw finds reassurance in the absence of the widespread, visible suffering that some critics had predicted — "children sleeping on the grates," in the words of Senator Moynihan. "That's not happening," Mr. Shaw said.

It is true that in most cases the loss of a welfare check has not led to homelessness or child abandonment. But the extent of increased hardship is noteworthy nonetheless. As Senator Moynihan notes, "You won't know what you've done until the five-year cut-off begins."

The number of families being dropped from the rolls varies widely by state. In Tennessee this spring, 28 percent of case closings were due to rules violations. In Maryland, the figure was just 5 percent.

Some who lose their checks actually see their incomes grow. That is, they refuse to comply precisely because they have better alternatives: jobs, boyfriends, hidden sources of support. A recent study in Iowa found that 40 percent of those dropped from the rolls saw their incomes rise. The average gains were sizable: $496 a month.

But another 49 percent saw their incomes fall, by an average of $384 a month. "You'd expect a lot of hardship from a decline that large," said Kathryn Edin, a sociologist at the University of Pennsylvania and an expert on the budgets of single mothers. Counting everything from food stamps to secret jobs, Ms. Edin estimated that the average recipient actually lived on $850 a month. A $384 cut, in other words, represents a 45 percent loss.

Depressed, disdainful or addicted to drugs, some recipients knowingly violate the rules. Others get lost in a bureaucratic shuffle. In Milwaukee earlier this year, as many as 44 percent of the penalties were mistakenly imposed and later overturned. A Tennessee study found that 30 percent of those failing to cooperate did so "without understanding the consequences of their actions."

And, Ms. Shalala warns, some of the families losing welfare are also losing Medicaid, perhaps because caseworkers are failing to inform them of their continuing eligibility. "There are a lot of children who could get it and aren't getting it," she said.

Mr. Rector of the Heritage Foundation said the focus on lost income was misplaced. In the long run, he said, penalties can teach families to function. "Life doesn't treat the clueless very well," he said. "You have to treat them as the real world is going to treat them."

A lost check does lead some recipients to confront their problems. After she was dropped from the rolls last February, Loretta Wright moved to a Milwaukee homeless shelter and stopped using drugs. Then she moved to Minnesota and found a job. "I'm doing great," she said, when reached this month.

But other women are scarred in ways that make them difficult to change. Theresa Sledge, who suffered a childhood of sexual abuse and had her first baby when she was 15, did not conquer her chronic depression when she lost her welfare check. She sold her bed to get extra money and began sleeping with her three children on her trailer floor. "I get so frustrated," she said last week. "I'm afraid I'm going to hurt one of my children."

One of the year's surprises is that so many families could lose their benefits without winding up in the streets. More than 10,000 families have left the rolls in Milwaukee, for instance, but only a few hundred are thought to have moved into shelters.

Again, Ms. Edin's research is instructive. She estimates that cash benefits account for only 34 percent of the average recipient's income. Food stamps provide about 25 percent. And 36 percent comes from hidden sources like under-the-table jobs, boyfriends, contributions from relatives or private charities.

But these other sources of income are less stable than welfare. And they tend to erode with time. "There's a cushion there, but it's not as big of a cushion as they're going to need," said Ms. Edin, who predicts a gradual increase in homelessness. "None of the really hard-edged stuff has even hit yet. I'm surprised there are this many losers this soon."

Welfare Politics

With Stricter Rules Comes Moderation

In retrospect, what is striking is not that the welfare system changed so fast, but that it avoided change for so long. Born in the Depression as a plan for widows' relief, Aid to Families with Dependent Children spent its last 25 years in a downward spiral and died a friendless death.

The reasons are understandable. The program did not require work. It did not promote stable families. It often did not seem to help the people it served. But the suddenness of the change, the tone of the rhetoric and the magnitude of the cuts in other anti-poverty programs left an open question. Are the politics of the moment merely anti-welfare? Or are they downright anti-poor?

The answers were mixed this year, as states filled in the Federal template. On the whole, states made surprisingly large investments in work-related services, like job placement, transportation and especially child care. But they also placed severe penalties on recipients who, for whatever reason, failed to comply with the rules. And even in flush times, states began channeling some of their new Federal resources away from the poor and toward causes like tax relief.

"Those of us who worried about a race to the bottom, have we seen that? No," said Bob Greenstein, director of the Center on Budget and Policy Priorities, a Washington research and advocacy group. But, Mr. Greenstein added, "we really won't have a full test until we go through the full economic cycle."

The law restricts recipients to five years of Federal benefits in their lifetime (though states can grant extensions to 20 percent of their caseloads). And it requires states to enroll 30 percent of their recipients in work programs in 1998, a rate that grows to 50 percent by 2002. Beyond that, states can do almost anything they choose.

To be sure, virtually every state imposed limits and penalties that would have been unthinkable in the past. At least 20 states have set time limits shorter than five years, and in 10 states it is just two years. In the past, recipients who failed to comply with a work program typically lost a third of their grant. Now in 33 states, they lose all cash support. Idaho passed a law so restrictive it removed half the state's recipients from the rolls in a single day.

But in most places, the harshest proposals met countervailing political pressures. The New York State Legislature rejected a plan by Gov. George E. Pataki to cut benefits by 45 percent over five years. The California Legislature defeated a plan by Gov. Pete Wilson to create time limits as short as one year. Both states wound up combining their new work requirements with expansions of job placement, child care and other services.

"Forcing recipients to work as a condition of receiving benefits, and providing support services, those are the two things that have come together," said Jack Tweedie, who monitors welfare programs for the National Conference of State Legislators.

Perhaps no state better embodies that dual ethic than Wisconsin, which presents both sides in exaggerated form. Certainly its program, Wisconsin Works, is tougher than anything that has preceded it. Those who do not work do not get paid, with virtually no exceptions.

But it also goes further than any previous program to build a work-based safety net. The state is offering subsidized child care not just to welfare recipients but to all low-income workers. It is proposing to do the same with health care. And it is creating thousands of community service jobs.

Governor Thompson, a Republican, came to office 10 years ago on a pledge to cut welfare benefits, a promise he quickly kept. But this year, with the work program in place, he pushed through a 20 percent benefit increase, as if to punctuate a new generosity toward work. "I thought we ought to do anything we can to make this program successful," he said.

Often, the politics of welfare became less ideological this year, as legislators confronted the practical challenges of building work programs.

"I had the typical knee-jerk reaction before I got into all this," said Mr. Carns, the Republican legislator in Alabama. "I thought it'd be easier to save money." Instead, he found himself supporting earnings supplements for recipients who find jobs and child care for teen-age mothers. "You have to put in an investment to get people into the work place," he said.

Mr. Carns's evolving views drew a compliment from State Senator Rodger Mell Smitherman, a Democrat who is the chairman of the Black Caucus in the Alabama Senate. "There's a realization that it's one thing to say you want people to work, but it's another to create the environment for them to do that," Mr. Smitherman said. "I was pleased to see that it wasn't all harsh."

By contrast, the child support debates proved surprisingly contentious, especially in Western states. Many resisted the law's new penalties, like withholding occupational or sporting licenses from fathers in arrears.

Of course, it is easy to make investments in work programs when states are awash in Federal money. The Federal Government will send states nearly $3 billion more this fiscal year than it would have under the old system. That is because Washington now sends states fixed payments, called block grants, based on the welfare population of previous years, before the caseloads plunged.

Wisconsin will spend about 62 percent more for each recipient this year. A full accounting is hard to find, but even the least generous states are probably spending 20 percent more for each client, simply because caseloads have fallen so sharply.

But in an economic downturn, those fiscal dynamics will reverse. It is when states have rising caseloads and falling resources that a "race to the bottom" may ensue. (Were welfare still an entitlement, the cost of rising caseloads would be largely offset by an increase in Federal spending.)

Even in these flush times, states are putting their additional resources to mixed use. New York, for instance, will receive about $730 million more this year than it would have under the old system. But according to a budget analysis by the State Comptroller, Carl McCall, $455 million is being channeled into state and local fiscal relief.

Coasting on their caseload declines, few states are investing in the intensive services their more troubled clients will need, like drug treatment and mental health counseling. Few are setting aside rainy-day money for a slower economy, although everyone agrees rainier days are inevitable. "It's going to get tougher, no doubt," warns Mr. Shaw, the bill's main sponsor.

Welfare Civics

Broader Involvement, And Frustration, Too

In explaining his decision to sign the law, Mr. Clinton expressed the hope not just for a more generous politics but something deeper still: a fuller involvement of American society in the lives of the poor, a new welfare civics.

"This becomes everyone's responsibility," he said when he signed the bill. Anyone "who has ever said a disparaging word about the welfare system should now say, 'O.K., that's gone: what is my responsibility to make it better?'"

It was a romantic hope, to be sure, and perhaps a flimsy one. But the past year has brought much of the civic involvement Mr. Clinton had hoped for. Businesses and churches, nonprofit organizations and individuals — more institutions than ever before have gotten involved in welfare programs. They are running training programs and clothing closets, Bible studies and advertising campaigns. And, much as Mr. Clinton sought, the public portrayals of welfare have begun to change.

The New York Times

TUESDAY, DECEMBER 30, 1997

Not long ago, voters could turn to C-Span and catch Speaker Newt Gingrich calling welfare recipients a threat "to American civilization." Now, in Charlotte, N.C., they can find billboards sponsored by the Chamber of Commerce urging employers to give welfare recipients a chance.

Those broader community bonds have impressed professionals who know how lonely the work of welfare bureaucracies has been. "That shift, seeing recipients as workers, as fellow citizens, is enormously important," said Olivia Golden, an Assistant Secretary of Health and Human Services.

But there are limits to what these civic efforts can do. Many volunteers are likely to discover what their predecessors have found in the past: It can be difficult to make a long-term difference in a poor family's life.

It is hard to imagine a more committed volunteer than Ms. Pavetti, the Urban Institute researcher. Fifteen years ago, she began tutoring one of the city's fourth graders, and Ms. Pavetti has stayed with her ever since: when she dropped out of school, when she dropped out of Job Corps, as she cycled in and out of jobs. In some years, Ms. Pavetti saw her friend every day. Then eight months ago, the woman suddenly disappeared.

"I've done an awful lot, but I haven't changed the direction of my lost child's life," Ms. Pavetti said. "I believe mentoring programs work for people who need a little bit of help. They don't work for people who need a lot of help."

The experience of Covenant Presbyterian Church in Greenville, Miss., shows the depths of the challenges a new welfare civics will face. A few years ago, when Gov. Kirk Fordice tried to rally the state's churches — "God, not government, will be the savior of welfare recipients," he said — Covenant Presbyterian was the only one in town to respond.

Beth Bradford, the volunteer who coordinated the effort, agreed with Mr. Fordice's idea that faithful citizens could help recipients more than government bureaucracies. Her goal, Ms. Bradford said, was "not just to find them a job, it was to instill in them morals and godly values."

But even the logistics proved hard. Though about 30 women signed up for the program, only a handful came to the first meeting. The church is on the south side of town. The poor live on the north. The church members were all white. The recipients were all black. And most of them had no phones.

Within a few meetings, the number in regular attendance had dwindled to two or three. "It's very discouraging," Ms. Bradford said. "You volunteer your time and nobody shows up."

Ms. Bradford's disappointments increased after she arranged for some of the women to take a course to become nursing assistants. None found jobs in the field.

Still, she redoubled her efforts and took on a second class. But it soon disintegrated into a weekly gripe session among recipients who faulted Ms. Bradford for their failures to find work. "We complained so much they were afraid of us," said Loretta Taylor, who grew so frustrated she used to cry in class.

Ms. Bradford, in turn, grew weary and impatient with the carping. "I finally said, 'Give us a break, we're not miracle workers,'" she said. "We had a little outburst." When Ms. Bradford gave birth to twins, she ended her efforts and no one picked up the slack. "We just kind of fizzled away," she said.

But if the program did not change the welfare situation in Greenville, it did build one new friendship. Among those in the first class was a woman named Jennifer Lockett, who had cycled between welfare and work since she had her first child at 15. She had gone back on welfare after quitting a night job. Without her supervision, Ms. Lockett said, her two children were not doing their homework.

Hearing that story of devoted parenting, "opened my eyes a lot," Ms. Bradford said. "I realized I was the one with all the stereotypes."

Likewise, Ms. Lockett was surprised to find herself relating so easily to a doctor's wife. "I fell in love with her when I first met her," Ms. Lockett said. "She always had an encouraging word."

Ms. Lockett did not find a nursing assistant's job when she finished the program, but she kept mailing out résumés. Months later, an offer arrived, from a doctor who worked with Ms. Bradford's husband. "I jumped up and down, and hollered and screamed, and cried and thanked the Lord," Ms. Lockett said. "I had been praying for this job." Now, a year later, Ms. Lockett is still at work, and she and Ms. Bradford are friends.

Looking back, it is possible to see in Ms. Bradford's experience much of what the President had hoped for 16 months ago: good will, energy, creativity and concern. It is also impossible to miss the distance between her good intentions and her great expectations.

Like most who cross the barriers into the welfare world — like the nation's experiment as a whole — Ms. Bradford discovered layers of economic and social need more complex than she had imagined. There was a mix of nostalgia and fatigue in her voice when she said, "It was a reality check for me."

Welfare Programs In Region Follow Different Routes

Plans for overhauling welfare in New York, New Jersey and Connecticut, with a mix of tough talk and more practical considerations, have played out in differing ways.

New Jersey preserved benefits for legal immigrants already living in the state. Connecticut hired a private company to handle child care for recipients, but the plan mostly failed. And New York retreated from a variety of ideas.

In Connecticut, a state with one of the strictest time limits, about 950 families were ordered off the rolls last month. But half were granted extensions. Connecticut allowed recipients who found work to keep benefits and earnings for a time. Officials said they hoped one-fifth of the statewide caseload of about 55,000 families would be off the rolls by November 1998.

New Jersey, which cut its caseload by 20 percent from 1994 to 1997, used Federal money for child care programs and an extra year on welfare for some. The state's caseload dropped to 96,000 in 1997 from about 120,000 in 1994.

New York, with the second-largest welfare caseload in the country, continued to drive down the number of people on the rolls through its work programs. In April 1994, the number of families receiving Federal welfare payments was 458,221, dropping to 359,707 in September. But officials conceded they had no idea how many were working, and critics said the state lacked imaginative initiatives for job training and day care.

While promising to end cash payments to single adult welfare recipients after two years, the state enacted a system that pledged to provide vouchers for food and shelter indefinitely to anyone who needed them.

Across the Country, the Number of Families on Welfare Drops Sharply

Percentage change in the number of families on welfare from March 1994 to July 1997

The New York Times
TUESDAY, DECEMBER 30, 1997

4/4

Pledges Made To Democrats On Fast Track

By Bob Davis
Staff Reporter of The Wall Street Journal

WASHINGTON — Trying to woo hesitant Democrats to vote for fast-track trade negotiating authority, the White House pledged to try to bolster labor and environmental standards outside the traditional trade mechanisms.

The agenda calls for enlisting such international institutions as the World Bank and the International Monetary Fund. But it falls well short of the demands of labor and environmental groups, which want to use trade negotiations — and sanctions — to promote those standards. Moreover, none of the proposals include enforcement provisions; and some have been made by the administration before — only to be rejected by other nations, or even ignored by the White House.

John Audley, trade analyst for the National Wildlife Federation, a moderate environmental group that backed the North American Free Trade Agreement, said the environmental proposals don't improve on Nafta. "We have a chance to do worse" under any trade deal negotiated under fast track, he complained. His organization and other environmental groups that supported Nafta are opposing fast track.

The administration, aiming to shore up support among liberal Democrats, released its agenda as part of its negotiations with Sen. Minority Leader Tom Daschle. For example, it plans to release shortly a proposal to boost spending for worker retraining by about $90 million a year. The South Dakota Democrat said the proposals "represented a concrete strategy to improve workers' rights and protect the environment."

Under fast-track rules, lawmakers agree to approve or reject trade pacts, but not amend them. Foreign nations won't agree to negotiate broad trade agreements unless the U.S. has fast-track authority, because of fear Congress would rewrite the deals. The procedure is controversial because activists want to use negotiations to bolster labor and environmental standards and have them enforceable by trade sanctions. But the fast-track proposal, crafted by the administration to win approval in a Republican Congress, wouldn't allow U.S. negotiators to have such provisions approved under expedited congressional procedures.

The Senate is expected to vote on fast track and approve it this week; in the House, where opposition is much tougher, a vote is scheduled for Friday.

Under the administration's plans, the U.S. would prod the World Trade Organization in Geneva to open its arbitration panels to public scrutiny and allow activist groups to submit legal briefs. The administration made similar proposals in December 1993, when it negotiated the WTO's creation. The White House also will propose that the WTO empanel a group of experts to study environmental issues.

Additionally, the Treasury secretary would press the Inter-American Development Bank to examine environmental issues and increase direct lending for environmental projects.

On the labor-rights front, the administration plans to regularly review the labor-rights practices of nations that the U.S plans to include in free-trade agreements. It would also ask the World Bank to establish an office to analyze labor issues, and promote a World Bank-International Monetary Fund conference on labor standards.

Separately, the administration announced its support for a number of agricultural initiatives. The U.S. would annually identify countries that, citing safety concerns, block exports of U.S. agricultural goods. In cases where the U.S. decides the moves are unwarranted, it could invoke trade sanctions. In particular, pork and beef producers complain that European and Asian countries block their products because of claims that chemicals injected into livestock make the meat unsafe.

THE WALL STREET JOURNAL TUESDAY, NOVEMBER 4, 1997

oviding the Glue

In fact, were it not for the superhuman efforts of Allendale's welfare office, the fragile system that allows recipients to take and hold jobs might quickly crash. In most cases, it is welfare workers who locate job openings, prep people to apply, take them to job interviews and help fill out paperwork. Welfare workers also coordinate transport and day care, and often drive people to work themselves when problems arise.

The welfare office even acts as an informal labor arbitrator. When several hotel housekeepers were recently at risk of losing their jobs because they worked too slowly and didn't make beds to supervisors' standards, welfare officials traveled to Hilton Head and spent a day coaching the women. They kept their jobs. "We've been everything to people for so long that they don't know any other way," says Lee Harley-Fitts, who heads Allendale's Department of Social Services.

Like many officials nationwide, Ms. Harley-Fitts is both pleasantly surprised by the pace of job placement so far and cautionary about the future. Many of Allendale's new workers are in service jobs subject to seasonal swings. With the quiet winter months approaching, workers' hours in Hilton Head are being cut. The Radisson's Ms. Riddie says she will lay off three quarters of her housekeeping staff come Thanksgiving, and many other employers expect to do the same.

Even more worrisome are welfare recipients who haven't yet found work. "The ones that are willing and able to work are mostly in jobs by now," Ms. Harley-Fitts says. Those remaining on the rolls present a much tougher challenge. "A lot of people, in the back of their mind they're thinking, 'We'll wait it out and some other program will come along to help us.' "

Tightening Belts

That is unlikely in South Carolina, which has some of the nation's toughest new rules, including an October 1998 cutoff for many now on the rolls. Nor can Allendale's welfare office indefinitely provide the hand holding it does to help keep people in jobs. Ms. Harley-Fitts draws on a discretionary budget to assist with transport and other support. But these funds are limited and likely to disappear. One Radisson housekeeper — an employee-of-the-month winner—has had to give up her job because the welfare office could no longer provide transport for her evening shift.

Also at risk are daily car pools like the one carrying workers to the Winn-Dixie in Beaufort. Even if the car pool continues, it is unclear how long the women who use it can endure their schedule. "I'm like a robot," Georgeann Campfield says, "leaving home and getting home in the dark and doing nothing but work or getting ready for work."

Living to Work

The preparation begins as soon as she gets home from work. Winn-Dixie provides employees a single work shirt, and Ms. Campfield is reluctant to spend a day's wages on a spare. So she must wash and iron her shirt after every shift. Waking at 3:30 a.m., she dresses her children and downs breakfast before catching her ride, usually at 4:30 for a 6 a.m. start.

For those on later shifts, the morning wait is cold and dull. At 6, the only other store open in the mall is Wal-Mart. So mostly the women sit in plastic "Gracious Living" lawn chairs, beside bags of lawn manure piled in front of Winn-Dixie. On a recent day, even this meager perch is denied them. "These chairs are for sale, not for sitting," a supervisor explains, stacking the seats beside a sign saying "Sale: two for $10."

When Ms. Campfield gets off, she fills some of the seven-hour wait with a long lunch at Taco Bell and a stroll past chain stores she has gazed at a hundred times before. Earning only about $150 a week, she can't shop for much but essentials (her $200-a-month welfare stipend is being gradually reduced the longer she stays on the job).

At age 23, Ms. Campfield is a fourth-generation welfare recipient who went on the system and dropped out of school when she had her first child as a teenager. Like many others in Allendale who are moving from welfare to work, she is grateful for the change. "I'm not lazy, but I just never tried to strive," she says. Now, at the bakery, she has discovered a talent for decorating and feels better about herself. "When I'm in there, I know what to do. I don't just sit around being bored." Best of all, she is starting to feel some financial independence and has made layaway payments on a few toys and clothes—items she visits every day after work. "I don't have to be begging people for nothing anymore," she says, proudly fingering a pair of kids' jeans.

A Desire to Do Better

But now that she is accustomed to a small weekly paycheck, Ms. Campfield wonders if she can improve on her minimum-wage job and how long she can hang onto that. She has tried to find part-time work elsewhere in the mall, to fill the long wait, but Winn-Dixie changes her schedule each week. And between her schedule and commute, there is no time for night classes or job training that might help her move into a better job. Despite repeated requests, the women say, Winn-Dixie refuses to coordinate their shifts (the supermarket manager and a spokesman for Winn-Dixie Stores Inc., based in Jacksonville, Fla., declined to comment).

There is another option for women like Ms. Campfield: moving to where the jobs are. South Carolina and several other states offer almost $1,000 in relocation assistance to welfare recipients who move for work. But a handful have taken advantage of the program. Asked why, most in Allendale cite high rents in the city, concerns about raising children there and fears of being laid off far from the safety net, however meager, provided by friends and family. "I don't know anybody in Beaufort and they don't know me, except for my name tag," Ms. Campfield says.

It is 8:30 p.m. when the last of the Winn-Dixie workers finishes her shift. Heading home, the car-poolers find themselves stuck at a railroad crossing as a long, slow freight train rumbles past. In the five minutes before the caboose appears, all four women fall asleep, despite the roar of the train and the hip-hop music blaring on the car radio.

Reaching Allendale at 10, Ms. Campfield collects her sleeping kids and heads home for the few hours until the cycle starts again. "See y'all tomorrow," she says, climbing out of the car.

"You mean later tonight, girl," one of the women responds.

Ms. Campfield smiles wanly, hoists her kids and walks away in the moonlight.

2/2

WR - Evaluations

Poor Prospects

Paring Welfare Rolls Proves a Huge Grind For Everyone Involved

Ms. Campfield Gets a Job She Loves, but Commute Sorely Tests Her Resolve

Case Workers as Superheroes

A1

By Tony Horwitz

Staff Reporter of The Wall Street Journal

ALLENDALE, S.C. — For Georgeann Campfield, the long road from welfare to work begins with the flicker of headlights through her bedroom window. She rushes outside toting two sleeping but fully dressed toddlers. The car pool collects several more women, then stops at a trailer where Ms. Campfield hands the kids to her mother, who puts them back to bed. It is 4:30 a.m.

Nosing along two-lane roads, past log yards, peanut stands and unkempt farmland, the car pool reaches a Winn-Dixie supermarket 90 minutes later. Ms. Campfield goes straight to work at the bakery. But the other women work later shifts; one doesn't start until 11 a.m. So they settle onto chairs outside the store and watch dawn unfold across the strip-mall parking lot.

Georgeann Campfield

When Ms. Campfield gets off work at 1 p.m., she picks up where the others left off: waiting on many days more than seven hours until her car-pool partners are done. As none of the women own cars, the once-a-day ride, provided by Allendale's welfare office, offers the only available transport.

"I love my job but this schedule is killing me," says Ms. Campfield, who retrieves her children, now asleep for the night, at 10 p.m. "It's like working two shifts and only getting paid for one." For her 15-plus hours away, six of them paid, Ms. Campfield will gross $30.90 but take home less than $20 after paying for baby-sitting and related costs.

Statistically, the Winn-Dixie car pool represents a welfare success story of the sort that overhaul advocates now laud nationwide. Though Allendale County is the state's poorest, an indigent enclave for generations, its welfare rolls have fallen by half since 1995, to 662 from 1,323.

But viewed from the predawn convoys winding out of Allendale, or from the cramped trailers where grandmothers mind crowds of toddlers, the welfare overhaul looks far more precarious. What the statistics don't show are the job-threatening hardships faced by those coming off welfare, and the fragility of the support system on which they rely. In many rural areas such as Allendale, where almost a quarter of America's poor reside, resources city-dwellers take for granted — access to jobs, public transport, child care — are scarce or nonexistent.

"When people talk about welfare reform, the first thing they think of is the inner city, and most programs and rules are being designed with the urban poor in mind," says William O'Hare, a demographer at the Annie E. Casey Foundation, a Baltimore philanthropy that tracks children's issues. "The rural poor suffer from not even being on the public's radar screen."

Worsening Conditions

Most Americans don't realize, for instance, that poverty rates are higher outside metropolitan areas than inside, and that rural poverty is worsening even as the nation's economy thrives. While median household income rose nationwide in 1996 for the second straight year, the ranks of the rural poor grew to 8.3 million, or 15.9% of those living outside urban areas; in metro areas, it is now about 13.2%. (The poverty line for an adult and two children is currently $12,641 in pretax income.)

One reason rural poverty remains so persistent — and poses such a challenge to welfare revision — is that the rural poor are clustered in backwaters where the economy has been weak for decades, such as the Appalachian coal fields and the one-time cotton belt stretching from the Mississippi Delta to the Carolinas. Allendale County is typical of the latter. As farm mechanization and other factors drove people off the land for much of this century, many families moved to the city; those who stayed often drifted from sharecropping to welfare — or "the system," as it is known to those who subsist on it.

A third of Allendale residents live in poverty. A quarter of adults have no more than an eighth-grade education. Local jobs are so scarce that Warren Chavous, who teaches job-hunting skills to welfare clients, tells his students not to bother with the help-wanted ads. "Around here, you practically have to check the obituaries to find a job opening," he says, driving past shuttered shops and motels that closed when Interstate 95 bypassed the town 30 years ago. Countywide, only 39 new jobs were created last year, according to the state's commerce department, and plunging capital investment suggests that more jobs were lost than gained.

Most of the full-time jobs that do exist are blue-collar and traditionally male: at sawmills, small plants and a maximum-security prison. Turnover is small, and many employers are reluctant to hire the un-

Please Turn to Page A10, Column 1

Continued From First Page

skilled young women who, with their children, account for the vast bulk of the welfare roll.

Looking Outward

So Allendale's welfare office has had to look far afield for jobs, mainly to the state capital, Columbia, and to the booming coastal resorts around Beaufort and Hilton Head where demand for unskilled service workers is strong. Again, though, the rural poor face an added hurdle. A quarter of Allendale households lack automobiles, and few welfare recipients can afford a car. Without one, workers are forced into arrangements that would test the mettle of even the most hardened commuter.

Hours before dawn, dozens of people can be seen hiking through the dark to a burnt-out supermarket by the railroad tracks. They are coming to catch the 5 a.m. bus to Hilton Head, a two-hour, 90-mile ride away. The bus, the county's only public transportation, makes one run a day, returning at 7:20 p.m. A Clemson University study found that Allendale bus riders average six hours each day getting to and from work.

"A lot of our people are exhausted even before they start work," says Karen Riddle, executive assistant at Hilton Head's Radisson Suite Resort. "I'll come into the break room at 7:15 a.m. and they're all slumped with their heads on the table."

Of the 30 people Ms. Riddle has hired from Allendale since spring, only three remain. The main cause for the turnover, she says, is inadequate day care. In contrast to city facilities, day-care centers in Allendale open only on weekdays, and only during daytime hours. There are almost no slots for children under the age of two. So anyone with young kids, or irregular work shifts — often the norm in service jobs — must turn elsewhere. (Those caring for aged relatives are even worse off, as there is no elder care at all.)

Juggling Routines

The women in the Winn-Dixie car pool perform a typical child-care juggling act. Since they leave for work two hours before the day-care center opens, and return four hours after it closes, Ms. Campfield relies on her mother in early morning and after dark. Two of Georgeann's siblings do the same. So the elder Ms. Campfield, who has diabetes and hearing problems, often supervises six preschoolers.

Another car-pooler, Sharon Platts, wakes at 3:30 a.m. to dress her three children for the day, then puts them back to bed while a friend babysits before he goes to work at 6:30. A neighbor watches the kids until the school bus comes at 7. After school, the kids shuttle between day care, a grandmother, an aunt and a friend. If any part of this chain breaks, Ms. Platts has to scramble for other help or stay home.

Nor are those now shouldering the child-care burden — often, older siblings — always equipped for the job. "We're seeing lots of children who are sleepy, who come in late, who are not dressed appropriately for the weather," says Dorothy Turbeville, superintendent of Allendale County schools, where more than half the students come from welfare households. School nurses now are treating many minor ills, such as sties and cuts and bruises. "Mama's just not there to do it anymore. She's on the bus."

Truancy is also on the rise. And children left to their own devices, or responsible for siblings, are acting up. "You have 10-year-old girls who are part-time moms now, and they're coming in here with the attitude, 'I'm a woman. I'm in charge,'" Ms. Turbeville says.

She and others also suspect that the welfare-to-work shift may be contributing to a rise in county teenage pregnancy rates — already the highest in the state. About one in 10 high-school girls now get pregnant here each year, and recently the expectant mothers have been as young as 13. "We know that girls get pregnant when they're unsupervised," Ms. Turbeville says. "Often that's in the afternoon when no one's home to keep an eye on them."

Complicating all these problems is yet another obstacle: Few poor people here have phones. This makes it hard to deal with last-minute day care and transport problems, and also crimps employers. At the Radisson in Hilton Head, Ms. Riddle says workers rarely call to let her know they will be absent. "And if I suddenly find I've got a full house and need extra help the next morning, I've got no way to reach my people," she says, "except by calling the welfare office and seeing if they can get hold of them."

1/2

THE WALL STREET JOURNAL TUESDAY, NOVEMBER 4, 1997

tle and seeing tariffs and quotas fall, are making a last-gasp attempt to block trade by seizing upon this new tactic.

And despite the health fears, American food-related products — even those involving beef — continue to cross the Atlantic. The U.S. is shipping annually about $90 million of bull semen to Europe, where Italian, Dutch and British dairy farmers artificially inseminate their breeding herds. Marc van't Noordende, chief executive of ABS Global Inc., a DeForest, Wis., cattle-genetics company, says 20% of his product is flown to Europe. Even France, which discourages its farmers from buying U.S. bull semen directly, relies on the progeny of American bulls. Mr. van't Noordende says the French use U.S. semen to produce cattle they then label French because the animals are born in France.

Citing such inconsistencies, trade economists contend that many food fights are staged events. "There's certainly some public posturing going on," says Tim Josling, a professor at Stanford University's Food Research Institute. "Politically, it would be very difficult to appear to ride roughshod over health concerns."

European food exporters agree that the numbers belie the public perception of constant bickering. "Trade fights don't influence the business," says Rosemary Rinner, export manager for a cabbage producer in Esslingen, Germany, whose U.S. sales are up 10% this year alone. "We are going ahead with our trade."

For a snapshot of the world of agriculture trade, visit the huge food fair held in Cologne, Germany, every two years. A recent six-day convocation drew 6,540 exhibitors, up 5% from four years ago. The U.S. contingent had to move into a bigger room to house the growing number of stalls. The show attracts few journalists and little publicity but nevertheless teems with people and food. In the center of the meat pavilion stands a 12-foot-high monument made of smoked pork hocks.

"This is just great," says an exuberant Eric Bell, handing out tuna samples with other representatives of Hawaii Seafood Distributors, whose exports to Europe have tripled in the past three years to 200 tons a year. In a rare display of Canadian-American fishing cooperation, Ian Gordon MacNaughton, a Canadian representative for the Salmon Master Foods division of Wettig's European Meats & Sausages Ltd., of Maple Ridge, British Columbia, helps the Hawaiians give out their products. "It's world globalization, man," he says.

His boss, Gunter Wettig, brandishes a spiral notebook crammed with names of potential customers, all collected in just one day. "We have requests from all over the world," he gushes. A sausage maker by trade, Mr. Wettig says that for years he watched the fishing industry stumble around "without a clue about what to do with all the unwanted salmon parts out there." The solution seemed obvious: salmon sausage and pepperoni products. "We hope to conquer the health-conscious pizza market," he says.

Across the pavilion, a crowd has gathered at Poppers International's enormous stall, which is blasting out the croonings of pop diva Mariah Carey. "Every eight to nine months, our exports here double," says Keith McGlone, the director of international sales and marketing for the producer of frozen appetizers such as mozzarella sticks and onion rings. In the past three months, Poppers, a division of Anchor Food Products Inc., of Appleton, Wis., exported 3.2 million pounds of appetizers to Europe, up from 800,000 pounds in the year-earlier period. Germany is the biggest buyer.

One of the major stories at Cologne is the increase in Tex-Mex food stalls, demonstrating the Tex-Mex megaboom in Europe. "It's unbelievable — anything to do with Tex-Mex here in France is going through the roof," says Dominique Gervais, Parisian representative for Washington state. Last year, France imported $4 million of guacamole, tortilla chips and salsa, up from nothing five years ago.

But not every American tortilla exporter is thrilled about the boom: European producers are now trying to market their own tortilla chips as Tex-Mex. William A. "Rally" Ralston, president of the Denver-based Buffalo Bill's Snack Foods Ltd., complains that 17 German producers are selling Tex-Mex products.

THE WALL STREET JOURNAL TUESDAY, NOVEMBER 4, 1997

2/2

The Welfare to Work
P A R T N E R S H I P

Eli J. Segal
President and CEO

9/29/98

Bruce - more good news on the welfare to work front. Decent starting wages (30% higher than minimum wage), most hired into "promotion track" positions (79%); 31% who have hired welfare recipients have already promoted... And once again, 76% with full time jobs, 71% with health care benefits, & 79% of companies say new workers are "good, productive employees"

Eli

A NOT FOR PROFIT CORPORATION

WR Evaluations

The Welfare to Work
PARTNERSHIP

MEMBER SURVEY: SUCCESS AND REALITY

TRENDS IN EXECUTIVE OPINIONS MEASURED BY WIRTHLIN WORLDWIDE | 1998 SERIES NO. 2

WELFARE TO WORK HIRES LANDING GOOD JOBS AT GOOD PAY

FORMER WELFARE RECIPIENTS across the country are landing full-time jobs with full medical benefits and excellent average pay rates, according to the results of the second wave of The Welfare to Work Partnership Member Survey.

In fact, welfare recipients hired by Partnership businesses over the past year, on average, are being promoted at a faster rate than are normal entry-level employees, and eight out of ten (79%) are seen as good, productive employees by their new employers.

Most important, this study provides clear evidence of career path opportunities being afforded those hired off welfare.

The research, conducted by Wirthlin Worldwide, reflects the results of a national telephone survey of 300 randomly selected Welfare to Work Partnership member businesses and 300 randomly selected businesses of the same company size who are not members of The Partnership. In the study, Partnership executives were asked to evaluate benefits offered to those they hire off welfare, the success of their hiring efforts thus far, and perspectives into the future. Executives from companies outside The Partnership were asked similar questions about their standard entry-level employees.

BUILDING CAREER PATHS

New hires off welfare are just as likely to be hired for full-time positions in Partnership businesses as are standard entry-level applicants in other companies of equal size. Specifically, three-quarters (76%) of Partnership businesses hiring welfare recipients are doing so to fill full-time positions and 74% of executives outside of The Partnership say the same about their typical new hires.

Additionally, 80% of Partnership companies are hiring welfare recipients for hourly wage positions at an average pay rate significantly higher than the $5.50 minimum wage (average starting wage of $7.20 per hour). And 19% of member businesses typically hire former welfare recipients for salaried positions—with an average starting annual salary of nearly $17,000.

TYPE OF EARNINGS
WELFARE HIRES COMPARED TO ENTRY-LEVEL EMPLOYEES

It is important to note that both the average hourly wage and the starting annual salaries being paid to those hired off welfare are statistically the same as those figures reported by non-member companies regarding their standard entry-level employees.

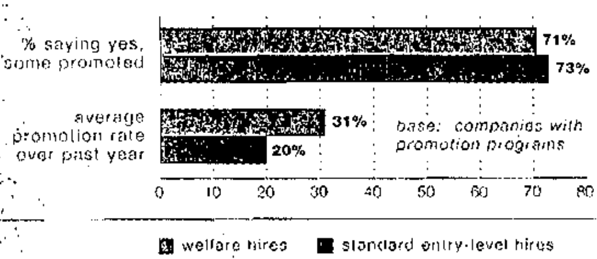
In general, the positions offered to welfare recipients are most likely to be general labor (49%), clerical (37%), service work (32%), or custodial/janitorial (13%) jobs. This compares with normal entry-level jobs which are primarily clerical (58%), general labor (29%), service work (17%), technical/computer (14%), retail sales (13%), and sales (12%) positions.

Moving beyond position and pay, almost all (93%) Partnership companies

HIGHLIGHTS

hiring people off welfare either have a promotion track in place or offer specific training that could lead to promotion. As a result, most (71%) of these companies have already promoted the employees they have hired off welfare over the past year. In fact, among all companies which offer promotion tracks or training programs, the average promotion rate in Partnership companies is roughly one in every three (31%) welfare recipients hired over the past year, significantly higher than the 20% promotion rate of standard entry-level new hires in companies outside The Partnership.

PROMOTION RATES OVER THE PAST YEAR

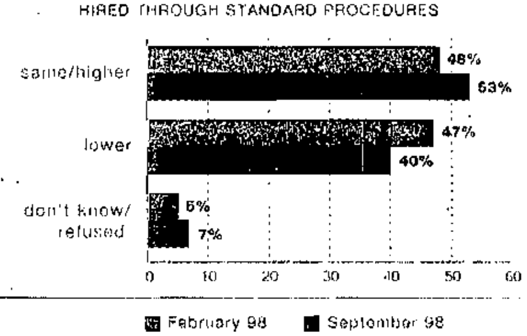


In short, Partnership companies are bringing new hires off welfare into positions in which they are able to readily grow.

While there is no national mechanism for tracking job retention rates among former welfare recipients, most (63%) Partnership members who are hiring or expect to hire welfare recipients track employee retention rates. And the majority (53%) say welfare hires show the same (39%) or higher (14%) retention rates than do employees hired through standard procedures. This finding is up from 48% measured in February. Likewise, the percent showing a lower retention rate has decreased from 47% in February to 40% currently.

TRACKING EMPLOYEE RETENTION RATES

COMPARING WELFARE-TO-WORK HIRES WITH WORKERS HIRED THROUGH STANDARD PROCEDURES

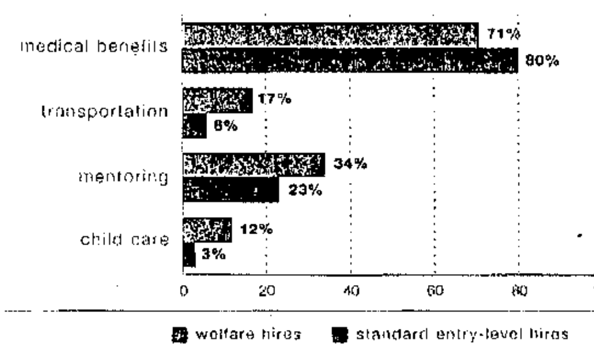


The success stories are real. But, what is behind the success? And, what barriers do companies still face?

RETENTION PRACTICES THAT WORK

To achieve high retention rates, Partnership businesses recognize the need to provide basic benefits to new hires, particularly those moving from welfare to work. As a result, these companies are offering welfare hires standard medical benefits at the same rate as other companies offer their new hires, and they are more likely to provide other key services.

BENEFITS PROVIDED



Specifically, most (73%) Partnership businesses give full health coverage after 3 to 6 months on the job and 61% cover at least half of the premium. More than one fourth (28%) fully subsidize the health benefits they offer. Such coverage mirrors that offered to standard entry-level hires among the non-member sample.

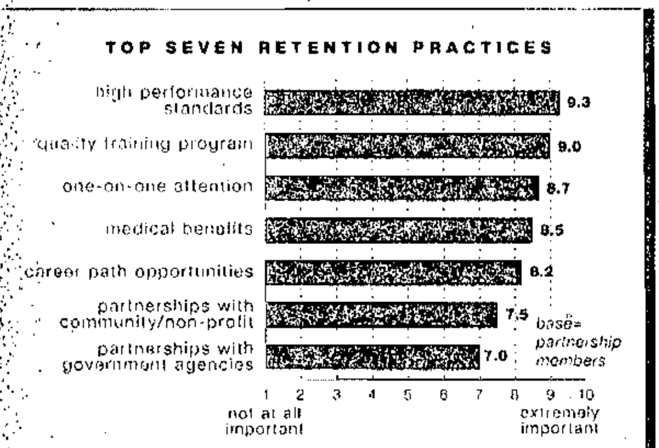
With respect to mentoring, most (69%) Partnership businesses who offer mentoring have a formal program where new welfare hires are assigned a mentor for a period of time. Mentors primarily address issues such as job skills (42%), personal issues (19%), and work ethic (18%). Most (67%) non-member companies have only informal mentoring programs.

Mentoring has a significant impact: 68% report improved work performance, 65% show higher job retention, 53% see reduced absenteeism, and 45% report monetary savings for the company.

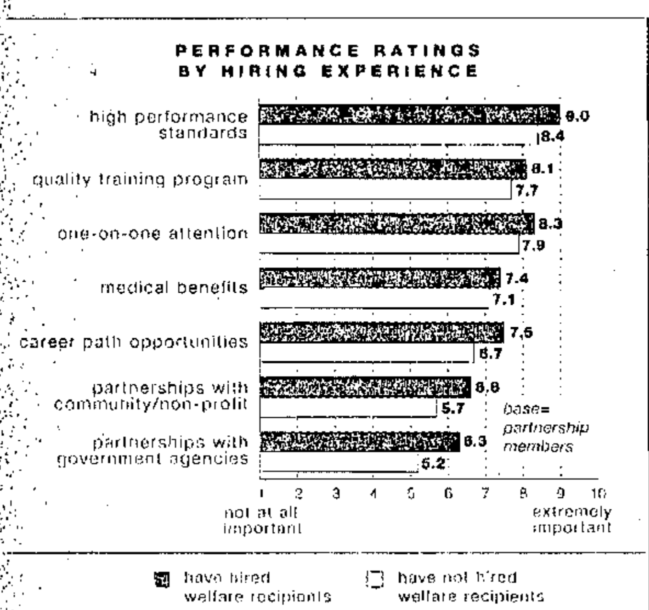
While child care services are not as prevalent, those with successful programs offer a variety of options: 29% provide subsidies, 29% offer referrals to centers which can help, 24% provide access to an in-house child care center, and 24% offer subsidized in-house child care. In contrast, non-member companies who offer child care rely primarily on providing financial subsidies for outside care.

The impact of offering child care, however, is real: 67% report higher job retention, 62% see reduced absenteeism and improved work perfornance, and 43% say their efforts have saved the company money in the long run.

To understand what drives successful retention, we asked Partnership companies to tell us how important each of a series of company practices is in helping to retain someone hired off of welfare. Using a 10-point scale for the ratings, there is general consensus among Partnership executives (regardless of their hiring experience) as to which practices are the most important. (See chart below.)



There is real variation when executives evaluate how effectively they have implemented these various practices. That is, Partnership companies who have actually hired former welfare recipients are more likely to have implemented each of these top practices. This can be seen in the higher performance ratings among businesses with hiring experience.



Importantly, a few practices which receive lower importance and performance scores actually prove to be the driving factors of higher retention. Specifically, statistical analysis demonstrates that the practices most predictive of whether a company will have the same/higher or lower retention rates among welfare hires are: 1) transportation assistance, 2) partnerships with government agencies, and 3) providing medical benefits. While utilized less often, such practices correlate with higher retention.

COMMUNITY-BASED ORGANIZATIONS: A KEY TO SUCCESS

One of the widest gaps between companies who have hired welfare recipients and those who have not is found in the utilization of partnerships with community-based organizations. As seen in the previous chart, those who have successfully hired welfare recipients are much more likely to have formed such partnerships.

Many Partnership companies have recognized the benefits of turning to community-based organizations to provide key services that are too difficult or costly to offer on their own. For instance, Partnership companies overall report a 6.6 performance rating in forming community-based partnerships. But those which offer child care and transportation assistance rate their performance in this area much higher at 7.8 and 7.9, respectively. They have seen how it can work and, as a result, have formed partnerships.

Additionally, those companies that have saved money through their welfare-to-work efforts are much more likely to report having formed partnerships with community-based and non-profit agencies than are those who find their involvement has cost more money.

These efforts may prove to be the key to successfully overcoming the obstacles to long-term welfare-to-work success.

THE REMAINING BARRIERS ARE REAL

Despite significant progress, sizeable barriers remain. There is wide agreement among Partnership businesses that the top barriers to employment for welfare recipients are transportation (33%) and child care (30%).

However, only half (47%) of Partnership companies consider child care assistance a very important retention practice (8, 9, or 10 rating), and even fewer (28%) think the same about transportation assistance. In addition, child care and transportation are the two practices for which the reported importance is the

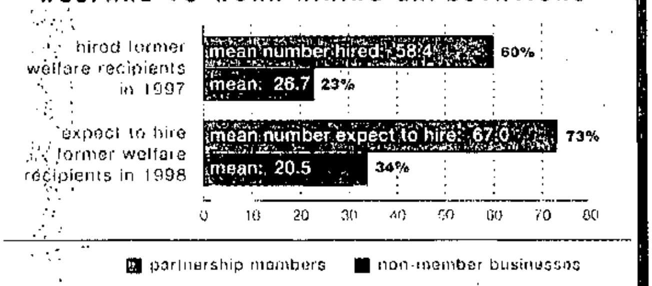
(continued on page 4, column 2)

WELFARE TO WORK MEMBERSHIP HAS A LOT TO OFFER

COMPANIES WHO HAVE JOINED The Welfare to Work Partnership are more successful in hiring former welfare recipients and are better prepared for what to expect than are companies of the same size who have hired but who are not members. However, the findings from this research demonstrate there are also a large number of companies outside of The Partnership successfully hiring off welfare.

In fact, one in four (23%) non-member businesses surveyed say they hired someone off welfare in 1997 and a third (34%) expect to do so this year. These companies can benefit from the association with The Partnership and the experience of its members.

WELFARE-TO-WORK HIRING EXPECTATIONS



Most important, membership can impact the bottom line realities of becoming involved. The survey proves that Partnership businesses have learned how to structure welfare-to-work programs that are efficient and cost effective.

In fact, 63% of Partnership companies have seen no change in their overall costs as a result of hiring former welfare recipients. This goes against the common perception that welfare-to-work costs more than standard hiring: the reality is that costs are no different.

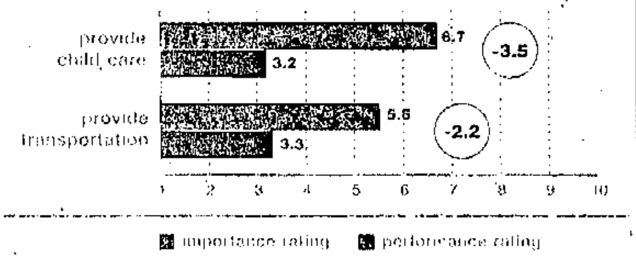
Finally, non-member companies may be unprepared to deal with the unique circumstances facing those moving from welfare to work. When asked to name barriers to employment among their entry-level applicants, not one non-member executive mentions any of the top three cited by Partnership executives: transportation, child care, and attitude/work ethic.

In addressing these barriers, experience counts. Membership in The Welfare to Work Partnership allows businesses to share valuable lessons.

(continued from page 3)

farthest from actual company performance ratings.

CHILD CARE AND TRANSPORTATION SERVICES GAP



Throughout the survey, executives acknowledge the barriers represented by transportation and child care needs, but do not provide the services on a wide scale.

The reasons for not implementing such programs hint at issues we believe will become increasingly important. The first is cost (which 42% cite as the top reason for not offering child care). The second is fairness. Specifically, 16% of companies find it hard or impossible to provide special programs for welfare hires that are not available to all employees.

As more companies become involved, these issues will have to be addressed. In short, executives hiring people off welfare recognize these barriers, but do not see their companies as responsible for or able to provide such benefits without community involvement.

ABOUT THE MEMBER SURVEY

The Welfare to Work Partnership is a nonpartisan, nationwide effort designed to encourage and assist businesses with hiring people on public assistance.

The membership survey is an ongoing study designed to track attitudes and practices of Partnership companies.

A total of 600 business executives (CEOs, owners, vice presidents, managers, directors, and HR executives) were interviewed. Of these, 300 were members of the Welfare to Work Partnership, and 300 were from non-member companies. Both samples were stratified to be representative of current Partnership membership by company size.

Interviews were gathered from across the United States and collected August 6-26, 1998.

The Welfare to Work PARTNERSHIP
(202) 955-3005
www.welfaretowork.org

WIRTHLIN WORLDWIDE
(703) 556-0001
www.wirthlin.com

Roll Reversal

Welfare Finds a Few New Friends

By RACHEL L. SWARNS

The public is more willing to pay for what moves people to work.

FOR years, advocates fighting the unpopular fight to help people on public assistance have accepted that getting states to spend extra dollars on welfare is about as easy as wrestling hogs in a mud pit. Most expected the battle only to get tougher after President Clinton signed the welfare bill last summer that reversed six decades of social policy by eliminating the Federal guarantee of cash aid for the nation's poorest children.

But one year later, the outlook is sunnier than anyone might have imagined. Witnessing the shift in attitudes seems like watching the Earth spin in reverse. Who would have imagined that politicians, and the taxpayers who elected them, might support spending on what was considered the nation's most reviled social program?

While advocates for the poor still have long, unfulfilled wish lists, states are spending millions more than expected on innovative day-care and transportation programs large and small to help welfare recipients march successfully into the new world of work.

Minnesota will spend about $25 million to wipe out an 18-month waiting list for day care. Wisconsin will finance $4 million in emergency loans for welfare recipients and working parents who need to buy used cars or repair old ones to get to work.

And Rhode Island will spend more than $12 million to raise its payments to day-care providers by about 14 percent over the next three years, while sparing parents any increases, in an effort to improve the quality of child care.

"I feel like the Red Sox just won the World Series," said Alexandra Moser, executive director of Catholic Charities' Office of Child Care in Rhode Island. "I'm still in a state of shock."

Spending is being approved, not nearly as often as advocates would like, but more than expected. Unlikely allies are even popping up in unexpected quarters.

In New York, for example, Republican legislators helped force Gov. George E. Pataki to abandon his plan to slash welfare benefits by 45 percent over five years, arguing that the cuts would drive families deeper into poverty. In Alabama, fiscally conservative Democrats argued more this year about how much more they should spend than about how much they should cut.

"Legislators were asking themselves, 'Is there enough child care? Do we need to invest more money in early education?'" said Jack Tweedie, who follows welfare for the National Conference of State Legislatures. "The idea that states wouldn't care about welfare recipients was misplaced."

But it isn't benevolence that has spurred the spending. Very few states are actually using more of their own dollars. Instead, they are responding to an infusion of Federal cash. Under the new law, states will

Mark Lyons for The New York Times

A welfare recipient at her new job in a church food pantry in Dayton, Ohio.

receive about $2 billion more this year, 16 percent more than they otherwise would have. The windfall, enough for an extra $650 for every welfare family in the country, is the result of a new Federal formula that pays states based on the welfare population of earlier years, even as rolls decline.

Officials have also been pushed to act by the threat of hefty Federal fines — cuts in funding that range from 5 percent to 21 percent levied on states that fail to get welfare recipients working.

Under the law, 50 percent of the heads of welfare families must find jobs by the year

Continued on Page 4

Spending On Welfare

Continued From Page 1

2002. And that won't happen if mothers can't find day care for their toddlers or easily accessible bus routes to their offices.

So Pennsylvania is considering offering free subway passes. And Delaware has expanded its criminal background checks to cover babysitters so that the new working women can kiss their babies goodbye with confidence as they leave each morning.

"These changes emerge from the recognition of the kind of barriers poor people face every day," said Mark Alan Hughes, a leading expert on transportation problems of the poor. "When you're driving a 1977 Buick LaSabre and it breaks down, being able to get a quick loan to have the brakes replaced is a serious policy intervention."

Not all the news is good. The end of welfare as it was known meant the death of a single Federal standard and the birth of 50 different plans in 50 states. No one has comprehensively assessed the evolving patchwork. But several state policies have been criticized for not doing enough.

Advocates for the poor are heartened, but one warns that 'the heavy lifting has not started.'

New York, for example, plans to spend $54 million to create 23,000 new day care slots statewide, while advocates say New York City alone needs 35,000. In addition, Governor Pataki has been criticized for choosing to use nearly half of the state's $730 million windfall for purposes other than welfare. Pennsylvania, which has expanded day-care subsidies, gets a negative rating from advocates for raising the dollar amount that parents must contribute for that care.

And the need for funding is likely to increase, not decrease, as states struggle to move the most difficult cases from the rolls — the long-term recipients, the substance abusers, the illiterate. That money will be hard to come by if the economy sours and caseloads rise again as people turn to the dole for help.

"The hard work, the heavy lifting, has not started here," said Peter B. Edelman, who resigned as assistant secretary of the Department of Health and Human Services last year in protest over the welfare law.

"You're talking about four million people who have to be off the rolls four years from now," said Mr. Edelman, cautioning against premature celebration. "We're a long way away from being able to say we're doing everything that needs to be done."

But the good news is that while voters rejected spending on the old welfare system, they seem to support spending for one that puts people to work. In polls conducted in three states this spring, more than half of those surveyed said they were willing to spend more money to carry out welfare reform, said Celinda Lake, a Democratic pollster based in Washington.

"People want welfare recipients to work, but they don't want to see them starving on street corners," said Amy Tucci, a spokeswoman for the American Public Welfare Association, which represents state and local social-services commissioners. "And they're beginning to realize that it's much more difficult to put people to work than it is to write a check."