December 9, 1996

Note for: Kamiki Gibson
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From: Barry White *BWhite*

Subject: Welfare-To work initiative

Here at long last, a draft composite issues and design paper for Welfare-to-Work. This is based on my staff's compilation of the work our group has done. The design discussion within the August parameters of WTW is preceded by one "threshold" question that poses an alternative design suggested by CEA. Also note that a reference has been added that would ask each applicant to specify the extent to which it will use voucher strategies.

I would especially appreciate review by DOL of the labor protections Tab.

Note that the 100/150 cities/balance-of-states runs in the package are based on poverty in cities of 100,000 or more. We will shortly have a later run from the 1990 census ranking all cities by poverty and by age which we will send around separately.

I would appreciate any and all comments on all aspects of this document as soon as you can provide them. The next step in the process will be a meeting among the agencies and the White House. We will need a decision paper for principals very shortly thereafter.

Thanks for all your work in this process, and for your patience the past few weeks.

c: Ken Apfel, Gene Sperling, Bruce Reed, Paul Dimond, Lyn Hogan, Alicia Munnel, Pauline Abernathy, OMB Staff

~~CONFIDENTIAL~~ DRAFT

December 10, 1996

WELFARE-TO-WORK JOBS PROGRAM DESIGN

The Welfare-to-Work Jobs Challenge Fund (WTW) is intended to provide incentives to States and cities to place long-term welfare recipients in jobs that lead toward self-sufficiency and reduce welfare dependency. It maximizes the flexibility and innovation of States and cities working in close cooperation with the private sector and the community by specifying measures of success and rewarding achievement, and giving States/cities complete freedom to design the services. The evidence of the ability of past Federally-designed job training and placement programs to achieve significant levels of success with this population is decidedly mixed, whether under JTPA, Welfare-JOBS, Food Stamps Employment and Training, or myriad other designs. WTW would be accompanied by a substantially enriched tax credit to employers who hire the target group. Although this proposed credit is much richer than the current credit, based on previous tax credit take up rates, the credit alone will not be sufficient to change the hiring practices of employers, or the employment prospects of long-term welfare recipients. However, the performance-based incentives of WTW coupled with the credit and with TANF's work focus and new child care funds, should, when combined into State and local strategies that integrate other resources, catalyze substantial new job creation to make lasting improvements in the lives of long-term welfare recipients.

Presented below is a working outline of how the Welfare-to-Work (WTW) Jobs $3 billion spending program could be designed. It is based on the parameters set in the August announcement of the initiative. While any aspect of the design can raise issues, the outline highlights eight major issues the WTW workgroup identified (a ninth, worker displacement, is presumed solved by DOL's proposed language, as indicated below):

1. City eligibility for direct grants
2. Definition of eligible individuals
3. Definition of earnings success for performance payments
4. Performance payments for public sector jobs
5. Mayoral control
6. Federal role in plan approval
7. Use of WTW funds for workfare and subsidized public sector jobs
8. Federal administration

One new element has been added to the August design for the content requirements of the state/city plan: A requirement that the applicant indicate how it would use voucher strategies to permit some or all of the target population to participate in selection of service options and providers. See Section K, "Use of funds".

The discussion of the WTW design is preceded by a discussion of an alternative model to the August parameters which has been suggested by CEA.

Alternative Design: Should all, or a significant portion, of the WTW $3 billion, or an additional amount, be made available to test and evaluate a variety of very intensive work-based welfare strategies in a small number of places?

An alternative approach would award on a competitive basis to perhaps 10 cities a sizeable amount of money ($1-$3 billion) for large-scale, rigorously-evaluated tests of different approaches to work-based systems. This will allow cities to experiment with more expensive, intensive programs that will be required to move hard-to-place welfare recipients move jobs.

TANF gives States roughly $1 billion more each year for at least the next four years for jobs programs, benefits, and increased child care than would have been available under the prior AFDC, JOBS, and child care structure. Most states are likely to use this additional money to introduce innovative programs that will assist welfare-recipients prepare for, and obtain, employment; those that are successful may be promoted elsewhere.

Yet, additional expenditures may be necessary to assist those who have serious difficulty in getting a job. If WTW money is distributed to all states and to many cities, the additional amount per entity to spend on hard-to-place welfare recipients will be modest. Such an approach may enhance the likelihood of reaching an announced goal of 1 million successful job placements. It will not, however, demonstrate on a large scale the efficacy of specific, intensive strategies that may be necessary to help the hard-to-place find jobs.

The problem is that we have limited experience implementing such strategies and the available evidence suggests it will be difficult and costly. One state, Wisconsin, has designed a radical, new substitute for welfare, called Wisconsin Works, that involves one vision of a work-based support program. Other states are not moving in that direction, however, in part because of insufficient funding. There is an urgent need to test and learn about different work-based strategies: What do they cost? Can they be operated on a large scale? Can they be structured as routes to unsubsidized work? If additional resources are to be spent on welfare reform, it would be important to seize the opportunity and support innovative cities (possibly paired with States) that want to develop different visions of work-based systems.

Each area would apply competitively to use these funds in concert with its TANF funds. Models could include: reliance on private, non-profit, or public sector job creation, work-for-benefits, or pay-for-performance. Sites would be selected to represent a range of local economies, but at least half would be in areas with above average unemployment. Part of the funding would be set aside for a formal evaluation of the program's success.

This alternative responds to concerns that TANF alone, or with WTW, will not advance our knowledge of how to implement work-based welfare successfully. Moving the hard-to-place into jobs will be a tough challenge and money needs to be spent on advancing this knowledge base.

THE AUGUST DESIGN, ISSUES, AND OPTIONS

A) Budget structure

- Budget structure. WTW will be a capped mandatory spending program.

- Fund availability. Funds will be available in the following amounts: FY 1998, $750 million; FY 1999, $1 billion, and FY 2000, $1.25 billion.

  For the purposes of making performance payments during FY 1998, the Secretary may draw funds from the amount for FY 1999. For the purpose of making performance payments during FY 1999, the Secretary may draw funds from the amount for FY 2000.

- Availability for obligation. Funds would be available for obligation in the year in which they are first available, and for two additional fiscal years. Funds would be available on a fiscal year basis, as in TANF (vs., for example, on a July-June program year basis as in JTPA), given the necessity for joint programming with TANF funds.

- Federal administration funds. Funds for Federal administration and for evaluation would be appropriated annually in the discretionary budget. The agencies suggest about $5 million per year to support 50 FTE, plus evaluation costs.

(B) Flow of funds; performance grants

- Total formula grants. In general, each eligible applicant (see below) with an approved plan would be eligible to receive amount equal to its percentage share of the eligible population, applied to the $3 billion, or $1 billion annually for three years.

- Annual formula grants. In general, for each of the fiscal years 1998 through 2000, each eligible applicant with an approved plan would receive an amount equal to its percentage share of the eligible population, applied to $750 million. After the FY 1998 grant, subsequent grants would be conditioned upon demonstration of satisfactory progress toward meeting the goals of the approved plan.

- Performance grants. The remaining funds ($250 million in 1998 and $500 million in each of fiscal years 1999 and 2000) would be distributed to each grantee based on its actual number of successful placements/retentions, up to the maximum for which it planned.

- Performance payments. The total Federal payment per placement -- regardless of the actual cost of placement -- is calculated to be $3,000. The formula grant provides three-fourths of the Federal share of each expected placement, or $2,250, up front, in order to support WTW's share of the grantee's approved plan.

For each successful placement, the grantee then earns an additional $750 performance grant. Failure to place as many individuals as its approved plan calls for does not result in State or city repayment of the grantee's formula grant, but it would trigger the necessity for corrective actions prior to receiving subsequent years' formula grant, and, in extreme cases, reallocation of funds to other areas.

- The actual cost per placement will be whatever the grantee chooses, and is financed by a combination of WTW funds, State TANF block grant funds, State job training funds, the private sector, and other funds in the plan. While WTW funds need not be spent in any specific amount or proportion on any one individual, the funds must be spent on activities intended to benefit the eligible population (vs., for example, the welfare population generally, or those with shorter durations on welfare).

- Timing of payment of performance grants. Beginning on October 1, 1998, performance grants will be awarded quarterly, based on grantee certification of successful placements to the Secretary. Certifications will be subject to audit and grantees liable for recovery of funds for improper certifications.

© Eligible applicants and share of funds

- States. Each State, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, and the Territories is eligible for a WTW grant. Grant funds within these entities would automatically pass through, by formula, to cities which are eligible applicants. The State administers the funds for parts of the State without cities that are eligible applicants.

- Cities. Cities with the highest number of individuals in poverty also receive and administer WTW grants. A city may, in its sole discretion, arrange for the State to administer funds the city would otherwise receive.

- Counties. [NOTE: this is the response to the August statement that "counties, as appropriate" could be grantees. The term "appropriate" is defined locally] The State may delegate administration of funds in areas for which a city is not otherwise an eligible applicant, to a county (or a city) of its choosing. In States where counties will be responsible for TANF administration, a State may find it appropriate to delegate its non-city WTW funds and responsibilities to the counties. Cities within or abutting a county with the necessary capability could arrange to have the county administer its WTW funds.

- Service Delivery Areas (SDAs) as eligible applicants. The Labor Department is exploring an option in which the 630 JTPA SDAs, comprised of cities, counties, and other units of local government, would constitute the eligible grantees. In this option, there would be no State grantees.

DESIGN ISSUE #1: 100 or 150 cities

Ideally, WTW would distribute funds on the basis of the relative numbers of long-term welfare recipients. There is no data base that does this, so the workgroup assumes WTW will use the distribution of people in poverty. The attached tables (Tab A) use 1990 Census data, but would need to be updated. They show the percentage and amount of funds which cities and States-less-cities ("Balance of States") would receive under the annual $750 million grant, and from the total $3 billion.

> **NOTE**: The illustrative tables are from a data base that only has cities of 100,000 population or more. Thus it excludes cities with smaller total population that may have more poor people than cities that now show as being within either the 100 or the 150 list. East St. Louis, for example is not on the list, but may qualify when there is a list of cities by number of people in poverty without regard to total city population. Also, Puerto Rico and the territories are not shown and would change the numbers.

Each table set shows the cities in descending order of numbers in poverty, followed by the Balance of State amounts. The first set of tables is based on 150 cities qualifying; the second on 100 cities qualifying. Items for consideration:

- Where are the poor? Whether at the 100 or the 150 city level, roughly one-third of the poor are in the cities, two-thirds in the Balance of States (this would shift somewhat on the data base that ranks cities without regard to population size.) The task of moving welfare recipients into jobs is preponderantly a State task.

- Basis for deciding which cities should be eligible. There is no particular objective standard that leaps out for where to draw the line on the table. On an annual basis, only 22 cities would have to plan for more than 1,000 job placements per year. Only 46 cities would need to plan for more than 2,000 jobs over the three year period.

- There are 11 States with no cities that qualify. It is not uncommon in Federal programs to recognize this situation by qualifying "the largest city in a state with no otherwise eligible city."

The decision on how many cities to make eligible is a pure policy call. Given the preponderance of the poor in small cities, suburbs and rural areas, whether there are 100 or 150 or some other number of cities will not materially influence the overall success of WTW; State behavior will be the greatest determinant.

(D) WTW eligible individuals

The August outline names "long-term welfare recipients" who have been on the rolls for "at least" 18 months. The caseload of adults receiving welfare for 18+ months numbers about 2.2 million annually. Because of normal churning of the welfare population, about half of these individuals probably would get jobs without special State efforts. With only the 18+ months factor, WTW is susceptible to charges of creaming and having no net impact. In addition, as the tables indicate, the number of jobs a city or State needs to find to qualify for the full performance payment is not large. The combination of avoiding creaming and spending the $3 billion for people in the most need suggests the necessity for an additional individual targeting factor.

<u>DESIGN ISSUE #2</u>: **Definition of eligible individuals**

The workgroup identified two approaches to ensuring that the individuals for whom WTW makes performance payments are those more likely to need the extra effort that WTW implies, one based on the Federal government specifying an additional criterion beyond duration on welfare; the other requiring an additional criterion, but permitting each grantee to select the factor from a statutory list, or based on its own justification.

<u>Option A: Specify in law an additional factor, such as:</u>

(1) 18+ months on welfare and **lacking a high school diploma**/GED; about 900,000 eligibles;
(2) 18+ months on welfare and **lacking basic skills** -- about 900,000 eligibles.
(3) 18+ months on welfare and **lacking high school <u>and</u> basic skills** -- about 600,000.
(4) 18+ months on welfare and living **in high poverty areas** -- about 950,000 in areas of 20% poverty or greater; about 665,000 in 30% or greater poverty areas.
(5) 18+ months on welfare and **victim of domestic abuse, or other factor from a Federal list.**
(6) 18+ an **additional 6 months on welfare**; about 1.9 million eligibles.

<u>Option B: Let States and cities choose the additional factor</u>

Formula grants could only be used for, and payments from the 25% withheld funds could be awarded only for, individuals the State or city document are long-term recipients and from one of the groups above (including any other factor the State or city proposes and justifies in its plan).

Option A more closely resembles the current JTPA structure (although JTPA does include in its targeting menu a "local choice" option); cities and States are familiar with this approach. Option B is more consistent with the overall State flexibility principle of WTW and puts the onus of selecting the targeting factor more on the State or city, where it belongs.

(E) Hours worked/earnings standard for the performance payment

The August outline defined the condition for a performance payment for an eligible individual to be placement in a job that lasted for at least 1,000 hours during nine months. At the time, this definition was simply an intuitive judgement that it was long enough to demonstrate the desired focus on job retention and still seem achievable.

The workgroup questioned whether this goal was sufficiently ambitious: 1,000 hours at the minimum wage would qualify, but is not much of an achievement. Earnings for 1,000 hours at next year's minimum wage ($5.15/hour) would be $5,150, or $10,712 for a full year's work (2,080 hours). The poverty level for the typical welfare family of three is $12,980 now and will be higher in FY 1998, when WTW begins. This population is believed to churn in and out of minimum wage jobs, though it is noted that there is no systematic information available at HHS on the wage experiences of the target population.

Thus, if a WTW "success" is a job at minimum wage, the typical welfare family's full-time earnings would be about 17% below poverty. This level would be a significant improvement in earnings for many on welfare, but it should be achievable with relatively limited effort, such as might be available under TANF without WTW.

On the other hand, it is important not to have a measure of success so difficult to achieve as to doom WTW's likelihood of success. The JTPA National Study found that even though JTPA boosted welfare recipients' earnings by as much as 50 percent above control group member earnings, the program did not reduce welfare and food stamp dependency among treatment group members. The Study found that AFDC participants' average post-program 18-month earnings were about $5,200; average hours worked over that 18-month period -- a period double the August outline's 9-month standard for WTW -- were 1,072.

Notwithstanding the evidence that this is a hard group to place in better paying jobs, it is also important to keep in mind that TANF permits each State to exempt from time limits 20% of its welfare population, which should mean that the very hardest to employ likely will not be in the WTW population. Finally, as the illustrative tables at Tab A show, at least for the cities, the actual number of individuals that need to be placed to generate a performance grant in WTW is fairly modest, again suggesting that a more ambitious success measure is feasible.

The workgroup also determined that there is no administrative record series that tracks post-program hours worked. To do so would require a costly follow-up reporting system for each grantee. Quarterly Unemployment Insurance (UI) wage record data is available in each State and offers an objective way to document the earnings of individuals for whom performance payments are claimed. Therefore, an earnings standard -- rather than an hours worked standard -- would be adopted for WTW.

DESIGN ISSUE #3: Definition of earnings success for performance payments.

The work group suggests a policy goal that can be argued as "economic self-sufficiency" for long-term welfare recipients. It is exploring approaches linked rhetorically to the President's 1993 EITC and minimum wage goals.

In 1993, the President's Earned Income Tax Credit (EITC) and minimum wage policy goal was for levels that, when combined with Food Stamps, provided income sufficient for a female-headed family of three (the typical long-term welfare family) to escape poverty. At the 1996 poverty threshold for a family of three of $12,980, the "Minimum Wage + EITC + Food Stamps > Poverty" standard requires only 30 hours of work per week, or about 1,500 hours annually, for actual earnings of $7,725.

WTW could define its "self-sufficiency" earnings goal as --

- Option A: Wages + EITC > Poverty, excluding Food Stamp benefits from the calculation because they are another form of dependency. This would require annual earnings of about $10,300, or $5.15 per hour (the 1998 minimum wage) for a 2,000 hour job. Or,

- Option B: Wages + EITC > 130% Poverty. This option uses the standard that takes a family above the qualifying level for free lunch, or 130% of poverty. This formulation would require annual earnings of about $14,600, or $7.30 per hour for a 2,000 hour job.

Analysis is needed to determine whether Option B places the success goal so far out of reach as to be unrealistic, even in light of the 20% exemption and the modest job targets generated by the funding structure. Some effort in this direction, however, is desirable to justify the spending program and demonstrate that it is achieving something not otherwise likely to occur.

(F) Jobs for which WTW performance payments can be made

The workgroup generally agreed that WTW performance payments should be made only for jobs that are unsubsidized (except by WOTC) and that result in the requisite earnings level. (See also the discussion below on Use of Funds for consideration of whether WTW funds should support workfare or other forms of job subsidy, without regard to the basis on which performance payments are made.)

It should be noted that some Administration rhetoric since August could lead some to believe that WTW performance payments are for subsidizing private sector jobs. While WTW funds may certainly be used for this purpose (e.g., in the America Works approach), to make the performance payment for time spent in such jobs would be premature: there would be no basis for determining if the individual had really achieved a degree of independence and earnings. Permitting WTW performance payments for jobs for which employers are claiming WOTC should be the maximum degree of subsidization allowed.

Some in the workgroup and elsewhere have argued that especially in areas of local recession, WTW should make performance payments for subsidized jobs. Given how few jobs are needed to satisfy WTW requirements (see Tables at Tab A), this does not seem necessary. TANF and other funds can and will support workfare and subsidized jobs in any case. WTW performance payments should focus on an individual achieving employment status outside the welfare system.

The work group was, however, sharply divided over the question of paying performance grants for unsubsidized jobs in the public sector. The August design stressed private sector jobs but did not explicitly address whether performance payments could be made for regular, unsubsidized jobs in Federal, State, or local government. As the attached table (Tab B) notes, public jobs make up 15 to 25 percent of the job opportunities in most local labor markets, more in a few places. On the other hand, public agencies are not eligible for the WOTC and most employment growth is occurring in the private, not the public sector, so it is likely that most WTW job placements will be in the private sector. Paying off for public jobs could also raise the specter of the much-maligned CETA public service employment program.

DESIGN ISSUE #4: Performance payments for public jobs

The choices range from no public jobs, through a cap on public jobs, to total local discretion.

- Option A: No payments for public jobs. A complete bar on performance payments for such jobs. This may present difficulties in areas of high public employment.

- Option B: Cap on payments for public jobs. This could be an arbitrary cap, such as 10%, or a limitation based on the presence of public jobs in the local labor market: if the local labor market has 15% of its total employment in the public sector, only 15% of the jobs qualifying for performance payments could be in the public sector.

- Option C: No limit on payments for public jobs. Complete State and city discretion.

It is difficult to craft a credible argument that jobs in the public sector are somehow not real or appropriate jobs for long-term welfare recipients. Allowing public job placements to count does not necessarily weaken the private sector emphasis of the program, or somehow make it like CETA, though this criticism will be made. The issue of whether WTW is more like CETA with all is perceived faults, is more likely to arise with the use of WTW funds, as discussed below, not the basis upon which performance payments are made. If there has to be some limitation, doing it with reference to the share of public jobs in the area is defensible.

(G) Application process

- Process. States and eligible cities submit a plan at the same time to the Secretary, at a time and in the manner designated by the Secretary, for their share of the formula grant funds. Initial applications would be for the full program period (3 years of annual formula grants, plus the additional time needed to meet the job retention goal) with annual reporting, updates, and plan amendments. Plans would be modified by grantees as necessary, in accord with procedures the Secretary determines.

- Satisfactory progress. Grantees will be required to show satisfactory progress toward their jobs goal in order to receive second- and third-year formula grants. Failure to show such progress will result in required plan modification and, at the discretion of the Secretary, could lead to a reallocation of funds to other grantees with a greater likelihood of success.

- Public comment. Applications must be made available for public comment prior to admission to the Secretary. The final submission will indicate what public comments were received, and how they are reflected in the plan.

(H) Plan content

- Linkages and leveraging of resources. How the resources from State TANF, Child Care and Development Block Grant, JTPA, Work Opportunities Tax Credit (WOTC) and other sources will be used to help achieve the jobs goal.

- Stakeholder participation. How the TANF administering entity, the private sector, community-based organizations, labor representatives, EZ/EC plans, CDFI grantees, JTPA service delivery areas, educational institutions, the Employment Service, and other job training and placement entities and economic development activities have been brought together to plan the WTW activities, and how their participation will help achieve the jobs goal through use of their financial or in-kind resources, hiring commitments, or in other ways.

- Labor protections. How the job placements generated by WTW funds will be covered by the Fair Labor Standards Act and other labor protection laws, and will satisfy the nondisplacement, nondiscrimination, and wages and working conditions provisions of sections 142 through 144, and 167(a)(1) and (2) of the Job Training Partnership Act, as amended, and the additional labor protections included in the Administration's Work and Responsibility Act (see language at Tab C).

  Labor Department policy officials believe the language meets organized labor concerns.

  - Organized labor would welcome a requirement that would extend the labor protections described above to any programs (especially TANF) that grantees use in conjunction with WTW Jobs funds. However, such an extension could have the unintended effects of discouraging the merging of WTW and TANF funds and creating separate tracking of funds to avoid the additional labor protections.

- Job placements. The number of projected job placements consistent with the share of funds, and how these placements will occur in jobs that can be expected to continue after the retention period has expired.

(I) The relationship of the city to the State

Mayors of the largest cities will receive WTW Jobs funds directly and "control" their expenditure. At the same time, WTW funds must, to have a chance of being effective, be deployed locally in a manner that is fully consistent with State TANF and child care plans and spending. Under TANF, it is the State which is responsible for the welfare population, although States may devolve significant control to lower levels of government -- mainly counties. It is therefore not possible to give mayors totally independent control over WTW and still hope to have a successful program.

DESIGN ISSUE #5: Mayoral control

To balance mayoral control with necessary State coordination, the workgroup considered three options for local plan approval and funding arrangements.

- Option A: Consultation. Mayors must consult on their plans with Governors, but are not required to incorporate or report to the Secretary any comments received, or to secure Governor approval. This model assures the Governor the opportunity for input, but the degree to which his input is accepted is solely at the discretion of the mayor.

- Option B: Joint responsibility. Mayors must work with Governors to gain their approval prior to plan submission to the Secretary. Cities that could not secure Governor approval of their plans would be ineligible for WTW Funds. Their formula allotment would be reallocated among other eligible applicants in the State, including the Governor. This model maximizes the likelihood of close coordination between TANF and WTW, but at the expense of mayoral independence.

- Option C: Required mayor/governor interaction. A step-by-step process: (1) Mayors would develop their plans with Governors in whatever manner the two players work out. (2) The mayor's plan would, "to the greatest extent feasible," reflect Governor views in the plan. (3) If mayors cannot reach initial agreement with the Governor, they would be required to attach the Governor's comments to the application to the Secretary and to explain the areas of disagreement to the Secretary. (4) The Secretary could return the plan to the mayor to ask for additional explanation. (5) The Secretary could suggest alternatives to the mayor and the Governor, to help obtain a mutually satisfactory plan. (6) In the end, the mayor's preferences control. This model maximizes the opportunity for the mayor and Governor to work out their differences, but retains ultimate mayoral control.

The workgroup believes the third option strikes an appropriate balance between local control and the imperative of consistency with Statewide TANF strategies.

(J) Federal plan approval

As with virtually all Federal grants to States and cities, there needs to be a Federally-accepted plan upon which Federal funds flow to grantees. Federal programs offer a range of options for the degree to which the Government exercises control over the content of the grantee's plan as a condition for receipt of funds.

DESIGN ISSUE #6: The Federal role in WTW plan approval.

The workgroup identified two primary options for the Federal role, the TANF model and the JTPA model.

Option A: TANF model. Under TANF, the Federal role is limited to checking for completeness; guidance and oversight are minimal. The burden of design adequacy rests with the State. Funds are not conditioned on the quality of the plan or its likelihood of success, as judged by the Federal government.

Option B: JTPA model. In JTPA and many other Federal programs, the Federal government plays a more substantive role. With limited funds available to achieve the stated purpose, the Federal government is presumed to have a stake in, and expertise in, determining what approaches most effectively satisfy the requirements of the program statute. Under this approach, the Secretary would approve plan applications based on a "reasonable expectation of success."

Because WTW Jobs rewards activities primarily financed under TANF, departing from the "de minimus" TANF role would be difficult to justify, even though the JTPA model is more the Federal norm. Because the Secretary withholds 25 percent of WTW Jobs funds, the Federal leverage to encourage good performance is inherent in the WTW design, without regard to the plan approval process. Arguably, the carefully specified plan content requirements (above), coupled with full payment only for the showing of performance, can ensure accountability for WTW Jobs funds without a more meticulous plan approval process. It is likely, however, that a TANF-like approach will be criticized by some for failing to provide effective Federal oversight.

(K) Use of funds

States and localities are generally free to devise whatever program plan they choose, provided their plan makes clear that the result will be successful placement in jobs qualifying for the performance grant, up to the level determined in the formula allocation. In addition, three broad types of activities would be cited. They include:

(1) Proven models of job creation and placement. WTW may replicate programs which various localities have used successfully to place highly disadvantaged individuals.

(2) Jobs in expanded child care, through creation of jobs for eligible individuals in expanded community-based child care centers and other sources of affordable child care.

(3) Jobs created through cleaning up and rebuilding communities. Creation of jobs through environmental clean up, such as under Brownfields programs, and resulting economic development; EZ/EC incentives for new job creation in high poverty areas; and housing rehabilitation. Housing redevelopment programs, such as YouthBuild, also could be part of local community plans for these activities.

Applicants would be asked to show how they have provided for the use of voucher strategies that permit some or all of the eligible population to select or participate in selection of service options or service providers.

The most sensitive issue for use of funds is whether they may support workfare or other forms of job subsidization in the public sector. This issue is the forum for determining whether WTW is open to attack for being CETA in another guise.

DESIGN ISSUE #7: Use of WTW funds for workfare and subsidized public sector jobs.

The August outline is clear that the purpose of the program is to help create job opportunities in the private and non-profit sectors and that States and localities "would be granted maximum flexibility to develop job creation strategies -- including, where appropriate, in the public sector." While the language is ambiguous about using WTW funds specifically for "workfare," there was general (but not unanimous) agreement that WTW funds should not be used for workfare. In contrast, if "workfare" jobs are something local areas believe are warranted or necessary to prepare long-term welfare recipients for work, it might harm WTW's chances of success to bar its use for this purpose, even though TANF resources are already available for that purpose.

- Option A: Prohibit use of WTW funds for workfare or subsidized public jobs.

- Option B: Complete local discretion.

The issue here is not whether workfare or public jobs subsidization are valuable employability development tools, but rather whether WTW funds should be available for that purpose in addition to TANF and other funds. The key for WTW is the performance payment for regular, lasting employment, not the manner in which a long-term welfare recipient acquired the skills and knowledge needed to get and hold such a job. On the other hand, using WTW for workfare raises the unwelcome CETA issue. TANF already permits the use of its funds for such purpose.

(L) Accountability and evaluation

- The basic design of WTW -- rewarding only success -- ensures grantee accountability. It is also essential that the Federal government, and the States and cities, learn which WTW strategies work best, in what situations.

- WTW will require periodic reports from each grantee on progress toward meeting the plan goals, with analysis of successes and problems. In addition, the Secretary will establish an on-going evaluation capability that will establish baseline data at the outset and permit an assessment of whether the WTW strategy is working during its second and third years, and an overall assessment of its net impact on the long-term welfare population.

- The authorization for appropriations for WTW ends after the third year, in order to make clear that the decision on whether to seek additional appropriations beyond the initial $3 billion should turn on whether this program design has proved successful.

(M) Administering agency

The WTW workgroup did not address the issue of which Federal agency should be the lead administering entity for WTW Jobs. This issue was deferred in August. The discussion below is divided into two issues: 8(a), HHS or DOL; and 8(b) interaction between DOL and HHS, should one or the other be designated lead.

<u>DESIGN ISSUE #8</u>: **Federal administration**

8(a) Should HHS or Labor administer WTW?

OMB offers the following summary of this issue.

HHS and DOL can each make a strong case for assuming administrative responsibility. As administrator of TANF, HHS remains the principal source to the States on welfare policy. Administrative ease and efficiency, extensive knowledge of the welfare population, and the complex interactions between TANF and WTW's multiple sanctions and rewards, argue for a lead role for HHS in WTW Jobs.

On the other hand, DOL has a proven track record of working for decades with low-income adults; currently 35 percent of JTPA title II-A participants are AFDC recipients. Like WTW, JTPA stresses employment outcomes through a system of performance standards. JTPA also has strong ties to mayors, county commissioners, and local employers through its 600 business-led Private Industry Councils.

- Option A: DOL lead.

- Option B: HHS lead.

If DOL has the lead, States would deplore answering to two federal bureaucracies -- DOL for WTW and HHS for TANF -- as they administer their complementary, commingled welfare funds. Mayors would likely gladly accept DOL as lead agency for the WTW funds since they work with DOL on JTPA and have for many years.

It is possible to defer this issue past the Budget database lock in early January, by including in the Budget an "allowance" of $750 million in FY 1998 and $3 billion for FY 1998-2000 (plus administrative costs) that is not assigned to either agency. However, deferring this issue means losing the ability for the administering agency to work actively with key Congressional members to obtain the legislation and FY 1998 appropriation.

8(b) Interaction between HHS and Labor

Regardless of which agency has the lead, the programmatic interaction between TANF and WTW requires a close working relationship between HHS and DOL. This relationship could take various forms. Primary options are:

Option A: Consultation. Under this option, the lead agency would, by statute, be required to consult with the other agency on all aspects of WTW program administration, and its interaction with TANF. At a minimum, consultation would occur on standards for WTW plan content, review and approval of applications, progress reports, corrective action or funding reallocation, and the design and conduct of the evaluation. This option would provide a formal participatory role for the other agency, but ensure a clear line of responsibility to the lead agency.

Option B: Joint approval. Under this option, HHS and Labor would jointly administer WTW. This option would adapt the model included in the Clinton Administration's School-to-Work (STW) Opportunities Act, in which the Secretaries of Education and Labor "jointly provide for, and exercise final authority over, the administration of the Act" and have final authority to jointly issue whatever procedures, guidelines, and regulations the Secretaries consider necessary and appropriate to administer and enforce the Act. To avoid some of the complexity of STW, funds would be requested only in the lead Department, and the joint STW staffing pattern would not be followed. While this option is more complex than the consultation model, it ensures the administrative and policy strengths of both agencies will be brought to bear on WTW.

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POVERTY LEVELS, RATES AND RANKS

(Places of at least 100,000; 1990 Census)

		150 Cities and 50 States					100 Cities and 50 States				
	Persons in Poverty	Share of $1 B ($ in 000)	Jobs	Annual Allocation Based on $750 M	Share of $3 B ($ in 000)	Jobs	Share of $1 B ($ in 000)	Jobs	Annual Allocation Based on $750 M	Share of $3 B ($ in 000)	Jobs
City U.S. Total..........................	31,699,669						30,692,487				
Rank Cities	10,496,370				$993,358	331,119	9,489,188			$927,509	309,170
1 New York city	1,384,994	$43,691	14,564	$32,768	$131,073	43,691	$45,125	15,042	$33,844	$135,375	45,125
2 Los Angeles city	643,809	$20,310	6,770	$15,232	$60,929	20,310	$20,976	6,992	$15,732	$62,928	20,976
3 Chicago city	592,298	$18,685	6,228	$14,014	$56,054	18,685	$19,298	6,433	$14,473	$57,893	19,298
4 Houston city	332,974	$10,504	3,501	$7,878	$31,512	10,504	$10,849	3,616	$8,137	$32,546	10,849
5 Detroit city	328,467	$10,362	3,454	$7,771	$31,086	10,362	$10,702	3,567	$8,026	$32,106	10,702
6 Philadelphia city	313,374	$9,886	3,295	$7,414	$29,657	9,886	$10,210	3,403	$7,658	$30,630	10,210
7 San Antonio city	207,161	$6,535	2,178	$4,901	$19,605	6,535	$6,750	2,250	$5,062	$20,249	6,750
8 Dallas city	177,790	$5,609	1,870	$4,206	$16,826	5,609	$5,793	1,931	$4,344	$17,378	5,793
9 Baltimore city	156,284	$4,930	1,643	$3,698	$14,790	4,930	$5,092	1,697	$3,819	$15,276	5,092
10 New Orleans city	152,042	$4,796	1,599	$3,597	$14,389	4,796	$4,954	1,651	$3,715	$14,861	4,954
11 San Diego city	142,382	$4,492	1,497	$3,369	$13,475	4,492	$4,639	1,546	$3,479	$13,917	4,639
12 Cleveland city	142,217	$4,486	1,495	$3,365	$13,459	4,486	$4,634	1,545	$3,475	$13,901	4,634
13 Phoenix city	137,406	$4,335	1,445	$3,251	$13,004	4,335	$4,477	1,492	$3,358	$13,431	4,477
14 Memphis city	136,123	$4,294	1,431	$3,221	$12,882	4,294	$4,435	1,478	$3,326	$13,305	4,435
15 Milwaukee city	135,583	$4,277	1,426	$3,208	$12,831	4,277	$4,417	1,472	$3,313	$13,252	4,417
16 El Paso city	128,886	$4,066	1,355	$3,049	$12,198	4,066	$4,199	1,400	$3,149	$12,598	4,199
17 Miami city	109,594	$3,457	1,152	$2,593	$10,372	3,457	$3,571	1,190	$2,678	$10,712	3,571
18 Columbus city	105,494	$3,328	1,109	$2,496	$9,984	3,328	$3,437	1,146	$2,578	$10,311	3,437
19 Atlanta city	102,364	$3,229	1,076	$2,422	$9,688	3,229	$3,335	1,112	$2,501	$10,005	3,335
20 Boston city	102,092	$3,221	1,074	$2,415	$9,662	3,221	$3,326	1,109	$2,495	$9,979	3,326
21 District of Columbia	96,278	$3,037	1,012	$2,278	$9,112	3,037	$3,137	1,046	$2,353	$9,411	3,137
22 St. Louis city	95,271	$3,005	1,002	$2,254	$9,016	3,005	$3,104	1,035	$2,328	$9,312	3,104
23 San Francisco city	90,019	$2,840	947	$2,130	$8,519	2,840	$2,933	978	$2,200	$8,799	2,933
24 Indianapolis city (remainder)	89,831	$2,834	945	$2,125	$8,501	2,834	$2,927	976	$2,195	$8,780	2,927
25 Cincinnati city	85,319	$2,691	897	$2,019	$8,074	2,691	$2,780	927	$2,085	$8,339	2,780
26 Fresno city	83,108	$2,622	874	$1,966	$7,865	2,622	$2,708	903	$2,031	$8,123	2,708
27 Buffalo city	81,601	$2,574	858	$1,931	$7,723	2,574	$2,659	886	$1,994	$7,976	2,659
28 Austin city	80,369	$2,535	845	$1,901	$7,606	2,535	$2,619	873	$1,964	$7,856	2,619
29 Jacksonville city (remainder)	80,016	$2,524	841	$1,893	$7,573	2,524	$2,607	869	$1,955	$7,821	2,607
30 Tucson city	79,287	$2,501	834	$1,876	$7,504	2,501	$2,583	861	$1,937	$7,750	2,583
31 Denver city	78,515	$2,477	826	$1,858	$7,431	2,477	$2,558	853	$1,919	$7,674	2,558
32 Fort Worth city	75,597	$2,385	795	$1,789	$7,154	2,385	$2,463	821	$1,847	$7,389	2,463
33 Pittsburgh city	75,172	$2,371	790	$1,779	$7,114	2,371	$2,449	816	$1,837	$7,348	2,449
34 San Jose city	71,676	$2,261	754	$1,696	$6,783	2,261	$2,335	778	$1,751	$7,006	2,335
35 Newark city	70,702	$2,230	743	$1,673	$6,691	2,230	$2,304	768	$1,728	$6,911	2,304
36 Long Beach city	69,694	$2,199	733	$1,649	$6,596	2,199	$2,271	757	$1,703	$6,812	2,271

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POVERTY LEVELS, RATES AND RANKS

(Places of at least 100,000; 1990 Census)

			150 Cities and 50 States					100 Cities and 50 States				
		Persons in Poverty	Share of $1 B ($ in 000)	Jobs	Annual Allocation Based on $750 M	Share of $3 B ($ in 000)	Jobs	Share of $1 B ($ in 000)	Jobs	Annual Allocation Based on $750 M	Share of $3 B ($ in 000)	Jobs
37	Oklahoma City city	69,096	$2,180	727	$1,635	$6,539	2,180	$2,251	750	$1,688	$6,754	2,251
38	Oakland city	68,781	$2,170	723	$1,627	$6,509	2,170	$2,241	747	$1,681	$6,723	2,241
39	Minneapolis city	65,556	$2,068	689	$1,551	$6,204	2,068	$2,136	712	$1,602	$6,408	2,136
40	Kansas City city	65,381	$2,063	688	$1,547	$6,188	2,063	$2,130	710	$1,598	$6,391	2,130
41	Birmingham city	64,572	$2,037	679	$1,528	$6,111	2,037	$2,104	701	$1,578	$6,312	2,104
42	Nashville-Davidson (remaindr)	62,497	$1,972	657	$1,479	$5,915	1,972	$2,036	679	$1,527	$6,109	2,036
43	Toledo city	62,426	$1,969	656	$1,477	$5,908	1,969	$2,034	678	$1,525	$6,102	2,034
44	Sacramento city	62,232	$1,963	654	$1,472	$5,890	1,963	$2,028	676	$1,521	$6,083	2,028
45	Portland city	62,058	$1,958	653	$1,468	$5,873	1,958	$2,022	674	$1,516	$6,066	2,022
46	Seattle city	61,681	$1,946	649	$1,459	$5,837	1,946	$2,010	670	$1,507	$6,029	2,010
47	Louisville city	59,144	$1,866	622	$1,399	$5,597	1,866	$1,927	642	$1,445	$5,781	1,927
48	Baton Rouge city	54,669	$1,725	575	$1,293	$5,174	1,725	$1,781	594	$1,336	$5,344	1,781
49	Tulsa city	53,768	$1,696	565	$1,272	$5,089	1,696	$1,752	584	$1,314	$5,255	1,752
50	Albuquerque city	52,903	$1,669	556	$1,252	$5,007	1,669	$1,724	575	$1,293	$5,171	1,724
51	Tampa city	52,557	$1,658	553	$1,243	$4,974	1,658	$1,712	571	$1,284	$5,137	1,712
52	Rochester city	52,237	$1,648	549	$1,236	$4,944	1,648	$1,702	567	$1,276	$5,106	1,702
53	Santa Ana city	51,835	$1,635	545	$1,226	$4,906	1,635	$1,689	563	$1,267	$5,067	1,689
54	Corpus Christi city	50,525	$1,594	531	$1,195	$4,782	1,594	$1,646	549	$1,235	$4,939	1,646
55	Shreveport city	49,215	$1,553	518	$1,164	$4,658	1,553	$1,603	534	$1,203	$4,810	1,603
56	Dayton city	46,480	$1,466	489	$1,100	$4,399	1,466	$1,514	505	$1,136	$4,543	1,514
57	Laredo city	45,126	$1,424	475	$1,068	$4,271	1,424	$1,470	490	$1,103	$4,411	1,470
58	Akron city	44,544	$1,405	468	$1,054	$4,216	1,405	$1,451	484	$1,088	$4,354	1,451
59	St. Paul city	44,115	$1,392	464	$1,044	$4,175	1,392	$1,437	479	$1,078	$4,312	1,437
60	Stockton city	43,990	$1,388	463	$1,041	$4,163	1,388	$1,433	478	$1,075	$4,300	1,433
61	Norfolk city	43,944	$1,386	462	$1,040	$4,159	1,386	$1,432	477	$1,074	$4,295	1,432
62	Jackson city	43,216	$1,363	454	$1,022	$4,090	1,363	$1,408	469	$1,056	$4,224	1,408
63	Mobile city	42,838	$1,351	450	$1,014	$4,054	1,351	$1,396	465	$1,047	$4,187	1,396
64	Jersey City city	42,539	$1,342	447	$1,006	$4,026	1,342	$1,386	462	$1,039	$4,158	1,386
65	Charlotte city	42,312	$1,335	445	$1,001	$4,004	1,335	$1,379	460	$1,034	$4,136	1,379
66	Flint city	42,218	$1,332	444	$999	$3,995	1,332	$1,376	459	$1,032	$4,127	1,376
67	Omaha city	41,357	$1,305	435	$978	$3,914	1,305	$1,347	449	$1,011	$4,042	1,347
68	Richmond city	40,103	$1,265	422	$949	$3,795	1,265	$1,307	436	$980	$3,920	1,307
69	Wichita city	37,321	$1,177	392	$883	$3,532	1,177	$1,216	405	$912	$3,648	1,216
70	Hartford city	36,397	$1,148	383	$861	$3,445	1,148	$1,186	395	$889	$3,558	1,186
71	San Bernardino city	36,174	$1,141	380	$856	$3,423	1,141	$1,179	393	$884	$3,536	1,179
72	Lubbock city	34,593	$1,091	364	$818	$3,274	1,091	$1,127	376	$845	$3,381	1,127
73	Syracuse city	34,402	$1,085	362	$814	$3,256	1,085	$1,121	374	$841	$3,363	1,121
74	Providence city	34,120	$1,076	359	$807	$3,229	1,076	$1,112	371	$834	$3,335	1,112

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POVERTY LEVELS, RATES AND RANKS

(Places of at least 100,000; 1990 Census)

			150 Cities and 50 States						100 Cities and 50 States				
		Persons in Poverty	Share of $1 B ($ in 000)	Jobs	Annual Allocation Based on $750 M	Share of $3 B ($ in 000)	Jobs	Share of $1 B ($ in 000)	Jobs	Annual Allocation Based on $750 M	Share of $3 B ($ in 000)	Jobs
75	Gary city	33,964	$1,071	357	$804	$3,214	1,071	$1,107	369	$830	$3,320	1,107
76	Hialeah city	33,830	$1,067	356	$800	$3,202	1,067	$1,102	367	$827	$3,307	1,102
77	Montgomery city	32,778	$1,034	345	$776	$3,102	1,034	$1,068	356	$801	$3,204	1,068
78	Knoxville city	32,189	$1,015	338	$762	$3,046	1,015	$1,049	350	$787	$3,146	1,049
79	Columbus city (remainder)	31,811	$1,004	335	$753	$3,011	1,004	$1,036	345	$777	$3,109	1,036
80	St. Petersburg city	31,475	$993	331	$745	$2,979	993	$1,025	342	$769	$3,076	1,025
81	Springfield city	30,241	$954	318	$715	$2,862	954	$985	328	$739	$2,956	985
82	Lexington-Fayette	30,108	$950	317	$712	$2,849	950	$981	327	$736	$2,943	981
83	Colorado Springs city	29,973	$946	315	$709	$2,837	946	$977	326	$732	$2,930	977
84	Honolulu CDP	29,873	$942	314	$707	$2,827	942	$973	324	$730	$2,920	973
85	Spokane city	29,863	$942	314	$707	$2,826	942	$973	324	$730	$2,919	973
86	Savannah city	29,854	$942	314	$706	$2,825	942	$973	324	$730	$2,918	973
87	East Los Angeles CDP	29,355	$926	309	$695	$2,778	926	$956	319	$717	$2,869	956
88	Grand Rapids city	29,103	$918	306	$689	$2,754	918	$948	316	$711	$2,845	948
89	Las Vegas city	29,084	$917	306	$688	$2,752	917	$948	316	$711	$2,843	948
90	Madison city	28,640	$903	301	$678	$2,710	903	$933	311	$700	$2,799	933
91	Tacoma city	28,632	$903	301	$677	$2,710	903	$933	311	$700	$2,799	933
92	Anaheim city	27,933	$881	294	$661	$2,644	881	$910	303	$683	$2,730	910
93	Mesa city	27,007	$854	285	$641	$2,563	854	$883	294	$662	$2,648	883
94	Chattanooga city	26,803	$846	282	$634	$2,537	846	$873	291	$655	$2,620	873
95	Kansas City city	26,433	$834	278	$625	$2,502	834	$861	287	$646	$2,584	861
96	Riverside city	26,280	$829	276	$622	$2,487	829	$856	285	$642	$2,569	856
97	Amarillo city	26,058	$822	274	$617	$2,466	822	$849	283	$637	$2,547	849
98	Bakersfield city	25,782	$813	271	$610	$2,440	813	$840	280	$630	$2,520	840
99	Paterson city	25,677	$810	270	$608	$2,430	810	$837	279	$627	$2,510	837
100	Salt Lake City city	25,651	$809	270	$607	$2,428	809	$836	279	$627	$2,507	836
101	Tallahassee city	25,518	$805	268	$604	$2,415	805					
102	Glendale city	25,484	$804	268	$603	$2,412	804					
103	New Haven city	25,481	$804	268	$603	$2,411	804					
104	Little Rock city	25,193	$795	265	$596	$2,384	795					
105	Macon city	25,178	$794	265	$596	$2,383	794					
106	Fort Lauderdale city	24,793	$782	261	$587	$2,346	782					
107	Lansing city	24,513	$773	258	$580	$2,320	773					
108	Worcester city	24,228	$764	255	$573	$2,293	764					
109	Des Moines city	24,137	$761	254	$571	$2,284	761					
110	Orlando city	23,797	$751	250	$563	$2,252	751					
111	Pomona city	23,648	$746	249	$560	$2,238	746					
112	Beaumont city	23,494	$741	247	$556	$2,223	741					

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POVERTY LEVELS, RATES AND RANKS

(Places of at least 100,000; 1990 Census)

			150 Cities and 50 States					100 Cities and 50 States				
		Persons in Poverty	Share of $1 B ($ in 000)	Jobs	Annual Allocation Based on $750 M	Share of $3 B ($ in 000)	Jobs	Share of $1 B ($ in 000)	Jobs	Annual Allocation Based on $750 M	Share of $3 B ($ in 000)	Jobs
113	Bridgeport city	23,463	$740	247	$555	$2,220	740					
114	El Monte city	23,446	$740	247	$555	$2,219	740					
115	Springfield city	23,223	$733	244	$549	$2,198	733					
116	Newport News city	23,169	$731	244	$548	$2,193	731					
117	Raleigh city	22,942	$724	241	$543	$2,171	724					
118	Virginia Beach city	22,307	$704	235	$528	$2,111	704					
119	Arlington city	21,272	$671	224	$503	$2,013	671					
120	Modesto city	20,930	$660	220	$495	$1,981	660					
121	Winston-Salem city	20,713	$653	218	$490	$1,960	653					
122	Lincoln city	20,521	$647	216	$486	$1,942	647					
123	Peoria city	20,516	$647	216	$485	$1,942	647					
124	Yonkers city	20,436	$645	215	$484	$1,934	645					
125	Greensboro city	20,214	$638	213	$478	$1,913	638					
126	Erie city	20,192	$637	212	$478	$1,911	637					
127	Fort Wayne city	19,531	$616	205	$462	$1,848	616					
128	Durham city	19,163	$605	202	$453	$1,814	605					
129	Pasadena city	19,043	$601	200	$451	$1,802	601					
130	Tempe city	18,603	$587	196	$440	$1,761	587					
131	Eugene city	18,170	$573	191	$430	$1,720	573					
132	Rockford city	18,127	$572	191	$429	$1,716	572					
133	Huntsville city	18,093	$571	190	$428	$1,712	571					
134	Portsmouth city	17,920	$565	188	$424	$1,696	565					
135	Ontario city	17,853	$563	188	$422	$1,690	563					
136	Evansville city	17,812	$562	187	$421	$1,686	562					
137	Inglewood city	17,806	$562	187	$421	$1,685	562					
138	Oxnard city	17,608	$555	185	$417	$1,666	555					
139	Elizaberh city	17,451	$551	184	$413	$1,652	551					
140	Glendale city	16,756	$529	176	$396	$1,586	529					
141	Pasadena city	16,724	$528	176	$396	$1,583	528					
142	Salinas city	16,652	$525	175	$394	$1,576	525					
143	Aurora city	16,288	$514	171	$385	$1,541	514					
144	Irving city	16,209	$511	170	$383	$1,534	511					
145	Anchorage city	15,614	$493	164	$369	$1,478	493					
146	Reno city	15,085	$476	159	$357	$1,428	476					
147	South Bend city	14,854	$469	156	$351	$1,406	469					
148	Garden Grove city	14,652	$462	154	$347	$1,387	462					
149	Topeka city	14,292	$451	150	$338	$1,353	451					
150	Garland city	14,062	$444	148	$333	$1,331	444					

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POVERTY LEVELS, RATES AND RANKS

(Places of at least 100,000; 1990 Census)

State Rank		Persons in Poverty	150 Cities and 50 States: Share of $1 B ($ in 000)	Jobs	Annual Allocation Based on $750 M	Share of $3 B ($ in 000)	Jobs	100 Cities and 50 States: Share of $1 B ($ in 000)	Jobs	Annual Allocation Based on $750 M	Share of $3 B ($ in 000)	Jobs
	States/Balance of States (BOS)	21,203,299				$2,006,642	668,881				$2,072,490	690,830
1	California BOS	1,957,413	$61,749	20,583	$46,312	$185,246	61,749	$63,775	21,258	$47,831	$191,325	63,775
2	Texas BOS	1,749,675	$55,195	18,398	$41,397	$165,586	55,195	$57,007	19,002	$42,755	$171,020	57,007
3	Florida BOS	1,222,606	$38,568	12,856	$28,926	$115,705	38,568	$39,834	13,278	$29,876	$119,502	39,834
4	Pennsylvania BOS	874,891	$27,599	9,200	$20,700	$82,798	27,599	$28,505	9,502	$21,379	$85,515	28,505
5	Ohio BOS	839,288	$26,476	8,825	$19,857	$79,429	26,476	$27,345	9,115	$20,509	$82,035	27,345
6	Michigan BOS	766,397	$24,177	8,059	$18,133	$72,530	24,177	$24,970	8,323	$18,728	$74,911	24,970
7	Louisiana BOS	711,076	$22,432	7,477	$16,824	$67,295	22,432	$23,168	7,723	$17,376	$69,503	23,168
8	Georgia BOS	704,514	$22,225	7,408	$16,668	$66,674	22,225	$22,954	7,651	$17,215	$68,862	22,954
9	North Carolina BOS	704,514	$22,225	7,408	$16,668	$66,674	22,225	$22,954	7,651	$17,215	$68,862	22,954
10	New York BOS	703,626	$22,197	7,399	$16,647	$66,590	22,197	$22,925	7,642	$17,194	$68,775	22,925
11	Illinois BOS	677,978	$21,388	7,129	$16,041	$64,163	21,388	$22,089	7,363	$16,567	$66,268	22,089
12	Kentucky BOS	592,575	$18,693	6,231	$14,020	$56,080	18,693	$19,307	6,436	$14,480	$57,921	19,307
13	Mississippi BOS	587,813	$18,543	6,181	$13,907	$55,630	18,543	$19,152	6,384	$14,364	$57,455	19,152
14	Alabama BOS	565,333	$17,834	5,945	$13,376	$53,502	17,834	$18,419	6,140	$13,814	$55,258	18,419
15	South Carolina State (no cities)	517,793	$16,334	5,445	$12,251	$49,003	16,334	$16,870	5,623	$12,653	$50,611	16,870
16	Tennessee BOS	487,329	$15,373	5,124	$11,530	$46,120	15,373	$15,878	5,293	$11,908	$47,633	15,878
17	Missouri BOS	479,200	$15,117	5,039	$11,338	$45,351	15,117	$15,613	5,204	$11,710	$46,839	15,613
18	Virginia BOS	450,337	$14,206	4,735	$10,655	$42,619	14,206	$14,673	4,891	$11,004	$44,018	14,673
19	New Jersey BOS	416,783	$13,148	4,383	$9,861	$39,444	13,148	$13,579	4,526	$10,184	$40,738	13,579
20	Indiana BOS	415,452	$13,106	4,369	$9,829	$39,318	13,106	$13,536	4,512	$10,152	$40,608	13,536
21	Arkansas BOS	411,896	$12,994	4,331	$9,745	$38,981	12,994	$13,420	4,473	$10,065	$40,260	13,420
22	Washington BOS	397,757	$12,548	4,183	$9,411	$37,643	12,548	$12,959	4,320	$9,720	$38,878	12,959
23	Oklahoma BOS	386,990	$12,208	4,069	$9,156	$36,624	12,208	$12,609	4,203	$9,456	$37,826	12,609
24	Massachusetts BOS	362,778	$11,444	3,815	$8,583	$34,333	11,444	$11,820	3,940	$8,865	$35,459	11,820
25	West Virginia State (no cities)	345,093	$10,886	3,629	$8,165	$32,659	10,886	$11,244	3,748	$8,433	$33,731	11,244
26	Wisconsin BOS	344,322	$10,862	3,621	$8,147	$32,586	10,862	$11,218	3,739	$8,414	$33,655	11,218
27	Minnesota BOS	325,660	$10,273	3,424	$7,705	$30,820	10,273	$10,610	3,537	$7,958	$31,831	10,610
28	Arizona BOS	285,223	$8,998	2,999	$6,748	$26,993	8,998	$9,293	3,098	$6,970	$27,879	9,293
29	Iowa BOS	283,283	$8,936	2,979	$6,702	$26,809	8,936	$9,230	3,077	$6,922	$27,689	9,230
30	Oregon BOS	264,633	$8,348	2,783	$6,261	$25,044	8,348	$8,622	2,874	$6,467	$25,866	8,622
31	New Mexico BOS	253,031	$7,982	2,661	$5,987	$23,946	7,982	$8,244	2,748	$6,183	$24,732	8,244
32	Colorado BOS	250,438	$7,900	2,633	$5,925	$23,701	7,900	$8,160	2,720	$6,120	$24,479	8,160
33	Maryland BOS	229,012	$7,224	2,408	$5,418	$21,673	7,224	$7,461	2,487	$5,596	$22,384	7,461
34	Kansas BOS	196,577	$6,201	2,067	$4,651	$18,604	6,201	$6,405	2,135	$4,804	$19,214	6,405
35	Utah BOS	166,764	$5,261	1,754	$3,946	$15,782	5,261	$5,433	1,811	$4,075	$16,300	5,433

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POVERTY LEVELS, RATES AND RANKS
(Places of at least 100,000; 1990 Census)

		150 Cities and 50 States					100 Cities and 50 States				
	Persons in Poverty	Share of $1 B ($ in 000)	Jobs	Annual Allocation Based on $750 M	Share of $3 B ($ in 000)	Jobs	Share of $1 B ($ in 000)	Jobs	Annual Allocation Based on $750 M	Share of $3 B ($ in 000)	Jobs
36 Connecticut BOS	132,006	$4,164	1,388	$3,123	$12,493	4,164	$4,301	1,434	$3,226	$12,903	4,301
37 Idaho State (no cities)	130,588	$4,120	1,373	$3,090	$12,359	4,120	$4,255	1,418	$3,191	$12,764	4,255
38 Maine State (no cities)	128,466	$4,053	1,351	$3,039	$12,158	4,053	$4,186	1,395	$3,139	$12,557	4,186
39 Montana State (no cities)	124,853	$3,939	1,313	$2,954	$11,816	3,939	$4,068	1,356	$3,051	$12,204	4,068
40 Nebraska BOS	108,738	$3,430	1,143	$2,573	$10,291	3,430	$3,543	1,181	$2,657	$10,628	3,543
41 South Dakota State (no cities)	106,305	$3,354	1,118	$2,515	$10,061	3,354	$3,464	1,155	$2,598	$10,391	3,464
42 North Dakota State (no cities)	88,276	$2,785	928	$2,089	$8,354	2,785	$2,876	959	$2,157	$8,628	2,876
43 Nevada BOS	75,491	$2,381	794	$1,786	$7,144	2,381	$2,460	820	$1,845	$7,379	2,460
44 New Hampshire State (no cities)	69,104	$2,180	727	$1,635	$6,540	2,180	$2,251	750	$1,689	$6,754	2,251
45 Rhode Island BOS	58,550	$1,847	616	$1,385	$5,541	1,847	$1,908	636	$1,431	$5,723	1,908
46 Hawaii BOS	58,535	$1,847	616	$1,385	$5,540	1,847	$1,907	636	$1,430	$5,721	1,907
47 Delaware State (no cities)	56,223	$1,774	591	$1,330	$5,321	1,774	$1,832	611	$1,374	$5,495	1,832
48 Vermont State (no cities)	53,369	$1,684	561	$1,263	$5,051	1,684	$1,739	580	$1,304	$5,216	1,739
49 Wyoming State (no cities)	52,453	$1,655	552	$1,241	$4,964	1,655	$1,709	570	$1,282	$5,127	1,709
50 Alaska BOS	32,292	$1,019	340	$764	$3,056	1,019	$1,052	351	$789	$3,156	1,052

B

Government Share of Total Employment in Selected Metropolitan Areas, 1995

	Total Employment (thousands)	Government Employment (thousands)	Government Share (percent)
New York City	3318.1	541.5	16.3
New York PMSA	3815.6	624.6	16.4
Los Angeles	3762.7	533.8	14.2
Chicago	3908.2	484.9	12.4
Houston	1763.6	242.3	13.7
Detroit	2002.2	225.6	11.3
Philadelphia	676.4	128.5	19.0
Philadelphia PMSA	2178.9	304.1	14.0
San Antonio	620.7	129.7	20.9
Dallas	1600.4	191.6	12.0
Baltimore	407.2	91.1	22.4
Baltimore PMSA	1130.6	209.8	18.6
New Orleans	599.1	103.2	17.2
San Diego	974.9	184.7	18.9
Cleveland	1104.9	141.7	12.8
Phoenix	1216.1	161.3	13.3
Memphis	531.6	79.2	14.9
Milwakee	802.6	89.3	11.1
El Paso	234.8	49.3	21.0
Miami	931.7	133.1	14.3
Columbus	784.4	133.7	17.0
Atlanta	1820.9	248.9	13.7
Boston	1811.1	216.7	12.0
Washington	643.3	254.3	39.5
Washington PMSA	2409.6	611.2	25.4
St. Louis	1246.0	150.7	12.1
San Francisico	914.1	125.4	13.7
Indianapolis	794.2	110.0	13.9
Cincinnati	804.2	101.6	12.6
Fresno	264.9	62.9	23.7
Buffalo	539.1	87.4	16.2
Austin	516.7	128.7	24.9
Jacksonville	480.8	64.5	13.4
Tucson	301.4	65.9	21.9
Denver	982.1	139.4	14.2
Fort Worth	653.5	87.2	13.3
Pittsburg	1052.9	123.6	11.7
San Jose	828.0	86.8	10.5
Newark	930.1	143.0	15.4
Long Beach	(included in Los Angeles)		
Oklahoma City	474.5	101.0	21.3
Oakland	895.6	170.0	19.0
Minneapolis/St. Paul	1542.9	215.9	14.0
Kansas City	863.0	129.4	15.0
Birmingham	442.0	68.2	15.4

	Total Employment (thousands)	Government Employment (thousands)	Government Share (percent)
Nashville	596.9	76.2	12.8
Toledo	308.5	45.9	14.9
Sacramento	589.4	165.6	28.1
Portland	838.7	108.9	13.0
Seattle	1181.1	172.4	14.6
Louisville	527.6	55.3	10.5
Baton Rouge	269.5	57.4	21.3
Tulsa	350.9	41.3	11.8
Alburquerque	323.4	60.7	18.8
Tampa	995.5	130.3	13.1
Rochester	523.1	77.6	14.8
Santa Ana	not available		
Corpus Cristi	145.5	30.8	21.2
Shreveport	163.1	31.8	19.5
Dayton	467.0	72.7	15.6
Laredo	55.6	13.1	23.6
Akron	311.9	46.1	14.8
St. Paul	(included in Minneapolis)		
Stockton	not available		
Norfolk	628.9	137.1	21.8
Jackson	209.8	44.2	21.1
Mobile	209.7	33.8	16.1
Brownsville	92.4	21.5	23.3
Jersey City	237.8	40.0	16.8
Charlotte	711.3	81.2	11.4
Flint	180.5	24.2	13.4
Omaha	372.8	50.2	13.5
Richmond	502.2	98.4	19.6
Wichita	256.1	32.6	12.7
Hartford	585.7	94.6	16.2
San Bernadino	776.0	160.8	20.7
Lubbock	107.4	23.5	21.9
Syracuse	332.1	59.9	18.0
Providence	495.2	63.8	12.9
Gary	252.5	34.9	13.8
Hialeah	not available		
Montgomery	150.3	36.2	24.1
Knoxville	312.2	55.2	17.7
Columbus	784.4	133.7	17.0
St. Petersburg	(included in Tampa)		
Camden	450.1	76.8	17.1
Springfield	242.2	43.5	18.0
Lexington-Fay	252.8	55.3	21.9
Colorado Springs	197.7	33.0	16.7

	Total Employment (thousands)	Government Employment (thousands)	Government Share (percent)
Honolulu	408.4	89.5	21.9
Spokane	178.4	29.7	16.6
Savannah	126.9	20.9	16.5
East Los Angeles	(included in Los Angeles)		
Grand Rapids	515.3	51.5	10.0
Las Vegas	547.1	58.5	10.7
Madison	255.9	68.6	26.8
Tacoma	217.1	46.6	21.5
Anaheim	not available		
Waco	92.3	14.9	16.1
McAllen	123.4	33.6	27.2
Youngstown	242.2	30.1	12.4
Mesa	(included in Pheonix)		
Chattanooga	215.6	35.0	16.2
Kansas City	(included in Kansas City)		
U.S. Total	116,607	19,279	16.5

Source: Based on data from the Bureau of Labor Statistics, Current Employment Statistics.

Welfare-to-Work Jobs Initiative
Draft Labor Protection Provisions Language

PROVISIONS GENERALLY APPLICABLE
TO PROVISION OF SERVICES UNDER WELFARE-TO-WORK

[NOTE: These provisions relate primarily to workfare or subsidized jobs activity as might be funded with WTW, rather than to the jobs for which WTW performance payments would be made. Provisions for jobs into which people are placed need to be more clearly set out separately. They may include, for example, the provisions on nondiscrimination, Fair Labor Standards Act, health and safety coverage, and nondisplacement as in subsections (a)(5) and (a)(6) below.]

"Sec. __. (a) In assigning participants in the program under this part to any program activity, or in assigning individuals registered with the program under part __ to a position of employment, the State agency shall assure that --

"(1) each assignment takes into account the capacity, health and safety, family responsibilities, and place of residence of the participant;

"(2) no participant will be required, without his or her consent, to travel an unreasonable distance from his or her home or remain away from such home overnight;

"(3) for the purpose of applying the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act, on the basis of sex under title IX of the Education Amendments of 1972, or on the basis of race, color, or national origin under title VI of the Civil Rights Act of 1964, programs and activities funded or otherwise financially assisted in whole or in part under this Act are considered to be programs and activities receiving Federal assistance;

"(4) no individual shall be excluded from participation in, denied the benefits of, subjected to discrimination under, or denied employment in the administration of or in connection with any such program because of race, color, religion, sex, national origin, age, disability, or political affiliation or belief;

"(5) no such assignment will --

"(A) result in the displacement of any currently employed worker by any participant (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits;

(B) impair existing contracts for services, or existing collective bargaining agreements, unless the employer and the labor organization concur in writing with respect to any elements of the proposed activities with affect such agreement, or either such party fails to respond to written notification requesting its concurrence within 30 days of receipt thereof.

"(C) result in the employment of the participant or filling of a position when --

"(I) any other individual is on layoff from the same or any substantially equivalent job; or

(ii) the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the intention of filling the vacancy so created by hiring a participant whose wages are subsidized under this Act;

"(D) be created in a promotional line that will infringe in any way upon the promotional opportunities of currently employed individuals;

"(E) result in filling a vacancy for a position in a State or local government agency for which State or local funds have been budgeted, unless such agency has been unable to fill such vacancy with a qualified applicant through such agency's regular employee selection procedure during a period of not less than 60 days;

"(6) no participant shall be assigned to a position with a private nonprofit entity to carry out activities that are the same or substantially equivalent to activities that have been regularly carried out by a State or local government agency in the same local area, unless such placement meets the nondisplacement requirements of paragraph (5);

"(7) Conditions of employment and training shall be appropriate and reasonable in light of such factors as the type of work, geographical region, and proficiency of the participant;

"(8) Health and safety standards established under State and Federal law, otherwise applicable to working conditions of employees, shall be equally applicable to working conditions of participants. With respect to any participant in a program conducted under this Act who is engaged in activities which are not covered by health and safety standards under the Occupational Safety and Health Act of 1970, the Secretary shall prescribe, by regulation, such standards as may be necessary to protect the health and safety of such participants;

"(b) Grievance procedures. --

"(1) In General. --

"(A) Each administrative entity, contractor, and grantee under this Act shall establish and maintain a grievance procedure for grievances or complaints about its programs and activities from participants, subgrantees, subcontractors, and other interested persons. Hearings on any grievance shall be conducted within 30 days of filing of a grievance and decisions shall be made not later than 60 days after the filing of a grievance. Except for complaints alleging fraud or criminal activity, complaints shall be made within one year of the alleged occurrence;

"(B) Each recipient of financial assistance under this Act which is an employer of participants under this Act shall continue to operate or establish and maintain a grievance procedure relating to the terms and conditions of employment;

"(2) Deadlines. --

"(A) Upon exhaustion of a recipient's grievance procedure without decision, or where the Secretary has a reason to believe that the recipient is failing to comply with the requirements of this Act or the terms of the grantee's plan, the Secretary shall investigate the allegation or belief and determine within 120 days after receiving the complaint whether such allegation or complaint is true;

"(B) If a person alleges a violation of section ___ and such person exhausts the recipient's grievance procedure or the 60-day time period described in subsection (9) has elapsed without a decision, either party to such procedure may submit the grievance to the Secretary. The Secretary shall investigate the allegations contained in the grievance and make a determination as to whether a violation of section ___ has occurred;

"(C) If the results of the investigation conducted pursuant to paragraph (ii) indicate that a modification or reversal of the decision issued pursuant to the recipient's grievance procedure is warranted, or the 60-day time period described in subsection () has elapsed without a decision, the Secretary may modify or reverse the decision, or issue a decision if no decision has been issued, as the case may be, after an opportunity for a hearing in accordance with the procedures under section ____;

"(D) If the Secretary determines that the decision issued pursuant to the recipient's grievance procedure is appropriate, the determination shall become the final decision of the Secretary.

"(3) Alternative grievance resolution. --

"(A) A person alleging a violation of section ___ may, as an alternative to the procedures described in this section, submit the grievance involving such violation to a binding grievance procedure if a collective bargaining agreement covering the parties to the grievance so provides.

"(B) The remedies available under paragraph ( ) shall be limited to the remedies available under sections ( ) and ( )

"(4) Remedies. --

"(A) In general. -- Except as provided in paragraph (ii), remedies available to grievants under this section for violations of section ___ shall be limited to --

"(I) suspension or termination of payments under this Act;

"(ii) prohibition of placement of a participant, for an appropriate period of time, in a program under this Act with an employer that has violated section ___, as determined under subsection ( ) or ( ); and

"(iii) appropriate equitable relief (other than back pay).

"(B) In addition to the remedies available under paragraph (A), remedies available under this section for violations of subsection ( ), ( ) and ( ) may include --

"(I) reinstatement of the grievant to the position held by such grievant prior to displacement;

"(ii) payment of lost wages and benefits; and

"(iii) reestablishment of other relevant terms, conditions, and privileges of employment.

"(c) In assigning participants in the program under this part to any program activity, the State agency shall, in addition to the assurances required under subsection ( ), assure that --

"(1) the conditions of participation are reasonable, taking into account in each case the experience and proficiency of the participant and the child care and other supportive services needs of the participant; and

"(2) each assignment is based on available resources, the participant's circumstances, and local employment opportunities.

"(d) In assigning individuals registered with the State's WORK program under part ( ) to a position of employment, the State agency shall assure that --

"(1) where a labor organization represents a substantial number of employees who are engaged in similar work or training in the same area as that proposed to be funded under this Act, an opportunity shall be provided for such organization to submit comments with respect to such proposal;

"(2) under all activities financed under this Act --

"(A) a trainee shall receive no payments for training activities in which the trainee fails to participate without good cause;

"(B) individuals in on-the-job training shall be compensated by the employer at the same rates, including periodic increases, as similarly situated employees or trainees and in accordance with applicable law, but in no event less than the higher of the rate specified in section (6)(a)(1) of the Fair Labor Standards Act of 1938 or the applicable State or local minimum wage law;

"(C) individuals employed in activities authorized under this Act shall be paid wages which shall not be less than the highest of (A) the minimum wage under section 6(a)(1) of the Fair Labor Standards Act of 1938, (B) the minimum wage under the applicable State or local minimum wage law, or © the prevailing rates of pay for individuals employed in similar occupations by the same employer.

"(e) References in paragraphs (B) and © to section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) --

"(1) shall be deemed to be references to section 6© of that Act for individuals in the Commonwealth of Puerto Rico;

"(2) shall be deemed to be references to section 6(a)(3) of that Act for individuals in the American Samoans; and

"(3) shall not be applicable for individuals in other territorial jurisdictions in which section 6 of the Fair Labor Standards Act of 1938 does not apply.

"(f) Allowances, earnings and payments to individuals participating in programs under this Act shall not be considered as income for the purposes of determining eligibility for and the amount of income transfer and in-kind aid furnished under any Federal or federally assisted program based on need, other than is provided under the Social Security Act.

"(g) Each recipient of funds under this Act shall provide the Secretary assurances that none of such funds will be used to assist, promote, or deter union organizing.

"(h) The provisions of this section apply to any work-related programs and activities under this part.

SECRETARY OF LABOR
WASHINGTON

March 16, 1998

MEMORANDUM FOR: THE PRESIDENT AND VICE PRESIDENT

FROM: ALEXIS M. HERMAN, SECRETARY OF LABOR

SUBJECT: NATIONAL WELFARE-TO-WORK TOUR

I. OVERVIEW

Pursuant to your request last Fall, I set out on a national grassroots tour to examine how communities and individuals are taking on the welfare-to-work challenge. As you have often said, the enactment of welfare reform legislation was not the end of the process, it was the beginning. I visited a cross-section of the country to see new beginnings at the state and local level and to talk with those directly impacted about how policy reforms are translating in the lives of real people.

In total, I traveled to ten cities--starting with you at the Cessna Plant in Wichita and ending at a non-custodial fathers' program in Los Angeles last month. In between, I met with employees at the Department of Labor making the welfare-to-work transition; visited a pioneering small business in Cleveland; saw labor-management teamwork to train and find jobs for welfare recipients in Las Vegas; spoke with religious, civic and community leaders in Milwaukee; witnessed the solid transitional approach of the Delaware program; was inspired by a Harlem initiative that prepares individuals for the culture of work; listened to how Native Americans have been affected by policy changes in Phoenix; and observed the importance of a coordinated one-stop workforce development center in Tampa.

As I began this tour, I took with me three principal goals:

1. To identify the key challenges that will ensure long-term success of welfare reform.
2. To put a human face on this effort and engage in a candid dialogue about the real world impact of policy changes.
3. To gauge how the Department of Labor's work and resources can best be utilized to advance reform.

Nevertheless, our first-year success must be colored by the realization that the most difficult work is ahead because the hardest to serve remain. We recognize that this population faces multiple barriers and the solutions are not self-evident or easily organized. There will be different responses in different states and we must stand ready to respond to the next phase.

This memorandum is a summary of what I heard and found. Appendix A provides a detailed report of each stop on my tour. The status of the Department of Labor's grant process can be found in Appendix B.

II. ON THE RIGHT TRACK

Welfare reform is firmly taking root across America. The strong economy, common sense reforms from Washington, and innovations at the local level have all combined to improve peoples lives. In community after community, I met with people who have moved from the rolls of welfare to the role of responsible worker, proud parent, and involved citizen.

I cannot help but recall Lillie Harden of Arkansas who joined you at the welfare reform bill signing ceremony in August 1996. As I traveled the nation, I can report that I saw Lillie Hardens all over this country--people who are proud that their families are proud of them--individuals who are truly on a new road.

Our nation is also on a new road. This is pioneering work. As we continue, our task is to share best practices and to monitor and focus on the defining issues that will largely determine whether welfare reform succeeds for the long haul.

Throughout my tour, three questions consistently emerged that cut to the heart of meeting this challenge. First, how can we reinforce the welfare reform success that has been made? Second, how do we remove the barriers to not just getting, but keeping a job? Third, what can we do to help families over the long-term secure a foothold on the ladder of opportunity to reach self-sufficiency?

I believe if we answer each of these with action, the question of whether welfare reform succeeds will answer itself.

A. Reinforcing Success

The first key to reinforcing success is removing the stigma of welfare. Welfare recipients want to work. They want to provide for their families. They want to be role models for their kids.

Early in my tour, I began using the term "new worker" because it became apparent that these individuals felt strongly that they were being stigmatized, unable to let go of their past and chart a new course. New workers do not want to be treated as ex-welfare recipients but as fellow workers entitled to the same dignity and respect as any other.

We are integrating that view into every aspect of the Department's program and public education efforts. Most significantly, this includes steps to ensure that new workers receive the rights, benefits and protections of workers, including a fair wage, equal opportunity on the job and every other labor safeguard that is theirs by right and by law.

But just as important as enforcing the letter of the law is reaffirming its spirit. And in that, the answer lies not in new programs or even new money, but new attitudes and a new mindset. The Department of Labor has issued a short fact book entitled *"About Welfare"* to assist in this effort.

The second key to reinforcing success is showcasing businesses that have reached out to welfare recipients. The Welfare-to-Work Partnership led by Eli Segal is making tremendous inroads. We can do more to help both large and small employers understand that welfare recipients are a pool of talent waiting to be tapped. The focus must be on private sector jobs. That is the core of our economy and the key to moving welfare recipients into the economic mainstream.

We still have work to do in making sure businesses are aware of the tax advantages inherent in hiring new workers. For example, during an employer roundtable in Los Angeles, I asked how many had heard of the Welfare-to-Work Tax Credit or the Work Opportunity Tax Credit. No one at the table, not even the largest employers--ARCO or Pacific Bell--had heard of these tax credits.

Similarly, few new workers know about the Earned Income Tax Credit. A number of non-profit organizations have begun a public education campaign. So has the Welfare-to-Work Partnership. Nevertheless, we need to pool our efforts and think more broadly in terms of outreach.

B. Removing Barriers

For a welfare recipient, there are many real obstacles on the path to success. Transportation, child care, and affordable housing were highlighted in every stop in my tour as significant barriers to not just getting but keeping a job. Today, for example, two out of three new jobs are in the suburbs, but three out of four welfare recipients live in central cities or rural areas.

Pending legislative proposals and White House initiatives will make a significant contribution in addressing these challenges and complementing the Department of Labor's welfare-to-work efforts. The proposed $100 million a year welfare to work transportation plan that is part of ISTEA is designed to assist states and localities in developing flexible modes of transportation--and bridging the gap between people and jobs. Also, the Administration's $283 million proposal for new housing vouchers would help welfare recipients move closer to a new job, reduce a long commute and secure a more stable environment.

But there was another barrier that many new workers mentioned to me that may not be as familiar as the rest--and that is the administrative hurdles that far too many new workers must encounter.

Individuals, for example, may have to take time off to go to one office to let their caseworker know they have a job. Then another day in the month, take time off to pick up a transportation voucher. Still another day in the month and another office to collect a child care stipend. I have said that is like having to go to the Department of Motor Vehicles three times a month to register your car. Removing barriers on the path to success does not always mean spending money, sometimes it just means using common sense.

We also recognize that the barriers to success are the highest for the hardest to serve. As you know, the Department of Labor's $3 billion grant program is designed specifically to focus on the needs of this population. This initiative is just underway, but we are reaching out to states and local communities and seeking out innovative and creative ideas. To date, we have sent more than $180 million in formula grants to ten states. A full status report is included in Appendix B.

C. Reaching Self-Sufficiency

The ultimate goal of welfare-to-work is for individuals to provide for themselves and their family. It is not just about getting a job or even keeping a job, but it is about launching a career. The Work First concept is the foundation of welfare-to-work. But I was troubled to hear accounts in Wisconsin, for example, that teen-age mothers were forced to quit high school to pursue a job.

Work must be the priority. But education and training are essential to helping families move not just off the rolls, but up the career ladder. That is the measure of success, not dead end jobs, but work that leads to self-sufficiency. As we develop policies and strategies to encourage life-long learning and skills development, we need to pay special attention to the impact these policies will have on the hardest to serve populations.

Also reaching self-sufficiency and helping a welfare recipient become whole takes the whole family. That means we need to focus on fathers.

Clearly, fathers need to be a part of their children's upbringing, both emotionally and financially. We know that kids have the best chance to succeed when both parents are involved and responsible. The Administration's policy on child support enforcement is paying real dividends. But, of course, one needs a job to pay child support.

In that regard, there is more we can do to help raise the earning potential of fathers so they can pay their share. I saw a creative approach at the Los Angeles Parents' Fair Share initiative which provides fathers with training for higher incomes and family counseling to help them reengage in their children's lives. This aspect of welfare reform has not received much attention, but I believe it deserves closer focus.

At the Department, I am directing my staff to review existing programs to see how we are serving the non-custodial population. I have had preliminary conversations with the Ford Foundation on how best the Department can partner in its Fragile Families Initiative. I also intend to contact Governors Ridge and Carper to explore what role the Department can play in the Governors' National Fatherhood Initiative.

III. Possible Next Steps

Where do we go from here? I have four suggestions for possible next steps.

First, we need to enhance coordination and communication between federal agencies. We at the Department of Labor have been working closely with the Domestic Policy Council which has been instrumental in providing information, guidance and input. In addition, I have already met with Administrator Alvarez to lay out plans on how to forge a more coordinated relationship. Our staffs are working on a Memorandum of Understanding which we plan to announce in the spring. I know that there is a regular DPC staff-level all-agency meeting to track progress on welfare-to-work. I would suggest a quarterly Cabinet-level welfare-to-work meeting that would provide a mechanism for officials to come together and discuss cross-cutting efforts.

Second, I will encourage my Cabinet colleagues to travel the country as I did to investigate and listen first hand how their programs are affecting new workers. I would encourage state and local leaders to do the same. In fact, after my day in Wilmington, Delaware, Governor Carper committed to doing just that.

Third, labor, community-based and faith-based organizations are doing great work, but they should be challenged to do more. We must also leverage resources of the Vice-President's Coalition to Sustain Success to expand our network of community-based organizations.

And finally, I know that when you were Governor, you helped convene a meeting of our nation's governors and welfare recipients. I believe the time is ripe to do that once again, but on a larger scale.

I would recommend that the Administration convene an "Opportunity Summit" which would bring together relevant Cabinet Members with governors, local elected officials, practitioners with different ideas, labor and community-based organizations, as well as welfare recipients with different experiences to share solutions and focus on the challenges of making welfare reform a success for the long term. The Summit would explore how we can work together on improving access to post employment or work experience training, expanding child care and transportation services, extending transition assistance, and tackling the issues related to non-custodial parents.

Again, I want to thank you for providing me the opportunity to assess the status of welfare reform efforts around the nation. This is an ongoing process that will take time and hard work. We've made tremendous progress, but the challenge is to constantly reinforce the successes, promote best practices, and fix what is broken.

In the end, it will take leadership, partnership and creative ideas. We must continue to take our thinking from "inside the Beltway" to "outside the box." We have to remember that enduring success for a welfare recipient is not measured just by leaving the rolls or even getting a job. Real success for a welfare recipient is measured with the same yardstick used by anyone else. Put simply, it means having a good career with secure benefits and rising incomes throughout their life and it means having their children look to them with pride. New workers do not want to settle for anything less. Neither should we.

Appendix A

WELFARE-TO-WORK SITE VISITS

1. WICHITA, KANSAS
November 17, 1997

CESSNA AIRCRAFT COMPANY

The Cessna Aircraft Company established a new state-of-the-art facility to train welfare recipients for skilled production jobs at Cessna. The new 20,000 square foot facility allows Cessna, a unionized plant, to double its welfare-to-work program and provide on-site child care for the children of its trainees. Cessna is one of the founding members of the national Welfare-to-Work Partnership, the American business community's effort to help move people on public assistance into jobs in the private sector.

The new facility was built by the city of Wichita using loan guarantees from the U.S. Department of Housing and Urban Development, and is part of a new Cessna campus that includes temporary housing for trainees and a new sub-assembly plant.

Cessna's model program provides individualized training in sheet metal assembly, a salary with health benefits and child care, and a guaranteed job upon completion of the program. About 200 graduates of the program are now working at Cessna, at an average wage of $12 an hour. Cessna also sponsors a smaller, clerical skills training program, also housed at the new facility, which places graduates at companies throughout the city.

Lessons Learned:

The program highlights the successful partnerships that can be forged between business and government. The extent of services provided by both the employer and the government enhance their ability to ensure the success of the program. The leaders of Cessna recognized that it was good business for them to train and to hire welfare recipients.

Cessna provides the training. The company has also hired counselors to assist the new employees in adjusting to the work environment. Cessna designed and implemented the training program and provides jobs for the graduates. In partnership with Cessna, the Kansas Department of Social and Rehabilitation Services screens applicants for the program, pays for child care and in some cases the social worker is closely involved with the client. In addition, state and federal funding pays 50 percent of the trainees' wages and the Kansas State Department of Commerce pays the instructors' salaries. In the end, new workers receive the salaries, benefits, and support services that lead them to sustainable self-sufficiency.

2. WASHINGTON, D.C.
November 18, 1997
December 9, 1997
January 29, 1998

U.S. DEPARTMENT OF LABOR

To date, the U.S. Department of Labor has hired 54 welfare recipients and committed to hiring another seventy. On November 18, I sat down with a group of new hires at the Department to hear their concerns. The individuals with whom I spoke possess a strong work ethic and are committed to their own success.

Lessons Learned:

There was recognition from the group that once they get on their feet with a first job, the path to greater financial security is to enroll in training courses.

The DOL roundtable with new workers was the first one on my tour, but what I heard there was echoed throughout my "new worker" roundtables. That is, they want to work, they want to be given the opportunity to succeed, but they don't always want to be singled out as the "former welfare recipient." They want to be treated like everyone else and accorded the same respect that other workers are given. For us, that means ensuring that new workers are at least being paid the minimum wage, afforded all of the other FLSA protections, as well as other labor protections and benefits including the right to organize, that workers are entitled to receive under our nation's laws. Often, we had people that did not want to come forward to tell their stories for fear that their employer would find out they are former recipients. One woman said to me: "I'm very grateful, but there's a problem ... we know where we are coming from ... we know we were on welfare, but we don't want to be reminded of it all of the time."

The DOL roundtable was the first event where I heard individual problems regarding the lack of transition assistance. In some cases, when a person gets a job, their benefit check may stop immediately which means they have little or no money to secure them through the period of benefit cutoff and the first pay check. On many occasions this means to going without the necessities, such as paying the rent or utilities, buying food, or taking a sick child to the doctors. Throughout my tour I heard this issue, along with the lack of affordable child care and the lack of transportation, as the greatest barriers to attaining financial self-sufficiency.

NATIONAL COUNCIL OF NEGRO WOMEN

On December 9, 1997, I addressed the National Council of Negro Women where I spoke of the importance of striking a deal for responsibility, job opportunities, and job retention.

Implicit in this deal is that new workers must commit to learning new work habits and new skills, show up every day, work hard, and take personal responsibility for their lives and their families.

Employers must provide good jobs at fair wages and on-the-job training for the new workers. Providing a first job is crucial, but new workers should have opportunities for learning new skills, and mobility up the career ladder just like other workers.

The broader community must support the new workers in their quest for a better life by providing support and retention services needed to get and keep good jobs, such as quality, affordable child care and transportation to and from the job.

I used those three tenets ... personal responsibility, job opportunities, and job retention services ... as benchmarks for measuring successful welfare-to-work interventions as I traveled to local communities around the country.

When partners in local communities were able to strike this deal, and fashion collaborative, integrated approaches, we found the barriers to employment fell by the wayside and economic self-sufficiency was obtainable for hard-to-employ welfare recipients.

UNITED STATES CONFERENCE OF MAYORS

On January 29, 1998, I met with the Jobs, Education and Workforce Committee at the U.S. Conference of Mayor's Winter Legislative Conference in Washington, D.C., and had the opportunity to discuss welfare-to-work partnership strategies with our nation's mayors. They and their local workforce development councils will decide how to best use the new welfare-to-work grants in coordination with other welfare to work efforts already underway in their communities. Further developing and strengthening our partnership with the nation's local elected officials is a critical element in ensuring the successful implementation of our welfare-to-work efforts, and the mayors are sharing their experiences with us every step of the way.

3. CLEVELAND, OHIO
November 20, 1997

CLEVELAND WORKS

Cleveland Works enrolls economically disadvantaged people in pre-employment job readiness classes and then links job-ready employees with local companies. A nonprofit employment program, it offers more than 30 life skill and professional development courses, ranging from how to set an alarm clock to resume writing, word processing and other job skills. Cleveland Works sends employers only applicants who have at least a high school education or GED equivalent; have been fully trained in job-readiness skills, including workplace behavior and issues of authority; have passed a company entrance exam; have undergone a background check; have been drug tested; and have some technical skills training.

COLORMATRIX CORPORATION

Along with County Commissioner Jane Campbell, I toured the ColorMatrix Corporation, a downtown Cleveland firm that produces liquids used to color plastics. To date, ColorMatrix has hired 12 welfare recipients through the Cleveland Works program. Most of its job applicants have little or no experience working in a manufacturing plant. Many of their employees come with legal problems, histories of substance abuse or other issues that inhibit their capacity to be reliable employees. ColorMatrix looks to Cleveland Works for qualified applicants and has a 91 per cent retention rate with Cleveland Works referred applicants, which is much higher than the company's overall rate.

Lessons Learned:

The partnership between Cleveland Works and small businesses like ColorMatrix demonstrates the kind of community-based organization and small business partnership we want to encourage. As described above, Cleveland Works prepares the individuals for a work environment and then it is able to link their client to valuable employment opportunities. ColorMatrix understands that its practices are good business. In a recent *Los Angeles Times* article, the President of ColorMatrix declared that if given the choice between hiring a Cleveland Works participant or an applicant off the street, he would choose the Cleveland Works person because he knows that he will be getting a quality worker.

Once hired, ColorMatrix does its part in helping employees stay on the job and move up the career ladder. New employees earn $6.00 to $7.00 an hour plus benefits, including health insurance, a 401(k) plan, merit bonuses and tuition reimbursements. Employees receive 200 hours of on-the-job training for the three full-time entry-level categories: clerical, general labor and packaging. ColorMatrix has also implemented several programs to address the challenge of cultural conflicts in the workplace. This includes Shared Values, a training workshop and a fifteen-week motivational program, during which employees interact with senior management and begin to develop a sense of ownership of the company. The company also retains a private referral service which provides support services, counseling on financial and domestic issues and other resources at no charge to employees.

URBAN LEAGUE OF GREATER CLEVELAND

While in Cleveland, I addressed the Urban League of Greater Cleveland's Equal Opportunity Day Luncheon to talk about ways to ensure that all Americans prosper in today's economy. Programs such as the Urban League's Rising Tide Initiative, which gives training and job leads to unemployed fathers 18 years of age and older, are examples of the types of programs that can improve economic opportunities for all people. The success of the welfare-to-work program will depend upon organizations like the Urban League and other community-based organizations who can help implement collaborative and integrated strategies to link new workers with job opportunities. Their practical, day-to-day support is critical to overcome the barriers facing so many of the people still on the welfare rolls.

4. LAS VEGAS, NEVADA
November 20, 1997

CULINARY UNION TRAINING CENTER

At the Culinary Union Training Center (CUTC), I was accompanied by Governor Miller, Senators Bryan and Reid as well as the Mayor Laverty Jones of Las Vegas. The CUTC is a joint union-management partnership, established as part of the collective bargaining agreement between the hotels and unions in Las Vegas, provides training in the skill areas needed for employment in various housekeeping and restaurant jobs in the hotel industry. The program provides pre-employment training for people seeking employment in the hotel industry as well as advanced training for persons currently employed but wishing to advance within the hotel industry.

The main training center is located in a hotel in downtown Las Vegas, within easy access of public transportation, which is an important criterion since getting to and from work can often be an employment barrier for many new workers. A second training site, used for guest room simulation for the housekeeping training classes, is in a City of Las Vegas Housing Authority apartment complex.

The Center recruits its workers from local, state and private agencies, such as the state welfare agency, unemployment office, housing authority, and local School-to-Work programs.

Lessons Learned:

The Culinary Union Training Center (CUTC) training program illustrates the important role that labor unions play in helping to move individuals from welfare to work. Moreover, the partnership that the labor unions have built with employers in the Las Vegas area is a key to the CUTC program's success. With such employer participation, the training institute is able to link trainees to real jobs. The training center places 70 per cent of its graduates.

The training program is so highly regarded that one of the hotels has committed to hiring 10 percent of its 8,000 workforce from the welfare rolls. Other hotel owners attend CUTC graduations to find new employees.

The emphasis that CUTC places on life skills adds to their success. I had the opportunity to see trainees busy at work performing various work tasks in the kitchen and food preparation area. They were learning the life skills needed for success in the world of work: a strong work ethic, the importance of regular attendance and punctuality, the need to follow a supervisor's instructions and maintaining personal hygiene. In anticipation of an increased number of welfare recipients, they are adding an extended life skills class to the standard curriculum as a separate class, which is a prerequisite to taking a job training class. Also impressive, was the CUTC's foresight of placing its facility in downtown Las Vegas so that it is easily accessible from all areas of Las Vegas by public transportation. Further, the CUTC also provides free training to incumbent workers who want to enhance and improve their skills so that new workers can move up a career ladder and into self-sufficiency.

5. NEW YORK, NEW YORK
December 4, 1997

STRIVE

STRIVE (Support and Training Results in Valuable Employment) is a no-nonsense training program that prepares the jobless for the culture of work. STRIVE focuses on the hardest to serve populations. It has locations in East and West Harlem, serving predominantly African American and Hispanic communities. STRIVE's "tough love" process of helping people find employment and attain self-sufficiency was identified by the U.S. Government Accounting Office as a successful employment and training strategy.

The program tries to equip people with the tools to succeed by ensuring they are exposed to the rules of work. STRIVE has proven itself by establishing relationships with major New York employers, including Gulf & Western, Viacom, Mt. Sinai Medical Center, Disney, Bank of New York, Smith Barney, as well as Bear Stearns. It also has a strong commitment to post-placement support and career development and advancement of its graduates. Follow-up services include frequent phone contacts, individual counseling sessions, evening and weekend activities, alumni forums, upgrade and replacement services and occasional home visits. Its job retention rate after two years of employment is 77 to 80 percent.

STRIVE, which has been highlighted by CBS's 60 Minutes program, is primarily privately funded, but recently received a $1.8 million federal Department of Labor grant. It just received a Ford Foundation grant, Access Support and Advancement Partnership (ASAP), to assist employed STRIVE graduates to advance in the labor market.

Lessons Learned:

Community-based organizations such as STRIVE play an instrumental role in making welfare-to-work a success. STRIVE's "tough love" or mental boot camp" approach gives a more experiential and realistic view of work. STRIVE's pre-program orientation requires participants to actively demonstrate their commitment to both training and employment and clearly defines expectations such as daily, on time attendance, appropriate dress for the business world, displaying a good attitude, and completing all homework assignments.

While visiting STRIVE, Congressman Charles Rangel and I held a welfare-to-work roundtable where I heard from new workers and employers. Terrence, a former student and someone I will be mentoring, talked about how STRIVE changed his attitude and how that change has been instrumental in helping him get a job. Gary Browne, a private technology business owner who has hired many STRIVE graduates, said that "we can teach the hardware but if we have to work with the attitude we have a problem."

FORDHAM UNIVERSITY

While in New York, I spoke to students from the Center for the Study of the Presidency at Fordham University. I stressed the importance of not just moving people from welfare to work, but actually keeping them working, achieving and contributing to society. As a nation, we must propel our efforts to move people off of welfare rolls and onto payrolls with respect for new workers and their future career potential. While highlighting the need for welfare recipients to take responsibility for themselves and their families, it is equally important for the rest of us to not stereotype people. The challenges ahead are great, but if all sectors of the community work together, every family can have the opportunity to make a fair claim on our nation's prosperity.

6. MILWAUKEE, WISCONSIN
December 12 - 13, 1997

M.O.R.E. Project
Milwaukee Enterprise Center/
The Martin Luther King Economic Development Corporation

The M.O.R.E. (Maximizing Opportunities in a Restructuring Economy) project of Milwaukee's Martin Luther King Economic Development Corporation, is a collaborative, community based effort that uses a market oriented approach to job training and placement. M.O.R.E. provides community-based education and employment-specific training as part of a supported path to employment for men and women in the health care sector. The M.O.R.E. project is implemented locally in collaboration with Covenant Health Care System, Inc., and its five member hospitals in southeastern Wisconsin.

M.O.R.E. works with residents of Milwaukee's Harambee community by offering individualized assessment, education, self-esteem building, job training, and ongoing support and case management services. Participants are then matched with available jobs in health care.

The M.O.R.E. Project receives support from the Ford Foundation, the Milwaukee Foundation and the City of Milwaukee Community Development Block Grant Program. Technical assistance is provided by the National Economic Development Law Center.

ROUNDTABLES

I had a series of roundtable discussions with new workers, representatives from faith-based organizations, Milwaukee service providers and community-based organizations, as well as a meeting with area labor officials.

While visiting the M.O.R.E Project, I spoke to 12 new workers, along with Representatives Barrett and Kleczka. The new workers indicated that there is a lack of transportation assistance, access to affordable, safe child care, as well as a lack of a support network and access to information on available services. The participants also spoke of the need for better training and education opportunities.

I also had the opportunity to meet with a broad cross-section of Milwaukee's faith-based community to discuss welfare-to-work strategies they found to be successful in their community, as well as efforts that did not produce desired results. The interfaith group described various activities such as food and housing programs and community support networks.

I heard system-improvement suggestions from service delivery participants in a separate discussion attended by the Milwaukee County Private Industry Council, W-2 program contractors, and a variety of community-based organizations who are engaged in welfare-to-work efforts in Milwaukee. Some of the issues that surfaced during the meeting included those related to health and safety problems of provisional child care; the dire need for front loaded skills training before job placement; and the lack of access to transportation. In response to that issue, it was indicated that Milwaukee has a job-ride and Bridges to Work program and the Private Industry Council is developing a transportation clearinghouse.

During my meeting with labor representatives, we discussed their concerns related to the lack of state consultation with them on welfare reform. They indicated that they were pleased by your commitment on the issues of displacement and worker protections. However, they were concerned about worker protections being extended to community service jobs. They have started their own welfare-to-work program to recruit women into pre-apprenticeship programs including soft skills and transportation.

Lessons Learned:

At the community level, community-based organizations, faith-based groups, and labor unions are working together to improve the transition for Milwaukee's welfare recipients. I did notice the need for the development of expansive and integrated partnerships. I found that there is little problem in moving most welfare recipients into a job or work experience. However, most of those with whom I spoke were worried by the lack of follow-on training opportunities and poor transition assistance to help transitioning workers move to self-sufficiency.

NATIONAL BLACK CAUCUS OF STATE LEGISLATORS

While visiting Milwaukee, I provided the keynote address to the National Black Caucus of State Legislators to highlight their role in implementing welfare-to-work efforts in their respective states. I emphasized how welfare-to-work efforts are not being run out of distant bureaucracies in Washington but that these initiatives will be administered and operated in the states and in local communities across the country.

Governors, state legislatures, mayors and county officials, along with local workforce development councils, will decide how best to use the additional resources to move people from welfare rolls to payrolls. Creative collaborations and integration of services between the welfare system, workforce development, business, labor, faith-based organizations, and other members of the nonprofit and community-based sectors must pool available resources and strategies to overcome the many barriers faced by hard to employ, long-term welfare recipients.

It will take the entire community, in its broadest sense, to meet the challenges presented by those who remain on the welfare rolls those with little or no work history, poor reading and math skills, lack of transportation to and from work, no access to quality, affordable child care, or those who may be fighting substance abuse, or struggling with physical or mental health conditions.

7. DOVER, DELAWARE
January 7, 1998

WEST END NEIGHBORHOOD HOUSE

Governor Carper, Senator Biden, Representative Castle and Mayor James Sills joined me for a tour of the West End Neighborhood House offers a broad array of services to help welfare recipients and other economically disadvantaged families in the Wilmington community reach economic self-sufficiency. The West End Neighborhood House runs an Employment and Training Center with GED, job readiness and life skills courses, and has a computer center with 25 personal computers that are in use 12 - 15 hours a day. There is an on-site pre-natal clinic, four Head Start classrooms for approximately 72 three to four year olds, before and after school programs for school-aged children, food closets, as well as homeless and other housing related assistance. West End Neighborhood House works collaboratively with a number of other organizations, government, and the business community.

Lessons Learned:

Governor Carper's implementation of Delaware's welfare reform plan "A Better Chance" (ABC) is an example of how other state leaders should respond to this challenge. In order to ensure the participation of employers, Governor Carper designated an Employer's Committee to lead ABC. The Governor personally recruited each member of the committee and was actively involved in each step. The Employers' Council has developed a partnership with state agencies where they meet with cabinet heads and key policy makers.

In order to facilitate a smooth transition, the Employers' Council wants to focus on fixing both urban and rural transportation problems; to institute a "buddy system" to help new workers so that they can acclimate to life on the shop floor; and to provide an expectations list, that will highlight all questions a new worker might not know to ask and answer in an orientation.

Although the State of Delaware is generous with transitional benefits compared with other states, it appears not to be enough. During a roundtable discussion with new workers where I was accompanied by Gov. Carper, I heard the new workers' concern about their transitional assistance being eliminated too early and the tough choices that result when benefits are reduced or eliminated. Most thought that six months should be time enough to receive a pay raise and to pay old bills. As a result of roundtable discussion, Governor Carper will hold a series of his own roundtables throughout the state to determine what other problems his administration needs to address.

8. PHOENIX, ARIZONA
January 13, 1998

ROUNDTABLE WITH TRIBAL LEADERS

While I was in Phoenix for the Race Initiative, I spent time with twelve tribal leaders from the State of Arizona to discuss their concerns related to welfare reform and other issues. The tribal leaders talked about inadequate federal funding and the lack of an economic base on reservations. Due to the underdevelopment of on-reservation tribal economies, tribes are confronted with major barriers when it comes to placing TANF recipients into jobs. They spoke of the need to link job training programs to welfare-to-work resources to create jobs. The leaders also requested additional job training and welfare-to-work funds to decrease the welfare dependency of Native Americans.

Further, the leaders believe that the jobs required to help give welfare to work a reasonable chance of succeeding simply do not exist on Indian reservations. The extreme economic conditions coupled with the acute lack of infrastructure and transportation services exacerbate the problems Native Americans face in getting and keeping a job. Most reservations in Arizona are located in geographically isolated areas. On-reservation roads are primarily unpaved and poorly maintained. Due to the remote locations of many of the reservations, adequate public transportation does not exist and few Native Americans own their own automobiles to get them to jobs off the reservations.

Lessons Learned:

The Labor Department has set up a permanent Native American Employment and Training Council with the intent to expand opportunity and access to good jobs. The Council also helped in the planning of the welfare-to-work program.

Because of the continued lack of economic development on reservations, most Native Americans tribes continue to have an alarmingly high rate of poverty. Some tribal members do leave the reservations after having the opportunity to enroll in a tribal employment and training program. This opportunity, however, leads to a "brain drain" on the reservations. The newly trained individual has to leave the reservation for a job and those who are left behind are not afforded similar opportunities.

9. TAMPA, FLORIDA
January 29, 1998

TAMPA ONE-STOP JOB CAREER CENTER

Tampa's One-Stop Job Career Center offers customers job service, vocational education, welfare, vocational rehabilitation and Job Training Partnership Act (JTPA) services under one roof. The One-Stop Center serves welfare recipients and other economically disadvantaged Florida residents, as well as dislocated workers, unemployment insurance claimants and applicants, transitional military personnel and the general population.

At the One-Stop Career Center, customers receive employability assessments, career assessments, occupational testing, information on training, labor market information, job development, job placement, Unemployment Insurance claims processing, on-the-job training placements, employment counseling, and career exploration.

Referral services include occupational skills training; job search assistance; literacy; basic skills training; English as second language classes; GED preparation and testing; work experience; self-esteem; self-help services for employers; and self-help services for individuals.

The Work and Gain Economic Self-Sufficiency Act (WAGES), Florida's welfare reform initiative, requires welfare recipients to receive job search and job placement assistance up front. If people do not get a job after two weeks, they are then required to participate in the Job Club, where they are exposed to learning how to write resumes and interview for jobs. If they still have not found employment, they are referred to a service provider for intensive services during the last two weeks of a six-week effort.

Lessons Learned:

The Tampa One-Stop Job Career Center, like other Department of Labor supported One Stops throughout the country, is a model service center where clients can receive a plethora of services under one roof. The co-location of services and partnership among various agencies can eliminate needless bureaucratic barriers that welfare recipients often face.

10. LOS ANGELES, CALIFORNIA
February 13, 1998

PARENTS' FAIR SHARE

L.A. District Attorney, Gil Garcetti, along with County Commissioners Gloria Molina and Yvonne Braithwaite Burke accompanied me as I visited L.A. County's Parents' Fair Share (PFS) site. PFS is an initiative for unemployed noncustodial parents (usually fathers) of children receiving public assistance. The project has three central goals: to increase the employment and earnings of noncustodial parents who are unemployed and unable to adequately support their children; to reduce poverty among children receiving public assistance by encouraging and requiring their noncustodial parents to pay child support; and to assist noncustodial parents in providing other forms of support to their children when appropriate.

In most cases, noncustodial parents are referred to PFS during court hearings or appointments scheduled by the child support enforcement agencies in response to parents' failure to make court-ordered child support payments for children receiving welfare. Non-custodial parents who cite unemployment as the reason for nonpayment are ordered to attend PFS activities. PFS programs are built around four core components: employment and training, enhanced child support enforcement, peer support, and mediation. PFS sites have considerable flexibility in implementing these components and may add additional services where appropriate. It is notable that of the seven PFS sites nationwide, L.A.'s program is the only one working actively with the JTPA system for employment and training related services.

Lessons Learned:

The PFS program is a partnership of Federal and state agencies, private foundations, and community-based organizations. Partners include the California Department of Social Services; the L.A. District Attorney's Office; the U.S. Departments of Labor, Health and Human Services and Agriculture; the L.A. City, L.A. County, and South Bay Service Delivery Areas; and community-based organizations such as El Proyecto del Barrio and Chicano Action Services. The Manpower Demonstration Research Corporation (MDRC) coordinates and evaluates the program.

Appendix B

STATUS OF WELFARE-TO-WORK GRANT PROGRAM

The ultimate goal of the Administration's $3 billion welfare-to-work program is to help the hardest-to-employ move from dependency to self-sufficiency. We know that entering the labor market is only the first step. There are three principles that we are following in implementing this program. We are working toward ensuring lasting employment in real jobs. We are targeting the hardest-to-employ. Finally, we are doing business differently by making the "work first" philosophy a hallmark to the program.

Since August we have been busy implementing the program. We have deployed several mechanisms to achieve our goals. Regulations governing the formula grants to states and localities have been promulgated. As you know, $2.2 billion will be allocated by formula grant to the states over two years based on their population of poor people and adult recipients of TANF. We have been receiving state plans since January and will be accepting plans up to June 30. To date, we have received 16 plans, 10 of which I have approved. In total, $180 million has gone to Illinois, Michigan, South Carolina, Massachusetts, Nevada, Nebraska, Louisiana, Hawaii, Kansas and Minnesota.

There is $711.5 million available for the competitive grants in FY 1998 and FY 1999. We will have two competitions in FY 1998 and two to three rounds of competition in FY 1999. The closing date for our first round of competition for competitive grants was March 10. We have received a substantial number of applications. The Department will award grants totaling $184 million. I will be announcing the grantees in late April or early May.

To be successful, projects must emphasize innovative, collaborative and sustainable strategies designed to attain quality employment, earnings and other successful outcomes. Community partnerships will be a vital component of successful proposals. To encourage community partnerships, five bonus points will be given to those proposals that are coordination with their EZ or EC.

The funding will underwrite such activities and services as short-term public- and private-sector wage subsidies; on-the-job training; job readiness preparation, job placement and post-employment services; community service and work experience; and job retention or support services, including child care and transportation assistance.

The Department plans to distribute approximately 70 percent of the funds to projects in cities with high concentrations of poverty and 30 percent of the funds will be targeted to rural areas.

The Wichita Eagle
BUSINESS & FARM
WEDNESDAY February 18, 1998

"I really do believe that it's something that we can use as a model."

U.S. Secretary of Labor Alexis Herman

Dave Williams/File photo

President Bill Clinton, along with Agriculture Secretary Dan Glickman and Labor Secretary Alexis Herman, toured the Cessna 21st Street Facility in November and watched local trainees at work.

full of PRAISES

Cabinet member says welfare reform will be hard, but Cessna's welfare-to-work training program is a national model.

By Molly McMillin
The Wichita Eagle

After completing a tour of welfare-to-work programs in 10 U.S. cities during the past several months — including a November visit to Cessna Aircraft Co.'s 21st Street training facility in Wichita — the nation's top labor official said Tuesday that challenges still lie ahead for welfare reform to be truly effective.

During her visits to the various programs, U.S. Secretary of Labor Alexis Herman said she saw a mix of successes, problems and hope.

Herman made her remarks in a conference call with reporters on Tuesday. Separately, she addressed the National Press Club in Washington.

She said she plans to put together a report on the topic of welfare-to-work programs and make her recommendations to President Clinton soon.

Herman said that, of the 10 programs she visited, Cessna's training facility was unique.

The fact that "you're training (welfare recipients) for all kinds of jobs — production jobs with an average wage of $12 an hour is something, quite frankly, that I have not seen in other programs as I travel around the country," she said.

Cessna's welfare-to-work program gained the national spotlight when President Clinton spoke at the dedication ceremonies for the expanded facility in October. In addition to Clinton and Herman, other dignitaries included Agriculture Secretary Dan Glickman.

"I really do believe that it's something that we can use as a model," Herman said.

During the last 13 months welfare caseloads have dropped by 30 percent, Herman said. Also during that time more than 2.4 million people have gone off the welfare rolls.

But after visiting the different programs and talking to welfare recipients, it's clear that some challenges remain, Herman said:

- The stigma of welfare must be removed.

See **CESSNA**, *Page* **15A**

CESSNA

From Page 14A

In talking to former welfare recipients, Herman said she found that the stigma of welfare lasts long after the receipient has moved to the work force.

■ Barriers still exist in keeping workers on the job.

Many people need help getting to work and finding quality child care, she said.

The Clinton Administration has proposed spending $100 million on developing transportation alternatives, such as van services, Herman said.

■ Employers must acknowledge that welfare reform is not charity — it's "enlightened economic self-interest," Herman said. Business leaders must realize that it is good business to help workers move from dead-end jobs to lifelong careers, she said.

"I really do think we have to have a mindset change," she said.

■ The hardest work still lies ahead, Herman said. Those who are the hardest to move into the work force remain on welfare rolls — people with limited math and reading skills, poor work histories or those who are struggling to overcome addictions.

■ Another challenge will be to help fathers increase their earning potential so they can pay child support and better support their children.

Herman said the Department of Labor has earmarked $600 million over a two-year period in challenge grants for states to come up with initiatives in this area.

Molly McMillin writes about business. She can be reached at 269-6708 or at mmcmillin@wichitaeagle.com

WichitaOnline • Local

Updated
TUESDAY
November 18, 1997
1:03 a.m. CST

President Clinton, along with Secretary of Agriculture Dan Glickman, Secretary of Labor Alexis Herman and others, toured the training facility, stopping to speak with trainees Amy Pugh,cq far left, and Mindy Farr,cq next to the president. *(Dave Williams photo)*

FEEDBACK

Pick a section

Go there

Sharing the spotlight

Cessna trainees and graduates sit with the president, shake his hand, win his praise.

By Sarah Lunday
The Wichita Eagle

Jodee Bradley and Tonya Oden shared the spotlight with President Clinton on Monday afternoon.

Sitting on either side of the president at the Cessna facility dedication, the single mothers -- both of them graduates of the training program -- had a chance to chat with Clinton and introduce him to their kids.

"He seems like a people's person, so friendly and caring," Oden said after the dedication ceremony.

Oden's 9-year-old son, Bryce Martin, the oldest of three children, described Clinton as "gentle and intelligent."

On behalf of the program's 262 participants, Oden and Bradley presented Clinton with a model Cessna Citation X plane that Oden said "represents the hard work done at this facility."

More than 200 of the program's alumni, sitting in aluminum bleachers to Clinton's right, erupted in clapping, screaming and shouting when Oden and Bradley stepped to the podium.

"I think it's obvious to anybody here today that the most popular speakers were Tonya and Jodee," Clinton said later during his speech. Bradley, who wore a purple dress suit and a broad, beaming smile, told the president and audience of her struggle to raise four children while working as a part-time waitress.

"It wasn't easy to get to where I am today," said Bradley, who works at the training facility. "The training classes were hard, but it was important to me."

Bradley is one of the most popular graduates, current trainees say. During the five-day work weeks at the facility, she bubbles with enthusiasm while doing her job -- ordering parts for the sheet metal workers at both Cessna's 21st Street Training Facility and its sub-assembly plant.

Sitting next to Clinton on stage Monday, Bradley chatted with him and from time to time turned to smile at the trainees and graduates.

Clinton later told the audience: "While Tonya and Jodee are remarkable people _ and I might add, such good speakers that they might consider public office _ they are not alone."

During his short visit, Clinton got a glimpse of many program participants, each of whom had a unique story to tell.

Some, such as Angela Hubbard, were single mothers with three children to support. Hubbard said she called her welfare caseworker repeatedly last year asking to take part in Cessna's program.

"I can't believe I'm sitting here," Hubbard whispered during Clinton's speech.

After the dedication ceremony, Clinton took about 10 minutes to shake hands, autograph programs and pose for pictures with trainees and graduates.

Wilt Murrell, a sheet metal program graduate, pushed his way to the stage after Clinton's speech and stuck out his hand, demanding the president's attention.

"I finally got to shake hands with the president," Murrell told Clinton as their hands clasped.

Murrell, who graduated from the program four years ago, builds wings for Cessna planes. He said he was looking forward to going home and telling his four kids about the handshake.

Lisa Holmes, who graduated from the fourth Cessna training class, also had a chance to shake Clinton's hand.

"He's an excellent speaker," she said afterward, "but more than that, he's an excellent person."

Holmes, like many of the other graduates, said the president's speech "hit home" and he seemed very understanding about the trials of being welfare-dependent.

Clinton had told the audience he understood that there were millions in America who wanted to work, but didn't have the skills.

He said the Cessna program had been "an old-fashioned victory for American dignity" by putting the willing to work.

"Our American dream is still alive and well, if we all pitch in to do our part," Clinton told the audience, and many of the graduates and trainees nodded in agreement.

After delivering his speech and saying hello individually to dozens of audience members, Clinton stepped behind the blue curtains and chatted with his staff.

A few minutes later, a staff member stepped out to ask trainee Sherry Lesher to meet the president.

Several of her friends watched Lesher, a 31-year-old mother of five, step behind the curtains.

And then five minutes later, she stepped out: "You guys, that was incredible!" she said while hugging another trainee.

She said she asked for an autograph and took three pictures, and "I said thank you for taking the time out to recognize us."

In the evening, she related the experience to her close-knit family at their white house on South Waco.

Six other selected trainees also had a chance to chat one-on-one with the president about their lives and sheetmetal work when he visited the shop before his speech.

Amy Pugh, 22, was one of the six.

"We were talking about child care," said Pugh, who has a 2 1/2-year-old daughter. Pugh began her sheet metal training in October.

"I've got lots of ideas for him," said Pugh, adding that she talked with Clinton about 4 1/2 minutes. "I believe he listens to what's going on here," she said.

Clinton didn't devote the majority of his attention to the dozens of politicians and corporate leaders in the crowd. Nor did he focus on the situation in Iraq. He spent most of his time with the Cessna trainees and graduates.

And that fit the tone of the day.

Earlier, Russ Meyer, chief executive of Cessna Aircraft Co., had told the audience: "The graduates of 21st Street are the real heroes in this partnership."

Sarah Lunday writes about business. She can be reached at 268-6404 or at slunday@wichitaeagle.com.

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Have-nots still struggle; labor chief pushes jobs

By APRIL McCLELLAN-COPELAND
PLAIN DEALER REPORTER

Although unemployment is at its lowest rate in two generations and the economy has churned out 13 million new jobs since 1992, some Americans still have not prospered from the healthy economy, said Secretary of Labor Alexis M. Herman.

Herman reminded the government, business and civic leaders who attended the Urban League of Greater Cleveland's Equal Opportunity Day Luncheon yesterday that the United States must not continue to be a country of haves and have-nots.

"I must hasten to point out that not everyone is benefiting from this prosperity," said Herman, the first black woman to head the Labor Department. The nation's poor and uneducated citizens are not equal participants in this prosperous economy, she said.

Programs such as the Urban League's Rising Tide Initiative — which gives training and job leads to unemployed fathers 18 and older — are examples of the types of programs that can improve economic opportunities for all people, she said.

"We must make sure this new economy lifts everyone up," Herman said. "As we seek to reform the nation's welfare system, we have to do all that is in our power to make sure [the poor and unemployed], too, will benefit. Work is as much a source of dignity as it is a source of income."

Herman's visit to Cleveland was the first stop on a nationwide tour of cities where there are initiatives to help people make the transition from the welfare rolls to the work force. President Clinton asked Herman to examine innovative and effective programs.

"I could have selected any city in the U.S. to begin the tour. This is a city about new beginnings," said Herman.

After the luncheon, Herman visited Colormatrix Corp., on Chester Ave., to talk to workers who were once welfare recipients. The company, which makes coloring materials for plastics, began working with the Cleveland Works job training program in 1987. Cleveland Works moves people from welfare to work.

ELIZABETH MALBY / PLAIN DEALER PHOTOGRAPHER

"We must make sure this new economy lifts everyone up," says Secretary of Labor Alexis M. Herman. Herman was in Cleveland yesterday to attend the Urban League of Greater Cleveland's Equal Opportunity Day Luncheon.

Herman said Colormatrix is serving as a national model in the welfare-to-work initiative.

Herman was confirmed as Secretary of Labor last April. One of her major tasks as secretary came a few months after her confirmation, when she helped negotiate a settlement between the striking Teamsters union and the United Parcel Service.

Herman said she learned some important lessons from the strike.

"The strike demonstrated how much we are connected to one another in large and small ways," Herman said in an interview after the luncheon. "So many sectors were impacted by the strike. It also showed how the collective bargaining process really does work when you commit to working out issues."

The Equal Opportunity Day Luncheon also is a chance for the Urban League to recognize companies and individuals for their commitment to equal employment opportunities. Last year, the league's Corporate Award was not presented because the organization said no company met the criteria.

This year's recipient is TRW Inc. because of its efforts to include minorities on its board, in top leadership and thoughout its work force. TRW Inc. chairman and chief executive Joseph T. Gorman accepted the award.

The Urban League presented the Whitney M. Young Humanitarian Award to Clevelander Chester J. Gray, the first director of the U.S. Equal Employment Opportunity Commission and former deputy executive director of the Ohio Civil Rights Commission.

(Cleveland) The PLAIN DEALER 12-11-97

16A

Transition from welfare to work called successful

By SABRINA EATON
PLAIN DEALER BUREAU

WASHINGTON — Programs to find jobs for welfare recipients are taking off across the country, U.S. Labor Secretary Alexis M. Herman said yesterday after visiting Cleveland as part of a nationwide assessment of welfare-to-work programs.

"In Cleveland, you have great community partnerships between employers and non-profit groups, a growing economy creating jobs, and a small-business consortium that is dedicated to creating entry level jobs," said Herman, who said she would visit more cities and report her findings to President Clinton.

Herman, who also visited Las Vegas, New York and Wichita, Kan., said she was particularly impressed by her Nov. 21 meeting with Tanya Phillips of Cleveland, who is enrolled in a machine tool skills program at the Center for Employment Training.

"She wakes up every morning and practices job interview skills in the bathroom mirror," said Herman.

Herman said public misperceptions about welfare recipients, like the idea that they don't really want jobs, "are really coming home to me on this tour."

"The people I'm talking to, their hearts and hands literally ache for the dignity of work," Herman said.

In the next two years, Herman's agency will administer $3 billion in Welfare to Work grants created by a 1996 bipartisan welfare reform law intended to channel at least half of all welfare families into jobs by 2002.

"The emphasis is on getting and keeping a job," Herman said. "It's not an easy task, but it's a doable task" made easier because of the current strong economy.

Herman said job training, education and placement efforts by non-profit groups such as Cleveland Works are key, because 47 percent of welfare recipients are high school dropouts, and 40 percent have never held jobs. Other needed support services include child care and transportation assistance.

Welfare case loads across the nation have dropped about 24 percent since 1994, and decreased by more than 30 percent in Ohio, Herman said.

Las Vegas, Nevada
February 22, 1998

Review-Journal

Labor secretary praises Las Vegas efforts

Alexis Herman voices her support for training programs offered by casinos and the Culinary.

By John G. Edwards
Review-Journal

The nation's welfare-to-work program is working in Las Vegas and around the country, according to Secretary of Labor Alexis Herman.

In a speech to the National Press Club last week, she cited the Culinary Union Training Center in Las Vegas, as well as programs in other cities she visited in a recent tour.

The center, a joint project of gaming companies and the union, provides training in housekeeping and culinary skills at no charge.

"It provides both pre-employment and advanced training so workers can keep climbing the ladder," Herman said. "It's a common sense idea that's making a real difference in people's lives."

The Las Vegas casino industry is providing quality career paths for workers, Herman said.

The biggest hurdle for welfare recipients seeking jobs in Las Vegas, she said, is finding child care.

"It is particularly an issue for the hotel industry where people work around the clock," she said.

Mark Solomon, executive director of the Culinary center, agreed with her assessment.

"There are some day-care centers that operate 24 hours daily but not very many," Solomon said.

Transportation also poses a problem although Citizens Area Transit provides good bus service, he added. "The way Las Vegas is laid out there are times you really have to have your own vehicle."

The welfare-to-work program, however, is succeeding in Nevada and nationally, Herman said.

She said 2.4 million welfare recipients have gotten off the dole since the program began 13 months ago. In Nevada, the former Aid to Families with Dependent Children program cut the number on its rolls to 28,384 in November from 42,703 in March 1995, according to the U.S. Labor Department.

Part of the progress results from tougher standards for receiving benefits under the program now called the Temporary Assistance to Needy Families, said Deanne Amaden, a spokeswoman for the federal agency in San Francisco.

"People realize that they were not going to be on welfare," Amaden explained. Also, "with the job market and the economy better, it's giving people opportunities."

Earlier this month, the state was awarded $3.4 million in federal funding to help welfare recipients find and keep jobs. Nevada was one of the first five states to receive grant money through the program.

The federal government has set aside $300 million to help the hardest to employ, such as those with drug or alcohol abuse problems, poor employment records and women in abusive family situations. Another $300 million is budgeted for next fiscal year.

Local communities will make competitive applications for grants under the program.

Las Vegas Review-Journal and Las Vegas Sun

November 23, 1997

Page 1B

Welfare program praised

☐ Labor Secretary Alexis Herman hears good news in Las Vegas: A plan to aid the unemployed is working.

By John G. Edwards
Review-Journal

Lena McDonald, a former welfare recipient, sent a message to President Clinton on Saturday: The nation's welfare-to-work program is working.

She and a dozen others like her told their stories to Labor Secretary Alexis Herman during a meeting at the Culinary Union Training Center in downtown Las Vegas.

And Herman promised to tell Clinton what she learns from them about the welfare-to-work program Congress adopted in 1996.

The law provides financial support for families trying to get off welfare through programs such as the one offered at the Culinary center, 707 E. Fremont St. Businesses can obtain federal income tax credits as high as $8,500 per year for each welfare worker they hire.

The president wants to know how well the program is going, Herman said. "What are workers saying about their needs and their concerns as they move from welfare to work?"

McDonald, a 40-year-old mother of eight, said she was out of work about five years. She repeatedly was denied employment until she obtained training through the Culinary training center. Then she landed a job as a housekeeper at the Maxim.

"Then, you have it made," remarked Sen. Harry Reid, D-Nev.

"I don't never have it made," McDonald told him. "I take each day as it comes. I just put the Lord first. It's a test every day. I thank God for being in this training."

Others shared her enthusiasm about getting off welfare.

"This is the happiest I've ever been," said Donnalee Gasser, 34, a training center student. She has plans "for getting my foot in the door" and starting a career making cakes.

"This is really good news," said Sen. Richard Bryan, D-Nev., who also met with the students.

Herman, who has held the labor post for six months, said she was impressed with the way labor unions and casino operators are working together to help welfare recipients get jobs.

Trustees of the Culinary program include executives from the Maxim, Excalibur, Bally's, New York-New York and Bellagio, the luxury resort Mirage Resorts Inc. is building on the Strip.

Bellagio will hire as many as 800 of its 8,000-person staff from welfare rolls, said Arthur Nathan, vice president of human resources for the casino and chairman of the Culinary center board.

Harrah's sent representatives to a graduation ceremony for the training center last week, said Mark Solomon, center executive director.

The training center places 70 percent of its graduates in jobs, he said.

"That's what we need, training linked to real jobs," Herman said.

The labor secretary acknowledged that welfare-to-work participants sometimes have difficulty finding transportation and day care for their children.

The federal government will send Nevada $3.5 million in January to help fund child care and training needs for welfare recipients, Herman said.

She said former welfare recipients also need support organizations, as well as understanding bosses, to help them make the transition to the work force.

"I encourage my supervisors to have some patience, to go that extra mile," said Linda Butters, director of personnel for the Maxim and a center trustee.

She and other human resource executives said former welfare recipients can become loyal, long-term workers.

"People who come through this program and similar programs have lower failure rates, because they made a commitment," Nathan said.

Herman announces $1.2 million grant in fact-finding mission

By J. ZAMGBA BROWNE
AmNews Staff

Labor Secretary Alexis M. Herman brought good tidings in the form of a $1.2 million federal grant to STRIVE's East Harlem Employment Service Inc. during a recent fact-finding mission on behalf of the White House.

The Labor Secretary told reporters that she came specifically to explore STRIVE's two-step process of helping people find employment and attain self-sufficiency. The program has been in existence since 1984.

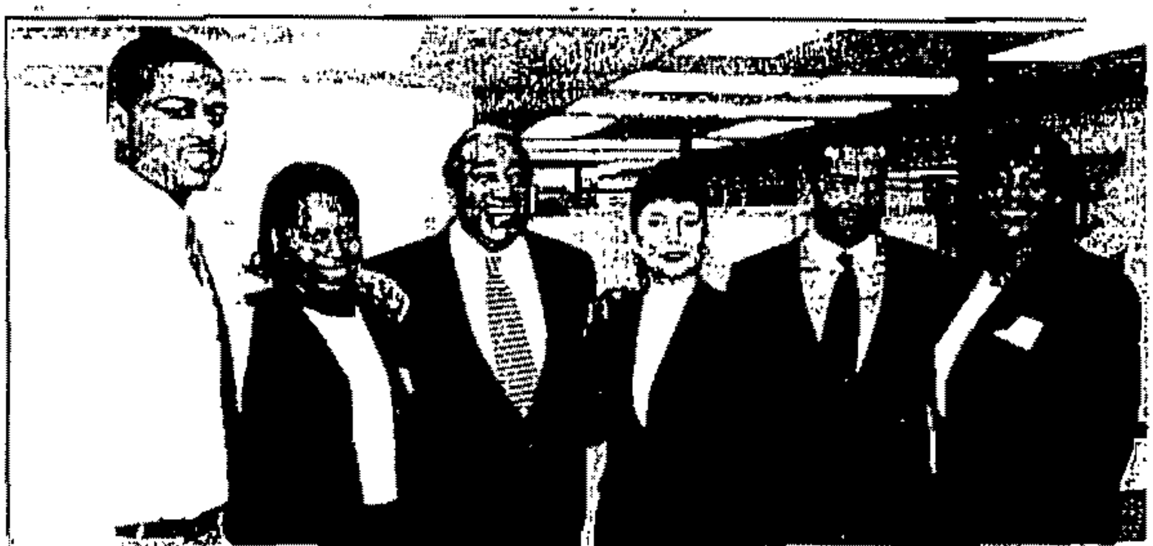
STRIVE (Support and Training Results in Valuable Employment) is primarily a privately funded job-training and placement initiative that has been training and placing inner-city residents in private-sector jobs since its inception. The program operates on the following principles: Positive communication from the staff that effectively engenders participants' growth and the ability to work; interaction from the staff and management that encourages participants' feedback; an environment of integrity in which sexual harassment, abuse or discrimination in any form is not tolerated; quality service that is professionally conducted and participant-centered; and a supportive environment that assists participants in meeting their goals and objectives.

The federal grant to STRIVE marks the first time this project has been selected to receive government money. The funds are to be used over a three-year period to further enhance its efforts, especially among dislocated workers, Herman said.

Before her announcement, Secretary Herman gave some words of inspiration to a group of residents who recently completed six-weeks of training at the center. "You represent the future of this nation," she said.

The Labor Secretary said that one of her responsibilities is to make sure that "every American who wants to work gets a job." She praised the eager students for taking the necessary steps to put themselves on the road to self-sufficiency.

"All you need is a mind and everything else is possible," she added. Secretary Herman cited her own mother as a classic example of someone who had the determination to complete high school. "She realized those dreams shortly after giving birth to me.



WELCOME MAT— U.S. Labor Secretary Alexis Herman (c) is welcomed to Harlem by Rep. Charles Rangel (3rd, l) and members of the staff at STRIVE employment training center. They are (l-r) Todd Kelly, Utopia Miller, Sorenzo Harrison, and Sharon Hill.

(Bill Moore photo)

"No matter what anyone says to discourage you, just keep your eyes on the prize," the Secretary insisted. "There may be bumps or obstacles along the way, but just keep your head up high because for every obstacle there is a learning experience," she added.

The Secretary, however, urged that the young graduates, once they are successful in opening up the door to success for themselves, should not forget to reach back and bring others who are less fortunate along with them.

Herman said that job prospects for inner-city young people look promising for the 21st century. She stressed that they will have to prepare themselves adequately to compete, especially in the global economy.

The Secretary was also in the city to deliver an address on the strategies to move more Americans from welfare to work. She will make similar visits to 10 other cities across the nation in order to examine what works and doesn't work in local welfare-to-work initiatives. She will report her findings to President Clinton in January.

NEWS IN BRIEF

U.S. official cites W-2 'glitches'

Inadequate child care and transportation problems are "glitches" in Wisconsin's new welfare system, said Labor Secretary Alexis Herman, who was in Milwaukee this week on a nationwide welfare-to-work tour.

"Entering the world of work can be scary business if you've never had to do it before," said Herman, who met with W-2 recipients as well as community, labor and religious groups Thursday and Friday.

JIM GEHRZ/STAFF PHOTOGRAPHER

U.S. Labor Secretary Alexis Herman greets people Friday at the Milwaukee Enterprise Center.

Herman said she sees many successes with Wisconsin Works, or W-2, which requires welfare recipients to work.

"It's important to help put people on the path to self-sufficiency," she said. "There is no passport to dignity like a paycheck."

Herman will submit findings from her 60-day tour to President Clinton in February.

U.S. official hears welfare complaints

Del. program doesn't live up to billing

By ROBERT LONG
Staff reporter

U.S. Secretary of Labor Alexis M. Herman came to Delaware Wednesday to see a model welfare reform program in action, but found a program still struggling to fill the gaps.

"I'm here to learn from Delaware's successes and bring this information back to the president," Herman said during a tour of West End Neighborhood House, which is helping move poor people from welfare to work.

After meeting with a dozen current and former welfare recipients, Herman found the state struggling with some of the same transitional problems as other states that are trying to move people from welfare to jobs.

"The concept and design may be good, but in some cases the implementation is not," Herman said. "I think that is something we are going to have to work more on."

Herman is conducting a nationwide tour to examine how local and state governments are helping welfare recipients get jobs.

President Clinton launched the tour in October to see how $3 billion in federal welfare-to-work grants are succeeding. Delaware is receiving $2.8 million in welfare-to-work grants this year.

Delaware has programs to address welfare-to-work concerns, from job training to child care to health care, but welfare recipients told Herman they were not enough.

See HERMAN — B8

The News Journal/GINGER WALL

U.S. Secretary of Labor Alexis M. Herman talks Wednesday to Gov. Carper (right) and Wilmington Mayor James H. Sills Jr. (second from right) in Carper's office. She visited Delaware to learn about its welfare program.

Herman: Delaware welfare program needs more work

FROM PAGE B1

Tonia Smith, a 30-year-old mother of three from Wilmington, has done just what the state wanted her to do, but she told Herman the system is penalizing her.

"From the time I've started work, I've had nothing but trouble with the system," Smith said.

After attending programs in A Better Chance, the state's welfare program, Smith landed a part-time job as a bank teller. She notified the state of her employment, but her monthly $357 welfare check kept coming. Six months later, Smith is working full time, earning $7.60 an hour, and now the state wants her to repay six months in checks that she was not entitled to have received.

"I don't have that kind of money. I don't need welfare anymore, but I also don't need to be hassled," Smith said. "The state has to do a better job in the transition from welfare to work."

Renee Chamber, 30, of Wilmington, must find work or lose her benefits, but she is not hopeful anyone will hire her.

Chamber, who has 10 children, has been on welfare for nine years. She cannot find work because she cannot read, she told Herman.

"I would love to be able to be like those people who put on their sneakers and their backpacks and go to work every day," Chamber said. "I don't feel the program is helping me."

Herman told the group not to give up on their struggle.

"Compared to a lot of cities I've been to, you have a leg up because you have a lot of options with things like child care and health care," she said. "It's not going to be easy, but it's possible."

Gov. Carper told the welfare recipients that he heard their message. "What you're telling me," he said, "is there is more to do."

After Herman's session with the welfare recipients, Carper asked state Division of Social Service Director Elaine Archangelo to reconvene the group and others like it to better identify and resolve existing problems.

Delaware was one of the first states to launch welfare reform in in October 1995. The package includes job readiness, parenting and child-care programs. Welfare recipients must find work in two years or accept state-sponsored jobs to maintain benefits. After four years, welfare payments are cut off.

As of November, 54 percent of the 3,055 adults enrolled in the program have found work. A recent 18-month study concluded that the program was working, but was still struggling to reach long-term welfare recipients.

Nathan Hill, president of Greenwood Trust Co. in New Castle, told Herman that Delaware employers increasingly are discovering the benefits of hiring welfare recipients.

"What we have experienced is that welfare recipients are staying in jobs, they are loyal and are some of our best employees," said Hill, who heads a coalition of business leaders working with the state to encourage employers to hire welfare recipients.

Herman warned the business leaders that there is still much to be done to make sure welfare reform succeeds.

"You have laid a good foundation," Herman said. "But no one knows exactly where all this will end up."

Herman is expected to report her findings to Clinton in February.

Wilmington News Journal
1/11/98 - p. G2

Norman Lockman

Labor secretary gets earful about inept services

She may not realize it, but something Theresa Woods said last week might make a difference in how state social service agencies across the nation deal with welfare reform. It most certainly will have an impact in Delaware, because what she said embarrassed Gov. Carper in front of U.S. Secretary of Labor Alexis Herman and he ordered it fixed.

Woods is an unemployed nurse's aide from Claymont. She was one of a dozen or so welfare recipients sitting in a back-to-work class at Wilmington's West End Neighborhood Center when Secretary Herman visited last week, trailing staff, press and a governor proud of his nationally praised welfare reform program. Wilmington is the seventh city Herman has visited, on orders from President Clinton, to check on the status of training programs associated with welfare reform.

The women seemed uneasy as Herman walked in, so she sat down and started chatting with them. The women were being taught how to fill out job applications and Herman picked up on the comments of one who said she dreaded filling out applications and then being treated disdainfully if she answered all the questions honestly.

"I've been hearing this everywhere I've been," Herman said. "The put-downs. The stigma. Where do you face this the worst?"

There was a moment's silence. Then Woods, who had been sitting quietly across the room, piped up: "Social Services."

"Social Services?" said Herman.

"The worst you get is from the people at the Social Services department. They treat you like you are ignorant or illiterate or something. They don't know the new programs and they make you suffer for their mistakes."

Not up to speed

There was another short pause. Then the dam burst. For the rest of that session and in two others, Herman and a rather abashed governor got an earful about the shortcomings of some social services professionals who are allegedly making it harder, not easier, to get off welfare.

The Wilmington visit was meant to showcase Delaware's advanced welfare reform program called A Better Chance. The women meeting Herman were hand-picked.

But when Gov. Carper explained how a transitional period has been built in to allow welfare recipients to get their first jobs without "off-the-cliff" disruption of benefits, there was a chorus of "No, no, that is not what is happening."

The litany was horrendous. Several claimed that when they began work, their case workers started miscalculating their benefits. Two women claimed they continued to receive full welfare checks by mistake and then were accused of welfare fraud when they cashed them, which has prevented them from getting jobs. Some talked of abruptly losing child care subsidies and food stamps.

In a meeting later with employers, Nathan Hill, president of Greenwood Trust, the bank that issues Discover credit cards, told how he had hired a welfare recipient and found she was extraordinarily talented. In a couple of months, she was promoted to a job that paid about $20,000. Within days, she came tearfully to personnel to request a demotion, saying she could not afford to make that much money because she lost too many child care benefits too quickly. Greenwood Trust tried to compensate by reducing her hours, but it didn't work. The woman returned to full welfare.

As welfare reform kicks in across the country, social service agencies will need to revamp their strategies to avoid such bureaucratic traps. Reforms may look good on paper, but if they are being implemented poorly, as they apparently are in Delaware, they may inadvertently ensnare recipients in a spiral of failure.

When Secretary Herman reports back to President Clinton in February, I bet he hears about Theresa Woods of Claymont and the pitfalls of state social service agencies — not employers — coping poorly with "ending welfare as we know it."

►Norman Lockman is associate editorial page editor.

Wilmington News Journal 2-4-98 A8

Norman Lockman

Sanctions trip women getting off welfare

Several weeks ago, during a visit to Wilmington by U.S. Secretary of Labor Alexis Herman, it came to light that there are systemic problems in Delaware's A Better Chance welfare reform.

The problem, several women who are participants claimed, is that too many workers for the state Division of Social Services don't know how to make the program work for them, instead of against them. Gov. Carper listened, stung, while Secretary Herman quietly suggested, "You have some work to do here." He immediately ordered a follow-up meeting with the same women.

Social Services division director Elaine Archangelo reconvened the women Tuesday. She tried to explain that this is a completely new ball game. The goal now, she said, is job placement, not job training. OK, said the recipients, but tell your people to get their act together, because they don't seem to know how to meet the new goals without causing more problems than they are solving.

Delaware's welfare reform has rules that punish recipients who do not measure up. These sanctions are necessary to make sure recipients understand DSS means business. However, bureaucratic clumsiness is rampant, and in some cases sanctions conflict with the mission of smoothing recipients' transition to the workplace.

For example: A welfare recipient who joins A Better Chance signs a contract pledging to do certain things, like finishing parenting classes within six months, in order to keep cash supplements coming. If the recipient doesn't keep up with classes, she is punished by escalating deductions from her monthly supplement.

Many of these recipients already have messy personal lives. DSS can make them even messier. Once sanctioned, the recipient becomes a kind of marked person and begins losing access to other services.

One recipient moved from Wilmington to Claymont. She started parenting classes in Wilmington, but dropped out during the move. She was transferred to a different service center with a new set of social workers. Those social workers noted that she missed appointments with Department of Labor job-help contractors and stopped attending parenting classes in Wilmington. She is sanctioned, first for one, then the other.

Caught in the middle

The recipient said she couldn't make the parenting class without leaving her child unattended. Meanwhile, because she is sanctioned, she lost access to child care help so she can attend job-help classes in Wilmington. Unable to get child care but under pressure to find work and losing benefits, she broke up her family by sending a child to live temporarily with a relative, and took a job with a temporary agency in order to get back into compliance with Social Services rules.

This isn't "tough love" as Gov. Carper envisioned it; it's dumb bureaucracy. The woman has a job, sort of, but it's a job more suited to satisfy the rules of the Division of Social Services than her needs.

In another case, the Division of Social Services calculated monthly income based on a temporary agency's letter stating that a recipient had been hired to be available for work full days, five days a week at a certain hourly rate. DSS cut her supplement as though she worked full time, even though as a temp she worked part time.

"Some things they seem to keep back, just to see you fall — to keep you from getting ahead," said one woman at the session, to which Archangelo murmured, "I'm aware that you were sanctioned in error." Archangelo said she has a plan to fix the problem — starting in June.

The danger to welfare reform in Delaware is not stubborn recipients, although some do seem to be angry and confused, but an agency that is becoming a bad welfare cop, hiding behind rigid regulations instead of providing services able to help these women bridge the scary gap between welfare dependency and work.

DSS has a big job to do. It isn't going to accomplish it unless it cleans up its act.

▶Norman Lockman is associate editor of the editorial page.

Labor secretary visits programs in Tampa

TAMPA — U.S. Labor Secretary Alexis Herman will visit Tampa today to gather information on welfare-to-work programs.

By JEAN GRUSS
of The Tampa Tribune

U.S. Labor Secretary Alexis Herman said investigations of her conduct and that of President Clinton and other Cabinet members wouldn't distract her from a scheduled trip to Tampa today.

Herman

"The challenge is to stay focused," Herman said Thursday. "It goes with the territory these days."

Herman, under investigation by the Justice Department over allegations of influence-peddling in office, is scheduled to speak today with Tampa workers about welfare-to-work programs.

Legislation passed by Congress in 1996 authorized the Labor Department to provide grants totaling $3 billion in the next two years for states and local communities to help welfare recipients get jobs.

Florida already has a welfare-to-work program called WAGES, which requires most people who receive aid to find a job within a certain time period. The program also provides incentives such as tax credits for employers who hire people off the welfare rolls.

November's figures showed the state welfare reform program helped to reduce the number of Floridians on welfare by 40 percent, saving the state $70 million. In Hillsborough County, the welfare population of about 15,000 shrank 27 percent.

Low unemployment rates in Florida and nationally will continue to encourage employers to look at welfare recipients as a source of labor, Herman predicted.

"Businesses are much more willing to work with [welfare recipients] now," she said.

However, the lack of public transportation and child care are significant barriers to helping people get back to work, she said.

So far, national welfare rolls have dropped by 2.2 million in the last year. For the first time since 1971, there were fewer than 10 million individuals in the United States relying on welfare checks, the federal government said earlier this month.

Herman will be at the Tampa One-Stop Job Career Center, 9215 N. Florida Ave., at 10 a.m. today.

Jean Gruss covers economic development issues and can be reached at (813) 259-7742 or by e-mail at [illegible]

ST. PETERSBURG, FLA. TIMES Jan. 31, 1998

Times photo — FRASER HALE

Alexis M. Herman puts headphones back on David Hernandez after she borrowed them to listen to the computer program he is using to learn to speak English. Herman visited the Intensive Learning Center at the former Floriland Mall on Friday. Behind them on the left is Doug Jamerson, Florida's secretary of labor.

Labor secretary visits to learn what works

■ On a trip to Tampa, Alexis M. Herman hears from former welfare recipients who describe their on-the-job successes and frustrations.

By TERESA BURNEY
Times Staff Writer

TAMPA — Secretary of Labor Alexis M. Herman came to town Friday on a mission for the president: Find out what's working and what isn't in the nation's efforts to move people off welfare and into work.

Herman went straight to the source for answers: former welfare recipients who are now working. They were 10 women who didn't mince words.

They told Herman that with their new jobs they had found self-confidence and a sense of pride about shaking free from the government dole. Some even wanted her to tell the president "thanks" for their new lives.

But at the same time, they said they are worried they will not be able to keep their new jobs.

Finding child care at the right time in the right place is difficult for many of them, and transportation is an almost constant problem, they said.

Herman wasn't surprised by the women's stories. She had heard the same tales from former welfare recipients in seven other cities she has visited on her fact-finding mission. She still has two more stops before she makes a report to President Clinton.

In general, welfare reform is working, Herman said. People are leaving the welfare rolls at a rate faster than expected, and many of them are finding jobs.

"Now what we have got to do is put equal emphasis on keeping the jobs," Herman said.

Herman offered no solutions to the child care or transportation problems; she only listened to the workers and promised to take their messages to the president. From that level, potential solutions could come, she said.

CONT. →

St. Petersburg, Fla. Times 1/31/98

The timing for reform has been good, with the unemployment rate at its lowest level in 24 years, inflation at a 32-year low and the economy churning out new jobs at a fast pace, Herman said.

In Florida, the number of welfare recipients has decreased by 40 percent in little more than a year, said Phyllis Busansky, executive director of Florida's Work and Gain Economic Self-Sufficiency, or WAGES, the state's welfare reform program.

The program, which began Oct. 1, 1996, gives welfare recipients four years of public assistance, such as some child-care subsidies or medical insurance, but they must find work within two years.

Herman is charged with the job-training portion of welfare reform. It is a big part of her agenda as labor secretary.

But since she was confirmed to her position in late April, she has had plenty of potential distractions from her agenda. Herman was hailed for being a successful mediator in the UPS strike in August. Now she is being investigated for charges that she sold her influence while working as a White House aide in Clinton's first term.

She has denied the allegations and on Friday shrugged them off, saying they did not distract her from the job at hand. "That goes with the territory," she said.

Herman toured Tampa's One Stop Job Career Center in the former Floriland Mall. There, job-seekers can get training, help in finding work and even child-care assistance.

During the visit she quizzed job-seekers about their hunts, admired babies and offered words of encouragement.

"Don't say you hope so. You will graduate," she told 18-year-old Maria Mcfarlane, who was waiting at the center with her infant son, Joshua McNabb.

At the Job Club, where the out-of-work learn to get and keep jobs, she told job-seekers she understands how hard it is for them. Her own mother was a single mother who struggled to go back to school and fulfill her dream of becoming a teacher.

"I know first-hand, from watching her overcome the barriers that she had . . . that there really is no substitute for believing in yourself," she said.

Finding a job builds self-confidence, several of the former welfare recipients told Herman during a round-table discussion.

"It helped me find a lot of abilities and talents I didn't know I had," said Eleana Velasquez, who now works in telephone sales for $8 an hour. "I have been praying for 13 years to get off of welfare."

But the women said it is still difficult for them.

In addition to child-care problems, they talked about broken cars they couldn't afford to fix, two-hour bus rides, complicated arrangements with friends and relatives for rides, and, sometimes, long walks to work.

Several also said they wished the Florida program allowed for them to get more education, rather than rushing them right into jobs.

One woman said she was scheduled to start a new job Monday, but her employer had given her 90 days to get up to speed on the office computer system. A brush-up course would help, she said, but she didn't have the $45 a basic course would cost.

Alexis M. Herman

AGE: 50

BACKGROUND: Graduated in 1969 from Xavier University in New Orleans; worked in Labor Department during Carter administration; formed partnership that advised businesses on marketing and minority-hiring issues; worked as White House Office of Public Liaison director and assistant to the president 1993-1997.

PRESENT JOB: Replaced Robert Reich as Labor Secretary in April after a four-month confirmation battle.

CONTROVERSY: Targeted by Justice Department investigation into allegations that she sold her influence while director of the White House Office of Public Liaison during Clinton's first term.

MAJOR ACCOMPLISHMENT IN PRESENT JOB: Helped mediate intense four-day talks between UPS and the Teamsters last August that ended their costly stalemate.

Document: 00203634 Database: research_d_98_1 Date: Tue Feb 17 16:48:07 1998
Alert Categories: bus lab pol
Profiler Categories: Business Labor Political

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^By LAURA MECKLER=
^Associated Press Writer=

¶ WASHINGTON (AP) _ Competing for $1 billion in bonus money, states will be judged by how many welfare recipients find and keep jobs over the next five years.

¶ The formula, being sent to states this week, gives no weight to states that see caseloads drop but can't prove that the people are finding work. The guidelines resolve a long-standing question over how the federal government will judge success as states implement their own welfare programs.

¶ "What we really wanted to focus on was work. That's what ... the new welfare law is about," Michael Kharfen, spokesman for the Department of Health and Human Services, said Tuesday.

¶ President Clinton will focus on the changing role of welfare caseworkers in moving people into jobs when he addresses the National Governors' Association, meeting here next week, Kharfen said.

¶ That was also a theme of Labor Secretary +Alexis+ +Herman+'s comments Tuesday at the National Press Club.

¶ "Success is not just about getting a job. Success also involves keeping a job," she said.

¶ While Clinton and the governors love to brag about declining caseloads _ they've dropped 31 percent since their peak in 1994 _ it's less clear where these former recipients are landing or if they are moving out of poverty.

¶ The high-performance bonuses offer $200 million a year for five years to the 10 states that have the most success in four areas. Each area is judged individually, so up to 40 states could theoretically get a share of the bonus money.

¶ States will be judged on:

¶ _Job entry: the number of welfare recipients who got jobs that year, whether they remained on the rolls or not. Many welfare recipients work but make so little money that they still qualify for assistance.

¶ _Success in the work force: a combination of the number of recipients who kept a job from one quarter to the next, and the increase in their incomes.

¶ _Improvement: how much states improved over the previous year in each of the above categories.

¶ The largest portion of the money, $80 million per year or 40 percent, will be given to winners in the job entry category. Winners in the success in the work force category will share $50 million, or 25 percent of the total.

¶ States showing most improvement in the job entry category will share $40 million, and those improving most in the success in the work force category will share $30 million.

¶ The amount of money each of the winning 10 states gets will depend on the size of their regular block grant.

Printed By Reuters : Thursday, 26 February 1998 09:53:58

21:26 17 Feb U.S. Labor's Herman says reforms need more time

By Peter Szekely

WASHINGTON, Feb 17 (Reuters) - A year and a half after a sweeping welfare reform law was enacted, Labor Secretary Alexis Herman said on Tuesday the task of bringing welfare recipients into the workforce will take much more work and more time.

After completing a 10-city tour to examine the issue, Herman said progress made so far in reducing welfare rolls has been slowed by several factors, including the difficulty of employing the "toughest cases," she said.

"I'm certainly not here today to declare success," Herman said in a speech at the National Press Club.

"I think that we're quite a ways from declaring success," she said. "What I do believe we have is a clear indication that we are moving in the right direction."

Herman noted that welfare caseloads have fallen more than 30 percent since President Bill Clinton took office in January 1993. In the 13 months after he signed the controversial welfare reform measure in August 1996, 2.4 million people have left welfare rolls, she said.

Although Clinton had campaigned in 1992 on a pledge to "end welfare as we know it," he vetoed an earlier welfare reform bill passed by the Republican-controlled Congress that he said was too harsh. Some of his fellow Democrats felt the final law was still too harsh and criticized him for signing it.

The law cuts federal spending on welfare by $55 billion over six years, imposes a five-year lifetime limit on receiving benefits and requires recipients to begin working within two years after receiving benefits.

Calling the law "one of our nation's biggest social policy changes in the last 50 years," Herman said she would present the president with recommendations for dealing with six "core challenges" that she discovered in her travels.

To end "the stigma of welfare," she said recipients who move into jobs must be protected by federal labor laws, including the current $5.15 federal hourly minimum wage, which Clinton has proposed raising by $1 over the next two years.

"I'm very optimistic that we will get the cooperation and the support of Congress to pass the minimum wage (increase)," she said when asked for her assessment of the proposal's chances.

To keep former welfare recipients working, Herman said loans and other assistance must be provided for obstacles like child care and transportation, especially since many new jobs are in the suburbs while welfare recipients are in the cities.

Citing employers who have pioneered training programs for former welfare recipients, she said employers must realize that it is in their interest to take steps to cultivate and retain the new workers.

For long-term recipients with limited skills, poor work histories and in some cases substance abuse problems, she cited an innovative program, STRIVE, in New York City's Harlem section that focuses on basic life skills and whose graduates have an 80 percent job retention rate.

Herman also called for tougher child support enforcement to force absentee fathers to get involved with their families and the selection of the best welfare-to-work measures that have been developed by individual states.

ENDS

<A7>HD:Herman touts trade policy successes

<A10>SH:Labor secretary says department working on ways to help workers whose jobs have been sent overseas

<A1>By JEFF HARDY Washington Bureau

WASHINGTON U.S. trade-expansion policies have cost some American jobs, but the initiatives also helped fuel the strong U.S. economy, Labor Secretary Alexis Herman said Tuesday.

Speaking at a ``Newsmakers'' luncheon at the National Press Club, the Mobile native said one of the Clinton administration's more successful job-generating strategies has been to expand U.S. trade in the world market.

At the same time that new markets created U.S. jobs, though, some other U.S. jobs were lost as employers decided to transfer their manufacturing to other nations, she said.

``We have to make sure that as we pursue these strategies we pay particular attention to those industries, to those areas, to those workers who in fact have been disproportionately and negatively impacted,'' she said. ``We can't run away from that reality.''

Ms. Herman was asked how she could justify trade expansion when U.S. labor unions largely opposed the strategy in the wake of the North American Free Trade Agreement.

The agreement among the United States, Canada and Mexico was designed in the early 1990s to take advantage of a population totaling 390 million, a gross domestic product of $8.6 trillion and trade among the countries of more than $250 billion.

But the agreement while generating thousands of U.S. jobs has cost the United States at least 150,000 jobs, according to some estimates. Now, some unions and organizations are actively fighting to stop the expansion of NAFTA and other new trade agreements.

The Labor Department is working on ways to lessen the effects of any losses, such as finding out more quickly where plants are closing so it can assist workers. Also, in his State of the Union Address, President Clinton talked of a plan to beef up the federal program to help displaced workers, Ms. Herman said.

On another issue, she said that workers in the new world markets need the assurance of basic rights and protections. ``It is not enough to assume that when you open up markets, when you create additiona trade opportunities and you're creating jobs that, somehow magically, everyone is going to benefit,'' she said.

PHOTO Herman

Welfare Bonuses,0466 States welfare bonuses will reward work

WASHINGTON (AP) Competing for $1 billion in bonus money, states will be judged by how many welfare recipients find and keep jobs over the next five years.

The formula, being sent to states this week, gives no weight to states that see caseloads drop but can't prove that the people are finding work. The guidelines resolve a long-standing question over how the federal government will judge success as states implement their own welfare programs.

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President Clinton will focus on the changing role of welfare caseworkers in moving people into jobs when he addresses the National Governors' Association, meeting here next week, Kharfen said.

That was also a theme of Labor Secretary Alexis Herman's comments Tuesday at the National Press Club.

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Improvement: how much states improved over the previous year in each of the above categories.

The largest portion of the money, $80 million per year or 40 percent, will be given to winners in the job entry category. Winners in the success in the work force category will share $50 million, or 25 percent of the total.

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BNA
DAILY LABOR REPORT
BNA Employee-Owned Since 1947

NUMBER 32 WEDNESDAY, FEBRUARY 18, 1998

HIGHLIGHTS...

Herman Issues 'Call to Action' to Ensure Success of Welfare Reform
Labor Secretary Herman challenges business, labor, government and religious leaders to do more to help welfare mothers find and keep jobs and calls for more attention and opportunities for fathers.

Herman says her 10-city tour of welfare-to-work programs that she just completed has shown her that some states and localities are doing better than others. When she presents her findings to the president, she will identify six core challenges that emerged from her tour and will offer recommendations to meet them, she says. The challenges include combating the stereotype that welfare recipients are not good workers. **A-3**

Welfare

Herman Issues 'Call to Action' at All Levels To Ensure Long-Term Success of Reform

Labor Secretary Alexis M. Herman Feb. 17 challenged business, labor, government and religious leaders to do more to help welfare mothers find and keep jobs and called for more attention to and opportunities for fathers.

Herman said her 10-city tour of welfare-to-work programs that she just completed has shown her that some states and localities are doing better than others. "There are no quick fixes here. No silver bullet . . . But there are successful ideas and initiatives out there and all of us can learn from them," she said in a luncheon address.

Herman said that when she presents her findings to the president, she will identify six core challenges that emerged from her tour and will offer recommendations to meet them.

Stop the Labels. The first step, she said, is to stop labeling and stereotyping welfare recipients as unreliable workers. "They deserve the dignity, respect, and title of 'workers' " and the rights, benefits, and protections that go with that title, she said. This includes, the secretary said, a fair wage, equal opportunity, a safe and healthy workplace, and "every other labor safeguard that is theirs by right and by law."

She reiterated that transportation and child care are key components that can wreak havoc with recipients' efforts to keep jobs once they find them, which she called the second challenge. An after-hours child care program is one solution that she saw in Delaware, she said. Another is a short-term, no-interest loan program that a Milwaukee organization provides recipients to help meet "emergency needs," ranging from car repairs to money to buy uniforms, she said.

The third challenge, she said, is for employers to acknowledge that providing recipients with mentoring, training, health care and pensions will pay off by providing companies with skilled and involved workforces. Cessna Aircraft Co. in Wichita, Kan., has about 200 graduates of a program the company established to train welfare recipients for production jobs that pay an average wage of $12 an hour.

While welfare case loads are dropping, Herman said, "the real challenge" lies ahead as the long-term recipients with the most barriers to employment are those who remain on the rolls. She said the Labor Department's $3 billion welfare-to-work grant program is aimed at helping these "hardest to serve" individuals. An initiative she highlighted as a "no-nonsense program that prepares individuals for the culture of work" is the Support and Training Results in Valuable Employment, or STRIVE program in Harlem.

Involve the Fathers. The fifth challenge is to focus on fathers, the secretary said. While the administration is beefing up child support enforcement, these fathers need a job to pay child support, she said. The Labor Department will make it a priority, she said, to look for model programs to help fathers.

She pointed to the Parents Fair Share program in Los Angeles as one initiative that provides fathers with training and counseling. "This is an aspect of welfare reform that hasn't received much attention," she said, one that she called "fundamental" to the success of welfare reform.

The final challenge, she said, is a "call to action at every level." She urged labor unions to build on programs such as the joint labor-management Culinary Training Center in Las Vegas. That program, involving the Culinary Workers Union, provides pre-employment and training in a center that is located within easy access to public transportation.

She also encouraged businesses to consider joining the Welfare-to-Work Partnership headed by Eli Segal and said faith-based groups and other labor-market intermediaries have "an enormous role to play." In her address at the National Press Club, Herman also challenged the media "to shed light and shatter myths" about welfare recipients as workers.

Herman advised states and localities to look at their own programs to make sure they do not create "unintentional barriers." Someone may have to go to one office to let a caseworker know about a job offer and then have to take time off to go to another office to pick up a transportation voucher and yet another office to get a child care stipend. "That's like having to go to the Department of Motor Vehicles three times a month to register your car," she said.

Some 2.4 million people have left the welfare rolls since Clinton signed the controversial welfare measure into law nearly 18 months ago. Herman said the country is "quite a ways from declaring success," however, she added the country is "moving in the right direction."

Herman Outlines Six Challenges.

Labor Secretary Alexis M. Herman said her three-month welfare-to-work tour showed her that the following challenges must be met to make welfare-to-work a lasting success:

- end the stigma of welfare by recognizing these people as they are, "new workers," not former welfare recipients;
- understand that success is not just about getting a job, but keeping one and focus more on child care and transportation;
- acknowledge that welfare reform is good business for employers and good for the economy;
- recognize that while case loads have dropped that those with the most barriers to employment remain on the rolls;
- focus on fathers by beefing up child support enforcement and giving dads counseling and training; and
- recognize that governments, business, labor, and the press all have a role to play.

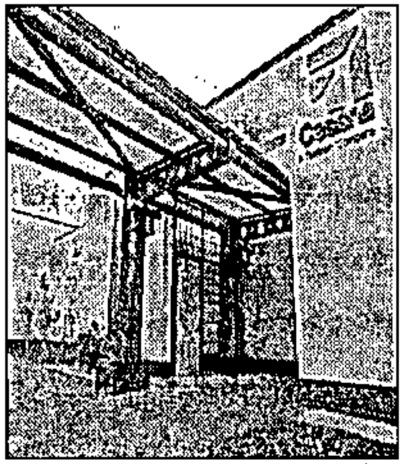
Cessna helps nation meet reform goals

By Alexis M. Herman
Special to The Wichita Eagle

The welfare reform law passed by Congress and signed by President Clinton 18 months ago is something completely new. It is clearly the nation's biggest social policy change in the last 50 years.

Last fall, I went to 10 cities, and in each I found the human face behind welfare reform.

I visited the Cessna Aircraft Company in Wichita with President Clinton. Cessna has established a state-of-the-art facility to train welfare recipients for production jobs. About 200 graduates of the program are now working for Cessna and earning an average wage of $12 an hour.



File photo

Cessna's 21st Street Training Facility is a model for the nation.

I'm ready to report to the president on why the Cessna program works and others do not. It is the story of the people I call our "new workers" who are making the exciting (but never easy) trip from welfare to work.

In order to make reform a success, this country must face six core challenges:

■ End the stigma of welfare. People need dignity in order to succeed. All of us must treat our new workers with the respect they deserve. We must demand that they receive the rights, benefits and protections of workers. That includes a fair wage, equal opportunity on the job and a safe and healthy workplace. We also need to raise the minimum wage to improve the living standards of millions of working families,

■ Understand that success is not just about getting a job, but keeping a job. The Cessna program reflects this concern by linking workers to social services and even providing counselors to help new employees adjust to the workplace. Child care is vital. So, too, are transportation strategies.

■ Employers must acknowledge that welfare reform is good business. Getting a new worker into a first job is important, but we must also be concerned about the second and third jobs that pay enough to support a family. That isn't charity for workers; it's enlightened self-interest for employers. Cessna clearly understands this; the in-depth training it provides for new workers represents an investment in the company's future.

■ Recognize that the hardest work remains because the hardest to serve remain. As welfare caseloads go down, the real challenge is coming into sharp relief. Many long-term recipients remain on the rolls.

■ Focus on fathers. The objective of welfare reform is to help parents raise their incomes so they can raise their kids. Usually that parent is the mother, and, usually, she is alone. Fathers also have a responsibility to support their children. But you need a job to pay child support, so one of the ways to help kids is to increase the earning potential of fathers so they can meet their obligations.

■ Action at every level. Successful welfare-to-work takes work. And it takes us all. No one has all the answers, but there's a lot we can learn from each other. The Cessna program brings together private employers, federal and state funding, and social services. If America replicates that kind of partnership thousands of times over, we can overcome the challenges we face.

If it was easy, we would have done it years ago. But especially now, in our booming economy, it should be possible for employers to provide jobs, skills development, a living wage and supportive services to new workers. Churches, synagogues and mosques can help those trying to help themselves.

As a nation, we have a long way to go to move thousands from welfare to work and to a lifetime of economic security and self-sufficiency. We must assure that every family has the opportunity to make a fair claim on our nation's prosperity.

Alexis M. Herman is the U.S. Secretary of Labor.

DRAFT

WELFARE REFORM DEMONSTRATIONS

This proposal is a key part of the Administration's strategy for making welfare reform work. The demonstration sites will provide opportunities to solve the hardest problems of welfare reform, to learn what works for whom, and to identify, showcase, and disseminate success. The demonstration money would be made available competitively to states and communities that are willing to put up their own matching resources and to carry out a rigorous evaluation. This proposal envisions demonstrations in three priority areas: moving families from welfare to work; reducing teen pregnancy; and promoting parental responsibility and the involvement of fathers.

> Cost: $600 million over five years: $550 million for services and $50 million for evaluation.

PRIORITY AREA #1. Moving Families from Welfare to Work.

This priority area would demonstrate solutions to the toughest problems encountered by states and communities in moving families from welfare to work:

* Provide post-employment services, to keep families from dropping out of the labor force after the first job and help them keep on track for increased earnings and self-sufficiency.

* Encourage sustained employment in multi-problem families, by linking community-based family support services with employment services and jobs.

* Provide drug screening, treatment, and welfare-to-work services that succeed in promoting employment for families with a history of substance abuse.

* Promote work and self-sufficiency while ensuring safety for women who have experienced domestic violence.

* Support the transition to self-sufficiency and prevent welfare receipt among young people leaving the foster care system.

* Encourage sustained employment among disabled persons and families of children with disabilities.

PRIORITY AREA #2. Reducing Teen Pregnancy.

This priority area would focus on strategies to reduce pregnancy and birthrates among young people:

* Expand model after-school programs for at-risk teens that

DRAFT

have demonstrated success at preventing teen pregnancy.

* Provide Second Chance Homes and other focused services for teens who have already had one child, to help teen parents avoid second pregnancies, put their lives back on track, complete their education, and ensure the wellbeing of the child.

PRIORITY AREA #3. Promoting Parental Responsibility and the Involvement of Fathers.

This priority area would focus on innovative strategies for ensuring that both parents take responsibility for supporting their children:

* Promote work and employment-related services for non-custodial parents, in order to ensure that they are able to carry out their financial responsibilities to their children.

* Increase paternity establishment by linking to child care and other community-based organizations that serve low income parents.

POTUS: Do states need waiver to do wage supp w/FS?

POTUS: Empower states to do wage subsidy/cashout

Preliminary Welfare Reform Legislative Options for the FY 1998 Budget: Summary of Base Package

	New Baseline <u>Five Year</u>	Old Baseline <u>Five Year</u>
	(in billions of $)	
Base Package:		
Food Stamps		
A. 18 to 50's: Moderate the time limit of 3 months in 36 by legislatively proposing to limit food stamps to 6 months in 12 for childless adults who refuse to work. Individuals could not be removed from the program if they could not find work or if the State did not provide a workfare or training slot. States would be encouraged, although not be required, to serve these individuals.	2.4	2.0
B. Remove the shelter deduction cap in FY2002, allow the basic benefit to reindex beginning in FY2002 and increase the vehicle asset limit.	0.7	0.9
subtotal Food Stamps	**3.1**	**2.9**
Benefits to Immigrants (500,000 SSI / 1m FS / 400,000 Medicaid)		
A. Exempt the disabled from SSI and Medicaid bans. *(Costs are higher than earlier estimates because many elderly would reapply and would be expected to qualify for SSI on the basis of disability.)*	11.7	8.3
B. Exempt children from SSI and Medicaid bans.	0.4	0.4
C. Extend the SSI and Medicaid exemption for Refugees and Asylees from 5 to 7 years from date of entry in order to give sufficient time to naturalize.	0.6	0.6
subtotal Immigrants	**12.7**	**9.3**
Welfare to Work Initiative (Non-add, costs offset outside of Welfare Reform)	[3.0]	[3.0]
Other Issues Small technical corrections to the welfare legislation that could have cost implications.	0.2	0.2
Total	**16.0**	**12.4**

Options to Revise Base Package:

Option 1. Eliminate the immigrant bans for the disabled currently receiving SSI and Medicaid. Require sponsor-to-alien deeming for all new applications, including current elderly recipients subject to the ban who reapply on the basis of disability.	-2.7	N/A
Option 2. Delay the SSI, Food Stamps and Medicaid bans for two years -- only for current recipients. All new applicants, and everyone after two years, would be subject to the policy in option 1 (sponsor-to-alien deeming for Medicaid and SSI).	+0.6	N/A

12/18/96 1:00 PM

Other Preliminary Welfare Reform Options that Could be Added to Base Package

	Five Year (in billions)
Food Stamps	
A. 18-50's: Provide States with additional resources to serve approximately another 100,000 persons per year with job search.	+0.5
B. 18-50's: Change the current time limit to 6 months in 12. Individuals would lose Food Stamps even if they are willing to work.	-1.1
Benefits to Immigrants	
A. In lieu of an exemption for the disabled outlined in the base package, delay implementation of the SSI, Food Stamps and Medicaid bans for 2 years - allowing immigrants time to naturalize.	-6.0
B. Repeal the Medicaid ban for the elderly and allow all elderly losing SSI to retain Medicaid (in addition to disabled exemption in the base package. Combination of administrative and legislative costs.)	+1.3
C. Repeal the Food Stamp ban for households with children; require deeming until citizenship.	+2.3
Other	
A. Make the Child and Dependent Care Tax Credit (DCTC) refundable in 1998.	+3.4
B. New incentives/pilots for model TANF programs, substance abuse testing and treatment, and/or welfare to work performance bonuses.	+1.0
C. Prevent the new SSI benefits delay from delaying access to Medicaid.	? 1.0 ?
D. Offer 2 year Transitional Medicaid to all States and extend sunset.	+2.0

Preliminary Welfare Reform Legislative Options for the FY 1998 Budget: Summary of Base Package

	New Baseline Five Year	Old Baseline Five Year
	(in billions of $)	
Base Package:		
Food Stamps		
A. 18 to 50's: Moderate the time limit of 3 months in 36 by legislatively proposing to limit food stamps to 6 months in 12 for childless adults who refuse to work. Individuals could not be removed from the program if they could not find work or if the State did not provide a workfare or training slot. States would be encouraged, although not be required, to serve these individuals.	2.4	2.0
B. Remove the shelter deduction cap in FY2002, allow the basic benefit to reindex beginning in FY2002 and increase the vehicle asset limit.	0.7	0.9
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C. Extend the SSI and Medicaid exemption for Refugees and Asylees from 5 to 7 years from date of entry in order to give sufficient time to naturalize.	0.6	0.6
subtotal Immigrants	**12.7**	**9.3**
Other Issues		
Small technical corrections to the welfare legislation that could have cost implications.	0.2	0.2
Total	**16.0**	**12.4**

12/20/96 8:36 AM

Child Care Options

(Dollars in Billions)

	FY98	FY99	FY00	FY01	FY02	FY98-02 Total

1. **Make the Child & Dependent Care Tax Credit (DCTC) refundable.**
   By 2002, this benefits over 2 million low-wage tax filers who have little or no tax liability.

	FY98	FY99	FY00	FY01	FY02	FY98-02 Total
1.	0.1	1.1	1.1	1.3	1.4	4.9

2. **Increase child care funding for working families.**
   This benefits 500,000 children in FY 2002 in families earning up to 85% of State median income.

	FY98	FY99	FY00	FY01	FY02	FY98-02 Total
2.	0.2	0.3	0.5	1.0	1.5	3.5

3. **Increase after-school child care funding for latch-key children in working poor families.**
   This benefits 1 million school-age children in FY 2002.

	FY98	FY99	FY00	FY01	FY02	FY98-02 Total
3.	0.2	0.3	0.5	1.0	2.0	4.0

CHILD CARE OPTIONS

These options help low-income working families get child care assistance without going through the welfare line. While the new welfare reform bill added essential new child care funds, it also tightened the competition for these resources between welfare families struggling to enter the workforce and low-income working families struggling to stay off welfare. These options outline different ways to target additional child care funds to working poor families.

1. Make the Child & Dependent Care Tax Credit (DCTC) Refundable

- Proposal. Because the DCTC is non-refundable, only people who have tax liabilities can benefit from it, excluding many low-wage working families. Making the credit refundable would reach many of the working families who currently receive no child care assistance. Assuming interactions with the proposed $500 child credit, this proposal would cost $4.9 billion over FY98-02 and $1.4 billion in FY02.

- Impact. By 2002, refundability would expand the credit to over 2 million tax filers, with an average benefit of $500-$600 per tax filer. Most of these filers have income below $30,000.

- Treasury notes that administration of the credit may be difficult. Low-income families need funds for child care in "real time," but most will not be able to obtain the credit until they file a tax return at the end of the year. Moreover, the IRS cannot verify child care expenditures prior to the payment of the credit, which could cause compliance problems. HHS believes that administration of the credit's refundability should not be a problem.

2. Increase Child Care Funds to Reach Half A Million More Children in Working Families

- Proposal. The Child Care & Development Block Grant is a direct subsidy program (with discretionary and mandatory funding streams) for low-income working families earning up to 85% of State median income. This proposal would cost $3.5 billion over FYs 98-02 and $1.5 billion in FY02. These dollars would be mandatory and matched with State funds.

- Impact. This option targets a larger individual subsidy to a smaller number of low-income working families. The families of 500,000 children in FY02 would receive an average Federal payment of $2,700 per year toward their child care expenses. This would provide critical support to working families who would otherwise be unable to remain off welfare.

3. Increase Child Care Funds for 1 Million More Latch-Key Children in Working Families

- Proposal. This would support services for more children than Option 2, since school age care is part-time and maximizes use of school facilities. This proposal would cost $4.0 billion over FYs 98-02 and $2.0 billion in FY02. Like Option 2, State match is assumed.

- Impact. This targets a smaller individual subsidy to a larger number of working families. The families of approximately 1 million school-age children in FY02 would receive an average Federal payment of $1,800 per year toward child care expenses. This strategy would help more families move from part-time work, protect children from being left home alone after school while their parents work, and complement the President's America Reads Initiative.

New Food Stamp Work Requirement Proposal

Tough Six Month Time Limit with Strict Sanctions. All non-disabled, childless adults between the ages of 18-50 will be limited to 6 months benefits in any 12 month period unless he or she:

- works 20 or more hours per week, or
- participates in a 20 hour or more per week work program, or
- participates in a workfare program, or
- participates at least 20 hours a week in a training program (as long as job search is no more than 50% of the program, or
- accepts an offer of employment

Persons who fail to comply with the work requirements will face a "one strike and you're out" sanction policy. They would lose eligibility for the longer of the six months or the State's relevant sanction. This penalty is significantly more strict than the underlying Food Stamp employment and training program which has a three tiered sanction system of 1 month, 3 months and 6 months with State option to make them longer. No one will become ineligible unless they are offered a work opportunity and refuse it or fail to comply with its requirements.

Work and Responsibility -- Additional Funds to Create More Work Slots. This proposal adds up to $60 million per year in new federal monies to the FY1998 $80 million in Federal and $160 in Federal/State funds. These new funds will be dedicated to creating work opportunities for those participants subject to the time limit. Preliminary estimates indicate this new $270 million will create an additional 400,000 work slots over the five year period. By creating new work slots, the time limit has real consequences. Almost all individuals subject to the time limit who are unable to find employment would be offered a work slot and forced to make the choice of living up to the responsibilities of accepting food assistance or becoming ineligible for the program.

Expand the Wage Supplementation Option to Include all 18-50's. Concerns have been raised about whether the new statute allows States to implement the "Missouri waiver" -- wage supplementation -- in Food Stamps. Wage supplementation allows States to contribute the cash value of a public assistance household's food stamp benefits to an employer in order to subsidize the hiring and employment of a household member. <u>Under current law, States have the option of using a household's food stamp allotment to subsidize the employment of recipients as long as the household is also receiving public assistance (TANF or GA).</u> This proposal would expand the State option to all 18-50's since many of the group do not receive general or public assistance. This option would give States greater flexibility to create a wider variety of employment opportunities for the group of food stamp recipients.

Preliminary Estimate
(ba and outlays in millions of $)

FY98	FY99	FY00	FY01	FY02	Five Year
40	50.	60	60	60	270

CHARLES W. STENHOLM
17TH DISTRICT
TEXAS

COMMITTEES:
BUDGET
AGRICULTURE

RANKING MEMBER,
SUBCOMMITTEE ON
GENERAL FARM COMMODITIES

SUBCOMMITTEE ON
RESOURCE CONSERVATION
RESEARCH & FORESTRY

Congress of the United States
House of Representatives
Washington, DC 20515

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(915) 655-7994

FAX TRANSMISSION COVER SHEET

TO: Bruce Reed DATE: 12-16

FAX NUMBER: ______ NUMBER OF PAGES INCLUDING COVER 3

____ THE HONORABLE CHARLES W. STENHOLM
____ AUER, LOIS
____ BRITT, LEWIS
____ FARMER, DANELLE
____ HAMILTON, JAMES
____ HAUGEN, JOHN
ESL LORENZEN, ED
____ MCLAUGHLIN, LAURE
____ NETTLES, CINDY
____ SLOCUM, JULIE
____ TICE, BECCA
____ GATTIS, BRENT W.

*Our fax number is 202-225-2234.

COMMENTS: ______

CHARLES W. STENHOLM
17TH DISTRICT
TEXAS

COMMITTEES:
BUDGET
AGRICULTURE

RANKING MEMBER,
SUBCOMMITTEE ON
GENERAL FARM COMMODITIES

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December 17, 1996

The Honorable Bill Clinton
President
United States of America
1600 Pennsylvania Ave.
Washington, D.C. 20500

Dear Mr. President:

I would like to commend you for your continued leadership in ensuring that the recently enacted welfare reform bill succeeds in moving welfare recipients to work.

As you have said on several occasions, passage of the welfare reform bill was just the beginning, not the end, of welfare reform. I was pleased to learn of your proposal to include a welfare to work program for recipients of Temporary Assistance for Needy Families in your budget. I strongly encourage you to continue your efforts in making the goal of replacing welfare with work a reality.

Throughout the debate on welfare reform, my highest priority was ensuring that work requirements for welfare recipients be realistic and workable. We should require greater responsibility for individuals who are able to work without harming individuals who are willing to work but are not able to obtain employment. As you have said on numerous occasions, now that we have demanded responsibility of welfare recipients, we have an obligation to provide them an opportunity to work. I encourage you to extend this principle to the food stamp recipients who face time limits on benefits and work requirements that are much more stringent than the provisions of the TANF block grant.

The welfare reform bill signed into law contained a provision that terminates food stamps for some recipients if they cannot find jobs. This provision, which was offered at the last minute before the House of Representatives passed the welfare reform bill, was poorly thought out and will have severe consequences for people who are trying hard to find work without success. As I said during the debate when this provision was debated in the House of Representatives, "if they have been laid off from their job in a period of recession, if they went on food stamps, searched high and low for work and found nothing after three months, it is tough luck for them."

Those affected by this provision are very poor and generally do not qualify for federal or other state assistance programs. However, they may face substantial hurdles in finding jobs in the private sector. Added to this problem is the fact that the overwhelming majority of states, including my state of Texas, do not have a workfare program for food stamp recipients. Under the new welfare law, many food stamp recipients who want to work will lose their food stamps because they cannot find jobs or obtain a workfare assignment. The welfare law does provide states with the option of requesting that this provision be waived in areas of high unemployment. In fact, Governor Bush has requested that 45 counties in Texas be exempt from this provision because of high unemployment. However, the ability of states to request waivers is very narrow and is not flexible enough to take into account local employment conditions.

I believe that there should be a strong work requirement in the food stamp program. The welfare provisions that I helped author in both the Coalition budget and the bipartisan Castle-Tanner welfare bill included provisions requiring food stamp recipients to work and provided funding to make sure that workfare slots or similar work activities were available for food stamp recipients covered by the work requirements. Those who found a job or accepted their workfare assignment would be allowed to continue receiving food stamps. Those who failed to comply with the work requirement would lose their food stamp. However, no one who was willing to work or participate in a workfare program would be denied food stamps if there were no workfare slots available.

I urge you to propose legislation in your budget to change the arbitrary food stamp ban in the current law into a meaningful and tough work requirement as both you and I proposed during the last Congress. Failure to address this provision will result in large numbers of poor Americans who genuinely want to work losing their food stamps and facing hunger and hardship because they can't find jobs.

Again, thank you for your leadership on this critical issue. I look forward to continuing to work with you on this and other issues.

Sincerely yours,

Charlie

Charles W. Stenholm
Member of Congress

CWS:esl
cc: Vice President Gore
Leon Panetta
Frank Raines
Dan Glickman

Copy to Bruce Reed
Gene Sperling

Children's Defense Fund

MEMORANDUM

TO: Ken Apfel
FR: Marian Wright Edelman
RE: Welfare "Fix-up" Package
DA: December 12, 1996

cc Keith F

My staff met recently with representatives of the Administration (including Lester Cash and Cynthia Smith from OMB) to discuss the Administration's plans for "fixes" to the welfare legislation. At that meeting, Jeremy Benami indicated it would be helpful if we would prioritize corrections being considered by the Administration. We have prepared this memorandum in response, and wanted to share it with you.

I should emphasize our serious concern about the amount the Administration is considering investing in the package. **A true "fix-up" package would cost considerably more than $13 billion to undo the harms to immigrants, children and families, and single adults.** According to CBO, for states to be able to meet the new welfare work participation requirements alone they would need an additional $12 billion. Additional investments are critically important to ensure that children and families are not harmed. *Moreover, neither any SSI disabled children nor legal immigrant Medicaid costs should be offset against the $13 billion.* CBO knew that Congress had given the President flexibility as to SSI disabled children, and that states had the option to continue to provide Medicaid when they costed out the bill.

Among the "fixes" currently under consideration, the following are top priorities:

- <u>Food Stamps for Families</u>. Low income families with children are devastated by the Food Stamp cuts made by welfare reform. A "fix-up" bill should restore the excess shelter cost deduction for families with children, as it was previously authorized and as it now exists for senior citizens. It should also restore the calculation of Food Stamp benefits based on 103 percent of the Thrifty Food Plan, and full adjustment of Food Stamp benefits based on the Consumer Price Index. *In his July 31 statement, the President specifically noted that repeal of the excess shelter "provision is a mistake, and I will work to correct it."*

- <u>Supporting Work</u>. Investing $3.4 billion over three years in job creation/placement is a step in the right direction. However, in light of CBO's estimate of a more than $12 billion work shortfall, a higher funding level should be authorized. *To enable welfare parents to earn a family-supporting wage, the Administration should also give states the option of counting education/training as a work activity towards the required work participation rate.*

- <u>Immigrants</u>. We agree about the importance of restoring legal immigrants' eligibility for federal safety net programs such as SSI and Food Stamps. The package should eliminate the state option to deny them Medicaid, child care, and TANF and, at state option, allow the use of Medicaid funds for prenatal care for illegal immigrants.

25 E Street, NW
Washington, DC 20001
Telephone 202 628 8787
Fax 202 662 3510

An Administration package should also include the following "fixes," which are consistent with concerns voiced by the President and which will help keep children safe and families together:

- **Protecting Children from Destitution.** States choosing a time limit shorter than five years should be required to offer cash or vouchers after the expiration of the time limit to meet the needs of children. In the case of states that choose time limits of less than five years out of a longer time period (such as two years out of every four/six/ten year period), vouchers or cash to meet the needs of children should be provided. Moreover, when parents are meeting work expectations, they should not be penalized by having the time limit apply: the time limit "clock" should not tick in months in which a parent is working 20 or more hours per ~~week and is receiving partial cash aid.~~

- **Keeping Children in Families.** The Administration's package should include a provision exempting non-parent relative caregivers from the time limit when the child would otherwise be at risk of requiring substitute care. Children living with relatives like elderly or disabled grandparents may reach the five-year limit without any prospect that the grandparent can go to work and support the child. Cutting off aid to the child and non-parent relative may mean that the child must be removed from the relative's household and placed in far more costly foster care. This modest change would help keep families together when non-parent relatives are doing their best to step in and care for children. ?

- **Ensuring Families Have Access to Essential Support Services.** Under the new law, it *appears* that the time clock begins to tick (and work requirements kick in) as soon as a family begins to receive a TANF-funded service -- even if that service is in kind, rather than cash assistance. This means that the time limit and work requirements apply to family preservation and emergency services such as homelessness aid funded through TANF -- a disincentive for states to offer these critical services, and a disincentive for families to accept them. The time limit and work requirements should be limited to cash assistance funded through TANF. ?

- **Child Care.** Federal law should prevent states from penalizing families with children under age 11 who cannot comply with the work requirements because they cannot get needed child care. The current law protects only children under age six. Both the House and the Senate voted to protect children up to age 11, but the protection was lowered to age six in conference. The President's welfare speeches stress that the bill "guaranteed" child care so that parents can take care of their children when they go to work (e.g., "We passed the welfare reform law, but we kept guaranteed health care and child care for working women and children, so that when we give people a job they can also take care of their kids." Speech 8/26/96. See also speeches 8/29/96, 9/4/96, 9/6/96, 9/15/96, 9/24/96). Protecting school-age children is consistent with the Presidential intent to guarantee child care for children whose parents are asked to go to work.

Mayors

TY: suffer conseqs for its failure
We're committed to make WR work & give you tools to

Three challenges

1. States: replace WR system with a work system
    - wage subsidies & other tools to promote work
    - tech assistance, keep us posted

2. Balance budget in way that strengthens our ability to make WR work
    1) FS & immigs --esp. kids
        - need bipartisan support
        - This is not about changing the Welfare bill

    2) Incentives to business to provide work for hardest to employ
        - Details of POTUS plan: $3b to states and cities
        - Difficult Q's:
            - how to coordinate w/states
            - how to entice business

3. Enlisting the private sector
    - your budgets are tight, so are ours
    - new opportunity for bold experimentation

SENT BY: 12- 3-96 : 1:31PM : U.S. CONF. MAYORS→ 2024565557:# 2/ 2

THE UNITED STATES CONFERENCE OF MAYORS

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WASHINGTON, D.C. 20006
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URL: www.usmayors.org/uscm

November 27, 1996

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

Dear Bruce:

We appreciated the time you and Paul Diamond spent with us last week discussing the jobs initiative and other aspects of welfare reform. We look forward to working with you further in the development of the jobs proposal as we all want it to be one that will work in cities and really move welfare recipients into jobs.

As I mentioned to you, our Task Force on Welfare Reform Implementation will be meeting in Washington on December 11. We are pleased to invite you to brief the mayors on the Administration's welfare reform implementation efforts. We ask that you include both efforts to implement the legislation passed last summer and plans for corrective legislation and the jobs initiative. The session will take place in the offices of the Conference of Mayors, 1620 Eye Street, NW. We plan to have speakers in to brief us between 10:30 AM and 12:30 PM, and would like to schedule your presentation during that time period.

Laura DeKoven Waxman of the Conference staff will be in touch with your office shortly to provide any further information you might need and, I hope, to confirm your participation in the session.

Sincerely,

Norman B. Rice

Norman B. Rice
Mayor of Seattle
Chair, Task Force on Welfare
Reform Implementation

6707

THE UNITED STATES CONFERENCE OF MAYORS

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Task Force on Welfare Reform
December 11, 1996
Agenda

10:30 AM	**Call to Order and Opening Statement** Norm Rice, Mayor of Seattle, Chair
	Briefings on Welfare Reform Law and its Implementation and Legislative Proposals Ron Haskins, Staff Director, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives Raymond Scheppach, Executive Director, National Governors' Association
11:15 AM	Bruce Reed, Assistant to the President for Policy Planning Robert Greenstein, Executive Director, Center on Budget and Policy Priorities
12:30 PM	**Luncheon**
1:00 PM	**Press Briefing**
1:30 PM	**Examples of City Efforts to Implement Welfare Reform**
	Development of a Conference of Mayors 1997 Welfare Reform Implementation Agenda
	* Federal Legislative Changes Corrective and Restorative Amendments Jobs Program Tax Incentives Implications for Other Federal Programs (Job Training, Housing, etc.) Accountability
	* City Monitoring of Welfare Reform Implementation and National Reporting of the Results
	* Other Areas
3:45 PM	**Next Steps**
4:00 PM	**Adjourn**

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Task Force on Welfare Reform
December 11, 1996
Expected Participants

Norm Rice, Mayor of Seattle, Chair
Sharon Sayles Belton, Mayor of Minneapolis, Vice Chair
Nancy Graham, Mayor of West Palm Beach, Vice Chair
Marc Morial, Mayor of New Orleans, Vice Chair
Wellington E. Webb, Mayor of Denver, Vice Chair
Ann Azari, Mayor of Fort Collins
Charles Box, Mayor of Rockford
Cardell Cooper, Mayor of East Orange
James Garner, Mayor of Hempstead
Patrick Henry Hays, Mayor of North Little Rock
Scott King, Mayor of Gary
M. Susan Savage, Mayor of Tulsa
Paul Soglin, Mayor of Madison
Bruce Todd, Mayor of Austin
J. Thomas Cochran, Executive Director, The U.S. Conference of Mayors
Ron Haskins, Staff Director, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives
Raymond Scheppach, Executive Director, National Governors' Association
Bruce Reed, Assistant to the President for Policy Planning
Robert Greenstein, Executive Director, Center on Budget and Policy Priorities
Paul Diamond, Special Assistant to the President for Economic Policy
Cliff Johnson, Senior Fellow, Center on Budget and Policy Priorities
Elaine Harris Spearman, Director of Human Services, Saint Louis
Daniel M. Stone, Director of Social Services, Virginia Beach
Juanita Wade, Director of Human Services, Boston

Child & Dependent Care Tax Credit -- Options for Expansion

DRAFT

1. Make the Credit Refundable

Estimated Costs (1997-2002):

Treasury Estimate:	$4.2 billion
JCT Estimate:	$2.1 billion

2. Expand the Credit So Working Families and Families With Young Children Benefit More

This proposal would have 3 main components:

(1) *Increase the income levels between which the credit rate phases down.* The credit rate would phase down from 30% at $17,000 to 20% at $45,000 (compared to $10,000 and $28,000 under current law).

(2) *Increase creditable child care expenses for all eligible children.* The credit rate would be applied to up to $2,500 in child care costs for one child and to $5,000 for two or more children (compared to $2,400 and $4,800). This would increase the maximum credit for one child to $750 (from $720) and for two children to $1,500 (from $1,440).

(3) *Increase creditable child care expenses substantially further for children ages 0-5.* This would recognize the higher costs of child care for younger children. The credit rate would be applied to up to $4,000 in child care costs for one child and to $8,000 for two or more children (compared to $2,400 and $4,800) below age 6. This would increase the maximum credit for one child to $1,200 and for two children to $2,400.

Those who would benefit most from this expansion are single parents with young children. Taken together, the first two components would account for $2.1 billion of total costs (the majority of which would be due to increasing the credit rate phase-down income levels rather than increasing creditable expenses). Increasing creditable expenses substantially further for young children would cost $1.5 billion.

Estimated Costs (1997-2002):

Treasury Estimate:	$3.7 billion
JCT Estimate:	n/a

August 15, 1996

Background on the Child & Dependent Care Tax Credit

The Child & Dependent Care Tax Credit is an income tax credit for taxpayers who incur employment-related expenses for child care or other dependent care.

- Eligibility. The credit is available to single parents who work and to two-parent families in which both parents work. Families in which one parent is either a full-time student or physically incapable of caring for him- or herself are also eligible. Dependents must be under age 13 or incapable of caring for themselves in order to qualify for the credit.

- Credit amount. The maximum allowable credit for families with one child in care ranges from \$720 for families whose income does not exceed \$10,000 to \$480 for those whose income is above \$28,000. The maximum credit for families with two or more children in care ranges from \$1,440 to \$960. The credit may not exceed the earnings of the lesser-earning spouse in a two-parent family. There is no income ceiling or further reduction in credit for families that earn more than \$28,000. The credit is determined as follows:

    - The tax law limits creditable expenses to \$2,400 for one child and \$4,800 for two or more children. In two-parent families, creditable expenses may not exceed the earned income of the lesser-earning spouse.

    - The actual credit is an income-based, sliding-scale percentage of incurred creditable expenses. The percentage is set at 30 percent for families with income at or below \$10,000 and drops one percentage point for each \$2,000 increase in earnings until earnings reach \$28,000. The percentage is set at 20 percent for incomes at or above \$28,000. (The maximum allowable credit for a family earning \$28,000 with one child in care is therefore 0.2*\$2,400, or \$480.)

- Claiming. The credit is a non-refundable tax expenditure claimed by taxpayers on their annual tax return. Taxpayers first compute their Federal income tax liability and then subtract their dependent care credit to arrive at a final liability amount. Because it is non-refundable, the dependent care credit may not exceed a taxpayer's Federal tax liability.

    - Since low-income families whose earned income falls below \$10,000 have little or no tax liability, they are relatively unable to benefit from the credit. In addition, other low-income earners who earn slightly more than \$10,000 are not able to claim the maximum credit because the maximum credit amount is greater than their tax liability. (They can claim a portion less than the maximum credit amount.) Table 1 shows the claimable credit for returns with maximum allowable expenses in 1993. As illustrated, the maximum credit amount for a single dependent cannot be claimed until a family earns approximately \$18,000 and for two or more dependents until a family earns approximately \$22,000 (depending on whether the tax return is filed jointly or as a head of household).

- Participation. From 1976 to 1993, the number of families who claimed the child and dependent care credit increased from 2.7 to 6.1 million, the aggregate amount of credits claimed increased from \$0.5 billion to \$2.6 billion, and the average amount of credit claimed per family increased from $206 to $420.

-- IRS data from 1992 show that 13 percent of the benefit from the credit accrues to families with AGI of less than $20,000; about 48 percent to families with AGI between $20,000 and $50,000; and about 38 percent to families with AGI above $50,000. Less than one percent of head of household returns with AGI less than $10,000 were projected to claim the dependent care credit in 1993 (primarily because they do not have positive tax liabilities, and they may not be using cash child care arrangements), compared to over 79 percent for head of household returns with AGI between $10,000 and $30,000.

Table 1. Claimable Credit for Maximum Allowable Expenses, 1993*

Adjusted Gross Income	Joint Return		Head of Household	
	1 Dependents	2 Dependents	1 Dependents	2 Dependents
$10,000	0	0	0	0
$14,000	$113	0	$578	$225
$18,000	624	360	624	825
$22,000	576	960	576	1,152
$26,000	528	1,056	528	1,056
$28,000+	480	960	480	960

*Shaded areas represent the maximum claimable credit for an income level. Non-shaded areas are amounts less than the maximum claimable credit.

OFFICE OF MANAGEMENT AND BUDGET

HUMAN RESOURCES DIVISION

DATE: 12-9-96

TO: Bruce Reed

FROM: BARRY WHITE
DEPUTY ASSOCIATE DIRECTOR

COMMENTS:

NUMBER OF PAGES 6
(including cover)

HR DIVISION FAX NUMBER: 202-395-7752

CONFIRMATION: Division Office – 202-395-6150
Education Branch – 202-395-5880
Income Maintenance Branch – 202-395-4686
Labor Branch – 202-395-3262

December 9, 1996

Note for: Ken Apfel, Gene Sperling, Bruce Reed, Lyn Hogan, Alicia Munnell

From: Barry White BW

Subject: Welfare to Work -- comments today, please

Attached are revised opening pages for the Welfare to Work paper you asked me to circulate to the agencies. I'd like your reaction to these pages before circulating. They attempt to capture both the voucher and the large scale demo approaches discussed at Thursday's meeting. I want to be sure I've characterized them appropriately.

I'll be in meetings out of my office from 9:45 possibly through 5 pm, so please send me your comments via fax (5-7752) or e-mail. Once incorporated, I'll messenger around the full package to the agencies, probably Tuesday morning.

Thanks.

c: Matlack, Walsh, Fontenot, Farkas

"us"

~~CONFIDENTIAL~~ DRAFT

December 9, 1996

WELFARE-TO-WORK JOBS PROGRAM DESIGN

The Welfare-to-Work Jobs Challenge Fund (WTW) is intended to provide incentives to States and cities to place long-term welfare recipients in jobs that lead toward self-sufficiency and reduce welfare dependency. It maximizes the flexibility and innovation of States and cities working in close cooperation with the private sector and the community by specifying measures of success and rewarding achievement, and giving States/cities complete freedom to design the services. The evidence of the ability of past Federally-designed job training and placement programs to achieve significant levels of success with this population is decidedly mixed, whether under JTPA, Welfare-JOBS, Food Stamps Employment and Training, or myriad other designs. WTW would be accompanied by a substantially enriched tax credit to employers who hire the target group. Although this proposed credit is much richer than the current credit, based on previous tax credit take up rates, the credit alone will not be sufficient to change the hiring practices of employers, or the employment prospects of long-term welfare recipients. However, the performance-based incentives of WTW coupled with the credit and with TANF's work focus and new child care funds, should, when combined into State and local strategies that integrate other resources, catalyze substantial new job creation to make lasting improvements in the lives of long-term welfare recipients.

Presented below is a working outline of how the Welfare-to-Work (WTW) Jobs $3 billion spending program could be designed. It is based on the parameters set in the August announcement of the initiative. While any aspect of the design can raise issues, the outline highlights eight major issues the WTW workgroup identified (a ninth, worker displacement, is presumed solved by DOL's proposed language, as indicated below):

1. City eligibility for direct grants
2. Definition of eligible individuals
3. Definition of earnings success for performance payments
4. Performance payments for public sector jobs
5. Mayoral control
6. Federal role in plan approval
7. Use of WTW funds for workfare and subsidized public sector jobs
8. Federal administration

The discussion of the WTW design is preceded by two threshold questions that have been raised about the August parameters.

THRESHOLD ISSUES

I. Does a stronger link to personal responsibility through vouchers offer a viable alternative design that could also mitigate the Mayor/Governor issue?

Notwithstanding WTW's novel performance accountability feature, the August design may be criticized as essentially just another grant to States and cities, like JTPA and Welfare-JOBS, with as little hope for major net impact. The Administration's GI Bill for America's Workers adult program design is centered on offering adults in need of training a voucher and good training market information so they could make informed training provider choices without going through traditional bureaucracies. While the WTW August design supports a much broader array of services, and certainly would permit any State or locality to use voucher-based strategies, finding a way to build in a more visible voucher aspect to the overall design could extend the GI Bill model to WTW, and perhaps make the proposal more attractive to many in Congress. A voucher-based proposal could support the role of Mayors as program implementers but eliminate the need to make them independent grantees, as envisioned in August.

A voucher-based strategy in the WTW context could take different forms. One form, which would also help tie WTW more closely to TANF, would begin with the recognition that the WTW target group, long-term welfare recipients, must in the first instance be identified to the WTW agent by the TANF office. The State would be the grantee. The TANF office would identify the WTW eligibles and, perhaps after devising an employability plan with each one, issue each a voucher worth $3,000. (Alternatively, the voucher could be worth $2,250 with balance generated by successful performance, as in the August WTW).

The voucher would be convertible to services, subsidies to private or public employers, or whatever, perhaps by taking it to the JTPA/PIC under the Mayor's direction. This would eliminate the need for a separate WTW grant to the mayor while retaining his control over the services.

The individual would be entitled to services, but to $3,000 worth of service. As in WTW, the among spent per person would be whatever the TANF/JTPA offices determined would most likely work. But the aggregate value of vouchers in a given State/area would define the limit of the Federal expenditure.

<u>Option A: Require voucher-based implementation strategies.</u> The insertion of the voucher device need not limit the flexibility of the WTW grantee to use whatever strategies seem most successful for various parts of the population. The option enhances the necessary close linkage between TANF and WTW administering agencies. It does add a step in the administrative process and some complexity. The aspect of personal responsibility would fit with the theme of PRWOA and with the President's support for vouchers.

<u>Option B: Highlight voucher-based strategies, possibly with a funding incentive for those who use it, but do not mandate</u>. One or more models for vouchers could be specified as available, and promoted as most in line with the theme of the PRWOA. A small bonus fund would be set aside

to be allocated to States or cities (for service to additional eligibles) that implement voucher-based strategies.

Option C: Complete local discretion. Voucher strategies would be highlighted in the rhetoric surrounding WTW, and would be included in the statute as in Option B (but without the bonus). This Option would not, as a practical matter, be materially different from the flexibility in administrative design in the August parameters.

Among considerations for this alternative are:

Will a voucher strategy for this population be sufficiently appealing to a broad spectrum n the Hill that its use enhances the likelihood of enactment? Vouchers in the GI Bill garnered some considerable support among Republicans, especially in the House, though primarily for adults and mostly for dislocated workers in need of training only.

It is likely that some critics will be dubious of the effectiveness of the voucher approach for a hard-to-employ welfare population. The House job training bill, however, did apply vouchers to all adults, which in JTPA includes a sizeable number of welfare recipients.

This design (others are surely possible) attempts to retain strong mayoral control over services, but does lose the role of mayor as grantee. Is this acceptable?

The President is strongly supportive of voucher approaches.

II. Should all or a significant portion of the WTW $3 billion, or an additional equivalent amount, be made available to test in a small number of places a variety of very intensive work-based welfare strategies?

As indicated in the tables at Tab A, if WTW money is distributed to all States and to many cities, the amount per entity will be relatively modest. While this may enhance the likelihood of reaching the announced goal of 1 million successful placements, it also means that even with close links to TANF, the program will not demonstrate on a large scale the efficacy of specific strategies for the target population. Despite decades of many programs serving welfare recipients, there is only a mixed body of knowledge about what works best for which types of people in which situations. Further, should there be regional economic downturns that limit the availability of regular private sector jobs for welfare recipients hitting time limits, the work-based premise of TANF and time limits may fail unless there are good models for States and cities to implement that keep this population engaged in work-related activity rather than welfare dependency.

TANF is, in effect, a natural experiment in alternative approaches to work-based welfare. Comparing mid-session projections to spending under PRWOA, the new law gives States roughly $1 billion more each year for at least the next four years for jobs programs, benefits, and increased child care than would have been available under the prior AFDC, JOBS, and child care structure. While current press focus is on States where benefit levels are being reduced, most States should take the work focus of TANF seriously and to try to get people ready for and placed in jobs. However, no State is likely to have enough money to do controlled experiments on a large scale with alternative approaches.

This alternative would take a sizeable amount (or all) of the $3 billion for WTW and redefine WTW to be a large scale test, in perhaps 10 cities or States, of different approaches to work-based systems. Each area would apply competitively to use these funds (in concert with its TANF funds) in support of one model for its entire welfare caseload. Models could include: vouchers, reliance on private or public or non-profit job creation; work-for-benefits; pay-for-performance; varying work schedules; varying forms of supported work. Sites would be selected to represent a range of local economies, but at least half would be urban and rural areas with above average unemployment. Rigorous evaluation would be required.

This alternative responds to concerns that TANF alone, or with WTW, will not advance the state of knowledge of how to do work-based welfare successfully, and that the WTW money would be better spent on advancing this knowledge base. It is obviously far less inclusive in its distribution of funds among States and cities. However, this option adopts the demonstration mode for new welfare, which is a standard mode for the Federal government, and may seem less a contradiction to the State-based TANF design than WTW now appears; on that basis, it may be more enactable than the current WTW design.

A sub-option might add $100 million (or more) for such controlled experiments, using the new Federal money as an incentive for which States/cities would compete, committing their TANF and base WTW funds to the project.

THE AUGUST DESIGN, ISSUES, AND OPTIONS

A) Budget structure

- Budget structure. WTW will be a capped mandatory spending program.

- Fund availability. Funds will be available in the following amounts: FY 1998, $750 million; FY 1999, $1 billion; and FY 2000, $1.25 billion.

  For the purposes of making performance payments during FY 1998, the Secretary may draw funds from the amount for FY 1999. For the purpose of making performance payments during FY 1999, the Secretary may draw funds from the amount for FY 2000.

- Availability for obligation. Funds would be available for obligation in the year in which

Draft
Tentative Legislative Proposals To Promote Adoption.
November 7, 1996

Background: The Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272) was enacted primarily because children were stuck in the limbo of foster care. Many children were not being returned safely to their families nor were they being placed with permanent families through adoption. Despite the considerable accomplishments of P.L. 96-272, problems still exist. What follows is a set of policy proposals that would promote adoption. These proposals have either been recommended to the Committee during hearings or have been given to Committee members or staff by various individuals and organizations interested in adoption.

1. When "reasonable efforts" become unreasonable; when reunification is impossible.
This provision would define in statute the conditions under which efforts to reunify children with their family should not be pursued. The legislative language would state that only in the following circumstances can the states not pursue "reasonable efforts". The circumstances include when a child has been:

- abandoned;
- tortured;
- severely physically abused;
- sexually penetrated by a parent;
- sibling has been murdered by a parent;
- parental rights to siblings have been terminated.

States can specify additional circumstances where "reasonable efforts" to reunite the child with the family need not be pursued, but these additional circumstances must be approved by the Secretary.

2. Federal law must make child safety paramount.
Clarify that the "reasonable efforts" requirement for placement in foster care includes consideration of the health, safety, and well-being of the child. (This provision has been introduced in the Senate by Sen. DeWine, R-OH.)

3. Provide more timely protections for children in foster care.
Amend section 427 of the Social Security Act which provides safeguards for children in foster care. Since 1980, States have not been eligible for their Federal IV-B funds unless these safeguards have been implemented. The safeguards include a case review system to assure that procedural safeguards are being followed and a dispositional hearing to assure placement in a setting that is the least restrictive. The amendment would change the timing of the review and dispositional hearing so that it would be based on the age of the child:

--for children under 1 year of age, the current 6 month court or administrative review would be changed to monthly with the dispositional hearing moved

from 18 months to 3 months, with a follow-up every 3 months;
--for children 1 to 3 years of age, the court or administrative review would be changed to every 3 months with the dispositional hearing at 6 months, with a follow-up every 6 months;
--for children above age 3, the court review would be every six months with the dispositional hearing at 18 months, with follow-up every 9 months.

4. Expedite adoption for abandoned babies.
The purpose of this provision, which has been introduced as legislation by Harris Fawell (R-ILL), is to prevent abandoned babies from experiencing prolonged foster care. States would be required to place the baby in a preadoptive home within 30 days after the State gets custody; within 90 days, the preadoptive parents would have the right to petition the court for an expedited hearing to obtain termination of parental rights and to become the adoptive parents. These provisions apply only to children who are 18 months of age or less.

5. Eliminate State statutory or regulatory waiting period for termination of parental rights.
Require states to review their state laws and to eliminate any statutory or regulatory waiting period for the initiation of termination of parental rights proceedings.

6. Give foster parents the standing to go into court and bring to the court's attention circumstances in which court reviews or dispositional hearings have been delayed or in which a change in circumstance has occurred.
Require state courts to grant foster parents a hearing regarding the child in their care in the following two circumstances: if there has been a substantial delay in setting the court review or dispositional hearing, or if there has been a significant change in circumstance.

7. Require states to begin termination of parental rights after 18 months in foster care.
Require state statutes to mandate the initiation of adoption proceedings of a child under the age of 10 who has spent 18 of the last 24 months in state foster care, unless the court determines that adoption is not in the best interest of the child. (Rhode Island has a similar law in place.)

8. Require reasonable efforts be made to find adoptive homes.
Require that reasonable efforts be made to establish legal permanency or adoption, where appropriate (currently, states are only required to make reasonable efforts to reunify and not to find adoptive homes).

9. Tie child safety standards to Title IV-E state plan requirements.
Specific child safety standards would be applied to Title IV-E state plan requirements. These include: forensic pediatric examination for physically and sexually abused children; regular pediatric care for foster children; a criminal and abuse background screening of foster and relative caretakers.

10. Require a State Directory of Services
States would be required, at least every 2 years, to compile a directory of child welfare service programs available in the State. The list would be arranged geographically and made available to the Secretary, judges, judicial administrators and all State agencies involved in child protection, foster care and adoption cases.

Other Initiatives

Request a GAO investigation to: (1) study how the states are using funds for the new capped entitlement under title IV-B for a broad range of family preservation services. Include in this study an examination of the impact of these services on achieving permanency for children; and, (2) study the impact of the set-aside grants to State courts for assessments and improvements of judicial child welfare proceedings.

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

03-Dec-1996 07:52pm

TO: (See Below)

FROM: Pauline M. Abernathy
National Economic Council

SUBJECT: Adoption event elected official outreach meeting

We have tentatively scheduled a meeting for this Thursday Dec. 5 at 5:15 pm to discuss outreach to the Hill and Governors to gain bipartisan support for the adoption directive currently planned to be announced by the President on Friday Dec. 13. Ideally, there would be bipartisan representation at the event itself which will be here in DC or at the White House.

HHS legislative and intergovernmental affairs will also be attending.

Attached is a draft copy of the directive which has not yet been shared outside the Administration.

The meeting location is TBA.

Please let me know if this time is a problem.

Distribution:

TO: Janet Murguia
TO: Tracey E. Thornton
TO: Ann M. Cattalini
TO: Stacey L. Rubin
TO: Bruce N. Reed
TO: John P. Hart
TO: Emily Bromberg
TO: Lyndell Hogan

CC: Nicholas B. Kirkhorn
CC: Katharine M. Button
CC: Cathy R. Mays
CC: Lester D. Cash

DRAFT 12/3

December xx, 1996

MEMORANDUM FOR THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE SECRETARY OF THE TREASURY
THE SECRETARY OF LABOR
THE SECRETARY OF COMMERCE
THE DIRECTOR OF THE OFFICE OF PERSONNEL MANAGEMENT

SUBJECT: Steps to Increase Adoptions and Other Permanent Placements for Waiting Children in the Foster Care System

As we enter this Holiday Season and reflect on the importance of family in our own lives, let us remember the tens of thousands of our nation's children who live without permanent homes and caring families.

Today, there are over 450,000 children in America in our nation's foster care system. More than half have been in foster care for two years or more. While the great majority of these children will return home, for about one in five, returning home is not an option, and they will need another home, one that is caring and safe. These children wait far too long -- typically over three years, but for many children much longer -- to be placed in permanent homes. Each year, state child welfare agencies secure homes for less than one-third of the children whose goal is adoption or another permanent placement. I know we can do better.

I am committed to giving waiting children what every child in America deserves -- loving parents and a healthy, stable home. I believe we should work toward a goal of at least doubling the number of waiting children who are adopted or permanently placed from the public foster care system by the year 2002. Of the over 450,000 children in the nation's foster care system, approximately 20,000 were adopted last year and approximately 7,000 were permanently placed in legal guardianships. While the number of adoptions each year has been constant for many years, I believe that by working with states to identify barriers to permanent placement, setting numerical targets, rewarding successful performance and raising public awareness, we can meet the goal of at least 54,000 children adopted or permanently placed from the public foster care system in the year 2002.

Today, therefore, I direct the Secretaries of Health and Human Services, Treasury, Labor and Commerce and the Director of the Office of Personnel Management to take the following actions:

1) Within sixty days, the Secretary of Health and Human Services, in consultation with state and civic leaders, will report to me on actions to be taken to double the number of children in foster care who are adopted or permanently placed out of the public foster care system by the year 2002. This report should include, but should not necessarily be limited to, recommendations in the following areas:

(a) Plans to work with states on setting and reaching state specific numerical targets, through technical assistance, initiatives to involve community leaders, parents, the business and faith communities, and national resource centers to make information on best practices available to states. The details of the technical assistance program should be included in my budget submission to Congress this coming February;

(b) Proposals to provide financial per child incentives to states for increases in the number of adoptions from the public welfare system. Options considered should have little to no net costs, as increases in the number of adoptions from the public system will reduce foster care costs, thereby offsetting much if not all of the incentive payments. The details of this program should be included in my budget submission to Congress this coming February;

(c) A strategy to ensure continued aggressive implementation of the Multi-ethnic Placement Act;

(d) Plans to compile and publish an annual state-by-state report on success in meeting the numerical targets; and

(e) A strategy to recognize successful states.

2) Within sixty days, the Secretary of Health and Human Services, in consultation with state and civic leaders, will report to me on recommended changes to federal law and regulations and other actions needed to move children more rapidly from foster care to permanent homes. The goal for all children in our nation's foster care system is permanency in a safe and stable home, whether it be returning home, adoption, legal guardianship or another permanent placement. The law should be strengthened to emphasize the importance of planning for permanency as soon as a child enters the foster care system. Barriers that needlessly keep children in foster care should be removed. The Secretary's report should include, but should not necessarily be limited to, recommendations in the following areas:

(a) Plans to provide states with funding to identify barriers to permanency and to develop targeted strategies to achieve permanent homes for children who have been in foster care a particularly long time. The details of this program should be included in my budget submission to Congress this coming February;

(b) Proposals to shorten the period of time between a child's placement in foster care and his or her initial hearing at which a permanency determination is made;

(c) A strategy to clarify that the purpose of "dispositional hearings" is to plan for permanency, and, as appropriate, to consider referrals for family mediation, termination of parental rights, adoption, legal guardianship or other permanent placements;

(d) A strategy to clarify the reasonable efforts requirement as it relates to permanency and safety;

(e) Plans to ensure that states give appropriate weight to permanency planning by establishing standards for securing permanency through adoption or guardianship, once a decision has been made that the child cannot be returned home; and

(f) Plans to examine alternative permanency arrangements such as guardianship, when adoption is not possible.

3. Last month, I signed a proclamation designating November as National Adoption Month -- a time to increase awareness about the tens of thousands of children waiting for families and to encourage all Americans to consider the rewards and responsibilities of adoption. However, adoption must be a national concern throughout the year. Therefore, I direct:

(a) The Secretary of Health and Human Services to develop and lead a public awareness effort, including use of public service announcements, print materials and the Internet;

(b) The Secretaries of Health and Human Services and the Treasury in consultation with state, civic and private sector leaders to develop and disseminate information about the new adoption tax credits and other adoption benefits;

(c) The Secretaries of Labor and Commerce in consultation with state and civic leaders to identify and recognize companies in the private sector with model policies to encourage and ease adoption among employees; and

(d) The Director of the Office of Personnel Management to direct all federal agencies to provide information and support to federal employees who are prospective adoptive parents.

Preliminary List of Welfare Reform Options for Consideration in the FY1998 Budget

(In billions of dollars. Options are not additive.)

LEGISLATIVE OPTIONS

	Five Year
Food Stamps	
A. Repropose the Administration's work requirement legislation.	2.0
B. Remove the Shelter Deduction Cap in FY1998	2.0
C. Remove the Shelter Deduction Cap in FY2000.	1.3
D. Reindex the Standard Deduction in FY1998	3.4
E. Index the Standard Deduction in FY2002.	0.1
Benefits to Immigrants	
A. Exempt the disabled from SSI, Food Stamp, and Medicaid bans.	8.3
B. Exempt children from SSI, Food Stamp, and Medicaid bans.	2.9
(Earlier this year it was estimated that CBO would score options A&B at approximately $8 billion. This estimate reflects Administration technical assumptions and baseline.)	
C. Repeal Medicaid bans and provide Medicaid to all elderly and disabled.	2.6 to 3.6
D. Provide Medicaid to all elderly and disabled who lose SSI ("bucket").	1 - 2?
E. Repeal the Food Stamp ban for all legal immigrants; require deeming until citizenship except for the disabled.	3.5
F. Exempt children from SSI ban.	0.2
G. Delay implementation of the SSI and Food Stamp bans for 2 years - allowing immigrants time to naturalize.	4.5
H. Delay implementation of the SSI, Food Stamps, and Medicaid bans for 1 year.	2.9
Temporary Assistance for Needy Families	
A. Provide more funding during economic downturns by adding a national unemployment trigger to the contingency fund.	0.0
B. Ensure basic protections are incorporated into State TANF programs.	0.0
Medicaid	
A. Propose legislation to retain Medicaid eligibility for all children now on SSI.	0.3
B. Legislation to offer national 2 year Transitional Medicaid and extend sunset.	2.0
Child and Dependent Care Tax Credit (DCTC) (Rough, off the shelf estimates)	
A. Make the credit refundable.	3.4
B. Expand DCTC to give a larger credit with more benefit for working families.	2.9
C. Expand and make refundable (A&B).	7 to 8?
Welfare to Work (beyond $3 billion policy already proposed)	
Expand $3 billion Welfare to Work initiative and/or challenge grants and/or additional performance bonuses.	2.0
Demonstration Projects	
New incentives/pilots for model programs and substance abuse testing and treatment.	1.0

Preliminary List of Welfare Reform Options for Consideration in the FY1998 Budget

(In billions of dollars. Options are not additive.)

	Five Year
ADMINISTRATIVE OPTIONS	
Supplemental Security Income	
A. Administratively limit the impact of new eligibility criteria for children by assuming a standard that removes 45,000 kids from the rolls.	6.4
B. Administratively limit the impact of new eligibility criteria for children by assuming a standard that removes 100,000 kids from the rolls.	3.9
C. Administratively limit the impact of new eligibility criteria for children by assuming a standard that removes 145,000 kids from the rolls.	2.0
OPTIONS WITHOUT COST AGAINST WELFARE REFORM ALLOWANCE	
Temporary Assistance for Needy Families	
A. Provide more funding during economic downturns by adding a national unemployment trigger to the contingency fund.	0.0
B. Ensure basic protections are incorporated into State TANF programs.	0.0
Welfare to Work Initiative	
(Non-add, costs offset outside of Welfare Reform)	[3.0]

Preliminary Welfare Reform Options for the FY1998 Budget

	FY2002	Five Year
	(in billions of $)	
Option 1: Propose Changes Consistent with Core Commitments		
Food Stamps		
A. Administratively reduce the number of individuals subject to the time limit exempting those areas defined as labor surplus areas **(decision made).**	0.1	0.7
B. Repropose the Administration's work requirement legislation.	0.4	2.0
C. Index the standard deduction and vehicle asset limit in FY 2002.	0.2	0.2
D. Remove the shelter deduction cap in FY 2001.	0.4	0.9
Food Stamps subtotal	**1.1**	**3.8**
Benefits to Immigrants		
A. Repeal Medicaid bans and provide Medicaid to elderly and disabled. Welfare Reform policy of deeming sponsor's income would continue in Medicaid. Cost estimate is tentative and could increase by about $1 billion.	0.8	2.6
B. Exempt children from SSI ban and households with children from Food Stamps ban.	0.5	2.4
C. Delay implementation of the SSI ban for 2 years - allowing immigrants time to naturalize.	0.0	3.8
Immigrants subtotal	**1.3**	**8.9**
Transitional Medicaid		
Administrative option to allow 26 States to continue waivers for with waivers for Transitional Medicaid **(decision made).**	0.04	0.2
Other Issues		
Small technical corrections to welfare bill that could have cost implications.	0.04	0.2
TOTAL COST OF OPTION 1:	**2.4**	**12.8**
Options without cost against Welfare Reform Allowance		
Supplemental Security Income		
A. Administratively limit the impact of new eligibility for children.	0.5 to 1.3	2.0 to 6.4
B. Propose legislation to retain Medicaid eligibility for all children now on SSI.	0.1	0.4
Temporary Assistance for Needy Families		
Provide more funding during economic downturns by adding a national unemployment trigger to the contingency fund and ensure basic protections in program.	0.0	0.0
Welfare to Work Initiative		
(Non-add, costs offset outside of Welfare Reform)	[0.0]	[3.0]

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Preliminary Welfare Reform Options for the FY1998 Budget

	FY2002	Five Year
	(in billions of $)	
Option 2: Propose Changes to Reward Work		
Food Stamps		
A. Administratively reduce the number of individuals subject to the time limit exempting those areas defined as labor surplus areas **(decision made).**	0.1	0.7
B. Repropose the Administration's work requirement legislation.	0.4	2.0
C. Index the standard deduction and vehicle asset limit and remove the shelter cap in 2002.	0.6	0.6
Food Stamps subtotal	**1.1**	**3.3**
Benefits to Immigrants		
A. Repeal Medicaid bans and provide Medicaid to all elderly and disabled. Welfare Reform policy of deeming sponsor's income would continue in Medicaid. Cost estimate is tentative. Cost estimate could increase to $3.6 billion.	0.8	2.6
B. Exempt children from SSI ban.	0.0	0.2
C. Delay implementation of the SSI, Food Stamp bans for 1 year - allowing immigrants time to naturalize.	0.0	2.4
Immigrants subtotal	**0.8**	**5.2**
Transitional Medicaid		
Administrative option to allow 26 States to continue waivers for with waivers for Transitional Medicaid **(decision made).**	0.04	0.2
Child and Dependent Care Tax Credit (DCTC)		
Make the credit refundable in 1998.	0.8	3.4
Demonstration Projects and/or Performance Bonuses		
New incentives/pilots for model programs, substance abuse testing and treatment, and/or welfare to work performance bonuses.	0.0	0.7
Other Issues		
Small technical corrections to welfare bill that could have cost implications.	0.04	0.2
TOTAL COST OF OPTION 2:	**2.8**	**13.0**
Options without cost against Welfare Reform Allowance		
Supplemental Security Income		
A. Administratively limit the impact of new eligibility for children.	0.5 to 1.3	2.0 to 6.4
B. Propose legislation to retain Medicaid eligibility for all children now on SSI.	0.1	0.4
Temporary Assistance for Needy Families		
Provide more funding during economic downturns by adding a national unemployment trigger to the contingency fund and ensure basic protections in program.	0.0	0.0
Welfare to Work Initiative		
(Non-add, costs offset outside of Welfare Reform)	[0.0]	[3.0]

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Preliminary Welfare Reform Options for the FY1998 Budget

	FY2002	Five Year
	(in billions of $)	

Option 3: Propose Changes that Moderate Overall Impact of Welfare Bill

	FY2002	Five Year
Food Stamps		
A. Administratively reduce the number of individuals subject to the time limit exempting those areas defined as labor surplus areas **(decision made).**	0.1	0.7
B. Repropose the Administration's work requirement legislation.	0.4	2.0
C. Index the standard deduction and vehicle asset limit and remove the shelter cap in 2002.	0.6	0.6
Food Stamps subtotal	**1.1**	**3.3**
Benefits to Immigrants		
A. Repeal Medicaid bans and provide Medicaid to all elderly and disabled. Welfare Reform policy of deeming sponsor's income would continue in Medicaid. Cost estimate is tentative. Cost estimate could increase to $3.6 billion.	0.8	2.6
B. Exempt children from SSI ban.	0.0	0.2
C. Delay implementation of the SSI, Food Stamp bans for 1 year - allowing immigrants time to naturalize.	0.0	2.4
Immigrants subtotal	**0.8**	**5.2**
Transitional Medicaid		
Administrative option to allow 26 States to continue waivers for with waivers for Transitional Medicaid **(decision made).**	0.04	0.2
Supplemental Security Income		
A. Administratively limit the impact of new eligibility to children with mulitiple physical impairments.	0.5	2.0
B. Propose legislation to retain Medicaid eligibility for all children now on SSI.	0.1	0.4
C. Tighten rules that deem parent's income to children for purposes of determining level of children's benefit.	-0.2	-0.7
SSI subtotal	**0.4**	**1.7**
Child and Dependent Care Tax Credit (DCTC)		
Make the credit refundable in 2000.	0.8	1.8
Demonstration Projects and/or Performance Bonuses		
New incentives/pilots for model programs, substance abuse testing and treatment, and/or welfare to work performance bonuses.	0.0	0.6
Other Issues		
Small technical corrections to welfare bill that could have cost implications.	0.04	0.2
TOTAL COST OF OPTION 3:	**3.1**	**13.0**

Options without cost against Welfare Reform Allowance

	FY2002	Five Year
Temporary Assistance for Needy Families		
Provide more funding during economic downturns by adding a national unemployment trigger to the contingency fund and ensure basic protections in program.	0.0	0.0
Welfare to Work Initiative		
(Non-add, costs offset outside of Welfare Reform)	[0.0]	[3.0]

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THE WHITE HOUSE

WASHINGTON

December 5, 1996

MEMORANDUM FOR ERSKINE BOWLES

FROM: Bruce Reed
Gene Sperling

SUBJECT: Yesterday's Budget Meeting on Welfare Reform

We met with Leon and key Cabinet and White House officials on Wednesday afternoon to narrow the options to present to the President on changes in welfare reform. Approximately $16 billion over 5 years is available for welfare reform -- $3.4 billion for the welfare-to-work plan the President announced at the convention, and $13 billion to moderate the impact of the welfare bill and take additional steps to make welfare reform work. ($13 billion was the difference between the savings we called for in our balanced budget proposal, and the amount of savings in the bill the President signed. The $13 billion number has therefore been seen internally and externally as the number that we could add-back and still be consistent with our balanced budget plan. The additional $3.4 billion for the welfare-to-work initiative was paid for with additional financing measures that were announced on the convention week.)

The central budget issue for the President will be how to divide up that $13 billion. In signing the bill, the President promised to soften immigrant and food stamp cuts, but never specified a dollar amount. While most people at the meeting recognized that some good might happen from such a bill, much of what we propose will be about what we want our message to be -- and to whom. Advocacy groups expect the full $13 billion or more to go into "fixing" the welfare bill, and will point to Presidential statements to suggest we have made certain commitments. Republicans in Congress say (and many Democrats concede) that most of those changes won't happen, and Republicans will say that we are trying to weaken welfare reform.

The menu of possible changes includes $0.1 - $3.4 billion for food stamps; $2.9 -11.3 billion for immigrants; and $0.3 - 6.6 billion for child care tax credits and other measures to promote work. (A related $2.0 - 6.4 billion change on disabled children can be done administratively, and if done a little later, could possibly not have to be paid for within the $13 billion.) One idea that gained significant attention at the meeting was delaying the immigrant cuts for 1 - 2 years. Members of Congress would not have to say that they were reversing cuts -- only that it was giving legal immigrants a fair chance to achieve citizenship before any benefits were eliminated. This idea also has the benefit of having no costs in the year 2002.

The group agreed to develop three options for the President, each with a slightly different emphasis: 1) a "cuts" package that focuses primarily on restoring food stamp and immigrant cuts; 2) a "work" package that meets a basic commitment on food stamps and immigrants, but puts more emphasis on new measures to promote work; and 3) a "kids" package that also meets the basic commitment on food stamps and immigrants, but goes further to protect children. We are working with Ken Apfel, at OMB to develop these options that reflect the group's general consensus.