



State of Wisconsin
Department of Health and Social Services

1 W. Wilson Street P.O. Box 7850 Madison, Wisconsin 53707-7850 608-266-9622

Gerald Whitburn
Secretary

12.10

Bruce -

Several weeks ago we
submitted an application to do
a "family car".

You will note we have
votes to pass it in a few weeks.

I've talked to David and
Mark to about getting prompt
approval.

I'd appreciate your help.

Thanks.

John

P.S. We've a great speech (50/4).

WR - Wise

Milwaukee Sentinel

State news

MILWAUKEE SENTINEL Thursday, February 10, 1984 5A

Backing seen for welfare reform bill

Co-sponsors reportedly include Democrats

By AMY RINARD and DANIEL BICE
Special Madison Bureau

Madison — A majority of members of both houses of the Legislature are co-sponsors of Gov. Tommy G. Thompson's new welfare reform proposal, ensuring the measure's approval, the bill's supporters said Wednesday.

Sen. Carol A. Buettner (R-Oshkosh) and Rep. John G. Gard (R-Peshigo) said 55 members of the 99-member Assembly — including eight Democrats — have agreed to co-sponsor the measure, as have 19 members — including two Democrats — of the 33-member Senate.

Buettner, chairman of the Senate Committee on Health, Human Services and Aging, which held a hearing on the legislation Wednesday, said her committee would advance the bill next week.

It could come to a vote in the Senate late this month or early in March, she said.

Gard admitted that with Democrats in charge of the Assembly's schedule, getting the bill to a vote in that house poses a challenge.

But, he said, there will be a vote on the measure in the Assembly one way or another, either on the bill itself or on a motion to pull it from committee. "Either way we'll find out who supports welfare reform," he said.

Thompson's latest package of welfare reform initiatives includes measures that would cap Aid to Families with Dependent Children program benefits with no increases for additional children, put in place tougher child

support collection procedures, require AFDC recipients to participate in job programs before getting a first check, and pay benefits based on the number of hours of required JOBS programming utilized.

In testimony before the committee, advocates of the package said the bill is designed to encourage responsible parenting and self-sufficiency.

Increasing AFDC benefits with the birth of additional children sends the wrong message that

it's OK to have more kids because the taxpayers will take care of you," Gard said.

But committee member Sen. Gwendolynne S. Moore (D-Milwaukee) said there is no proof that women on welfare have more children deliberately to get more money.

She noted that Mississippi has the largest average AFDC family size and the lowest benefits of any state in the nation.

During a public hearing

Wednesday morning, religious leaders and children's advocates assailed Thompson's latest welfare plan, calling it "generally reprehensible" and counterproductive.

A member of the National Organization for Women also suggested the group will file a lawsuit if the most controversial provision in the bill is signed into law.

That provision would abolish the practice of increasing benefit payments to AFDC recipients with the birth of each additional child. New Jersey is the only state with this item.

Plan claims big welfare savings \$235 million over five years

By Jeff Mayers

State government reporter

Gov. Tommy Thompson's latest welfare proposal — which includes a controversial "family cap" — would save \$235 million in federal and state taxpayer dollars over five years.

"Isn't that amazing?" asked Thompson, who released the administration's estimates on the eve of the proposal's initial legislative hearing.

"I was quite shocked" by the total savings in several welfare programs, Thompson said. He called the savings estimates, to be announced today by the Department of Health and Social Services, "very conservative."

Thompson's family cap proposal, to be reviewed by the state Senate's welfare committee this morning, would mean no additional cash payments for welfare recipients who have more children. It also would mean: a mandatory job search for all applicants before receiving their first welfare check; benefit payments based on the time put in at work; and increased child support enforcement.

Thompson's election-year proposal aims to drive down the number of welfare recipients even more. The state's December head-of-household rolls numbered 77,400 — the lowest in 14 years.

The estimated savings of Thompson's plan, while significant, represent only about 4.4 percent of the five-year \$5.4 billion estimated all-funds cost of an array of federal and state programs that help poor single-mother families, said state welfare Secretary Gerald Whitburn. The savings, however, included the projected annual \$2.3 million start-up costs.

Currently, a welfare mother with one child gets \$440 a month in federal-state Aid to Families with Dependent Children plus food stamps, wholly federally funded. The AFDC payment grows higher for each additional child.

Thompson and a bipartisan group of supporters argue that welfare mothers shouldn't be "rewarded" for having children because that's not the way it works in the "real world." But critics say Thompson and other politicians are engaging in election-year welfare-bashing to get votes.

In addition, the prepared testimony of a National Organization for Women official warns that such "child exclusion programs" — in place now in New Jersey and Georgia with federal government approval — "raises significant legal issues that the Legislature would be irresponsible to ignore." The New Jersey program, said by Whitburn to be successful in its early going, is being challenged in the courts.

Deborah Ellis, legal director of the NOW Legal Defense and Education Fund, also said in her prepared testimony that "incremental benefit increases do not 'reward' recipients but instead are necessary to assist families and children living at basic subsistence levels."

But the administration sticks by the conclusion that a family cap beginning in 1995 would drive down the number of births to welfare mothers by at least 8 percent — less than the experience in New Jersey. About 13,000 babies were born to welfare mothers in 1993, the administration says.

Savings in that category alone would amount to \$141.7 million in federal and state dollars over five years, the administration estimates.

to: Bruce Reed
 fr: Linda Moore

Too little, too slow

WR WISC

Clinton's welfare reform initiative must be bolder, state official says

THE MILWAUKEE JOURNAL
 Sunday, May 1, 1994

By DAVE DALEY
 Journal Madison Bureau

Madison, Wis. — Gerald Whitburn, the point man for Gov. Tommy G. Thompson's welfare initiatives, knocks President Clinton's proposed reforms as lacking boldness and for not moving recipients off the welfare dole quickly enough.



WHITBURN

Whitburn, who as secretary of the state Health and Social Services Department has shepherded Thompson's welfare reform initiatives the past four years, says Clinton gets a B for effort, but a D for performance.

"The reality facing the president is that he's brought very high expectations to end welfare as we know it — and this plan comes up short," Whitburn said.

Whitburn serves on two national welfare reform groups and has discussed key elements of the Clinton plan with top administration officials in recent weeks.

The core of the plan is to end welfare cash benefits after two years — a crucial element to breaking the welfare cycle that has generation after generation of families dependent on the welfare dole, Whitburn says.

But he says that good start is immediately ripped apart with huge loopholes: Only recipients born in 1972 or later would be required to get off welfare in two years.

"Only one-third of recipients are covered," Whitburn complained. "You don't end welfare as we know it by excluding two-third of the cases. And even by the year 2004, under the Clinton plan 40% of the cases are still exempt."

Thompson's Work Not Welfare program, his biggest welfare initiative, also intends to end cash benefits for welfare recipients after two years. It will be launched on an experimental ba-

sis in two counties starting next January.

Thompson has not said whether he plans to expand the program to include everybody, but he is facing a 1999 deadline for replacing the entire welfare system with something new. The deadline was included in a Democratic-sponsored welfare reform plan signed by Thompson last fall.

SUBSIDIZED WORK

Whitburn also says the provisions in Clinton's plan requiring welfare recipients to find work after two years are too loose.

Thompson's Work Not Welfare provides recipients with a government job after two years only as a last resort, he says.

But the Clinton plan allows a whole range of jobs for those unable to find one after two years: subsidized private sector and not-for-profit jobs, positions in public sector agencies, community service project jobs such as health aides in clinics in under-served communities, and even financial incentives for employers to hire welfare recipients.

"It really doesn't ensure that welfare ends," Whitburn said. "If recipients claim they can't find a job, they are given a job. It goes on and on. The work program never ends. And it becomes another form of handout if the option is to continue on and on."

Whitburn says Thompson deserves credit for a good share of the concepts embodied in Clinton's major attempt to reform the nation's unwieldy, outdated welfare system.

"Tommy Thompson's tracks are all over this," Whitburn said.

"There is not any question that Thompson administration initiatives over the last half-dozen years have served as a catalyst for much of the plan," he says.

The Clinton proposal will allow states to experiment with reforms such as Thompson's Learnfare initiative.

Thompson's first welfare reform, Learnfare, was launched in 1988. It docks the checks of welfare families whose kids skip too much school.

JOHN O. NORQUIST
MAYOR



OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

FACSIMILE COVER SHEET

WR-Wise.

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MESSAGE

*Keep your eyes on
Wisconsin for '96. Our
Mayor is the only elected
official to counter this
unfettered politics.*

Timon

Chicago Tribune Magazine
APRIL 10, 1994

Wisconsin's BIG CHEESE

*Can Gov. Tommy Thompson
ride welfare reform into the
White House?*

BY ROGERS WORTHINGTON • PHOTOS BY STEVE KAGAN

IT IS HIS THIRD SPEECH OF THE DAY, AND TOMMY THOMPSON is in high gear. "Look at New York City," he tells a ballroom full of veterans, their overseas caps sagging with medals.

"Have you ever seen anyone smile in New York City?" A few shake their heads. "And Washington D.C.—Disneyland East—you can't walk out on the streets for fear of bein' mugged."

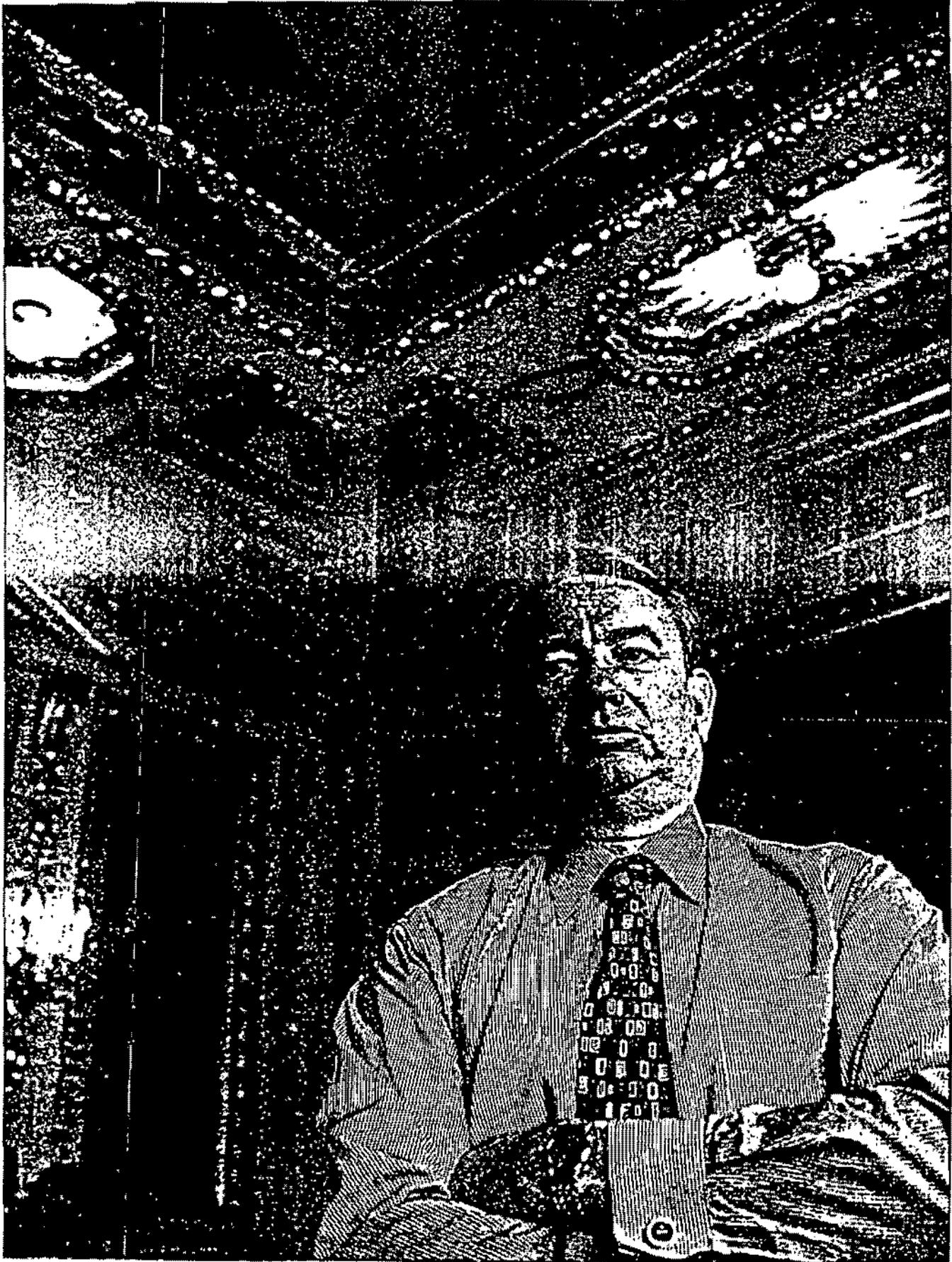
Ah, but Wisconsin. . . . He eases deeper into his booster mode, ticking off one recent Wisconsin glory after another. They range from Isuzu's decision to build trucks at GM's Janesville plant to the Badgers' Rose Bowl victory. Another week and he could have added Dan Jansen's Olympic gold medal, as if preordained by the heavens.

"Let's face it," he says, using a stock line that by now his staffers can lip-sync. "It's hard to be humble when you're from Wisconsin."

The vets love it. A few minutes later they give him a standing

Thompson in the
Governor's
Conference Room:
A can-do
conservative.

(Continued on page 10)



Thompson

Continued

ovation. He grins broadly, knowing it's not just for the speech, which is this week's boilerplate boosterism with a few vets facts thrown in. It's for him, Tommy, the small-town, can-do conservative from Elroy, Wis., who talks the talk, walks the walk, works hard, doesn't raise taxes and is now the state's longest-serving and possibly most popular governor, poised to run for an unprecedented third term in November.

Thompson is a man of subtle contradictions. He's a conservative who considers himself a populist, a Republican who is compared to long-departed Democrats; a masterly politician who at most every step of his 23-year political career has been underestimated. He has a strong drive for self-improvement and statesmanlike urbanity, yet he clings to his roots in Elroy (pop. 1,652) as though it were the mother lode of good political fortune.

He is a man who gives all appearances of relishing the governorship as if it were the pinnacle of his life, and yet just beneath the surface, there is the restless, competitive striver looking for another mountain to climb. After spending most of his adult working life beneath the capitol dome in Madison, Tommy Thompson could very well be a candidate for the nation's highest office.

"Because he has made a name for himself, Thompson is one of a number of guys out there who have to be taken seriously if he decides to run," says Lyn Nofziger, a conservative Republican political consultant in Washington, D.C.

He made that name by being a welfare reformer and, to a lesser extent, something of an educational reformer. He pushed through the nation's first private-school choice program. More recently he has put in place a school apprenticeship-to-work program for students who are not college-bound.

But welfare reform—making welfare "more like the real world"—has been his main focus. No sooner had he taken office in 1987 than he began cutting benefits and seeking waivers from federal rules governing use of welfare funds. First, he expanded the state's ongoing "Workfare"—job training and placement—program for welfare recipients.

Then there was "Learnfare," which took aim at cutting the poverty cycle by imposing sanctions on a household's welfare benefits if a child failed to attend school regularly.

Next came "Bridelfare." Set to begin in July, it is a pilot program that aims to remove any disincentives that prevent young couples from marrying, seeking work or completing school. The program would

Rogers Worthington is a Tribune national correspondent based in Milwaukee. Steve Kagan is a free-lance photographer.



Mr. Work Ethic: Thompson tends to some paperwork (and a cheeseburger) during a short flight to Necedah for a county supervisor's retirement party.

also cap benefits for additional births, adding only \$38 for a second child and nothing for additional children. Pending legislation would grant no benefits for additional children.

Also to begin in July is Thompson's two-tier welfare experiment, which is aimed at reducing the number of people who are believed to come to Wisconsin from Illinois and other states for its higher AFDC (Aid For Dependent Children) benefits. New arrivals would continue to receive the benefit levels of their state of origin for six months.

Finally, there is Work Not Welfare, a two-county pilot project to begin next January. It will require new AFDC recipients to work at private-sector jobs or train for work within 30 days of applying. Although food stamps and child care would continue for an additional year, all cash benefits would end after two years, a requirement critics have called draconian.

"I want to go to the chambers of commerce and the manufacturing association and say, 'We want you to hire so many people off AFDC and give them a chance. I may give them a tax credit to do that. But I don't want to set up what Clinton's people are talking about, which is just a bunch of government jobs, another form of welfare.'"

How good Thompson looks in 1996, when Republicans select their national candidates, may well depend on how "alive" he can keep his image as a welfare reformer.

"If he expects to be in the forefront, he will need to continue to aggressively promote and expand his initiatives," says Robert Rector, a public-policy analyst at the conservative Heritage Foundation.

Just as he feels he most outdo his impressive 1990 victory of 58 percent

this November to be viable potent in 1996, he must now outdo his own welfare reforms. He must climb another mountain. His advantage is that Wisconsin is the only state that has outlawed the current welfare system by 1999. The state must devise a replacement. So, at age 62, Tommy Thompson is thrust into the odd position of having to compete against himself.

TOMMY THOMPSON CAME TO welfare reform as naturally as a bee to a ripening flower. Working hard was something he learned in Elroy at his father's grocery store.

"Allen [Thompson] was from the old school. He believed that Tommy and the other two boys should pull their own weight," says Tilmer Rankin, a retired postal worker and Elroy's unofficial historian.

Elroy is an undistinguished little town northwest of the Wisconsin Dells in Juneau County. Thompson grew up there, opened his law practice (when the legislature was not in session) and raised his three children there. His wife Sus Ann, a former nun, still lives and works there as a schoolteacher.

Thompson is loyal, associates say, almost to a fault. As the somewhat shy, second eldest of four children, he learned many of his basic conservative values and his sense of loyalty in Elroy from his father, a non-partisan Juneau County board member and former schoolteacher as well as a grocer.

"Tommy probably watched him in action, shaking hands and meeting people," says Juliann Martin, the governor's only sister and firstborn of the family. "He was on the county road and bridge committee. On Sun-

days we would go out as a family and look at roads."

At 17 he arrived at the University of Wisconsin in Madison, some 85 miles to the south. It was well before anti-war sentiment turned the campus into an emotional cauldron. But it was already a school popular with out-of-state students, especially New Yorkers. When he got there, Thompson said he assumed he, like his mother, was a Democrat.

"But at Madison they were all so liberal that, being the rebellious sort, I sort of stood up and said, 'I like the contrary point of view.' I did it more or less to be different from the majority on the campus."

His contrariness did not end there. While still in college, he went to Washington and served as a congressional intern. It was the peak of the Kennedy years, with Jack at the White House and Bobby at Justice and much of young America enamored of them and the New Frontier spirit of public service they promoted.

But Thompson's admiration was for Barry Goldwater. It came from reading the Arizona Republican's "Conscience of a Conservative," in which he found many of his father's small-town conservative values.

So Tommy Thompson, a half-Irish all-Catholic kid from Wisconsin, became a Goldwater conservative. He organized the first University of Wisconsin/Madison chapter in support of the senator.

It has taken him 28 years to move closer to the center.

"He's become a little more patient of differing points of view," says U.S. Rep. Thomas Petri (R-Wis.), who represents Thompson's home district. "He has a much broader cor-

(Continued on page 1.)

Thompson

Continued

stituency now, and he's learned a lot over the years."

Back in 1988, no one expected a conservative to triumph as governor of so dovish a state. Wisconsin is the birthplace of the Progressive Party, whose 1924 presidential candidate Robert La Follette won the second-best showing by a third-party candidate this century: 13 percent. (Ross Perot was first at 19 percent in 1992.)

When he ran for governor, Thompson was just emerging from 14 years as a strident, volatile Republican floor leader in the Assembly who championed conservative "anti" positions on everything from abortion to auto seat belts.

None of the capital correspondents picked him as the likely victor in the 1986 race against one-term liberal Democratic incumbent Anthony Earl.

It wasn't the first time Thompson had been underestimated. At age 24, when he graduated from law school and won election to the Assembly, it was because the seven-term incumbent from his home district seat miscalculated how hard he would work and went on a cruise.

"He thought I wasn't serious about running," says Thompson, who knocked on doors, dropped in at picnics, weddings, church gatherings, campaigned door-to-door and bought rounds of drinks during daytime visits to town bars.

WHILE OUTSIDE WISCONSIN Thompson's reputation rests on welfare reform, his popularity at home may have more to do with his image of leading the state out of the economic doldrums of the late 1980s. There have been 367,000 new jobs created since January 1987, compared to a net gain of only 65,000 for the previous seven years. At 4.5 percent, Wisconsin is among the five lowest states in the nation for joblessness.

In January a Milwaukee Journal poll gave Thompson a 75 percent job approval rating, a two-point increase over his 1993 figure. And the 1993 rating, according to a compilation of state polls by State Policy Reports, a Virginia-based newsletter, placed Thompson first among the nation's governors in job approval.

He throws a good part of his energies into keeping up good constituent relations. In a good week he'll speak before at least a half-dozen gatherings such as the veterans.

Staffers say he reads the obituary and anniversary notices in state newspapers every day, pausing for names he recognizes, especially of those who have helped him along the way.

"All of government stops if someone he knows has died," says Scott Jensen, a Republican assemblyman and a former Thompson chief of staff. "It doesn't matter how important—he changes plans and goes to the funeral or calls the family."



Thompson in his office with Mrs. Wisconsin, Janina Dougherty, and family.

In his luncheon and dinner speeches, Thompson seldom fails to mention Elroy. He makes use of the town's name as both a political touchstone with the state's rural population and a running joke with everyone else. Other towns and cities, if they are anywhere in west central Wisconsin, are routinely described as "suburbs of metropolitan Elroy."

"A professor once said to me that Tommy is the bartender's governor. I thought, 'Damn, that's not a bad description,'" says Art Erb, the Associated Press correspondent in Madison.

Political scientist Charles Jones sees Thompson's relaxed "just a guy from Elroy" mannerisms as part of the working portfolio of an instinctive politician.

"You think, 'How much can this guy really know?'" says Jones, a former University of Wisconsin professor and now a fellow at the Brookings Institution. "But he is extremely shrewd. He has such a sense of how and when to move on issues and what's going to split the Democrats and unite the Republicans. It's fun to watch a guy like that work."

Ironically, it is not Republican but Democratic politicians to whom Thompson is most often compared. Some have likened him to Harry Truman for his simple and direct manner. Others see in him the style of the first Mayor Daley and Lyndon Baines Johnson, particularly for his assured mastery of the legislative process.

Still others say he's just a guy from Elroy who knows how to get elected—and leaves nothing to chance in doing it.

Thompson does not plan on being underestimated or taking any chances next November. His campaign chest already holds well over

\$3 million, about what he spent in '90, and he has set a goal of \$5 million.

The Democrats are already cataloging the issues they may raise, such as, according to Common Cause, an un-Wisconsin-like relationship between Thompson's campaign contributions and public policy and a spate of nepotism and ill-adviced appointments of cronies and loyal supporters who bungled things or were accused of misconduct.

"There have been 50 embarrassing one-day stories about Tommy over appointments and campaign contributions, but nobody can get them to be two-day or three-day stories," says Bill Dixon, who served as chief counsel to former Gov. Patrick J. Lucey, a Democrat.

HOW HIS WELFARE REFORMS will fare as an Election Day issue and political capital in 1996 remains to be seen. Democrats accuse him of only "inkering" with the system. But some of his reform efforts have won unqualified praise, such as his one-year extension on health-care benefits for families who leave AFDC. He also won an exemption for AFDC recipients from a \$1,000 asset-limitation rule. Then there is Children First, a pilot study that requires unemployed non-custodial fathers who fail to meet child-support payments to undergo job training.

It will be a while before the jury comes in on Work Not Welfare and Bridesare.

Learnfare, however, has drawn sharp criticism as well as praise. Thompson calls it "tough love." Critics call it punitive and say it empowered errant teenagers over their mothers and imposed hardship on

entire families.

A 1992 study commissioned by the state and done by the University of Wisconsin/Milwaukee's Employment and Training Institute, concluded that attendance and dropout rates in Milwaukee schools were unaffected by the program, and that record-keeping was a mess.

Some academicians say the study used data that was too flawed to produce reliable conclusions. In any case, the Thompson administration claims the study is outdated; that their records now show that 97 percent of teens subject to Learnfare compiled in keeping up school attendance in 1992 and 1993, and that record-keeping has been improved.

But how effective have Thompson's welfare reforms been overall?

Tommy brags to the media about reducing welfare rolls when Wisconsin can boast the No. 1 child-poverty rate (in the nation) for Asian children and (the second highest for) black children. Shame on him," says Hannah Rosenthal, current chairman of the Wisconsin Democratic party. Rosenthal was referring to a recent report by the Wisconsin Council on Children and Families that showed child poverty in Wisconsin increased 35.5 percent between 1980 and 1990.

Wisconsin has averaged one of the nation's highest levels of participation in job-training programs by AFDC recipients. And the state has experienced the nation's largest decrease in AFDC caseloads—17 percent—between 1987 and 1993.

But a state-commissioned study last September found that reductions in the state's AFDC caseload could not be attributed to welfare reforms. The reason: An improved economy and a big drop in unemployment preceded the caseload decline.

Economic outcome for the state's

treasury also improved. Because Wisconsin contended its programs reduced the AFDC caseload by 17 percent, it also asserted that it saved the federal government \$300 million in AFDC benefits. The Bush administration agreed, and split the savings, sending the state \$148.4 million shortly before it exited the White House.

GEORGE BUSH CONSIDERED Thompson one of his favorite governors, and it was widely rumored that Thompson was a strong candidate for a cabinet position had Bush been re-elected.

At the 1992 Republican convention in Houston that nominated Bush, Thompson spent hours on the floor meeting with candidates, leaving a strong impression on some observers as an adroit politician.

Although he is generally considered to have blown his convention speech, in another speech about his welfare reforms shortly before the convention began, Thompson wowed an audience of conservatives at a gathering of the party's Council for National Policy.

That Thompson was speaking to the influential forum was a sign of interest in higher office, says Paul Weyrich, president of the Free Congress Foundation, a conservative public-policy organization in Washington.

Thompson also has heightened his national image through his activity with the National Governors Association and the Republican Governors Association, of which he was chairman in 1991.

"His instincts are on the money. He understands elective politics as well as policy. . . people, as well as what it takes to get elected. It's rare when you can find that combination," says Chris Henick, director of the Republican Governors Association.

Thompson, however, hasn't impressed everyone. Earlier this year, writing about Republican governors and the 1996 Republican presidential field, Washington political columnist David Broder relegated Thompson to the status of running mate. Broder dismissed Thompson, along with Ohio Gov. George Voinovich, as not radiating "the energy and glamor that stir presidential talk."

Those who know Thompson say Broder is wrong about the energy—big time.

Meanwhile, his personal trainer is getting him in shape for a climb of Mt. Rainier.

What happens later, however—after Mt. Rainier and after the governor's race—is the bigger question.

"He's either going to run [for higher office] or go thud. I don't think there is a half way for him," says Todd Robert Murphy, a Milwaukee political consultant and advertising executive.

"Nationally, either he will build on this and sustain it . . . or his national aspirations will go pffffffttttt." ■

JOHN O. NORQUIST
MAYOR



OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

WR-WISC.

FAX TRANSMITTAL SHEET

DATE: February 25, 1994
PLEASE DELIVER TO: Bruce Reed
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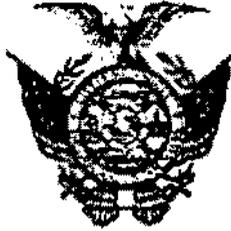
MESSAGE:

Bruce, attached are the proposals I sent to you earlier.

While these proposals call for repealing the entire welfare system, it would also work to repeal just AFDC and Food Stamps and use the funds to implement a work-based alternative.

Let me know if I can help.

JOHN O. NORQUIST
MAYOR



OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

January 6, 1994

Mr. Bruce Reed
Executive Office of the President
White House Offices
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. ~~Reed~~: *Brux*

When we met last month during the Welfare Reform Task Force's meeting with state and local government representatives, you asked for proposals showing how Mayor Norquist's recommendation to President Clinton--to eliminate the welfare system entirely by 1996 and replace it with a work-based alternative--could be implemented.

Attached are two drafts that indicate how the Mayor's proposal to the President might be carried out.

The first draft, Attachment A, calls for enacting a federal law that would:

- Repeal the entire welfare system by July 1, 1996;
- Authorize states to implement a "Work Connection System" that (while providing those who truly cannot work with cash) offers the great majority of the poor help in getting and sustaining private sector employment; and
- Make available to the states, as a match for the amount they previously contributed to the welfare system, a federal payment equal to what they were paid under the welfare system.

The second draft, Attachment B, takes a more modest approach. Rather than repeal the entire federal welfare system and replace it across the country with a new work-based alternative, it lets individual states opt out of the welfare system and put in place the same work-based approach described above.

Page 2
January 6, 1994

Neither of these proposals imposes a two-year limit. Welfare would be eliminated immediately, and the work-based alternative would be available immediately. If you feel you need to incorporate some sort of two-year limit, I believe that the best approach is to allow persons who are engaged in community service employment (because of their inability to find private sector jobs after an intensive search) to replace a portion of such work with education and training...but only for up to two years.

I also wish to note that both proposals are designed to be revenue-neutral.

Both proposals do not address the issues of earnings supplementation, child support, or health care. It is assumed that:

- Earnings supplementation can best be handled by making further changes in the federal EIC;
- Child support can also best be dealt with through the tax system; and
- Health care will be provided as part of President Clinton's National Health Insurance Plan.

Finally, in case you don't have it readily available, I am enclosing as Attachment C another copy of Mayor Norquist's letter of December 13, 1993, to President Clinton.

I hope the attached material is helpful to you in crafting federal welfare reform legislation that responds to Mayor Norquist's request in the context of fulfilling President Clinton's commitment to "end welfare as we know it."

Please feel free to call me at (414) 286-8577 if you have any questions. I would also appreciate you letting me know your reaction.

Sincerely,



David R. Riemer
Chief of Staff

ATTACHMENT A

NATIONWIDE WELFARE REPLACEMENT

NATIONAL WELFARE REPLACEMENT ACT OF 1994

Section 1. REPEAL OF THE CURRENT WELFARE SYSTEM.

The following federal welfare programs are repealed, effective July 1, 1996:

- a. AFDC;
- b. Food Stamps;
- c. School Breakfast;
- d. School Lunch;
- e. Other nutrition programs;
- f. Child care programs (other than Head Start); and
- g. Subsidized and public housing.

Section 2. CREATION OF STATE WORK CONNECTION SYSTEM.

Each state may implement a Work Connection System, effective July 1, 1996, that offers all of the following:

- a. Offers income to any unemployed low-income adult resident who, by reason of physical or mental disability, is unable to work;
- b. Offers assistance in securing private-sector employment to any unemployed low-income adult resident who is able to work;
- c. Offers community service employment to any unemployed low-income adult resident who is able to work but has been unable to obtain private-sector employment after an intensive job search; and
- d. Offers child care to any low-income adult resident who requires child care in order to seek or obtain work.

Section 3. OFFER OF INCOME TO UNEMPLOYED LOW-INCOME ADULT RESIDENTS WHO ARE UNABLE TO WORK.

Each state, in implementing the offer made pursuant to Section 2(a), shall:

- a. Ensure that no low-income adult resident who is eligible for Social Security Disability or Supplemental Security Income is offered income under Section 2(a);

b. Establish and enforce reasonable and consistent definitions of inability to work by reason of physical or mental disability;

c. Establish and enforce reasonable and consistent standards for reviewing, and either approving or rejecting, applications for income due to inability to work by reason of physical or mental disability; and

d. Establish and enforce reasonable and consistent standards for allowing low-income adult residents whose applications for income have been rejected pursuant to subsection c. to appeal the rejection and have their appeals considered in a prompt and impartial manner.

Section 4. OFFER OF ASSISTANCE IN SECURING PRIVATE-SECTOR EMPLOYMENT TO UNEMPLOYED LOW-INCOME ADULT RESIDENTS WHO ARE ABLE TO WORK

Each state, in implementing the offer made pursuant to Section 2(b), shall:

a. Assist any low-income adult resident who is able to work to obtain up to 40 hours of private-sector employment per week; and

b. Evaluate the effectiveness of the assistance provided pursuant to subsection a., as well as all other training and placement efforts in the state, in helping their participants to obtain private-sector employment that is full-time, lasts for at least two years or more, and pays at least \$7.00 per hour.

Section 5. OFFER OF COMMUNITY SERVICE EMPLOYMENT TO UNEMPLOYED LOW-INCOME ADULT RESIDENTS WHO CAN WORK BUT HAVE BEEN UNABLE TO OBTAIN PRIVATE-SECTOR EMPLOYMENT.

Each state, in implementing the offer made pursuant to Section 2(c), shall:

a. Offer a community service job to any low-income adult who is able to work but who has been unable to obtain 30 hours per week of private-sector employment (averaged over a 6-week period) after a job search of between 6-8 weeks; and

b. Assure that each community service job offered shall:

(i) Provide enough hours of community service employment to bring the low-income adult resident's total hours of work (i.e., community service employment plus private sector employment) to an acceptable number of hours of work per week (but no more than 30 hours of work per week);

- (ii) Pay exactly the federal minimum wage;
- (iii) Last for no more than 26 weeks per year;
- (iv) Be subject to the same rules of dismissal and discipline as a regular private-sector job;
- (v) Produce real benefits for the local community in areas such as public safety, environmental improvement, housing, child care, education, recreation, and culture; and
- (vi) Not result in the displacement of any private-sector or government employee, and not substitute for any private-sector or government job.

Section 6. OFFER OF CHILD CARE TO LOW-INCOME ADULT RESIDENTS WHO REQUIRE CHILD CARE IN ORDER TO SEEK OR OBTAIN EMPLOYMENT.

Each state, in implementing the offer made pursuant to Section 2(d), shall:

- a. Sell child care vouchers to low-income adult residents who are seeking employment or holding jobs based on an income-adjusted sliding fee scale; and
- b. Ensure that the vouchers sold pursuant to subsection a. are redeemed by certified child care providers.

Section 7. PROVISION OF FEDERAL FUNDS.

Each state implementing a Work Connection System that invests in the system an amount equal to the state's match, during the period July 1, 1995 through June 30, 1996, for the federal welfare programs listed in Section 1 shall be paid by the Secretary:

- a. For the purpose of implementing the Work Connection Program during the period July 1, 1996 through June 30, 1997, a federal payment equal to the sum of the federal payments made to the state for the period July 1, 1995 through June 30, 1996, under the federal welfare programs repealed pursuant to Section 1; and
- b. For the purpose of implementing the Work Connection Program during each subsequent year, a federal payment equal to the payment made to the state under subsection a. multiplied times the increase in the Consumer Price Index.

Section 8. DEFINITIONS.

For the purposes of this Act:

a. "Adult" means a person who is:

(i) At least 18 years of age if the person has graduated from high school but no more than 64 years of age, or

(ii) At least 21 years of age if the person has not graduated from high school but no more than 64 years of age;

b. "Resident" means a citizen of the United States who has established legal residence in a state;

c. "Low income" means:

(i) For the purpose of the offers made pursuant to Sections 2(a) and (c), an income of less than the federal poverty line, and

(ii) For the purpose of the offers made pursuant to Section 2(b) and (d), an income of less than 200% of the federal poverty line;

d. "Private-sector" means private for-profit, private non-profit, or regular government;

e. "State" means each of the 50 states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, etc.;

f. "Secretary" means the Secretary of the Treasury.

ATTACHMENT B

STATE AUTHORITY TO REPLACE WELFARE

STATE WELFARE REPLACEMENT ACT OF 1994

Section 1. ENDING OF PARTICIPATION IN THE WELFARE SYSTEM.

a. Any state that enacts legislation that ends its participation in the federal welfare programs listed in subsection (b) and implements a Work Connection System in the manner set forth in Sections 2 through 8 shall receive a federal payment as provided in Section 7.

b. A state may decide to end its participation in the following federal welfare programs, effective July 1, 1996:

- a. AFDC;
- b. Food Stamps;
- c. School Breakfast;
- d. School Lunch;
- e. Other nutrition programs;
- f. Child care programs (other than Head Start); and
- g. Subsidized and public housing.

Section 2. CREATION OF STATE WORK CONNECTION SYSTEM.

Each state may, in lieu of participating in the federal welfare programs listed in Section 1(a), implement a Work Connection System, effective July 1, 1996, that offers all of the following:

- a. Offers income to any unemployed low-income adult resident who, by reason of physical or mental disability, is unable to work;
- b. Offers assistance in securing private-sector employment to any unemployed low-income adult resident who is able to work;
- c. Offers community service employment to any unemployed low-income adult resident who is able to work but has been unable to obtain private-sector employment after an intensive job search; and
- d. Offers child care to any low-income adult resident who requires child care in order to seek or obtain work.

Section 3. OFFER OF INCOME TO UNEMPLOYED LOW-INCOME ADULT RESIDENTS WHO ARE UNABLE TO WORK.

Each state, in implementing the offer made pursuant to Section 2(a), shall:

- a. Ensure that no low-income adult resident who is eligible for Social Security Disability or Supplemental Security Income is offered income under Section 2(a);
- b. Establish and enforce reasonable and consistent definitions of inability to work by reason of physical or mental disability;
- c. Establish and enforce reasonable and consistent standards for reviewing, and either approving or rejecting, applications for income due to inability to work by reason of physical or mental disability; and
- d. Establish and enforce reasonable and consistent standards for allowing low-income adult residents whose applications for income have been rejected pursuant to subsection c. to appeal the rejection and have their appeals considered in a prompt and impartial manner.

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- a. Assist any low-income adult resident who is able to work to obtain up to 40 hours of private-sector employment per week; and
- b. Evaluate the effectiveness of the assistance provided pursuant to subsection a., as well as all other training and placement efforts in the state, in helping their participants to obtain private-sector employment that is full-time, lasts for at least two years or more, and pays at least \$7.00 per hour.

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f. "Secretary" means the Secretary of the Treasury.

ATTACHMENT C

JOHN O. NORQUIST
MAYOR



OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

December 13, 1993

President Bill Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

The welfare system in the United States is a failure. You have called for "ending welfare as we know it." I believe that the best way to do this is to eliminate welfare altogether.

Wisconsin is showing the way. A new state law—initiated by the Democratic majority in our state Assembly, concurred in by the Republican-controlled state Senate, and recently signed by the Governor—will end the welfare system in Wisconsin by 1999. The legislation anticipates replacing welfare with a work-based alternative.

I urge you to follow Wisconsin's lead as you design the plan you will send to Congress next year. Rather than attempt to reform the welfare system; rather than preserve welfare in a truncated form; you should ask Congress to eliminate welfare entirely by 1996.

What should replace welfare? The federal law you propose to repeal AFDC, Food Stamps, public housing, and other failed anti-poverty programs by 1996 should reallocate the federal funds now spent on those programs—plus any state match—to a new federal offer to low-income persons that is based primarily on work. This new effort would do the following:

- Low-income persons over 18 who truly cannot work would get cash and health care.
- Low-income persons over 18 who can work, but are unemployed, would be helped in getting private sector employment through performance-based placement agencies. To the extent they cannot get private sector employment after an extensive search, they would be offered minimum wage, less-than-full-time, limited-term community service jobs, performing work that the public values.
- Low-income workers would be given additional earnings supplements, if needed, to get them above the poverty line. They would also get child care based upon ability to pay.
- Low-income persons, like everyone else, would have health insurance per your national health insurance plan.

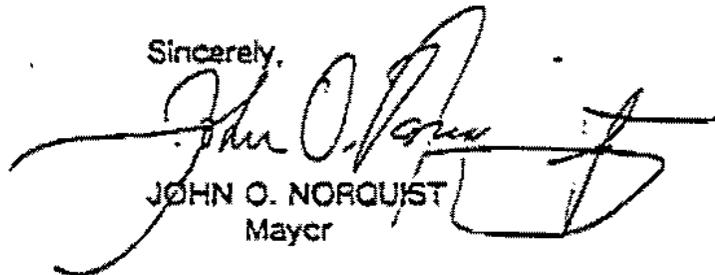
Page 2
December 13, 1993

This proposal calls for spending the same or fewer federal dollars than are now being spent. There would be no increase in federal spending, and no need to raise federal taxes. Eventually, the disparity between poor-person spending among the various states can be corrected. As Congress' support for your proposal to increase the federal EIC shows, the public and elected officials are quite willing to help the poor if the help is linked to the poor's efforts to help themselves through work and if it is part of an overall strategy to lower federal spending.

Ending welfare could be the fourth American Revolution. In 1776, we liberated ourselves from England. In 1863, Lincoln freed the slaves of the Confederacy--and in 1865, all the slaves were freed. In 1964, legal racial discrimination was ended. In 1994, we can liberate America's poor from an oppressive welfare system and help them get what they really want and the rest of us believe in: work. For these reasons, I recommend that you set Independence Day, July 4, 1996, as the date on which America's welfare system comes to an end.

A small cadre of welfare insiders, mostly living inside the Beltway, will resist your efforts to end welfare entirely and replace it with a work-based alternative. But the overwhelming majority of the American people--including welfare recipients, caseworkers, ordinary working people, labor, business, Blacks, Hispanics, and Whites, Americans from every walk of life and every region--will thank you and remember you for your act of liberation.

Sincerely,



JOHN O. NORQUIST
Mayor

cc: Senator Daniel Patrick Moynihan
Senator Herb Kohl
Senator Russell Feingold
Congressman Gerald Kieczka
Congressman Thomas Barrett

Bruce Reed / Kathi Way: fye

On Welfare, Wisconsin Leads, Beltway Straddles

Some things I thought I'd never live to see, but there on NBC the other day was Bill Clinton saying nice things about Charles Murray.

"He did the country a great service," said the president about the social scientist who has diagnosed the corrosive effects of welfare. "I mean, he and I have often disagreed, but I think his analysis is essentially right." Then the president did his by now legendary Clinton straddle, adding, "Now, whether his prescription is right, I question."

This is still progress. Think back 10 years, to when Mr. Murray published "Losing Ground," in which he suggested the abolition of welfare as a "thought experiment." He was pilloried, run out of polite debate. Then, six weeks ago, Mr. Murray updated his argument with an essay on this page, "The Coming White Underclass." He now argues for an end to welfare altogether because by paying single mothers it subsidizes the American social catastrophe of 1.2 million illegitimate births a year.

But this time he has not been banished like an American Salman Rushdie. "The reaction to the Journal piece has been stunning," Mr. Murray says. "I have not received one negative phone call or letter." Pat Moynihan, the Senate's welfare arbiter, has called him. And now even the president is sounding like the two trade phone calls, which they don't.

There is political calculus in all of this by Mr. Clinton, of course. He knows the power of his famous campaign pledge to "end welfare as we know it." His welfare TV ad—"Those Who Are Able Must Go to Work," read its caption—was trotted out every time Candidate Clinton dropped a few points in a state poll. So Mr. Clinton may want to reform welfare less for its own sake than to reassure the voting "middle class" that he isn't just another Robin Hood.

Yet whatever his motive, his approval of Mr. Murray reveals how far the country has moved in the welfare debate. What

Potomac Watch

By Paul A. Gigot

was taboo a few years ago is now common. When Ronald Reagan talked in 1980 about requiring work for welfare, he was derided as cruel; now even liberals talk about work. "National politicians are behind the curve," says Mr. Murray. "They don't realize that this is an issue on which there has been huge public movement."

As is often the case, the debate is more advanced in the states. Especially in Wisconsin, which began this century by leading the "progressive" movement that was a precursor to the welfare state; it could end the century by helping to dismantle it.

Tommy Thompson, a frisky two-term (and likely three-term) GOP governor, opened the bidding by taking Mr. Clinton at his campaign word. He sought a federal waiver to cut off welfare in two state counties after two years—cold turkey. This was an offer Mr. Clinton couldn't easily refuse. Mr. Thompson has built credibility because earlier reforms and a strong economy have cut his state's welfare rolls by 17% in six years; all but two other states have had rising caseloads.

But the political story here is the liberals who didn't bark. The Children's Defense Fund and other welfare activists did try to block the Thompson waiver as too punitive, and Clinton nominees at Health and Human Services also disliked the plan. But they were overruled by the White House. Mr. Thompson brought it up with David Gergen, who was supportive. It was also suggested that if the waiver weren't approved, Mr. Thompson would make a memorable speaker at the National Press Club. After his aides negotiated that Medicaid (but not welfare) could continue for a third year, Mr. Clinton, to his credit, signed off on the waiver.

Back in Wisconsin, meanwhile, Democrats decided that instead of resisting Mr.

Thompson, they'd see and raise him. They proposed to abolish all welfare programs by the end of 1998 and to devise a whole new system by 1995. "I was once on welfare myself," says Antonio Riley, a Milwaukee Democrat who sponsored the bill. "I see every day what this jaiher called welfare is doing to people." He says the Thompson idea didn't go far enough, because it didn't include Milwaukee County, where 50% of the state's welfare cases reside. But Mr. Thompson may now one-up these Democrats himself by signing their bill, using his line-item veto to ensure that he would be the one who designs the new system.



Tommy Thompson

Will Mr. Clinton's welfare proposal be thus radical? Almost certainly not. Washington is still not as progressive as Madison. And despite his praise for Mr. Murray, Mr. Clinton is still reluctant to confront his stern "prescription." Instead of going cold turkey after two years, Mr. Clinton told Newsweek, "we're probably going to have some sort of publicly funded jobs program" for people. But Gov. Thompson calls this "just another form of welfare," a make-work-job instead of a check.

Moreover, adds Mr. Murray, the state would still be subsidizing illegitimacy. "Nobody wants to talk about stacks," he says, only carrots. Yet only with both sanction and reward can a society hope to change the destructive sexual behavior that has produced 68% illegitimacy among blacks, 22% and rising fast for whites, and the social breakdown that follows. The only way to really end welfare as we know it, in other words, is simply to end it.

RECEIVED
12/10/93

Marjorie's Misdirected Meeting

THE PRESIDENT HAS SEEN

This Monday Bill Clinton will attend an "entitlement summit" in the suburban Philadelphia district of freshman Rep. Marjorie Margolies-Mezvinsky. Ms. Margolies-Mezvinsky, recall, earned 15 minutes of national fame for being almost dragged down the aisle to cast the deciding vote in favor of Mr. Clinton's \$250 billion tax increase. The summit is one of the deals he cut to "win" his budget vote. And boy, what a deal it is.

The early evidence is that the White House will use this thing to sell its health-care plan, which of course is chock-full of new entitlements. As for Rep. Margolies-Mezvinsky, she's been dealing "a high profile role" to various groups if they contribute to what amounts to a \$500,000 image-building program in her district.

Rob McCord, Mrs. Margolies-Mezvinsky's 1992 campaign treasurer, sent out letters alerting corporations and foundations that "we are planning to give supporters the opportunity to participate directly in a panel discussion during the conference." Among those who ponied up \$25,000 are AT&T, Merck, and General Motors Foundation. Others declined, noting that much of the

money would be spent on polls and promoting future meetings in an election year. Lawrence Smedley of the National Council of Senior Citizens told the Washington Post that "the not-so-subtle message of the letter and phone calls was that if you pay, you play."

Embarrassed (a little, anyway), the White House has announced that President Clinton will still attend, but he won't appear on any panel that includes groups that bankrolled the summit. But the meeting's "entitlements" cover has been blown. Much of it will be dominated by cheering for Clinton health and job-training initiatives. Moreover, attendance is limited to carefully invited guests. Any questions will be pre-screened.

Mysteriously adding legitimacy to the proceedings will be GOP Senator John Danforth and former GOP Governor Tom Kean of New Jersey.

It's what Daniel Boorstin years ago described as a "pseudo event."



Mrs. M. Mezvinsky

THE WALL STREET JOURNAL FRIDAY, DECEMBER 10, 1993

12/10/93

WFL-WISC.

JOHN O. NORQUIST
MAYOR



~~WR - Books~~
OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

WR -
Milwaukee

December 13, 1993

President Bill Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

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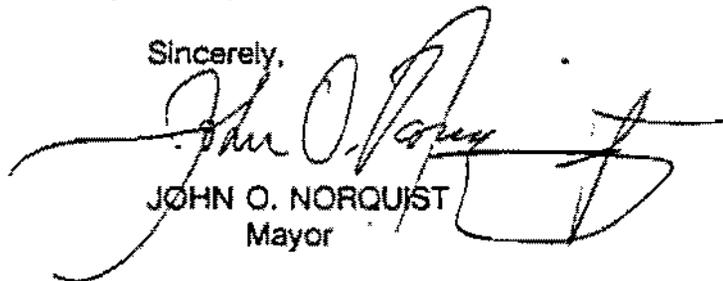
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Sincerely,



JOHN O. NORQUIST
Mayor

cc: Senator Daniel Patrick Moynihan
Senator Herb Kohl
Senator Russell Feingold
Congressman Gerald Kieczka
Congressman Thomas Barrett

JOHN O. NORQUIST
MAYOR



OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

FACSIMILE COVER SHEET

*WR -
Wise*

DATE: November 16, 1993

PLEASE DELIVER TO: Bruce Reed
The White House

FROM: David Riemer

NUMBER OF PAGES INCLUDING COVER SHEET: 5

IF YOU HAVE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL
(414) 278-2200.

MAYOR'S OFFICE FAX NUMBER IS (414) 278-3191

MESSAGE

It looks as if Governor Thompson is leaning towards signing the Democrat-sponsored plan to abolish welfare in Wisconsin by 1999 and replace it with a work-based alternative.

Attached are: 1) a Milwaukee Journal front page story on this matter; and 2) excerpts from the legislation now before the Governor.

For more information, call me at 414-286-8577.

Milwaukee

THE JOURNAL

Monday
November 15, 1993Latest
Edition -- 11

Will Thompson blink on welfare gambit?

The long saga of welfare reform in Wisconsin could soon be taking a bizarre and dramatic turn.

Why? Because Gov. Tommy G.

Thompson has been given the unprecedented authority to eliminate the state's welfare system — by his political enemies.

And the governor, to the surprise of some, just may take advantage of the opportunity offered by the Democrats.

In Milwaukee Monday morning, Thompson said he was leaning toward signing the bill passed by Assembly Democrats that would abolish welfare in Wisconsin by 1999.

At a bill signing ceremony at the Milwaukee Public Schools Administration Building, Thompson said he intended to study the bill and meet with its sponsors before making a final decision to endorse it. Should he do so, Wisconsin would be the first state in the country to throw out its welfare system wholesale.

"I'm not saying right now I'm going to sign it, but I'm inclined to. I'm leaning that way,"

Thompson said. "This gives us the opportunity to rebuild. What we're trying to do is give people a system that rewards work."

The sweeping provision was approved when Democrats added it to Thompson's Work Not Welfare program, an experiment with limiting the time recipients can spend on AFDC. The provision is known as "the repealer."



**CRAIG
GILBERT**
On Politics

"The repealer abolishes welfare in Wisconsin — general assistance, Aid to Families with Dependent Children, food stamps for welfare recipients — effective at the beginning of 1999. It doesn't say exactly what should take its place, but it offers a timetable for designing an alternative.

In one of the stranger debates the Legislature has had, Republicans in the Assembly found themselves voting against a Democratic plan to eliminate a welfare system the Republicans don't like.

"It was a stunt. The Democrats were trying to desperately show their anti-welfare machismo by trumping the governor," GOP Minority Leader David Prosser said in an interview Friday. "I am the Republican leader, and I got up and said it would be irresponsible to do this."

"After all, how can you eradicate the welfare system without knowing what you're going to replace it with? All signs pointed toward a veto by Thompson.

Except Thompson had gotten to thinking.

"The governor is seriously considering signing it," his spokesman, Mark Liedl, said Friday.

"It was all [about] one-upping the governor politically," Liedl said of the Democratic plan.

"Let's make him uncomfortable. But by doing so, they've given us an opportunity."

"It's a question of can we reasonably do this, responsibly decide we are going to totally abol-

ish welfare and come up with a system that's better?"

The only problem with scuttling welfare is nobody agrees on the next step. Democrats disagree with Republicans. Democrats disagree with Democrats. Some Democrats favor a system where you force virtually everyone on welfare to work, and offer community service jobs to those who can't find them in the private sector.

That sounds good, but it's expensive.

It's not clear what Thompson's version of life after welfare would be.

But Liedl said one candidate for a substitute for the current welfare system would be an expanded version of Work Not Welfare, the experimental program that will limit AFDC recipients to two years of welfare payments in two test counties.

The Clinton administration has approved the test program and would have to approve any future changes.

Thompson himself gave no specifics Monday. He said any reform would likely continue along the lines of requiring recipients of state aid to work for it. Thompson said action would allow the state to begin replacing a system that was not working.

It sounds like a pretty good game of chicken. Democrats trick Assembly Republicans into defending the welfare system. Now Thompson's in the same pickle, but he says, "Maybe I'll call your bluff."

Thompson is expected to announce his veto decisions within a few weeks.

Assembly Democrat Shirley Krug, one of the architects of the repealer strategy, admits some Democrats backed it to put Thompson on the spot. But she says others view it as the only way to force the radical overhaul they think welfare needs.

... "This is the best Christmas present he's ever gotten," Krug says of Thompson.

"We're the only Legislature in the country that's proposed

abolishing the most hated government program in history. He has two choices. He can look a gift horse in the mouth and reject it, or sign it into law. If he signs it, he can run with it nationally and say 'This is one more thing I've done.' For us, it's all roses or brickbats. If he vetoes it, we're going to blast him to smithereens."

Krug had worked with one of Milwaukee Mayor John O. Norquist's top aides, David Riemer, on an earlier proposal that would replace the welfare system. Norquist, who frequently has called for an end to the current system, has criticized Thompson's Work Not Welfare plan for not going far enough.

If Thompson enacts the repealer, it would be a very big story, unprecedented in this country, and it would have unforeseeable consequences. That's what worries Prosser.

"There is a tactic that can be used quite frequently: rather than offering an immediate program, just say we're blowing up the system and there's going to be incredible reform down the road, but we don't have to deal with it right now because we've got some time. That's not a tactic I feel comfortable with."

Journal reporter Mark Lisher contributed to this report.

Democrats wary of vetoes

Journal Madison bureau

Madison, Wis. — Some Democratic lawmakers said Monday that they were encouraged that Gov. Tommy G. Thompson might sign into law a dramatic overhaul of welfare, but cautioned that he still could use his partial veto to shape the bill in a myriad of ways.

In acting on Thompson's Work Not Welfare proposal, Democrats included a provision to that would abolish welfare as it is now known in Wisconsin by 1999.

The key to the significance of the measure will be whether Thompson includes Milwaukee in the initial experiment of limit-

ing benefits to two years, lawmakers said.

State Rep. Antonio Riley (D-Milwaukee) said Thompson might be responding to the statewide effort Riley and others have made to rally support for the Legislature's expanded version of the governor's Work Not Welfare proposal.

Sen. Joseph Wineke (D-Verona) said he would applaud Thompson if indeed he signed the Democratic version of Work Not Welfare. He said the Democratic version would restore Wisconsin as a national leader on social issues.

Wineke said the 1999 deadline would force the governor and Legislature to act.

STATE OF WISCONSIN

Date of enactment:

1993 Senate Bill 418

Date of publication*:

1993 Wisconsin Act

AN ACT to repeal the unnumbered subch. title preceding 49.001, the unnumbered subch. title preceding 49.19, the unnumbered subch. title preceding 49.43 and the unnumbered subch. title preceding 49.50; to renumber 49.43 (9m); to amend 16.352 (5) (b), 20.435 (3) (ho), 20.435 (4) (ci), 20.435 (4) (co), 20.435 (4) (dc), 20.435 (4) (de), 20.435 (4) (df), 20.435 (4) (e), 20.435 (4) (eb), 20.435 (4) (L), 20.435 (4) (pm), 20.435 (4) (ps), 20.435 (7) (b), 20.435 (7) (dd), 20.435 (7) (pd), 46.03 (23), 46.03 (35), 46.032, 46.033 (1) (a), 46.206 (1) (a), 46.215 (1) (fm), 46.215 (1) (g), 46.215 (1) (k), 46.215 (1) (L), 46.22 (1) (b) 14, 46.22 (1) (b) 1, 46.22 (1) (b) 4, 46.22 (1) (b) 5, 46.22 (1) (b) 7, c., 46.31 (1) (a), 46.995 (2) (e), 49.037 (4), 49.124, 49.127 (8) (d), 49.15 (2), 49.17 (2), 49.25 (1), 49.46 (1) (a) 12, 49.46 (1) (a) 1, 49.46 (1) (a) 1m, 49.46 (1) (a) 5, 49.46 (1) (c) (intro.), 49.46 (1) (cg), 49.46 (1) (co) 1, 49.46 (1) (cr) (intro.), 49.46 (1) (e), 49.50 (2), 49.50 (3), 49.50 (6g), 49.50 (11), 49.51 (2), 49.52 (1) (am), 49.52 (1) (d), 49.53 (2) (a), 49.90 (6), 101.30, 101.35 (10) (b) 3, 101.38 (1) (g), 115.40 (4) (b), 118.17, 560.14 (3) (c) 6, 767.078 (1) (d) 3 and 799.40 (4); and to create 39.45 (8), 46.32 (4), 49.002 (3), 49.015 (2) (c), 49.015 (5), 49.02 (13), 49.032 (5), 49.035 (8), 49.037 (12), 49.046 (2) (e) and (f), 49.046 (6), 49.047 (8), 49.048 (10), 49.049 (4), 49.05 (11), 49.053 (13), 49.055 (3), 49.057 (6), 49.06 (4), 49.123 (1m), 49.123 (2m), 49.126, 49.13 (4m), 49.133 (6), 49.19 (20), 49.193 (10m), 49.193 (12), 49.197 (5), 49.20 (5), 49.27, 49.46 (1) (cs), 49.46 (1) (ct), 49.50 (6e) (c), 49.50 (6k) (c), 49.50 (7) (k), 49.50 (8) (e), 49.50 (9) (c), 49.52 (1) (ad) 3, 49.70 (7), 119.82 (6), 230.04 (13) (f) and 230.147 (5) of the statutes relating to sunseting the aid to families with dependent children program, the food stamps program, the general relief program and the relief to needy Indian persons program; creating a pilot public assistance program; modifying eligibility for general relief, food stamp and medical assistance benefits; creating a pilot job opportunities and basic skills program; granting rule-making authority; requiring the department of health and social services to submit proposed legislation; providing an exemption from emergency rule procedures; and making appropriations.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 16.352 (5) (b) of the statutes is amended to read:

16.352 (5) (b) No county or municipality may use any money received under this section to reduce the any shelter benefits it is obligated to provide under s. 49.02 to recipients of general relief.

SECTION 2. 20.435 (3) (ho) of the statutes is amended to read:

20.435 (3) (ho) Juvenile residential aftercare. Under s. 46.26 (4) (e), the amounts in the schedule for providing foster care, group home care and institutional child care to delinquent children under ss. 48.48 (4) and (14), 48.52 and 49.19 (10) (d). All moneys received in payment for providing foster care, group home care and institutional child care to delinquent children under ss. 48.48 (4) and (14), 48.52 and 49.19

(10) (d) shall be credited to this appropriation. If moneys generated by the monthly rate exceed actual fiscal year foster care, group home care and institutional child care costs by 2% or more, all moneys in excess of 2% shall be remitted to the counties during the subsequent calendar year. Each county shall receive a proportionate share of the remittance depending on the total number of days of placement in foster care, group home care or institutional child care. No moneys may be encumbered under this paragraph after December 31, 1998, for payments under s. 49.19 (10) (d).

SECTION 3. 20.435 (4) (ci) of the statutes, as created by 1993 Wisconsin Act 16, is amended to read:

20.435 (4) (ci) County child support assistance. The amounts in the schedule for assistance to pilot counties in establishing paternity and obtaining child support under ss. 49.25 (8) and 49.27 (10) (e) and for

* Section 991.11, Wisconsin Statutes 1991-92: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication as designated" by the secretary of state (the date of publication may not be more than 10 working days after the date of enactment).

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101.35 (10) (b) 3. ~~The~~ Before January 1, 1999, the eligible job applicant is eligible for aid to families with dependent children under s. 49.19.

SECTION 103. 101.38 (1) (g) of the statutes is amended to read:

101.38 (1) (g) "Public assistance" means general relief under s. 49.02, relief of needy Indian persons under s. 49.046, ~~aid to families with dependent children under s. 49.19, medical assistance under ss. 49.45 to 49.47, low-income energy assistance under s. 49.80 and~~ before January 1, 1999, aid to families with dependent children under s. 49.19 and the food stamp program under 7 USC 2011 to 2029.

SECTION 104. 115.40 (4) (b) of the statutes is amended to read:

115.40 (4) (b) The state superintendent and the secretary of health and social services shall review the applications and jointly determine the grant recipients and the amount of each grant. A ~~Before January 1, 1999, a~~ grant may not be awarded to a school board, agency or organization unless the percentage of the participating school district's membership in the previous school year for whom aid to families with dependent children was being received under s. 49.19 was greater than 5%. In this paragraph, "membership" has the meaning given in s. 121.004 (5).

SECTION 105. 118.17 of the statutes is amended to read:

118.17 Indigent children. The principal or teacher in charge of any public school shall report to the authority administering general relief or, after December 31, 1998, to the county department under s. 46.215, 46.22 or 46.23, for the county wherein the school is situated the name and address of any child in the school whose parent, guardian or other person having control, charge or custody of the child is without sufficient means to furnish the child with food or clothing necessary to enable the child to attend school.

SECTION 106. 119.82 (6) of the statutes is created to read:

119.82 (6) This section does not apply after December 31, 1998.

SECTION 107. 230.04 (13) (f) of the statutes is created to read:

230.04 (13) (f) This subsection does not apply after December 31, 1998.

SECTION 108. 230.147 (5) of the statutes is created to read:

230.147 (5) This section does not apply after December 31, 1998.

SECTION 109. 560.14 (3) (c) 6 of the statutes, as created by 1993 Wisconsin Act 16, is amended to read:

560.14 (3) (c) 6. How ~~Before January 1, 1999, how~~ the percentage of households receiving aid to families with dependent children under s. 49.19 in the area in which the business incubator or technology-based incubator is or will be located compares to the percentage of households receiving aid to families with dependent children in the state.

SECTION 110. 767.078 (1) (d) 3 of the statutes is amended to read:

767.078 (1) (d) 3. Subdivisions 1 and 2 only apply while the department of health and social services conducts the program under s. 49.25 and do not apply after December 31, 1998.

SECTION 111. 799.40 (4) of the statutes is amended to read:

799.40 (4) STAY OF PROCEEDING. The court shall stay the proceedings in a civil action of eviction if the tenant applies for emergency assistance under s. 49.19 (11) (b). The tenant shall inform the court of the outcome of the determination of eligibility for emergency assistance. The stay remains in effect until the tenant's eligibility for emergency assistance is determined and, if the tenant is determined to be eligible, until the tenant receives the emergency assistance. This subsection does not apply after December 31, 1998.

SECTION 112. Nonstatutory provisions; proposed legislation. No later than January 1, 1995, the secretary of health and social services shall submit to the legislature, in the manner provided under section 13.172 (2) of the statutes, a proposal for welfare reform in this state. The proposal shall provide for the replacement, by December 31, 1998, of the general relief program administered under section 49.02 of the statutes, the relief of needy Indian persons program under section 49.046 of the statutes, the aid to families with dependent children program under section 49.19 of the statutes and, to the extent that recipients of food coupons under the food stamp program also receive aid to families with dependent children, general relief or relief of needy Indian persons, the food stamp program under 7 USC 2011 to 2029. The program shall provide for the continuation of the food stamp program for food stamp recipients who are not also recipients of aid to families with dependent children, general relief or relief of needy Indian persons. The program shall also meet all of the following requirements:

(1) The program shall offer basic income support to low-income persons who cannot work.

(2) The program shall offer employment opportunities to low-income persons who can work, but who cannot find employment. These employment opportunities may not supplant existing employees.

(3) The program shall provide low-income persons with affordable child care and with affordable health care.

SECTION 113. Nonstatutory provisions; rule-making. (1) The department of health and social services shall submit proposed rules required under section 49.27 of the statutes, as created by this act, to the legislative council staff under section 227.15 of the statutes no later than July 1, 1994.

(2) Using the procedure under section 227.24 of the statutes, the department of health and social services shall promulgate rules required under section 49.27 of the statutes, as created by this act, for the period prior

JOHN O. NORQUIST
MAYOR



~~WR IDOT~~
OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

WR - Milwaukee

January 6, 1994

Mr. Bruce Reed
Executive Office of the President
White House Offices
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. ~~Reed~~: *Bruce*

When we met last month during the Welfare Reform Task Force's meeting with state and local government representatives, you asked for proposals showing how Mayor Norquist's recommendation to President Clinton--to eliminate the welfare system entirely by 1996 and replace it with a work-based alternative--could be implemented.

Attached are two drafts that indicate how the Mayor's proposal to the President might be carried out.

The first draft, Attachment A, calls for enacting a federal law that would:

- Repeal the entire welfare system by July 1, 1996;
- Authorize states to implement a "Work Connection System" that (while providing those who truly cannot work with cash) offers the great majority of the poor help in getting and sustaining private sector employment; and
- Make available to the states, as a match for the amount they previously contributed to the welfare system, a federal payment equal to what they were paid under the welfare system.

The second draft, Attachment B, takes a more modest approach. Rather than repeal the entire federal welfare system and replace it across the country with a new work-based alternative, it lets individual states opt out of the welfare system and put in place the same work-based approach described above.

Page 2
January 6, 1994

Neither of these proposals imposes a two-year limit. Welfare would be eliminated immediately, and the work-based alternative would be available immediately. If you feel you need to incorporate some sort of two-year limit, I believe that the best approach is to allow persons who are engaged in community service employment (because of their inability to find private sector jobs after an intensive search) to replace a portion of such work with education and training...but only for up to two years.

I also wish to note that both proposals are designed to be revenue-neutral.

Both proposals do not address the issues of earnings supplementation, child support, or health care. It is assumed that:

- Earnings supplementation can best be handled by making further changes in the federal EIC;
- Child support can also best be dealt with through the tax system; and
- Health care will be provided as part of President Clinton's National Health Insurance Plan.

Finally, in case you don't have it readily available, I am enclosing as Attachment C another copy of Mayor Norquist's letter of December 13, 1993, to President Clinton.

I hope the attached material is helpful to you in crafting federal welfare reform legislation that responds to Mayor Norquist's request in the context of fulfilling President Clinton's commitment to "end welfare as we know it."

Please feel free to call me at (414) 286-8577 if you have any questions. I would also appreciate you letting me know your reaction.

Sincerely,



David R. Riemer
Chief of Staff

ATTACHMENT A

NATIONWIDE WELFARE REPLACEMENT

NATIONAL WELFARE REPLACEMENT ACT OF 1994

Section 1. REPEAL OF THE CURRENT WELFARE SYSTEM.

The following federal welfare programs are repealed, effective July 1, 1996:

- a. AFDC;
- b. Food Stamps;
- c. School Breakfast;
- d. School Lunch;
- e. Other nutrition programs;
- f. Child care programs (other than Head Start); and
- g. Subsidized and public housing.

Section 2. CREATION OF STATE WORK CONNECTION SYSTEM.

Each state may implement a Work Connection System, effective July 1, 1996, that offers all of the following:

- a. Offers income to any unemployed low-income adult resident who, by reason of physical or mental disability, is unable to work;
- b. Offers assistance in securing private-sector employment to any unemployed low-income adult resident who is able to work;
- c. Offers community service employment to any unemployed low-income adult resident who is able to work but has been unable to obtain private-sector employment after an intensive job search; and
- d. Offers child care to any low-income adult resident who requires child care in order to seek or obtain work.

Section 3. OFFER OF INCOME TO UNEMPLOYED LOW-INCOME ADULT RESIDENTS WHO ARE UNABLE TO WORK.

Each state, in implementing the offer made pursuant to Section 2(a), shall:

- a. Ensure that no low-income adult resident who is eligible for Social Security Disability or Supplemental Security Income is offered income under Section 2(a);

b. Establish and enforce reasonable and consistent definitions of inability to work by reason of physical or mental disability;

c. Establish and enforce reasonable and consistent standards for reviewing, and either approving or rejecting, applications for income due to inability to work by reason of physical or mental disability; and

d. Establish and enforce reasonable and consistent standards for allowing low-income adult residents whose applications for income have been rejected pursuant to subsection c. to appeal the rejection and have their appeals considered in a prompt and impartial manner.

Section 4. OFFER OF ASSISTANCE IN SECURING PRIVATE-SECTOR EMPLOYMENT TO UNEMPLOYED LOW-INCOME ADULT RESIDENTS WHO ARE ABLE TO WORK.

Each state, in implementing the offer made pursuant to Section 2(b), shall:

a. Assist any low-income adult resident who is able to work to obtain up to 40 hours of private-sector employment per week; and

b. Evaluate the effectiveness of the assistance provided pursuant to subsection a., as well as all other training and placement efforts in the state, in helping their participants to obtain private-sector employment that is full-time, lasts for at least two years or more, and pays at least \$7.00 per hour.

Section 5. OFFER OF COMMUNITY SERVICE EMPLOYMENT TO UNEMPLOYED LOW-INCOME ADULT RESIDENTS WHO CAN WORK BUT HAVE BEEN UNABLE TO OBTAIN PRIVATE-SECTOR EMPLOYMENT.

Each state, in implementing the offer made pursuant to Section 2(c), shall:

a. Offer a community service job to any low-income adult who is able to work but who has been unable to obtain 30 hours per week of private-sector employment (averaged over a 6-week period) after a job search of between 6-8 weeks; and

b. Assure that each community service job offered shall:

(i) Provide enough hours of community service employment to bring the low-income adult resident's total hours of work (i.e., community service employment plus private sector employment) to an acceptable number of hours of work per week (but no more than 30 hours of work per week);

- (ii) Pay exactly the federal minimum wage;
- (iii) Last for no more than 26 weeks per year;
- (iv) Be subject to the same rules of dismissal and discipline as a regular private-sector job;
- (v) Produce real benefits for the local community in areas such as public safety, environmental improvement, housing, child care, education, recreation, and culture; and
- (vi) Not result in the displacement of any private-sector or government employee, and not substitute for any private-sector or government job.

Section 6. OFFER OF CHILD CARE TO LOW-INCOME ADULT RESIDENTS WHO REQUIRE CHILD CARE IN ORDER TO SEEK OR OBTAIN EMPLOYMENT.

Each state, in implementing the offer made pursuant to Section 2(d), shall:

- a. Sell child care vouchers to low-income adult residents who are seeking employment or holding jobs based on an income-adjusted sliding fee scale; and
- b. Ensure that the vouchers sold pursuant to subsection a. are redeemed by certified child care providers.

Section 7. PROVISION OF FEDERAL FUNDS.

Each state implementing a Work Connection System that invests in the system an amount equal to the state's match, during the period July 1, 1995 through June 30, 1996, for the federal welfare programs listed in Section 1 shall be paid by the Secretary:

- a. For the purpose of implementing the Work Connection Program during the period July 1, 1996 through June 30, 1997, a federal payment equal to the sum of the federal payments made to the state for the period July 1, 1995 through June 30, 1996, under the federal welfare programs repealed pursuant to Section 1; and
- b. For the purpose of implementing the Work Connection Program during each subsequent year, a federal payment equal to the payment made to the state under subsection a. multiplied times the increase in the Consumer Price Index.

Section 8. DEFINITIONS.

For the purposes of this Act:

a. "Adult" means a person who is:

(i) At least 18 years of age if the person has graduated from high school but no more than 64 years of age, or

(ii) At least 21 years of age if the person has not graduated from high school but no more than 64 years of age;

b. "Resident" means a citizen of the United States who has established legal residence in a state;

c. "Low income" means:

(i) For the purpose of the offers made pursuant to Sections 2(a) and (c), an income of less than the federal poverty line, and

(ii) For the purpose of the offers made pursuant to Section 2(b) and (d), an income of less than 200% of the federal poverty line;

d. "Private-sector" means private for-profit, private non-profit, or regular government;

e. "State" means each of the 50 states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, etc.;

f. "Secretary" means the Secretary of the Treasury.

ATTACHMENT B

STATE AUTHORITY TO REPLACE WELFARE

STATE WELFARE REPLACEMENT ACT OF 1994

Section 1. ENDING OF PARTICIPATION IN THE WELFARE SYSTEM.

a. Any state that enacts legislation that ends its participation in the federal welfare programs listed in subsection (b) and implements a Work Connection System in the manner set forth in Sections 2 through 8 shall receive a federal payment as provided in Section 7.

b. A state may decide to end its participation in the following federal welfare programs, effective July 1, 1996:

- a. AFDC;
- b. Food Stamps;
- c. School Breakfast;
- d. School Lunch;
- e. Other nutrition programs;
- f. Child care programs (other than Head Start); and
- g. Subsidized and public housing.

Section 2. CREATION OF STATE WORK CONNECTION SYSTEM.

Each state may, in lieu of participating in the federal welfare programs listed in Section 1(a), implement a Work Connection System, effective July 1, 1996, that offers all of the following:

- a. Offers income to any unemployed low-income adult resident who, by reason of physical or mental disability, is unable to work;
- b. Offers assistance in securing private-sector employment to any unemployed low-income adult resident who is able to work;
- c. Offers community service employment to any unemployed low-income adult resident who is able to work but has been unable to obtain private-sector employment after an intensive job search; and
- d. Offers child care to any low-income adult resident who requires child care in order to seek or obtain work.

Section 3. OFFER OF INCOME TO UNEMPLOYED LOW-INCOME ADULT RESIDENTS WHO ARE UNABLE TO WORK.

Each state, in implementing the offer made pursuant to Section 2(a), shall:

- a. Ensure that no low-income adult resident who is eligible for Social Security Disability or Supplemental Security Income is offered income under Section 2(a);
- b. Establish and enforce reasonable and consistent definitions of inability to work by reason of physical or mental disability;
- c. Establish and enforce reasonable and consistent standards for reviewing, and either approving or rejecting, applications for income due to inability to work by reason of physical or mental disability; and
- d. Establish and enforce reasonable and consistent standards for allowing low-income adult residents whose applications for income have been rejected pursuant to subsection c. to appeal the rejection and have their appeals considered in a prompt and impartial manner.

Section 4. OFFER OF ASSISTANCE IN SECURING PRIVATE-SECTOR EMPLOYMENT TO UNEMPLOYED LOW-INCOME ADULT RESIDENTS WHO ARE ABLE TO WORK.

Each state, in implementing the offer made pursuant to Section 2(b), shall:

- a. Assist any low-income adult resident who is able to work to obtain up to 40 hours of private-sector employment per week; and
- b. Evaluate the effectiveness of the assistance provided pursuant to subsection a., as well as all other training and placement efforts in the state, in helping their participants to obtain private-sector employment that is full-time, lasts for at least two years or more, and pays at least \$7.00 per hour.

Section 5. OFFER OF COMMUNITY SERVICE EMPLOYMENT TO UNEMPLOYED LOW-INCOME ADULT RESIDENTS WHO CAN WORK BUT HAVE BEEN UNABLE TO OBTAIN PRIVATE-SECTOR EMPLOYMENT.

Each state, in implementing the offer made pursuant to Section 2(c), shall:

- a. Offer a community service job to any low-income adult who is able to work but who has been unable to obtain 30 hours per week of private-sector

employment (averaged over a 6-week period) after a job search of between 6-8 weeks; and

b. Assure that each community service job offered shall:

(i) Provide enough hours of community service employment to bring the low-income adult resident's total hours of work (i.e., community service employment plus private sector employment) to an acceptable number of hours of work per week (but no more than 30 hours of work per week);

(ii) Pay exactly the federal minimum wage;

(iii) Last for no more than 26 weeks per year;

(iv) Be subject to the same rules of dismissal and discipline as a regular private-sector job;

(v) Produce real benefits for the local community in areas such as public safety, environmental improvement, housing, child care, education, recreation, and culture; and

(vi) Not result in the displacement of any private-sector or government employee, and not substitute for any private-sector or government job.

Section 6. OFFER OF CHILD CARE TO LOW-INCOME ADULT RESIDENTS WHO REQUIRE CHILD CARE IN ORDER TO SEEK OR OBTAIN EMPLOYMENT.

Each state, in implementing the offer made pursuant to Section 2(d), shall:

a. Sell child care vouchers to low-income adult residents who are seeking employment or holding jobs based on an income-adjusted sliding fee scale; and

b. Ensure that the vouchers sold pursuant to subsection a. are redeemed by certified child care providers.

Section 7. PROVISION OF FEDERAL FUNDS.

Each state implementing a Work Connection System that invests in the system an amount equal to the state's match, during the period July 1, 1995 through June 30, 1996, for the federal welfare programs listed in Section 1 shall be paid by the Secretary:

a. For the purpose of implementing the Work Connection Program during the period July 1, 1996 through June 30, 1997, a federal payment equal to the sum of the federal payments made to the state for the period July 1, 1995 through June 30, 1996, under the federal welfare programs repealed pursuant to Section 1; and

b. For the purpose of implementing the Work Connection Program during each subsequent year, a federal payment equal to the payment made to the state under subsection a. multiplied times the increase in the Consumer Price Index.

Section 8. DEFINITIONS.

For the purposes of this Act:

a. "Adult" means a person who is:

(i) At least 18 years of age if the person has graduated from high school but no more than 64 years of age, or

(ii) At least 21 years of age if the person has not graduated from high school but no more than 64 years of age;

b. "Resident" means a citizen of the United States who has established legal residence in a state;

c. "Low income" means:

(i) For the purpose of the offers made pursuant to Sections 2(a) and (c), an income of less than the federal poverty line, and

(ii) For the purpose of the offers made pursuant to Section 2(b) and (d), an income of less than 200% of the federal poverty line;

d. "Private-sector" means private for-profit, private non-profit, or regular government;

e. "State" means each of the 50 states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, etc.;

f. "Secretary" means the Secretary of the Treasury.

JOHN O. NORQUIST
MAYOR



OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

December 13, 1993

President Bill Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

The welfare system in the United States is a failure. You have called for "ending welfare as we know it." I believe that the best way to do this is to eliminate welfare altogether.

Wisconsin is showing the way. A new state law—initiated by the Democratic majority in our state Assembly, concurred in by the Republican-controlled state Senate, and recently signed by the Governor—will end the welfare system in Wisconsin by 1999. The legislation anticipates replacing welfare with a work-based alternative.

I urge you to follow Wisconsin's lead as you design the plan you will send to Congress next year. Rather than attempt to reform the welfare system; rather than preserve welfare in a truncated form; you should ask Congress to eliminate welfare entirely by 1996.

What should replace welfare? The federal law you propose to repeal AFDC, Food Stamps, public housing, and other failed anti-poverty programs by 1996 should reallocate the federal funds now spent on those programs—plus any state match—to a new federal offer to low-income persons that is based primarily on work. This new effort would do the following:

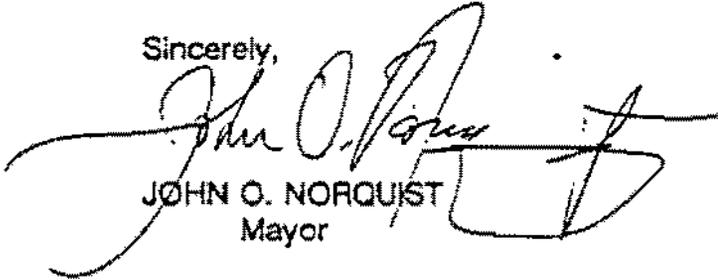
- Low-income persons over 18 who truly cannot work would get cash and health care.
- Low-income persons over 18 who can work, but are unemployed, would be helped in getting private sector employment through performance-based placement agencies. To the extent they cannot get private sector employment after an extensive search, they would be offered minimum wage, less-than-full-time, limited-term community service jobs, performing work that the public values.
- Low-income workers would be given additional earnings supplements, if needed, to get them above the poverty line. They would also get child care based upon ability to pay.
- Low-income persons, like everyone else, would have health insurance per your national health insurance plan.

This proposal calls for spending the same or fewer federal dollars than are now being spent. There would be no increase in federal spending, and no need to raise federal taxes. Eventually, the disparity between poor-person spending among the various states can be corrected. As Congress' support for your proposal to increase the federal EIC shows, the public and elected officials are quite willing to help the poor if the help is linked to the poor's efforts to help themselves through work and if it is part of an overall strategy to lower federal spending.

Ending welfare could be the fourth American Revolution. In 1776, we liberated ourselves from England. In 1863, Lincoln freed the slaves of the Confederacy--and in 1865, all the slaves were freed. In 1964, legal racial discrimination was ended. In 1994, we can liberate America's poor from an oppressive welfare system and help them get what they really want and the rest of us believe in: work. For these reasons, I recommend that you set Independence Day, July 4, 1996, as the date on which America's welfare system comes to an end.

A small cadre of welfare insiders, mostly living inside the Beltway, will resist your efforts to end welfare entirely and replace it with a work-based alternative. But the overwhelming majority of the American people--including welfare recipients, caseworkers, ordinary working people, labor, business, Blacks, Hispanics, and Whites, Americans from every walk of life and every region--will thank you and remember you for your act of liberation.

Sincerely,



JOHN O. NORQUIST
Mayor

cc: Senator Daniel Patrick Moynihan
Senator Herb Kohl
Senator Russell Feingold
Congressman Gerald Kleczka
Congressman Thomas Barrett

*Filer:
WR-Wise*

Tommy G. Thompson
Governor
Gerald Whitburn
Secretary



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1 West Wilson Street
Post Office Box 7850
Madison, WI 53707-7850
Telephone (608) 266-9622

State of Wisconsin
Department of Health and Social Services

March 30, 1994

Mr. Bruce Reed
Deputy Assistant to the President
Domestic Policy Council
The White House
Washington, D.C. 20506

Dear Bruce:

Thanks for the good talk.

It was nice to see you.

Call when I can be of help.

Best regards.

Sincerely,

Gerald Whitburn
Secretary

2025 RELEASE UNDER E.O. 14176

WRWisc

WISCONSIN WAIVER APPLICATION

HHS YESTERDAY APPROVED THE WELFARE REFORM WAIVER REQUEST FOR WISCONSIN.

BOTH REFLECT THE PRESIDENT'S COMMITMENT TO STATE FLEXIBILITY AND DEMONSTRATION

THERE ARE ELEMENTS OF THE WISCONSIN WAIVER THAT REFLECT THE PRESIDENT'S APPROACH TO WELFARE REFORM AND FEEL WISCONSIN WILL BE A USEFUL DEMONSTRATION

WAIVER GIVES WISCONSIN THE OPPORTUNITY TO TEST TIME LIMITED WELFARE IN TWO COUNTIES. RECIPIENTS ARE REQUIRED TO WORK AT THE END OF TWO YEARS.

IN SITUATIONS WHERE RECIPIENTS MAKE A GOOD FAITH EFFORT TO SECURE WORK BUT CAN NOT FIND A JOB, THEY WILL NOT BE THROWN OFF THE ROLES.

WHILE THE ADMINISTRATION'S APPROACH MAY DIFFER IN MANY ASPECTS FROM THE WISCONSIN DEMONSTRATION, WE WELCOME THE BI-PARTISAN INTEREST IN "ENDING WELFARE AS WE KNOW IT"

THE LEGISLATION FOR THIS WAIVER PASSED THE WISCONSIN LEGISLATURE IN OCTOBER WITH STRONG BI-PARTISAN SUPPORT.

LATER TODAY, HHS WILL ANNOUNCE THE APPROVAL OF GEORGIA'S WELFARE REFORM WAIVER REQUEST.

AGAIN, THIS WAIVER REFLECTS OUR COMMITMENT TO STATE FLEXIBILITY AND DEMONSTRATION.

GEORGIA'S PROJECT ALSO CONTAINS ELEMENTS THAT WILL BE HELPFUL AS WE WORK TOWARDS DEVELOPMENT OF THE ADMINISTRATION'S PLAN.

THE WELFARE REFORM WORKING GROUP IS EXPECTED TO COMPLETE WORK ON A WELFARE REFORM PROPOSAL LATER THIS YEAR.

WR-Wisc

Wisconsin WNW - Talking Points

- o Today the Department approved Wisconsin's Work Not Welfare demonstration.
- o The program would be operated in two Wisconsin counties. The demonstration would begin with 1,000 current recipients, and eventually involve a total of 4,000.
- o The AFDC and Food Stamp Benefits will be combined into one cash payment, receipt which is tied directly to performance of required activities including work.
- o In addition, AFDC receipt will be limited to two years in a four year period. After four years, individuals would be ineligible for a three year period. Eligibility for Medicaid and Food Stamps will not be limited. *by the end of the 24 month, which now is correct,*
- o During the two-year period, extensive case management, employment activities and work experience will be provided to prepare individuals for regular employment.
- o In addition resources from the community including community agencies and businesses will be mobilized to provide employment opportunities and to advocate for recipients.
- o Extensions of the time will be granted where appropriate jobs in the local community are not available.
- o Approval of Work Not Welfare represents the administration's continuing commitment to providing states with flexibility to innovate and should not be regarded as reflecting the direction the Administration will take in implementing the Welfare Reform Proposal.
- o Wisconsin's proposal to time limits is one of several, very different approaches that are being tested in the states. HHS has approved different approaches in Vermont and Iowa

Georgia PAR - Talking Points

- o Today the Department approved Georgia's Personal Accountability and Responsibility Project (PAR), which will be implemented on January 1, 1994.
- o The project was approved as part of the President's commitment to providing states with the flexibility to test modifications to the current welfare system. Neither it nor any other waiver granted should be regarded as reflecting the direction the Administration will take in reforming welfare nationally.
- o Under the demonstration, any able-bodied person with a child 14 or older must accept a full-time job (30 hrs or more) or have his or her need excluded from the benefit calculation. The first sanction will last for three months. A second refusal will result in a reduction for 6 months or until the individual complies, whichever comes first.
- o Under another provision of the demonstration, the State will eliminate the incremental increase in AFDC benefits resulting from the birth of an additional child to a family that was on welfare for at least two years and on welfare in the month in which the child was conceived.
- o This restriction on the benefit will not apply to births resulting from rape or incest, or births to minors on welfare who become first time minor parents.
- o As part of this component of the demonstration, the State will offer all AFDC applicants and recipients family planning services and instruction in parenting skills.
- o The family will be able to make up the loss of welfare benefits through income from other sources, such as earnings or child support.
- o Also, the child will be considered a welfare recipient, and therefore entitled to welfare-related services (such as Child Support Enforcement) and eligible for Medicaid and Food Stamps.
- o A rigorous random assignment, control-group evaluation will be used to determine if the demonstration achieved the results intended.

FOR IMMEDIATE RELEASE

Contact: David Siegel
(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

- 2 -

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.

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October 7, 1993

MARK H. GREENBERG
SENIOR STAFF ATTORNEY

Bruce Reed
Office of Domestic Policy
Old Executive Office Building
Room 216
Washington, DC 20500

Dear Bruce:

Currently pending before the Department of Health and Human Services is a waiver application from Wisconsin to implement a **Work Not Welfare** demonstration project. Generally, the proposal would provide that in two demonstration counties, a family entering the welfare system would be limited to a total of 24 months of cash assistance in a four year period; thereafter, the family would be denied any cash assistance for three years.

Enclosed is a copy of *On Wisconsin? The Case Against the "Work Not Welfare" Waiver*. As the document explains, Wisconsin's proposal is unprecedented in a number of disturbing ways. Much of the current discussion of time-limited AFDC revolves around proposals to require families to enter public employment or engage in community service work after having received AFDC for a period of time. In contrast, Wisconsin does not provide for public or community service employment at the two year point. Rather, the proposal is to end cash assistance at the two-year point and create a three year ineligibility period, even for families where the parent is willing to work but is unable to find a job despite her best efforts. Approval of Wisconsin's proposal would involve an unparalleled departure from the principle that our society offers a safety net for families with children.

The Wisconsin waiver presents a critical challenge to the Clinton Administration. While the President has expressed a desire to allow state flexibility in waivers, it does not follow that the federal government must approve every proposal, however poorly conceived.

If you are able to do so, we hope you can communicate your opposition to the granting of this waiver.

Sincerely,



Mark Greenberg
Senior Staff Attorney



ON,
WISCONSIN?

THE CASE AGAINST THE "WORK NOT WELFARE"
WAIVER

Mark Greenberg

October 1993

Center for Law and Social Policy

CLASP

**ON, WISCONSIN?
THE CASE AGAINST THE "WORK NOT WELFARE" WAIVER**

Executive Summary

On July 12, 1993, Wisconsin submitted for federal approval its **Work Not Welfare (WNW)** waiver proposal. The proposal generally provides that, in two demonstration counties, a family entering the welfare system would be limited to a total of 24 months of cash assistance over a four year period; thereafter, the family would be denied any cash assistance for a three year period. This document describes the waiver and discusses why the waiver is poorly designed and should not be approved.

Under the waiver proposal, WNW would be implemented in two pilot counties. It would have the following major features:

- A family seeking assistance would begin a four year "benefit period." During the benefit period, the family's Work not Welfare (WNW) grant would be equal to the AFDC and food stamp amounts the family would receive but for the waiver, with certain modifications.
- During the "benefit period," the family could be eligible to receive a total of up to 24 months of WNW grants. Up to 12 of the 24 months could be earned through participation in education and training, and the remainder of the 24 could be earned through work. For non-exempt persons, the required hours of participation would generally be based on dividing the WNW grant by the minimum wage, with the total not to exceed 40 hours a week.
- Exemptions would be very limited. An initial exemption would be available for those entering the system while pregnant or with a child under one; the exemption would continue (and not count against the 24 month limit) until the child turned one. Thereafter, if a subsequent baby was born, a six month leave would be allowed from participation in required activities, but this leave would not add to or affect the 24 month limit, and the addition of the subsequent child would not result in additional assistance. Other exemptions would be for a minor casehead, regardless of Learnfare status; a case headed by a teen parent subject to Learnfare; a case in which the sole parent or both parents are temporarily incapacitated; a case in which the parent is needed to care for an incapacitated dependent person; a case in which the sole parent or both parents are on SSI; a non-legally responsible relative who is not included in the grant.
- If a family obtained employment during its "benefit period", and either lost eligibility for a WNW payment or chose not to receive WNW payments, the family could receive up to 12 months of transitional child care and transitional Medicaid. These transition benefits could only be used during the four year benefit period.
- After a family had received a total of 24 months of WNW benefits, the family would be ineligible for cash assistance for a three year period, unless an exception

applied. (If the family did not use all 24 months in the four-year benefit period, the three year ineligibility period would run from the last month in the four year period in which the family received assistance). During the three year ineligibility period, the family would be ineligible for cash assistance, but might be eligible to receive food stamps, any services that might be provided by a Children's Services Network in the county, and under certain circumstances, a children-only shelter vendor payment to prevent homelessness. The children could also qualify for Medicaid.

- Exceptions to the 24 month limit would apply to two kinds of circumstances: first, an exception would be allowed for each month in which all members of the WNW group are exempt from program requirements; second, it appears to be envisioned that extensions would also be allowed when the parent is determined to be "unemployable."

Though both involve the words "two years", the Work Not Welfare proposal is not otherwise similar to the outline for welfare reform offered by President Clinton. In each significant way in which WNW differs from the Clinton Administration's approach, WNW provides less assistance to families and may treat them more harshly. WNW differs from initial outlines of the Clinton Administration's approach in the following ways:

- **The Administration's approach and WNW are fundamentally different in how they treat families where a parent wants to work but cannot find a job.** The President envisions that after a period of time, e.g., two years, assistance will be provided to a healthy individual only in return for work. In contrast, WNW will, by design, terminate assistance to families when the parent is willing to work, actively looking for work, and simply unable to find a job.
- **The Administration's approach and WNW differ in their willingness to provide access to education and training during the initial two-year period.** The Clinton approach envisions that "[p]eople should have access to the basic education and training they need to get and hold onto a job." WNW, in contrast, provides no assurance of services to a participant, will generally allow no more than 12 months of education, and will count each month in which a grant is received against the 24 month "clock" even if no services are available to the participant that month.
- **The Administration's approach isn't simply intended to reduce the use of welfare; it is intended to reduce the need for welfare.** Implementation of the work component is made expressly contingent on accomplishments in advancing the principles of "make work pay," child support, and education and training. In contrast, the WNW approach simply seeks to impose time limits on cash assistance as if the other supports were in place, even though it is often clear they are not.

On its own terms, the waiver presents a number of fundamental problems. The basic problem is that it offers families no promise of services, no assurance of even 24 months of assistance, no assistance for families willing to work, and no serious services network

for families terminated from assistance; while the appearance is one of rewarding work, the reality is that in many ways, working poor families will be worse off under the WNW waiver than under current law. Among the most significant problems:

- **There is no assurance of needed education and training services.** WNW time-limits cash assistance to families to 24 months, on the apparent premise that 24 months of education, training, and work-related services should be sufficient. However, the waiver design makes no commitment to offer those services, and the resources committed to the waiver seem insufficient to do so. It imposes requirements on families, but makes no promise of services.
- **For many families, the waiver will sharply restrict access to education and training, and instead simply require "workfare" (working without wages in return for an AFDC grant).** Generally, families will be restricted to no more than 12 months of access to education. Then, families will be required to participate in workfare activities in order to receive any cash assistance. Available research suggests that broad-based reliance in workfare is not an effective way to improve the employment prospects of families.
- **The WNW design disregards the fact that most users of AFDC are not long-term continuous users, but need continued access to a safety net.** Data on AFDC caseload dynamics show that most families who use AFDC leave the system within two years of beginning to receive benefits, and those who receive assistance longest often have the greatest barriers to employment. However, many of those who leave return — 40% to 50% of those who exit return at some point in a five year period. Thus, most families who use AFDC will exit in two years without a time limit, but they do need a safety net for times when jobs end or are unavailable, health problems arise, marriages break up, etc. But the basic WNW design envisions a three year period in which there is no safety net of cash assistance to poor families.
- **Despite being called "Work Not Welfare", the waiver does almost nothing to help working poor families; in many respects, working poor families will be worse off.** Often, families receiving AFDC obtain employment, but in jobs that do not pay enough to support a family. In the last few years, a number of states have responded to this problem by developing waiver packages that provide more cash support for families that go to work, or by providing expanded "transition" benefits, e.g., child care and medical care. In contrast, WNW provides a less generous deduction than current law in the first four months of employment. For subsequent months, WNW allows a deduction of \$120 and 1/6 of earnings — minimally better than current law. However, once a family reaches the 24 month point, all cash assistance ends, even if the family is working but poor. Further, under a set of complicated rules, families entering employment may never receive the year of transition benefits they are entitled to under current law.¹

¹ There are two reasons. First, the WNW grant includes both AFDC and Food Stamps. A family doesn't qualify for transitional assistance until it loses eligibility for or ceases to receive WNW assistance, i.e., has a high
(continued...)

- After a family has reached the 24 month point (or the end of its benefit period), the family will be denied the basic safety net of cash assistance for a three year period, even in instances where a parent undisputedly is willing to work and cannot find a job. During the three-year ineligibility period, there is no serious protection against destitution. The three year ineligibility period is designed to apply to families that are "employable" even if the parent cannot find a job despite all her best efforts. During the tree year period, the state envisions that vendor payments (up to the amount of the children's share of an AFDC grant) will be available when needed to prevent homelessness. Otherwise, the state envisions that a "Children Services Network" which appears to involve no more than the provision of information about already-existing community services.
- WNW does not even assure needy families 24 months of assistance. Under WNW, the basic safety net of cash assistance may be denied to a family for a three-year period if the family has received as little as two months of aid.²
- WNW takes an extraordinary step in penalizing poor families that have children. Under the WNW design, a family may be denied aid for any child born in the three years after leaving the welfare system. Under the WNW rules, once a family begins a four year "benefit period," there will be no additional assistance for children conceived during the "benefit period." For example, suppose Ms. Smith receives WNW in Year 1, leaves WNW for Year 2 and Year 3, and has a child early in Year 3. If she returns to WNW at the end of Year 3, she will be denied assisted for the child, since the child was conceived during the "benefit period", even though the child may have been born two or more years after leaving assistance.

As a title for the waiver, Work Not Welfare is a serious misnomer. In the waiver design, during the first two years, a family is not offered a work alternative to welfare; rather, the family is required to work for welfare. At the two year point, the family is offered neither work nor welfare; it is simply denied cash aid. WNW does not provide additional supports to working poor families; in many ways, it treats them more harshly than current law.

Work Not Welfare poses a critical test for the Clinton Administration. The President has generally expressed his interest in supporting state waivers, even those with which he

¹(...continued)

enough income to no longer be eligible not only for AFDC but also for Food Stamps. Thus, there will be a group of families ineligible for an AFDC payment due to earnings, but not qualifying for transition benefits. Second, a family must use its transition benefits during the four year "benefit period" beginning with its first month of WNW assistance. For example, suppose Ms. Smith receives some WNW assistance in Year 1 and 2, receives additional WNW in Year 4, and then gets a job. Though she qualifies for transition benefits, there may only be a few months left in her "benefit period," and transition benefits end when the benefit period ends.

² This happens because a family is limited to not more than 24 months assistance in a 4 year "benefit period." Suppose, for example, Ms. Smith receives one month of assistance in Year 1, and one month of assistance in Year 3. At the end of Year 4, her 4 year benefit period has expired, and she will be ineligible for any cash aid for the three-year period beginning with the month of assistance she received in Year 3.

disagrees. **Work Not Welfare**, however, raises the question of whether any waiver, however badly designed and injurious to families with children, will be approved.

The waiver proposal is now pending before the Department of Health and Human Services, and could be acted upon at any time. Interested persons wishing to comment should write to:

Mary Jo Bane

Designate — Assistant Secretary for the Administration for Children and Families
370 L'Enfant Promenade, SW
Washington, DC 20447

For additional information, please feel free to contact CLASP, 1616 P Street, NW Suite 150, Washington, DC 20036, 202/328-5140.

ON, WISCONSIN? THE CASE AGAINST THE "WORK NOT WELFARE" WAIVER

On July 12, 1993, Wisconsin submitted for federal approval its Work Not Welfare (WNW) waiver proposal. The proposal generally provides that, in two demonstration counties, a family entering the welfare system would be limited to 24 months of cash assistance in a four year period; thereafter, the family would be denied any cash assistance for a three year period. This document describes the waiver and discusses why the waiver is poorly designed and should not be approved.

This document is organized as follows. First, it will briefly summarize the key provisions of the Work Not Welfare waiver. Then, it will discuss how they differ from the approach to welfare reform put forward by the Clinton Administration. Then, it will consider the waiver proposal on its own terms, and discuss the major problems presented. The last page of this document provides the address to which comments should be submitted by persons wanting to express to HHS their views about the Wisconsin waiver.

The "Work Not Welfare" Waiver: A Brief Summary

WNW¹, if approved, would be implemented in two pilot counties. In those pilot counties, a family seeking assistance would begin a four year "benefit period." During the benefit period, the family's Work Not Welfare (WNW) grant would be the AFDC and food stamp amounts the family would receive but for the waiver, with certain modifications.² During the benefit period, the family could be eligible to receive a total of up to 24 months of WNW grants. Up to 12 of the 24 months could be earned through participation in education and training, and the remainder of the 24 could be earned through work. For single parents, required hours of participation would be determined by dividing the WNW grant by the minimum wage, with the total not to exceed 40 hours a week.

Exemptions would be very limited. An initial exemption would be available for those entering the system while pregnant or with a child under one; the exemption would continue (and not count against the 24 month limit) until the child turned one. Thereafter, if a subsequent baby was born, a six month leave would be allowed from participation in required activities, but this leave would not add to or affect the 24 month limit, and the addition of the subsequent child would not result in additional assistance. Other exemptions would be for a minor casehead, regardless of Learnfare status; a case headed by a teen parent subject to Learnfare; a case in which the sole parent or both parents are temporarily incapacitated; a case in which the parent is needed to care for an

¹ The following description is not a summary of every provision of the WNW design; it is intended, however, to present the key aspects of the design as they relate to time-limiting AFDC assistance.

² The key modifications are: a limitation on payment for subsequently-born children, a disregard of \$120 and 1/6 of earned income; a provision that child support will be retained by the family with the first \$50 disregarded; and a partial freezing of grants between redeterminations.

incapacitated dependent person; a case in which the sole parent or both parents are on SSI; a non-legally responsible relative who is not included in the grant.

After the first full month of eligibility, payment would be made only if the individual participated, had good cause for non-participation, or was not assigned to an activity. An individual who participated for a portion of required hours would be paid on a prorata basis, but the month would still count as a full month of assistance.

If a family obtained employment during its benefit period, and either lost eligibility for a WNW payment or chose not to receive WNW payments, the family could receive up to 12 months of transitional child care and transitional Medicaid. These transition benefits could only be used during the four year benefit period.

After a family had received a total of 24 months of WNW benefits, the family would be ineligible for cash assistance for a three year period, unless an exception applied. (If the family did not use all 24 months in the four-year benefit period, the three year ineligibility period would run from the last month in the four year period in which the family received assistance). During the three year ineligibility period, the family would be ineligible for cash assistance, but might be eligible to receive food stamps, any services that might be provided by a Children's Services Network in the county, and under certain circumstances, a children-only shelter vendor payment to prevent homelessness. The children could also qualify for Medicaid.

Exceptions to the 24 month limit apply to two kinds of circumstances: first, an exception would be allowed for each month in which all members of the WNW group were exempt from program requirements; second, it appears to be envisioned that extensions can also be allowed when the parent is determined to be "unemployable."

"Work Not Welfare" is Very Different from the Clinton Approach to Welfare Reform

From the initial accounts of WNW, one might have reasonably believed that the WNW approach was an attempt to implement at a state level the principles for welfare reform articulated by President Clinton. In fact, the two are different in a number of fundamental respects. At this point, many details of the President's plan remain unspecified. However, the outlines are apparent from the President's campaign text, *Putting People First*, and from the principles guiding the federal Working Group on Welfare Reform, Family Support and Independence.

Putting People First contained a number of proposals in its vision of welfare reform, including expansion of the earned income credit, an increased minimum wage, and stronger child support enforcement. As to AFDC itself, the text expressed an intent to:

- "Empower people with the education, training, and child care they need for up to two years, so they can break the cycle of dependency; expand programs to help people learn to read, get their high school diplomas or equivalency degrees, and acquire specific job skills; and ensure that their children are cared for while they learn.

- After two years, require those who can work to go to work, either in the private sector or in community service; provide placement assistance to help everyone find a job, and give the people who can't find one a dignified and meaningful community service job."³

In May, an interagency Working Group on Welfare Reform, Family Support and Independence was established. The announcement of the group indicated that it is guided by four principles underlying the President's vision for reform:

"Make Work Pay — People who work should not be poor. They should get the support they need to ensure that they can work and adequately support their families. The economic support system must provide incentives that encourage families to work and not stay on welfare.

Dramatically Improve Child Support Enforcement — Both parents have a responsibility to support their children. One parent should not have to do the work of two. Only one-third of single parents currently receive any court-ordered child support. The system for identifying fathers and ensuring that their children receive the support they deserve must be strengthened.

Provide Education, Training and Other Services to Help People Get Off and Stay Off Welfare — People should have access to the basic education and training they need to get and hold onto a job. Existing programs encouraged by the Family Support Act of 1988 need to be expanded, improved and better coordinated.

Create a Time-Limited Transitional Support System Followed By Work — With the first three steps in place, assistance can be made truly transitional. Those who are healthy and able to work will be expected to move off welfare quickly, and those who cannot find jobs should be provided with work and expected to support their families."

As may be apparent from the above language, there are at least three critical differences between the Clinton approach and WNW:⁴

First, WNW and the Clinton approach are fundamentally different in how they treat families where a parent wants to work but cannot find a job. The President envisions that after a period of time, e.g., two years, assistance will be provided to a healthy individual only in return for work. However, the President does not envision that assistance will be terminated regardless of whether the individual is willing to work. Key aspects of the President's approach — i.e., whether "work" will involve public service employment, establishment of a WPA-like structure, work in return for welfare — remain uncertain at this point. What is clear, however, is that the President intends a system

³ Clinton and Gore, *Putting People First* (Times Books, 1992) at 165.

⁴ While this text emphasizes significant differences between Work Not Welfare and the Clinton approach, it does not seek to imply that the Clinton approach is without difficulties. Some of those difficulties are discussed in *The Devil is in the Details: Key Questions in the Effort to "End Welfare as We Know It"* (CLASP, July 1993).

that provides help to those willing to work. In contrast, WNW will, by design, terminate assistance to families when the parent is willing to work, actively looking for work, and simply unable to find a job. There is a fundamental difference between a two-year limit after which work is expected and provided, and a two-year limit after which work is not provided.

Second, the Clinton approach and WNW differ in their willingness to provide access to education and training during the initial two-year period. The Clinton approach envisions that "[p]eople should have access to the basic education and training they need to get and hold onto a job," and that up to two years of basic education and training (as needed) would be provided before the work component; it is currently not clear whether even this timeframe might be more flexible to accommodate cases where more extensive education is needed. WNW, in contrast, will allow no more than 12 months of education. (Waiver Application, at 12). Moreover, there does not appear to be an assurance of services to any participant; there are requirements to participate, but no promise that services will actually be provided, even though each month of assistance will count as one of the twenty-four, whether or not education or training services are available in the month.

Third, the Clinton approach isn't simply intended to reduce the use of welfare; it is intended to reduce the need for welfare. Toward this end, the principles include an expansion of the availability of health care, child care, a stronger earned income credit, possibly a minimum wage increase, stronger child support, and expanded access to education, training and supportive services. Implementation of the work component is made expressly contingent on accomplishments in advancing the principles of "make work pay," child support, and education and training. This appears based on the recognition that families are often forced to depend on welfare because other systems fail, and that if the other systems worked better, the number of people in need of welfare for extended periods of time should decline. In contrast, the WNW approach appears to jump ahead to imposing time limits on cash assistance as if the other systems worked, even though it is often clear they do not.

In short, WNW should not be thought of as a state attempt to implement the Clinton approach to welfare reform.

Fundamental Problems with the Work Not Welfare Approach

This section will summarize seven key problems in the WNW design. This is not a discussion of all the concerns raised by the waiver, but it is intended to highlight some of the most serious ones.

- **WNW time-limits cash assistance to families to 24 months, on the apparent premise that 24 months of education, training, and work-related services should be sufficient. However, the waiver design makes no commitment to offer those services, and the resources committed to the waiver seem insufficient to do so.**

Except in limited circumstances, WNW time-limits cash assistance to families to 24 months, after which the family is ineligible for aid until 3 years have elapsed.

In the first instance, it is not clear what the rationale for a 24 month limit is. In the literature on welfare dynamics, 24 months is often a useful measuring point, because most AFDC spells end within 24 months, and because the rate of exiting AFDC declines after the first two years. Thus, those who have received aid continuously for two or more years are more likely to become long-term recipients; this fact can be useful for targeting resources in a program such as JOBS. However, while exit rates are slower after the first two years, many families continue to steadily exit AFDC on their own — a recent analysis of state caseload studies found that most of the families who received AFDC for 24 months exited at least once in the next three years.⁵ Accordingly, the idea that a 24 month cut-off is needed to prevent families from becoming long-term recipients is not accurate for most of the affected families.

Use of a 24 month limit is particularly puzzling in the WNW design, because families are generally required to be extensively involved in education, training, or work activities for every month of assistance after the initial month. If, for instance, a parent is participating in education and/or work activities for 40 hours a week in order to receive a WNW grant, what is the rationale for terminating aid at the 24 month point?

One rationale for the 24 month limit may be that two years of access to education, training, and work-related services should be "enough" to ensure that a family ought not need to depend on welfare. The problem here is that while WNW imposes a 24 month limit, it provides no assurance of access to education and training services. No commitment to provide such services appears in the waiver, and the proposed state legislation to implement the waiver appears to only provide for assignments to employment and training activities "to the extent that assignments are available."⁶ Indeed, the waiver application expressly contemplates that if the agency cannot meet its obligation, the enrollee will still receive cash for the month, but that breaks in activities due to scheduling, work site unavailability, or similar situations will not result in extending the time limit. Thus, the 24 month clock will continue ticking even where there is no available services for the family. (Application, at 45.)

In practice, there is reason to believe that, without significantly increased funding, counties would not have sufficient resources to provide appropriate education/training/work activities for each month in which affected families receive assistance. The waiver application indicates that the state's basic JOBS funding allocation formula would be applied to the 1000 cases projected in the pilot counties. (Application, at 119). However, the cost of services in the pilot counties should be significantly higher than regular JOBS services. In JOBS, a limited percentage of cases must be part of a group averaging 20 hours a week of scheduled activities. In WNW, a parent with one child and no other income will typically be scheduled for 32 hours a week of activities; a parent

⁵ See Greenberg, *Beyond Stereotypes: What State AFDC Studies on Length of Stay Tell Us About Welfare as a Way of Life* (CLASP, July 1993).

⁶ [Proposed] §49.27(10)(d)3.

with two children and no other income will typically be scheduled for 40 hours a week. (Application, at 27-28). Thus, program costs should be higher and child care costs should be substantially higher than in JOBS.

While the WNW design may (or may not) involve a high degree of participation in activities, the design appears to sharply curtail access to education. The basic WNW design generally envisions limiting education to no more than 12 of the 24 months of cash assistance. In contrast, the current JOBS Program provides that an individual's activities are based on what is determined appropriate in an assessment, with no arbitrary time limit on the activity. Thus, if an individual begins with a very low literacy level, but is making continued good progress, the activity can be allowed to continue. Similarly, if, for example, an individual has a high school diploma and a substantial work history in low-wage employment, the state might permit her to pursue an appropriate post-secondary education or training program. The key is that the determination is based on what seems to make sense in the individual case.

In sharp contrast, in WNW, education activities would not exceed 12 months in length. (The application does indicate that "in limited cases" participants may be allowed to continue an education or training activity beyond the 12 month limit, p. 26, but no explanation or criteria are provided). A general twelve-month limit would effectively preclude some families from attaining basic literacy or a GED, and would preclude others from pursuing postsecondary programs. The waiver application does not offer any rationale for this curtailment on access to education. Is there some indication that the state's current JOBS Program has involved an undue emphasis on access to education? Is there some reason to believe that regardless of individual circumstances, twelve months should always be sufficient?

The proposed state legislation to implement the waiver does not seem to include the 12 month limit (though it would not preclude the agency from adopting it in rule-making). The proposed legislation does provide that a program of education or training — including self-initiated education or training — cannot be approved if it is not likely to be completed in a 24 month period.⁷ This appears to mean that, for instance, if a postsecondary student sought short-term assistance during a brief crisis, the assistance could not be provided unless she dropped out of school. Again, it is unclear why rigid rules restricting access to education are a needed part of the waiver.

- In practice, the waiver will rely extensively on "workfare" (working without wages in return for an AFDC grant) during the 24 month period. Available research suggests that if the goal is to improve the employment prospects of families, broad-based reliance on workfare is a poor use of resources.

The WNW design appears to intend to rely heavily on "workfare", i.e., a mandate of work without wages or employee status in order to "work off" the WNW grant. After the first 12 months, a WNW grant is provided only in return for work. Even during the first 12 months, there may be extensive use of workfare — for example, if Ms. Smith has two

⁷ [Proposed] §49.27(5)(e)2.

children and a 40-hour obligation, and is in a 20-hour-a-week education program, she will also be given a 20 hour work assignment.

In theory, other forms of work activities, e.g., work supplementation or on-the-job training might be used to satisfy the work requirements. However, the experience of JOBS implementation around the country has involved minuscule use of these components. In FY 91, in an average month, .6% of JOBS participants were in work supplementation or an OJT component; in Wisconsin, the figure was .7%.⁸ Thus, it seems likely — especially given the resource constraints noted above — that the pilot counties will be relying very heavily on workfare.

The waiver application says that families might work off the grant in either a community work experience program (CWEP) or "Independence job." From the application, it is not clear how CWEP and independence jobs are intended to differ. In any case, it seems clear that the waiver envisions a substantial usage of CWEP-type activities for all non-exempt persons receiving AFDC for more than 12 months.

Such heavy usage of CWEP is not justified by the currently available research on the effectiveness of CWEP-type activities. The Manpower Demonstration Research Corporation (MDRC) has extensively evaluated state work-welfare programs. When MDRC has sought to measure the impact or added impact of CWEP, it has generally found no impact on employment or earnings of participants; the only instance where a statistically significant impact was found was for one sub-group of applicants in one site.⁹ Taken together, the results suggest, at minimum, that a broad-based CWEP program for all persons who have received AFDC at least 12 months would be a poor use of state funds if one's goal was to improve the employment prospects or earnings for those families.

⁸ See 1993 Green Book, *Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means*, WMCP 103-18, at 636-37.

⁹ Specifically, in those instances where the Manpower Demonstration Research Corporation has sought to measure the impact or added impact of CWEP activities in work programs, the findings have been:

- No impact on employment or earnings for AFDC recipients in West Virginia.
- No impact on employment or earnings for AFDC-UP recipients in West Virginia.
- No impact on employment or earnings for AFDC recipients in Cook County.
- No impact on employment or earnings for AFDC-UP applicants in San Diego.
- No impact on employment or earnings for AFDC applicants in a weak economy in San Diego.
- A statistically significant impact for AFDC applicants in a strong economy in San Diego.

These findings are discussed in Greenberg, *Community Work Experience: Research Suggests Little or No Effect on Employment and Earnings for AFDC Families*, Testimony Submitted to the Health and Welfare Committee, Vermont House of Representatives (1992).

Certainly, there are unresolved questions in the CWEP research, and a continuing workfare obligation of the magnitude and duration being discussed has not been attempted. Nevertheless, the current research doesn't suggest that terminating education and mandating CWEP is a good use of resources as a means of improving the employability of the affected families.

It is possible that the goal is not to improve the employability of a parent, but rather is to be sure that families receiving assistance are "giving something back in return." Here, it becomes crucial to consider the trade-off between CWEP and other activities which might better improve employability. Members of the public often assume that requiring families to work for their welfare will reduce program costs; in practice, the experience is that it typically raises system costs, because of the cost of administration, supervision, and child care for the activity. Thus, if requiring work for welfare is likely to cost money, the question becomes whether it is the best use of the money. The largest costs associated with any activity — whether CWEP or education — are often the child care and support services costs, which are likely to be the same for any components involving comparable numbers of hours.

In some instances, e.g., an individual with no work history or no recent work history, one might well conclude that at least a short-term CWEP assignment could improve employability. But one surely wouldn't reach that conclusion for everyone, and surely wouldn't conclude that an individual who has successfully completed 90 days of a CWEP assignment would substantially benefit from another 270 days. The key point is that a rigid, broad-based, on-going CWEP structure ties up system resources and peoples' time in a way that would not happen if decisions were based on what made sense in individual cases.

- **The WNW design disregards the fact that most users of AFDC are not long-term continuous users, but need continued access to a safety net.**

The WNW approach envisions that every non-exempt family is either in education or training or working for assistance beginning with the second month in the system. This approach seems inconsistent with what we know about the dynamics of how most people use AFDC. Much AFDC usage is very short-term in nature: studies looking at month-by-month use of AFDC indicate that about half of single parents, and about 70% of two-parent families, exit AFDC within a year of entering the system.¹⁰ Often, those who exit return at later points, so total usage will be higher. However, given the substantial likelihood of a rapid exit, it is questionable whether it could be a good use of administrative, program, and child care resources to mandate extensive involvement in activities from virtually the moment of system entry. Partly, the problem is one of inefficient use of resources; partly it is one of imposing burdens on families entering the system at a moment of crisis but who have a substantial likelihood of exiting on their own.

¹⁰ These studies are discussed in Greenberg, *Beyond Stereotypes: What State Studies on AFDC Length of Stay Tell Us About Welfare as a "Way of Life"* (CLASP, July 1993). Since short-term users will leave the system more quickly, and long-term users will stay for longer periods, the AFDC caseload at any given point will more heavily reflect long-term users. However, when looking at any proposal intended to address all users of the system, the analysis should be based on the utilization patterns of all users.

The concept of a cumulative 24 month limit in a four year period seems expressly designed to discourage use of AFDC as a safety net. Yet this usage of AFDC is often crucial for families facing the low-wage labor market. State studies indicate that about half of those that exit AFDC return at some point in the next three to five years.¹¹ In many instances, this happens because parents have entered into jobs that terminate. New research looking at young AFDC mothers has found that close to half of young AFDC mothers have a work-related exit from AFDC during the first five years after entering the system. However, many of these work-related exits are not permanent exits — moreover, the likelihood that a work-related exit will be temporary is higher for those who have not completed high school.¹²

Consider, for example, a parent who receives AFDC for 24 months over a four year period, then enters employment, and loses her job a year later during a recession. Under WNW, she will be barred from assistance for two more years, regardless of her needs and circumstances. It is difficult to see what purpose is served by designing a program which is intended to deny a safety net.

- In many instances, families receiving AFDC obtain employment, but in jobs that still leave them in poverty. For families entering low-wage employment, WNW provides significantly less assistance than a number of other state welfare reform waivers. In many cases, WNW provides less assistance to families in low-wage jobs than does current law.

Many families in the AFDC system have limited earnings capacities, and enter into low-wage jobs. Accordingly, a crucial question for many state welfare reform efforts has been how to provide greater support to working poor families. Despite its name, Work Not Welfare will provide far less help to working poor families than a number of other state initiatives; in several key respects, it provides less help to the working poor than the existing system.

Many people believe that a key problem with the current AFDC program is its very harsh treatment of earnings — after the first four months of employment, a family loses close to one dollar in assistance for every dollar of earnings. A number of state waiver requests have sought to address this problem. WNW is notable in having a very minimal response. Under WNW, a working family will receive a disregard of \$120 and 1/6 of the remainder. In practice, this means that after the first \$120, a family faces an effective tax on earnings of 83% from the AFDC system. For the first four months of employment, this is harsher than current law; after the first four months, a 1/6 disregard is better than no disregard. However, other states are making a far more serious effort to

¹¹ See *Beyond Stereotypes*, supra.

¹² See Pavetti, *The Dynamics of Welfare and Work: Exploring the Process by Which Women Work their Way Off Welfare* (May 1993).

address the problem.¹³ Moreover, the basic design of terminating assistance at the 24 month point — even to those working at low-wage jobs — will mean that in some cases, a family will not even get the benefit of the 1/6 disregard for a few months.

Second, the transition benefits in the WNW waiver, are in some respects significantly more restrictive than current law. Some states have moved in the direction of expanding transition benefits.¹⁴ In contrast, WNW will often make it more difficult for a family to qualify. In the WNW design, a family must lose eligibility for WNW assistance due to earnings (or opt to stop receiving WNW benefits, or have passed the 24 month point) in order to qualify. However, WNW benefits include both AFDC and food stamps, and food stamps has a higher income eligibility threshold. In food stamps, the net income eligibility limit for a family of three is \$965; for AFDC in Wisconsin, the net income eligibility limit for three is \$517. As a result, there may be many occasions where a family is in a low-wage job, does not qualify for AFDC, but still qualifies for food stamps. Under current law, such a family may qualify for transition benefits; under WNW, the family will not qualify unless it chooses to stop receiving food stamps. It is hard to see what possible policy rationale exists for denying child care assistance to a working poor family because the family is receiving food stamps. From reviewing the waiver application and proposed legislation, it appears the same problem exists on the Medicaid side.

Also, in some situations, families leaving WNW due to employment may only receive a fraction of twelve months of transitional child care and medicaid. For both benefits, the family is only eligible within its benefit period, i.e., the four year period beginning with the first month in which aid was received.¹⁵ For example, suppose Ms. Smith receives WNW for six months beginning January 1995, exits, returns to WNW from July 1997 to June 1998, and then gets a job and needs child care. She may qualify for transition benefits, but only has six months left in her four-year "benefit period." Accordingly, transition benefits end at the end of the benefit period, potentially jeopardizing her employment, even though she will also be ineligible for any cash assistance for the next two and one-half years.

In summary, taken as a whole, WNW appears harsher in its treatment of working poor families than is current law, and cannot reasonably be viewed as a program offering improved support to working poor families.

- **After a family has reached the 24 month point (or the end of its benefit period), the family will be denied the basic safety net of cash assistance for a three year period, even in instances where a parent undisputedly is willing to work and**

¹³ For example, California's waiver involves an ongoing \$120 and 1/3 disregard; Iowa's involves a 50% disregard of earnings after all other deductions; Michigan's involves \$200 plus 20% of earnings; Utah's involves \$100 plus 45%; Vermont's involves \$150 plus 25%.

¹⁴ New Jersey's and Vermont's waivers expands transitional Medicaid to 24 months; Utah's liberalizes eligibility requirements; Iowa's extends transitional child care to 24 months.

¹⁵ [Proposed] §49.27(6),(8).

cannot find a job. During the three-year ineligibility period, there is no serious protection against homelessness or destitution.

Work Not Welfare generally contemplates that, at the two year point, cash assistance to a family ends. In this sense, the waiver's title is a misnomer: at the two year point, the program will not offer work instead of welfare; it will offer nothing instead of welfare.

Only very limited extensions of the 24 month limit are possible under the waiver. The waiver appears to contemplate that only "[a] small percentage of AFDC recipients have limitations or face barriers that may make it difficult to achieve self-sufficiency." (p.19). The waiver envisions the possibility of allowing continued assistance for those who are not SSI-eligible but nevertheless have "significant limitations to employment." This phrase is not defined; it is unclear who it would apply to. Another part of the waiver (p.37) indicates that the case management team "may" extend the time limit for persons considered "unemployable, but not meeting SSI eligibility criteria." Thus, there does not appear to be any possibility of extension for those who are theoretically employable but just unable to find a job. Indeed, even in cases where the individual is considered unemployable, an extension only "may" be granted. It is notable that in the description of possible categories in which individuals could fall (p.20), there is no recognition that there is a category of individuals who, at the twenty-four month point, are trying to find work but not succeeding in finding a job.

The only other extensions of the two-year limit — according to the proposed state legislation to implement the waiver — involve months where every family member is exempt from program requirements. Again, however, the basic premise is that if a parent is theoretically employable, assistance will end at the 24 month point.

As noted previously, this approach is fundamentally different than the Clinton administration's planning, which envisions assistance to those willing to work. We generally recognize that in an economy with unemployment, some number of people will be looking for jobs and be unable to get hired. In light of this reality, why terminate all aid when a parent is undisputedly doing her best to find a job but not succeeding in finding one?

It may be hoped that, in an effective employment program, the number of people reaching the 24 month point would hopefully be quite small. However, nothing in existing research tells us that this will be the case. For example, in the recent evaluation of California's GAIN Program, there has been much attention to the experience of Riverside County. Riverside had a GAIN Program with a strong emphasis on immediate job placement, and a willingness to sanction non-complying participants (among a number of other features). The program demonstrated the highest two-year impacts yet measured in work-welfare evaluations. Over a two year period, 63% of the GAIN group entered employment (as compared to 46% of those not subject to GAIN and not eligible for GAIN services). However, in the last quarter of the second year, only 35% of the GAIN group (and 24% of the control group) were employed.¹⁶ The Riverside experi-

¹⁶ See Friedlander, Riccio, and Freedman, *GAIN: Two-Year Impacts in Six Counties (Manpower Demonstration Research Corporation, May 1993)*, at 44.

ence underscores that effective programs will have impacts, but that we have to assume that with any program, there will still be significant numbers of complying people who still need help.

Once a family reaches the two-year point, the non-cash safety net will be minimal. The family can apply for food stamps, and the children may be eligible for Medicaid. During the three-year period, the parent will be ineligible for medical assistance other than the 12 month transitional Medical assistance. It is unclear whether all children will be automatically eligible for continued medical assistance, or whether there will be any eligibility restrictions. It is also unclear why medical assistance will be denied to poor and in many instances working parents; surely, the denial of cash assistance is sufficient "incentive" to encourage work without also denying health care.

The waiver application describes an intent to establish a "Children's Services Network" in the pilot counties. According to the application, the Children's Services Network would provide a "link to a comprehensive array of services for children and families, including charitable food and clothing centers, WIC nutrition services, child care funds (for families that use up transition benefits and still need child care funds to maintain employment) and Medical Assistance for children only." (Application, at 22). However, the description in proposed state legislation is more modest; the duty of the Children's Services Network is only to "provide information about community resources available to children..."¹⁷ The statutory mandate does not seem to involve creating or committing resources; it only involves providing information about what already exists.

The proposed state legislation does envision that a WNW group may be eligible for vendored shelter payments when the group is in danger of becoming homeless. The shelter payment cannot exceed the amount of an AFDC grant for the children only, and the standard for determining when the group is "in danger of becoming homeless" is left to be specified in rule by the department.¹⁸ Eligibility for these payments exists only when the group is in a period of ineligibility after having received the maximum number of benefit payments.¹⁹ This means, for example, that shelter payments will not be available to a family that is unable to pay its rent due to receiving a reduced WNW payment in a month. Accordingly, there may be a number of times in which families face homelessness during their benefit period but cannot receive help. In addition, even when a family qualifies for the shelter payment, there is no provision for additional assistance in instances where the amount of a child-only grant is not sufficient to prevent the homelessness of a child.

¹⁷ [Proposed] §49.27(1)(c).

¹⁸ [Proposed] §49.27(7).

¹⁹ There may be an ambiguity over whether this means the family must have received 24 months of payments, or whether it also applies to families who have ended their four year benefit period without drawing a full 24 payments.

- **WNW does not even assure needy families 24 months of assistance. Under WNW, the basic safety net of cash assistance may be denied to a family if the family has received as little as two months of aid during a four year period.**

In practice, WNW may often provide much less than 24 months of assistance. This is because a family entering the system begins a four year benefit period, and must receive its 24 months of assistance within this period; the family is then ineligible for aid until it has gone three years without cash assistance. Under this set of rules, a family that has received as little as two months of WNW assistance could be disqualified from receiving cash aid for three years.

For example, suppose Ms. Smith receives WNW in January 1995, exits, and returns for one month in December 1997. She exits again, and returns in need of help in 1999. Under WNW rules, her benefit period was the four-year period from January 1995 to December 1998. Had she delayed her first return until three years from January 1995, a new benefit period would have begun. However, since no new benefit period was initiated, she will not be eligible again until three years have elapsed from December 1997.

This example illustrates a basic problem. Application of the rules will be straightforward if a family enters the system, and then receives aid for 24 consecutive months; however, national data suggests this is not the way in which AFDC is received by about 70% of program entrants. Far more common will be scenarios in which a family receives aid for some months, exits, and then returns. It seems very questionable to base the amount of assistance to a family in 1998 or 1999 on the family's circumstances in 1995 or 1996, but that is how the rules will work.

- **WNW takes an extraordinary step in penalizing poor families that have children. Under the WNW design, a family may be denied aid for any child born in the three years after leaving the welfare system.**

WNW proposes to deny additional assistance to families when a second or subsequent child is born to an adult enrolled in the WNW program; benefits would only be provided in instances where the parent is pregnant at time of initial enrollment. It is suggested that this approach will encourage parents to seek gainful employment to support themselves and their families and not rely on an automatic increase in the AFDC payment.

The "family cap" idea has little justification under any circumstances, and certainly not in the context of the WNW program. It has little justification because existing research indicates that the average AFDC family has one or two children²⁰ and that AFDC

²⁰ Nationally, 72.3% of AFDC families have one or two children; in Wisconsin, the figure is 73%. U.S. Department of Health and Human Services, *Characteristics and Financial Circumstances of AFDC Recipients, FY 1991*, Table 6.

families have declined in size substantially over time.²¹ Moreover, a study examining fertility rates among AFDC mothers in Wisconsin concluded that fertility rates for AFDC mothers were lower than the rates for the general population, and that the longer a woman remains on welfare, the less likely she is to give birth.²²

Moreover, the idea of a family cap is particularly inappropriate in the WNW context because a) benefits are time-limited, and it is quite implausible that anyone would have a child for an additional few months of WNW benefits; and because b) a family must work or participate in education/training in order to receive benefits, so any additional benefits provided for a subsequent child will generally have to be "earned" anyway (except in those instances where a family is already at the maximum participation level).

Most disturbingly, the WNW rules take the family cap concept to an extreme not seen in any other proposal. Under the proposed state legislation, no assistance will be provided during the benefit period for any child born more than ten months after the beginning of the benefit period.²³ This means that assistance is not just denied for children conceived while receiving WNW — assistance may be denied for a child conceived two or more years after a family stops receiving WNW assistance. For example, suppose the Smiths receive WNW from January to June of 1995. Then, Mr. Smith gets a job, and the family leaves WNW. In 1996, the Smiths conceive a child, who is born in early 1997. In mid 1997, Mr. Smith loses his job, and after unemployment benefits expire, the family applies for WNW assistance in early 1998. Since the child was born during the four year benefit period, there will be no assistance paid for the child, even though the child was conceived and born at a time when the family was receiving no assistance whatsoever. In effect, the prohibition on additional assistance applies to any child born in the years after a family leaves WNW. The apparent purpose seems to be to discourage childbirth not just from those receiving assistance, but also from those who had received assistance at any point in the last several years. It is hard to see any reasonable policy rationale.

Conclusion

Work Not Welfare is an unprecedented waiver request, but the fact that a waiver approach is unprecedented does not mean that it reflects a reasonable and thoughtful approach in need of testing. Rather, the Work Not Welfare proposal is unprecedented in its apparent willingness to impose hardships on families with children for the sole offense of being unemployed, in its willingness to deny a safety net to families who are willing to work but cannot find jobs, and in its willingness to increase the poverty of children.

²¹ In 1969, 32% of AFDC families had four or more children; in 1991, only 10% had four or more children. *Characteristics and Financial Circumstances*, supra, Table 6.

²² Rank, *Fertility Among Women on Welfare: Incidence and Determinations*, 54 *American Sociological Review* 296 (1989).

²³ [Proposed] §49.27(1)(c).

There are profound problems in our existing welfare system and there is broad agreement that the system needs fundamental reforms. The issue is not whether to reform but how to reform. Many states are taking initiatives designed to reduce the need for welfare rather than the availability of assistance. Many of these initiatives are premised on the importance of helping families improve their chances of success in employment, and providing support to poor working families. They also recognize the critical importance of ensuring that any welfare reform initiative must provide more, not less, help to children.

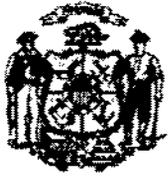
WNW poses a key test for the Clinton Administration: is the Administration willing to approve any waiver proposal, no matter how poorly designed and how inimical to the protections of the Social Security Act? Persons believing that the **Work Not Welfare** waiver should be disapproved or otherwise wishing to comment on the waiver are urged to communicate their views to:

Mary Jo Bane, Designate - Assistant Secretary for the Administration for Children and Families, 370 L'Enfant Promenade, SW, Washington, DC 20447

For additional information, please feel free to contact CLASP.

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Education and Treatment*

Wisconsin Women's Council

January 25, 1994

Bruce Reed, Deputy Domestic Policy Advisor
Welfare Working Group Co-Chair
The White House
1600 Pennsylvania Ave
Washington, D.C. 20500

SUBJECT: Welfare Reform

Dear Mr. Reed:

I am enclosing for you my comments on the draft proposal for welfare reform that you got from the task force in the Department of Health and Human Services.

In addition, I would like to comment on the method of financing which is being discussed. That method would simply strip out benefits for legal aliens. I believe that is very short sighted and not a good way to go. While Wisconsin may not have the numbers of aliens that other states like California have, to drop those families onto a safety net that is financed entirely by the states would not be pleasant to contemplate. For instance, roughly 40% of our Indo-Chinese population is on AFDC. Almost all of them are aliens.

I look forward to seeing the results of the work of the Welfare Task Force and its comments on the Clinton Draft Proposal.

With all best wishes.

Sincerely,

REBECCA YOUNG
State Representative
76th Assembly District

RY/rl

Encl

COMMENTS ON DRAFT PLAN
OF PRESIDENT CLINTON'S WORKING GROUP ON WELFARE REFORM

PART ONE: PROMOTING PARENTAL RESPONSIBILITY AND PREVENTING TEEN PREGNANCY

A. Changing the Welfare and Child Support Systems

Support for two-parent families. Eliminating the eligibility bias against two-parent families is long overdue.

*I would suggest one additional change: reducing the tremendous penalty on working step-parents. Currently all but a very small amount of a step-parent's income is considered available to the family, even though none of the AFDC children are his/hers. The amount "deemed" to the family should be substantially reduced.

Minor mothers live at home. It is unclear how this requirement serves the draft's goals. It is at least as arguable that allowing minor mothers to establish separate households if they wish to do so will increase their responsibility for their child. Additionally, allowing minors to establish separate households may allow them to escape harmful home environments. Furthermore, it is unclear that such a requirement is really necessary. In Wisconsin at least, which has this requirement, the number of families affected is quite small, indicating that many minor parents decide with their families to continue to live together. For those who don't, child protection agencies are authorized to investigate those situations which may pose a risk to minors, and require the minor parent to live with an adult where appropriate. Perhaps a reasonable compromise would be to require case management wherever a minor mother proposes to establish a separate household, to investigate the situation and make a recommendation depending on the available home situation and the minor parent's maturity. This would remove the presumption in such cases that the grandparent's home was always superior.

At a minimum, if the proposed requirement is adopted it should be drafted so as to encourage separate households where warranted and sought by the minor parent.

Mentoring by older welfare recipients. Child-bearing by teens is a very complex problem for which there are no easy solutions. Mentoring by welfare mothers may be a good idea as long as those chosen are skilled and enthusiastic about their role. Such a system should never be used simply to provide easy community service "slots;" this may be a real temptation should the proposed two year limit for cash assistance result in large numbers of recipients jobless at that point.

Demonstrations. It is unclear what is meant by demonstrations which would condition a portion of the grant upon "self-sufficiency" activities or provide bonuses. For adult recipients, the JOBS program already includes sanctions for failure to cooperate with work-related activities and proposals for increased work income disregards are discussed elsewhere. Teen parents are also covered in JOBS rules and may be sanctioned for failure to attend school as their JOBS activity. If this is meant to encourage "Learnfare" waivers, conditioning sanctions and bonuses upon school attendance of dependent children, it should await some indication that current Learnfare pilots are effective. Wisconsin, one of the few states to involve dependent children in their Learnfare program, is just beginning an evaluation of its program.

There have been many problems with implementation of Learnfare in Wisconsin, with many recipients losing benefits due to errors in record-keeping and inadequate procedures, with failures in the case management system, and with large numbers of sanctions occurring in families already in crisis with the juvenile justice system. As a result, the program has been highly controversial. Further experimentation involving dependent children and reduced benefit levels should be discouraged until it is clearer that such sanctions work and that case management and supportive services are not enough in themselves.

The option of allowing states to limit benefit increases for additional children should not be adopted. When this idea was first proposed in Wisconsin, the task force agreed that it should be implemented only with a substantial increase in overall welfare benefits. (The proposal would have set the beginning welfare benefit level above the poverty line.) In such a setting, the argument that this is "like" non-welfare families makes more sense. Without such a general benefit increase (which was later dropped as too costly), the proposed cap on benefits simply plunges families much further into poverty. In Wisconsin a mother who had a second child and continued to receive a grant for two, \$440, would go from 56% of poverty to 44% of poverty. (Food stamps would help some but would not bring the family even close to the poverty line.) The additional benefits received with additional children are sometimes characterized as a "reward" when they simply serve to allow families to live at approximately the same, sub-poverty level as before. Thus, the addition to grants cannot reasonably be viewed as an incentive to have more children.

Studies have tended to show that welfare families child-bearing decisions are not influenced by the size of the welfare grant. Indeed the draft report indicates that, for the most part, the social trends leading to welfare dependency are not caused by the

welfare system but reflect shifts in societal mores and values. (p. 9) Furthermore, a high percentage of pregnancies are unintended. The draft report indicates the numbers are 35% for all pregnancies and much higher for teens. (David Ellwood, in Poor Support, Poverty in the American Family, Basic Books, Inc. 1988, at page 72, reports that 80% of teens report their pregnancies unwanted.) Allowing states to limit benefits in these cases makes our poorest families and their babies bear the brunt of societal changes and lack of education about and access to birth control, as well as simple failures in birth control methods.

Other changes in the welfare system that are far more likely to affect child-bearing decisions are those discussed later in the working group draft, particularly making work pay and increased education and training opportunities with necessary support services. These are likely to be effective "welfare reform" by providing real options to poor parents. Additionally, a sounder educational system, particularly in our ghetto areas, could have a profound effect on teen birth rates.

B. Engaging Every Sector of Society in Promoting Responsibility

C. Encouraging Responsible Family Planning

All the initiatives suggested in these sections of the draft sound good. They recognize the larger societal causes of welfare dependency as well as the importance of family planning services in reducing welfare dependency.

Initiatives to reduce childbearing among the poor are needed, and there are programs which have been successful. States should be directed toward more positive approaches and not allowed to diminish benefits once children are already born.

PART TWO: MAKING WORK PAY.

A. Child Care for Working Families

Maintain IV-A child care.

Expand child care for low-income working families.

It is critical to increase federal funding for both AFDC child care and child care for other low-income working families.

Among the lessons of the JOBS program implementation is that states are having great difficulty funding all who need child care. In Wisconsin, child care for recipients in education and

training has been grossly underfunded (resulting in a lawsuit in order to obtain child care guaranteed under the Family Support Act). Also, the long waiting lists for at-risk child care has resulted in some returning to welfare when their year's entitlement to transitional child care has run out. There was testimony at state hearings that another spell on welfare was the only way to "requalify" for child care, necessitating leaving jobs which otherwise showed some promise. The federal match for AFDC, transitional, and at risk child care programs should be increased.

Coordinate rules across all child care programs. Seamless coverage will also help families make the transition from AFDC to, eventually, non-supported work in the private sector. It will help avert the loss of continuing child care or even the loss of a job because child care is suddenly unavailable.

* Additionally, states should be required to supplement recipients' child care costs which exceed that amount disregarded in determining AFDC grants. The federal disregard is very low: \$200 per month for infants and \$175 for children over two. In Wisconsin it is not at all unusual to spend \$400 to \$500 per month per child. Currently, states have the option to supplement the disregard. If they do not, the difference must be paid by recipients, making the choice to work must more difficult.

*States should also be required to pay child care costs for the first two months of working where income is being budgeted retrospectively. This is also an option for states. Many recipients with small children find it very difficult to begin work because they must somehow pay for their child care those first two months, before the work income disregard begins to increase their grant amount.

Questions:

1. Regarding how much new investment in child care is reasonable, it is difficult to set a limit. It seems clear that ending the use of welfare requires substantial expenditures for child care, during education and training to prepare for work as well as during work at entry level positions.

2. Regarding reducing the state match for child care for the working poor, as indicated earlier, it is likely that the match for all child care programs will need to be reduced if welfare reform is to succeed.

* An additional suggestion to ease the funding for child care is to make participation in work and training programs optional for those with children under 6, or at least reduce the number of

hours of participation required. Child care for those with preschoolers is the most expensive of all. This is discussed further at Part Three, below.

B. Advance Payment of the EITC

In general, this would be very helpful to recipients, as long as it did not result in reducing their AFDC benefits or food stamps. Currently, this does not count as income when received for either program, and only counts as an asset if held for a period of time. It will only be helpful if it continues to be disregarded in determining the benefit amount.

Any of the other strategies suggested to expand the effectiveness of the EITC might be helpful. (There have been some problems noted with Electronic Benefit Transfers, generally regarding access and privacy issues.)

C. Other Support for Working Families

It is important to recognize, as the draft does, that full-time work may not always be feasible for single parents. In fact, it may not make good economic sense for families with young children headed by a fairly low-skilled wage-earner. It also seems reasonable and fair to aim for a system where recipients are better off working. It is likely that some combination of the options will be necessary. For example,

Option 1, requiring a state EITC supplement will likely be most helpful for families with a full-time worker. (Supplementation of food stamp or housing benefits would seem much more difficult to administer and diminishes families' responsibilities to plan for themselves.)

Option 2, requiring states to continue to provide some cash assistance is likely to be most helpful to part-time workers, and makes particularly good sense applied to parents with pre-school children. In order for this option to be better than welfare, however, the earned income disregard would have to be increased not just "simplified" or made unlimited by time as the draft suggests.

Option 3, child support assurance programs seem the most logical way to ease the burden on single parents, recognizing the importance of their presence in the home while requiring part-time work.

Option 4, is an good idea, but should be considered as an additional source of support, not a substitute for monthly cash benefits to achieve at least a poverty level standard of living.

Demonstrations. These are all very good ideas and should be piloted. Establishing temporary unemployment systems and emergency assistance systems for short-term emergencies seem particularly sound ideas to help families avoid AFDC altogether.

*One option clearly and simply directed toward the goal of making work pay is increasing the minimum wage. Since the EITC is essentially an employer subsidy, it may make sense to increase the minimum wage at the same time.

PART THREE: PROVIDE ACCESS TO EDUCATION AND TRAINING, IMPOSE TIME LIMITS, AND EXPECT WORK

The centerpiece of the draft welfare reform proposal is to 1) enhance the JOBS program for recipients and 2) impose a two year limit upon the receipt of benefits, followed by 3) government jobs for those unable to find work at that point. These three components are viewed as necessary to enable more long-term recipients to obtain employment and leave the AFDC program.

The problem with this analysis is that the JOBS program has never been given a chance to work for most program participants. As the draft indicates, only 15% of the non-exempt AFDC caseload is currently participating. Thus, while expanding the JOBS program is appropriate, establishing a two-year limit is a totally irrelevant response to the program's failure thus far to move more people off welfare. The answer is not more rigidity but more use of the program, tailored to meet the need of recipients for job preparedness and training and targetted at those who need it and can most benefit. Furthermore, the provision of public service jobs at the end of this period will be costly, and invariably result in the diversion of funds from other, highly necessary initiatives: expansion of the JOBS program and the additional child care funding.

A. Enhancing the JOBS Program.

1. Immediate focus on work and participation in JOBS. The emphasis upon getting all recipients into JOBS immediately creates an unnecessary and inefficient rigidity. The draft points out that AFDC serves as a temporary safety net for a majority of recipients. (Page 16.) Yet, by requiring the immediate entry of all recipients into JOBS, the plan does not seem to recognize that many recipients leave the program needing few services beyond temporary financial help and many of those who leave do not return. It does not make any sense at all to devote new resources to this group.

In addition, the plan would remove exemptions for parents of

young children, without acknowledging that these are the most expensive recipients to serve because of child care requirements, and without discussing the critical role in child-rearing that single parents especially must play.

* A better approach would be to target resources to those who have been on assistance for a certain period of time, for example a year, and otherwise make services available to volunteers, as needed. This would be much more likely to focus resources where they are most needed than the draft's approach. It would also assure that parents who enter the program with very young children could care for their children themselves, if they felt it necessary. Finally, it would allow the development of more thoughtful plans for self-sufficiency, after the sorts of crises which propel many families onto assistance had had a chance to quiet down.

Teen parents could be required to participate immediately, as has been suggested elsewhere. See Mark Greenberg, *The Devil is in the Details*, July, 1993, page 17. As Mr. Greenberg suggests, they constitute a group likely to become long-term recipients and have a special need to finish school. While their children are infants, however, school attendance should be required only if on-site child care is available.

Sanctions should be no stronger than under current law, where benefits are reduced by removing the portion owed for the adult who fails to participate.

2. Expanding the JOBS program. Increased funding and an enhanced match are both necessary in order to substantially increase the numbers of recipients served.

* The enhanced federal match should be applied, as well, to child care funding for those in education and training programs. Wisconsin and other states have found it difficult to meet this need at the current match rate. In many cases, this will be the primary expense for those in JOBS.

Dramatically increased participation should also be sought, but it should be achieved by targetting those longer-term recipients and teen parents as discussed earlier.

3. Integrating JOBS and mainstream education and training initiatives. The initiatives suggested are all positive approaches for providing opportunities for welfare recipients to become self-sufficient. However, states should hesitate to direct, in particular, AFDC recipients toward child care. These jobs are both too important and too underpaid to encourage anyone to undertake them who is not both highly motivated and talented

at working with children.

B. Making Welfare Transitional

Two-Year limit.

Extensions.

Credits for additional assistance.

The discussion here indicates that the time limit is necessary to provide a "structure that necessitates continuous movement toward fulfilling the objectives of the employability plan and, ultimately, finding a job." But, as indicated earlier, it does not make sense to provide the same structure regardless of circumstance. Indeed the detail of this section contains a number of possible variations and exceptions which almost swallow the rule, indicating the difficulty. Requiring contracts and employability plans already provides the necessary structure and directs recipients toward completing training and entering the job market. These are tailored to recipients' skills and aptitudes, their readiness for the labor market, and their family's needs. Imposing an artificial two-year limit which ignores these considerations is counterproductive.

That is not to say that states might not be allowed to require recipients to look for work while in education or training programs after a certain reasonable period if it did not interfere with or slow down their educational programs. Or work in addition might be required if the student were not making satisfactory progress in their training or educational programs (instead of requiring them to quit their programs altogether, if they wished a chance to continue).

Gearing recipients' programs and time expectations to their specific situations would eliminate the need to grant the sorts of extensions listed, to extend the time limit for working at least 20 hours per week, and to allow the "earning" of months of eligibility for months spent working and off assistance. Pages 20-21.

On the other hand, if a time limit is ultimately enacted into law, the extensions and credits should be mandatory upon the states in order to build in some attention to the variety of recipients' circumstances otherwise disregarded in a time-limited system: those who go on and off assistance, and those who need different types of help at different points of AFDC eligibility. Also of particular importance is continuing the opportunities for postsecondary education which is contained in the current JOBS

program and which is the avenue most likely to lead recipients out of the welfare system for good.

C. Work

In addition to being an inefficient way to use resources, establishing time limits means that government must create work opportunities at the end of the period for those who are unable to find work outside the program. This must be done to avoid the widespread deprivation which would otherwise result.

The draft states that the overall goal of the work program is to help recipients "find lasting employment outside the program." Of the two models presented in the draft, the jobs created for recipients to work for wages are much more clearly directed toward achieving this goal than the workfare model. Based upon studies to date, workfare models have not proven at all effective in moving recipients into jobs outside the welfare system. (For a particularly good discussion of the problems of workfare, see Mr. Greenberg's article at pages 10 to 14.)

Both programs are likely to be costly, both in themselves and considering the child care needs of working recipients. To the extent that recipients are not provided the means to find jobs outside the program, government work programs run the risk of creating a quasi-permanent underclass at substantial expense. Finally, it is highly unlikely that states will be able to create the number of jobs that will be required. See Mr. Greenberg's discussion at pages 10-12.

1. Administrative structure of the work program

Eligibility. The sanction for refusing an offer of work outside the program is ineligibility for six months with cash benefits provided to the extent they would have been had the job been taken. Since the only way to cure this violation is the acceptance of another job outside the program which may not be available, some families will be left with no income at all and no way to provide it. Currently recipients are sanctioned by being taken off the grant, leaving the childrens' portion intact. This is a severe enough penalty where full grants are already well below the poverty level.

Waiting list. If the number needing work exceeds the number of work slots, recipients would be required to volunteer and states might be penalized by a reduced match of the recipient's cash assistance. It is likely that the number of jobless recipients will greatly exceed the number of jobs. Volunteer opportunities are likely to shrink, the use of volunteers may well begin to

substitute for hiring regular employees, and states are likely to be put to even greater expense because of local economic conditions. It is not fair to penalize either states or recipients for negative economic conditions and shrinking job markets.

The option of allowing states to reduce benefits once recipients exceed a certain period of participation in work programs should not be adopted. It is not fair to punish recipients who follow all the rules and are unable to find work because they lack necessary skills or because appropriate jobs are unavailable.

2. Characteristics of the work assignments.

Hours. The draft provides that work assignments would be for 15 to 35 hours per week to be determined by the state. The program should set standards for setting the number of hours, for example, limiting to 20 hours per week the work obligation of those with pre-school children.

Not working. The reduction of hours for not working should be limited similarly to the limits under current law. Or, the reduction could reflect the number of hours missed up to a maximum set as a percentage of the grant.

The option of permitting workfare programs should not be adopted. As discussed earlier, these programs have shown almost no success in helping recipients gain outside employment. Clearly it is not warranted to expand them on the scale anticipated with this program.

3. Economic development. The Community development and Individual economic development initiatives are positive suggestions.

PART FOUR: ENFORCE CHILD SUPPORT

A. Child Support Enforcement

1. Universal and simplified paternity establishment process. The emphasis here should be on the conscientious and thorough pursuit of paternity and child support in all welfare cases and those where services are requested, along with outreach efforts and systems changes to promote paternity establishment. Beyond that it is much less clear that government has a role in promoting a child's right to "interact" with both parents, as the materials on "universal" paternity establishment suggest.

Simplified paternity establishment should be pursued, but with

careful attention to due process protections due alleged fathers. The legal acknowledgment of parentage is too important to all parties to risk mistakes in the name of simplification and streamlining the system.

It is unclear what is meant by "clearer, stricter cooperation requirements." At least in Wisconsin, cooperation requirements are well spelled out and sanctions are readily imposed for failures to comply.

Options: The bonus to mothers for establishing paternity would probably be easier to administer than the current \$50 disregard. It is also fair that mothers be rewarded for cooperation, regardless of the amount of child support ultimately received.

Regarding the denial of "certain governmental benefits" to persons who have not cooperated, the denial of a portion of the AFDC grant is part of current rules. It is difficult to see how a greater sanction might be applied without harm to the children in the family. There are very few cases where parents fail to cooperate without some basis, often having to do with fears for their safety or that of their children which they either cannot prove or which they are unsuccessful in persuading county workers are serious enough.

2. Appropriate payment levels.
3. Collection and enforcement.

Most of these initiatives are positive; many are already being done in Wisconsin. However, authorizing the suspension of driver's and professional licenses seems counterproductive, indeed, as it is likely to interfere with employment opportunities and/or training opportunities and therefore payors' ability to keep up child support payments.

4. Providing some minimum level of child support. This is a natural complement to other aspects of welfare reform, in that it protects single, custodial parents from having to assume the total burden of child-rearing when the non-custodial parent is either unwilling or unable to contribute a fair share. It would enable single parents to support their families with part-time work. Such a system is particularly necessary where AFDC benefits will be time-limited as it recognizes the importance of a strong parental role in children's healthy development and the particular needs of children in single parent families for a parent's presence in the home.

Option 2 would be the best as it is most likely to bring single-parent families up to the poverty line with a combination of

part-time work and an assured child support benefit level.

B. Enhancing Responsibility and Opportunity for Noncustodial Parents

The initiatives here are generally sound, including providing incentives and training programs to non-custodial parents and forgiving arrearages for those who comply.

It would not make sense, however, to divert funds for training and education from AFDC recipients. Custodial parents will always have the major responsibility for providing for children. And, funding for custodial parents' training will always be more expensive, as it must include day care expenses as well as other training and living expenses. Finally, custodial parents are most often women who are much less likely to be able to earn a living wage than men in similar circumstances with similar amounts of training. Special care must be taken not to underfund training and supportive services for custodial parents in order to provide training for non-custodial parents.

PART FIVE: REINVENT GOVERNMENT ASSISTANCE

A. Simplification Across Assistance Programs

Option 1 contains a number of positive suggestions for simplification and coordination of welfare rules for the various programs.

Option 2 suggests that the "filing unit" could be standardized between the AFDC and food stamp programs. Since food stamp units may contain a variety of related and unrelated people, any unification of filing units would have to follow the AFDC filing unit scheme. Otherwise, using the food stamp unit for a model for cash assistance would result in contributions to the family with children being assumed where, in fact, they do not exist. This would mean substantial inequities among AFDC families of the same size, depending on who else lived in their household.

B. Preventing Waste, Fraud and Abuse

New technology has enhanced program integrity and will continue to do so.

C. Performance Standards and State Flexibility

While some state flexibility is desirable, the federal government has a substantial role in making sure that systems

treat families with children fairly and without undue harshness. Poor families need to be somewhat insulated from program decisions made solely in response to state budget crises and the lack of public understanding of and sympathy for the causes of their poverty. To that end, standards for granting waivers from program rules should be developed to ensure that variances will serve the goals of family self-sufficiency while at the same time providing the essentials for family survival.

1. **Guaranteed Jobs**

As articulated in our meeting last week, we do not expect you to guarantee jobs for individuals exhausting 24 months of benefits. However, we do believe that fully cooperative individuals should not lose benefits solely because they are unable to obtain employment. We would propose the following language:

Ninety days prior to the termination of benefits a notice will be sent out informing the individual that benefits will be terminated. It will inform the individual that they may apply for an extension of benefits, but that it will be granted only in unusual circumstances. In particular, extensions will be granted only to those who are unable to work for reasons such as personal disability or the need to care for a disabled dependent or if they have made all appropriate efforts to find work. If an extension is granted, it is expected that the individual will participate in some supported work activity within the limits of her ability.

At least 90 days prior to implementation of the demonstration, the State will submit guidelines to the Department for approval, concerning the criteria that will be considered in making such a determination that an individual's benefits should be extended. With respect to those individuals who assert they are unable

to obtain employment, such criteria will include but need not be limited to: 1) whether recipients have received and/or rejected offers of employment, have quit jobs or been fired for cause, 2) the degree to which the recipients have cooperated, and are 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.

The State and the Department understand that, if the demonstration works as expected, few individuals will approach the 24 month limit still needing to receive WNW benefits. After this demonstration has been in operation for 18 months the State will submit an analysis of the proportion and number of recipients that appear to be likely to use up their 24 months of eligibility without being able to obtain employment. The State will also submit quarterly information for the previous year on the number and kinds of jobs that are available in the community which individuals on AFDC could reasonably expect to obtain. If, in the Department's or the State's judgment, there is an unacceptable number of cases which are likely to exhaust benefits without obtaining employment, the State and the Department will reexamine the demonstration for possible areas of modification. If

the State and the Department cannot agree on whether there should be modifications and, if there should be, on what they should be, the Department reserves the right to terminate the demonstration.

2. **Employed person loses job, can person move back into an independence job?**

We concur with your proposal.

3. **Food Stamp Cash-Out Issues.**

4. **MA Eligibility for Adult Caretakers.** *We believe ~~no one~~ no one should receive medical benefits for lack of employment.*

5. **Premiums Charged During Transition Months.**

6. **Time-Limited vs. Cumulative Benefits.**

We are concerned that the current structure of the 24-month time limit results in inequities, discontinuities, and incentives to lengthen stays on welfare. We would propose eliminating the 48 month period during which the 24 months of WNW benefits must be used and to allow the individual to earn back benefits in a less discontinuous manner than your proposal. We suggest the following wording:

After the individual has received WNW benefits for 24 months, additional months of WNW benefits will be allowed based on time off WNW. For every [fill in a number] of consecutive months of not receiving benefits an individual can receive an additional [fill in a number] months of benefits.

7. **Capping AFDC Benefits for Additional Children.**

We are concerned that your proposed policy which does not increase benefits for children when they are conceived months or even years after a family has left AFDC cannot meet a rational basis legal standard. We suggest the following wording.

The family cap would apply only to children conceived by an adult during a month in which adult was on welfare. A child will be considered to have been conceived in a month in which the mother was not on welfare, if the mother was not on welfare either 8, or 9, or 10 months before the month of birth, or if there is medical evidence that the child might have been conceived at some other time when the mother was not on welfare, such as in the case of a premature birth.

8. **Requiring FS Recipients With Children Under Six to Participate.**
9. **Opportunity to Cure FS Sanction and FS Benefits Cannot be Reduced to Zero.**
10. **Non-experimental Design.**

We believe that the proposed compromise evaluation design which would include both a random assignment approach in one county and a non-experimental approach in another county is the best way to learn whether the major policy changes in WNW achieve their intended effect. The comparison county design has the potential to successfully measure any large caseload effects which you expect WNW to achieve and to be the approach least likely to inhibit the community effects

you anticipate. On the other hand, we believe that only individual random assignment could realistically be expected to detect some of the important individual effects, such as the uptake of permanent jobs, exits prior to the two-year time limit, average earnings, and any outcomes that probably affect small, but significant, segments of the caseload, such as foster care placements.

11. Entry Effects in Cost Neutrality.

Since you anticipate large caseload and payment effects we understand the importance you attach to including their effects in the cost neutrality calculation. We have concerns about how those effects would reliably be measured, but would agree to consideration of such effects in cost neutrality.

WR Wise



State of Wisconsin
Department of Health and Social Services

1 W. Wilson Street P.O. Box 7850 Madison, Wisconsin 53707-7850 608-266-9622

Gerald Whitburn
Secretary

October 15, 1993

✓ Mary Jo Bane
David Ellwood
Bruce Reed

Re: Work Not Welfare Update

Yesterday, the legislation cleared its last committee hurdle going thru the legislature's Joint Finance Committee 14-2 with even the Governor's opponent next year voting for it.

The Senate will pass the legislation next Thursday and we expect Assembly approval the following week.

WISCONSIN STATE JOURNAL



October 15, 1993

Panel OKs limit on welfare

by Jeff Meyers

State government reporter

A bill to set up a 10-year pilot program that would limit welfare payments to two years gained approval Thursday from a legislative panel.

The 14-2 vote of the Joint Finance Committee sent Republican Gov. Tommy Thompson's "Work, Not Welfare" bill to the GOP-controlled Senate. A Senate vote is expected Oct. 21, and supporters predicted a favorable vote there and possibly the Assembly later in the month.

The vote by the budget-writing Finance Committee indicates general acceptance in the Legislature, but the panel's two African-American members, both of Milwaukee, voiced their strong displeasure.

Rep. Spencer Coggs said Milwaukee County's unlikely participation in the program meant the county had been "ignored." But the most stinging criticism

came from Sen. Gary George, who warned that such punitive measures would breed discontent among the poor.

"We will find the people we are hurting are not nameless, faceless people but children who will grow up angry," George said. "This is not a solution . . . This really grows out of a political desire to do something about welfare."

Gerald Whitburn, who oversees state welfare programs as secretary of the Department of Health and Social Services, answered the criticism by saying the pilot program, which will affect 1,000 people at any one time in two unnamed counties, was meant to "break the back of dependency."

"We're going to nudge people to work," he said.

Other Democrats knocked parts of the program but ended up voting for it in the end. One of them was Sen. Charles Chvala, D-Madison, a likely challenger to Thomp-

son in next year's governor's race. Another was Rep. Shirley Krug, D-Milwaukee, who pushed several amendments — some successfully — aimed at clarifying details of what she said would be a proposed "social contract" between the state and program participants.

"We have to pony up," she said in successfully arguing for shoring up the state's commitment to provide child care for participants.

She said this kind of experiment was "a long time in coming" but said the Thompson administration should have the courage to allow for competing experiments such as Kenosha's "Work First," a successful welfare-to-jobs program that has no welfare cutoff.

Amendments — including addition of the Kenosha County program and another that added money for child care — bumped the cost of starting the program to a projected

\$2.5 million over two years.

But Whitburn said Thompson's program would save more than \$10 million over the length of the program.

Even if the bill is passed and signed by the governor, it still will need an exemption from federal welfare rules. Whitburn said he was "cautiously optimistic" the exemption will be obtained in time for the expected Jan. 1, 1995 beginning of the program.

The committee tentatively moved the start-up date to the first day of 1996, but Sen. Joseph Lee said budget numbers to be released today would show the state to have enough money to start the program as initially scheduled. The co-chairman of the Finance Committee admitted, however, to be a "little nervous" about the start-up costs of the program.

P.103

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TO

FROM DHS SECRETARY'S OFFICE

07:33

OCT-15-1993



DEPARTMENT OF HEALTH & HUMAN SERVICES

A fax message from:

Melissa T. Skolfield

Deputy Assistant Secretary for Public Affairs

Phone: (202) 690-6853

Fax: (202) 690-5673

To:

Bruce Reed

Fax:

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Phone:

Date:

10-13-93

Total number of pages sent:

2

Comments:

TO: Bruce Reed
David Ellwood
Mary Jo Bane
Avis LaVelle
John Monahan
Jeremy Ben-Ami
Ann Rosewater
Wendell Primus
Julia Moffett

FROM: Melissa Skolfield

DATE: October 13, 1993

WR-Wise

The Associated Press is preparing a story on the Wisconsin waiver request and will contact some of us today for comments. The reporter has spoken to Wisconsin officials who are complaining about the delay in approval and charging that it displays a lack of commitment to welfare reform.

The following is a very quick draft of talking points. Please fax your comments back to me on 690-5673 and I will incorporate them into a final statement. My initial thought is that this office should respond for the working group, although Avis and I are available and open to your thoughts on this. The reporter seems to be exploring the idea of a "policy rift" between HHS and the White House. Thanks.

"The Wisconsin waiver request was received on July 14 and is currently under review.

Welfare reform is a Clinton Administration priority. HHS is deeply involved in this effort; two of the three co-chairs are HHS Assistant Secretaries. The effort to "end welfare as we know it" is ongoing. The working group is continuing to gather information and viewpoints from all interested parties, including welfare recipients. In fact, just last week the working group held its fourth hearing in Sacramento. A fifth is scheduled for Memphis in early November.

After those hearings are complete, the working group will begin to prepare recommendations for the President. We expect those recommendations will be made this year.

In the meantime, HHS and the White House are working cooperatively to review waiver requests which affect AFDC and Medicaid recipients. HHS and the White House are jointly committed to a waiver review process which will give states more flexibility in their management of joint federal-state programs while maintaining the existing commitment to provide quality services to HHS beneficiaries.

Since January 20, a number of welfare demonstrations have been approved, including Wyoming on September 7; Iowa on August 13; and Vermont on April 12.

Secretary Shalala has recused herself from the Wisconsin waiver issue."

IF ASKED:

Current legislation limits waiver approvals to projects which are legitimate, budget-neutral experiments that are limited in duration; include meaningful evaluations; and have real potential for providing useful information with larger policy value. The Administration and HHS do reserve the right to assess the likely impact of a proposed project on quality, cost, access, and potential for success.

WR-Wisc

EXECUTIVE OFFICE OF THE PRESIDE
EXECUTIVE OFFICE OF THE PRESIDE

N T
N T

21-Sep-1993 11:52am

TO: Bruce N. Reed
TO: Kathryn J. Way

FROM: Carol H. Rasco
Economic and Domestic Policy

SUBJECT: see attached which is the anonymous piece of paper

1. Require participants in demo to take parenting classes, obtain regular immunizations for their children, make use of well-baby checkups and other preventive services.
2. State should make strong assurances on child support enforcement.
3. Strengthen evaluation and reporting requirements so that state will have to let HHS know every 3-6 months (perhaps a real discussion with HHS and state at table?) how many of those who have exceeded the time limit find jobs, how many look for work but cannot find it, how many refuse to work. Very important to include unemployment data for the area in these reports/discussions; this will be helpful in any discussions about potential replication in other parts of state/country. How many of those not working are in contact with other public agencies, how many end up being served by other federal dollars...homeless shelters, foster care, etc. With the small number of families to be covered in such a small geographic area this shouldn't be too difficult?
4. Work with Wisconsin's Congressional delegation on the possibility of grant money that could be used in the two test counties to create jobs or community service slots if people who have passed the time limit are having trouble finding work. Trigger mechanism? National Service slots?
5. Assurances that children of those not working still receiving health care.
6. Revisit food stamp cashing out.



WR-Wisc

State of Wisconsin
Department of Health and Social Services

1 W. Wilson Street P.O. Box 7850 Madison, Wisconsin 53707-7850 608-266-9622

Gerald Whitburn
Secretary

September 10, 1993

Mary Jo Bane
✓ Bruce Reed

Re: Work Not Welfare

Attached are clips from the morning papers.

Majorities in both houses of Wisconsin's legislature have now signed on to support our Work Not Welfare project.

We expect passage when the legislature reconvenes in several weeks.

A handwritten signature, likely of Bruce Reed, written in dark ink.

Milwaukee Sentinel

September 10, 1993

Welfare reform wins backing from majority

By AMY RINARD
Sentinel Madison Bureau

Madison — A majority of members of both houses of the Legislature have signed on as co-sponsors of Gov. Tommy G. Thompson's "Work Not Welfare" initiative assuring its passage this fall, the plan's advocates said Thursday.

"This is not a partisan issue anymore. The bottom line is we have the votes to pass this," said Rep. John G. Gard (R-Peshtigo).

Under the program, which would be tested in two counties, welfare recipients would be required to work to receive benefits. The cash benefits would be terminated after two years.

In the Assembly, all 47 Republicans and 8 Democrats have agreed to co-sponsor the bill authorizing the program.

"Assembly Democrats cannot afford to do nothing," said Rep. Margaret Ann Krusick (D-Milwaukee), one of the Assembly co-sponsors. "The public is demanding welfare reform."

In the Senate, all the Republican members plus Democratic Sens. Joseph F. Andrea, of Kenosha, and Roger M. Breske, of Eland, have agreed to co-sponsor the legislation.

In addition, Rep. Mary E. Panzer (R-West Bend), who is a candidate in a special Senate election to fill the seat vacated by Sen. Donald K. Stitt (R-Port Washington), also will be a co-sponsor either in the Assembly or Senate.

"This is broader bipartisan support than the administration expected this early," said Gerald



Krusick: Public demands reform
Gard: Issue no longer partisan

Whitburn, Department of Health and Social Services secretary and a top adviser to Thompson.

"The numbers indicate it's the will of both houses of the Legislature to move this along. The governor and I look forward to pushing this along in the fall."

Sen. Carol A. Buettner (R-Oshkosh) said the Republican-controlled Senate will vote on the proposal in October.

She said the fact that social service officials from seven counties have asked that their counties be included in test shows there is considerable public support for the proposal.

The federal government must grant waivers for changes in some current rules of welfare programs like Aid to Families With Dependent Children before "Work Not Welfare" can be implemented.

Whitburn said his department is still negotiating with officials in the Clinton administration including U.S. Health and Human Services Secretary Donna E. Shalala.

September 10, 1993

'Work, Not Welfare' plan near majority in Legislature

By Tim Kelley

Wisconsin State Journal

Lawmakers who support a welfare test that would cut off payments after two years said Thursday they have lined up the votes needed to pass the legislation through both houses of the Legislature.

Reps. Margaret Krusick, D-Milwaukee, and John Gard, R-Peshigo, have been lobbying their colleagues to support the plan proposed by GOP Gov. Tommy Thompson.

The Thompson "Work, Not Welfare" proposal would require recipients of Aid to Families with Dependent Children (AFDC) to work for their monthly checks. The recipients, mostly single mothers, would lose their benefits after two years if they fail to find a job on their own.

Krusick and Gard provided a list of 55 Assembly members, including eight Democrats, who have pledged to vote for the bill, which would test the Thompson plan with about 1,000 AFDC recipients in two counties.

In the Senate, Sen. Carol Bueit-



Krusick



Gard

ner, R-Oshkosh, said the support of at least 17 senators, including two Democrats, would give the bill a slim majority.

Assembly Assistant Majority Leader Barbara Notestein, D-Milwaukee, chairwoman of a Democrat-controlled welfare reform committee that is holding hearings on the proposal, said she wouldn't try to delay or prevent a vote on the welfare bill.

"I support the idea of testing time-limited welfare benefits in Wisconsin," Notestein said.

Other lawmakers said they believed the public supports a time

limit on welfare payments. But Notestein and other Democrats hinted that they will try to change Thompson's proposal to provide a more tightly woven "safety net" for welfare recipients who have trouble finding jobs on their own.

Gerald Whitburn, Department of Health and Human Services secretary, has already warned that the Thompson administration won't go along with any attempt to eliminate time limits or turn the AFDC test into a government jobs program.

Whitburn accused the proposal's remaining opponents of "digging in an ideological sandbox." Voters want an end to no-strings-attached welfare benefits that pay families cash for doing nothing year after year, Whitburn contended.

Meanwhile, officials from seven counties, including Dane County, have asked that their welfare recipients be made the guinea pigs for the Thompson experiment. The other counties are Fond du Lac, Kenosha, Outagamie, Racine, Rock and Kenosha.

Wisconsin needs federal permission for the experiment.

May 30, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: WELFARE REFORM IN WISCONSIN

I. Gov. Thompson's Time-Limited Welfare Demonstration Project

On Thursday, Gov. Tommy Thompson announced a welfare reform pilot project that includes a work requirement and a two-year time limit. If it passes the state legislature this fall, the project will be tested in two counties -- provided that HHS approves Wisconsin's request for a waiver.

The proposal, called "Work Not Welfare," sounds similar to what you called for in the campaign: everyone who can work must go to work; the state guarantees education, training, and child care; cash benefits end after two years; for those who cannot find a job in the private sector, a public service job will be provided.

Recipients will receive education and training for one year, then be required to work for their benefits in the second year. Child care and health care benefits will continue for up to a year after cash benefits run out. The plan is designed as a decade-long experiment, to be expanded if it works.

Wisconsin will not submit a formal waiver request until the legislature approves Thompson's plan. HHS will have to review it for cost neutrality and other issues. But at first glance, it looks to me like a responsible experiment. The biggest question may be ensuring there are enough jobs to go around. The plan calls for a partnership of business, communities, and local government to generate the necessary jobs.

In announcing the proposal, Thompson said, "If Mr. Clinton is serious about welfare reform, he should take a look at Wisconsin." Thompson is one of five governors who serve on the welfare reform advisory group that the NGA formed at your request.

II. The New Hope Project in Milwaukee

If you talk about welfare reform in Milwaukee, you can also mention the New Hope Project, a pilot project in time-limited welfare in inner-city Milwaukee. The program started last year with 50 people; it plans to expand to 600.

The program provides child care, health insurance, a wage supplement (an additional supplement beyond the federal and Wisconsin EITCs to boost participants' income to 105-115% of the poverty level if they work full-time), and a guaranteed job in the public or private sector.

The New Hope Project was launched with money from foundations, corporations, and state and local government. Congress attached a \$6 million New Hope amendment to H.R. 11, the tax bill Bush vetoed last fall. New Hope's supporters hope to pass it again this year.

According to New Hope's founders, Milwaukee leads the nation in teen pregnancy rates, and has the largest income gap between whites and African-Americans.

MAY 27 '93 14:09 FROM DHSB SECRETARY'S OFFICE TO

WISCONSIN FAX

**TOMMY G. THOMPSON****Governor
State of Wisconsin****CONTACT: Jim Malone
(608) 265-1683****EMBARGOED UNTIL 2:00 P.M., THURSDAY, MAY 27****GOVERNOR THOMPSON UNVEILS
MAJOR NEW WELFARE REFORM PROPOSAL**

(Madison, May 27)—Governor Tommy G. Thompson today announced a pilot welfare reform program, **WORK NOT WELFARE**, that requires able-bodied welfare recipients to work and ends welfare payments after two years. **WORK NOT WELFARE** will operate in two Wisconsin counties, once the appropriate waivers from the Clinton Administration have been obtained.

In announcing the proposal, Governor Thompson said, "Wisconsin has led the nation in welfare reform. Our innovative reforms are one reason Wisconsin's AFDC caseload declined more than any other state in the nation from 1987 through 1992. Taking that success a step further, the **WORK NOT WELFARE** initiative will make welfare what it was meant to be: A temporary hand-up, not a permanent hand-out. Our current welfare system discourages work and encourages long-term dependency. We need a welfare system that rewards work and prohibits long-term dependency."

In describing the state's **WORK NOT WELFARE** initiative, Governor Thompson said the program "does not reform welfare, it replaces it. It does not encourage welfare recipients to work, it requires them to work. It does not discourage welfare dependency, it ends welfare dependency."

MORE...

WORK NOT WELFARE

2-2-2

Governor Thompson added, "WORK NOT WELFARE represents a new social contract between government and those who need help." He noted that in addition to time-limited cash assistance, the state will provide WORK NOT WELFARE participants with education and training, child care, health care, transportation, and job placement assistance.

He also noted that the program will create a Children's Support Network to help provide a safety net for children, and a Community Steering Committee to coordinate local private and public employment and support for participants.

Under the pilot program, every able-bodied person applying for AFDC benefits in two selected Wisconsin counties will sign a contract pledging to work for benefits. Within 30 days, each welfare recipient will begin work or training for work, and after one year, recipients must be working for benefits. After two years, cash welfare payments will end, although transitional medical and child care benefits will be available to employed recipients for an additional year.

The WORK NOT WELFARE pilot is designed to test one method of reducing "spells" on welfare. National research shows that at any given point in time, 63 percent of AFDC recipients are individuals who will spend eight or more years on welfare.

According to Governor Thompson, "Eight years or more on welfare is too long. If we truly want to help those in need, we must confront long-term welfare dependency head-on. We must move toward time-limited welfare benefits."

MORE...

WORK NOT WELFARE**3-3-3**

Under the **WORK NOT WELFARE** pilot, each welfare recipient will receive an **INDEPENDENCE Account**, containing up to two years' worth of cash benefits and one additional year of transitional medical and child care benefits that can be used over a 48 month period. Cash benefits will be "withdrawn" from each participant's **INDEPENDENCE Account** in return for hours worked or spent in training. Transitional benefits may be withdrawn by participants who leave welfare for work. After the two years' worth of cash benefits are used up, the recipient will not be eligible for AFDC in Wisconsin for three years.

WORK NOT WELFARE is the latest in a series of innovative welfare reforms enacted in Wisconsin under Governor Thompson. Reforms such as **Learnfare**, **Children First**, and the **Parental and Family Responsibility Initiative** have been recognized nationally and duplicated by other states.

**WORK
NOT
WELFARE**

**WISCONSIN'S
INDEPENDENCE
PLAN FOR
WELFARE
RECIPIENTS**



TOMMY G. THOMPSON, GOVERNOR

WORK NOT WELFARE

WISCONSIN'S INDEPENDENCE PLAN FOR WELFARE RECIPIENTS

SUMMARY

WORK NOT WELFARE will be the nation's first welfare reform that requires work and places a limit on how long an individual can receive welfare benefits.

Under the Wisconsin pilot project, able-bodied welfare recipients will be required to work in exchange for cash benefits, and recipients will not be allowed to collect cash benefits for more than two years.

WORK NOT WELFARE will provide temporary cash assistance, training, child care, health care, transportation, and employment support to enable welfare recipients to work and become self sufficient.

Here is how the program works:

- Every individual applying for AFDC benefits signs a contract pledging to work for benefits.
- Within 30 days, recipients begin work or training for work.
- After one year, recipients must be working in a private sector job for pay or in a public job in exchange for benefits.
- After 2 years, cash benefits end.
- Transitional benefits — child care and health care — continue for one year after cash benefits end.
- Public and private employment will be generated through a partnership between business, local communities and government, with strong participation by county government.

WORK NOT WELFARE complements other Wisconsin welfare reforms that promote individual responsibility and self-sufficiency.

Learnfare, approved in 1987, promotes education and provides disincentives to truancy.

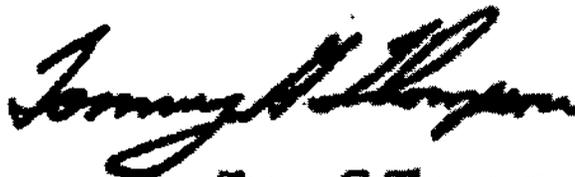
Children First, approved in 1988, increases child support payments by requiring noncustodial parents to receive job training and work experience necessary to become fully employed.

Parental and Family Responsibility Initiative, approved in 1992, removes disincentives to marriage in the AFDC program and discourages kids from having kids.

Two-Tier Welfare Demonstration Project, approved in 1992, measures whether AFDC recipients move from one state to another to obtain higher AFDC benefits.

WORK NOT WELFARE is what taxpayers want and welfare recipients need.

"In the WORK NOT WELFARE experiment, Wisconsin will offer welfare recipients a job. At the same time, we will expect responsibility and effort on the part of recipients. Time will be of the essence, and that will be the difference."



Tommy G. Thompson
GOVERNOR

WORK NOT WELFARE

WHY REPLACE WELFARE?

For too many, welfare is a way of life.

- The AFDC system has no time limits.
- At any given point in time, sixty-five percent of AFDC recipients are individuals who will spend eight years or more on welfare.

Welfare does not require work.

- The current AFDC cash payment is a straight transfer of income to families, with no reciprocal obligation.
- The JOBS program emphasizes training, not employment.
- Participation in the JOBS program is not immediate or universal.

Welfare promotes irresponsibility.

- Under the current system, government has no obligation to get people off welfare.
- Business is not encouraged to help reduce welfare dependency.
- Recipients are not required to take responsibility for getting off welfare.

A WELFARE REPLACEMENT PLAN

WORK NOT WELFARE will be a pilot project in one or two Wisconsin counties. It is designed as a comprehensive effort to transform welfare from a long-term entitlement to a short-term transitional program.

The pilot will test whether requiring recipients to work for their benefits in a time-limited program will reduce spells on welfare and foster self-sufficiency.

Key Components

1) Mandatory Work Requirement

- Able-bodied must work for benefits.
- Benefits paid based on number of hours worked.

2) Time-limited Cash Benefits

- **INDEPENDENCE ACCOUNT** pays cash benefits for no longer than 2 years in a 4 year period.
- Food Stamps paid as part of cash benefit.

3) Intensive Training and Employment Services

- State guarantees access to education and training as identified in participant's employment plan.
- Employment team guides each participant through training, job readiness, and job search activities.

4) Guaranteed Child Care

- Child care removed as obstacle to employment.
- Funding and placement assistance provided to participants who need child care.

5) Business Partnership

- A Community Steering Committee coordinates public and private sector job-creation and employment.

6) Transitional Support Services

- Child care and health care benefits continue for up to one year after end of cash benefits.

7) Children's Services Network

- Network ensures that children receive support services regardless of parent's employment status.

WORK FOR BENEFITS

WORK NOT WELFARE participants will be required to work in exchange for cash benefits.

Participants will meet with a case management team during the first month of eligibility and agree to an employment plan. By the second month, participants will begin working on the activities identified in their employment plan.

Work requirements include:

- First 12 months—education and training as needed combined with work.

- Participation requirements will be based on each person's particular employment plan.

- Months 13 through 24—all participants must be engaged in a work activity.

- Hours of work required will be based on the cash value of food stamps plus the applicable AFDC grant, divided by the federal minimum wage of \$4.25 per hour.

- Maximum required participation will be 40 hours a week per adult.

Examples of Work for Benefits Requirement

CASE 1 — One Adult and One Child

AFDC	\$440
Food Stamps	\$151
TOTAL	\$591

$\$591 / \$4.25 = 139 \text{ hours/month}$

$139 \text{ hours/month} / 4.3 \text{ weeks/month} = 32$

WORK REQUIREMENT: 32 HOURS/WEEK

CASE 2 — One Adult and Two Children

AFDC	\$517
FS	\$212
TOTAL	\$729

$\$729 / \$4.25 = 172 \text{ hours/month}$

$172 \text{ hours/month} / 4.3 \text{ weeks/month} = 40$

WORK REQUIREMENT: 40 HOURS/WEEK

CASE 3 — One Adult and Three Children

AFDC	\$617
FS	\$257
TOTAL	\$874

$\$874 / \$4.25 = 206 \text{ hours/month}$

$206 \text{ hours/month} / 4.3 \text{ weeks/month} = 48$

WORK REQUIREMENT: 40 HOURS/WEEK

CASE 4 — Two Adults and Two Children

AFDC	\$617
FS	\$257
TOTAL	\$874

$\$874 / \$4.23 = 206 \text{ hours/month}$

$206 \text{ hours/month} / 4.3 \text{ weeks/month} = 48$

COMBINED WORK REQUIREMENT FOR BOTH ADULTS: 48 HOURS/WEEK (e.g., One parent works 30 hours, one parent works 18 hours.)

Work Activities

Categories of work will include (listed in priority order):

- **unsubsidized employment** - a regular hire in an existing or new job.
- **partially subsidized employment** - a hire into an existing or new job with a partial government subsidy (for example, on-the-job training or work supplementation). These jobs would typically become unsubsidized employment at the end of the subsidized period.
- **community work experience** - placement in an unpaid position with a non-profit or government agency doing work that would otherwise have gone undone. These jobs could lead to permanent, unsubsidized employment with the sponsoring agency.
- **INDEPENDENCE job** - placement in a job created specifically for **WORK NOT WELFARE** participants. Less individualized than community work experience. The goal would be to minimize the need for these placements by aggressive placement in other types of work activity.

TIME LIMITED ASSISTANCE

All employable **WORK NOT WELFARE** participants would be limited to no more than two years of cash benefits.

- Participants will receive an **INDEPENDENCE ACCOUNT** entitling them to up to 24 months of cash benefits (equivalent to AFDC and food stamps) and 12 months of transitional support services (child care and Medical Assistance) which may be used over a four year period. Benefits will be shown as a positive balance in an **INDEPENDENCE ACCOUNT** book—like a savings account passbook.
- Participants will be entitled to make regular "withdrawals" from the account upon completion of training and work requirements.

INDEPENDENCE ACCOUNT

(Benefits can be used within a four year period)

Cash Benefits

Transitional Benefits

24 Months*

12 Months Each
Child Care
Medical Assistance

- * Up to 12 months may be earned through participation in employment and training activities as specified in each participant's employment plan, but the balance of the 24 months must be earned through working.
- After 24 months, cash benefits end, unless the recipient is determined to be unemployable.
- People determined to be unemployable will be either referred to SSI or, in limited cases, allowed to receive continued cash assistance. **WORK NOT WELFARE** agency officials will determine whether continued assistance is warranted in hardship cases.
- **WORK NOT WELFARE** participants will not be eligible for cash benefits in Wisconsin for three years from the date of last receipt of a **WORK NOT WELFARE** cash benefit.

INTENSIVE TRAINING AND EMPLOYMENT SERVICES

WORK NOT WELFARE includes a pledge by government to provide training and assistance necessary for participants to achieve employment.

- Each participant immediately will receive individualized assessment and case management by a team of specialists representing
 - Income maintenance
 - JOBS
 - Child support
 - Child care

- Education and training activities available to each participant during the first 12 months will be determined by the assessment and spelled out in an individualized **EMPLOYMENT PLAN** developed jointly by the case management team and the participant.

- Participants may be assigned to multiple activities for up to 40 hours a week.

- Employment and training activities will be identical to those already available through the JOBS program and will be available to all participants as needed to accomplish their employment plan. Employment and training activities include:
 - Best education, including English-as-a-second-language
 - Job skill training
 - Post-secondary education
 - On-the-job training
 - Work supplementation
 - Job search
 - Community work experience
 - Other types of work experience

- Participants may also be required to take part in motivational workshops, parenting education, counseling (alcohol and drug treatment, mental health, etc.) and other services to address barriers to employment.

GUARANTEED CHILD CARE

WORK NOT WELFARE will remove child care as a barrier to employment.

- Participants will receive child care services necessary to meet their training and work requirements.
- As part of their work requirement, participants themselves may provide child care by working in publicly-funded jobs or by starting their own child care businesses.
- A Community Steering Committee will be charged with developing child care options.
- A Children's Services Network will assist recipients in finding child care either directly or with referrals to existing child care networks, and will work with the Community Steering Committee to supplement existing community child care resources.

BUSINESS PARTNERSHIP

WORK NOT WELFARE will mobilize business community support for the self-sufficiency goals of **WORK NOT WELFARE** participants.

- A COMMUNITY STEERING COMMITTEE will be established to coordinate a public-private employment partnership and support network.
- The Community Steering Committee will be:
 - Appointed by the senior elected official in the pilot county, working with the State.
 - Composed of 12 to 15 members, chaired by a key business leader.

■ The Community Steering Committee will:

- Identify and recruit permanent job sites.
- Create and recruit subsidized job sites.
- Create and recruit on-the-job training sites.
- Foster and guide entrepreneurial efforts.
- Provide mentoring.

TRANSITIONAL SUPPORT SERVICES

Families leaving an income support program for work frequently need transitional support to ensure that the employment becomes lasting. **WORK NOT WELFARE** will provide these supports:

- Child care will be available to participants for up to one year after leaving the cash benefit program for work. Payments will be made on a sliding fee scale based on income.
- Medical care coverage also will be available for up to one year. Medical assistance will be available to persons who do not have access to employer-provided programs. The state will help with employee premiums for persons who have employer-provided health plans. Recipients will pay a share of costs based on earnings.

CHILDREN'S SERVICES NETWORK

WORK NOT WELFARE will create a comprehensive coordinated network to target federal, state, and local social services to children who need them.

- The Network will coordinate with, and provide referrals to, existing services, such as child care resource and referral networks, HealthCheck, and nutrition services. Where necessary, the Network will provide services or stimulate creation of services.
- The Network will ensure that health care, food and nutrition services, Head Start, and additional services are provided to children whose parents lose benefits and fail to become employed.

For further information contact:

Gerald Whitburn
Secretary
Department of Health and Social Services
(608) 266-9677

or

J. Jean Rogens
Administrator
Division of Economic Support
Department of Health and Social Services
(608) 266-3035

Tommy G. Thompson
Governor
Gerald Whitburn
Secretary



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Telephone (608) 266-9622

State of Wisconsin
Department of Health and Social Services

December 21, 1993

TO: The Honorable Mary Jo Bane
The Honorable David Ellwood
y Mr. Bruce Reed
FROM: Jerry Whitburn

RE: Longterm dependency

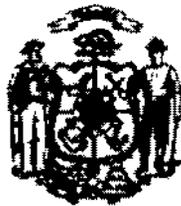
Recently I asked our staff to determine how many caseheads in our entire 1992 AFDC caseload (received at least one check during the year) had also received support from the program in 1984 (at least one check); 30.8% did.

We then looked at the average number of months the recipients received welfare checks (not necessary consecutively); the average was 86 months -- 7 years, 2 months.

I thought you'd be interested in these data from Wisconsin.

Enclosures

Tommy G. Thompson
Governor
Gerald Whitburn
Secretary



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State of Wisconsin Department of Health and Social Services

CONTACT: Jim Malone
(608) 266-1683

FOR IMMEDIATE RELEASE

NEW STATE STUDY SHOWS THOUSANDS OF LONG-TERM WELFARE CASES

(MADISON, December 20)--"Wisconsin continues to have tens of thousands of very long term welfare recipients on our AFDC rolls. And while many recipients do move on and off the rolls after shorter periods, it appears that many of our longer term recipients access the AFDC system across a decade-long period or even longer," Gerald Whitburn, Secretary of the Department of Health and Social Services, said today.

Whitburn's comments came as he released a new DHSS study that tracked recipients over a nine-year period -- January 1, 1984 to December 31, 1992--and it is part of Thompson Administration efforts to address issues related to long-term dependency in Wisconsin. "This examination looked at one very simple issue: how many individuals who received an AFDC check (one or more) sometime in 1992 were also on the rolls (receiving one or more checks) in 1984," he noted.

The Secretary reported that Wisconsin had a total of 114,030 individual AFDC cases in 1992 -- some were on one month, some were on welfare all year. His study found that 35,141 of the same case heads received at least one check in 1984. "That's a long period of dependency and it applied to 30.8 percent of the group," he said.

MORE...

WELFARE

2-2-2

Whitburn released county-by-county performance information and noted that the best record of moving recipients off welfare during this period was Pierce County, where less than 16 percent of AFDC cases from the 1992 rolls turned up on the 1984 list; Menomonie County was highest with 49.2 percent.

The DHSS report also examined the average length of time and number of months recipients received AFDC checks during the 108 months of the study period. (The shortest duration possible in the study was two months; one month in 1992 and one month in 1984.)

The Secretary reported that the typical (average) participant who accessed AFDC in both 1992 and 1984 was on welfare a total of 86 months. "That's 7 years and 2 months and that's a terribly long period to be drawing welfare checks," he said. St. Croix County had the shortest duration total with an average of 66 months (5 1/2 years); Milwaukee County was highest with 93 months (7 3/4 years). (The Secretary stressed that the total months were not necessarily consecutive months on AFDC, but the total number of months on the rolls during the 108 month period.)

"These 'average stay' findings are very troubling -- it's clear that we have a very hard core dependency component within our caseload; it illustrates the challenge we face in making further reductions in Wisconsin's AFDC rolls," he said.

MORE...

WELFARE

3-3-3

In releasing the report, the Secretary also noted an examination of the relationship between unemployment levels in the counties and local performance in moving recipients off the caseload. The report lists Wisconsin's 10 counties that had the lowest unemployment levels between 1984 and 1992. Five of these counties were on the list of the 10 highest performing counties in moving individuals off welfare.

The report also lists the 10 counties with the highest levels of unemployment over the period. Just two of them were also on the list of the 10 counties with the worst performance in moving individuals off welfare.

"Economic conditions locally are certainly a factor in the AFDC caseloads, but it's clear that other factors contribute as well," he pointed out.

In releasing the report the Secretary stressed that this study was just one of many possible ways to examine longer term dependency. "It certainly doesn't answer every question, nor was it intended to. It simply represents a new contribution to the information we have. But it's interesting data, particularly the snapshot that it gives us of duration patterns in different counties," he concluded.

PERCENTAGE OF WISCONSIN'S 1992 AFDC CASELOAD
THAT RECEIVED AFDC IN 1984

County	Total 1992 AFDC Cases	1984 Cases Rec'd 1992	Percent 1992 Cases Rec'd AFDC in '84
Menominee	539	265	49.2%
Bad River Tribe	123	57	46.3%
Stockbridge-Munsee Tribe	68	29	42.6%
Red Cliff Tribe	116	48	41.4%
Oneida Tribe	447	178	39.8%
Lac du Flambeau Tribe	264	100	37.9%
Milwaukee	47,314	16,863	35.6%
Vernon	396	140	35.4%
Lanholm	457	156	34.6%
Richland	347	117	33.7%
Racine	5,069	1,690	33.6%
Jackson	435	141	32.4%
Shawano	562	186	33.3%
Marquette	746	240	32.2%
Forest	290	89	31.8%
Barron	914	290	31.7%
Sawyer	673	213	31.6%
Kewaunee	152	48	31.6%
Bayfield	214	67	31.3%
Burnett	413	129	31.2%
Lincoln	450	139	30.9%
Clark	444	136	30.6%
Green Lake	240	73	30.4%
Chippewa	1,151	350	30.4%
Washburn	327	99	30.3%
Adams	482	139	30.1%
Douglas	1,423	426	29.9%
Waupaca	708	210	29.7%
Taylor	239	69	28.9%
Eau Claire	1,934	558	28.8%
Juneau	356	102	28.6%
Rock	4,336	1,230	28.4%
Pepin	92	26	28.3%
Seuk	763	214	28.0%
Winnebago	2,093	583	28.0%
Green	359	100	27.9%
Lafayette	177	49	27.7%
Door	323	89	27.6%
Oconto	559	154	27.5%
Rusk	393	108	27.5%
Iowa	244	67	27.5%
Wood	1,275	350	27.5%
Ashland	394	108	27.4%
Monroe	790	216	27.3%
Portage	1,076	293	27.2%
Manitowoc	981	261	26.6%
Grant	910	242	26.6%
Jefferson	678	180	26.5%
Brown	3,537	940	26.6%
Waushara	445	115	25.8%
La Crosse	2,157	557	25.8%
Oneida	705	182	25.8%
Dodge	951	244	25.7%
Iron	98	25	25.5%
Kenosha	3,907	988	25.2%
Fond du Lac	1,307	328	25.1%
Polk	840	207	24.6%
Waukesha	1,684	411	24.5%
Columbia	341	82	24.4%
Walworth	637	154	24.0%
Trempealeau	452	106	23.5%
Vilas	240	57	23.8%
Dane	4,936	1,156	23.4%
Calumet	330	77	23.3%
Sheboygan	1,515	353	23.3%
Outagamie	1,250	288	23.1%
Dunn	758	175	23.1%
Washington	628	145	23.1%
Marathon	1,764	401	22.7%
Florence	120	27	22.5%
Buffalo	212	47	22.2%
Crawford	291	64	22.0%
Marquette	244	52	21.3%
Ozaukee	247	51	20.6%
Price	276	56	20.3%
St. Croix	347	70	19.9%
Pierce	364	72	19.8%
Statewide:	114,030	35,141	30.8%

Source: WI DHSS data, 12-10-93. Data reflect cases receiving AFDC in any month in 1992 and 1984.

PERCENTAGE OF WISCONSIN'S 1992 AFDC CASELOAD THAT RECEIVED AFDC IN 1984

County	Total 1992 AFDC Cases	1984 Cases Rec'd 1992	Percent 1992 Cases Rec'd AFDC in '84
Adams	492	139	28.1%
Ashland	364	106	27.4%
Barron	914	290	31.7%
Bayfield	214	67	31.3%
Brown	3,337	808	26.0%
Buffalo	212	47	22.2%
Burnett	413	129	31.2%
Calumet	330	77	23.3%
Chippewa	1,151	350	30.4%
Clark	444	138	30.8%
Columbia	541	132	24.4%
Crawford	291	64	22.0%
Dane	4,836	1,156	23.9%
Dodge	951	244	25.7%
Door	323	69	21.4%
Douglas	1,423	426	29.9%
Dunn	759	175	23.1%
Eau Claire	1,934	558	28.8%
Florence	120	27	22.5%
Fond du Lac	1,307	328	25.1%
Forest	280	69	24.6%
Grant	610	182	29.8%
Green	359	100	27.9%
Green Lake	240	73	30.4%
Iowa	244	67	27.5%
Iron	98	25	25.5%
Jackson	435	141	32.4%
Jefferson	678	180	26.5%
Juneau	556	159	28.6%
Kenosha	3,907	966	24.7%
Kewaunee	152	46	30.2%
La Crosse	2,157	557	25.8%
Lafayette	177	49	27.7%
Lansdale	457	158	34.6%
Lincoln	450	139	30.9%
Manitowoc	981	261	26.6%
Marathon	1,764	401	22.7%
Marquette	748	240	32.2%
Marquette	244	52	21.3%
Menominee	539	263	48.8%
Milwaukee	47,314	18,865	39.9%
Monroe	700	218	31.1%
Oconto	559	154	27.5%
Oneida	706	182	25.8%
Outagamie	1,250	289	23.1%
Ozaukee	247	51	20.6%
Pepin	92	28	30.4%
Pierce	364	58	15.9%
Polk	840	207	24.6%
Portage	1,078	293	27.2%
Price	278	56	20.1%
Racine	5,089	1,680	33.0%
Rochland	347	117	33.7%
Rock	4,336	1,230	28.4%
Rusk	393	108	27.5%
Sauk	763	214	28.0%
Sawyer	673	213	31.6%
Shawano	582	188	32.3%
Sheboygan	1,515	353	23.3%
St. Croix	547	102	18.6%
Taylor	239	69	28.9%
Trempealeau	452	108	23.9%
Vernon	396	140	35.4%
Vilas	240	57	23.8%
Walworth	637	201	31.6%
Washburn	327	99	30.3%
Washington	828	189	22.8%
Waukesha	1,884	481	25.5%
Waupaca	708	210	29.7%
Waushara	445	115	25.8%
Winnebago	2,093	583	28.0%
Wood	1,275	350	27.5%
Bad River Tribe	123	57	46.3%
Lac du Flambeau Tribe	264	100	37.9%
Ojibwa Tribe	447	178	39.8%
Red Cliff Tribe	116	48	41.4%
Stockbridge-Munsee Tribe	68	29	42.6%
Statewide	114,030	35,141	30.8%

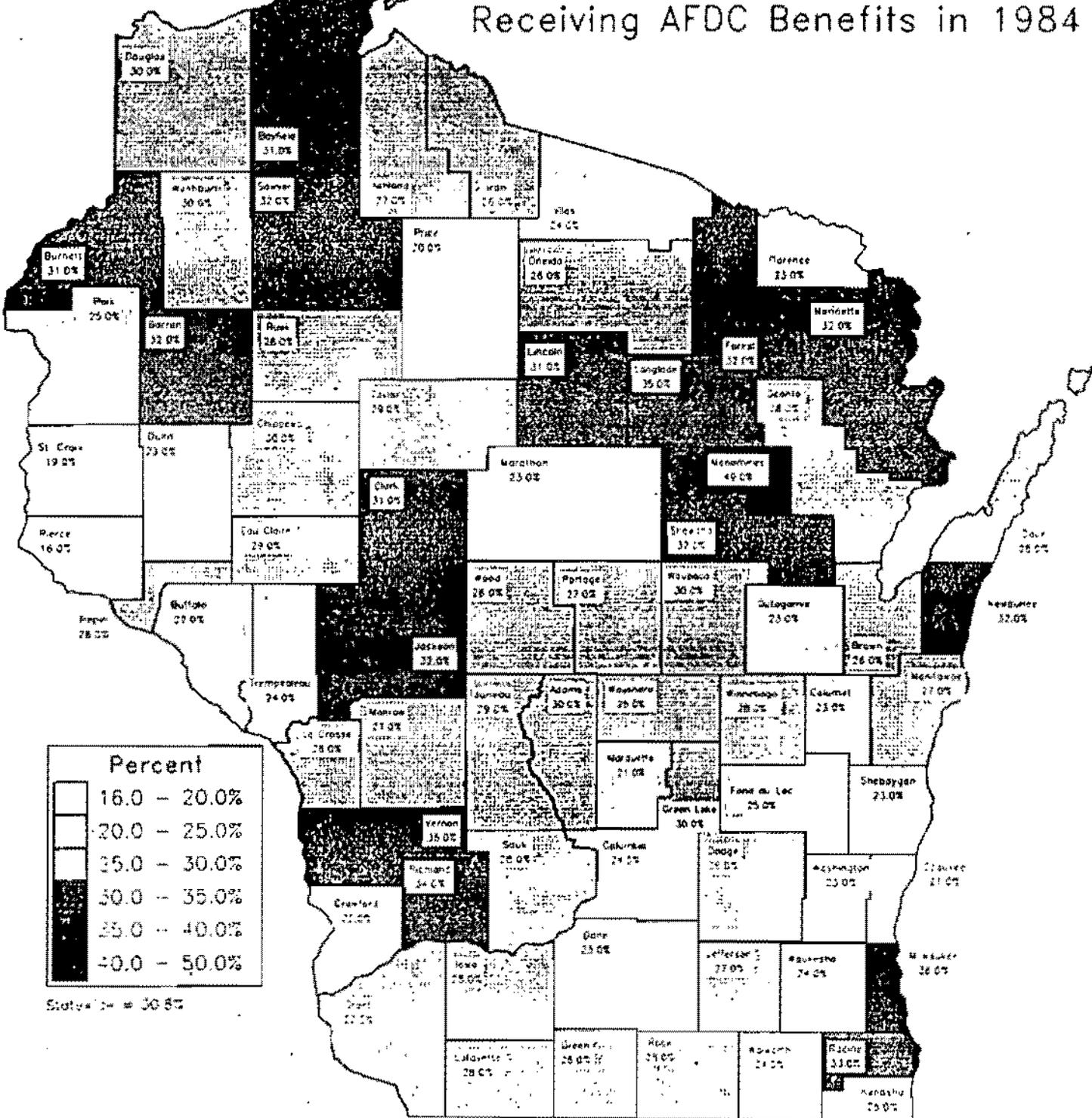
Source: WI DHSS data, 12-10-93. Data reflect cases receiving AFDC in any month in 1992 and 1984.

1992 AFDC CASES THAT ALSO RECEIVED BENEFITS IN 1984
 Average Number of Months Benefits Received 1984-1992
 (Out of Total 108-Month Period)

County	Percent 1992 Cases Rec'd AFDC in '84	Avg. # Mths AFDC Rec'd 1984-82
Adams	30.1%	75
Ashland	27.4%	81
Barron	31.7%	78
Bayfield	31.3%	75
Brown	26.0%	80
Buffalo	22.2%	79
Burnett	31.2%	75
Calumet	23.3%	75
Chippewa	30.4%	81
Clark	30.8%	80
Columbia	24.4%	79
Crawford	22.0%	83
Dane	23.4%	80
Dodge	25.7%	73
Door	27.6%	74
Douglas	29.9%	84
Dunn	23.1%	77
Eau Claire	26.9%	86
Florence	22.5%	76
Fond du Lac	25.1%	77
Forest	31.8%	79
Grant	26.6%	81
Green	27.0%	75
Green Lake	30.4%	75
Iowa	27.5%	78
Iron	25.5%	73
Jackson	32.4%	79
Jefferson	26.5%	75
Juneau	26.6%	75
Kenosha	25.2%	82
Kewaunee	31.6%	75
La Crosse	25.6%	82
Lafayette	27.7%	80
Langlade	34.6%	78
Lincoln	30.9%	78
Manitowoc	26.6%	80
Marathon	22.7%	81
Marinette	32.2%	79
Marquette	21.3%	87
Menominee	49.2%	85
Milwaukee	35.6%	93
Monroe	27.3%	77
Oconto	27.5%	71
Oneida	25.6%	79
Outagamie	23.1%	83
Ozaukee	20.6%	72
Pepin	28.3%	79
Pierce	15.9%	75
Polk	24.6%	80
Portage	27.2%	80
Priest	20.2%	73
Racine	32.6%	85
Richland	33.7%	79
Rock	26.4%	82
Rusk	27.5%	75
Sauk	28.0%	77
Sawyer	31.6%	78
Shawano	32.3%	79
Sheboygan	23.3%	79
St. Croix	16.6%	86
Taylor	28.0%	72
Trempealeau	23.8%	71
Vernon	35.4%	81
Vilas	23.6%	79
Walworth	24.0%	72
Washburn	30.3%	76
Washington	22.8%	71
Waukesha	24.5%	75
Waupaca	29.7%	77
Waushara	25.6%	70
Winnebago	28.0%	80
Wood	27.5%	78
Bad River Tribe	46.3%	89
Lac du Flambeau Tribe	37.9%	82
Oneida Tribe	39.6%	81
Red Cliff Tribe	41.4%	78
Stockbridge-Munsee Tribe	42.6%	74
Statewide	30.8%	85

Source: WI DHS data, 12-10-93. Data reflect cases receiving AFDC in any month in 1992 and 1984. Averages shown are arithmetic means.

Percent of All 1992 AFDC Cases Receiving AFDC Benefits in 1984



Source: DHSS Data
Date: 12/1/93

10 Best (Lowest) Counties
 Unemployment Rate, Average 1984-1992

<u>County</u>	<u>Unemployment Rate</u> <u>(8-year average)</u>
Dane	3.5%
Ozaukee	4.0%
Waukesha	4.3%
Walworth	4.6%
St. Croix	4.7%
Washington	4.9%
La Crosse	4.9%
Florence	5.0%
Outagamie	5.1%
Winnebago	5.1%
Pierce	5.1%

10 Best (Lowest) Counties
 Percent of 1992 AFDC Cases Receiving
 Benefits in 1984

<u>County</u>	<u>% of Cases</u>
Pierce	15.9%
St. Croix	18.6%
Price	20.3%
Ozaukee	20.6%
Marquette	21.3%
Crawford	22.0%
Buffalo	22.2%
Florence	22.5%
Marathon	22.7%
Washington	22.8%

Source: WI DHSS data, 12-6-93. Top table includes 11 counties due to ties. AFDC data reflect cases receiving benefits in any month in 1992 and 1984.

10 Worst (Highest) Counties
 Unemployment Rate, Average 1984-1992

<u>County</u>	<u>Unemployment Rate</u> <u>(8-year average)</u>
Menominee	26.5%
Sawyer	10.0%
Rusk	9.2%
Forest	9.2%
Calumet	8.5%
Ashland	8.5%
Clark	8.4%
Iron	8.4%
Washburn	8.3%
Taylor	8.3%

10 Worst (Highest) Counties
 Percent of 1992 AFDC Cases Receiving
 Benefits in 1984

<u>County</u>	<u>% of Cases</u>
Menominee	49.2%
Milwaukee	35.6%
Vernon	35.4%
Langlade	34.6%
Richland	33.7%
Racine	32.6%
Jackson	32.4%
Shawano	32.3%
Marinette	32.2%
Forest	31.8%

Source: MI DHSS data, 12-8-93. AFDC data reflect cases receiving benefits in any month in 1992 and 1984.

WISCONSIN STATE JOURNAL



DECEMBER 21, 1993

MADISON, WISCONSIN

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Depending on the dole

State AFDC recipients tend to draw checks for years

By Jeff Meyers

State government reporter

Thousands of "hard-core" welfare recipients in the state are long-term dependents of the welfare system, says a new analysis of people receiving Aid to Families with Dependent Children.

About a third of those who received at least one AFDC payment in 1992 also were on the rolls for at least a month in 1984, according to the computer analysis released Monday. And many of them were on the rolls for spans that totaled years.

Of 114,030 Wisconsin heads of households who received at least a

month of aid from the federal-state program in 1992, nearly 31 percent, or 35,141, received one or more AFDC checks in 1984, according to the analysis from the state Department of Health and Social Services. Most primary welfare recipients are poor, single women with children.

Each of the 35,141 received an average 86 checks in the nine years between Jan. 1, 1984, and Dec. 31, 1992 — equal to a total seven years and two months on welfare. The time spent on the welfare rolls likely came in spurts, not a continuous stretch, state welfare officials said.

"That's a terribly long period to be drawing welfare checks," said DHSS Secretary Gerald Whitburn, who called the figures "not surprising, but troubling."

"It's clear we have a very hard-core dependency component within our caseload," Whitburn said.

The analysis, provided a week after Republican Gov. Tommy Thompson signed a Democratic bill promising to end AFDC in Wisconsin by 1999, appears to bolster the case for Thompson's latest experiment called "Work, not Welfare." The two-county experiment, to begin in 1995, will test a cut-

off of welfare after 24 months. "The data help us understand how widespread long-term dependency is in Wisconsin," Whitburn said.

The analysis, however, didn't answer many questions, such as how many of the 35,141 were on the rolls for the entire nine years or profiles of the "hard-core" welfare recipients. No comparable national data exist, said Whitburn, adding the state analysis is continuing.

But DHSS did provide county-by-county numbers. They showed Milwaukee

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County, site of 47,314 AFDC cases in 1992, a problem area. Of the 1992 cases, nearly 36 percent appeared on the 1984 rolls — above the 31 percent state average. And Milwaukee County ranked highest among the state's 72 counties in terms of total time spent on welfare — 93 months over nine years compared to the state average of 86 months.

Dane County's comparable figures were 23.4 percent and 80 months.

The county with the highest percentage of 1992 welfare cases also present in 1984 was Menominee County with 49.2 percent. Menominee County, which takes in the Menominee Indian reservation, has historically high unemployment.

But Whitburn said unemployment is only one factor in determining which county does best in moving recipients off welfare. The best at this, according to the analysis, was Pierce County in western Wisconsin, where fewer than 16 percent of AFDC cases from the 1992 rolls turned up on the 1984 list. Although Pierce County had a relatively low unemployment rate of 5.1 percent in 1984-92, Dane County with a 3.5 percent unemployment rate, didn't make the list of 10 lowest counties.

Study finds 'hard-core' AFDC dependents



Whitburn: Shows 'challenge we face'

One-third were on rolls in both '84 and '92, state says

By AMY RINARD
Sentinel Madison Bureau

Madison — Nearly a third of Wisconsin residents who received welfare last year also were on the rolls in 1984 — revealing a disturbing pattern of "hard-core" welfare dependency, Gerald Whitburn, secretary of the Department of Health and Social Services, said Monday.

A new study done by the depart-

ment, shows that of the 114,030 heads of households receiving Aid to Families with Dependent Children in 1992, 35,141 — or 30.8% — of them also received one or more AFDC checks in 1984.

The average length of time those recipients stayed on the welfare rolls was seven years and two months.

"Wisconsin continues to have tens of thousands of very long-term recipients

on our AFDC rolls," Whitburn said.

"While many recipients do move on and off the rolls after shorter periods, it appears that many of our longer term recipients access the AFDC system across a decade-long period or even longer."

Of the state's 72 counties, Milwaukee County ranked second, with 35.6% in the percentage of cases on

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Welfare

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the rolls in both 1984 and 1992.

Only Menominee County, with 49.2%, was higher. Pierce County, with only 15.9% of its 1992 caseload also in the 1984 rolls, had the best record of moving people off welfare, Whitburn said.

Milwaukee County had the longest average duration that its long-term recipients were on welfare during the nine-year study period. The average duration was seven years and nine months.

St. Croix County showed the shortest duration, with an average of 5½ years.

"These 'average stay' findings are very troubling," Whitburn said.

"It's clear that we have a very hard-core dependency component within our caseload. It illustrates the challenge we face in making further reductions in Wisconsin's AFDC rolls."

Whitburn is a key adviser to

Gov. Tommy G. Thompson on welfare issues and was an architect of the administration's Work Not Welfare experiment.

That experiment, set to begin in 1995, would subject up to 1,000 AFDC recipients in two counties to termination of their cash benefits if they do not find jobs within two years.

The test counties have not yet been selected, but Whitburn has said the experiment would be conducted in counties that have strong economies.

According to Whitburn, the study, however, showed that a county's unemployment rate was not the determining factor in welfare recipients moving off AFDC rolls.

Of the 10 counties with the lowest average jobless rate between 1984 and 1992, five were among the 10 counties that had the lowest number of long-term AFDC recipients.

Those counties were Pierce, St. Croix, Ozaukee, Florence and Washington.

Price, Marquette, Crawford, Buffalo and Marathon also were

among the 10 counties with the lowest percentage of 1992 AFDC recipients who also received benefits in 1984.

The counties with the highest percentage of AFDC recipients on the rolls in both years were (in order): Menominee, Milwaukee, Vernon, Langlade, Richland, Racine, Jackson, Shawano, Marinette and Forest.

The study did not address the issue of continuous length of time on AFDC or profile the people who are long-term welfare recipients.

But Whitburn said his department would continue to analyze the data to consider those issues and answer other questions about patterns of hard-core welfare dependency.

The Thompson administration will soon begin the task of putting together a program to replace AFDC.

Thompson, last week approved a Democratic addition to his Work Not Welfare plan that calls for terminating the AFDC program in the state by 1999.