

WITHDRAWAL SHEET

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DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	Elena Kagan to Jack Quinn and Kathy Wallman re: Wisconsin Waiver Application, 5p	6/10/96	P5
2. memo	Reed and Ken Apfel to Chief of Staff [Panetta] re: Wisconsin Waiver. 2p (partial)	7/8/96	P5
3. & 4. memo	Wisconsin Waiver, 3p (partial)	7/11/96	P5

RESTRICTIONS

P1 National security classified information [(a)(1) of the PRA].
P2 Relating to appointment to Federal office [(a)(2) of the PRA].
P3 Release would violate a Federal statute [(a)(3) of the PRA].
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

PRM Personal records misfile defined in accordance with 44 USC 2201 (3).

B1 National security classified information [(b)(1) of the FOIA].
B2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
B3 Release would violate a Federal statute [(b)(3) of the FOIA].
B4 Release would disclose trade secrets or confidential commercial financial information [(b)(4) of the FOIA].
B6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
B7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
B8 Release would disclose information concerning the regulation of financial institutions [(b)(9) of the FOIA].
B9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

John O. Norquist
Mayor

Milwaukee
150
1846 1996

WR-Wisc.

**Statement from Mayor John Norquist
July 31, 1996**

For more information contact Jeff Fleming, 286-8531

I congratulate President Clinton for the significant step he took today to end welfare.

I agree with the President when he says, "the best anti-poverty program...is a job." Today's actions move us closer to a true, work based alternative to our failed welfare system.

There is room for improvement, especially in putting people to work in real jobs that pay real wages, instead of make-work jobs to earn grants. The work required of program participants ought to be real jobs paying minimum wage.

The President and I have had a number of discussions regarding the elimination of welfare, and I appreciate his thoughtful attention to my concerns and to the people of Milwaukee.

Office of the Mayor
City Hall
200 East Wells Street
Milwaukee,
Wisconsin
53202
(414) 286-2300

TO: Bruce Reed
FROM: David Riemer
DATE: July 18, 1996
RE: Replacing W-2 Cash Grants with Real Wage Jobs:
How to Reduce the Fiscal Impact on Wisconsin

As you and I previously discussed, the major condition that Mayor Norquist has asked the President to attach to the W-2 waiver request--i.e., requiring that participants not receive monthly welfare cash grants that they later "work off," but instead be offered real-wage community service jobs, if they're unable to secure employment in the private sector--will impose certain costs on the State of Wisconsin.

These costs (assuming the current minimum wage and a 30-hour work week) are as follows:

Additional wages.....	\$ 4.9	million
Employer FICA.....	\$ 16.7	million
State EITC.....	\$ 13.4	million
State Homestead credit.....	\$ 25.0	million
Less child care savings.....	\$ (18.8)	million
Less state income tax paid....	\$ (0.1)	million
TOTAL	\$ 41.1	million

Most of the costs, however, the State has the power to reduce or eliminate. Specifically, the State can choose to exclude community service jobs earnings from qualifying for the State EITC and State Homestead credit.

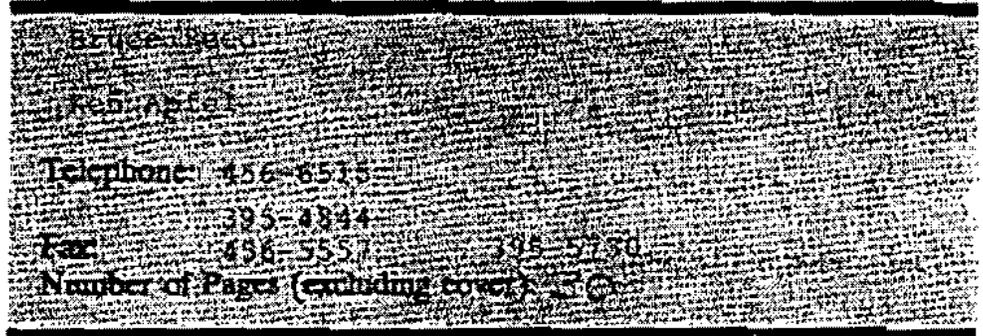
To reduce the fiscal impact of the "real wage" condition that the Mayor urges, the waiver approval could affirm that the State need not pay the State EITC or Homestead credit. This would save the State \$38.4 million and dramatically reduce the net fiscal impact to \$2.7 million.

If (as we expect) the federal minimum wage increases, these numbers would of course need to be adjusted. A smaller number of hours of work would be sufficient at the higher minimum wage to produce the same earnings from a community service job. The major fiscal effect would be additional child care savings, which in turn would make the total fiscal impact on the State even less than \$2.7 million.

FACSIMILE TRANSMISSION
Assistant Secretary
The Administration for Children and Families

DATE: July 19, 1996

TO:



FROM: Mary Jo Bane
Assistant Secretary for Children and Families

Telephone: (202)401-2337
Fax: (202)401-4678

MESSAGE:

Attached are the draft terms and conditions that we plan to start discussing with Wisconsin next week.

- Segment #1 -- early in the week
- Segment #2 -- later in week
- Segment #3 -- discuss the following week (week of 29th)
(more tentative)



Department of Health and Human Services
Administration for Children and Families
370 L'Enfant Promenade, S.W., Washington, D.C. 20447
Phone: (202) 401-9200

DRAFT FOR DISCUSSION PURPOSES ONLY**7/18/96****#1****WAIVER TERMS AND CONDITIONS****Wisconsin Works****SECTION 1: GENERAL ISSUES.**

- 1.0 The Department of Health and Human Services and the Department of Agriculture (hereinafter referred to as the Departments) will grant waivers to the State of Wisconsin (hereinafter referred to as the State) under section 1115 of the Social Security Act, as amended, and section 17(b) of the Food Stamp Act, as amended, to operate the Wisconsin Works (W-2) demonstration (hereinafter referred to as the demonstration) as set forth in these Waiver Terms and Conditions. Each Department reserves the right, in its sole discretion, to withdraw any and all waivers granted by that Department at such time(s) that either Department determines that the State has materially failed to meet the requirements as set forth in these Waiver Terms and Conditions. The State also retains the right to terminate the demonstration.
- 1.1 Failure to operate the demonstration as approved and according to Federal and State statutes and regulations may result in withdrawal of waivers. The Federal statutes and regulations with which the State must comply in the operation of the demonstration include, but are not limited to, civil rights statutes and regulations that prohibit discrimination on the basis of race, color, national origin, disability, sex, age and religion, including Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, Title II of the Americans with Disabilities Act, and the nondiscrimination provisions of the Omnibus Budget Reconciliation Act of 1980. After waivers are granted, the Departments reserve the right to withdraw them if agreement cannot be reached on any item(s) cited in this document as needing approval by the Departments. The State also has the same right.
- 1.2 If Federal or State statutes or regulations that would have a major effect on the design and impacts of this demonstration are enacted, the Departments and the State will reassess the overall demonstration and develop a mutually agreed-upon strategy for dealing with the demonstration in the context of such changes. If such a mutually agreed-upon strategy cannot be developed, each

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Department reserves the right, in its sole discretion, to withdraw any or all waivers at such time(s) as that Department determines.

- 1.3 The demonstration provisions will be implemented statewide no earlier than September 1, 1997, and no later than September 1, 1998. The implementation date of the demonstration shall be the first day on which the first case is made subject to any of the provisions of this demonstration. For cost neutrality purposes, the demonstration shall be deemed to begin on the first day of the calendar quarter (hereinafter "quarter") which includes the implementation date, but for the purpose of calculating excess costs or savings for the initial quarter of the demonstration, only costs incurred beginning with the month that includes the implementation date will be counted. The demonstration shall end no later than the last day of the 20th quarter ending after the deemed beginning date. The demonstration provisions shall be as specified in Section 2. Waivers necessary for the demonstration are approved upon acceptance by the Departments and the State of these Waiver Terms and Conditions. They will become effective as of the implementation date and will remain in effect until December 31, 2005, unless the project is terminated earlier.
- 1.4 Federal approval of waivers, subject to these Waiver Terms and Conditions, shall not be construed to establish any precedent that either Department will follow in the granting of any subsequent request for waivers.

SECTION 2: IMPLEMENTATION

- 2.0 Under W-2, the State will implement the following AFDC, Child Care, and Child Support program provisions:

Eligibility

- (1) The State will define the unit eligible for W-2 assistance, i.e., the Wisconsin Works group (W-2 group), as consisting of an individual who is a custodial biological or adoptive parent(s), all dependent children with respect to whom the individual is a custodial parent and all dependent children with respect to whom the individual's dependent child is a custodial parent. In two-parent families, only one parent may participate in a W-2 employment position at

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a time.

- (2) The State will count all of a family's earned and unearned income to the extent allowed by the applicable law for the source of income including stepparent income and child support payments, which will be passed through directly to the custodial parent, when determining eligibility for the demonstration, except for EITC, food stamps or its cash equivalent and earnings from a W-2 employment position. Families will be eligible for W-2 if their gross income is 115 percent of the Federal Poverty Level (FPL) or less. The State will not count earned or unearned income of eligible families for purposes of determining benefit amount. W-2 cash benefits amounts will be determined as described in 2.0(xx).
- (3) The State will disregard for applicants and recipients the combined equity value of all motor vehicles belonging to the family up to \$10,000.
- (4) The State will increase the resource limit for applicants and recipients to \$2,500.
- (5) The State will deny eligibility for an employment position described in 2.0(xx) for an individual who without good cause refused a bona fide job offer in the 180 days prior to application.
- (7) Families will remain eligible for W-2 until its resources exceed the demonstration limits for at least two consecutive months or until the income of the family exceeds 115 percent of FPL for two consecutive months or the family's income is expected to exceed 115 percent of FPL limit for two consecutive months.
- (6) Single non-custodial parents with a child support order for a child who is eligible for W-2 as described in 2.0(x) and 2.0(x) and pregnant women eligible for W-2 with no other custodial children may receive job search assistance and case management services.
- (9) The State will provide to participants ongoing title IV-D services without regard to a separate application for fee.
- (10) Individuals who refuse to participate, without good cause in any W-2 employment component described in

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2.0(xx) will ineligible for that component for a minimum of three months or until the individual resumes participation in the assigned activity for two weeks, which ever is longer. A participant refuses to participate in a W-2 employment position if he or she:

- o expresses orally or in writing to the W-2 agency that he or she refuses to participate;
- o fails to appear without good cause for an interview with a prospective employer;
- o voluntarily leaves appropriate employment or training without good cause, as determined by the W-2 agency;
- o is discharged from employment for cause; or
- o demonstrates through other behavior or action, as specified by the State, that he or she refuses to participate in a W-2 employment position.

Individuals who refuse to participate, without good cause, in any W-2 employment component three times will be permanently ineligible for that component. Good cause will include, but not be limited to, the lack of child care.

- (11) The State will pay an eligible custodial parent of a child who is 12 weeks old or younger a monthly benefit of \$555 without regard to participation in a W-2 employment position. The State may require the custodial parent to participate in other activities such as parenting education and life skills training. Any eligible custodial parent of a child who is 12 weeks old or younger will receive this benefit without regard to participation in a W-2 employment position; but receipt of this benefit will not count toward the 24 month limit described in 2.0(xx) or the 60 month lifetime limit described in 2.0(xx) only: (a) if the child was conceived before the parent was determined to be eligible for W-2 or (b) if the child was conceived after the parent was determined to be eligible for W-2 and conception was the result of verifiable rape, sexual assault, or incest.

- (12) The State will sanction participants who fail to

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cooperate with child support enforcement, without good cause, according to the following schedule:

- o For each failure after application to cooperate under section 402(a)(26) of the Act, the family will be denied program benefits until the custodial parent cooperates with child support enforcement.
- o For the third sanction for non-cooperation, the family will be denied program benefits for a minimum of six months.

Pregnant women with no existing children will not be sanctioned for failure to cooperate with child support enforcement during the time that they are pregnant.

- (13) The State will require minor parents to reside in the home of a parent as a condition of eligibility for non-employment W-2 benefits. Minor parents are not eligible for W-2 employment positions. However, minor parents are eligible for job access loans as described in 2.0(xx). In cases where a the minor parent has no parent who is living or the whereabouts of the individual's parent is unknown or the State determines that the physical health or safety of the minor parent or her dependent children would be jeopardized by residing with the individual's parents, the minor parent will be required to live with a legal guardian, adult relative or in another adult-supervised supportive living arrangement as approved by the State. In such cases where the minor parent cannot find a suitable living arrangement with a relative or guardian, the State will place the minor parent and her dependent child(ren) in a suitable adult-supervised living arrangement.
- (14) At the discretion of the FEP, the State may provide, on a limited basis, Job Access Loans (JAL) to W-2 participants to assist with one-time needs to support employment, e.g., car repairs, clothing with work, housing emergencies, etc. A JAL must be repaid either in cash or in a combination of cash and community service work. The State will establish an appropriate repayment rate in cooperation with the participant.

Minor parents participating in W-2 residing in an out-

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of-home adult-supervised placement as described in 2.0(xx) are eligible to receive a JAL during the two months prior to turning age 18 if they have completed high school or its equivalent.

- (15) The state will require dependent children ages 6 through 17 whose parents participate in a W-2 employment position to attend school regularly, as defined by the State. The W-2 orientation session will include notification and explanation of the W-2 school attendance requirements. In-depth assessments will be conducted to identify youth at risk of sanction due to attendance problems. Students determined to be at risk of sanction will be required to enter into a Personal Responsibility Plan establishing goals and strategies and necessary case management services to address school attendance problems. Families whose children fail to meet the State defined attendance requirement or fail to comply with a Personal Responsibility Plan will be sanctioned. Families participating in CSJ or W-2 Transition will be sanctioned \$50 per month; families participating in Trial Jobs will be sanctioned \$50 per month.
- (16) The W-2 agency will organize Community Steering Committees consisting of local leaders from business, education, and other fields. These committees will be charged with the responsibility of identifying and encouraging employers to provide job opportunities for W-2 participants including supported employment activities.
- (17) The State will recover an overpayment made to a participant in a W-2 employment position that is the result of an intentional violation by deducting from the monthly benefit an amount based on the following until the overpayment is recovered:
- o for overpayments less than \$300, 10 percent of the monthly benefit will be deducted;
 - o for overpayments of \$300 to \$999, \$75 per month will be deducted;
 - o for overpayments of \$1000 to \$2499, \$100 per month will be deducted; and

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- o for overpayments of \$2500 or more, \$200 per month will be deducted.

The State will not be required to file 4110 Fraud reports with the Department.

- (18) The State will sanction a participant if a court finds or it is determined after an administrative hearing that a member of a W-2 family applying for or receiving employment position benefits, JALs, or child care has intentionally violated any W-2 provision on three separate occasions for the purpose of establishing or maintaining eligibility or for the purpose of increasing the value of W-2 benefits. The sanction will be permanent denial of all W-2 employment benefits and JALs.
- (19) The State will pay all child support collected on behalf of W-2 families directly to the family and will not deduct such payments from W-2 cash benefits. The State will not assign any amount of child support collected on behalf of a W-2 family to the federal government. The State will count child support collections made on behalf of all families participating in W-2 as AFDC collections for the purpose of reporting collections and calculating federal child support incentive payments.

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WAIVER TERMS AND CONDITIONS
AMENDMENTS TO THE
WISCONSIN PAY FOR PERFORMANCE AND WORK NOT WELFARE DEMONSTRATIONS

This is an amendment to the Waiver Terms and Conditions of the Wisconsin Pay For Performance (PFP) and Work Not Welfare (WNW). It sets forth changes to provisions to be applied to the treatment groups as described in Section 2.1 of PFP Waiver Terms and Conditions and Section 2.2 of the WNW Waiver Terms and Conditions.

Changes to Provisions to be Applied to Participants in the Treatment Group:

Below are listed changes in provisions which will apply to all recipients in the treatment groups of the PFP and WNW demonstrations.

- 7) Add the following as item 2.1(14) to PFP and item 2.2(26) to WNW:

The State will impose a fiscal sanction on an individual who refuses to participate, without good cause in any demonstration employment activity. The fiscal sanction will be termination of all AFDC benefit to the family for a minimum of three months or until the individual resumes participation in the assigned activity for two weeks, whichever is longer. A participant refuses to participate in an employment activity if he or she:

- o expresses orally or in writing to the State that he or she refuses to participate;
- o fails to appear without good cause for an interview with a prospective employer;
- o voluntarily leaves appropriate employment or training without good cause, as determined by the State;
- o is discharged from employment for cause; or

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- o demonstrates through other behavior or action, as specified by the State, that he or she refuses to participate in an employment activity.

DRAFT FOR DISCUSSION PURPOSES ONLY**7/18/96****#2****SECTION 2: IMPLEMENTATION**

2.0 Under W-2, the State will implement the following AFDC, Child Care, and Child Support program provisions:

- (o) The State will pay AFDC benefits to children whose parent(s) or caretakers are not eligible for W-2 but who have a gross monthly income that is 115 percent of the Federal Poverty Level (FPL) or less as described in 2.0(x). The State will make AFDC payments as follows:
 - o The State will provide monthly AFDC payments to an eligible child living with and under the care of a relative or legal guardian other than a biological or adoptive parent. The monthly AFDC payment for each eligible child will be \$215 dollars. The relative(s)/guardian(s) of children receiving this benefit will be considered an AFDC recipient for the purpose of Medicaid eligibility. Eligibility determination and administration of these AFDC cases will be the responsibility of the State foster care agency.
 - o The State will provide monthly AFDC payments to an eligible child (a) who is a U.S. citizen whose parent(s) is an alien ineligible for W-2 or (b) whose parent(s) is an SSI recipient. In a two-parent family both parents must be ineligible aliens or SSI recipients in order for the child to receive this payment. The monthly AFDC payment for each eligible child will be \$135 dollars.
- (o) Aliens sponsored by organizations or agencies are eligible for W-2 employment positions if they meet all other W-2 eligibility criteria. Income and resources from alien sponsors will not be used in determining eligibility for W-2 cash assistance.

Program Requirements

- (1) After eligibility has been determined, a W-2 Financial and Employment Planner (FEP) will conduct an employment readiness screening to determine employment placements. The State will develop objective criteria specifying how participants will be assigned to one of the four W-2 employment components described in 2.0(xx), including how determinations of job readiness will be established, e.g., using an assessment of the individuals capabilities and skills, identifying

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barriers to employment, and determining whether the individual has a steady and/or recent employment history; and how participants will be determined to qualify for reassignment from one component to another. Employment readiness screening may include a determination regarding an individual's possible need for alcohol, other drug abuse treatment or mental health services. The State will refer to the county agency serving under the State-authorized 51.42 board or to another qualified health professional for clinical assessment applicants who have been identified by a FEP as possibly in need of alcohol/drug treatment or mental health services. An FEP will use screening indicators provided by the county agency serving under the State-authorized 51.42 board.

After the employment readiness screening, the FEP will establish a preliminary participation plan. The plan will make clear that W-2 benefits are available only to those who cooperate fully in job search and participate in an employment component. The plan will include a requirement to cooperate with child support enforcement, if necessary; a requirement to apply for other benefits, such as unemployment insurance, if appropriate; and a requirement to complete two weeks of supervised job search. By the end of the two-week supervised job search period, an individual who is unable to obtain an unsubsidized position sufficient to support their family or a Trial Job will be assigned to a Community Service Job as described in 2.0(xx). Exempt from this initial job search requirement are eligible custodial parents of a child who is 12 weeks old or younger as described in 2.0(xx) and those assigned to W-2 Transitional Placements as described in 2.0(xx).

In supervised job search, one job contact will equal one hour of participation; the participant will meet with his or her FEP at the end of the first week to discuss progress. Failure to complete the preliminary participation plan without good cause may result in the denial of W-2 benefits.

At least 30 days before the implementation date of the demonstration, the State will submit to the Department for approval good cause determination criteria that will include, but not be limited to, the following: the State may not reduce or terminate assistance based on a refusal of an adult to work if the adult is a

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single custodial parent caring for a child who has not attained 13 years of age or a child up to age 18 who is mentally or physically incapable of self-care; and the adult proves that the adult has a demonstrated inability (as determined by the state) to obtain needed child care for 1 or more of the following reasons: (a) unavailability of appropriate child care within a reasonable distance from the individual's home or work site, (b) unavailability or unsuitability of informal child care by a relative or under other arrangements, (c) unavailability of appropriate and affordable formal child care arrangements.

The State will begin to provide W-2 benefits from the date eligibility is established for applicants who comply with all preliminary participation plan requirements and who are placed in a W-2 employment component.

- (2) Based on the employment readiness screening and preliminary participation plan, the FEP will develop a W-2 participation plan. The participation plan will specify services, including child care, that the parent will receive and the requirement to participate in one of the employment components described below:
- (a) Unsubsidized employment. These positions are completely unsubsidized by the State and will pay wages sufficient to support the family, which will not be less than the higher of the Federal or State minimum wage. Wages will be considered as earned income for any provision of law, including eligibility for the EITC.
 - (b) Trial Jobs: These positions are employment paying wages sufficient to support the family, which will not be less than the higher of the Federal or State minimum wage. The State will reimburse the Trial Job employer up to \$300 per month for a full-time placement. Wages will be considered as earned income for any provision of law, including eligibility for the EITC. Each Trial Job placement will be made for three to six months. The State contract with the employer will require that if the participant meets all of the expectations of the Trial Job period and presents no reason for dismissal, the participant will be offered a regular unsubsidized position at the end of the Trial Job period. Employers will be

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penalized and eventually barred from participation in all W-2 subsidized employment components for repeated breaches of contract. The State will limit participation the Trial Jobs component to 24 months and will grant extensions as described in 2.0(xx).

- (c) Community Service Jobs (CSJ): CSJ positions are work experience placements for participants with barriers to employment, such as having little or no work history, sporadic work history with frequent voluntary quits or terminations, or potential barriers to employment identified by the FEP that need to be addressed before placement in Trial Jobs or unsubsidized employment.

The State will require up to 30 hours per week of participation in the CSJ work activity plus up to 10 hours per week of education and training activities, which may include, but are not limited to, the following:

- o ESL instruction;
- o activities leading to a high school diploma/GED;
- o parenting, life skills, job skills or other adult basic education;
- o providing care for someone in the group who is ill, incapacitated, or;
- o providing care for a child under 11 years old;
- o supervised job search.

The State will place participants in a single CSJ position initially for six months. The State will extend placements for an additional 3 months on a case-by-case basis. The State will limit participation in the CSJ component to 24 months and will grant extensions as described in 2.0(xx).

The State will pay a benefit of \$555 per month to CSJ participants. The State will sanction individuals for failure to participate in CSJ by reducing the monthly benefit at the rate of \$4.25

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times the number of hours of CSJ missed without good cause. Good cause will include, but not be limited to, the lack of child care. If the federal or state minimum wage rises above \$4.25 per hour, the State will increase benefits or decrease work hours to ensure that the benefit divided by hours worked is no less than the minimum wage. The State may raise the hourly sanction for non-participation to the new minimum wage.

The State will pay the CSJ benefit, \$555 per month, if a participant is unable to work due to verified health reasons which are expected to last less than 60 days or for other reasons determined by the FEP. The State will specify criteria under which these benefits will be paid. If a CSJ work activity slot is not available, the State will pay the CSJ benefit, \$555 per month, and assign the participant to education, training, and job search activities for up to 40 hours per week until a slot becomes available.

- (d) W-2 Transition: The W-2 transition component is for individuals with severe barriers to regular employment and work experience positions; e.g., the individual lacks the skills necessary to obtain or maintain employment; substance abuse or mental health barriers are serious enough to impede participation in CSJ; an individual's incapacity is expected to last at least 60 days; or the individual is needed in the home to care for an ill or incapacitated family member or for a child for whom appropriate and affordable child care is not available. An individual with a disability may be assigned to W-2 transition only if he or she cannot be reasonably accommodated in a CSJ.

The State will provide that the hours and conditions of participation will not be in excess of the capacity of the individual, as determined on a case by case basis. [Kerry's recommendation.]

The State will require up to 28 hours per week of participation in the W-2 Transition work activity plus up to 12 hours per week of education, training, or treatment activities, which may include, but are not limited to, the following:

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- o ESL instruction;
- o activities leading to a high school diploma/GED;
- o parenting, life skills, job skills or other adult basic education;
- o meeting with health and social service professionals to address barriers to employment;
- o participating in mental health or substance abuse treatment. The State will refer to the county agency serving under the State-authorized 51.42 board or to another qualified health professional for clinical assessment for participation in an alcohol or drug treatment program or in mental health treatment AFDC recipients who have been identified by a FEP/case manager as possibly in need of such treatment services.

For those with severe alcohol or other drug abuse problems, the State may assign full time treatment as the W-2 Transition requirement until the individual is capable of beginning a CSJ or W-2 Transition work assignment.

For those who are providing care for an ill or incapacitated family member or for a child under 11 for whom appropriate and affordable child care is not available, the State will assign the participant to provide such care on a full time basis if necessary or for as many hours as the family member needs such care.

The State will pay a benefit of \$518 per month to W-2 Transition participants. The State will sanction individuals for failure to participate in W-2 Transition by reducing the monthly benefit at the rate of \$4.25 times the number of hours of non-participation without good cause. Good cause will include, but not be limited to, the lack of child care inability to comply due to a disability [Kerry's recommendation]. If the federal or state minimum wage rises above \$4.25 per hour, the State will increase benefits or decrease work hours to ensure that the benefit divided by hours worked is

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no less than the minimum wage. The State may raise the hourly sanction for non-participation to the new minimum wage.

The State will limit participation in the W-2 Transition component to 24 months and will grant extensions as described in 2.0(xx).

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AMENDMENTS TO THE

WISCONSIN PAY FOR PERFORMANCE AND WORK NOT WELFARE DEMONSTRATIONS

This is an amendment to the Waiver Terms and Conditions of the Wisconsin Pay For Performance (PFP) and Work Not Welfare (WNW). It sets forth changes to provisions to be applied to the treatment groups as described in Section 2.1 of PFP Waiver Terms and Conditions and Section 2.2 of the WNW Waiver Terms and Conditions.

Changes to Provisions to be Applied to Participants in the Treatment Group:

Below are listed changes in provisions which will apply to all recipients in the treatment groups of the PFP and WNW demonstrations.

- 5) Add the following as item 2.1(xx) to PFP and item 2.2(xx) to WNW:

The State shall provide monthly AFDC payments to an eligible child living with and under the care of a relative or legal guardian other than a biological or adoptive parent as follows: The monthly AFDC payment for each eligible child will be \$215 dollars. The relative(s)/guardian(s) of children receiving this benefit will be considered an AFDC recipient for the purpose of Medicaid eligibility. Eligibility determination and administration of these AFDC cases will be the responsibility of the State foster care agency.

- 6) Add the following as item 2.1(xx) to PFP and item 2.2(xx) to WNW:

The State shall provide monthly AFDC payments to an eligible child whose parent(s) is an SSI recipient. In a two-parent family both parents must be SSI recipients in order for the child to receive this payment. The monthly AFDC payment for each eligible child will be \$135 dollars.

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#3**SECTION 2: IMPLEMENTATION**

2.0 Under W-2, the State will implement the following AFDC, Child Care, and Child Support program provisions:

- (1) The State will limit the amount of time a family may participate in W-2 and receive W-2 benefits to life time total of 60 months. Time during which an individual is exempt from W-2 work requirements as described 2.0(xx) will not count against the 60-month time limit. Also in two-parent families, each parent will maintain a separate time clock to track the 60-month lifetime participation limit.

Extensions to the 60-month time limit and the 24-month work component time limit will be granted as follows: Ninety days prior to the termination of benefits the individual will be informed that benefits will be terminated. Individuals will be informed that they may apply for an extension of benefits at any time, but extensions will be granted only in very limited circumstances. The criteria that will be considered in making a determination that an individual's benefits should be extended will include but need not be limited to: 1) whether the recipient has received and/or rejected offers of employment, has quit a job without good cause or been fired for cause, 2) the degree to which the recipient has cooperated, and is cooperating, with the Agency in work related activities, and 3) whether the State has substantially met its obligation to provide demonstration services to the individual. Extensions will be granted to those persons who are unable to work because of personal disability or incapacity, persons who need to care for a disabled dependent, and persons who have made all appropriate efforts to find work and are unable to find employment, given their skills and abilities, because local labor market conditions preclude a reasonable job opportunity. If an extension is granted, it is expected that the individual will participate in some supported work activity within the limits of his or her ability.

- (2) Children's Services Network: Where benefits are terminated because the 24-month time limit described in 2.0(xx) or the 60-month time limit described in 2.0(xx) has expired, supporting services will continue to be provided including helping the family find charitable food and clothing, WIC, child care for employed

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parents, and Medical Assistance. A housing grant, not to exceed the amount of a child(ren) only AFDC grant, will be provided in the form of a vendor payment for housing if the child(ren) will be made homeless as a result of termination of benefits. Also, families could receive Food Stamp coupons while ineligible for W-2 cash benefits if otherwise eligible for food stamp coupons.

- (3) The State will provide necessary child care, as defined in section 402(g), for children up to age 13 (or up to age 18 if mentally or physically incapable of self-care) in eligible families whose parents have a gross monthly income of 115 percent of the FPL or less as described in 2.0(x).

Child care may be provided to families with a gross monthly income that is more than 115 percent of the FPL up to 165 percent of the FPL and may include child care for education and training if the parent has been working for nine months and the education and training is in addition to work. Child care is guaranteed to families who meet the current law requirements for Transitional Child Care. [Kerry's recommendation.]

The current requirements for parental choice remain in effect. If more than one category of child care is available the parent must be given the opportunity to choose the arrangement. The State must have at least one method by which self-arranged care can be paid. Additionally, with respect to payment rates, State and local rules promulgated for its child care subsidy programs must not significantly restrict parental choice by: 1) expressly or effectively excluding any category of care or any type of provider within a category of care, 2) having the effect of limiting parental access to or choice from among categories of care or types of provider, and 3) excluding a significant number of providers in any category of care. [QUESTION FOR OGC: What is the legal consequence of omitting this paragraph?]

The State will require families to make co-payments for child care services provided according to the following schedule:

- o Families with income equal to or less than 75

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percent of FPL will pay 7.5 percent of the cost of child care;

- o Families with income between 75 and 95 percent of FPL will pay 10 percent of the cost of child care; and
- o Families with income greater than 95 percent of FPL will pay 10 percent plus 1.2857 percent for every percentage point by which the individual's income exceeds 95 percent of the FPL, up to the full cost of child care.

Federal financial participation will be provided, at the FMAP rate, for benefits required to be used for child care copayments from families whose parents have a gross monthly income of 115 percent of the FPL or less as described in 2.0(x).

- (4) The State will award contracts for county or area administration of W-2. The State will award such contracts on a competitive basis, but agencies administering the AFDC or JOBS programs will have a right of first selection based on the criteria communicated in the State's Bureau of Welfare Initiatives memo number 95-56 and memo number 96-14.

The State will provide ACF with 30 days to review and approve the model contract with the W-2 agencies prior to its execution. No FFP will be available for a contract using a model which has not been approved by ACF prior to the effective date of the contract. The State will notify the ACF project officer of significant changes to model contracts, and the State will define contingency plans for assuring continued processing of eligibility determination. Each contract with a W-2 agency will set forth the penalties under State law for any use or disclosure which is inconsistent with law or regulations. The contracts with the W-2 agencies will include provisions for a uniform eligibility determination process and provide penalties if a W-2 agency does not follow the uniform eligibility process. The contracts with the W-2 agencies will include provisions to assure that eligibility workers are trained consistently to assure that eligibility determinations are consistent with established criteria.

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- (5) Participants may request that the W-2 agency review disputed agency decisions within 45 days of the agency's decision. Participants may request that the State review a W-2 agency decision within 15 days of a W-2 agency action. The State will develop procedures for providing hearings that meet the criteria of *Goldberg v. Kelly*.
- 2.2 Section 1115(a)(2) authority is provided to allow the State to claim Federal financial participation:
- (1) at the assistance payment rate for W-2 benefits and cash assistance for aliens as described in 2.0(x);
 - (2) at the administrative rate for services provided by the Children's Services Network;
 - (3) at the administrative rate for Job Access Loans;
and
 - (4) at the assistance payment rate for benefits required to be used for child care copayments from families whose parents have a gross monthly income of 115 percent of the FPL or less.
- 2.3 For purposes of Quality Control, the eligibility of and amount of benefits for treatment group cases in W-2 will be reviewed against the rules of the demonstration, in lieu of the rules being waived.

DRAFT FOR DISCUSSION PURPOSES ONLY**7/18/96****#3****SECTION 2: IMPLEMENTATION**

2.0 Under W-2, the State will implement the following AFDC, Child Care, and Child Support program provisions:

- (1) The State will limit the amount of time a family may participate in W-2 and receive W-2 benefits to life time total of 60 months. Time during which an individual is exempt from W-2 work requirements as described 2.0(xx) will not count against the 60-month time limit. Also in two-parent families, each parent will maintain a separate time clock to track the 60-month lifetime participation limit.**

Extensions to the 60-month time limit and the 24-month work component time limit will be granted as follows: Ninety days prior to the termination of benefits the individual will be informed that benefits will be terminated. Individuals will be informed that they may apply for an extension of benefits at any time, but extensions will be granted only in very limited circumstances. The criteria that will be considered in making a determination that an individual's benefits should be extended will include but need not be limited to: 1) whether the recipient has received and/or rejected offers of employment, has quit a job without good cause or been fired for cause, 2) the degree to which the recipient has cooperated, and is cooperating, with the Agency in work related activities, and 3) whether the State has substantially met its obligation to provide demonstration services to the individual. Extensions will be granted to those persons who are unable to work because of personal disability or incapacity, persons who need to care for a disabled dependent, and persons who have made all appropriate efforts to find work and are unable to find employment, given their skills and abilities, because local labor market conditions preclude a reasonable job opportunity. If an extension is granted, it is expected that the individual will participate in some supported work activity within the limits of his or her ability.

- (2) Children's Services Network: Where benefits are terminated because the 24-month time limit described in 2.0(xx) or the 60-month time limit described in 2.0(xx) has expired, supporting services will continue to be provided including helping the family find charitable food and clothing, WIC, child care for employed**

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parents, and Medical Assistance. A housing grant, not to exceed the amount of a child(ren) only AFDC grant, will be provided in the form of a vendor payment for housing if the child(ren) will be made homeless as a result of termination of benefits. Also, families could receive Food Stamp coupons while ineligible for W-2 cash benefits if otherwise eligible for food stamp coupons.

- (3) The State will provide necessary child care, as defined in section 402(g), for children up to age 13 (or up to age 18 if mentally or physically incapable of self-care) in eligible families whose parents have a gross monthly income of 115 percent of the FPL or less as described in 2.0(x).

Child care may be provided to families with a gross monthly income that is more than 115 percent of the FPL up to 165 percent of the FPL and may include child care for education and training if the parent has been working for nine months and the education and training is in addition to work. Child care is guaranteed to families who meet the current law requirements for Transitional Child Care. [Kerry's recommendation.]

The State will require families to make co-payments for child care services provided according to the following schedule:

- o Families with income equal to or less than 75 percent of FPL will pay 7.5 percent of the cost of child care;
- o Families with income between 75 and 95 percent of FPL will pay 10 percent of the cost of child care; and
- o Families with income greater than 95 percent of FPL will pay 10 percent plus 1.2857 percent for every percentage point by which the individual's income exceeds 95 percent of the FPL, up to the full cost of child care.

Federal financial participation will be provided, at the FMAP rate, for benefits required to be used for child care copayments from families whose parents have a gross monthly income of 115 percent of the FPL or less as described in 2.0(x).

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- (4) The State will award contracts for county or area administration of W-2. The State will award such contracts on a competitive basis, but agencies administering the AFDC or JOBS programs will have a right of first selection based on the criteria communicated in the State's Bureau of Welfare Initiatives memo number 95-56 and memo number 96-14.

The State will provide ACF with 30 days to review and approve the model contract with the W-2 agencies prior to its execution. No FFP will be available for a contract using a model which has not been approved by ACF prior to the effective date of the contract. The State will notify the ACF project officer of significant changes to model contracts, and the State will define contingency plans for assuring continued processing of eligibility determination. Each contract with a W-2 agency will set forth the penalties under State law for any use or disclosure which is inconsistent with law or regulations. The contracts with the W-2 agencies will include provisions for a uniform eligibility determination process and provide penalties if a W-2 agency does not follow the uniform eligibility process. The contracts with the W-2 agencies will include provisions to assure that eligibility workers are trained consistently to assure that eligibility determinations are consistent with established criteria.

- (5) Participants may request that the W-2 agency review disputed agency decisions within 45 days of the agency's decision. Participants may request that the State review a W-2 agency decision within 15 days of a W-2 agency action. The State will develop procedures for providing hearings that meet the criteria of *Goldberg v. Kelly*.

2.2 Section 1115(a)(2) authority is provided to allow the State to claim Federal financial participation:

- (1) at the assistance payment rate for W-2 benefits and cash assistance for aliens as described in 2.0(x);
 - (2) at the administrative rate for services provided by the Children's Services Network;
 - (3) at the administrative rate for Job Access Loans;
- and

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(4) at the assistance payment rate for benefits required to be used for child care copayments from families whose parents have a gross monthly income of 115 percent of the FPL or less.

- 2.3 For purposes of Quality Control, the eligibility of and amount of benefits for treatment group cases in W-2 will be reviewed against the rules of the demonstration, in lieu of the rules being waived.

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WAIVER TERMS AND CONDITIONS

AMENDMENTS TO THE

WISCONSIN PAY FOR PERFORMANCE AND WORK NOT WELFARE DEMONSTRATIONS

This is an amendment to the Waiver Terms and Conditions of the Wisconsin Pay For Performance (PFP) and Work Not Welfare (WNW). It sets forth changes to provisions to be applied to the treatment groups as described in Section 2.1 of PFP Waiver Terms and Conditions and Section 2.2 of the WNW Waiver Terms and Conditions.

Changes to Provisions to be Applied to Participants in the Treatment Group:

Below are listed changes in provisions which will apply to all recipients in the treatment groups of the PFP and WNW demonstrations.

- 8) Add the following as item 2.1(xx) to PFP and item 2.2(xx) to WNW:

The State will limit the amount of time a family participating in the demonstration will receive AFDC benefits to 60 months. Time during which an individual is exempt from PFP or WNW will not count against the 60-month time limit. This time limit will also apply to AFDC parents under age 20 in the Parental and Family Responsibility demonstration and to 18 and 19-year-old participants in the Learnfare demonstration.

Extensions to the 60-month time limit will be approved according to the following: Ninety days prior to the termination of benefits the individual will be informed that benefits will be terminated. Individuals will be informed that they may apply for an extension of benefits, but extensions will be granted only in very limited circumstances. The criteria that will be considered in making a determination that an individual's benefits should be extended will include but need not be limited to: 1) whether the recipient has received and/or rejected offers of employment, has quit a job without good cause or been fired for cause, 2) the degree to which the recipient has cooperated,

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and is cooperating, with the Agency in work related activities, and 3) whether the State has substantially met its obligation to provide demonstration services to the individual. Extensions shall be granted to those persons who are unable to work because of personal disability or incapacity, persons who need to care for a disabled dependent, and persons who have made all appropriate efforts to find work and are unable to find employment, given their skills and abilities, because local labor market conditions preclude a reasonable job opportunity. If an extension is granted, it is expected that the individual will participate in some supported work activity within the limits of his or her ability.

- 9) Add the following as item 2.1(xx) to PFP and item 2.2(xx) to WNW:

The State will award contracts for county or area administration of the AFDC program. The State will award such contracts on a competitive basis, but agencies administering the AFDC or JOBS programs will have a right of first selection based on the criteria communicated in the State's Bureau of Welfare. Initiatives memo number 95-56 and number 96-14.

- 10) Add the following as item 2.1(xx) to PFP and item 2.2(xx) to WNW:

Child care may be provided for children in non-AFDC families with a gross monthly income that is 165 percent of the Federal poverty level (FPL) or less. Child care is guaranteed to families who meet the current law requirements for Transitional Child Care. [Kerry's recommendation.]

The State will require families to make co-payments for child care services provided according to the following schedule:

- o Families with income equal to or less than 75 percent of FPL will pay 7.5 percent of the cost of child care;
- o Families with income between 75 and 95 percent of FPL will pay 10 percent of the cost of child care; and

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- o Families with income greater than 95 percent of FPL will pay 10 percent plus 1.2857 percent for every percentage point by which the individual's income exceeds 95 percent of the FPL, up to the full cost of child care.

Federal financial participation will be provided, at the assistance payments rate, for benefits to AFDC families which are required to be used for child care copayments.

DRAFT FOR DISCUSSION PURPOSES ONLY**7/18/96****SECTION 4: COST NEUTRALITY**

- 4.0 For activities prior to the implementation dates specified in 1.3 above, the Federal government will match the administrative costs related to development of the W-2 project (otherwise called developmental costs) at the applicable matching rate. Such costs may include automated systems development and changes, policy procedures development, and staff training. Not later than 30 days prior to the date on which such costs will be incurred, the State will submit a plan, for approval by the Departments, designating which administrative costs will be treated as developmental costs for purposes of this section. This section is not intended to supersede other requirements for Federal approval for administrative costs of the programs involved in the demonstration.
- 4.1 Except for costs of evaluating and developing this project (as specified in 3.0 and 4.0 above), the operation of this demonstration is to be cost-neutral to the Federal government as of the "deemed beginning date." For cost neutrality purposes, the deemed beginning date will be taken to be the first day of the calendar quarter which includes the implementation date. From the deemed beginning date of the demonstration, the operation of the demonstration is to be cost-neutral to the Federal government with respect to benefit and administrative costs for AFDC, Food Stamps and Medicaid and Child Support Enforcement administrative costs related to Federal incentive payments for child support collections. For purposes of calculating cost neutrality, child care costs made under section 402(g)(1)(A)(i) and (ii) of the Social Security Act, matchable at the Federal medical assistance percentage, and Foster Care administrative costs are considered to be AFDC administrative costs and Foster Care costs, are considered to be AFDC benefit costs. The calculations for cost neutrality related to AFDC program costs will fully take into account any amount of money that, in the absence of waivers, would have been reimbursed to the Federal government as its share of AFDC-related child support.
- 4.2 Cost neutrality computations will be made by the State on a quarterly basis. These computations will determine excess costs or savings of the demonstration in total, as well as separately for each program, and separately for benefit and administrative costs. The demonstration may have cost or savings when compared to what costs would have been in the absence of the demonstration. All costs referred to in the

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rest of Section 4 are to be taken to mean the Federal share of costs. In the remainder of Section 4, the term "cumulative" in the context of costs will indicate that costs are to be summed for all quarters from the deemed beginning date through the quarter in question. The term "total" costs in the context of costs will mean the sum of all benefit and administrative costs for the AFDC, Food Stamp and Medicaid programs.

- 4.3 At least 90 days prior to the implementation date of the major W-2 provisions, the State will submit, for approval by the Departments, a cost allocation plan concerning how AFDC, Child Support Enforcement, Food Stamp and Medicaid administrative costs will be determined (e.g., costs related to the Children's Services Network). The plan will also specify the methods of identifying, tracking and collecting Foster Care costs associated with children in research sample cases in which the caretaker is not a relative.
- 4.4 The specific computation techniques to be used to compute the total cumulative cost/savings will be submitted to the Departments for approval by the State according to the time frames as specified in 3.3.
- 4.5 Excess costs or savings will be reconciled as described in the rest of Section 4 below.

Reconciliation of Costs or Savings

- 4.6 For the period through the fourth quarter ending after the deemed beginning date of the demonstration the Federal government will provide Federal financial participation (FFP) and will not, during that period, recover excess costs.
- 4.7 Starting with the 5th quarter ending after the deemed beginning date, FFP will be limited so that excess costs will be recovered from the State and eliminated by the end of the demonstration. The State will not be allowed to owe the Federal government more than an allowable overage for any quarter. For the 5th through the 10th quarters ending after the deemed beginning date, the total allowable overage is \$20 million. The allowable overage for the 11th through the 20th quarters is: the total cumulative excess costs at the end of the 10th quarter (adjusted for any net amount of excess costs reimbursed in prior quarters) reduced by 1/10 of the excess costs at the end of the 10th quarter for each quarter after the 10th quarter. The allowable overage for

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the 21st quarter through the remainder of the demonstration will be zero.

In no case will the allowable overage be less than zero.

Reimbursement will be made for the 5th through the final quarters ending after the deemed beginning date such that the total cumulative Federal payments through the quarter in question will not exceed the lesser of:

- (1) the total cumulative actual costs, or
- (2) the total cumulative actual costs, minus the total cumulative excess costs, plus the allowable overage for that quarter.

- 4.8 A report, whose format is to be approved by the Departments, showing the total cumulative allowable actual costs of the demonstration to date and calculations of the total cumulative excess costs or savings shall be submitted to the Departments within 60 days following the end of each quarter.
- 4.9 Within 60 days after the end of the demonstration period a final reconciliation will be done to ensure that there are no remaining excess costs. If there are savings at the time of final reconciliation, the Departments agree to authorize FFP for approved and matchable demonstration expenses to the extent that the sum of such FFP provided does not exceed the amount of savings. If there are remaining excess costs at the time of reconciliation, the State agrees to repay the excess costs in equal quarterly amounts over the next four quarters. At the State's request, the final reconciliation can be adjusted for a period of up to two years after the termination of the project if additional cost data become available.
- 4.10 Any adjustments to the amount of Federal reimbursement claimed in a given quarter in accordance with 4.7 above, or 6.2 below, shall be shown as adjustments to AFDC, Medicaid and Food Stamp claims submitted quarterly by the State (e.g., Form FSA-231 for AFDC claims), beginning with the fifth quarter ending after the deemed beginning date. An additional copy of any claims showing adjustments will also be sent by the State to the Federal Project Officers. The Department will provide the State with a methodology for appropriately allocating the costs among the affected

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Federal programs.

- 4.11 The State may propose, for review and approval by the Departments, a methodology for continuing to accrue savings to offset excess costs, in the event there are such costs at the end of the demonstration.
- 4.12 Any excess costs or credited savings that remain at the point current demonstrations are concluded will be applied to W-2.

SECTION 5: MONITORING

- 5.0 For the purpose of monitoring the demonstration, the State will submit to the Departments, for review and acceptance, annual implementation status reports prepared by the evaluation contractor. In addition during the first year of the demonstration a semi-annual report will also be due.

At a minimum, the State will report on critical implementation tasks necessary for the operation of the demonstration as approved, interim factors associated with outcome measures, and tasks or data necessary to support the evaluation. The report is to include findings on:

- o implementation tasks, including but not limited to: the solicitation and contracting of W-2 agency operations; the development and implementation of automated systems required to carry out the demonstration provisions; adequate staffing levels; staff training; and issuance of revised policies and procedures, including FEP assessment guidelines and objective criteria for employment component assignments;
- o interim implementation factors that may affect outcomes as well as interim outcome data or impact findings, including but not limited to: changes in the employment take-up rate during the interim period; changes in the take-up rate of training programs; changes in sanction rates due to child support cooperation requirements, school attendance requirements, and job search requirements; number of case denials due to the applicant job search requirement; the number and proportion of cases that might reach the 24-month component time limit and 60-month lifetime time limit; and the number, proportion, and type of child-only AFDC cases.

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use of child care services, including but not limited to: the number and proportion of cases using child care services; percentage of household income spent on child care; categories of care selected at each copayment level; percentage of unpaid care arrangements used; shifts in the provider infrastructure; changes in work impacted by child care arrangements, etc.

- o evaluation issues, including but not limited to: research sample attrition rate; the availability and reliability of data required to conduct analyses as proposed in the approved evaluation plan; and the adequacy of the evaluation methods implemented.

For the first year, the semi-annual report will cover the six month period ending after the implementation date and must be submitted no later than 60 days after the end of the second quarter. Each of the annual implementation reports must be submitted no later than 60 days after the end of the four-quarter period covered by the report.

- 5.1 The State shall submit quarterly progress reports throughout the project period summarizing project and evaluation activities and accomplishments during the quarter as well as outcome data and interim impact findings including, at a minimum, data available from administrative systems as well as the number of demonstration participants who have reached the time-limit; the number of sanctions; and any other information that the State considers useful or important, such as the outcome and impact information to be included in the interim implementation status report in 5.0 above. Cost neutrality data shall be reported in an integrated format approved by the Departments. The quarterly monitoring reports shall indicate issues or problems and resolutions regarding the implementation of the demonstration or evaluation as approved. These reports are due no later than 60 days after the conclusion of each quarter.

SECTION 6: TERMINATION PROCEDURES

- 6.0 Federal financial participation in demonstration activities requiring waivers will not be provided beyond the period approved by the Departments.
- 6.1 No later than 90 days after acceptance of these Waiver Terms and Conditions, the State will provide, for the Departments'

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approval, a plan to phase down and end the demonstration to ensure there are no waiver-related Federal costs incurred beyond the period approved by the Departments. All activities requiring waivers must cease on the date decided by the Departments if the project is terminated prior to the end of the last quarter of the demonstration after the deemed beginning date.

- 6.2 If for any reason the demonstration is terminated either by the State or by the Departments prior to recovery of all of the total cumulative excess costs (as defined in Section 4: Cost Neutrality), the State agrees to repay the Federal government for all such remaining excess costs. Repayment will be achieved through adjustments to AFDC, Food Stamp, and Medicaid grant awards. Repayments will be made in no more than eight equal payments, starting with the first quarter after completion of the phaseout.

FAX COVER SHEET
July 10, 1996



TO: Bruce Reed
Policy Advisor to the President

FROM: Orson C. Porter
Office of Mayor John O. Norquist

**THE FOLLOWING FAX TRANSMISSION CONTAINS 12 PAGES
INCLUDING THIS COVER SHEET.**

**IF THERE IS ANY PROBLEM RECEIVING THIS
TRANSMISSION, CONTACT (414) 286-2200.**

**MESSAGE: More local news stories...I hope someone was able to
call the Archbishop. The Governors numbers in the letter to the
Archbishop are grossly misleading. If you need more information,
please call.**

MILWAUKEE JOURNAL SENTINEL

WEDNESDAY, JULY 10, 1996 — FINAL EDITION

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THE
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IN THE NEWS

NL takes game; Ripken takes bump

A White Sox pitcher Roberto Hernandez helps Baltimore Orioles shortstop Cal Ripken after Ripken broke his nose Tuesday. Hernandez slipped after a photo shoot, accidentally sending an elbow into Ripken's schnoz. Ripken, who holds the league record



Thompson letter to bishop d

Note often conciliatory but attacks Catholic conference proposal

By RICHARD P. JONES
of the Journal Sentinel staff
MADISON — Gov. Tommy Thompson ignored a demand Tuesday that he apologize for criticizing Milwaukee Archbishop Rembert Weakland, and instead accused the bish-

op of backing a proposal that would encourage women to remain on welfare. Thompson objected Monday to an opinion piece that the Roman Catholic prelate wrote for the Washington Post criticizing the Welfare Works proposal known as W-2. He suggested that Weakland "read his Bible instead of playing piano in New York" and leave welfare reform to him. Weakland recently was on a six-month

sabbatical working on a Columbia University dissertation in music about Ambrosian chant. On Monday and Tuesday, the governor wrote a mostly conciliatory three-page letter to Weakland, but also criticized the Wisconsin Catholic Conference for proposing an increase in welfare benefits that would allow women to remain home with their children until age 30, increasing the incentive for them to re-

main on welfare. The entitled consist Catholics wants to protect done nothing: t dler for the pas the padlock th the gate trappin well of depend spaw, he wrote "And the pe most severely (Aid to Families dent Children) have clearly) b

Looking for pet officials?

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Defends W-2

...dren. It has led to increased teen pregnancy, low birth weight babies, increased juvenile delinquency, poor school performance, and a host of other social ills. The W-2 program is a simple, effective way to help these children and their families. It provides for the education and training of these children, and it helps to break the cycle of poverty. The W-2 program is a win-win for everyone involved. It is a program that should be expanded and supported by all who care about the future of our country.

...the AFDC... With Dependent Children... and the man who thinks he's good...

W-2/Governor S

From page 1

performance and thousands of children spending their childhood in poverty."

But Thompson, a Catholic, also concluded the letter by adding, "My hope is that we can put this disagreement behind us and work together to make welfare reform successful in Wisconsin. I am confident we both want to accomplish the same goal of helping children and strengthening families."

Reached at his residence in St. Francis on Tuesday, Weakland said he had not received the letter by fax.

"But I certainly will take a good look at it when it arrives, and make sure that my staff sits down with his staff to iron out any possible differences," the said.

After a reporter read portions of the letter to him over the phone, the archbishop said he agreed on the need for welfare reform but wanted to be certain that children receive care.

"I still hold strongly to the question of the need for a safety net," Weakland said. "I noticed he tried to speak about the possibility of going his assurance, but that's not the same thing as saying that there is a safety net guarantee."

Weakland had described Thompson's remarks on Monday as "intemperate," adding that the governor would regret

reading the letter. Sosteric said the letter was not a point of line.

"The Department can't say to try to see points off of agreement between us and the archbishop," he said. "The Department is not positive."

Added Keane, "It would be wise for me, unless talking about Thompson."

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day as "intemperate," adding that the governor would regret them once he cooled down.

"I don't take that too seriously," Weakland said when interviewed Tuesday.

Political Ramifications

As the governor was composing his letter, his aides were on the offensive, accusing Democrats of trying to foment a holy war and disputing comments made by a lobbyist for the Wisconsin Catholic Conference.

When Weakland's article appeared last week, Thompson's press secretary, Kevin Keane, said Thompson has worked to help poor people while Weakland only talked about the problem. Hearing that, Democratic Party Chairman Mark Sostarich suggested Thompson apologize to Weakland for Keane's remarks.

Sostarich said Tuesday that Thompson now should apologize not only for Keane's remarks last week, but his own attack on the archbishop.

"To have the governor of this great state tell the archbishop of the largest diocese in the state that he should spend more time

Obese man sheds 300 pounds

Associated Press

New York — A man so fat he had to be pulled through a bay window and put in an ambulance by forklift came home from the hospital Tuesday, walking through the front door

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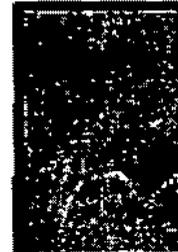
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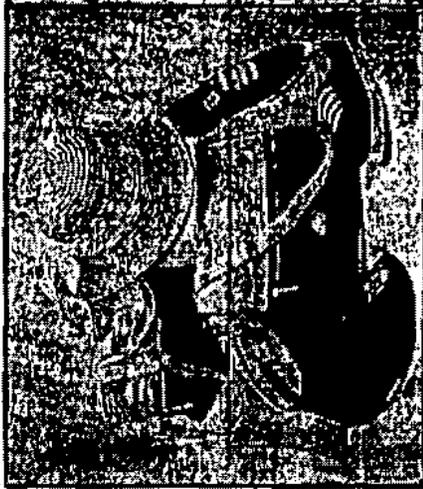
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Washington — Wisconsin Gov. Tommy Thompson, who already is in a highly publicized flap with Milwaukee Archbishop Remberi Weakland, now is under attack by Ralph Nader.

Nader, the well-known consumer activist and general Washington gadfly, on Tuesday made public a stinging letter that accuses Thompson of trying to slash aid to the poor while continuing to provide corporate welfare.

"Your rhetoric attacking welfare as we know it is hollow as long as you ignore tax breaks, subsidies and subsidized loans to corporations,"



Nader

Nader's letter to Thompson said, "These welfare payments and tax breaks for allegedly free market wealthy corporations must be examined and curtailed before desperately needed payments to needy families and especially children are slashed."

"Failure to end these huge amounts of corporate welfare and erosions of the tax base for the privileged and wealthy makes a mockery of your professed belief in a free enterprise market. You are, instead, a leading corporate socialist," the letter said.

The Wisconsin Works, or W-2, program was approved earlier this year by the state legislature, but cannot go into effect without permission from the Clinton administration. The 30-day period for public comment on the state's waiver request ends today.

Although warmly embraced by Republicans and endorsed in May by President Clinton, Thompson's welfare reform

For the past decade, we have worked to transform a welfare system that traps people in poverty into a system that lifts people out of poverty. And we experienced remarkable success, helping 40,000 families escape welfare in the past decade — the best record of any state in the country. That's 40,000 families — including tens of thousands of children — who are better off today because of our welfare reforms.

Through our welfare reforms, we have enabled children to lead a higher quality of life. The facts are clear: Child poverty is down 13% in Wisconsin since we began welfare reform. Child poverty rate is among the lowest in the country. The poverty rate for children ages 10 to 17 has dropped by 25% between 1993 and 1994, according to the latest Census Bureau figures. In Fond du Lac and Port Washington Counties — the two counties that end welfare benefits two years — reports of abuse are down. And numerous studies, done by conservatives and liberals alike show that children of parents who work are better socially and in school.

UNION

Nader fires at Thompson

Consumer advocate
critical of W-2

By PATRICK JASPERSE

Th

This is the text of Gov. Tom
Thompson's letter to Milwaukee
Archbishop Rembert Weakland:

Dear Archbishop Weakland:
In your recent Washington
Post opinion piece, you wrote
about our need to help the poor
and the children of our society.
I couldn't agree more, which
is why I have made welfare reform
such a high priority in my

Wisconsin provided to companies had attracted tens of thousands of jobs.

Keane also disputed Nader's contention that Thompson was trying to cut programs for the poor. "We're investing in people by providing them child care and health care and transportation and job training so they have the means to get out of poverty and escape welfare," he said referring to W-2.

Nader's letter said that Wisconsin spent about \$300 million per year on welfare cash assistance to the poor, while providing more than \$1 billion in "corporate welfare" to businesses. Claying on the Aid to Families with Dependent Children program, Nader called that corporate support "Aid for Dependent Corporations."

The letter said that special state tax breaks and credits for businesses totaled \$1.1 billion.

Nader's letter said the state doled out an additional \$9.5 million last year in grants and loans to businesses through the Wisconsin Development Fund. Last year's grants included \$1.48 million to Kohl's Department Stores, \$1 million to Hutchinson Technology Inc. and \$750,000 to Mercury Marine, according to the letter.

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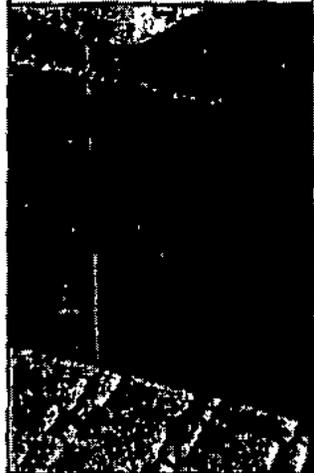
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...day period for public comment on the state's welfare request ends today.

Although warmly embraced by Republicans and endorsed in May by President Clinton, Thompson's welfare reform plan has been subjected to a steady drumbeat of criticism from a host of national advocacy groups for the poor, as well as Yesland and now Nader.

"It's a loud group, but they are clearly and definitely in the minority," said Kevin Keane, Thompson's press secretary.

The poverty industry is worried. They're worried that we're going to do something here with W-2 and that we're going to end poverty and we're going to help people."

Keane said that the

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Nader fires at Thompson

Consumer advocate
critical of W-2

By PATRICK JASPERSE
of the Journal Sentinel staff

Washington — Wisconsin Gov. Tommy Thompson, who already is in a highly publicized flap with Milwaukee Archbishop Rembert Weakland, now is under attack by Ralph Nader.

Nader, the well-known consumer activist and general Washington gadfly, on Tuesday made public a stinging letter that accuses Thompson of trying to slash aid to the poor while continuing to provide corporate welfare.

"Your rhetoric attacking welfare as we know it is hollow as long as you ignore tax breaks, subsidies and subsidized loans to corporations," Nader's letter to Thompson said. "These



Nader

welfare payments and tax breaks for allegedly free market wealthy corporations must be examined and curtailed before genuinely needed payments to needy families and especially children are slashed.

This is the text of Gov. Tommy Thompson's letter to Milwaukee Archbishop Rembert Weakland:

Dear Archbishop Weakland, In your recent Washington Post opinion piece, you wrote about our need to help the poor and the children of our society. I couldn't agree more, which is why I have made welfare reform such a high priority in my administration.

For the past decade, we have worked to transform a welfare system that traps people in poverty into a system that lifts people out of poverty. And we've experienced remarkable success, helping 40,000 families escape welfare in the past decade — the best record of any state in the country. That's 40,000 poor families — including tens of thousands of children — who are better off today because of our welfare reforms.

Through our welfare reforms, we have enabled children to lead a higher quality of life. The facts are clear: Child poverty is down 13% in Wisconsin since we began welfare reform. Our child poverty rate is among the 10 lowest in the country. The poverty rate for children age 5 to 17 has dropped by 25% between 1993 and 1994, according to the latest Census Bureau figures. In Fond du Lac and Pierce Counties — the two counties that end welfare benefits after two years — reports of child abuse are down. And numerous studies done by conservatives and liberals alike show that chil-

Thompson's letter to arch

than children of parents who don't work.

And if you compare W-2 to AFDC, you would see that families are better off financially by participating in W-2 than by being in welfare. A family of three, for example, has an after-tax income of \$1,250 a month under W-2 compared to \$800 a month under AFDC. Yes, they must work, but the reward is much greater than being on welfare. We want W-2 and work to provide a higher reward than welfare; and it does:

During the 10 years of welfare reform in Wisconsin, we have always put the children first. I began welfare reform out of a desire to help children and their parents live a higher quality of life. This is why my administration has invested millions of dollars in child care, health care, transportation, job training and other programs that help people get off welfare. On the national front, I have been the most vocal critic of those who simply want to trim welfare rolls and reap the savings without making the upfront investment in the people on welfare. The people of Wisconsin have supported welfare reform because they care about children and want something better for them. Many people of faith in Wisconsin, including myself, believe that reforming welfare is very much consistent with an obligation to care for children.

Thus, I take great exception to the assertion in your column that W-2 is unjust and would harm children. As you know, I



Thompson

And I will continue to respectfully disagree with you . . . and others who contend that W-2 is unjust and harmful to children.

sire to help the people of Wisconsin lead better lives, and I am just as passionate in defense of our programs, our people and our state.

And I will continue to respectfully disagree with you, the Wisconsin Catholic Conference and others who contend that W-2 is unjust and harmful to children. We have a 10-year track record of success on welfare reform that guided us in constructing this new system.

The entitlement the Wisconsin Catholic Conference wants to protect so badly had done nothing but harm children for the past 60 years. It is the padlock that has closed the gate trapping families in a well of dependency and despair. And the people harmed most severely by the AFDC "entitlement" have clearly been the children. It has led to increased teen pregnancy, low birth weight babies, increased juvenile delinquency, poor school performance and thousands of children spending their childhoods

was built on the one hand, we're able to work. On the other hand, we work with a welfare system that fits if they did learn anything. Failed welfare such a system more difficult to escape and better. They become dependent and unreliable. Instead of personal responsibility of their families.

The Wisconsin Catholic Conference proffered a different welfare system. It makes the current system by providing with more. I currently recall that the welfare reform children utilization has a request to age benefits grant welfare, the

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is making it harder for them to take on the personal responsibility of finding a job and supporting their family. And it is patently unfair to the working women of Wisconsin, who aren't afforded the luxury of staying home with their children until the youngest is five. And these working mothers do a remarkably fine job of raising their children.

Again, we believe W-2 is much more compassionate than both the current system and the WCC proposal because it helps people get off welfare. And although we are eliminating the entitlement, we are clearly making a firm commitment to caring for the children. The legislation makes it clear that the Legislature and the state are committed to providing services to every person who qualifies for W-2, as long as they meet their end of the deal by working. W-2 may contain some tough love, but tough love usually makes the person stronger in the end.

We all have an obligation to serve the poor — government, the church, and the public. No one entity bears that obligation alone. We must do it together, as partners. My hope is that we can put this disagreement behind us and work together to make welfare reform successful in Wisconsin. I am confident we both want to accomplish the same goal of helping children and strengthening families.

Sincerely,
Tommy G. Thompson

The man of God, or the man who thinks he's God? His Grace, Rambert Weakland?

Or His Imperiousness, Tommy Thompson?

There are the Ten Commandments — don't lie, steal, covet, that sort of thing — and then there are the rules politicians live by. Don't throw stones if you live in glass houses, don't fund your campaign through an Arkansas bank and never, ever pick a Bible-quoting fight with a bishop.

Someone forgot to tell Gov. Thompson, though, who this week humbly demanded an apology from the archbishop of Milwaukee for daring to suggest Thompson's Wisconsin Works (W-2) plan — his national meal ticket — was flawed.

The criticism came in an opinion column in The Washington Post wherein Weakland, who has been on sabbatical while working on a doctorate in music, said W-2 breaks government's long-standing promise to protect poor children. In Madison the column raised, you'll pardon the expression, holy hell.

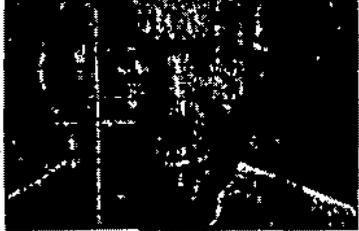
Normally it would seem a bishop's job to handle confessions. But Monday Thompson demanded that Weakland do penance for speaking with The Washington Post in terms critical of his governor and perform appropriate penance.

The bishop should come back to Wisconsin, the governor sniffed, and read his Bible instead of playing piano in New York.

Thompson spokesman Kevin Keane continued the theme, later complaining that Weakland had sent his lobbyist to talk to Thompson's staff — but that's not the very respectful thing, either.

Of course not. He should have appeared in person to kiss the governor's ring.

(Last week Keane also pointed out both he and Thompson were Catholic, apparently suggesting they were Weakland's theological equivalents where welfare analysis



DENNIS MCCANN

was concerned. He didn't mention that Thompson is married to a former Roman Catholic nun, which would have legitimately one-tipped the archbishop on at least one score.)

On the one hand, Thompson's demand can only delay things. It's not enough every Tom, Dick and Harry in Washington weighs in on W-2; now he wants to bring in Matthew, Mark, Luke and John.

On the other hand, his snappish retort makes you wonder whether he's been too long on the throne. Instead of saying, "Well, you know, reasonable people can disagree, blah, blah, blah," he brushed the archbishop of Milwaukee away like lint off his best blue suit. He dismissed Weakland like he was Wally Kunkick, which should insult Weakland most of all. Lecturing a bishop on the Bible because the bishop is arrogant is not only an insult to the bishop's intelligence but also a second-rate model of partisan politics.

Such pique was unbecoming of Thompson, who himself spent 140 days out of state last year pushing his political agenda, especially the welfare issue that has made him a key figure in GOP politics and a fixture on TV news shows — and pushing himself. Of course, that did give him a lot of nights in hotel rooms with nothing but a Gideon Bible for comfort, which may be where he found the Good Book's references to taking personal responsibility and working and caring for one's family that he cited in chapters and verse this week.

But shouldn't he have noticed it wasn't his autobiography?

By JULIO V. CANO AND ELIZABETH NEFF of the Journal Sentinel staff

For a few moments this morning, 10 feet and a waft of black smoke separated Bastien and Daniel Heine, a man trapped in an east apartment fire.

"I had to get on my hands and knees just to see into the apartment. The smoke was thick," Bastien recounted at 10:30 a.m. The fire in a street-level apartment building.

"Then I saw a black boot with a leg attached to it. This boy (Heine) and I looked at each other. We knew what we had to do and just went in to pull him out." The man, 21, whose name was not available, was taken to St. Mary's Hospital Burn Center, where he was in serious condition Tuesday.

Heine, 28, discovered the fire about 10:15 p.m. at 2505 N. Prospect Ave., as he walked in search of aluminum



state income taxes

Page 5B

WILLIAM
METRO AND

WEDNESDAY, JULY 10, 1996

Maybe Thompson is running for God

So who do you like in the

Pass burn

Bible verses pertinent to W-2 flap abound

Work hard — but show compassion, religious scholars point out

By JO SANDY

of the Journal Sentinel staff

Those who fire biblical ammunition in their political rhetoric on welfare had better be sure that they load both barrels.

Thou shalt not afflict any widow, or fatherless child. If thou afflict them in any wise, and they cry at all unto me, I will surely hear their cry; and my wrath shall wax hot, and I will kill you with the sword; and your wives shall be widows, and your children fatherless. Exodus 22:22-24

That's God speaking, and Rabbi Isaac Lerer quoting (from memory, first in Hebrew and then in English).

Neither Lerer nor another heavy-duty Bible reader, Valeria Spinner-Banks, wanted Tuesday to jump into the cross-fire between Milwaukee Archbishop Rembert Weakland and Gov. Tommy Thompson on Wisconsin Works (W-2), the governor's

program to put recipients of Aid to Families With Dependent Children into the work force.

Both Lerer and Spinner-Banks, who teaches moral theology at Divine Savior-Holy Angels High School, pointed out that biblical admonitions to work hard did not exclude compassion for the poor. They commented Saturday after Thompson demanded that Weakland apologize for criticizing W-2 proposals now awaiting waivers from federal regulations.

Noting that the Bible was packed with exhortations for personal responsibility, the governor Monday advised his fellow Catholic, just returned from a six-month sabbatical, to "come back to Wisconsin and read his Bible."

To be sure, the Good Book has its share of potential W-2 slogans.

The idler of the slothful will let him, for his hands refuse to labor. Proverbs 21:25

That's advice for toil and self-reliance from Solomon, again quoted by Lerer, whose chapter-and-verse knowledge

Please see BIBLE page 2



Artison's he's mov

Former sheriff, candle for mayor has always wanted to return ho

By MEC KISSINGER
of the Journal Sentinel staff

Richard Artison, the former Milwaukee County sheriff, lost a bid to unseat Mayor Norquist in March, is moving back to his hometown of Haz, Neb., next week, his news says.

Ferwilda Jewell, Artison's mother, said Tuesday in a phone interview from her home that the former sheriff and his wife, Charlie, would move in with them if they find a place of their

Ms seniors recognized for achievements

Sixteen Milwaukee Public Schools seniors were recently recognized by Tandy Technological Scholars for their nomination as outstanding math, science and computer science students and for ranking in the top of their graduating classes. As nominees, the MPS students will receive certificates of outstanding achievement. None of the MPS students, however, is among the students nationally to be awarded \$1,000 scholarships.

The MPS students recognized for math, science and computer science accomplishments were: Noleta Novotny of Hamilton High School; Michelle Eide, Riverside University High School; Elizabeth Kelly, Juneau Business High School; and Jennifer Drake, Milwaukee High School of the Arts.

Students recognized for graduating in the top 2% of their classes were: Jodi Duege, Gregory Haizer, Jeffrey Horbinski, Adam Kaczmarek, and Novotny, all of Hamilton; Bailey, Michelle Corrao and Sara Wolfgram, all of Juneau; and Lori Dillon, Paul Fdwlef, Molly Rhode and Oriana Souers, all of MHSA.

Teacher ends fellowship program in Japan

Glenn Diedrich, a history teacher at Walker Middle School, recently completed two weeks of study and travel in Japan through the 1996 Keizai Koho Center fellowship program.

The center is supported by Japanese business and industry in an effort to help educators learn about contemporary Japanese society. Sixteen North American educators were awarded the all-expenses paid fellowships.

As part of his trip, Diedrich visited rural areas, schools, factories and farms. He also met with leaders of government, business and education. He will be a contributing author to a curriculum book published by the Keizai Koho Center.

like call a preference. "for the poor," said Spinner-Banks, referring to the church teaching that sets a priority on caring for the most vulnerable members of society.

"Jesus never turned his back on anyone who needed him," she said. "We constantly do that. We never think about someone who doesn't have food enough for the next meal, about somebody who has no place to sleep at night.

"People have a responsibility, too," said Spinner-Banks, who has scrubbed floors and waited tables in her time. "I tell people to work any job at first because perhaps they can move up and do better. But we have to take care of each other."

As a student of history, she said that she knew there needed to be a structure to move people from temporary help into mainstream society.

"If in any way, Americans could fully live the words of the New Testament," she said, "we would not have poverty. Jesus taught us to love one another."

In his own self-description,

matic parables of God's separating the blessed from the damned, Jesus told of the Son of Man's saying: "Anything you failed to do for one of these, however insignificant, you failed to do for me. And they will go away to eternal punishment." Matthew 25:45-46

A Jewish sage taught that the poor offered "an opportunity given to us to exercise God's goodness," said Lerer. "God bestows on us His blessing. Therefore we shall also extend that kindness to our fellow men."

From the time of the Exodus, he said, Jewish law provided that fields be left with borders unharvested and vineyards not be picked clean. The rest, he said, was left for the poor to glean.

Modern Jewish communities throughout the world, Lerer said, have foundations offering people interest-free loans to get back on their feet.

"It is an act of kindness to give an opportunity for a person to be able to do something to earn a living," he said.

Father and son face drug-related charges

A 44-year-old man and his 78-year-old father were indicted Tuesday by a federal grand jury on charges they laundered more than \$500,000 in drug money.

The charges stem from an east side drug seizure that police called one of the largest in Milwaukee County history.

Jesus Santiago was indicted on charges of money laundering and operating a continuing criminal enterprise. He had been indicted earlier in Federal Court on charges of possessing cocaine with the intent to deliver it, said Lt. Ernest Meress, of the Metro Milwaukee Drug Unit.

Santiago's father, Carlos E. Santiago, was also indicted on money-laundering charges.

Shortly after Jesus Santiago's arrest in February, drug unit agents searched a home in the 2700 block of N. Cramet St. and found more than \$107,000 in cash plus cocaine and paraphernalia used in drug trafficking.

Further investigation resulted in the seizure of more than \$500,000 in bank accounts in Milwaukee and Puerto Rico.

Meress said the younger Santiago was convicted in 1987 in Los Angeles after he was caught with 8 pounds of cocaine and \$300,000 in his possession. He was released in 1989.

Jesus Santiago could face 220 years in jail and a \$7 million fine if convicted. His father faces 160 years in prison and \$4 million in fines if found guilty.

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IN BRIEF

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Bible/Religious scholars share key passages

From page 1

of Scripture is legendary in the
 community. Where he has been
 rabbi at Temple Menotah for
 more than 30 years. Psalms and
 Proverbs are full of the praise of
 honest labor, he said.

However, anybody reading
 the New Testament would find
 a sure example of what Catho-

Jesus counted himself among
 the poor: "Foxes have holes and
 the birds of the air have nests, but
 the Son of Man has nowhere to lay
 his head." Luke 9:58.

When the rich young ruler
 asked what he should do to in-
 herit eternal life, Jesus replied,
 "Sell everything you have and give
 to the poor." Luke 18:22.

And in one of his most dra-



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WEEK JOURNAL
HARRY J. GRANT
1916-1963

EDITORIAL PAGE

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WEDNESDAY

OUR VIEWS



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OUR VIEWS



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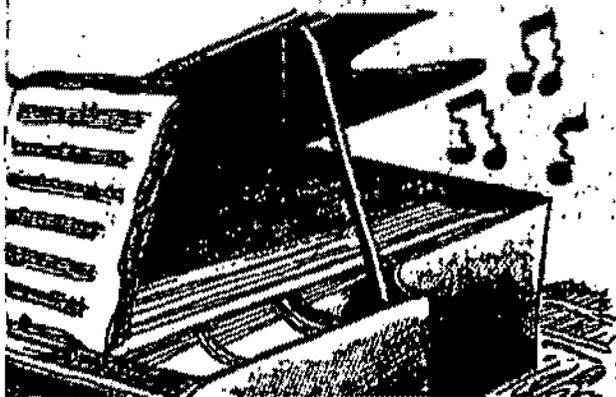
Time to cool tobacco flare-up

BEAUTY MANE CARTER
BERRY HINKLEY

WINNIE COBBILL

SUSAN

OUR VIEWS



Thompson too tough on Weakland

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WR-Wisc

FAX COVER SHEET
July 11, 1996



TO: Bruce Reed
Senior Advisor to the President

FROM: Orson C. Porter
Office of Mayor John O. Norquist

THE FOLLOWING FAX TRANSMISSION CONTAINS 4 PAGES INCLUDING THIS COVER SHEET.

IF THERE IS ANY PROBLEM RECEIVING THIS TRANSMISSION, CONTACT (414) 286-2200.

MESSAGE: Today's news...Please give us notice before the waivers are signed. The Mayor will be in Washington next Thursday. He may want to talk about implementation. If you have questions, please call. Thanks op

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Aide says Clinton likely to OK W-2 waivers soon

Discussions between administration and state have gone well

By FRANK A. AUKOPER
of the Journal Sentinel staff

Washington — As Republicans turned up the heat on President Clinton to approve Wisconsin's proposed welfare reforms, an administration official said Wednesday that discussions with state officials had gone well and a decision could come soon.

Melissa Skolfield, assistant secretary for public affairs at the Department of Health and Human Services, said the depart-

"Assuming that conversations with the state continue to go well, a decision could come fairly quickly," she said. She would not define the time period any more precisely.

Earlier, Leon Panetta, Clinton's chief of staff, had said a decision would be made within days of the end of the public comment period.

Meanwhile, Haley Barbour, chairman of the Republican National Committee, called on Clinton to approve the waiver immediately.

"Over a month ago, Bill Clinton said publicly that he approved of the Wisconsin welfare

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... was actively reviewing Wisconsin's application for waivers from federal law that would allow Wisconsin Works, or W-2, to be implemented.

She said a 30-day period for public comment ended at the close of business Wednesday.

... waiver," Barbour said in a statement.

"Clinton may some day sign the waiver, but not until Wisconsin is forced to go through all kinds of contortions at the mercy of the Department of Health and Human Services," Barbour said.

County officials say W-2 may cut health coverage

Work-based program doesn't guarantee care

By GRETCHEN SCHULDT
of the Journal Sentinel staff

The W-2 welfare overhaul could leave thousands of county welfare recipients without health care coverage, county officials predicted Wednesday.

Health coverage now is provided to Aid to Families of Dependent Children recipients. Under the work-based Wisconsin Works program, which would take effect in late 1997, health care coverage would not be guaranteed even for eligible participants. The program requires federal approval, which could come later this month.

"People have never dealt with the medical costs of social problems because it was funded," said Supervisor Roger Quindel, chairman of the County Board's Health and Human Needs Committee, after a committee meeting on the county's future health care role. "Now it's just going to be work."

Most W-2 clients apparently will be expected to accept the health coverage their employers offer or share in health coverage costs, said Paula Lucey, director of the county's Division of Health-Related Programs.

Under W-2:

■ Coverage would be provided through health maintenance organizations for working families with incomes less than 165% of the federal poverty level and assets up to \$2,500 only if employers pick up less than half a family's medical costs. The

poverty income level for a family of three is \$12,980 per year.

■ Pregnant women and children under 6 with incomes less than 165% of the poverty level and children ages 6 to 12 in families with incomes up to the poverty level would be eligible.

■ Participants would pay \$20 per month or more in premiums, depending on family size and income.

Those who fail to meet W-2 requirements or who cannot afford the co-payments may be left without coverage, she said.

Quindel suggested the state tax hospital revenue 2% to fund indigent health care.

The county budgeted \$38.8 million this year for indigent care provided under the General Assistance-Medical Program. The state will reimburse the county about \$17 million.

The county has contracted with Froedtert Memorial Lutheran Hospital to provide most services this year and next.

The county must decide what to do beyond 1997, when the Froedtert contract expires and the state no longer is committed to subsidize the program.

Formal notice of Wednesday's 1:30 p.m. committee meeting was not given until shortly after 11 a.m., and then only after a Journal Sentinel reporter brought the lack of notice to Quindel's attention.

The state's Open Meetings Law requires at least 24 hours notice of a meeting unless "for good cause such notice is impossible or impractical."

Quindel said the lack of formal notice was an oversight.

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WISCONSIN

W-2 waiver request error to be fixed

Glitch proves preparation was not careful enough, lawmaker says

By Amy Rinard
of the Journal Sentinel staff

MADISON — A glitch in the state's request for federal waivers to implement the W-2 welfare reform plan will be fixed, the state's top welfare administrator told a legislative committee on Wednesday.

Unless it's fixed, the error would cut off food stamps to participants earning \$8 to \$10 an hour while those earning \$11 to \$18 an hour would receive the benefits, according to a report distributed to legislators Wednesday.

State Democrats last week

criticized the waiver request for allowing participants earning the higher wages — more than \$35,000 per year — to receive food stamps, and state welfare administrators said the request would be revised.

Changes will be made as are appropriate so there isn't this glitch where food stamp benefits drop off, Jean Rogers told members of the Joint Finance Committee Wednesday.

Sen. Robert Jauch (D-Poplar) called the report's findings "a smoking gun" that showed the Thompson administration was not careful enough in preparing the complicated waiver request. He called for a thorough analysis of the request.

"This is just one of those whoopses they did not intend," said committee co-chairman Rep. Ben Brancel (R-Endeavor),

WORKERS ON Welfare

Continuing coverage of welfare reform in Wisconsin and the nation

who wrote to Department of Health and Family Services Secretary Joe Leezan asking that the error be corrected.

Last month, state officials revised the waiver request after the Journal Sentinel reported that one provision would have allowed participants in W-2, formally called Wisconsin Works, to displace existing workers in private-sector jobs.

Rogers said if the analysis of food stamp benefits under W-2 done by the Legislative Fiscal Bureau based on the waiver request is correct, it would be changed.

According to the Fiscal Bu-

reau report, W-2 participants in trial jobs or unsubsidized jobs under the program would receive food stamp benefits when they earn \$4.25 to \$7 an hour at the same rate as under current law.

With an annual income of \$8,840 — based on a job paying \$4.25 an hour — a participant with two children living in a high-cost child care area such as Milwaukee County would receive \$3,163 per year in food stamps. At \$10,400 (or \$5 an hour), a participant would get \$2,701 in food stamps; at \$12,480 (\$6 an hour), \$2,016 in food stamps; and at \$14,560 (\$7 an hour), \$2,089 in food stamps.

But at an annual salary of \$16,640, based on an \$8-an-hour wage, the food stamp benefit for that family would drop to zero,

according to also would be benefits at an \$18,720 (\$9 a \$20,800 (\$10 a

— However, a salary of \$22,880, an-hour wage efits would be The benefits out as income end, when reached \$39.5

In his letter "cliff effect" benefits "does no intent of the food stamp gradually elir increases."

But Brancel changes the waiver appro

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l said the receipt
did not delay the
real process.

Kevin: 54 of 69 OK, 7 pass, 8 prob. 7 of 18 Medicaid OK.

Wisconsin's Waiver Request

Legal Issues

- Worker displacement and minimum wage issues. *ensure that work ^{components} pays min wage (when min wage goes but not worry w/ education training)*
- 60 day residency requirement to apply for assistance. *30 days better, constitutional*
- Food Stamps waivers that make families worse off. *- July 15*
- Shift child-only AFDC cases to Foster Care. *- in a v. to -e*
- Denial of benefits to citizen children of noncitizens. *- constitutional*
- Block grant funding -- AFDC and Medicaid require matching *- let them capture savings in caseload (Oregon)*
- Evaluation/cost neutrality *- approach + process*

Major Policy Issues

1) Assurances and due process

Replace cash assist w/ work. in-bills + state oblig. Objective criteria. MTS: contract out - Leans King issue. Don't give Thompson a club.

- Job slots and child care would not be guaranteed to eligible families.
- Most adverse actions could not be appealed to the State.
- No requirement for timely determination of eligibility and provision of assistance.

2) Benefits

- Benefits would not vary by family size, resulting in significant reductions for many. *- go along w/ state's*
- Child care co-pays could cause net benefits to decline as family size increased. *- 40% worse off - 2 person better off - keep all CS*

3) Time limits

- Extensions to the time limits would be at the discretion of the contractor. *- Use 2 country language statewide w/ "clarifications" 2 yrs + 5 yrs Extensions at their discretion 20 states*

4) Privatization

- Replacement of public sector workers with contractors. *- OK*

5) Medicaid

- Waiver application based on premise of block grant and no entitlement.
- Copayments and benefit reductions.
- The elderly and disabled not affected.
- Should the Medicaid and welfare waivers be handled together or separately? *- Timing*

Approval Process

- Traditionally handled through "terms and conditions."
- Public comment period ends July 11. *- July 15-16 Sat/13 or Tues/16*

- Monitor State A.G. Demand?
- Call Tara re in-state tuition
- Implementation date

Fax to Lamm

o Clinton Administration still considering Wisconsin welfare plan as 30-day anniversary looms. Tomorrow marks 30 days since the state of Wisconsin's request for a set of Federal welfare waivers appeared in the Federal Register, but officials from that state report little progress on the Clinton Administration's review of the waivers. When Gov. Tommy Thompson submitted the welfare waiver requests, he called on President Clinton to approve the Wisconsin W-2 welfare plan within an expedited 30-day review period, although the Administration has indicated that a required public comment period would make meeting that deadline unlikely. An aide to Thompson said staff-level negotiations between the Administration and the state are "an arduous task," adding: "They haven't even gotten to the discussion on the entitlement yet. What W-2 does is eliminate AFDC and its entitlement. That's probably going to be the area where the President is going to try and beg off. And they haven't even gotten to that." The aide said Administration officials "try to nickel and dime you on everything," and reduce the changes sought by Wisconsin. "There's three things that are at the core of W-2," the aide said, "One is the elimination of AFDC and its entitlements. The second is an immediate work requirement. The third is a very strict time limit of 5 years [of benefits] for a lifetime. If the President doesn't approve those three things, he doesn't approve W-2 -- that is W-2. It's our fear he'll approve the no-brainer portions of the waiver and not approve the innovative portions of the program, and then try and claim victory." Added the aide: "The whole process is kind of...frustrating. Here we have a law that was passed by the elected people of Wisconsin, overwhelmingly -- Democrats and Republicans. And yet we have to go to these bureaucrats in Washington and ask for their permission to implement our law. It just seems undemocratic." However, an Administration official close to the Wisconsin negotiations said the Administration is "not aware of any frustration on the part of Wisconsin officials," adding: "We're making progress. We intend to get this waiver done as quickly as we can." Asked whether the Administration plans to spend at least another 90 days considering the waiver request, the official said: "It's certainly our goal to do it sooner than that."

o Lamm announces presidential bid. Former Colorado Gov. Richard Lamm announced his candidacy today for the presidential nomination of Ross Perot's Reform Party. Lamm said in his speech in Denver Colorado: "America has to ask itself not what it wants, but what it can afford." At another point Lamm said, "The New Deal, in my mind, has become a raw deal for my children." Lamm said his campaign will "be politically traumatic. ... I really want to create a whole new political coalition and dedicate it to reform and renewal. ... What America needs in short, is a 'No B.S. Agenda.'" Lamm promised a campaign that will be fiscally conservative and socially moderate. Lamm has reportedly raised only \$6,000 so far.

o Powell stiff arm of GOP said to be overblown. Colin Powell made the evening news of all three television networks last night by making a number of comments which political reporters read to be an attempt to distance himself from Bob Dole and the Republican Party.

To: Bruce Reed
Fax #: 202-456-5557
Re: W-2
Date: July 10, 1996
Pages: 10, including this cover sheet.

FACSIMILE

The dispute between Governor Thompson and Archbishop Weakland continues to dominate the news here:

Attached are (1) a cleaner copy of the lead article in Tuesday's Milwaukee Journal/Sentinel and (2) copies of the lead article, other articles, editorial, and cartoon that appeared in Wednesday's Journal/Sentinel.

Which side are you on?

From the desk of...

David R. Riemer
Director of Administration
City of Milwaukee
200 E. Wells St., Room 606
Milwaukee, WI 53202

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Fax: 414-286-8547

MILWAUKEE JOURNAL SENTINEL

TUESDAY, JULY 9, 1996 — FINAL EDITION Milwaukee Journal Sentinel

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HARLEY TO BUY FALLS BRIGGS PLANT



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'96 HOTTTEST FILM IN CITY'S HISTORY



BUSINESS

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NEWS

Governor demands apology from Weakland

By RICHARD P. JONES
 of the Journal Sentinel staff

Madison — Milwaukee Archbishop Rembert Weakland should "read his Bible instead of playing piano in New York," Gov. Tommy Thompson said Monday as he demanded an apology for the cleric's criticism of his welfare initiative.

"I would think the bishop would be thanking us and

congratulating us," Thompson said.

Last week, in an opinion column in the Washington Post, Weakland urged President Clinton to reject Thompson's Wisconsin Works (W-2) program to require work for welfare benefits.

At a news conference, Thompson poked at the prelate with the reference to Weakland's recent six-month sabbatical. Weakland is working on a Columbia University

Gov. Tommy Thompson:

"The bishop should come back to Wisconsin and read his Bible instead of playing piano in New York."

doctoral dissertation in music about Ambrosian chant.

"The bishop should come back to Wisconsin and read his Bible instead of playing piano in New York," Thompson added, noting the Bible

was replete with examples of taking personal responsibility, of working and caring for one's family.

Asked Monday night about the demand for an apology, Weakland said in a telephone

interview that he understood Thompson may have made his comments in anger.

"I think he'll regret being intemperate," Weakland said.

"My feeling is that we both are on the same wavelength as far as ending welfare. Our differences are in the details."

Please see W-2 page 8

Manpower disappointed over role in job centers..... 1E

DOA INT. GOV. RELATION

JUL 11 '96 (THU) 13:42



Delgado
 de Bertha
 460 miles
 Virgin Is-
 2 missing

17 cities to track how kids opt out

Bembenek says goodbye



Parole officials OK request



ASSOCIATED PRESS

Under an umbrella as he escorts his mother-in-law, Ester Silva, to his home in San Juan. Despite residents' fears, the hurricane missed Puerto Rico.

W-2/Thompson blasts Weakland for opposing plan

From page 1

Weakland reiterated his opposition to W-2, saying he didn't like what he described as a one-size-fits-all approach to welfare.

Weakland said he has supported offering greater counseling and support to high-risk people, such as unmarried minors, those who lack a high school diploma, a recent work history, English proficiency or literacy and those who have impaired physical or mental ability.

Defending the governor from Weakland's criticism of W-2, Thompson's press secretary, Kevin Keane, said last week that the governor was working to help the poor while Weakland was simply talking about it.

Asked about state Democratic Party Chairman Mark Sostarich's suggestion that Thompson apologize for the comment, the governor said, "Well I think if anyone should apologize, it's probably the archbishop (who) should apologize to the people of the state of Wisconsin."

Thompson said that contrary to what Weakland wrote in the Post, Wisconsin had increased aid for children considerably since he has been governor.

"Here's a guy who writes a letter to the Washington Post and doesn't even bother to contact this state administration," Thompson said.

Following the news conference, Keane said Thompson was upset that his welfare initiative has been portrayed as harmful to children and that Weakland had never approached the governor with any constructive alternatives.

"It does bother the governor that throughout this whole debate, the archbishop has not once called him, or written him personally to express his concerns," Keane said. "His lobby-

spectful thing either.

"If the archbishop has such concerns that he's writing Op-Ed pieces for the Washington Post, you would think he'd show the governor the courtesy of talking to him about it in person."

John Huebschar, lobbyist for the Wisconsin Catholic Conference, said Thompson's remarks about Weakland and the archbishop's column should be placed side by side, so readers could draw their own conclusions.

Keane said that from 1985 to 1993, childhood poverty decreased 13% in Wisconsin and that Wisconsin had one of the lowest child poverty rates in the nation.

"That's a tremendous investment in child care," Keane said. "We're going to maintain the Cadillac health care system. We're putting more money into transportation and job training to help these families get into jobs."

Keane also said a family of three would fare better under W-2 than under the Aid to Families with Dependent Children program.

"Yes, they have to work under W-2, but the reward is much greater than not working," Keane said. "That's the whole premise of W-2."

Huebschar said the critical difference under W-2 was the lack of an entitlement, or guaranteed benefit, for children.

"You have to remember the threshold argument in the bishop's column is the lack of entitlement," Huebschar said. "The law explicitly says even if you're eligible, there's no automatic entitlement to these services."

"And that's why the issue of the entitlement or the guarantee is so critical. We're talking about children here who have nowhere else to go, and that assurance has to be there."

hurricane for two traffic deaths in Puerto Rico, in which a car ran off a rain-slick road and hit a tree.

Despite an intense search with ships and aircraft, the Coast Guard was unable to locate a ship that amateur radio operators reported adrift in the hurricane. While the Coast Guard was unable to contact the ship directly, radio operators said they picked up reports that all of the 42 people on board were missing in the storm.

At 10 p.m. CDT Monday, Bertha was 100 miles north of San Juan, Puerto Rico, still packing 40-mph winds.

Forecasters gave Bertha no more than a 30% chance of hitting Florida, but the U.S. Hurri-

cane Center in Miami told Southeastern coastal cities to keep an eye on the storm.

Although Bertha is not a strong hurricane, its size makes it formidable, Hurricane Center director Jerry Jarrell in Miami said.

"This is a huge storm; it's more like Hugo in '89 or Gilbert in '88," Jarrell said. "It's one of those great big ones that in a lot of ways it does more damage than an Andrew, because it spreads thinner damage over a much bigger area."

The governors of Puerto Rico and the U.S. Virgin Islands put police and troops on alert to prevent the looting that often follows hurricanes.

Protestants threaten talks

"In this heightened atmosphere you don't have the calmness required for negotiations," said John Taylor, deputy leader of the province's main pro-British party, the Ulster Unionists.

Bands of Protestants hijacked and burned about 100 vehicles, leading police to warn the public to avoid driving after dark.

tants in south Belfast from marching into another Catholic enclave.

The police determination to block the annual July march was in marked contrast to past years, when Protestants paraded under police protection to commemorate 17th-century Protestant victories over Irish Catholics. Last year police clashed

Why Jim and Andee are out at WTMJ / PAGE 6B

MILWAUKEE JOURNAL SENTINEL

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WEDNESDAY, JULY 10, 1996 — FINAL EDITION Milwaukee Journal Sentinel

<p>CAKES WITH FRUITS ALWAYS A HIT</p>  <p>FOOD</p>	<p>PRUDENTIAL TO PAY FINE OF \$35 MILLION</p>  <p>BUSINESS</p>	<p>EX-LION LB JOHNSON PURSUED</p>  <p>SPORTS</p>
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Thompson letter to bishop defends W-2

Note often conciliatory but attacks Catholic conference proposal

By RICHARD P. JONES
of the Journal Sentinel staff

Madison — Gov. Tommy Thompson ignored a demand Tuesday that he apologize for criticizing Milwaukee Archbishop Rembert Weakland and instead accused the bish-

op of backing a proposal that would encourage women to remain on welfare. Thompson objected Monday to an opinion piece that the Roman Catholic prelate wrote for The Washington Post criticizing his Welfare Works proposal, known as W-2. He suggested that Weakland "read his Bible instead of playing piano in New York" and leave welfare reform to him. Weakland recently was on a six-month

sabbatical working on a Columbia University dissertation in music about Ambrosian chant. Tuesday, the governor wrote a mostly conciliatory three-page letter to Weakland, but also criticized the Wisconsin Catholic Conference for proposing an increase in welfare benefits that would allow women to remain home with their children until age 3, "increasing the incentive for them to re-

main on welfare." "The entitlement the Wisconsin Catholic Conference wants to protect so badly had done nothing but harm children for the past 60 years. It is the padlock that has closed the gate trapping families in a well of dependency and despair," he wrote. "And the people harmed most severely by the AFDC (Aid to Families With Dependent Children) 'entitlement' have clearly been the chil-

dren. It has led to increased teen pregnancy, low birth weight babies, increased juvenile delinquency, poor school

Please see W-2 page 5

Activist Nader attacks Thompson over 'corporate welfare' 4A
Text of the governor's letter to the archbishop 4A
Biblical quotations for both sides abound 1B
McCann muses on the man of God and 'the man who thinks he's God' 1B

From page 2

performance and thousands of children spending their childhood in poverty."

But Thompson, a Catholic, also concluded the letter by adding, "My hope is that we can put this disagreement behind us and work together to make welfare reform successful in Wisconsin. I am confident we both want to accomplish the same goal of helping children and strengthening families."

Reached at his residence in St. Francis on Tuesday, Weakland said he had not received the letter by fax.

"But I certainly will take a good look at it when it arrives, and make sure that my staff sits down with his staff to iron out any possible differences," he said.

After a reporter read portions of the letter to him over the phone, the archbishop said he agreed on the need for welfare reform but wanted to be certain that children receive care.

"I still hold strongly to the question of the need for a safety net," Weakland said. "I noticed he tried to speak about the possibility of giving his assurance, but that's not the same thing as saying that there is a safety net, a guarantee."

Weakland had described Thompson's remarks on Monday as "intemperate," adding that the governor would regret them once he cooled down.

"I don't take that too seriously," Weakland said when interviewed Tuesday.

Political Ramifications

As the governor was composing his letter, his aides were on the offensive, accusing Democrats of trying to foment a holy war and disputing comments made by a lobbyist for the Wisconsin Catholic Conference.

When Weakland's article appeared last week, Thompson's press secretary, Kevin Keane, said Thompson has worked to help poor people while Weakland only talked about the problem. Hearing that, Democratic Party Chairman Mark Sostarich suggested Thompson apologize to Weakland for Keane's remarks.

Sostarich said Tuesday that Thompson now should apologize not only for Keane's remarks last week, but his own attack on the archbishop.

"To have the governor of this great state tell the archbishop of the largest diocese in the state that he should spend more time

reading the Bible is offensive," Sostarich said.

Keane said Sostarich was out of line.

"The Democratic Party leadership can't sink any lower than to try to score cheap political points off of a philosophical disagreement between the governor and the archbishop," Keane said. "The governor and the archbishop are discussing policy, not politics."

Added Keane: "It wouldn't be wise for the Democrats to pose for holy pictures on this issue, unless they want to start talking about abortion."

Thompson said he agreed

with Weakland on the need to help the poor and children, and he defended his record, citing a 13% decrease in the child poverty rate during his years as governor. He also said Wisconsin's child poverty rate is among the 10 lowest in the nation.

While other politicians wanted merely to cut spending on welfare programs and use the money elsewhere, Thompson said, he pursued a welfare reform agenda that invested in people.

"Many people of faith in Wisconsin, including myself, believe that reforming welfare is very much consistent with an

obligation to care for children, Thompson said.

"Thus, I take great exception to the assertion in your column that W-2 is unjust and would harm children," he said.

He continued: "As you know I am quite passionate in my desire to help the people of Wisconsin lead better lives, and am just as passionate in defense of our programs, our people and our state."

"And I will continue to respectfully disagree with you, the Wisconsin Catholic Conference and others who contend that W-2 is unjust and is harmful to children."

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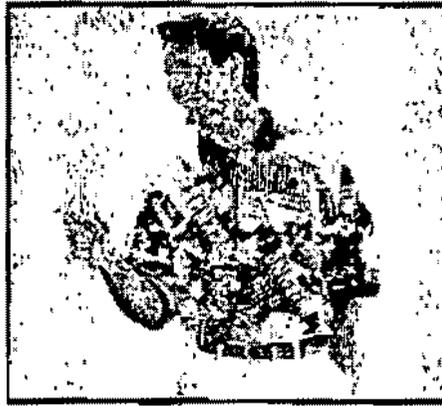
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Thompson's letter to archbishop

This is the text of Gov. Tommy Thompson's letter to Milwaukee Archbishop Rembert Weakland:

Dear Archbishop Weakland, In your recent Washington Post opinion piece, you wrote about our need to help the poor and the children of our society. I couldn't agree more, which is why I have made welfare reform such a high priority in my administration.

For the past decade, we have worked to transform a welfare system that traps people in poverty into a system that lifts people out of poverty. And we've experienced remarkable success, helping 40,000 families escape welfare in the past decade — the best record of any state in the country. That's 40,000 poor families — including tens of thousands of children — who are better off today because of our welfare reforms.

Through our welfare reforms, we have enabled children to lead a higher quality of life. The facts are clear: Child poverty is down 13% in Wisconsin since we began welfare reform. Our child poverty rate is among the 10 lowest in the country. The poverty rate for children age 5 to 17 has dropped by 25% between 1993 and 1994, according to the latest Census Bureau figures. In Fond du Lac and Pierre Counties — the two counties that end welfare benefits after two years — reports of child abuse are down. And numerous studies done by conservatives and liberals alike show that children of parents who work do better socially and in school

than children of parents who don't work.

And if you compare W-2 to AFDC, you would see that families are better off financially by participating in W-2 than by being in welfare. A family of three, for example, has an after-tax income of \$1,250 a month under W-2 compared to \$800 a month under AFDC. Yes, they must work, but the reward is much greater than being on welfare. We want W-2 and work to provide a higher reward than welfare, and it does.

During the 10 years of welfare reform in Wisconsin, we have always put the children first. I began welfare reform out of a desire to help children and their parents live a higher quality of life. This is why my administration has invested millions of dollars in child care, health care, transportation, job training and other programs that help people get off welfare. On the national front, I have been the most vocal critic of those who simply want to trim welfare rolls and reap the savings without making the upfront investment in the people on welfare. The people of Wisconsin have supported welfare reform because they care about children and want something better for them. Many people of faith in Wisconsin, including myself, believe that reforming welfare is very much consistent with an obligation to care for children.

Thus, I take great exception to the assertion in your column that W-2 is unjust and would harm children. As you know, I am quite passionate in my de-



Thompson

And I will continue to respectfully disagree with you... and others who contend that W-2 is unjust and harmful to children.



Weakland

sire to help the people of Wisconsin lead better lives, and I am just as passionate in defense of our programs, our people and our state.

And I will continue to respectfully disagree with you, the Wisconsin Catholic Conference and others who contend that W-2 is unjust and harmful to children. We have a 10-year track record of success on welfare reform that guided us in constructing this new system.

The entitlement the Wisconsin Catholic Conference wants to protect so badly had done nothing but harm children for the past 60 years. It is the padlock that has closed the gate trapping families in a well of dependency and despair. And the people harmed most severely by the AFDC "entitlement" have clearly been the children. It has led to increased teen pregnancy, low birth weight babies, increased juvenile delinquency, poor school performance and thousands of children spending their childhoods in poverty.

The current welfare system

was built on the notion that, on one hand, we would expect people to work, but on the other hand, we would provide them with a welfare check and benefits if they didn't work. If we've learned anything from this failed welfare system, it is that such a system only makes it more difficult for people to escape and become self-sufficient. They become further trapped and reliant on the welfare system, instead of accepting personal responsibility for the care of their families.

The Wisconsin Catholic Conference proposal is not much different from the current welfare system. In fact, it actually makes the current system worse by providing welfare recipients with more benefits than they currently receive. The WCC initially proposed that women on welfare remain home with their children until age 5. The organization has since reduced that request to age 3. By increasing the benefits granted to women on welfare, the WCC is only increasing the incentive for them to remain on welfare. The WCC

is making it harder for them to take on the personal responsibility of finding a job and supporting their family. And it is patently unfair to the working women of Wisconsin, who aren't afforded the luxury of staying home with their children until the youngest is five. And these working mothers do a remarkably fine job of raising their children.

Again, we believe W-2 is much more compassionate than both the current system and the WCC proposal because it helps people get off welfare. And although we are eliminating the entitlement, we are clearly making a firm commitment to caring for the children. The legislation makes it clear that the Legislature and the state are committed to providing services to every person who qualifies for W-2, so long as they meet their end of the deal by working. W-2 may contain some tough love, but tough love usually makes the person stronger in the end.

We all have an obligation to serve the poor — government, the church and the public. But no one entity bears that obligation alone. We must do it together, as partners. My hope is that we can put this disagreement behind us and work together to make welfare reform successful in Wisconsin. I am confident we both want to accomplish the same goal of helping children and strengthening families.

Sincerely,
Tommy G. Thompson

STEINHAFELS
ULTIMATE MATRESS

Wednesday, July 10, 1996

Maybe Thompson is running for God

So who do you like in the latest dust-up over welfare? The man of God, or the man who thinks he's God? His Grace, Rembert Weakland?

Or His Imperiousness, Tommy Thompson? There are the Ten Commandments — don't lie, steal, covet, that sort of thing — and then there are the rules politicians live by. Don't throw stones if you live in glass houses, don't fund your campaign through an Arkansas bank and never, ever pick a Bible-quoting fight with a bishop.

Someone forgot to tell Gov. Thompson, though, who this week huffily demanded an apology from the archbishop of Milwaukee for daring to suggest Thompson's Wisconsin Works (W-2) plan — his national meal ticket — was flawed.

The criticism came in an opinion column in The Washington Post wherein Weakland, who has been on sabbatical while working on a doctorate in music, said W-2 breaks government's long-standing promise to protect poor children. In Madison, the column raised, you'll pardon the expression, holy hell.

Normally it would seem a bishop's job to handle confessions. But Monday Thompson demanded that Weakland admit his sin (impudence, apparently, for speaking with The Washington Post in terms critical of his governor) and perform appropriate penance.

"The bishop should come back to Wisconsin," the governor sniffed, "and read his Bible instead of playing piano in New York."

Thompson spokesman Kevin Keane continued the theme, later complaining that Weakland had sent his lobbyist to talk to Thompson's staff "but that's not the very respectful thing, either."

Of course not. He should have appeared in person to kiss the governor's ring.

(Last week Keane also pointed out both he and Thompson were Catholic, apparently suggesting they were Weakland's theological equiv-



DENNIS MCCANN

was concerned. He didn't mention that Thompson is married to a former Roman Catholic nun, which would have legitimately one-upped the archbishop on at least one score.)

On the one hand, Thompson's demand can only delay things. It's not enough every Tom, Dick and Harry in Washington weighs in on W-2; now he wants to bring in Matthew, Mark, Luke and John.

On the other hand, his snappish retort makes you wonder whether he's been too long on the throne. Instead of saying, "Well, you know, reasonable people can disagree, blah, blah, blah," he brushed the archbishop of Milwaukee away like lint off his best blue suit. He dismissed Weakland like he was Wally Kunicki, which should insult Weakland most of all. Lecturing a bishop on the Bible because the bishop disagreed on policy eliminates the arrangement that transcends even modern partisan politics.

Such pique was unbecoming of Thompson, who himself spent 140 days out of state last year pushing his politics — especially the welfare issue that has made him a key figure in GOP politics and a fixture on TV news shows — and pushing himself.

Of course, that did give him a lot of nights in hotel rooms with nothing but a Gideon Bible for comfort, which may be where he found the Good Book's references to taking personal responsibility and working and caring for one's family that he cited in chapter and verse this week.

But shouldn't he have noticed it wasn't his autobiogra-

Passers-by pu burning east

BY JULIO V. CAMO AND ELIZABETH NEFF of the Journal Sentinel staff

For a few moments Tuesday morning, 10 feet and a wall of black smoke separated Joseph Bastien and Daniel Heine from a man trapped in an east side apartment fire.

"I had to get on my hands and knees just to see into the apartment. The smoke was thick," Bastien recounted several hours after the fire in the street-level apartment.

"Then I saw a black boot with a leg attached to it. This other guy (Heine) and I looked at each other. We knew what we had to do and just went in to pull the guy out."

The man, 22, whose name was not available, was taken to St. Mary's Hospital Burn Center, where he was in serious condition Tuesday.

Heine, 48, discovered the fire about 5:30 a.m. Tuesday at the San Rafael apartment complex, 2505 N. Prospect Ave., as he walked in search of aluminum

cans. "When I started banging on the door to tell people, I could tell someone was at the door but couldn't get it open," he said.

Heine said he tried to break one of the windows to help people get out but was driven back by heavy smoke. He then flagged a passing car.

Tim Lawler, 41, who was driving to meet Bastien at a morning workout, called 911 on his cellular phone before ringing apartment doorbells.

"I had been blowing my horn to warn people, but then I got out and started ringing the bells. By that time people were coming out," said Lawler, owner of Office and Industrial Services.

Bastien, 39, who was driving his own car to the gym, didn't know his friend was already alerting residents. However, he stopped after seeing the smoke and flames.

As he pulled up, Bastien saw two people stagger out of the apartment where authorities say the fire started.

"They were disoriented and

Preparing for t



Thompson too tough on Weakland

Of all the people with whom to pick a fight, why did Gov. Tommy Thompson go after Milwaukee Archbishop Rembert Weakland? That's what Thompson, that consummate politician, did when he attacked Weakland for raising concerns in a national publication about the implications of the governor's welfare reform known as Wisconsin Works, or W-2.

And it was personal: Thompson said the archbishop "should come back to Wisconsin and read his Bible instead of playing piano in New York." Weakland, who has a master's degree from the Julliard School of Music, has just finished a six-month sabbatical at New York's Columbia University to finish a doctoral dissertation in music.

Thompson went on to say the Bible was full of references to personal responsibility and to working and caring for family — keystones of W-2, not to mention of the Republican Party.

Certainly, Thompson has a well-earned reputation for welfare reform and has scored national points with W-2. For a time, there was mention of him as a potential running mate for Bob Dole, the likely GOP presidential nominee.

For the record:

■ Weakland, in the opinion column in *The Washington Post* last week, agreed that "the current welfare system is in need of major reform." That statement put Weakland in the company of legions of public officials, private citizens and editorial boards, including the *Journal Sentinel's*.

What set Thompson off was Weakland's concern about the lack of a safety net, especially for children. The archbishop said this was "not morally justified." Thompson immediately claimed a lengthy record in helping children.

■ Weakland never mentioned Thompson's name in the column, but Thompson didn't hesitate to use the archbishop's in an uncharacteristic show of intemperance. Weakland talked content Thompson, personality.

In true man-of-the-cloth fashion, Weakland said of Thompson's attack: "I think he'll regret being intemperate."
Temperance, Governor, temperance.

The flash point:
What set Thompson off
was Weakland's
concern about the lack
of a safety net,
especially for children.



Clinton keeps huffing and puffing and Bob Dole continues to cough

This is an issue that has received more attention than it deserves, and it's fair to air a little. The controversy smoldering on Clinton's re-election campaign and his criticism of Dole's opposition to regulation of tobacco. Dole promptly distorted his position. The differences between Clinton and Dole are worth noting. But the claims are misleading, notably which party has received the most from the tobacco industry. Studies show that Republicans have received much more than Democrats in the election cycle. But the difference is not as large as in previous years, and in some

years Democrats got more than Republicans. That doesn't mean the tobacco industry takes turns manipulating the political parties. It just reflects some fairly commonplace truths about where and why money goes where it does. The tobacco industry, like virtually any interest group, tends to support politicians already in power or those who, in the industry's opinion, will be in power. And in recent years the Republicans have controlled Congress. Moreover, contributors generally write their biggest checks to parties that share their views. Dole has opposed Clinton's plan to regulate tobacco use. So Republicans naturally would now get more tobacco money than Democrats. The subject of smoking is not frivolous, but the heavy breathing over tobacco has crowded out debate of issues at least as important. It's time for both sides to cool it a little.

Violence again for Northern Ireland

Northern Ireland has always been as precious, and its prospects more remote this week as a result of a fiery, incendiary protest in the district. It is described as the worst violence since the ceasefire was implemented two weeks ago. Violence flared all across Northern Ireland and threatened to delay or compli-

cate multiparty peace negotiations under the direction of former U.S. Sen. George Mitchell (D-Maine). Virtually everyone in Northern Ireland — both Catholic and Protestant — is tired of the years of fighting. But unless Mitchell convinces each side to make painful compromises and to take chances, the bloodshed that has darkened the lives of so many people is unlikely to end.

Milwaukee Journal Sentinel
Wednesday, July 10, 1996

Bible verses pertinent to W-2 flap abound

**Work hard — but show
compassion, religious
scholars point out.**

By JO SANDIN
of the Journal Sentinel staff

Those who fire biblical ammunition in their political rhetoric on welfare had better be sure that they load both barrels.

"Thou shalt not afflict any widow, or fatherless child. If thou afflict them in any wise, and they cry at all unto me, I will surely hear their cry; and my wrath shall wax hot, and I will kill you with the sword; and your wives shall be widows, and your children fatherless." Exodus 22:22-24.

That's God speaking, and Rabbi Isaac Lerer quoting (from memory, first in Hebrew and then in English.)

Neither Lerer nor another heavy-duty Bible reader, Valeria Spinner-Banks, wanted Tuesday to jump into the cross-fire between Milwaukee Archbishop Rembert Weakland and Gov. Tommy Thompson on Wisconsin Works (W-2), the governor's

program to put recipients of Aid to Families With Dependent Children into the work force.

Both Lerer and Spinner-Banks, who teaches moral theology at Divine Savior-Holy Angels High School, pointed out that biblical admonitions to work hard did not exclude compassion for the poor. They commented a day after Thompson demanded that Weakland apologize for criticizing W-2 proposals now awaiting waivers from federal regulations.

Noting that the Bible was packed with exhortations for personal responsibility, the governor Monday advised his fellow Catholic, just returned from a six-month sabbatical, to "come back to Wisconsin and read his Bible."

To be sure, the Good Book has its share of potential W-2 slogans.

"The desire of the slothful killeth him; for his hands refuse to labor." Proverbs 21:25.

That's advice for toil and self-reliance from Solomon, again quoted by Lerer, whose chapter-and-verse knowledge

Please see BIBLE page 2

W-2 slogan
abundant
collected
set
W-2 slogan
abundant
collected
set

ability to find money and

head-to-head

positions in office jobs... with the assistance who attend

guid mine." McNeely said. "There is a need to regenerate America's industrial skill base. Kids have to know that there are opportunities. Being able to pass this information on to them will make a difference."

Bible/Religious scholars share key passages

From page 1

of Scripture is legendary in the community where he has been rabbi at Temple Menorah for more than 30 years. Psalms and Proverbs are full of the praise of honest labor, he said.

However, anybody reading the New Testament would find a sure example of what Catholics call "a preferential option for the poor," said Spinner-Banks, referring to the church teaching that sets a priority on caring for the most vulnerable members of society.

"Jesus never turned his back on anyone who needed him," she said. "We constantly do that. We never think about someone who doesn't have food enough for the next meal, about somebody who has no place to sleep at night.

"People have a responsibility, too," said Spinner-Banks, who has scrubbed floors and waited tables in her time. "I tell people to work any job at first because perhaps they can move up and do better. But we have to take care of each other."

As a student of history, she said that she knew there needed to be a structure to move people from temporary help into mainstream society.

"If in any way, Americans could fully live the words of the New Testament," she said, "we would not have poverty. Jesus taught us to love one another."

In his own self-description,

Jesus counted himself among the poor. "Foxes have holes and the birds of the air have nests, but the Son of Man (a messianic title for Jesus) has nowhere to lay his head." Luke 9:58.

When the rich young ruler asked what he should do to inherit eternal life, Jesus replied, "Sell everything you have and give to the poor." Luke 18:22.

And in one of his most dramatic parables of God's separating the blessed from the damned, Jesus told of the Son of Man's saying: "Anything you failed to do for one of these, however insignificant, you failed to do for me. And they will go away to eternal punishment." Matthew 25:45-46

A Jewish sage taught that the poor offered "an opportunity given to us to exercise God's goodness," said Lerer. "God bestows on us His blessing. Therefore we shall also extend that kindness to our fellow men."

From the time of the Exodus, he said, Jewish law provided that fields be left with borders unharvested and vineyards not be picked clean. The rest, he said, was left for the poor to glean.

Modern Jewish communities throughout the world, Lerer said, have foundations offering people interest-free loans to get back on their feet.

"It is an act of kindness to give an opportunity for a person to be able to do something to earn a living," he said.

NEWS IN BRIEF

MPS seniors recognized for achievements

Sixteen Milwaukee Public Schools seniors were recently recognized by Tandy Technology Scholars for their nominations as outstanding math, science and computer science students and for ranking in the top 2% of their graduating classes.

As nominees, the MPS students will receive certificates of outstanding achievement. None of the MPS students, however, was among the students nationally to be awarded \$1,000 scholarships.

The MPS students recognized for math, science and computer science accomplishments were: Noleta Novohradsky of Hamilton High School; Michelle Eide, Riverside University High School; Elizabeth Bailey, Juneau Business High School; and Jennifer Drake, Milwaukee High School of the Arts.

Students recognized for graduating in the top 2% of their classes were: Jodi Dueltge, Gregory Haizer, Jeffrey Morbinski, Jaclyn Kaczmarek, and Novohradsky, all of Hamilton; Bailey, Michelle Corrao and Sara Wolfgram, all of Juneau; and Lori Rhode and Oriana Souers, all of MESA.

Teacher ends fellowship program in Japan

Glenn Diedrich, a history teacher at Walker Middle School, recently completed two weeks of study and travel in Japan through the 1996 Keizai Koho Center fellowship program.

The center is supported by Japanese business and industry in an effort to help educators learn about contemporary Japanese society. Sixteen North American educators were

Father and son face drug-related charges

A 44-year-old man and his 78-year-old father were indicted Tuesday by a federal grand jury on charges they laundered more than \$600,000 in drug money.

The charges stem from an east side drug seizure that police called one of the largest in Milwaukee County history.

Josue Santiago was indicted on charges of money laundering

Shortly after Josue Santiago's arrest in February, drug unit agents searched a home in the 2700 block of N. Cramer St. and found more than \$107,000 in cash plus cocaine and paraphernalia used in drug trafficking.

Further investigation resulted in the seizure of more than \$500,000 in bank accounts in Milwaukee.

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Journal Seminar

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

DRAFT

Wisconsin Works (W2) - Waiver application

Of the 69 AFDC, child care, and child support enforcement waiver provisions requested in the W2 application, 54 appear to pose no legal or policy problems for the Administration, 7 pose some legal or policy difficulties which can probably be resolved, 4 merit discussion but may not result in actual policy issues, and 6 pose significant legal/policy problems. In addition there are Medicaid and Food Stamps waiver provisions in W2 which appear to raise significant policy/legal issues (based on AC's preliminary analysis, without input yet from HCFA or FCS).

Significant problems

1) The State would not guarantee W2 employment or child care to all eligible families. The State's plan should assure work and necessary services that would enable a needy family to support itself when it plays by the rules and has no other option to earn adequate income.

2) The State would replace the AFDC fair hearing process with one that would allow individuals to appeal to the State decisions of financial eligibility only, would not continue benefits while an appeal decision is pending, and would not restore incorrectly lost benefits. The combination of weakening due process, providing great discretion to the local service providers who would operate W2, and not providing the assurance of needed financial support, poses great risks that individuals will be subjected to arbitrary negative decisions. In addition, constitutional issues are raised. To ensure equitable treatment, there should be objective standards for the provision of benefits and services, and the ability to appeal negative decisions to a responsible state agency.

*- Goldberg - Kelly
- Statutory*

*WA agent as
terms. condition*

3) The State would impose a 60-day State residency requirement for eligibility. This has potential constitutional problems.

Shapiro, Green

4) The State would limit participation to 24 months in any employment position and limit lifetime W2 participation to 60 months, with very limited extensions on a discretionary case-by-case basis. The Administration has approved AFDC time limits only when they protect children and do not punish families in which the adults are playing by the rules but simply unable to find work.

5) The State would weaken protections for regular employees against being displaced by W2 participants in certain cases. These provisions are in a section of the Social Security Act that is not subject to section 1115 waiver authority.

*not
waivable*

6) The State's evaluation would be limited to a process analysis. Given the radical nature of the change W2 represents, the state

evaluation should at least include an assessment of outcomes achieved and produce early and regular reports on these outcomes.

Difficulties that can probably be solved with further discussion

- 1) The State would provide children whose parents are SSI recipients a payment of \$77 instead of the regular AFDC payment for family of one, \$248. This poses an equal treatment concern. If the State could be allowed to count some portion of parents' SSI benefits, they might be willing to amend their State plan to establish child-only payment standards that would be applied to all child-only cases.
- 2) The State would count all income for eligibility purposes from a wide variety of statutes that exempt particular types of income for AFDC purposes. While these statutes are not subject to 1115 waiver authority, we are willing to explore other ways to resolve this obstacle.
- 3) The State would merge AFDC and Medicaid funds and reallocate them for other services. While transfer of funds between programs is illegal and federal matching rates for AFDC and Medicaid cannot be waived under 1115, the cost-neutrality structure allows for savings in one program to offset costs in another.
- 4) The State would assign individuals with severe barriers to regular employment to the Transitional Placement component, which would pay a lower benefit than the Community Services Jobs based on the required hours of work. Under the Americans with Disabilities Act, individuals must be given access to employment opportunities that would allow them to earn the same benefits as others in W2. Also of concern is that the State would not exempt from work activities parents who are needed in the home to care for disabled children.
- 5) The State would provide financial support under authority of title IV-E of the Social Security Act rather than under title IV-A to an AFDC-eligible child who lives with a non-needy non-legally responsible relative. While we cannot approve this provision because it would require waiving provisions of the Act not subject to 1115 waiver authority, we may allow the State to transfer administrative responsibility for these cases to their foster care agency.
- 6) The State requests a waiver of AFDC Quality Control (QC) requirements, which we cannot approve because it would require waiving provisions the Act not subject to 1115 waiver authority. We can, however, allow the State to develop a broader quality assurance system and to reinvest QC disallowances in the program.
- 7) The State would limit Emergency Assistance (EA) for certain homeless persons to once in a 36-month period unless the

homelessness was caused by domestic abuse. While we cannot waive EA provisions under 1115, it is not clear that the State requires a waiver to do this.

Items and questions for further discussion

1) The State would require co-payments for child care based on family income and the category of care used. In the past we have denied this sort of request based on the legal requirement that AFDC be a cash payment. The policy issues with this proposal are that the co-payments would not be nominal, and because the co-payments would be based on a percentage of the cost of care, families would be more likely to choose lower quality care.

add in
609 bill

2) The State would increase required CWEP participation up to 40 hours per week. It is unclear how this activity would be implemented along with the Community Services Program and Transitional Placements, which would have work requirements of 30 and 28 hours a week respectively. More important, this could result in work assignments for less than the minimum wage.

3) The State would sanction the entire family for non-participation in a W2 employment position beginning with the first instance of noncompliance. It is not clear how this interacts with pay for performance. We have generally approved more progressive approaches to denial of children's benefits when an adult does not comply with program requirements.

4) As a consequence of the way state proposes to deal with child only cases, it appears to deny benefits to citizen children of undocumented aliens. If this is indeed the case, it could raise a severe constitutional issue.

POTENTIAL MEDICAID ISSUES

1) Eliminates the entitlement to Medicaid.

2) Requires all recipients to pay premiums.

3) Denies children Medicaid benefits if their parents fail to cooperate with child support enforcement.

Wf-Wisc

October 25, 1993

MEMORANDUM FOR MACK McLARTY
GEORGE STEPHANOPOULOS

DAVID GERGEN
MARCIA HALE
JOAN BAGGETT
CAROL RASCO
LEON PANETTA
JOHN PODESTA
MARK GEAREN

FROM Kathi Way, Domestic Policy/7777

SUBJECT: Welfare Reform Waiver Approval for Wisconsin

Attached are three documents related to the Wisconsin waiver rollout. The first is background information on the Wisconsin and Georgia waivers. The second is a draft press release from HHS. The third are the final draft terms and conditions for the Wisconsin waiver. HHS will fax to Wisconsin this evening the draft terms and conditions. We expect to finalize the waiver tomorrow.

Please review all enclosures and contact me tomorrow morning with any concerns.

cc: Keith Mason
Linda Moore
Belle Sawhill
Bruce Reed
Jodi Greenstone

COPY FOR
ELENA KAGAN
+ return

BACKGROUND INFORMATION ON THE WISCONSIN WELFARE WAIVER

On Tuesday, October 26, HHS intends to approve the state of Wisconsin's Work Not Welfare Demonstration. This demonstration will be conducted in two counties (to be designated by the state), beginning on January 1, 1995.

Wisconsin's Work Not Welfare Demonstration

As originally submitted in mid-July, the proposal sought to reduce the time and duration of adults on welfare by guaranteeing, within a four year period, no more than 24 months of cash benefits and only 12 months of additional transitional medical and child care. At the end of 24 months cash benefits would cease for a 36 month period. As a condition of AFDC receipt, the state would require participation in education, training and work during the initial two years, and would provide no additional cash benefits for a child born to participants in the program.

Over the course of discussions between the Administration for Children and Families and the state, including face-to-face meetings both in Washington and Wisconsin, significant modifications to the most harmful aspects of Wisconsin's cold-turkey time limit approach were achieved. The agreement ensures that extension of cash benefits will be extended when individuals have cooperated in their efforts to find work but are unable to find an appropriate job locally. Medical care will not be cut off at the end of the 24 months. Furthermore, the "family cap" would be modified so that it would apply only to families who conceived children while on AFDC or within the subsequent six months. Other modifications were made to prevent unusual hardship.

Announcement and Notification Schedule

Tomorrow morning Walter Broadnax will call Governor Thompson to notify him of the decision. Simultaneously the transmittal letter and the approved terms and conditions will be sent to the state. At the same time, HHS will notify key members of the congressional delegation, key state assembly members and the Mayor of Milwaukee of the decision. These calls are an effort to give them as much warning as possible of the decision.

HHS also intends to approve the Georgia demonstration, entitled "Personal Accountability and Responsibility Project," tomorrow. (See draft press release, attached)

Considerations and Timing

The timing of this approval is delicate for several reasons.

The Governor has pushed for as early approval as possible, and Mary Jo Bane, Assistant Secretary for Children and Families was authorized to make every effort to come to agreement with the state. This agreement was successfully achieved.

Nevertheless, in Wisconsin, the state legislature must approve any such demonstration. Last week the Republican-controlled state Senate approved the Governor's plan with few modifications, and the Democratic Assembly is scheduled to take some action (or seek to delay action) prior to the end of the legislative session (scheduled for Thursday evening, October 28).

We believe that if we do not proceed now, the Governor is likely to announce his concerns and disappointment very publicly, including indicating that he had understood that we had come to agreement. There is a reasonable chance that the Governor's bill will pass in any case, in which case we are back to the beginning of working out any agreement. If the Democrats don't pass their bill, and it is not anticipated that they will, we will have made our ability to get a satisfactory agreement on the demonstration even more difficult. If no bill passes, the situation will be more ambiguous.

When we announce the decision tomorrow, however, there is little doubt that the Assembly will feel undercut and that the Mayor of Milwaukee and some members of the Congressional delegation, notably Senator Feingold who sent Secretary Shalala a letter asking that we delay our decision until after the legislature has acted, will be angered.

HHS NEWS

DRAFT #252

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOR IMMEDIATE RELEASE

Contact: David Siegel
(202) 401-9215

HHS Assistant Secretary for Children and Families Mary Jo Bane today announced the department's approval of a welfare demonstration in the state of Wisconsin. The demonstration will operate in two Wisconsin counties.

Under the plan, called "Work Not Welfare," recipients of AFDC cash assistance will be encouraged to work or look for jobs. The plan provides case management, employment activities and work experience to facilitate employment. Receipt of AFDC cash assistance would be time-limited, except under certain conditions, such as inability to find employment in the local area due to lack of appropriate jobs.

"Our approval of Wisconsin's demonstration shows that the Clinton administration is serious about providing states with the flexibility needed to test innovations," said Bane. "This is one of several state demonstrations designed to test the concept of time-limited receipt of AFDC benefits."

The Wisconsin program also includes the following elements which will affect the state's AFDC program:

- o With exceptions, receipt of AFDC benefits will be limited to two years in a four-year period;
- o Elimination of 100 hour work rule; and
- o Child support will be paid directly to the AFDC custodial parent in cases where the funds are collected by the state.

- More -

- 2 -

DRAFT #252

If approved by the state legislature, the demonstration will be carefully evaluated and will run for 11 years.

HHS Secretary Donna E. Shalala, who was chancellor of the University of Wisconsin, recused herself from the Wisconsin waiver decision.

HHS NEWS

DRAFT #751

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOR IMMEDIATE RELEASE

Contact: David Siegal
(202) 401-9215

HHS Secretary Donna E. Shalala today approved a welfare demonstration for the state of Georgia which will operate statewide for a five-year period.

Under the demonstration, called the "Personal Accountability and Responsibility Project" (PAR), Georgia will have the option of reducing welfare payments when an able-bodied adult willfully refuses an offer of full-time employment. In addition, the plan contains a provision denying additional incremental cash benefits for additional children born after a family is on welfare.

Benefits under such programs as Medicaid and Food Stamps will still be available to all family members, however. Additionally, Georgia will offer family planning services and instruction in parental skills to all AFDC families as part of this component.

"Georgia's demonstration will test a number of strategies for reducing long-term welfare dependency. The Clinton administration remains committed to allowing states to experiment with welfare demonstrations," Shalala said.

The employment component of the PAR project will allow Georgia's welfare agency to exclude from an AFDC grant any able-bodied recipient between the ages of 18 and 60 who has no children under 14 and who willfully refuses to accept work, or who terminates

- 3 -

DRAFT #251

employment without cause. In such cases, the family's welfare grant can be reduced for up to three months for the first refusal.

The family expansion portion of the PAR project will enable the state to deny incremental cash payments to AFDC families who have received benefits for at least two years and have additional children. Given the unique formula used by Georgia in calculating benefits recipients would be able to "earn back" the amount of benefits denied through receipt of either child support or earnings.

Mary Jo Bane, HHS' assistant secretary for children and families, said, "We will work closely with the state to see that the demonstration is implemented in an effective manner. The PAR project will include a rigorous evaluation, and I look forward to reviewing the results of the Georgia demonstration."

The demonstration will begin on Jan. 1, 1994.

Wisconsin - Work Not Welfare Demonstration

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effective beginning with the implementation date as specified herein, and will remain in effect through December 31, 2005, unless the project is terminated earlier.

- 1.4 Federal approval of waivers, subject to these Waiver Terms and Conditions, shall not be construed to establish any precedent that either Department will follow in the granting of any subsequent request for waivers.

SECTION 2: IMPLEMENTATION

- 2.0 The official project and budget period for the activities covered by these Waiver Terms and Conditions is specified in the letters of approval issued by the Administration for Children and Families and the Health Care Financing Administration, the Department of Health and Social Services (DHSS), and the Food and Nutrition Service, USDA.
- 2.1 Under these Waiver Terms and Conditions, the State will operate a demonstration of WNW in two counties of the State. A designation of the two counties to be covered by the demonstration shall be submitted to the Departments for approval at the same time that the draft evaluation design described in section 3.3 is submitted (by March 1, 1994).
- 2.2 AFDC applicants and cases that are subject to the provisions of the demonstration will be called treatment cases in these Waiver Terms and Conditions. The State will implement the following provisions requiring waivers to recipients during recertification for AFDC and to applicants for AFDC at the demonstration sites during the first 7 years of the demonstration after which no new applicants will be taken into the demonstration:
 - (1) Food Stamp Cashout and the WNW Payment: Food Stamps will be cashed out and combined with the AFDC payment to form the WNW grant.
 - (2) Those Choosing Not to Enroll in WNW: Those choosing not to enroll in WNW, will still be eligible for Medical Assistance, if otherwise eligible for AFDC, and for Food Stamps coupons.
 - (3) Time Limit: Cases may receive a WNW grant for 24

DRAFT**Wisconsin - Work Not Welfare Demonstration**

months and transitional benefits for 12 months within a 48-month period beginning with the first month of eligibility under WNW. No cash benefits will be available for a period of 36 months after the last of the 24 WNW payments is made. If eligible, cases may receive Food Stamp coupons during the period that no cash benefits are available. While certain conditions prevail, months of receipt of WNW will not count toward either the 24-month or 48-month limitations. These conditions are spelled out in (5) below.

Recipients who are eligible to receive a WNW grant under this demonstration will be given the option of receiving the WNW grant, in which case receipt of assistance is applied against the 24 month time period, or to select one of two alternatives. One alternative is to waive benefits, and the other alternative will be to waive cash benefits and to receive food stamp coupons if otherwise eligible for food stamps. Months for which the client chooses either of these alternatives will not count toward the 24-month limitation.

- (4) Persons to whom the Work and Training Obligations Apply: The work and training obligations apply to all parents in the budget group and to parents not themselves eligible except as noted in (5) below.
- (5) Conditions Under which Months Do Not Count Toward the 24 and 48-month Time Periods and Under which the Work and Training Requirements Do Not Apply: The work and training requirement and the accrual of months against the 24 and 48-month time periods will not occur for months during which 1) the case is headed by a teen parent subject to Wisconsin's Learnfare requirement, 2) the case head is a minor, 3) the sole custodial parent or both parents are temporarily incapacitated, 4) the parent is caring for an incapacitated dependent person, 5) the sole custodial parent or both parents are on SSI, 6) the case head is a non-legally responsible relative not included in the grant, and 7) the parent is caring for a child under 1 year of age that was not conceived while receiving WNW benefits (during the period in which a child, conceived while receiving WNW benefits, is less than 6 months old, the parent will be exempt from the work requirement, but the time limits will not be extended), except that food stamp recipients exempt from work registration under 7 CFR 273.7 (b) (1) (iii) and (v), may not have the food

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Wisconsin - Work Not Welfare Demonstration

stamp portion of their WNW grant reduced for failure to comply with the WNW work and training requirement.

- (6) Children conceived while in the WNW program: The AFDC portion of the WNW payment will not be increased for children born more than 10 months after first receipt of WNW, unless the mother ceased receiving WNW for a period of at least 6 consecutive months and the child was conceived when the mother was not receiving WNW, or the child was conceived as a result of rape or incest. However, the additional children will be included in applying the gross income test in the regular manner. The Food Stamp component of the WNW payment will be increased based on the new household size.
- (7) After the Time Limit: Those who reach the 24-month limit without finding employment will either: 1) be referred to the Children's Services Network, 2) be referred to SSI because of severe disabilities, or 3) continue to receive a grant as determined under conditions of (8) below.
- (8) Extensions of the 24-month eligibility period: Ninety days prior to the termination of benefits the individual will be informed that benefits will be terminated. Individuals will be informed that they may apply for an extension of benefits, but extensions will be granted only in very limited circumstances. Extensions will be granted only to those persons who are unable to work for reasons such as personal disability or incapacity, persons who need to care for a disabled dependent, and persons who have made all appropriate efforts to find work and are unable to find employment because local labor market conditions preclude a reasonable job opportunity. If an extension is granted, it is expected that the individual will participate in some supported work activity within the limits of his or her ability.

The criteria that will be considered in making a determination that an individual's benefits should be extended will include but need not be limited to: 1) whether the recipient has received and/or rejected offers of employment, has quit a job without good cause or been fired for cause, 2) the degree to which the recipient has cooperated, and is cooperating, with the Agency in work related activities, 3) whether the State has substantially met its obligation to provide demonstration services to the individual, and 4)

Wisconsin - Work Not Welfare Demonstration

whether appropriate job opportunities actually exist locally at a given point in time for individual program participants.

- (9) **Assessment and Case Management:** Assessment and case management will be accomplished along the lines of the "medical model" by a team representing income maintenance, JOBS, child support, and child care.
- (10) **Children's Services Network:** Where benefits are terminated because the time limit has expired, supporting services will continue to be provided including helping the family find charitable food and clothing, WIC, child care for employed parents, and Medical Assistance ~~for children only~~. A special needs grant, not to exceed the amount of a child only grant, will be provided in the form of a vendor payment for housing if a child will be made homeless as a result of termination of benefits. Also, families could receive Food Stamp coupons while ineligible for WNW cash benefits if otherwise eligible for food stamp coupons.
- (11) **The 100 Hour Rule:** The 100 hour rule in the AFDC-UP program will be eliminated for recipients but not for applicants.
- (12) **The Earned Income Disregard:** The \$30 and 1/3 disregard for earned income will be replaced by a \$30 and 1/6 disregard which will not be time-limited.
- (13) **Partial Freezing of Benefits:** Benefits, once determined, will not vary with changes in income between eligibility determinations unless there is a drop in earnings for good cause, or the client's income increases and the client wishes to have the benefit reduced in order to reduce the clients WNW work and training obligations (described below).

For the purposes of determining the food stamp portion of the WNW grant, all participating households will have their income averaged over the six-month certification period. Benefits will be adjusted only when a significant change in circumstances occurs, such as the following:

1. change in household size;
2. new source of employment;
3. loss of unsubsidized employment or substantial reduction of hours beyond the recipient's control;

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Wisconsin - Work Not Welfare Demonstration

4. increase of ten hours or more in unsubsidized employment;
5. receipt of a new source of unearned income;
and
6. increases or decreases in existing sources of unearned income totaling \$50 or more.

- (14) **Work and Training Obligations:** There is no work requirement for the first month of eligibility. After the first month, the WNW grant is considered payment for activities clients performed the previous month. Clients without a high school diploma will be referred to a GED program. Where appropriate, education and training will generally occur in the first 12 months of eligibility. Those involved in part-time education or training may also be required to participate in a work activity. For those required to work, hours will be determined by dividing the grant by the minimum wage, but will not exceed 40 hours per adult participant. The 40 hour requirement can be a combination of a part-time unsubsidized job and of some agency related requirement. The WNW payment will be reduced by the minimum wage times the number of hours of the client's obligation not met (except in cases where there is good cause). Benefits will not be reduced below \$10. Recipients without good cause will be allowed to make up missed hours to the time the sanction is imposed, if make-up hours can reasonably be made available. If the agency does not substantially meet its responsibilities in terms of ensuring education and training opportunities, work assignments, day care and other necessary services the client will still receive a cash payment ~~but will be no extensions to the 24 and 48-month time limits.~~
- (15) **Work Experience:** For those required to work, the work experience includes unsubsidized or partially subsidized employment, the Community Work Experience Program (CWEP), or an Independence Job - a job developed specifically for WNW recipients by the county. Those that have had an Independence Job, obtain another job, and lose that job may return to an independence job.
- (16) **Direct Child Support:** All child support payments will go directly to the client. The monthly payment, except for \$50, will count as income when determining the WNW grant.

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Wisconsin - Work Not Welfare Demonstration

- (17) Migration from Demonstration Counties: A treatment case that moves from a demonstration county will still be subject to the time limits. It will not be subject to the work requirements, will not receive all the enhanced services offered in the demonstration counties, will not have Food Stamp coupons cashed-out, and will have AFDC and Food Stamp benefits calculated using regular program eligibility procedures. However, if a treatment case moves from a demonstration county, then that client will be eligible for the rent voucher (as described under Children's Services Network above) and will be prioritized for JOBS participation.
- (18) Transitional Services: Up to 12 months of transitional child care services are available, within the 4-year period starting with receipt of WNW grants, for clients who: 1) have lost eligibility because of earnings, 2) become employed after using up their 24 months of eligibility, or 3) who have a job and decline WNW benefits even though eligible. Up to 12 months of transitional medical services are similarly available within the four year period beginning with the first month of receipt of WNW benefits. Transitional medical services may include paying the employee portion of a health coverage plan. Transitional child care and medical care (see below) are to be offered on a sliding scale fee basis based on earnings.
- (19) Medicaid Benefits: Adults and children who will otherwise be eligible for Medicaid, except for the Medicaid transition benefit, will continue to be eligible for MA benefits after loss of WNW eligibility.

For those months that a case receives transitional Medicaid a premium may be charged. HCFA will work with DHSS to develop a premium schedule acceptable to HCFA. Months of transitional Medicaid can be declared retroactively and Medicaid premiums can be paid retroactively. No Medicaid payments will be made for a month for which the premium has not been paid.

- (20) Nutrition Education Component: Nutrition education will be mandatory for WNW recipients. The case management team will require recipients to participate in a training component that will result in demonstrable changes in knowledge, skills, attitudes and behaviors in the areas of food budgeting and nutrition. USDA will work with Wisconsin to design the substance of the nutrition education component and the

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Wisconsin - Work Not Welfare Demonstration

evaluation methodology for this component.

- 2.3 For purposes of AFDC, Food Stamp, and Medicaid Quality Control, the eligibility of and amount of benefits for families in WNW will be reviewed against the rules of the demonstration, in lieu of the rules being waived. Food Stamp Quality Control review procedures will be incorporated into the forthcoming FNS letter.

SECTION 3: EVALUATION

- 3.0 The costs of approved evaluation activities will be matched at 50 percent for the duration of the evaluation and are excluded from cost neutrality requirements. The Department of Health and Human Services will match all evaluation costs. Evaluation components not approved by the Department will not qualify for Federal matching funds. Evaluation costs will include all costs necessary to carry out the approved evaluation plan, including costs for evaluation activities carried out by State and local agencies as well as those carried out by the evaluation contractor.
- 3.1 No later than one month after the State and Departments reach agreements on an evaluation design as specified in 3.3, the State will submit to the Departments, for approval, a draft Request for Proposal (RFP) for a contract to conduct an evaluation of the demonstration. The RFP must specify, in sufficient detail, the objectives of the project, the evaluation design, the specific tasks to be conducted, the time frames for conducting those tasks, and a schedule and list of deliverables. The research questions to be studied, the major variables to be measured, the data collection methodology, and the major data analyses to be performed must be clearly described.

The evaluation contractor must be an entity independent of the ~~Wisconsin Department of Health and Social Services executive branch of the State~~ except for the State University, and must be qualified and have experience in evaluating social experiments of the design, scale, and duration of that proposed by the State.

The RFP will also indicate that the selected contractor will be required to address in its evaluation plan any potential problems inherent in the evaluation design related to analyzing the impact of the program interventions under this demonstration and the methodology it will employ to minimize such problems. This must include methods of analysis which

July 8, 1996

DRAFT

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Ken Apfel

SUBJECT: Major Issues -- Wisconsin Waiver

Here is a brief summary of issues the White House needs to resolve in the next few days so that the President can announce the Wisconsin waiver at the NGA meeting July 16.

I. Overview

On May 29, Gov. Thompson delivered a 400-page request for specific waivers of 69 AFDC, 18 Medicaid, and 5 Food Stamp provisions. HHS sees no problem with at least 54 of the 69 welfare provisions and 7 of the 18 Medicaid provisions. USDA has more limited waiver authority (it cannot allow changes that would make any families worse off), but ___ of ___ have been worked out.

The earliest the waiver can be approved without legal challenge is July 11, which marks the end of 30-day period for public comment. Dole stopped in Wisconsin last week to attack the Administration for not getting the waiver done yet. Last month, the House overwhelmingly passed a bill to deem the entire Wisconsin waiver approved, but the Senate is less likely to move that legislation -- unless we stir it up again by turning down too much.

II. Major Policy Issues

There are two schools of thought on how to approach the major remaining policy and legal issues in the Wisconsin plan. One approach, advocated by HHS, is to treat Wisconsin as another waiver request, and try to hold the line on a handful of issues -- time limits, residency requirements, etc. -- that HHS has denied states in the past. The other approach would be to treat Wisconsin as the political equivalent of another welfare reform bill, and judge its elements based on what we are willing to accept or reject in national legislation from Congress. The first approach would deny Wisconsin some provisions even though states could do them under the Breaux-Chafee welfare bill we support. The second approach would take the same position on Wisconsin that we have staked out in the national debate: yes to a work-based welfare block grant, no to a Medicaid block grant.

1. **Medicaid:** On Medicaid, the state will get very little of what it asked for. Although the health plan was designed to expand coverage up to 165% of poverty by placing welfare recipients in managed care, we will have to reject the basic framework, which is a block grant that ends the Medicaid guarantee. HCFA is also firmly opposed to allowing premiums of \$20 a month and forcing recipients to accept insurance from their employer if it is available. However, we can grant a pending Medicaid (1915(b)) waiver that will place welfare recipients in managed care and use the savings to expand coverage, and pledge to keep working with the state to approve as much of the W-2 waiver as we can while preserving the guarantee. As always, budget neutrality will be a problem. The Medicaid provisions are the primary reason we need to keep Congress from passing legislation to deem the waiver approved, because such a bill would be their current reconciliation package in miniature -- generally acceptable welfare reform linked to unacceptable Medicaid.

This is a lot of family w/ jargon. Suitable for their purpose?

2. **Time Limits:** The Wisconsin plan includes a 5-year lifetime limit, like our bill and all the major congressional plans. The issue for the waiver is whether to impose terms on who should get extensions to the time limit. Wisconsin wants to leave that decision to the discretion of the caseworker. In other states, HHS has always forced states to accept mandatory extensions for anyone who reaches the time limit and can't find a job. The one exception is the two-county waiver we granted Wisconsin in 1993, which essentially left that decision to the state.

to that general rule

covering two counties in

We have two realistic options: 1) allow the state to implement the exact terms statewide that we granted in 1993; or 2) let the state develop its own terms. Under the first option, Thompson could only complain a little, since he has bragged in the past that his two-county waiver was the toughest in the country. Under the second option, the state could do what it will be able to do anyway if welfare reform becomes law. As a practical matter, Wisconsin will probably implement the same rules whichever option we choose. (Mary Jo Bane favors a third option, to "clarify" the 1993 terms along the lines of what HHS has demanded from other states -- but others at HHS consider this a non-starter, since it would enrage Thompson without enabling us to say he had agreed to the same terms once before.)

It doesn't sound from this as though it could truly be called a clarification -- which is itself a problem.

3. **Entitlement:** The toughest issue in the entire waiver is how best to make sure that recipients get jobs and child care, without handing Thompson the chance to claim we vetoed his waiver by demanding an individual entitlement, which has not been our bottom-line in the congressional debate. The intent of the Wisconsin plan is to provide enough work and child care to go around, and to use some savings from caseload reduction toward that purpose, but like Breaux-Chafee and other congressional reform bills, there is no explicit guarantee.

insisting upon

Wisconsin

we have

done

The legislature enacted a specific non-entitlement provision, for two reasons: 1) the major national welfare reform bills end the entitlement; and 2) the state wanted to avoid the due-process constraints of *Goldberg v. Kelly*, a 1970 Supreme Court case which requires states to grant a recipient notice and an evidentiary hearing (including the opportunity to submit evidence, cross-examine opposing witnesses, and retain a lawyer) before terminating any benefits. Wisconsin is willing to provide reasonable notice and opportunity for a

to which the recipient has a statutory entitlement.

Indeed, the state specifically denies that any individual is entitled to such benefits.

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Certain post-termination opportunities for review,

instead of a "entitlement"

full evidentiary

review but argues that requiring a hearing before terminating benefits would make it easier for recipients to get around work requirements, and would keep the system still looking like a welfare program instead of the real world of work.

and the consequent due process safeguards,

There is no having it both ways on this question: any outright guarantee will maintain the individual entitlement even if we call it an assurance or something else. HHS would like to do just that, and impose due process procedures that go further than the state proposed. That would have the advantage of protecting recipients if the state runs out of money. On the other hand, it might prompt Thompson to reject the terms of the waiver, claim that we had vetoed welfare reform a third time in order to preserve the current system, and lobby Congress to pass a full Wisconsin waiver.

much

how? if no \$?

probably would

Another approach would be to require the state to "make best efforts to ensure that those eligible receive services and benefits." Holding Wisconsin to a "best efforts" standard would make it easier for courts and the Administration to review the waiver if Wisconsin fails to provide jobs, but it could not be interpreted as an individual entitlement. Recipients would get the notice and review proposed by the state, but they could not go to court every time they were sanctioned.

Therefore, the full paucity of due process protections would not apply.

and demand a full evidentiary hearing prior to any sanction.

A third approach would be to require that it be

III. Legal Issues:

On two of labor's main concerns (worker displacement and the minimum wage), we lack the legal authority to grant exactly what the state wanted. The provision that requires welfare participants to be placed in new (not existing) job vacancies is in a section of the Social Security Act that cannot be waived under current law. But every major welfare bill would remove that provision, so Wisconsin will be free to do what it wants once welfare reform becomes law. On the minimum wage, we can essentially grant the state's request to pay participants the minimum wage for 30 hours a week of work but not additional hours of education and training. But the state will have to reduce hours or raise benefits once an increase in the minimum wage goes into effect.

Barue: do you not want to say that still a third approach is to have the... language (without adding a best-efforts requirement

this last priority right. The State has
discretion to review any such decision.
~~between~~ The difference between these
decisions and decisions relating strictly
to financial eligibility is Wisconsin Waiver.

CLOSE HOLD

That in the latter state review is mandatory, not discretionary. 69
On May 29, Gov. Thompson delivered a 400-page request for specific waivers of AFDC, 18
Medicaid, and 5 Food Stamp provisions. HHS sees no problem with at least 54 of the 69 welfare
provisions and 7 of the 18 Medicaid provisions. USDA has more limited waiver authority, but
most of the waivers can be worked out. HHS and USDA have been working with the State to
flesh out the details and work out mutually agreeable alternatives to many of the smaller issues.
The State has changed its request in some areas. There are a number of requests the Executive
Branch cannot legally grant. These include, among others, more stringent Food Stamp sanctions,
changes to Foster Care, minimum wage and other labor issues in work programs, and receiving
AFDC funds without providing State matching funds.

Wisconsin seeks to replace AFDC with a program that provides temporary jobs slots (generally
up to five years) rather than cash welfare. The State would pay fixed sums of money to
contractors (that might be local governments) to provide job slots to those the contractor
determined eligible. Applicants would go through a two-week job search and then be placed in
one of four categories -- unsubsidized work or job search (where some child care assistance
would be available), trial subsidized jobs, or one of two types of community service jobs.
Assistance would be based on the hours of work -- no work, no money. Benefits would not
increase with family size. Counting child care copays, benefits would decline with family size.

The State projects their plan would cut caseloads in half. Contractors could keep any money
from higher-than-expected caseload reductions, and generally would have to pay the costs of
lower-than-budgeted caseload reductions. Matters of financial fact could be appealed to the
State, (but all other eligibility, job placement, and sanction decisions would be at the contractor's
discretion.) Extensions to the time limit for those who "play by the rules" would also be at the
contractor's discretion. It is unclear whether any vouchers would be available after the time limit
for children who need it to retain housing.

The Federal entitlement to Medicaid for poor families with children would be waived. Families
below 165% of poverty would pay a premium to obtain coverage that is more limited than
Medicaid. Those who failed to pay premiums, those who had chosen to drop out of the program,
and most with access to employer-sponsored coverage would not be eligible.

The earliest the waiver can be approved without legal challenge is July 11, which marks the end of
30-day period for public comment. Dole stopped in Wisconsin last week to attack the
Administration for not getting the waiver done yet. Last month, the House overwhelmingly
passed a bill to deem the entire Wisconsin waiver approved. The Senate is less likely to move that
legislation, unless Wisconsin is too dissatisfied with what the Administration approves. It is not
clear, however, what Senate legislation might look like. CBO would score the bill prior to Senate
passage (with costs likely to exceed a half billion), and the Governor has publicly disavowed parts
of the waiver request having to do with worker displacement.

*
First Draft

MAJOR POLICY ISSUES

There are two schools of thought on how to approach the major remaining policy and legal issues in the Wisconsin plan.

- One approach, advocated by HHS, is to address each policy issue separately. For example, are the time limits consistent with past waiver practice? Are they consistent with the protections the Administration has sought for children after time limits in welfare reform?
- The other approach would be to treat Wisconsin as the political equivalent of another welfare reform bill, and judge its elements based on what we are willing to accept or veto in national legislation from Congress rather than what the Administration wants from Congress.

The first approach would deny Wisconsin some provisions even though states could do them under the Breaux-Chafee welfare bill we support. The second approach would set a new standard for waivers. Many States that have received waivers would want to renegotiate the existing protections for children, and future requests this and next term would seek to go further than Wisconsin.

Entitlement and Due Process

The toughest issue in the entire waiver is how best to make sure that recipients get jobs and child care, without handing Thompson the chance to claim we vetoed his waiver by insisting upon an individual entitlement to welfare, which we have not done in the congressional debate. (We have, however, pressed Congress for much stronger due process protections than Wisconsin proposes.) The stated intent of the Wisconsin plan is to provide enough work and child care to go around, and to use savings from caseload reduction toward that purpose, but there is no explicit guarantee. Indeed, the Wisconsin statute specifically denies that any individual is entitled to a job slot.

The Wisconsin legislature enacted a specific non-entitlement provision that also limits due process, for two reasons: 1) The major national welfare reform bills and the entitlement; and 2) the state wanted to avoid the due process constraints of Goldberg v. Kelly, a 1970 Supreme Court case which requires states to grant a recipient notice and an evidentiary hearing (including the opportunity to submit evidence, cross-examine opposing witnesses, and retain a lawyer) before reducing or terminating any benefits to which the recipient has a statutory entitlement. Wisconsin argues that requiring a full evidentiary hearing before reducing or terminating benefits would make it easier for recipients to get around work requirements, and would keep the system looking more like a welfare program than the real world of work. It would also require the State to take

did not understand who means precisely, but I don't think it's right. Let's talk?

~~more responsibility for contractors' actions~~
To ensure there is no appearance of entitlement, Wisconsin seeks almost full contractor discretion in providing assistance. A contractor could effectively refuse to provide assistance by placing individuals in permanent unsubsidized job search. Applicants and (former) recipients could appeal

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always want an appeal. The question is whether the appeal to the state is mandatory or discretionary.

to State only on matters of financial fact. They could not appeal the denial or termination of a job opportunity.

Could I see that? Is the way these bills are "much stronger" in providing mandatory

The Administration has sought much stronger due process provisions in welfare bills. Both Castle-Tanner and Chafee-Breaux are much stronger than Wisconsin; the Republican bills are not much stronger. States would have to set specific rules for providing assistance, and follow them. Applicants and beneficiaries could appeal to the State who wrote the rules, not just to a contractor that has incentives to deny assistance. HHS appears to want to go further, proposing that the State develop written procedures for offering job slots that are consistent with Goldberg v. Kelly.

I have to say that it seems to me that the decision-maker has to provide a pre-termination evidentiary hearing.

review? Are there other differences?

The basic options are:

- Waive the requirement that families have the opportunity to apply for assistance and, if they meet written eligibility requirements, receive assistance timely. (This is the entitlement to welfare on which Goldberg v. Kelly due process standards are based.)
- Waive the entitlement to welfare, but substitute for it an entitlement to an opportunity to work. Apply Goldberg v. Kelly to only the more serious adverse actions.
- Maintain the entitlement and subject all adverse actions to Goldberg v. Kelly standards.

The opportunity to apply for assistance and, if one meets written eligibility standards, receive timely cash assistance is the heart of the "entitlement" to welfare. Without this guarantee, the due process standards of Goldberg v. Kelly do not apply. The State says it intends to provide timely assistance to all who are eligible. Therefore, HHS believes waiving their responsibility to do so is not necessary for Wisconsin to accomplish its goals. Moreover, HHS is concerned how contractors would implement the State's intentions absent due process protections. The contractors will be paid based on how many people they remove from the welfare rolls, so their incentive would be to deny assistance whenever possible.

On the other hand, Wisconsin will object strongly if any significant due process requirements are maintained. If the requirements are waived, Wisconsin could be warned that the waivers would be revoked if close monitoring shows that families are being treated arbitrarily.

see below this should be the middle position a somewhat

The second option - substituting an opportunity to work for the welfare entitlement - does end welfare as we know it. Done right, the State would have to provide a fair hearing before denying assistance or terminating assistance - but could summarily reduce benefits for failure to work. This would substantially reduce the burden of fair hearings while providing assurances that a job would be available.

Under option three, a fair hearing would be available for any adverse action the State took - including reducing assistance for failing to work. While many commenters support maintaining all current protections - and HHS would like to maintain as many as possible - option three is not likely to be perceived as ending welfare as we know it.

This is simply not true. The entitlement would be to a job + a paycheck. If someone were deprived of those things, the state would need to provide the full process including reducing assistance for failing to work. Are I missing something

[REDACTED]

This does not seem to me the correct middle position. It keeps the entitlement, which means by definition that G v K will apply. The

See comment
on page 1 again.

Time Limits

Wisconsin proposes to limit job slots to 5 years. Contractors could provide extensions at their discretion, but might have to pay the costs themselves. The contractor's decision could not be appealed to the State. It is not clear whether any child vouchers would be available for those not given an extension.

Wisconsin's current small "Work, Not Welfare" demonstration calls for extension on cash assistance when local conditions were such that individuals "who play by the rules" could not find a job. When approving the existing waiver, HHS intended that the State's criteria for extensions should factor in individual's capacities to do work, and that extension would be granted to those who met them. However, the State's procedures (which have not been used since no one has reached the time limit yet) look only at local economic conditions and are optional to the counties rather than mandatory. The waiver also calls for child vouchers for housing "if a child will be made homeless as a result of the termination of benefits". HHS says it is not clear whether the State intends to continue the vouchers under W-2.

The Administration's legislative position has emphasized vouchers for children whose parents reach the time limit more than extensions for parents who play by the rules but do not find jobs. "Work, Not Welfare" provides less in vouchers than the Administration has sought, but more than Castle-Tanner and Chafee-Breaux require. With respect to extensions, the Administration has sought to increase the number of exemptions States could offer, but has not proposed the specific exemptions it has sought in waivers (such as jobs that are suitable to a person's intellectual and other capacities). On the other hand, it has sought for States to have standard procedures for deciding who got an extension, rather than leaving it up to contractors.)

There are three basic options:

- Grant the State's request without further clarification.
- Grant terms identical to those used in the existing "Work, Not Welfare" demonstration
- Use terms similar to "Work, Not Welfare", but specify that individual capacities must be considered when deciding whether to grant an extension to the time limit (HHS proposal).

It is unlikely that Wisconsin would use the "Work, Not Welfare" procedures if W-2 waivers are granted without modification. The State plans to leave the decision to contractors, and not have written procedures. Each extension would effectively be paid for by the contractor, not the State, so their financial incentive would be to deny as many as possible.

Similarly, using terms identical to "Work, Not Welfare" would lead to a different outcome. Now, the counties are using State funds when approving an extension. Under W-2, contractors would effectively use their own.

Medicaid

Wisconsin has submitted a welfare waiver with significant Medicaid financial and programmatic implications. In connection with the work-based system, the Wisconsin waiver proposes to

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provide health insurance to current Medicaid eligibles and expand Medicaid eligibility for all families and children under 165% of poverty, subject to payment of premiums. Although the plan would expand coverage to some populations, the plan is predicated on a block grant financing structure and would eliminate the federal entitlement to Medicaid for the AFDC population (although if passed under current law, the waiver would not be structured as a block grant, despite such rhetoric). If the Administration approves the Medicaid proposal, the waiver would set a precedent for waiving mandatory eligibility and services that states could potentially use to restrict eligibility when expenditures exceed revenues. Approval of the Wisconsin plan would also undermine the Administration's objection to Republican proposals that deny the federal guarantee of Medicaid eligibility. The Administration could also be criticized for approving a plan that, similar to the Republican reconciliation package, would link a generally acceptable welfare reform proposal to unacceptable Medicaid changes.

In addition to the above concerns, HHS has specifically objected to the following eligibility restrictions that would compromise the guarantee of Medicaid coverage. Recipients would lose Medicaid eligibility due to non-payment of premiums, or if they have access to any employer-sponsored health insurance after 12 months of employment. In addition, recipients would not be eligible for Medicaid if they had employer-subsidized insurance (at 50% or greater) for any one month during the past 18 months or currently. The Wisconsin plan would also limit several mandatory services, including treatment services for children under the EPSDT requirements, and skilled nursing and home care services.

If the Wisconsin health plan is approved without the above restrictions on eligibility, budget neutrality requirements will be harder for the state to achieve.

OTHER ISSUES

Residency Requirement

(as well as DOT's)
 Can I rewrite this section to make sure Council's position is rendered as accurately as possible? Thanks. See attached.
 (unt
 A

[2/20/10]

Insert A

[REDACTED]

To Ken Apfel:

Substitute Residency Requirement
Section

Elena

That would allow the Executive Branch to grant the state's request, but put the burden on Wisconsin to defend its provision in court.

Labor Issues

The waiver contains four important labor issues, two of which can be worked out relatively easily. Most importantly, the proposal calls for W-2 program administration to be contracted out. Contractor employees would not be necessarily have the same merit system protections as government workers.

The waiver requested to weaken anti-displacement provisions, but Governor Thompson has retracted all but the proposal to fill existing vacancies with welfare recipients (and this cannot be waived). Also, the proposed W-2 grant would not necessarily equal minimum wage payment for the required work activities. This can be addressed by having the State modify the number of hours worked to equal minimum wage.

Benefit Reductions

The State has proposed benefit reductions in three areas. First, they would switch to a system of flat grants to families based on participation in work activities. Large families would face a benefit reduction, but small families would receive a grant increase. This change is central to the W-2 proposal, and must be approved for Wisconsin to test its approach. Approval is, however, likely to provoke significant negative criticism.

Second, Wisconsin would require participants to make co-payments for subsidized child care. Recipients would have to make these payments from their W-2 grant, thereby reducing the overall benefit. Under the proposal, the copay increases with the number of children in care, and the cost of care. As a result, benefits effectively go down as family size increases. HHS has discussed within the Administration the possibility of capping the copays for lower income families.

Third, the State would reduce SSI children's grants to the smallest amount by which current benefit are increased when family size increases (the difference between two and three persons). It is not clear why this benefit level was selected. HHS recommends using the average increment, rather than the smallest one.

Welfare Cost Neutrality

Welfare waivers normally include provisions that limit total Federal spending to the amount that would have been spent absent a waiver. In all but two cases, this has been based on random assignment with experimental and control groups -- and only one of those was not based on the research evaluation data. Preliminary estimates are that Wisconsin's request would increase Federal spending by more than \$100 million annually, an amount that is roughly 25% of their AFDC grant. (HHS and USDA do not have complete detailed estimates.) This increase is comprised of:

- An AFDC block grant that is increased to the 1994 level. (Wisconsin, like many States, has declining spending and caseload)
- Increases in Food Stamp spending to the 1994 level that would result from Food Stamp expansions and cuts in AFDC benefits. (Food Stamp spending is also going down.)
- Specific waivers that increase costs in Foster Care, Child Support, and Child Nutrition, some of which can be granted and others that cannot.

Wisconsin's waiver will have effects on costs that cannot be measured by the traditional research design. For example, deterring people from going on welfare may produce savings that the normal random assignment experimental design would not capture. There are three basic approaches that can be taken:

- Provide AFDC funding at the 1994 level, and accept cost increases in other programs as well. (A block grant cannot be approved, but a financial equivalent can.)
- Provide AFDC funding at some historical level, with downward adjustments for cost-shifts and expansions in Food Stamps and other programs. This will increase costs some, but not as much as the first option. A key question is what base would be used for spending and what savings would be expected.
- Specify in the waiver a date by which a new evaluation methodology and related cost neutrality baseline would be developed. (HHS recommendation).

Wisconsin is likely to criticize the Administration for any decision that does not give the State significant increases in Federal funding. Wisconsin in essence seeks financial credit for past caseload decreases, much of which is due to the State's low unemployment rate and healthy economy. If Wisconsin is provided historical funding levels, most other States are likely to request it as well.

The third option appears to be the best approach -- agreeing to work with the State to develop an adequate formula for determining what costs would have been under current law. There is plenty of time, since the waiver would not be implemented for over a year. The Administration could not be attacked for short-funding the State, since the number would not be known. There would also be no precedent for other States to apply for similar funding increases.

Medicaid Cost Neutrality

In considering Medicaid waivers in general, budget neutrality is assumed if the agreed upon estimate of spending absent the waiver is greater than the estimate of spending with the waiver. Should the federal entitlement be retained, it is highly unlikely that the Wisconsin Medicaid waiver alone would be budget neutral.

Wisconsin has been using managed care in its Medicaid program since 1983. The state currently enrolls its SSI and AFDC populations in Primary Care Case Management. In five of the largest counties, Wisconsin has established a voluntary HMO plan for the AFDC population which has enrolled 93% of the AFDC population in those counties. The state has recently submitted a 1915(b) waiver to establish mandatory HMO enrollment for the entire AFDC population, 45% of

whom are already enrolled into managed care. The state assumes that the waiver will save only \$16.8 million in FY 1997 off of a base of \$481 million in fee-for-service expenditures.

HHS has proposed to allow the state to use these savings to offset the costs of the expansion population. The Administration's policy to date which has been not to allow states to use managed care savings from proposed or operating 1915(b) waivers. OMB staff estimate that if all states "took credit" for savings associated with their current managed care programs, the costs to the federal government for the period from FY 1997- FY 2001 would equal approximately \$3 billion. We assume that approximately 50% of the AFDC adults and children will be enrolled in managed care under current law.

In addition to the concerns about precedent, OMB staff, based upon state estimates, believe that the savings from the 1915(b) are not enough to offset the costs of the expansion population. Thus, we believe that if Medicaid is to stand alone, it will not be budget neutral with or without the use of the managed care savings.

WR - Wisc.

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MILWAUKEE JOURNAL SENTINEL, THURSDAY, MAY 11, 1996 26

p. 56

W-2 waiver request error to be fixed

Slitch proves preparation was not careful enough, lawmaker says

By Amy Romano
of the Journal Sentinel staff

Madison — A glitch in the state's request for federal waivers to implement the W-2 welfare reform plan will be fixed, the state's top welfare administrator told a legislative committee on Wednesday.

Unless it's fixed, the error would cut off food stamps to participants earning \$8 to \$10 an hour while those earning \$11 to \$15 an hour would receive the benefits, according to a report distributed to legislators Wednesday.

State Democrats last week

criticized the waiver request for allowing participants earning the higher wages — more than \$35,000 per year — to receive food stamps, and state welfare administrators said the request would be revised.

"Changes will be made as are appropriate so there isn't this cliff" where food stamp benefits drop off, J. Jean Rogers told members of the Joint Finance Committee Wednesday.

Sen. Robert Jusch (D-Portland) called the report's findings "a smacking gun" that showed the Thompson administration was not careful enough in preparing the complicated waiver request. He called for a thorough analysis of the request.

"This is just one of those whoopses they did not intend," said committee co-chairman Rep. Ben Brancel (R-Endeavor),

DEPARTMENT OF WELFARE

Continuing coverage of welfare reform in Wisconsin and the nation.

who wrote to Department of Health and Family Services Secretary Joe Leman asking that the error be corrected.

Last month, state officials reviewed the waiver request after the Journal Sentinel reported that one provision would have allowed participants in W-2, formerly called Wisconsin Works, to displace existing workers in private-sector jobs.

Rogers said if the analysis of food stamp benefits under W-2 done by the Legislative Fiscal Bureau based on the waiver request is correct, it would be changed.

According to the Fiscal Bu-

reau report, W-2 participants in trial jobs or unsubsidized jobs under the program would receive food stamp benefits when they earn \$4.25 to \$7 an hour at the same rate as under current law.

With an annual income of \$6,840 — based on a job paying \$4.25 an hour — a participant with two children living in a high-cost child care area such as Milwaukee County would receive \$3,163 per year in food stamps. At \$10,400 (or \$5 an hour), a participant would get \$2,701 in food stamps at \$12,400 (\$5 an hour), \$2,016 in food stamps, and at \$14,560 (\$7 an hour), \$2,009 in food stamps.

But at an annual salary of \$16,640, based on an \$8-an-hour wage, the food stamp benefit for that family would drop to zero,

according to the report. There also would be no food stamp benefits at an annual salary of \$18,720 (\$9 an hour) and at \$20,800 (\$10 an hour).

However, with an annual salary of \$22,880, based on an \$11-an-hour wage, food stamp benefits would total \$2,749 a year. The benefits would be phased out as income rises and would end when annual income reached \$39,520, or \$19 an hour.

In his letter, Brancel said the "cliff effect" for food stamp benefits "does not conform with the intent of the Legislature for the food stamp allotment to be gradually eliminated as income increases."

But Brancel said the needed changes should not delay the waiver approval process.

✕ County officials say W-2 may cut health coverage

Work-based program doesn't guarantee care

By GRETCHEN SCHULTZ
of the Journal Sentinel Staff

The W-2 welfare overhaul could leave thousands of county welfare recipients without health care coverage, county officials predicted Wednesday.

Health coverage now is provided to Aid to Families of Dependent Children recipients. Under the work-based Wisconsin Works program, which would take effect in late 1997, health care coverage would not be guaranteed even for eligible participants. The program requires federal approval, which could come later this month.

"People have never dealt with the medical costs of social problems because it was funded," said Supervisor Roger Quindel, chairman of the County Board's Health and Human Needs Committee, after a committee meeting on the county's future health care role. "Now it's just going to be work."

Most W-2 clients apparently will be expected to accept the health coverage their employers offer or share in health coverage costs, said Paula Lucey, director of the county's Division of Health-Related Programs.

Under W-2:

■ Coverage would be provided through health maintenance organizations for working families with incomes less than 165% of the federal poverty level and assets up to \$2,500 only if employers pick up less than half a family's medical costs. The

poverty income level for a family of three is \$12,980 per year.

■ Pregnant women and children under 6 with incomes less than 165% of the poverty level and children ages 6 to 12 in families with incomes up to the poverty level would be eligible.

■ Participants would pay \$20 per month or more in premiums, depending on family size and income.

Those who fail to meet W-2 requirements or who cannot afford the co-payments may be left without coverage, she said.

Quindel suggested the state tax hospital revenue 2% to fund indigent health care.

The county budgeted \$38.5 million this year for indigent care provided under the General Assistance-Medical Program. The state will reimburse the county about \$17 million.

The county has contracted with Froedtert Memorial Lutheran Hospital to provide most services this year and next.

The county must decide what to do beyond 1997, when the Froedtert contract expires and the state no longer is committed to subsidize the program.

Formal notice of Wednesday's 1:30 p.m. committee meeting was not given until shortly after 11 a.m., and then only after a Journal Sentinel reporter brought the lack of notice to Quindel's attention.

The state's Open Meetings Law requires at least 24 hours notice of a meeting unless "for good cause such notice is impossible or impractical."

Quindel said the lack of formal notice was an oversight.

Milwaukee Journal-Sentinel

7/11/96

*Aide says Clinton likely to OK W-2 waivers soon

Discussions between administration and state have gone well

By FRANK A. AUKOFFER
of the Journal Sentinel staff

Washington — As Republicans turned up the heat on President Clinton to approve Wisconsin's proposed welfare reforms, an administration official said Wednesday that discussions with state officials had gone well and a decision could come soon.

Melissa Skolfield, assistant secretary for public affairs at the Department of Health and Human Services, said the department was "actively reviewing" Wisconsin's application for waivers from federal law that would allow Wisconsin Works, or W-2, to be implemented.

She said a 30-day period for public comment ended at the close of business Wednesday.

"Assuming that conversations with the state continue to go well, a decision could come fairly quickly," she said. She would not define the time period any more precisely.

Earlier, Leon Panetta, Clinton's chief of staff, had said a decision would be made within days of the end of the public comment period.

Meanwhile, Haley Barbour, chairman of the Republican National Committee, called on Clinton to approve the waiver immediately.

"Over a month ago, Bill Clinton said publicly that he approved of the Wisconsin welfare reform waiver," Barbour said in a statement.

"Clinton may some day sign the waiver, but not until Wisconsin is forced to go through all kinds of contortions at the mercy of the Department of Health and Human Services," Barbour said.

Milwaukee Journal-Sentinel

7/11/96

THE WHITE HOUSE
WASHINGTON

7.10.96

To: Bruce Reid

From: Leon Pometts

Congressman Dave Obey

Wisconsin — 7th District Washington, D.C. 20515 (202) 225-3365

WR - Wisc

FACSIMILE COVER SHEET

Congressman Dave Obey

DATE: 7/10/96

TO: Leon Panetta

LOCATION: _____

TELEPHONE: _____

TELECOPY: 456-1121

NUMBER OF PAGES (including cover): 6

MESSAGE: _____

FROM: Cong. Obey

HARLEY TO BUY FALLS BRIGGS PLANT



BUSINESS

JAMES BROWN'S GROUNDWORK FOR FUNK

CULT



IDA HIGHEST FILM IN CITY'S HISTORY

ENCORE / 6B



Governor demands apology from Weakland

By RICHARD P. JONES of the Journal Sentinel staff

congratulating us," Thompson said.

Last week, in an opinion column in the Washington Post, Weakland urged President Clinton to reject Thompson's Wisconsin Works (W-2) program to require work for welfare benefits.

At a news conference, Thompson poked at the prelate with the reference to Weakland's recent six-month sabbatical. Weakland is working on a Columbia University

Gov. Tommy Thompson:

"The bishop should come back to Wisconsin and read his Bible instead of playing piano in New York."

doctoral dissertation in music about Ambrosian chant.

"The bishop should come back to Wisconsin and read his Bible instead of playing piano in New York," Thompson added, noting the Bible

was replete with examples of taking personal responsibility, of working and caring for one's family.

Asked Monday night about the demand for an apology, Weakland said in a telephone

interview that he understood Thompson may have made his comments in anger.

"I think he'll regret being intemperate," Weakland said.

"My feeling is that we both are on the same wavelength as far as ending welfare. Our differences are in the details."

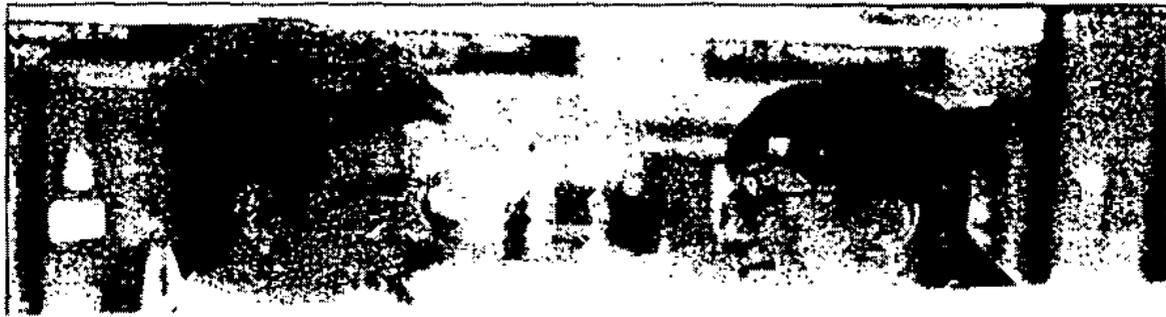
Please see W-2 page 8

Manpower disappointed over role in job centers 10

17 cities to track how kids get guns

Milwaukee to join new federal program

Bembenek says goodbye



Parole officials OK request to move to West Coast



ASSOCIATED PRESS

other-in-law, Ester Silva, to his home
hurricane missed Puerto Rico.

cane Center in Miami told
Southeastern coastal cities to
keep an eye on the storm.

Although Bertha is not a
strong hurricane, its size makes
it formidable, Hurricane Center
director Jerry Jarrell in Miami
said.

"This is a huge storm; it's
more like Hugo in '89 or Gilbert
in '88," Jarrell said. "It's one of
those great big ones that in a lot
of ways it does more damage
than an Andrew, because it
spreads thinner damage over a
much bigger area."

The governors of Puerto Rico
and the U.S. Virgin Islands put
police and troops on alert to
prevent the looting that often
follows hurricanes.

reaten talks

tants in south Belfast from
marching into another Catholic
enclave.

The police determination to
block the annual jubilee was
made in the 1970s, years
when the area was ruled under
police protection to com-
memorate 17th-century Protest-
ant victories over Irish Catho-
lics. Last year, police clashed

W-2/Thompson blasts Weakland for opposing plan

From page 1

Weakland reiterated his op-
position to W-2, saying he
didn't like what he described as
a one-size-fits-all approach to
welfare.

Weakland said he has sup-
ported offering greater counsel-
ing and support to high-risk
people, such as unmarried mi-
nors, those who lack a high
school diploma, a recent work
history, English proficiency or
literacy and those who have im-
paired physical or mental abili-
ty.

Defending the governor from
Weakland's criticism of W-2,
Thompson's press secretary,
Kevin Keane, said last week that
the governor was working to
help the poor while Weakland
was simply talking about it.

Asked about state Democrat-
ic Party Chairman Mark Sostar-
ich's suggestion that Thompson
apologize for the comment, the
governor said, "Well I think if
anyone should apologize, it's
probably the archbishop (who)
should apologize to the people
of the state of Wisconsin."

Thompson said that contrary
to what Weakland wrote in the
Post, Wisconsin had increased
aid for children considerably
since he has been governor.

"Here's a guy who writes a
letter to the Washington Post
and doesn't even bother to con-
tact this state administration,"
Thompson said.

Following the news confer-
ence, Keane said Thompson was
upset that his welfare initiative
has been portrayed as harmful
to children and that Weakland
had never approached the gov-
ernor with any constructive al-
ternatives.

"It does bother the governor
that throughout this whole de-
bate, the archbishop has not
once called him, or written him
personally to express his con-
cerns," Keane said. "His lobby-
ist will come and talk to our

spectful thing, either.

"If the archbishop has such
concerns that he's writing Op-
Ed pieces for the Washington
Post, you would think he'd
show the governor the courtesy
of talking to him about it in per-
son."

John Huebscher, lobbyist for
the Wisconsin Catholic Confer-
ence, said Thompson's remarks
about Weakland and the arch-
bishop's column should be
placed side by side, so readers
could draw their own conclu-
sions.

Keane said that from 1985 to
1993, childhood poverty de-
creased 13% in Wisconsin and
that Wisconsin had one of the
lowest child poverty rates in the
nation.

"That's a tremendous invest-
ment in child care," Keane said.
"We're going to maintain the
Cadillac health care system.
We're putting more money into
transportation and job training
to help these families get into
jobs."

Keane also said a family of
three would fare better under
W-2 than under the Aid to Fam-
ilies with Dependent Children
program.

"Yes, they have to work un-
der W-2, but the reward is much
greater than not working,"
Keane said. "That's the whole
premise of W-2."

Huebscher said the critical
difference under W-2 was the
lack of an entitlement, or guar-
anteed benefit, for children.

"You have to remember the
threshold argument in the bish-
op's column is the lack of enti-
tlement," Huebscher said. "The
law explicitly says even if you're
eligible, there's no automatic
entitlement to these services."

"And that's why the issue of
the entitlement or the guarantee
is so critical. We're talking about
children here who have no-
where else to go, and that assur-
ance has to be there."

'Wisconsin Works': Breaking a Covenant

Catholics in Wisconsin have been in the trenches serving the needy since the Daughters of Charity began their work with the poor of Milwaukee in 1843. I and my family relied on welfare to survive in the 1930s. So it comes naturally for me to consider the implications of Wisconsin's proposal for welfare reform, known as Wisconsin Works or "W-2."

Certainly the Catholic bishops and others in the church who grapple with the needs of the poor agree that the current welfare system is in need of major reform. Both the U.S. Catholic Conference and the Wisconsin Catholic Conference have said so. Both have challenged the status quo. Both have offered constructive proposals for helping the poor more effectively.

Yet as I reflect on the W-2 proposal in light of my experience and the tenets of Catholic social teaching, I remain convinced of the need for the community to guarantee a "safety net" for the poor, especially children. Accordingly, though the W-2 proposal has merit in important respects, it would be a mistake for the president and Congress to embrace comprehensive legislation or requests from individual states, even my own, that withdraw this guarantee.

Catholic social teaching holds that the poor, especially children, have a moral claim on the resources of the community to secure the necessities of life. For more than 60 years, our society has recognized this claim with a covenant that ensures a minimal

level of assistance for food, clothing and shelter to poor children and their families. Millions of children have relied on that covenant since the 1930s. In Wisconsin, more than 120,000 children rely on Aid to Families With Dependent Children (AFDC) today.

People of goodwill can argue over the need to modify AFDC so it better

"This is not welfare reform but welfare repeal."

serves that purpose. But it is patently unjust for a society as affluent as ours to nullify that covenant.

Unfortunately, as enacted, the Wisconsin Works program does just that. The enabling statute for the W-2 proposal specifically states no one is entitled to W-2 services, even who are eligible to receive them.

It is one thing to change the rules of the welfare system. It is quite another thing to say, "Even if you play by the new rules, society will not help you." This is not welfare reform but welfare repeal. Such a message may be politically attractive in this election year; it is not morally justifiable.

Even if one accepts the premise that the W-2 program offers poor families help in return for work, this premise collapses if the help is not provided. The president and Con-

gress must insist that W-2, indeed any welfare reform proposal, serve all who are eligible.

Critics of the welfare system allege that public assistance undermines personal responsibility. This generalizes about poor families when we should strive to take a more personal view.

In the first place, the children of the poor did not choose their families. We should not afflict these children with hunger in order to infuse their parents with virtue.

Additionally, we cannot judge a person's failure to work in isolation from larger forces. My experience from our work with the U.S. bishops' pastoral letter on economic justice impressed on me the truth that poor families are especially vulnerable to economic downturns triggered by national or international events.

Nor can prosperous states ensure full employment. Even in states, like Wisconsin, that enjoy healthy economies and relatively low unemployment, not all who want to work can earn a family wage. So long as this is the case, it is unwise and unjust for the federal government to abandon its commitment to the poor. Our covenant with needy children must remain the responsibility of the entire American family.

Moreover, this critique of welfare ignores the fact that rights and responsibilities are not mutually exclusive but complementary. In the con-

text of welfare policy, a right to work is grounded in a responsibility to support a family. This is relevant when assessing another aspect of W-2.

According to our state's own projections, 75 percent of the families now on AFDC will be assigned to W-2 work slots that provide less than a full-time worker earns at the minimum wage. Accordingly, the responsibility of these parents to care for their children must be supported when necessary by a safety net adequate to meet the family's basic needs.

Finally, the president and Congress must recognize that they cannot repeal the assurance of public assistance in Wisconsin without making it a national policy. Once such a repeal is granted to a single state, others will seek similar license. The poor will lose their safety net by degrees as surely as if Congress and the president repealed it all at once. Such an outcome would be a tragedy for the poor and a moral blemish on the earth's most affluent society.

One can appreciate the burden of difficult choices in an election year. Nonetheless, the short-term political outlook of the candidate must not cloud the moral vision of the leader. America's 60-year covenant with its poor children and those who nurture them must remain unbroken.

The writer is archbishop of Milwaukee.

W-2 comes under warranted criticism

Wisconsin Gov. Tommy Thompson's biggest claim to fame — the one thing that has lifted him into a supposedly serious vice presidential candidate — is Wisconsin Works, also known as W-2.

However, as Archbishop Rember Weakland noted this week, there are serious flaws with Thompson's W-2 proposal.

Weakland became the latest to find serious flaws with W-2, pointing out it does not constitute welfare reform, which everyone agrees is necessary, but instead it amounts to welfare repeal.

He wrote in an opinion piece in the Washington Post Thursday that our society has ensured that the poor, especially children, are entitled to

the necessities of life — a minimal level of assistance for food, clothing and shelter to poor children and their families.

"It is patently unjust for a society as affluent as ours to nullify that covenant," Weakland wrote. "The Wisconsin Works program does just that."

A W-2 statute says no one is entitled to W-2 services, even those eligible to receive services. Weakland points that children of the poor did not choose their families, and shouldn't be punished because of that.

"We should not inflict these children with hunger in order to infuse their parents with virtue," Weakland said, referring to Thompson's charge that he is doing welfare recipients, including single mothers, a favor by requiring them to work.

Not surprisingly, when contacted about Weakland's comments, a Thompson spokesman came out and blasted the archbishop, charging Weakland was a talker, not a doer, when it came to helping the poor.

Not so, Gov. Thompson. The state's five Catholic bishops released specific proposals for welfare changes last fall, following years of work.

"To say that Rember Weakland has done little to help the poor while the Thompson administration is helping poor people is about the most ridiculous rhetoric I have ever heard," said Mark Sostrerich, state Democratic Party chair, adding that the Catholic church has played a significant role through the years in helping the needy.

Many of the problems with Thompson's W-2 plan can be blamed on the huge rush his administration was in to gain approval. Since that time, all sorts of organizations have detected serious flaws with W-2.

The independent Legislative Fiscal Bureau discovered some inherent errors in its own analysis, while the Milwaukee Journal Sentinel uncovered another problem last month, leading state officials to modify their request.

President Clinton has given a vague endorsement to W-2, but unless many of the problems associated with it are corrected, it sees little chance of being given waivers from federal law to allow the program to go forward.

The federal government has never granted waivers to a program that didn't guarantee medical coverage for children, and it isn't about to start now.

EDITORIAL

John D. / BRO

Chip
7-7-96

MONDAY, JULY 8, 1996

ROBESLIEM

DEPUTY EDITOR
SUE RYON

7-8-96
J.S. ORDINARIUM

Weakland notes W-2's biggest flaw

Under Wisconsin Works, the state's ambitious plan to overhaul welfare, a needy parent can play by the rules, but still be denied assistance — in the form of a job or day care or health care. That's wrong, says Milwaukee Archbishop Rember Weakland.

This moral leader has thus identified the biggest flaw of Wisconsin Works — or W-2, as it's called. The state would no longer guarantee a safety net under starving kids.

In our view, by putting poor parents to work, W-2 had the right basic thrust. In an opinion piece in The Washington Post (reprinted Sunday in the Journal Sentinel's Crossroads section), even Weakland acknowledges that "the current welfare system is in need of major reform" and that "the W-2 proposal has merit in important respects."

But, as we have noted previously, the proposal does have numerous flaws — the lack of guaranteed help being the biggest. Still, the federal government should neither reject W-2 out of hand nor swallow it whole. Rather, the Clinton administration should insist that the state fix the most glaring problems.

The archbishop seems open to that idea. He merely urges federal rejection of any proposal that withdraws the assurance of a social safety net.

Weakland elucidates the moral dimension of the debate over W-2. Poor children have a "moral claim on the resources of the community to secure the necessities of life," he writes — a claim the U.S. recognized for 60 years with a "covenant" ensuring a minimal level of assistance. W-2 breaks with that covenant.

True, much about the present system of assistance is a mess. It discourages work and marriage. It alienates taxpayers. And it does

But the guarantee of assistance is not part of the problem. Such a guarantee is a mark of a decent — indeed, a moral — society. Not coincidentally, all rich nations share that mark. —

Unfortunately, W-2 has gotten caught up in presidential politics. Pre-empting Republican rival Bob Dole, President Clinton endorsed W-2 even before it was submitted to his administration. Trying to one-up Clinton in turn, Dole is egging on the president to approve W-2 as is.

Heavens forbid.

As Weakland says, "The short-term political outlook of the candidate must not cloud the moral vision of the leader."



DEPARTMENT OF HEALTH & HUMAN SERVICES

Melissa T. Skolfield

Assistant Secretary for Public Affairs

Phone: (202) 690-7850 Fax: (202) 690-5673

To: Bruce Reed

Fax: 456 555 7 Phone: _____

Date: 7/17 Total number of pages sent: _____

Comments:

Bruce - Melissa asked that you OK these - Beth Berman asked for them by 2 -

Thanks -
Amy

Questions and Answers on Wisconsin and Michigan Welfare Waivers
Draft 7/17

WR-
Wisc

Wisconsin

Q: White House aides have been quoted as saying that work on the Wisconsin welfare waiver is on hold while Congress considers national legislation. Is this right? Is the President renegeing on his promise to grant the Wisconsin waiver?

A: Those reports are not correct. HHS officials have already had some good discussions with the state of Wisconsin, and they plan to continue their work on the waiver. For example, they are reviewing public comments from approximately 4,000 people which were received during the public comment period, which ended on July 11. We intend to get the waiver done.

What Mike McCurry said earlier this week was that many of the HHS officials who are working on the Wisconsin waiver are also working on national legislation. That bill, if approved by Congress and the President quickly, could give Wisconsin the authority to carry out its reforms without the need for a waiver. In fact, the state of Wisconsin has said that it doesn't intend to implement W-2 until 1997, and doesn't plan on getting Federal approval until August 1. Nonetheless, HHS is working hard on both fronts.

Q: What's the hold-up with the Wisconsin waiver?

A: This is the most complicated waiver request we've received to date. As with any waiver request, we are reviewing the comments we received during the 30-day comment period, and working through a number of issues with state officials. We've approved more than 60 welfare waivers now for 40 states, including 3 for Wisconsin, and we've always worked things out.

Q: The Wisconsin waiver request explicitly says that there will be no entitlement to health care. How can the Administration approve this, when you've consistently defended the Medicaid entitlement?

A: Based on Governor Thompson's previous statements, we assume that he plans to provide Medicaid to all single mothers who need it in order to get off welfare and go to work. He has said, and we agree, that there are several things you have to do get people off welfare, and the first one is to provide medical coverage for children and for the mothers.

Q: Are you going to approve the Wisconsin waiver as it was submitted?

A: As with any waiver request, HHS is reviewing the comments we received during the 30-day comment period, and working through a number of issues with state officials. There is always a certain amount of give and take in this process, but we've approved 67 welfare waivers now and we've always worked things out. As a factual matter, the comment period only ended last Wednesday, July 10.

Q: What about press reports that Administration officials believe parts of the waiver requests are illegal or unconstitutional?

A: Unlike the Bush Administration, we've never had an approved waiver thrown out by the courts, and we work hard to avoid any possible constitutional problems. Our goal is to reform welfare, not to fill court dockets. But we've approved 67 waivers now, and we've always worked things out.

Q: What about the worker displacement issue? Aren't there legal problems involved here?

A: Unlike the Bush Administration, we've never had an approved waiver thrown out by the courts, and we work hard to avoid any possible constitutional problems. Our goal is to reform welfare, not to fill court dockets.

Michigan

Q: What about the Michigan waiver? Are you going to approve it?

A: HHS received Michigan's waiver application on June 27, and the Department is reviewing it. As with any waiver request, HHS publishes the waiver request in the Federal register (Michigan's request was published on July 8) and reviews the comments received during the 30-day comment period that follows. We've already granted Michigan two welfare reform waivers, and we'll work with the state to get this one done.

Ohio

Q: Governor Voinovich is saying that the President's recent executive action requiring teen parents to stay in school targets school dropouts, while Ohio's LEAP program, which the President cited as a model, provides bonuses and sanctions for school attendance to all teens. Is it true that states can't go as far as Ohio under the President's new directive?

A: The President's executive action focused on all teens receiving welfare. It encouraged states to require these teens to stay in school and live at home. The action required all states to submit plans for requiring teen mothers to stay in school and prepare for

employment; cut through red tape to allow states to pay cash bonuses to teen mothers who finish high school; required all states to have teen mothers who have dropped out of school return to school and sign personal responsibility plans; and challenged all states to require minor mothers to live with a responsible adult.

The President's executive action pushed current law as far as possible, by enabling states to sanction or provide bonuses to teens in the JOBS program to encourage them to finish school. Teen JOBS participants would be teens who have dropped out of school, so these sanctions and bonuses would, of course, apply to teens most at risk of not finishing school. If states choose to do exactly what Ohio's LEAP program does and expand these incentives and sanctions to teens beyond those in JOBS, we encourage them to do so through waivers.

Date: 07/16/96 Time: 13:57
RTO: National Desk, Political Writer

WR-Wisc.

To: National Desk, Political Writer
Contact: Virginia Hume of the Republican National Committee,
202-863-8550

WASHINGTON, July 16 /U.S. Newswire/ -- Following is a statement
by Republican National Committee Chairman Haley Barbour:

Will the double talk never end? For months, we've heard Bill Clinton use the waiver process as an excuse not to sign Republican welfare reform bills. Now Clinton's using the Republican welfare reform bill as an excuse not to sign the Wisconsin welfare waiver.

Bill Clinton's handling of Wisconsin's 'W2' waiver request has been a study in classic Clinton waffling. Two months ago, Clinton devoted an entire radio address to praising the Wisconsin plan. Days later, his administration started backtracking. Despite Clinton's pledge to speed up the waiver approval process and sign them in 30 days, the Wisconsin waiver remains unsigned. In fact, at the end of last month, more than two dozen waivers from 17 states languished in the bureaucracy of the Clinton administration. Some waivers have awaited Clinton's action for as long as 400 days. This time, Clinton claims the delay is because the White House is negotiating a welfare reform bill with Republicans in Congress. Does he think the American people will conveniently forget that Republicans already passed genuine welfare reform, and Clinton vetoed it -- twice?

Four years ago, on July 16, 1992, in his acceptance speech to the Democratic National Convention, Bill Clinton promised to 'end welfare as we know it.' But in his first two years in the White House, with a Congress controlled by his own party, there was never even a vote on welfare reform. When Republicans passed it, he vetoed it. And when governors seek approval to implement reforms in their states, Clinton stonewalls them.

Bill Clinton, the 'say anything, do nothing' president, knows the American people want welfare reform. But the truth is, welfare reform is something Bill Clinton loves to talk about, but doesn't ever want to do anything about.

-0-

/U.S. Newswire 202-347-2770/
APNP-07-16-96 1403EDT

Thompson interviews for spot on Dole ticket, but may run again for governor

<http://www.onwis.com/news/723tommy.html>

WR-Wise

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Thompson interviews for spot on Dole ticket, but may run again for governor

By Daniel Bice and Craig Gilbert
of the Journal Sentinel staff

July 23, 1996

Gov. Tommy Thompson has interviewed with an aide to Bob Dole about running for vice president, but a top Thompson aide said Monday that his boss could seek a fourth term as governor instead.

Thompson and Illinois Gov. Jim Edgar were interviewed late last week about the No. 2 slot on the presidential ticket, according to sources who spoke to The Associated Press on condition of anonymity.

The Dole search team has contacted at least six Republicans about the vice presidency.

Thompson officials were tight-lipped Monday about any contact between the governor and the staff of the presumptive GOP presidential nominee.

Thompson's press secretary, Kevin Keane, confirmed Friday that Dole's campaign had interviewed the governor. But Keane made it clear that Thompson aides would neither confirm nor deny such questions in the future.

"Even if we were contacted, we wouldn't be able to speak," he said.

Although Thompson's eye may be on the vice presidency and his ear tuned to affairs in Washington, D.C., his latest campaign report shows he has maintained his touch for raising the campaign dollars at home.

In the first six months of the year, Thompson raised \$383,307, most of it from individual Wisconsin contributors, according to records filed Monday with the state Elections Board.

His largest individual contribution came from fabled corporate raider Irwin Jacobs, who tried unsuccessfully last year to use Wisconsin prison labor to help with his current business enterprise. He gave \$5,000.

Perhaps even more significant, the governor's campaign spent more than it took in, paying out \$397,341 between January and July.

The current balance in Thompson's account is \$727,086. It can't be used on a federal-level race because state and federal elections law prohibit it.

...been interviews for spot on Dole ticket, but may run again for governor

<http://www.onwts.com/news/723tommy.html>

John Matthews, the governor's chief of staff, said the campaign's activity showed Thompson was keeping his options open about a possible fourth term. At the same point in his last term, the governor had slightly more than \$600,000 in the bank.

"He intends to be in a position financially that, if he chooses to run (for governor) in 1998, he will be in a strong position to do so," Matthews said.

Thompson has said in recent weeks that he doubts he'll get picked for VP, and has downplayed his interest in the job.

Other news reports in recent days, quoting anonymous campaign sources, have left Thompson off Dole's current "short list" of possibilities.

Thompson, who was at a Midwestern governors conference in Michigan, could not be reached for comment Monday.

Despite what some critics might think, Matthews said Thompson did not spend heavily in the first half of the year to position himself for the vice presidency or, failing that, a cabinet position in a Dole administration.

Many of the Thompson campaign's expenditures were for travel, polling and updating campaign contributor lists.

Matthews said these were legitimate outlays for the governor's state account.

Travel involving national events or affairs, he said, was reimbursed by the Republican National Committee.

State GOP Chairman David Opitz said Monday that he knew nothing of any contacts between the Dole search team and Thompson, but added that the governor was a logical candidate for an interview.

"I think he's got to be given some major consideration, if only for the fact that two out of the four issues Republicans are going on in this election -- welfare reform and school reform, which means primarily choice -- Tommy has pioneered. So he can speak with authority," Opitz said.

Sources with the Dole campaign have said Govs. John Engler of Michigan and George Voinovich of Ohio were also contacted by the search team recently. It was not clear if those contacts were interviews or steps short of that.

Earlier, Pennsylvania Gov. Tom Ridge and former South Carolina Gov. Carroll Campbell completed interviews.

Dole has said he would like to announce his choice just before the Republican National Convention, which is to open Aug. 12 in San Diego.

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Politics rule welfare reform until November

By Joel Dressang

of the Journal Sentinel staff The "head-spinning" confusion surrounding Wisconsin's efforts to gain federal approval to overhaul welfare revolves around one point: politics.

July 22, 1996

Were this not a presidential election year -- and one in which welfare reform has become a defining campaign issue -- Wisconsin might be quietly modifying its programs for poor families as it has for the past decade.

Instead, the state is seeking a radical makeover that some critics contend was hurried onto the national political stage.

Advocates and students of anti-poverty programs bemoan the role of politics in welfare reform.

"In an ideal world, it wouldn't play any role. We would just do what's best for kids and their families," said R. Kent Weaver, a senior fellow at the Brookings Institution, an independent think tank. "But it's not an ideal world."

President Clinton -- a Democrat who campaigned to "end welfare as we know it" -- now says he's putting aside Wisconsin's request to waive federal welfare laws while Congress tries for a third time to enact nationwide welfare reform. Thursday, the House passed a bill that the Senate is now considering.

Gov. Tommy Thompson -- a Republican and potential running mate of Clinton's rival, Bob Dole -- has argued for the flexible welfare block grants that the federal legislation would allow. But Thompson also is complaining about Clinton holding off on Wisconsin's waiver request within days of his expected approval. "Our heads are spinning," Thompson told reporters last week at the National Governors' Association meeting in Puerto Rico.

In 1993, a Democratic state Legislature, trying to one-up Thompson's welfare initiatives, voted to end the Aid to Families with Dependent Children program by 1999.

Last August, Thompson, supported by a new Republican majority in the Legislature, introduced his Wisconsin Works, or W-2, AFDC-replacement plan. W-2 would require welfare recipients to work for benefits, which would include income, health care and child care.

About a month later, the new Republican majority in Congress passed its first version of welfare reform.

Proposals by Congress -- twice vetoed by Clinton -- packaged federal welfare and Medicaid funds and would have paid them out as block grants for states to use as they please.

The House-passed bill would separate Medicaid from the welfare block grants, a move that has won at least the rhetorical endorsement of Clinton.

Thompson and Dole favor the block grants to end what they see as a grueling, demeaning process of forcing states to beg Washington bureaucrats for permission to spend federal funds more effectively.

Critics favor the federal oversight of the waiver process, which treats state welfare initiatives as experiments that must prove their effectiveness.

If Congress passes a welfare block grant plan that Clinton signs, Wisconsin won't need waivers for most of W-2. That would mean about two months of preparing and refining Wisconsin's 422-page waiver request were mostly in vain.

"It was kind of one of my worst fears because we're left waiting," said Rep. John Gard (R-Peshtigo), the principal sponsor of W-2. Like Thompson, Gard favors block grants. He sees Clinton's latest move as a stall tactic.

"We're at the brink right now of the most comprehensive welfare plan in the country," Gard said, "and we have the leader of the country AWOL."

Whether he's absent or just hiding, Clinton is among the politicians trying to position himself in voters' minds as tough on welfare.

"Everything now here in Washington is being driven by political calculations," Weaver said, "and that's the way it will be until after the election."

That means that such measures as W-2 and the block grant proposals are less likely to be considered on their merits, Weaver said, and that politicians will avoid compromise in favor of differentiating themselves from partisan opponents.

Weaver said it's "unlikely but certainly not impossible" that Clinton would sign a welfare reform plan from Congress before the election. He also poses the possibility that Thompson would withdraw his waiver request if Clinton required changes in it.

Thomas Corbett, associate director of the Institute for Research on Poverty at the University of Wisconsin-Madison, asserts in a new book that "welfare reform should not be a partisan issue. Children are too important an asset to sacrifice for short-term political gain."

But it's not a perfect world. It is an election year. And -- children notwithstanding -- welfare reform is a partisan issue.

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