

Congressman Dave Obey

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

Congressman Dave Obey

FACSIMILE COVER SHEET

WR-Wisc.

DATE: _____

TO: Bruce Reed

LOCATION: _____

TELEPHONE: _____

TELECOPY: _____

NUMBER OF PAGES (including cover): _____

MESSAGE: FYI for tomorrow's
visit.

FROM: John Selken

IF THERE ARE ANY PROBLEMS WITH THE TRANSMISSION PLEASE CALL (202)225-3365

rough transcript, press conference House Radio-TV Gallery 5:00 p.m.
Speaker Gingrich and WI GOP members

Rep. Neumann

We ask the President to reaffirm his commitment to W-2 when he visits Milwaukee tomorrow.

Speaker Gingrich

very supportive of Tommy Thompson's efforts to reform the welfare state in Wisconsin. Delighted to hear President endorse W-2 on Saturday. But I became concerned on Monday when some WH staffers, such as Deputy CoS Ickes said that they hadn't read to the bill, didn't know what was in it, and didn't know if they would grant the waivers needed.

(...)

Clinton's bill isn't real reform like Wisconsin's plan. It doesn't have the tough work requirement Wisconsin's does.

The President could, tomorrow, bring with him a signed copy of the waiver needed to let W-2 go through.

If the President is not willing to bring the waiver with him, then I suggested to the WI delegation that a bill be narrowly drawn that simply states, 'the WI plan is hereby approved.' We could pass that bill here, and send it to the Senate. Then the President could decide then if he was for the WI plan.

Roth

He should sign the waivers we need when he is at Madar's or at Karl Ratsche's restaurant tomorrow. There will be a lot of hard working Wisconsinites at those restaurants that care about reforming welfare

Tomorrow we're going to find out if this is a fraud or a sincere effort at welfare reform.

Sensenbrenner

President Clinton has opportunity tomorrow to show his support for W-2.... Our welfare reform would get people off of welfare and save taxpayers a lot of money.

Klug

Wisconsin's got more people off of welfare last year than all other 49 states combined... We're prepared to move forward with a bill to grant the more than 300 waivers we need. Then we'll see if the President supports welfare reform or not.



NEWS

From U.S. Representative **Mark Neumann**

1725 LONGWORTH BUILDING
WASHINGTON, DC 20515
(202) 225-3031
FAX: (202) 225-3393

FOR IMMEDIATE RELEASE
May 22, 1996

CONTACT: Tom Kilgannon
(202) 225-3031

Neumann Wants Commitment From President on Welfare Reform

Says President Should Use Visit to Milwaukee to Reaffirm Support for Governor's Welfare Reform Plan

[Washington]...Congressman Mark Neumann (R-WI) today called on President Clinton to reaffirm his support of Governor Tommy Thompson's welfare reform proposal when the President visits Milwaukee tomorrow.

"White House staffers are already putting out signals that the President didn't really mean what he said when he overwhelmingly endorsed Governor Tommy Thompson's plan for welfare reform in his weekly radio address on Saturday," Neumann said. "Now, just days after his ringing endorsement of Governor Thompson's plan, there is a tremendous amount of confusion as to where exactly he stands on it. The only way to clear that up for the people of Wisconsin and the American public, is to unequivocally restate his support for Governor Thompson's welfare reform proposal when he is in Milwaukee on Thursday."

In a letter to the President, Neumann said, "When the state of Wisconsin submits its waiver for your approval, we request that you approve the waiver in its entirety without amendment." Neumann went on to say that "President Clinton should officially approve Governor Thompson's outline for welfare reform as detailed in W-2 Wisconsin Works and commit to signing the necessary waivers to implement Governor Thompson's welfare reform program." Neumann's letter to the President also said that "by putting your words to action, you will show the nation that you are truly committed to ending welfare as we know it."

President Clinton used his weekly radio address this past weekend to praise Wisconsin's welfare reform plan put forward by Governor Tommy Thompson, saying, "Wisconsin has the makings of a solid, bold welfare reform plan. We should get it done." Mr. Clinton's deputy chief of staff, Harold Ickes however, later threw cold water on the President's endorsement of Governor Thompson's welfare reform plan, saying the plan "will have to be negotiated."

"I truly hope Mr. Clinton is not using this issue of welfare reform to put the good people of Wisconsin in the middle of a political cat fight," he said. "We have a real chance for a Democrat President to join our Republican Governor in a bipartisan welfare reform plan. It would be great for these two national leaders to rise above politics and do what is right for Wisconsin and for America," he concluded.

Neumann's letter was signed by other Republican Members of the Wisconsin delegation including, Rep. Scott Klug, Rep. Steve Gunderson, Rep. Thomas Petri, Rep. Toby Roth and Rep. F. James Sensenbrenner, Jr. For a copy of the letter please contact the number listed above.

Congress of the United States

Washington, DC 20515

May 22, 1996

The President
The White House
Washington, DC 20500

Dear Mr. President:

In your radio address delivered last Saturday you embraced Wisconsin's new welfare proposal calling it "sweeping" and a "solid, bold welfare reform plan." You said you were "encouraged" by what you had seen and "pledged" that you would "work with Wisconsin." You also said, "We should get it done."

Mr. President, we applaud your support for Governor Tommy Thompson's welfare reform plan and sincerely hope you meant what you said.

When the State of Wisconsin submits its waiver for your approval, we request that you approve the waiver in its entirety without amendment. Partial approval of waivers is not true reform.

Then by putting your words to action, you will show the nation that you are truly committed to "ending welfare as we know it." Thompson's plan decisively eliminates the vicious, destructive cycle of poverty the current federal welfare system has entrapped our poorest citizens in for thirty years now.

We admit that after listening to your radio address on Saturday and seeing the national coverage of it, we were confused by your Deputy Chief of Staff Harold Ickes. He seems to have backed off from your Saturday commitments.

We trust your radio address was not simply clever rhetoric, but was indeed the official endorsement of Thompson's welfare reform plan as reported by the national media. Given the latest appearance of confusion between statements made by you and your staff, it would be helpful for you to clarify that situation, and tomorrow in Wisconsin would be the ideal place to do it.

Do you support mandatory work requirements? Do you support a time limit for cash benefits? Do you support a true block grant measure to give states the maximum flexibility on their reform packages? Do you support significant withholding of benefits for noncitizens? Do you support withholding benefits from prisoners?

These are questions the American people simply want you to answer straightforwardly.

Sincerely,



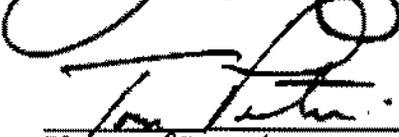
Mark W. Neumann



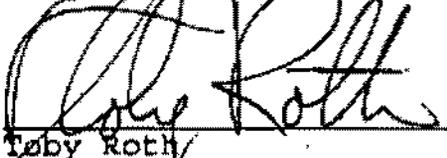
Scott Klug



Steve Gunderson



Thomas Petri



Toby Roth



F. James Sensenbrenner, Jr.

6/17/96

NOTE TO: Rahm Emanuel
Bruce Reed
Chris Jennings

WR-Wisc

FROM: Melissa Skolfield

MS

As you know, Families USA is holding a press conference today to point out that the Wisconsin welfare waiver application may eliminate the Medicaid guarantee for some AFDC recipients. I'm planning to respond to media inquiries with the same talking points you saw on Friday -- so please call me or Amy at 690-7850 before 11:30 a.m. if there's been any change in strategy. Those talking points and backup material are attached.

Also, could you send me the group's press release and/or fact sheet if Public Liaison has it? Thanks.

Attachments

6/14/96

Draft Quotes -- Wisconsin

"There must be a guarantee of Medicaid coverage, but based on Governor Thompson's previous statements, we assume that he plans to provide Medicaid and child care to all single women who need it in order to get off welfare and go to work. He has said, and we agree, that there are several things you have to do get people off welfare, and the first one is to provide medical coverage for children and for the mothers. The second impediment to getting people off welfare is child care." (Thompson, remarks at the National Press Club, 6/29/96, see attached).

"As with any waiver request, we will be reviewing the comments we receive during the 30-day comment period, and working through a number of issues with state officials. There is always a certain amount of give and take in this process, but we've approved more than 60 welfare waivers now and we've always worked things out."

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

"This is the most complicated waiver request we've received to date."

"Because Secretary Shalala is recused, the decision will be made by Mary Jo Bane in consultation with Bruce Vladeck."

Questions and Answers on the Wisconsin Waiver
6/14/96

Q: Governor Thompson has said that the Administration should just approve his waiver, since the President already endorsed it in his radio address. What's the hold-up?

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

Q: Does the Administration plan to approve the waiver or not?

A: As we've said all along, we hope to approve the waiver after HHS completes its normal review process, which includes a 30-day comment period. As Leon Panetta said on "Meet the Press," the chances are very good that we can approve the waiver fairly quickly.

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

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

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

A: As with any waiver request, we will be reviewing the comments we receive during the 30-day comment period, and working through a number of issues with state officials. There is always a certain amount of give and take in this process, but we've approved more than 60 welfare waivers now and we've always worked things out.

Q: What about the child care co-payment issue? Aren't their legal problems with requiring parents on welfare to pay a portion of their child care costs?

A: Based on Governor Thompson's previous statements, we assume that he plans to provide both Medicaid and child care to all single women who need it in order to get off welfare and go to work. He has said, and we agree, that a major impediment to getting people off welfare is child care.

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

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

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

Wisconsin Welfare Waiver
Health Care and Child Care Coverage

Child Care and Health Care

Part 1

On page I-3: "Supportive services -- child care, health care, and transportation assistance -- must be available in sufficient quantities to facilitate employment."

Part 2

On page 4: "Child care and health care will be available to all low-income families who need it to work."

Health Care

Part 1

On page V-1: "The W-2 Health Plan will provide coverage for low-income families with dependent children."

On page VIII-11: "For the most part, W-2 Health Care will be available indefinitely to W-2 Health Plan participants whose income remains below 200 percent of the federal poverty level, a significant expansion of current income limits."

Part 2

On page 12: "Coverage will be available to all families with low incomes and low asset. All family members will be covered, including children through age 18."

Child Care

Part 1

On page I-10: "Under W-2, Wisconsin will continue to identify safe, adequate child care as a priority in helping families leave welfare."

On page IV-1: "W-2 will serve all low-income working families, whether or not they have ever participated in AFDC or other public assistance programs. The intent of the new program is to assure child care support to families which have struggled to stay off public assistance and help families entering the workforce to be able to sustain employment."

Also on page IV-1: "The funding levels established are intended to ensure funding for all eligible families."

Part 2

On page 13: "Under W-2, child care will be available to all eligible families with low income and with low assets who need it to work."

STATEMENTS BY WISCONSIN GOVERNOR TOMMY THOMPSON

FROM REMARKS AT THE NATIONAL PRESS CLUB, 6/29/96

There are three things you have to do in order to get people off of welfare, and the first one is medical coverage for children and for the mothers. That's number one. And you have to make sure that the mothers are covered by health insurance and their children are. The second thing, the second impediment to getting people off of welfare is child care. And you have to invest more money into child care if you expect mothers to go to work."

FROM CBS "THIS MORNING" INTERVIEW, 5/3/96

"We still will take care of the children through medical assistance, through food stamps and through housing assistance and so on."

FROM REPUBLICAN RESPONSE TO THE PRESIDENT'S RADIO ADDRESS, 2/10/96

"We recommended continuing the federal guarantee of basic health care to the nation's most vulnerable populations. We agreed to a list of services that every state will provide. We are not willing to leave any vulnerable low income person without care."

FROM POLICY POSITION OFFERED BY GOV. THOMPSON AND GOV. MILLER, 2/5/96

State experience in welfare reform has demonstrated that three elements are particularly crucial for successful welfare reform: welfare must be temporary and linked to work; both parents must support their children; and child care must be available to enable low-income families with children to work.

FROM PREVIEW PIECE TO USNWR DEBATE, 6/21/95

"[It] costs more to change the system."

~~Welfare~~ ~~reform~~ ~~costs~~ ~~more~~ ~~to~~ ~~change~~ ~~the~~ ~~system~~ ~~than~~ ~~it~~ ~~costs~~ ~~to~~ ~~run~~ ~~the~~ ~~current~~ ~~system~~

PARK CENTRAL HOTEL

7th Avenue At 54th Street
New York, NY 10019
Telephone: 212/242-5000
Telex: 424434

WR-Wisc.

Sandy

Looked on a roll Bruce -

I'm sitting up here reading

Robert Penn's "Stays on the Sat. radio

broadcast on the Vis. Union; and

I read Madhouse on the train coming

up here.

Sounds like you are probably
having some fun. It's going to
be a great 25 weeks.

Best regards

Benny Whitman



DATE: 6-18-96

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
200 INDEPENDENCE AVE., SW
WASHINGTON, D.C. 20201

PHONE: (202) 690-7627

FAX: (202) 690-7380

OFFICE OF THE ASSISTANT SECRETARY FOR LEGISLATION
ROOM 416-G HUMPHREY BUILDING

WR-Wisc

TO : Bruce Reed

OFFICE : W.H.

PHONE NO : 456-6515

FAX NO : 456-5557

TOTAL PAGES
(INCLUDING COVER) : 4.

FROM:

- RICHARD J. TARPLIN
- HELEN MATHIS
- KEVIN BURKE
- SANDI EUBANKS BROWN
- ROSE CLEMENT LUSI
- STEPHANIE WILSON
- HAZEL FARMER

REMARKS:

Fax 1
3p. to Bruce
Rabin
Ken A.
Janet M.

June 17, 1996

MEMO TO: Rich Tarplin

FROM: Mark Magaña

SUBJECT: 6/17 Rep. Shaw and Governor Engler Press Conference on 6/15 *N.Y. Times*
Article, "Clinton Wavers After Backing Welfare Plan"

The Press Conference was at 3:30pm on Monday 6/17 in Room H-137.

There were four cameras (CBS, NBC, CNBC, and ?) and about 20 reporters (including Robert Pear) covering the press conference. The press conference was for "Press Only" but Ron Haskins let me in.

STATEMENTS

Rep. Shaw had just finished when I walked in.

Gov. Engler commented on how the story should have been titled, "Clinton Wavers on Waiver." He was upset that the President comes out with these quick hits on welfare reform and then backs off when he sees the details. The current system is a trap and we are going to end it as we know it. Every time that we have given the President the opportunity to end welfare as we know it he has failed. Welfare cannot be done one waiver at a time. The status quo does not work and we urge the President to sign welfare reform.

QUESTIONS AND ANSWERS

Q: If the President says no to 3 or 4 of the 80-some waivers, will that be back-pedaling?

Shaw: We want to see the President deliver on what he said on the radio. We have found that most everything that Wisconsin has asked for we have in our welfare bill. If he agrees to the Wisconsin waiver then he shows that he is a new Democrat.

Engler: Other governors found out that they were getting their waiver approved over the radio only to receive 10 pages of questions and in the end they did not get what they wanted. South Carolina was going to get a waiver to drug test their welfare recipients and in the end was only able to drug test those that had previously been in drug rehabilitation.

- Q: Would you support separating the welfare bill from the Medicaid bill?
- Shaw: Personally, yes. I think that the President is using Medicaid as an excuse, but they are very related in law.
- Engler: I prefer keeping them together. The President is defending the status quo. I thought that we were making real movement in welfare but maybe the President's feelings are closer to that of Sen. Moynihan, "I just don't like it." Maybe Moynihan and the Children's Defense fund will have their way with the President in the end.
- Q: Is there a letter being circulated to separate the two?
- Shaw: Yes, but I do not know how many signatures it has or who is on it.
- Q: I read that there are constitutional problems with the bills provisions on the right to a fair hearing, the 60 day residence requirement, and the minimum wage.
- Shaw: If you count all of the benefits that a welfare recipient gets it blows away the minimum wage. I do not believe that the 60 day requirement is unconstitutional. The due process for denial is in the procedure for denial of benefits.
- Engler: The legal process around welfare is much to cumbersome, bring it back to state courts.
- Q: Are you optimistic that this welfare bill will become law?
- Shaw: Anyone who has served in the minority for as long as I have has to remain optimistic.
- Q: The White House has said that they are in their 30 day comment period and will get the waiver done in time.
- Shaw: We are just going off of the *N.Y. Times* article of 6/15. We hope that we are wrong on this.

Q: Because of the President's radio address, is it now all or nothing on this waiver.

Shaw: The radio address certainly brought that.

Engler: The President said, "All in all, Wisconsin has the makings of a solid, bold welfare reform plan. We should get it done." And McCurry said, "We don't see any problem with them and can't imagine that there will be any problem approving them."

WR-Wisc.

THE WHITE HOUSE

WASHINGTON

June 26, 1996

Dear Mr. Speaker:

Thank you for writing regarding Wisconsin's welfare reform plan. I am pleased that you have joined me in expressing support for Wisconsin's efforts to reform welfare. We are currently reviewing the State's waiver request and we look forward to getting it done.

In the meantime, I hope you will assist in working to pass bipartisan legislation that requires work and provides child care, health care, and job opportunities for those in search of employment. My welfare reform plan recognizes that these elements are crucial to the success of welfare reform, as does the Wisconsin plan. I encourage you to send me a welfare reform bill that includes these key elements.

I look forward to working with you to produce bipartisan legislation that will shift the welfare system from dependence to independence, promote work and responsible parenting, and protect our nation's children. With your help, we can achieve the fundamental reform that our fellow Americans deserve.

Sincerely,



The Honorable Newt Gingrich
Speaker of the
House of Representatives
Washington, D.C. 20515

Congress of the United States**House of Representatives****Washington, DC 20515****96 JUN 19 A10 : 11**

June 17, 1996

President William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

We were dismayed to read over the weekend a front-page story in the *New York Times* reporting that your Administration will not sign the Wisconsin welfare waiver request unless several changes are made.

Given the remarks you made during your May 18, 1996, radio address to the nation in which you endorsed the Wisconsin waiver, we would be deeply disappointed to learn that your actions on welfare reform once again stand in contrast to your rhetoric.

In your radio address, you said:

"All in all, Wisconsin has the makings of a solid, bold welfare reform plan. We should get it done."

You concluded:

"So the states can keep on sending me strong welfare reform proposals, and I'll keep signing them. I'll keep doing everything I can as President to reform welfare state by state, if that's what it takes."

Following your address, your press secretary, Mike McCurry, was asked about the status of the Wisconsin waiver requests and their prospects for White House approval. He said:

"We don't see any problem with them and can't imagine that there will be any problem approving them."

- 2 -

Mr. President, you made a commitment to the nation to support the Wisconsin waiver. To demonstrate that you will sign it, we call on you to clarify the reported position taken by your aides at the Department of Health and Human Services and to announce your intention of signing the Wisconsin waiver as it was submitted. So that your credibility on this important issue is not undermined, we urge you to make your intentions clear prior to June 28th, the expiration of your thirty-day comment period on waivers.

We would like to remind you that the House of Representatives on June 6th voted 289-136 in support of Wisconsin's waiver request as it was submitted. Sixty Democrats joined all Republicans in support of the waiver. We urge you to take bi-partisan action by standing with the new Democrats and the majority Republicans who voted for the waiver.

Unless you clarify your position, we must be concerned that when you are confronted with important welfare reform decisions, you have a pattern of speaking from the center but governing from the left. We hope your reported stance on the Wisconsin waiver does not indicate again that the liberal elements of the Democrat party are winning your support and changing your mind.

You were right when you endorsed Wisconsin's waiver request last month. We hope you will exercise consistent and steady leadership by now signing the waiver, demonstrating your bi-partisan commitment to welfare reform.

Sincerely,



Newt Gingrich
Speaker of the House



Dick Arney
House Majority Leader



Bill Archer
Chairman, House Committee on
Ways and Means



E. Clay Shaw, Jr.
Chairman, Subcommittee on Human
Resources, House Committee on
Ways and Means

Congress of the United States
House of Representatives
Washington, DC 20515
May 31, 1996

JUN - 3 1995

President William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

It has been forty-eight hours since you formally received the Wisconsin waiver from Governor Tommy Thompson.

As you recall, you endorsed Governor Thompson's request to implement his innovative welfare initiative by waiving the cumbersome and counterproductive federal rules and regulations that govern welfare. Among other things, the Wisconsin waiver makes an unprecedented change in federal welfare rules by implementing a Medicaid copayment, it promises but does not *guarantee* child care for the working poor, it includes a child care copayment, it denies food stamps for people who don't work, it includes a family cap, and it eliminates the Earned Income Tax Credit for those on welfare who work.

Under section 1115(A) of the Social Security Act, you have the immediate authority to sign the Wisconsin waiver. Given your radio address, there should be no reason for you to negotiate, study, or otherwise delay the waiver Wisconsin seeks.

We note the great speed with which you went on national radio to endorse the waiver once you learned that Senator Bob Dole would visit Wisconsin to announce his welfare proposal. Accordingly, we are surprised and disappointed that you have not yet signed the waiver.

If you are capable of such a rapid action when it comes to giving a speech in support of the waiver, we are confident you can also take rapid action to bring relief to the people of Wisconsin by signing the waiver.

We eagerly await your signature.

However, in the event you propose to delay approval of the waiver, the House of Representatives is prepared to send you legislation that implements the waiver.

In keeping with your focus on Wisconsin during your radio address, this legislation would be exclusive to Wisconsin and it would be separate from the national welfare reform bill that is currently before the Congress.

We strongly urge you to sign the Wisconsin waiver without further delay. If you do not, the House will proceed to send you the Wisconsin waiver in the form of legislation.



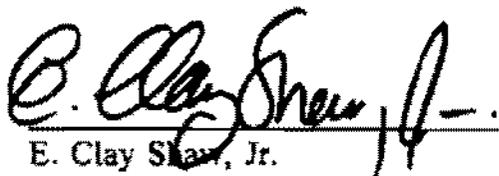
Newt Gingrich
Speaker of the House



Dick Arney
House Majority Leader



Bill Archer
Chairman, House Committee on
Ways and Means



E. Clay Shaw, Jr.
Chairman, Subcommittee on Human
Resources, House Committee on
Ways and Means

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

MAY 22 1996

May 19, 1996

President William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

We welcome your remarks concerning the innovative welfare reforms proposed by Governor Tommy Thompson of Wisconsin. The Wisconsin proposal is very similar to the Republican welfare reform bill you vetoed last year, so we are heartened that your welfare position may have changed once again. However, because there are many differences between your current *national* welfare proposal and the position you seem to have taken yesterday concerning the Wisconsin proposal, there is ample ground to be confused about where you stand on national welfare reform.

We must remind you that actions speak louder than words. Nothing less than full approval of Wisconsin's waiver proposal *in its entirety* will demonstrate your lasting commitment to welfare reform. In addition, while your kind words concerning Wisconsin's proposal give the impression you support welfare reform, an analysis of your current national welfare proposal shows that what's good enough for Wisconsin is not good enough for the nation. Your national proposal runs in the opposite direction of Wisconsin's welfare reforms.

The need for welfare reform is clear. The American people are demanding it and the people on welfare must have it. We have already lost too many people to the destructive cycle of welfare where the average stay on the welfare rolls is 13 years. As a result of this cycle, far too many children are at risk, growing up in fatherless homes where they have never known a working adult.

We all agree that welfare reform must be accomplished, and while you have vetoed our two previous welfare reform proposals, we are willing to work with you once again on this important issue. Only through continuous, open dialogue can we begin to understand each other's positions and hopefully reach an agreement.

We have just completed a detailed analysis of the national welfare reform proposal contained in your 1997 budget plan, and we regret to say that we are deeply disappointed because your plan does not time limit welfare benefits nor does it require an adequate number of people to work for their welfare benefits. Your welfare reform proposal does little to encourage families to support themselves, it encourages continued welfare instead of work, and it perpetuates the misguided practice of providing welfare to non-citizens. Your bill also does nothing to stop the corrupt practice of paying welfare benefits to felons sitting in our nation's jails. Finally, your bill's continuation of inflexible federal controls guarantees that the worst features of today's failed welfare regime would continue indefinitely. We have outlined below our major concerns.

In short, your welfare proposal contains four fatal flaws.

1. Your welfare reform plan "proposes" a five-year time limit on cash welfare benefits, but it has so many exceptions few families would ever be affected. In addition, because of your mandatory voucher program, welfare will remain a lifelong habit, just as it is today.

Under your plan, few welfare recipients would ever reach the five-year time limit because your plan provides so many exemptions. Your exemption list is so exhaustive that the Congressional Budget Office has predicted that at least 25 percent of families on welfare would be considered exempt in any given month.

For those who actually do reach the five-year limit, your bill maintains the welfare entitlement and requires States to provide non-cash welfare vouchers indefinitely. Mr. President, you must realize that only by applying a real five-year time limit can we transform welfare into insurance against the worst of times, instead of the lifetime guarantee of unearned benefits.

2. Instead of requiring work for welfare benefits, your plan allows families to avoid work for years and places sham "work requirements" on States.

Your plan requires States to set up education and training programs for every work-eligible parent who is not working within one year of coming onto welfare. After two years in these programs, you say that workers must work or lose welfare benefits. The catch? This requirement does not take effect until October 2003. Mr. President, we must act now if we are to save the most needy in our society, not wait six or seven more years by creating a major loophole that allows families to collect welfare without working.

In addition, by counting families that have left welfare and are now working as still on welfare, your bill artificially inflates state progress in moving welfare families into work. Under your plan, the natural flow of families off welfare means that States magically would be more than halfway towards meeting their required rates without even lifting a finger. You further discourage States from meeting this goal by failing to punish States that don't meet targets for moving families off welfare and into work. The result? The Congressional Budget Office has determined that your bill would require only half as many welfare families to work as H.R. 4, the Congressional welfare reform bill you vetoed in January. According to CBO, 1.3 million people will be required to work by the year 2002 under the Republican welfare proposal, while only 900,000 people will be working under your bill. We are deeply troubled by your loophole-ridden, liberal work "requirements."

3. Your plan continues the current system in which noncitizens and felons collect welfare despite our country's laws and traditions.

Everyone agrees that America is and will remain the land of opportunity for immigrants, but you would be hard-pressed to find support for allowing immigrants into the U.S. to go on welfare. Unfortunately, your proposal would continue this abuse of taxpayers' and immigrants' best interests. For example, the number of noncitizens on Supplemental Security Income exploded from 127,906 in 1982 to 738,140 in 1994. While you have proposed initiatives that claim to curb such abuse, your plan only nibbles around the edges: the Congressional Budget Office estimates your proposal would prevent 89,000 noncitizens from collecting SSI benefits in 1998. In contrast, H.R. 4, the welfare reform bill you vetoed, honors the promise noncitizens made not to go on the dole, keeping more than 427,000 noncitizens from collecting SSI benefits in the same year and saving taxpayers a total of \$15 billion more than your bill.

4. Your plan maintains maximum Federal control over State welfare programs.

Even though your bill replaces Aid to Families with Dependent Children (AFDC), the nation's largest cash welfare program for poor families, with the "Temporary Employment Assistance" (TEA) program, this is largely a semantic exercise. Like AFDC, the TEA program would provide unlimited entitlement funding to States -- subject to State match -- to provide cash welfare benefits to needy families. Certain new restrictions would apply for individuals, but States would receive more Federal funds if more families move onto welfare, maintaining the current perverse incentive structure associated with AFDC.

Your plan fails to provide State flexibility in many other ways, too. Unlike H.R. 4, under your bill States would not have flexibility to limit benefits to fewer than five years, and States would be required to operate a highly prescriptive federal "work first" (starting in FY 2004) job training program. States would be required to develop individual responsibility plans for every new welfare family, detailing benefits the State would have to provide to assist families in preparing for work. Finally, States would have little authority to limit State and local welfare benefits for noncitizens.

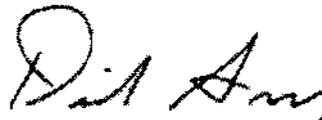
Mr. President, we remain hopeful that this year will be the final year of our nation's failed welfare system. Surely, those Americans who have lived on welfare from one generation to another deserve a chance to do better and to achieve more. However, after considering some of the key features of your plan, it is evident, despite your radio address, that there is still a long way to go before your actions match your words.

We look forward to taking action on national welfare reform this year and hope to have your support.

Sincerely,



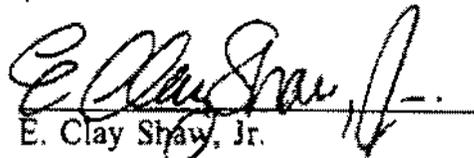
Newt Gingrich
Speaker of the House



Dick Armey
House Majority Leader



Bill Archer
Chairman, House Committee on
Ways and Means



E. Clay Shaw, Jr.
Chairman, Subcommittee on
on Human Resources, House
Committee on Ways and Means

Congress of the United States

Washington, DC 20515

WR

96 JUN 13 P3:47

June 10, 1996

WR-Wisc.

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

On June 6, with strong bipartisan support, the House approved a bill allowing Wisconsin to implement the innovative "Wisconsin Works" welfare reform plan. With 60 Democrats voting in favor of the bill, H.R. 3562 passed by a vote of 289-136.

Given the wide margin of bipartisan support the waiver bill received in the House, we respectfully urge you to support the bill as it moves through the Senate. As you mentioned in your recent radio address, "Wisconsin has the makings of a solid, bold welfare reform plan. We should get it done." It is our hope that this legislation will grant Wisconsin the opportunity to execute its bold welfare reform plan as a model for our nation.

We thank you for your assistance in this matter.

Sincerely,

Scott Klug
 Scott Klug
 Member of Congress

F. James Sensenbrenner
 F. James Sensenbrenner
 Member of Congress

Toby Roth
 Toby Roth
 Member of Congress

Mark W. Neumann
 Mark Neumann
 Member of Congress

Steve Gunderson
 Steve Gunderson
 Member of Congress

Tom Petri
 Tom Petri
 Member of Congress

Congress of the United States

Washington, DC 20515

APFEL
REED

May 22, 1996

The President
The White House
Washington, DC 20500

Dear Mr. President:

In your radio address delivered last Saturday you embraced Wisconsin's new welfare proposal calling it "sweeping" and a "solid, bold welfare reform plan." You said you were "encouraged" by what you had seen and "pledged" that you would "work with Wisconsin." You also said, "We should get it done."

Mr. President, we applaud your support for Governor Tommy Thompson's welfare reform plan and sincerely hope you meant what you said.

When the State of Wisconsin submits its waiver for your approval, we request that you approve the waiver in its entirety without amendment. Partial approval of waivers is not true reform.

Then by putting your words to action, you will show the nation that you are truly committed to "ending welfare as we know it." Thompson's plan decisively eliminates the vicious, destructive cycle of poverty the current federal welfare system has entrapped our poorest citizens in for thirty years now.

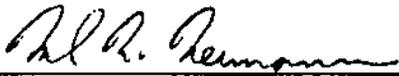
We admit that after listening to your radio address on Saturday and seeing the national coverage of it, we were confused by your Deputy Chief of Staff Harold Ickes. He seems to have backed off from your Saturday commitments.

We trust your radio address was not simply clever rhetoric, but was indeed the official endorsement of Thompson's welfare reform plan as reported by the national media. Given the latest appearance of confusion between statements made by you and your staff, it would be helpful for you to clarify that situation, and tomorrow in Wisconsin would be the ideal place to do it.

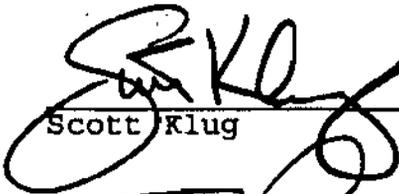
Do you support mandatory work requirements? Do you support a time limit for cash benefits? Do you support a true block grant measure to give states the maximum flexibility on their reform packages? Do you support significant withholding of benefits for noncitizens? Do you support withholding benefits from prisoners?

These are questions the American people simply want you to answer straightforwardly.

Sincerely,



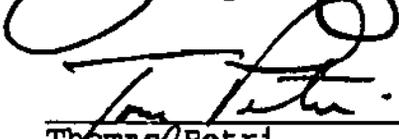
Mark W. Neumann



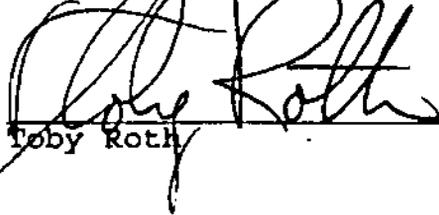
Scott Klug



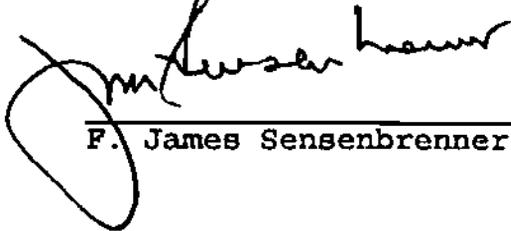
Steve Gunderson



Thomas Petri



Toby Roth



F. James Sensenbrenner, Jr.

EXECUTIVE OFFICE OF THE PRESIDENT

30-May-1996 09:35am

TO: Christopher F. Walker
FROM: Cathy R. Mays
Domestic Policy Council
SUBJECT: Response Ltr

Bruce Reed's suggested basic response to POTUS ltr. dated May 22, 1996, from Neumann, Klug, Gunderson, Petri, Roth, and Sensenbrenner: (You faxed it to him on May 23) Call me at extension 66515 if you have any questions.

THE BASIC RESPONSE SHOULD BE:

Dear :

Thanks for your letter

I'm glad you join me in expressing support for Wisconsin's efforts to reform welfare. We've just received the State's waiver request, and we look forward to getting it done.

In the meantime, I hope you will join me in working to pass bipartisan legislation that requires work and provides child care, health care, and a job to go to. Health care and child care are central to my welfare reform plan and to the Wisconsin plan. I hope you will help see to it that this time Congress sends me a welfare reform bill that includes these key elements.

Sincerely,

Congress of the United States

Washington, DC 20515

APFEL
REED

May 22, 1996

The President
The White House
Washington, DC 20500

Dear Mr. President:

In your radio address delivered last Saturday you embraced Wisconsin's new welfare proposal calling it "sweeping" and a "solid, bold welfare reform plan." You said you were "encouraged" by what you had seen and "pledged" that you would "work with Wisconsin." You also said, "We should get it done."

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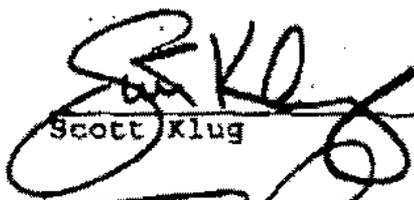
Do you support mandatory work requirements? Do you support a time limit for cash benefits? Do you support a true block grant measure to give states the maximum flexibility on their reform packages? Do you support significant withholding of benefits for noncitizens? Do you support withholding benefits from prisoners?

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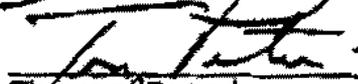
Mark W. Neumann



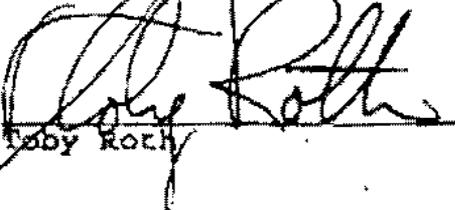
Scott Klug



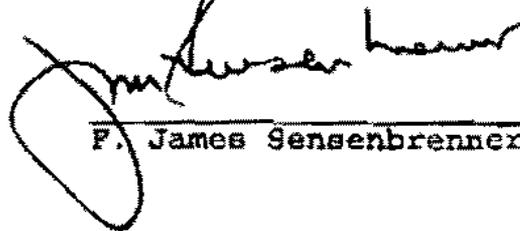
Steve Gunderson



Thomas Petri



Toby Roth



F. James Sensenbrenner, Jr.

WR - Wise

Welfare yields to jobs in Wisconsin

State requires all able to work

By Cheryl Wetzstein
THE WASHINGTON TIMES

AI

Today, as promised, Wisconsin Gov. Tommy G. Thompson will declare an end to welfare in his state.

"Everybody can do something," he has said, describing the underlying philosophy of Wisconsin Works, or W-2, which officially began statewide yesterday.

The program, which requires virtually all of its adult participants to work according to their abilities, seems to have arrived at an opportune moment.

"Our economy is just booming, and with a 3.5 percent unemployment, we have more jobs than we have workers, so it's a perfect time for W-2," said Kevin Keane, a spokesman for Mr. Thompson.

"You can't find a minimum-wage job in Wisconsin," he said. Even jobs at fast-food restaurants start at \$6 to \$7 an hour.

Wisconsin, which has been experimenting with welfare for 10 years, has seen its caseload drop from 100,000 families in 1987 to below 38,000 families, a decline of 62 percent.

Under W-2, applicants are assessed and, if possible, steered to

see WELFARE, page A8

WELFARE

From page A1

jobs, away from the system.

Last year, more than 1,000 were diverted in Dane County alone, said Topf Wells, the executive assistant to the county executive.

Adults who want to join W-2 must first complete a 60-hour job search, half of which must be "direct employer contact," said Pamela Holcomb, a welfare expert at the Urban Institute who has visited Wisconsin several times this year.

These new enrollees, as well as current welfare recipients, are placed into the four-tier, ladderlike program, which matches benefits to work activity.

The top of the ladder is unsubsidized employment. Families at this level are expected to live on their income, but if their income approaches poverty levels, they are allowed to receive child care and transportation assistance and Medicaid.

The next rung of the ladder is the trial-jobs program, in which employers, with state support, hire adults who are likely to become staff members.

Trial jobs are expected to last about three months. Families in the trial-jobs program, as well as the other two levels, receive cash and other benefits.

The bottom two rungs are community-service jobs and a program called W-2 Transition.

Adults in community service, which can last six months, are required to spend 30 hours a week in a work-preparation activity, including training.

The transition program, which can last 24 months, is for those struggling with substance abuse, low education or other challenges.

The well-publicized W-2 program carries other requirements — teen parents must stay in school and live at home, child-support orders must be established, everyone must report to duties — to maintain benefits.

Families are expected to climb out of the program and be self-sufficient within five years.

Mr. Keane said disabled people

are steered to the federal Supplemental Security Income program. Other troubled people, including addicts, are sent to programs that expect them to "do as much as they are capable of doing," he said.

"The way you get a check is to sign up for W-2 and enter the work programs," he said. "The fundamental principle is personal responsibility, and if someone doesn't want to work, then they have to be like the rest of the world and suffer the consequences."

Wisconsin has, in many ways, "pushed the envelope further on welfare reform than in other places, but it's still too early to know what the impact is on families," said the Urban Institute's Ms. Holcomb.

Referring to the June death of a 50-year-old woman who was a workfare participant in New York, she added, "It's really important for states to exercise some caution."

Wisconsin needs to track why people leave welfare, what their work arrangements are and what happens to them, said Margy Haller, a welfare expert at the Progressive Policy Institute.

This way "we'll really know what works and what doesn't and how we can tweak the program," she said.

The Washington Times

TUESDAY, SEPTEMBER 2, 1997

HDTV future gets fuzzy as networks back away

Legislators who gave licenses feel bilked

By Doug Abrams
THE WASHINGTON TIMES

A1

HDTV

From page A1

The future of high-definition television is growing dimmer as broadcasters back away from the high-tech medium to develop programming for lower-quality channels that consumers can receive on standard TV sets.

This trend has infuriated some on Capitol Hill who voted to give broadcasters digital television licenses worth billions of dollars. To prevent interruptions in today's free over-the-air television, Congress gave broadcasters a separate chunk of airwaves last year to develop HDTV.

"The intent clearly was to do HDTV," said Ken Johnson, a spokesman for Rep. W.J. "Billy" Tauzin, Louisiana Republican and chairman of the Commerce Committee's telecommunications subcommittee. "To those broadcasters who have unilaterally decided not to do HDTV, there's going to be a

big fight in Congress."

HDTV technology, which promises movie-like pictures and sound, sends a huge load of data over the airwaves. But television viewers would be wise to buy into the new technology with caution when high-resolution television sets are unveiled next year with an expected \$7,000 price tag.

Broadcasters instead are eyeing lower-quality digital signals that require less data. Up to eight channels of programming can be crammed into the same air space as one HDTV show.

Technology advancements have improved those digital signals to look almost as good as HDTV, except on very large-screen TVs, said Preston Padden, president of the ABC Television network.

Broadcasters are taking advantage of a loophole in the Telecommunications Act, which doesn't force them to broadcast HDTV.

See HDTV, page A5

said Marc Buse, policy director for the Senate Commerce Committee. Sen. John McCain, Arizona Republican and chairman of the committee, had proposed making broadcasters pay for their digital spectrum, he said.

"If these people pay for it, fine, do what you want with it," he said. "But if you're going to give it to them free... put it into law, saying you will do what you promised."

ABC and other broadcasters are beginning to evaluate multiple-channel strategies. This would allow broadcasters to create what would amount to wireless cable systems that can transmit several channels of television, along with Internet data, music and movies directly to computers.

Some broadcasters say the advantage of lower-quality channels is that they save consumers from having to pay for a new HDTV set, said Nat Ostroff, vice president at Sinclair Broadcast Group in Baltimore.

Sinclair plans to forgo HDTV and offer up to 16 channels of free and pay television services with its new digital broadcast licenses, he said. In January, Sinclair plans to test a system that delivers up to 16 channels of digital programming in Baltimore over its HDTV spectrum, Mr. Ostroff said.

"Ten years ago, the vision of the world was going to be an HDTV world. That was 10 years ago," he said. "HDTV turned out to be an engineer's dream, but a commercial reality it is not."

Sinclair would have to spend \$300 million to upgrade its broadcast towers, cameras and other production equipment to embrace HDTV at all its 29 television stations, he said. Switching to lower-quality digital signals would be cheaper and offers a faster way for the company to recoup its investment, he said.

"This is not a spectrum grab. This is a survival mode. We're being mandated to broadcast a digital signal," he said.

Broadcasters must convert to digital signals by 2006 and return their analog licenses under Federal Communications Commission rules. But some government and industry officials fret that consumers will never get to see HDTV, which has been promised since 1987.

"If you don't offer it to consumers, how can you know if they don't want it?" said Mr. Johnson, spokesman for Mr. Tauzin.

Congress expected broadcasters would need several years to build HDTV networks, and they probably would offer several channels of lower-quality digital programming until enough HDTV sets were purchased, Mr. Johnson said. But broadcasters were not given the digital spectrum for free to enter whole new lines of businesses, he said.

"We've assured the public that this is not going to be a huge corporate giveaway," he said. "This is the beginning of the controversy, not the end."

TV makers, meanwhile, are eyeing a potentially lucrative market for high-priced HDTV equipment over the next two decades. Giant-screen, projection HDTV sets will debut at a Las Vegas consumer electronics show early next year for at least \$7,000, although the price is expected to drop rapidly over time.

"The networks are, for the most part, going to do some HDTV," said Ed Milbourne, a spokesman for Thomson Consumer Electronics.

The Washington Times

TUESDAY, SEPTEMBER 2, 1997

WR-Wisc.

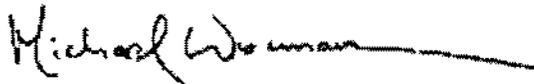
cc - C. Rice

RUSSELL SAGE FOUNDATION112 EAST 64TH STREET
NEW YORK, NEW YORK 10021MICHAEL WISEMAN
Visiting Scholar

January 28, 1997

To: Ron Haskins

From: Michael Wiseman



Re: Wisconsin Works Waivers and Related Matters

Ron, this memo summarizes where we stand on Wisconsin Works (W-2) as I understand things. Please pass this on subject to the proviso that I'm working strictly from my capacity as Vice Chair of Governor Thompson's Wisconsin Works Management and Evaluation Steering Committee, and I am principally concerned with assuring that evaluation is done well. Getting evaluation going requires that we reach agreement on what the program, and the budget for operation and evaluation, will be. I will send a copy of this memo to Jean Rogers; if I'm off track, you can be assured we'll both hear about it.

There are three interrelated problems: (1) The waivers required for W-2, (2) Wisconsin's claim on federal funds generated by cost saving generated prior to passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), and (3) state support for the New Hope project.

Waivers. Wisconsin still needs federal approval to realize all of the Wisconsin Works plan. For the most part, the reason is that W-2 integrates Food Stamps, AFDC, Child Care, and Health Insurance, and PRWORA primarily addresses AFDC. By program, here's what the state needs. I have listed what appear from a strategic standpoint to be the most important issues first.

Health Insurance

Wisconsin cannot implement the W2 health insurance program at all because Congress failed to pass a Medical Assistance Block Grant. W2 calls for provision of access to health insurance for all low-income households with children who lack access to employer-based health insurance, regardless of TANF status. Copayments will be required of all participants, but copayments vary inversely with income and family size. Existing Medicaid beneficiaries will be automatically enrolled in the program, and insurance payments for participants in W2 Transitions and Community Service Jobs activities will be automatically deducted from grants. W-2 effectively commits the state to providing means-tested universal access to health insurance; I cannot understand why the administration is reluctant to see if the state will deliver.

To Ron Haskins, regarding W-2 requirements, continued

page 2

Food Stamps

Here the devil lies in the details. The state needs:

- Authority to subcontract with nongovernmental organizations for Food Stamps delivery—as will be done with many other W-2 related services. (Most important.)
- Authority to sanction non-compliance with work and training requirement on an hourly basis—as is done in AFDC under the state's "Pay for Performance" initiative and will be done for the W2-Transitions and Community Service Jobs tiers under TANF. (I understand that preliminary approval has been given for this provision.)
- Authority to vary the treatment of earnings in Food Stamp benefits calculations in order to keep marginal benefit reduction rates for the combined W2 health insurance, child care, and Food Stamps package as low as possible.
- Authority to continue to operate the state's Food Stamp Employment and Training (FSET) Program in an integrated One Stop Job Center program that combines FSET with other welfare-to-work programs as provided under PRWORA. This includes the state's technical college match program. I'm particularly concerned about this because it offers an avenue for some training efforts. When I last checked the state's FSET grant had not been approved; this includes the technical college component.

Temporary Assistance for Needy Families (TANF)

Here the state seeks to establish an integrated budget as well as consistency with TANF. They need:

- Authority to apply federal savings from reduced Food Stamp and Medical Assistance costs brought about by W-2 to expenses incurred for W-2 expenses regardless of recipient class. (Most important.)
- Authority to apply a sixty day residency requirement.
- Federal participation in costs incurred by passing all child support payments directly through to participants.

As you can see, these requirements cross-cut programs and agencies. Were the requests ad hoc, there would be good reason for the administration to be skeptical. We believe, however, that W2 fits together as a uniquely work-oriented reform. The state can implement something approximately like what W2 proposes without additional federal approval. Nevertheless, we believe it very important, both from the state and national viewpoints, to implement the program and to monitor carefully the outcome. We understand that stewardship of federal dollars as well

To Ron Haskins, regarding W-2 requirements, continued

page 3

as concern for the well-being of families calls for active federal participation and oversight. This is why our waiver's proposal called for a "new partnership" between federal agencies and state government in designing and implementing its evaluation. So far, all the administration has done with our language on this one is to incorporate it in its own request for proposals for on-going demonstration evaluation. We had difficulty in responding to that request because we still don't know where we are on program.

We believe a major part of the problem is that in this administration the ultimate decision on this collection of proposals must be made in the White House. We believe that W2 can be effectively presented only as a whole, but there is neither interest nor capability for doing this among the various individual federal agencies involved. That's why we need your help in gaining White House attention, and why we very much appreciate willingness on the White House side to sit down with me and discuss the W-2 concept as a whole.

Waiver Savings. Since 1987 Wisconsin has negotiated with the federal government a number of agreements concerning access to federal funds saved by the state's reforms. These "waiver savings" have been a significant pool of resources for on-going reform efforts, and they constitute the basis for much of the increase in the state's employment and training effort under JOBS. The funds have been used wisely and carefully husbanded to assure that resources will be available for sustaining the welfare-to-work effort.

As of July 1, the state has a federal waiver savings fund of about \$90 million. By agreement, this fund was "capped," but the funds were available for future use. This money was included in plans for W2 implementation and evaluation. However, the state has now been informed that the Personal Responsibility and Work Opportunity Act supersedes all such agreements, and that the state's claim on federal resources is defined solely on the basis of the formula prescribed by Congress for allocation of the TANF block grant.

Needless to say, the state disputes this interpretation. Should the issue not be resolved with restoration of the block grant funds, resources for services and evaluation will be curtailed. Implementation will proceed, but at greater cost to the state's taxpayers. It is our position that the TANF formula already penalizes states that accomplished caseload reductions relatively early, and that penalizing the state for good stewardship of its waiver savings claims relating to past periods compounds the problem.

New Hope. Paradoxically, while the Clinton Administration was arguing that access to past waiver savings by the state was foreclosed by PRWORA, the administration has announced that claims on future savings generated by the New Hope that were established by federal legislation should now be honored by the state. Approximately \$3.5 million is needed from state and federal sources to complete the New Hope demonstration. If this money cannot be found, the return to extensive federal, local, philanthropic, and state investment will be curtailed.

To Ron Haskins, regarding W-2 requirements, continued

page 4

The New Hope claim is based on Congressional action directing the U.S. Department of Health and Human Services to pay the project an amount equal to savings in AFDC, Food Stamps, and other transfer programs generated by its operation. As has been true for the state's own reforms, the negotiation of procedures for calculating such savings has been protracted. Since Medicaid and Food Stamps were not eliminated by PRWORA, about \$600,000 of the \$3.5 million may still be generated. However, \$2.9 million in projected savings at the federal level are now, it is claimed, contained in the TANF block grant.

These savings were calculated and projected on the basis of AFDC experience. We do not believe the formulas or the projections to be applicable under W2. New Hope is an interesting program, and it shares some features with W2. However, participation in New Hope is voluntary, and most of the experience gained under New Hope reflects an environment in which persons enlisted in New Hope always had AFDC as a fallback. The relevance of the New Hope outcomes to state policy is therefore questionable. In any event, a strong case can be made that W2 savings generated by continued operation of New Hope will not amount to \$2.9 million. Thus what the federal government and the New Hope board are asking the state to do is to honor both the federal government's commitment and its forecast.

Jean and I have not yet taken the New Hope issue to the W2-MEP steering committee, but our educated guess is that the members will agree that there is much in New Hope that would be of use to us in planning W2 implementation. I think the interests of New Hope would be better served by getting the "waiver savings" issue off the table and trying to come up with a single federal and state commitment that will assure that commitments made to New Hope participants will be honored and that the New Hope demonstration will be completed. Jean says that she thinks state money can be found for New Hope if the waiver savings issue is resolved. I understand that ACF has hinted that the administration will find other resources for this purpose; this seems to undercut the whole idea of devolution of authority for welfare reform to state government. I'm not exactly a neutral here: I am on the New Hope National Advisory Committee and both Carol (my wife) and I are working on the MDRC New Hope evaluation.

I hope this is useful. I have tried to strike a balance between detail and generality. The important point is that the waivers, waiver savings, and New Hope issues are interrelated, and there is no reason for the state to negotiate with persons who cannot approach them as a group. Please let me know if you have any other questions, thoughts, or suggestions that might help.

Please understand that this summary is my own, and I may err in minor detail. But I think it important that this matter be conducted on an unofficial basis in order to establish just what might be accomplished if we can get the principals back together.

**CITY OF MILWAUKEE
INTERGOVERNMENTAL RELATIONS DIVISION**

FACSMILE COVER SHEET



TO: General Bruce Lead

DEPT: Whitehouse Domestic Policy

FAX #: (202) 456-2878

FROM: Arson Carter

DATE: Feb 26, 97

TIME: 4:45

OF PAGES (including cover sheet) 8

URGENT **FYI** **PER YOUR REQUEST**

MESSAGE Just wanted to give you a WD
update I will be in town
the 2nd week of march. I would
like an opportunity to run some
ideals by you

SENT BY: _____ ap

DEPT: _____

ON WISCONSIN

[On Wisconsin Main Page](#)

[On Wisconsin News Main Page](#)

W-2 revision touted as saving millions

By Mary Beth Murphy
of the Journal Sentinel staff

January 17, 1997

A major revision proposed for the Wisconsin Works (W-2) welfare reform program could save the state millions of dollars and significantly increase the income of participants assigned to community service jobs, a Milwaukee official contended Thursday.

"If done properly, this could actually lower the cost of W-2," said David Riemer, director of administration for Milwaukee.

Riemer lent support to a proposal by the Milwaukee Coalition to Save Our Children to pay the minimum wage to W-2 participants who meet work requirements. To do less would drive thousands of families deeper into poverty, according to the coalition of religious and community service groups.

By shifting from cash grants to paying jobs, the state would get more than \$50 million in earned income tax credit money that would go back into "our economy," Riemer said. The overall cost of W-2 is estimated at \$2.1 billion over the first two years.

Paying a minimum hourly wage for community service or transition jobs, rather than the current plan to give families a cash grant, headed the coalition's list of recommended changes to W-2.

However, David Blaska, spokesman for the Department of Workforce Development, said community service jobs are intended to provide temporary training to W-2 participants. Minimum wage, he said, is paid for "real jobs." Community service jobs aren't intended to be a "career choice," he said.

"There has to be some incentive to move up," Blaska said.

Reforms under W-2 are expected to begin later this month, although Milwaukee County officials have asked the state attorney general to rule on that decision. W-2 initially was to begin in September.

Other key changes recommended by the coalition:

Appeals: Appeal rights should be guaranteed for W-2 participants, the coalition said. The Pay for Performance program -- a transition to W-2 that cuts welfare benefits if recipients don't meet work requirements -- has demonstrated the need for a fair hearing to correct mistakes, coalition members said.

Denials of aid: Families should not be denied assistance if the parent has been unable to find a job within the required time limits due to circumstances beyond his or her control, or because the program has run out of money, the coalition said.

Training and education: Job training and educational opportunities must be financed and available to give participants access to family-supporting jobs, the coalition said. Currently, W-2 lacks a provision for training and education.

Child care: Quality child care must be available to all low-income families, the coalition said.

With W-2 being phased in this month, the coalition is focusing attention on what it views as the most important changes that must be addressed by the state Legislature this session.

According to state calculations, 50% of the estimated 53,000 W-2 recipients would need community service jobs, which would pay a grant of \$555 per month, said Pamela Fendt, a policy analyst for the Center for Economic Development at the University of Wisconsin-Milwaukee. An additional 25% of recipients would get transition jobs, which would provide a monthly grant of \$518.

The Legislative Fiscal Bureau reported that a family with two or more children in either of those two employment categories would have less disposable income working than under Aid to Families with Dependent Children. The annual decreases could range from \$374 to \$1,500 and could affect as many as 23,000 families.

If the state proceeds with the current no-wage grant structure for W-2, "we can only expect more of this type of fallout," said Marcus White, program coordinator of the Interfaith Conference of Greater Milwaukee.

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[Milwaukee Journal Sentinel Online Main Page](#)
[News Main Page](#)

State names agencies to administer W-2 welfare plan

By Joel Dresang
of the Journal Sentinel staff

January 31, 1997

In another step toward implementing the Wisconsin Works (W-2) welfare plan, the state Department of Workforce Development announced Thursday the agencies that will run the program in Milwaukee County through 1999.

Statewide, all but eight of the 72 counties will provide the services themselves, the department announced.

Milwaukee County, which is divided into six regions for running W-2, will be served by five agencies. They are:

YW Works, a joint venture of the YWCA, Kaiser Group Inc. and CNR Health Inc., for Region 1, covering the county's east and north sides.

United Migrant Opportunity Services Inc., for Region 2 on the south side.

Opportunities Industrialization Center of Greater Milwaukee, for Region 3, covering much of the city of Milwaukee's north side.

Goodwill Industries of Southeastern Wisconsin Inc., for Regions 4 and 5, covering most of the city's near north, west and northwest sides.

Maximus Inc., of McLean, Va., for Region 6 on the county's southwest side.

Linda Stewart, designated secretary of the Department of Workforce Development, congratulated the winning bidders for "enthusiasm, energy and creative ideas" in their proposals to implement the sweeping welfare replacement program.

Under W-2 and the new federal laws that allow it, non-government agencies can take a greater role in determining who's eligible for welfare, and to some degree, which benefits are provided and how.

Forward Service Corp., based in Madison, will be the W-2 agency in Forest, Kewaunee, Oneida and Vilas

counties. The Western Wisconsin Private Industry Council will be the agency in Juneau County. And Waukesha-based Kaiser Group Inc. will run W-2 in Walworth County. The Bad River, Lac du Flambeau and Oneida tribal governments will provide their own W-2 services. The state did not mention the status of Menomonee County.

"As Gov. Tommy Thompson noted in his State of the State speech (Wednesday) night, these W-2 agencies will act as catalysts to fully integrate welfare recipients into the lives of the larger community," Stewart told a receptive gathering in the atrium of Milwaukee's Schlitz Park.

The designated agencies will be responsible for admitting participants, dispersing benefits and matching people to the jobs and training programs intended to help make their families financially self-sufficient. Agency contracts will begin March 1. W-2 is scheduled to take full effect statewide by Sept. 1, and in Fond du Lac and Pierce counties beginning March 1.

Each W-2 provider will be advised by a local steering committee made up of employers, community-based organizations, service clubs and civic leaders.

In all, bidders' proposals stacked 6 feet high. Out of that, Stewart pulled a couple of examples of what she considered innovative plans, including a 24-hour help line for program participants and a mobile office to provide services where participants need them.

The ideas in the proposals showed how government can leverage taxpayer dollars through competitive contracts to the public's benefit, said Jean Rogers, administrator of the state division of economic support.

"I feel like we just won the Super Bowl," said Frank Martinez, of United Migrant Opportunity Services. He said many of the workers at UMOS have experienced poverty, and so they will be very understanding of the W-2 participants with whom they will work.

"We're really looking at this not as welfare reform but as economic development," said Julia Taylor, executive director of the YWCA and chief executive officer of YW Works.

Ralph Cavaiani, president of CNR Health, said he sees a promising future for collaborations between business and non-profit groups.

"Is there much profit in this? We don't know," Cavaiani said. "But we feel that bringing the expertise together is in the best interest of everyone."

Milwaukee County did not bid to be a direct provider of W-2 services but is negotiating with the state to determine eligibility for W-2 child care, food stamps and health care and to coordinate community service jobs for W-2 participants who can't get other work.

"Milwaukee County will still be a very, very important partner in our whole effort," Stewart said.

The county also stands to influence W-2's implementation in the area through participation on a committee being set up through the Private Industry Council to monitor W-2 county-wide.

Two counties get ready for a W-2 'test drive'

<http://www.onws.com/archive/jan/0124walf.html>



[Milwaukee Journal Sentinel Online Main Page](#)
[News Main Page](#)

Two counties get ready for a W-2 'test drive'

By Amy Riard
of the Journal Sentinel staff

January 24, 1997

Madison -- Fond du Lac and Pierce counties will implement the Wisconsin Works (W-2) welfare reform when they begin a "test drive" of the program March 1, state and county officials said Thursday.

Those counties will be the first in the state to implement most of the provisions of W-2, which requires welfare recipients to work for benefits. One major provision -- an expansion of Medicaid health coverage for low-income working families -- cannot be implemented because the needed federal waivers have not been granted.

Fond du Lac and Pierce counties, which have a combined welfare caseload of 330 families, were the test counties for the Work Not Welfare experiment, which also required recipients to work.

Because of the similarities between Work Not Welfare and W-2, state officials asked Fond du Lac and Pierce county officials to start the W-2 program so that any problems could be identified and fixed before the plan is used in larger counties, said Fond du Lac County Executive Allen Buechel.

"It's a test drive," he said.

Some lawmakers have questioned Gov. Tommy Thompson's authority to implement W-2 without legislative oversight. Thompson vetoed provisions in W-2 that would have required state agencies to formally adopt rules for administering the W-2 programs. The rules then would have been subject to legislative review.

In announcing earlier this month that the state would begin phasing in parts of W-2, Linda Stewart, designated secretary of the Department of Workforce Development, said the agency was within its rights given the W-2 measure as signed by Thompson.

State officials said that since Work Not Welfare took effect in Fond du Lac and Pierce counties Jan. 1, 1995, the welfare caseload there declined by 59.6%.

Buechel said Fond du Lac County's experience with Work Not Welfare made him confident the far-reaching W-2 program could be implemented without significant problems.

"We think the program will work," he said. "We don't expect anyone to be without a job."

Two counties get ready for a W-2 'test drive'

<http://www.ornwv.com/archive/jan/0124walf.html>

But Buechel admitted the transition to W-2 will reduce the incomes of large families. In Fond du Lac County, he said, W-2's new income structure, which is not based on family size, will especially affect
Among families.

"The key will be finding jobs for both spouses," Buechel said.

David Blaska, a spokesman for the state Department of Workforce Development, said Thursday that state officials were working with individual counties to implement as much of W-2 as the county officials think they can handle.

"Fond du Lac and Pierce were eager and ready to do the whole program," Blaska said. "We're working in partnership with counties to do what they feel they can do."

No target date has been set for implementing all or part of W-2 in Milwaukee County, Blaska said.

The administrators selected by the state to run the program in Milwaukee will be announced late next month, he said. A schedule to put W-2 into effect then will be worked out with the local administrators, he said.

Joel Dresang of the Journal Sentinel staff contributed to this report.

[News Main Page](#)

[Milwaukee Journal Sentinel Online Main Page](#)

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ON WISCONSIN EDITORIALS

[On Wisconsin Main Page](#)

[On Wisconsin News Main Page](#)

Don't kill off welfare studies

From the Journal Sentinel

January 14, 1997

Phasing in Wisconsin Works, as state officials now say they will do, makes sense in theory. But why abort two welfare experiments in the process?

The sweeping W-2 overhaul of welfare as we know it amounts to a massive, complex change in public policy. Implementing it in stages promises to smooth the transition. Officials, clients and employers alike will probably adapt better to the program that way, and glitches can be better caught.

But the state should try to protect the welfare research projects that have been under way. What's the point of embarking on experiments only to terminate them prematurely?

Their early conclusion wastes good money that the state dished out for studies now being cut off. Besides, the experiments were testing contentious issues, the answers to which could still guide public policy.

The state may argue that the tests are too difficult to conduct under W-2 -- an argument that has some weight for the family-cap experiment. That study has been testing whether keeping welfare grants constant as a family grows would discourage births. Under W-2, however, pay or grants will be pegged to hours worked, not to the size of a family. So, even though the study's findings could be worthwhile, the experiment may be difficult to conduct in the W-2 milieu.

That excuse doesn't hold for the two-tier experiment, which has been trying to test the idea that Wisconsin's higher welfare benefits draw poor people from other states. Newcomers receive for six months the same level of benefits they would have gotten in their home states.

The experiment was scheduled to finish running its course anyway on June 30, in plenty of time to make way for W-2. So what's the point of ending the test before then? The question of whether higher benefits draw the poor is even more relevant in the free-for-all that new federal legislation is creating among the states. The amount and manner of assistance is likely to vary more wildly among the states than it ever did under traditional welfare.

Unfortunately, we can't rule out sinister motives on the state's part. Is it trying to avoid yet another research report showing that one of Gov. Tommy Thompson's welfare experiments doesn't work? A preliminary report isn't promising, and the Thompson administration in the past hasn't been keen on evaluations of its much touted welfare "reforms."



CYNTHIA -
We need to
look into this.
- BR

DATE: 2-20-97

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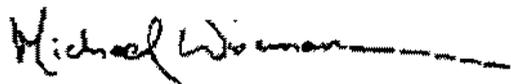
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MICHAEL WISEMAN
Visiting Scholar

January 28, 1997

To: Ron Haskins

From: Michael Wiseman 

Re: Wisconsin Works Waivers and Related Matters

Ron, this memo summarizes where we stand on Wisconsin Works (W-2) as I understand things. Please pass this on subject to the proviso that I'm working strictly from my capacity as Vice Chair of Governor Thompson's Wisconsin Works Management and Evaluation Steering Committee, and I am principally concerned with assuring that evaluation is done well. Getting evaluation going requires that we reach agreement on what the program, and the budget for operation and evaluation, will be. I will send a copy of this memo to Jean Rogers; if I'm off track, you can be assured we'll both hear about it.

There are three interrelated problems: (1) The waivers required for W-2, (2) Wisconsin's claim on federal funds generated by cost saving generated prior to passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), and (3) state support for the New Hope project.

Waivers. Wisconsin still needs federal approval to realize all of the Wisconsin Works plan. For the most part, the reason is that W-2 integrates Food Stamps, AFDC, Child Care, and Health Insurance, and PRWORA primarily addresses AFDC. By program, here's what the state needs. I have listed what appear from a strategic standpoint to be the most important issues first.

Health Insurance

Wisconsin cannot implement the W2 health insurance program at all because Congress failed to pass a Medical Assistance Block Grant. W2 calls for provision of access to health insurance for all low-income households with children who lack access to employer-based health insurance, regardless of TANF status. Copayments will be required of all participants, but copayments vary inversely with income and family size. Existing Medicaid beneficiaries will be automatically enrolled in the program, and insurance payments for participants in W2 Transitions and Community Service Jobs activities will be automatically deducted from grants. W-2 effectively commits the state to providing means-tested universal access to health insurance; I cannot understand why the administration is reluctant to see if the state will deliver.

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Food Stamps

Here the devil lies in the details. The state needs:

- Authority to subcontract with nongovernmental organizations for Food Stamps delivery—as will be done with many other W-2 related services. (Most important.)
- Authority to sanction non-compliance with work and training requirement on an hourly basis—as is done in AFDC under the state's "Pay for Performance" initiative and will be done for the W2-Transitions and Community Service Jobs tiers under TANF. (I understand that preliminary approval has been given for this provision.)
- Authority to vary the treatment of earnings in Food Stamp benefits calculations in order to keep marginal benefit reduction rates for the combined W2 health insurance, child care, and Food Stamps package as low as possible.
- Authority to continue to operate the state's Food Stamp Employment and Training (FSET) Program in an integrated One Stop Job Center program that combines FSET with other welfare-to-work programs as provided under PRWORA. This includes the state's technical college match program. I'm particularly concerned about this because it offers an avenue for some training efforts. When I last checked the state's FSET grant had not been approved; this includes the technical college component.

Temporary Assistance for Needy Families (TANF)

Here the state seeks to establish an integrated budget as well as consistency with TANF. They need:

- Authority to apply federal savings from reduced Food Stamp and Medical Assistance costs brought about by W-2 to expenses incurred for W-2 expenses regardless of recipient class. (Most important.)
- Authority to apply a sixty day residency requirement.
- Federal participation in costs incurred by passing all child support payments directly through to participants.

As you can see, these requirements cross-cut programs and agencies. Were the requests ad hoc, there would be good reason for the administration to be skeptical. We believe, however, that W2 fits together as a uniquely work-oriented reform. The state can implement something approximately like what W2 proposes without additional federal approval. Nevertheless, we believe it very important, both from the state and national viewpoints, to implement the program and to monitor carefully the outcome. We understand that stewardship of federal dollars as well

as concern for the well-being of families calls for active federal participation and oversight. This is why our waiver proposal called for a "new partnership" between federal agencies and state government in designing and implementing its evaluation. So far, all the administration has done with our language on this one is to incorporate it in its own request for proposals for on-going demonstration evaluation. We had difficulty in responding to that request because we still don't know where we are on program.

We believe a major part of the problem is that in this administration the ultimate decision on this collection of proposals must be made in the White House. We believe that W2 can be effectively presented only as a whole, but there is neither interest nor capability for doing this among the various individual federal agencies involved. That's why we need your help in gaining White House attention, and why we very much appreciate willingness on the White House side to sit down with me and discuss the W-2 concept as a whole.

Waiver Savings. Since 1987 Wisconsin has negotiated with the federal government a number of agreements concerning access to federal funds saved by the state's reforms. These "waiver savings" have been a significant pool of resources for on-going reform efforts, and they constitute the basis for much of the increase in the state's employment and training effort under JOBS. The funds have been used wisely and carefully husbanded to assure that resources will be available for sustaining the welfare-to-work effort.

As of July 1, the state has a federal waiver savings fund of about \$90 million. By agreement, this fund was "capped," but the funds were available for future use. This money was included in plans for W2 implementation and evaluation. However, the state has now been informed that the Personal Responsibility and Work Opportunity Act supersedes all such agreements, and that the state's claim on federal resources is defined solely on the basis of the formula prescribed by Congress for allocation of the TANF block grant.

Needless to say, the state disputes this interpretation. Should the issue not be resolved with restoration of the block grant funds, resources for services and evaluation will be curtailed. Implementation will proceed, but at greater cost to the state's taxpayers. It is our position that the TANF formula already penalizes states that accomplished caseload reductions relatively early, and that penalizing the state for good stewardship of its waiver savings claims relating to past periods compounds the problem.

New Hope. Paradoxically, while the Clinton Administration was arguing that access to past waiver savings by the state was foreclosed by PRWORA, the administration has announced that claims on future savings generated by the New Hope that were established by federal legislation should now be honored by the state. Approximately \$3.5 million is needed from state and federal sources to complete the New Hope demonstration. If this money cannot be found, the return to extensive federal, local, philanthropic, and state investment will be curtailed.

The New Hope claim is based on Congressional action directing the U.S. Department of Health and Human Services to pay the project an amount equal to savings in AFDC, Food Stamps, and other transfer programs generated by its operation. As has been true for the state's own reforms, the negotiation of procedures for calculating such savings has been protracted. Since Medicaid and Food Stamps were not eliminated by PRWORA, about \$600,000 of the \$3.5 million may still be generated. However, \$2.9 million in projected savings at the federal level are now, it is claimed, contained in the TANF block grant.

These savings were calculated and projected on the basis of AFDC experience. We do not believe the formulas or the projections to be applicable under W2. New Hope is an interesting program, and it shares some features with W2. However, participation in New Hope is voluntary, and most of the experience gained under New Hope reflects an environment in which persons enlisted in New Hope always had AFDC as a fallback. The relevance of the New Hope outcomes to state policy is therefore questionable. In any event, a strong case can be made that W2 savings generated by continued operation of New Hope will not amount to \$2.9 million. Thus what the federal government and the New Hope board are asking the state to do is to honor both the federal government's commitment and its forecast.

Jean and I have not yet taken the New Hope issue to the W2-MEP meeting committee, but our educated guess is that the members will agree that there is much in New Hope that would be of use to us in planning W2 implementation. I think the interests of New Hope would be better served by getting the "waiver savings" issue off the table and trying to come up with a single federal and state commitment that will assure that commitments made to New Hope participants will be honored and that the New Hope demonstration will be completed. Jean says that she thinks state money can be found for New Hope if the waiver savings issue is resolved. I understand that ACF has hinted that the administration will find other resources for this purpose; this seems to undercut the whole idea of devolution of authority for welfare reform to state government. I'm not exactly a neutral here. I am on the New Hope National Advisory Committee and both Carol (my wife) and I are working on the MDRC New Hope evaluation.

I hope this is useful. I have tried to strike a balance between detail and generality. The important point is that the waivers, waiver savings, and New Hope issues are interrelated, and there is no reason for the state to negotiate with persons who cannot approach them as a group. Please let me know if you have any other questions, thoughts, or suggestions that might help.

Please understand that this summary is my own, and I may err in minor detail. But I think it important that this matter be conducted on an unofficial basis in order to establish just what might be accomplished if we can get the principals back together.



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

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JAN 7 1997

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MEMORANDUM FOR THE PRESIDENT

4

I thought the title alone was worth the article.

Sincerely,

Donna E. Shalala

Bob Baker / Bob

Fyt. Secretary

Bob

SDC, Apartheid Agency
By Steven J. Korris

Is Welfare Reform
Conservative?
By David Doderloff

Liberal Churches'
Empty Pews
By Thomas C. Reeves



THE CRIMINAL
(JUSTICE?) SYSTEM

Nixing Judges
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Copping Pleas
By Ralph Adam Fine

Volume 5, Number 2

Fall/Winter 1996

MORE THAN MEETS THE EAR

Talk Radio and the Market at Work
in Local Milwaukee Media

By Mark Belling and
Charles J. Sykes

squawk!

squawk!

squawk!



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WI: WISCONSIN INTEREST

Volume 5, Number 2

Fall/Winter 1996

	Page
We Must Stop Compromising with Criminals <i>By Ralph Adam Fine</i>	1
"Next!" ... (Signature of Defendant or Defendant's Attorney): Liberal Judicial Substitution in Wisconsin's Criminal Courts <i>By Michael E. Hartmann</i>	7
Milwaukee's Apartheid Agency: The Social Development Commission <i>By Steven J. Korris</i>	21
Is Welfare Reform Really Conservative? <i>By David Dodenhoff</i>	31
The Alternative: The Rising Voices of Talk Radio <i>By Mark Belling</i>	37
The Upstart Medium: Why Milwaukeeans Listen to Talk Radio <i>By Charles J. Sykes</i>	41
Liberal Christianity's Confusion and Helplessness <i>By Thomas C. Reeves</i>	49

IS WELFARE REFORM REALLY CONSERVATIVE?

DAVID DODENHOFF

Welfare is the classic wedge issue. When the ideological consensus uniting the Democratic Party began to fray in the 1960s, astute Republican politicians grabbed hold of a few threads and started to pull. Among those threads were urban riots, the blossoming drug culture, social engineering by the federal government, the erosion of sexual mores, the pace of civil-rights initiatives, popular fears about crime, and, of course, the escalating federal commitment to welfare. Republicans believed, correctly, that a conservative popular majority was coalescing around these issues, particularly welfare.

By the 1960s, "welfare" to most people meant the Aid to Families with Dependent Children program, or AFDC. AFDC was authorized in 1935 as part of the Social Security Act and was designed primarily to assist the children of poor, widowed mothers (it was known as "Aid to Dependent Children" in its early years; a separate grant for mothers was added in 1950). Women were not expected to work outside the home in the 1930s, and work was scarce during the Depression in any case. Thus, a family without a male breadwinner



could find itself in dire economic straits. Following the design of a number of state programs created in the 1910s and 1920s, therefore, the federal government created its own dependent-children program in 1935.

For the next 20 years, AFDC created little controversy. By the late 1950s, however, politicians and the public began to notice several gradual changes in the program that ultimately

would reorient thinking about it. First, three back-to-back recessions in the 1950s and early 1960s helped to push welfare rolls and the associated costs sharply upward. Second, the massive migration of poor blacks from the rural south to northern cities with less-restrictive relief policies meant that blacks constituted a larger and more-visible part of the welfare population than ever before. Third, increasing numbers of welfare mothers were not widows but divorcees or, worse, women who never had been married at all. Finally, a change in the broader population also called attention to welfare families — more and more middle-

*David Dodenhoff received a Ph.D. in political science at the University of Michigan last June and is a resident fellow of the Wisconsin Policy Research Institute. His doctoral thesis, *When We Help the Poor*, analyzed welfare policy in the United States.*

class women were taking on regular employment outside the home, while the vast majority of welfare mothers were not (at least not on the books).

The confluence of these four factors began to produce a climate of resentment toward welfare programs and their recipients in the 1960s. In that resentment, Republican politicians found an issue: They would use it — in combination with crime, “big government,” the radicalization of the civil-rights movement, the breakdown of “traditional values,” and later, the tax issue — to force a division between lower-middle-class and working-class voters and the Democratic Party, which had been home to such voters since 1932. The strategy worked well — between 1968 and 1992, Republicans won five of seven presidential elections. Even the two losing efforts reflected the shift in the nation’s political center of gravity; the Democratic victors were conservative in much of their rhetoric, and promised major, work-oriented reforms to AFDC.

“Welfare reform” was more than just talk to Republicans and conservative Democrats, however. Conservatives in Congress, the White House, and statehouses nationwide actually produced a great deal of meaningful reform legislation. Republicans and conservative congressional Democrats applied much of the political pressure behind the Work Incentive Program in 1968 — the first significant, work-related welfare reform. A Republican president, Ronald Reagan, backed by a Republican Senate and a conservative coalition in the House, authorized several important welfare-to-work initiatives in the Omnibus Budget Reconciliation Act of 1981, the signature document of the “Reagan Revolution.” Then in 1986, Reagan used his State of the Union address to call for yet another welfare overhaul, resulting in the Family Support Act of 1988. That act replaced the Work Incentive Program with the Job Opportunities and Basic Skills (JOBS) program, which imposed somewhat more stringent work and training requirements on welfare mothers.

After the passage of JOBS, the locus of innovation shifted to the states, which had sig-

nificant leeway in implementing the new legislation. Republican governors like William Weld of Massachusetts, Christine Todd Whitman of New Jersey, Pete Wilson of California, John Engler of Michigan, and, of course, Wisconsin’s Tommy Thompson, were among the most aggressive and innovative in putting JOBS into effect and in securing federal approval for welfare experiments. Finally, it was a conservative Republican Congress and a newly conservative president that authorized additional federal welfare reforms this year, ending the entitlement to support and phasing in time limits and increasingly tough work requirements.

Work Can Hurt

This is the political history of welfare reform, a history that has earned most reform efforts — including the Wisconsin Works, or W-2, program and the recent federal legislation — the label “conservative.” But has welfare reform been conservative in practice, and will it continue to be as W-2 and similar plans in other states are implemented? There is reason for doubt.

The idea at the heart of most major welfare initiatives during the past 30 years has been work. Conservatives and liberals alike believe in work for work’s sake, but conservatives in particular value work as a means to self-sufficiency, to breaking one’s reliance on government assistance. Thus, welfare reform has a claim to being conservative not because it “makes people work,” but because in so doing it attempts to remove government from its central role in the lives of poor single mothers and their children.

Looking at just that side of the ledger, one indeed might think that W-2 and the federal legislation constitute conservative reforms. But work means a great deal more than self-sufficiency (though it may not even mean that, more on which below). By definition, work also means that children will be separated from their mothers for anywhere from four to 12 hours a day, as mothers meet employment requirements. That is a problem in any home because day-care workers and babysit-

ters, no matter how competent and well-trained, no matter how much they "love children," simply cannot provide the same kind of attention, affection, and discipline that parents can. It is especially problematic in female-headed households, however, where children already face a deficit of parental attention due to the absence of fathers in their lives. Granted, day-care and babysitters are the norm in a world in which most mothers work outside the home, but this is a trend that good conservatives are supposed to lament — not because they begrudge women a role in the work world, but because they value the vitally important work that they traditionally have done at home.

Work and self-sufficiency will have another perverse, and hardly "conservative," consequence for welfare mothers and their children as well. That will be to push fathers even further from the center of family life. Under the new, work-based reforms, the message to mothers will be as follows: "You can't rely on the state forever, and you obviously can't rely on your children's father. You're going to have to make it on your own."

Naturally, the message to fathers then becomes: "This woman and these children don't need you." That message, coupled with tougher child-support recovery efforts, very well may destroy the already-tenuous connections between children on welfare and their biological fathers, and welfare mothers and their mates. Again, for a conservative movement for which "family values" is a political mantra, this seems an odd consequence to invite.

When Less Government Means More

The transition to work also will not reduce governmental spending on welfare by any amount close to what reform advocates expect. It is true that the federal welfare bill

cuts spending significantly from the pre-reform spending baseline. But every welfare mother who lands an entry-level or other low-paying job immediately becomes eligible for the federal Earned Income Tax Credit (EITC). The EITC is a wage subsidy for poor and near-poor working families. Families that owe taxes use the EITC as a credit against their tax liability. Families with no tax liability can receive the credit in cash — up to \$3600 per year (Wisconsin has its own earned-income credit that supplements this amount). The vast majority of welfare mothers are not eligible for the EITC now because they are not on a payroll. But welfare reform will change all that. As AFDC mothers' welfare payments fall,

their taxpayer-financed wage subsidies will rise. In other words, federal welfare reform will, if effective, result in the transfer of millions of women from one welfare program to another.

The states face a similar sort of dilemma, one that ought to make conservatives squirm. In the short run, at least, many states will have to commit more governmental resources to the reformed welfare system than to the current one.

Take Wisconsin, for example. Governor Thompson has acknowledged that welfare reform will require an increase in state spending — primarily for community-service jobs and expanded child and health care. If you are going to require women to work who have a spotty work history, few skills, and minimal education (a combination that probably describes 40% of welfare mothers), you are going to have to provide community-service jobs to familiarize them with daily work and make them more attractive to private-sector employers. If you are going to ask women with very little money to leave home to take a job, you are going to have to provide funds for child care. And if you are going to subsidize child and health care for welfare mothers, fairness

Under welfare reform, the message to fathers becomes: "This woman and these children don't need you."

dictates that you do the same for the working poor who do not rely on welfare. Under W-2, Wisconsin is going to do all of that. All of that costs money. More money, in fact, than the current system.

Skepticism About Self-Sufficiency

Such reforms might seem "unconservative" on their face, were it not for one thing — the added spending is supposed to be necessary only in the short run. Ultimately, women will secure their own jobs in the private sector and have no need for community-service employment. As their incomes increase, they will be able to afford their own child care, and as they work their way to better and better positions, they will receive health care as part of their compensation package. What's more, welfare recipients are entitled to work in community-service jobs for no more than a total of two years. After that, their benefits will be cut off. Inevitably, then, the state's financial commitment to welfare will have to fall over time.

Or will it? The idea of a smooth, steady ascendancy from welfare dependence to employment and self-sufficiency belies much of what we have learned about welfare recipients' success at entering the economic mainstream. Most existing welfare-to-work programs have had only a small impact on welfare recipient employment and earnings. For the few welfare mothers fortunate and competent enough to find and keep steady work, that work very rarely pays a wage that allows an escape from poverty. The typical outcome is a shift in the mother's income sources — relatively less from the state in the form of a cash welfare grant, and relatively more from a private employer. Of course, in order to get women working in the first place, the state usually has to "invest" funds in child care, counseling, and minimal training that may offset or even exceed the amount saved on the grant. And again, the result of that investment usually is *not* self-sufficiency and financial independence.

Why is this? Huge numbers of welfare mothers are not equipped — in terms of skills, education, or work experience — to

hold down anything other than low-paying, entry-level jobs. There was a time when social workers and welfare reformers proposed a "human-capital" approach to this problem — extensive training and education designed to equip trainees for good jobs. That idea has become *passee*, however — supplanted by the concept of "work first." Unfortunately, the kind of work for which most welfare mothers are prepared simply will not deliver them from poverty and dependence, nor will it significantly lessen the state's role in supporting them.

True, Wisconsin has been an exception to this rule, and has enjoyed some noteworthy success in reducing welfare rolls during the past 10 years. Ironically, however, that may portend trouble in the future. Why? Recall what happened in the years after the War on Poverty legislation was enacted. In 1964, poverty rates stood at 19%. By 1973, that number had fallen to 11%. Flush with success, many federal officials announced that poverty would be eradicated within the next generation. Poverty rates, however, never would be as low as 11% again (the current poverty rate is about 14%). Why not? In part because generally slower economic growth, declining federal payments to the poor, and the rise in female-headed households expanded the ranks of the poor. But also because the further poverty rates fall, the more the remaining poverty population is composed of "hard core," long-term cases that are the most difficult to close.

The same is true of welfare caseloads in Wisconsin. The decline in cases over the last decade in the state means that the remaining AFDC population will be more difficult to move out of dependency. Consider the following anecdote, relayed to me by a representative of a local staffing agency involved in the placement of welfare recipients with private-sector employers. A Milwaukee company recently was offering a high number of good-paying (\$8.00/hour), entry-level jobs that, after a probationary period of one month, would result in permanent employment, frequent and significant raises, participation in a 401(k) plan, health care, and other benefits. For welfare mothers at the bottom of the employment

ladder, opportunities don't get much better than this. The staffing agency enthusiastically sent about 75 workers to the job site. Not one lasted through the month's probation. Not one. In fact, only a handful lasted more than a week.

Why? The long and the short of it is that the hard-core welfare population does not know how to work. This does not mean that they do not want to work or that they are happy on welfare (though that certainly is true of a small percentage of welfare mothers). It means, instead, that they lack the self-esteem necessary to succeed at work, that they have alcohol- and drug-dependency problems, that they do not know how to act or dress in a professional manner, that they cannot manage the discipline of work, that they do not have the basic organizational skills to get their kids out of the house in the morning and make the bus on time, that they are not accustomed to deferring to authority and following instructions, and that their first instinct is not to tackle the problems that make work difficult, but simply to quit or not to show up for work in the first place.

Coddling or Conservatism?

Not all long-term welfare mothers face these problems, nor do all face them to an equal extent. But individually or in combination, such problems effectively have prevented large numbers of welfare recipients from working. A natural, and defensible, response to this problem is: "Life's tough in the working world. Get used to it." That response, however, reflects the very influences many of these women lack: a two-parent family, working role models, schools that impose real discipline and demand responsibility, and a life-long acculturation to work. Thus, "getting used to it" is as foreign to many welfare mothers as mouthing off to a supervisor, smoking

in the bathroom, or taking a break on company time would be to most middle-class people.

Recognizing that point makes one even more pessimistic about the prospects for a genuinely conservative welfare reform. To the extent that the long-term welfare population will be able to make the transition to work at all, it will require a tremendous amount of hand-holding by financial support staffers and social workers — identifying and knocking down the many obstacles that keep recipients from working, treating even the smallest success (showing up on time for a job interview, for example) as an earth-shaking accomplishment, intervening with employers, monitoring transportation needs, and so on.

"Getting used to" work is as foreign to many welfare mothers as mouthing off to a supervisor or smoking in the bathroom is to most middle-class people

State workers simply cannot manage this level of involvement at present; it is not uncommon for them to handle several hundred cases at once. The only remedy to that problem is to hire more financial-support staff and more social workers — hundreds in this state alone, thousands nationwide. But that, once again, throws water on the idea of welfare reform as a fundamentally "conservative" enterprise.

Finally, even with such hand-holding, there is no guarantee that most of the hard-core recipients will make the transition to work. It is difficult, if not impossible, to undo in two years a life's worth of dysfunctional learning. When the two-year clock runs out in Milwaukee County in September 1999, therefore, the state is likely to face a few unhappy options — attempting to waive the two-year limit and increase the budget sharply for community-service jobs, cutting off welfare mothers and separating them from their children, or returning to the *status quo ante* of a check, food stamps, and medical assistance with few reciprocal obligations on the part of welfare mothers. Ironically, the last of these options may be the most conservative of the lot.

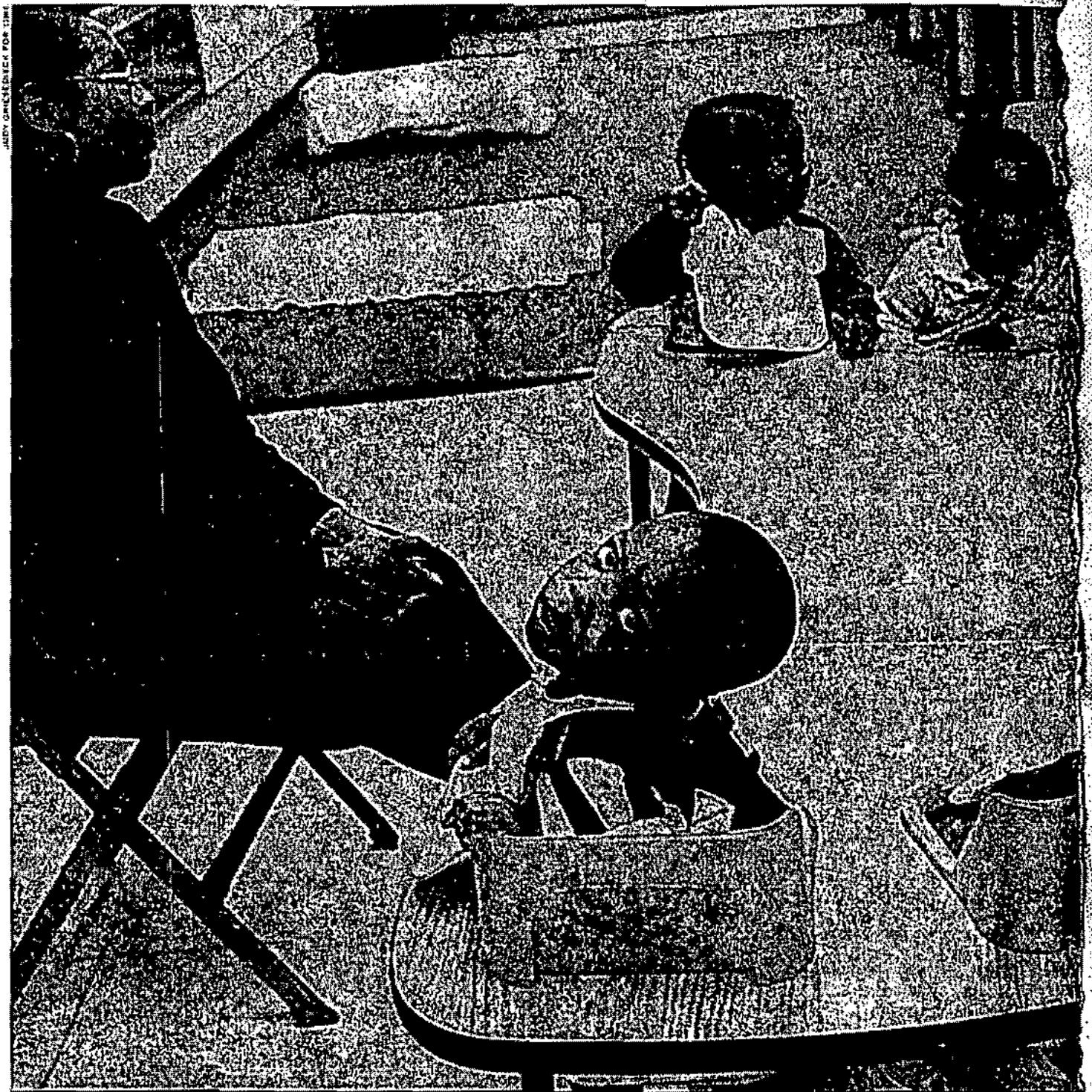
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NATION

THE PRESIDENT HAS SEEN

2-7-97



WORKFARE MEANS DA

Wisconsin, a welfare pioneer, struggles with the issue of quality care in

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By JAMES COLLINS

BY 6:30 EACH MORNING, ALBERTA Early has arrived at the Carter Development Center on Milwaukee's near North Side. Along with Shirlene Devougas, Early cares for eight infants in one of the center's day-care programs, and three of their charges show up before 7, so Early has to be ready for them. By 8:30 all the babies are present, and Early and Devougas give them breakfast. "Everybody wants to be fed at the same time," says Early with a laugh. The room is clean and bright, painted in a pleasant combination of green and white. Some infants crawl around a blue carpet, where they play with blocks, stacking toys, a plastic mirror on wheels. On one recent afternoon, Early pushed the mirror toward 11-month-old Aubrey. "See that?" she said. "That's you!" The youngest babies are placed in infant seats, unless Early or Devougas has got them in her lap. "We sit and hold them," Early says, "play with their hands and feet and talk to them."

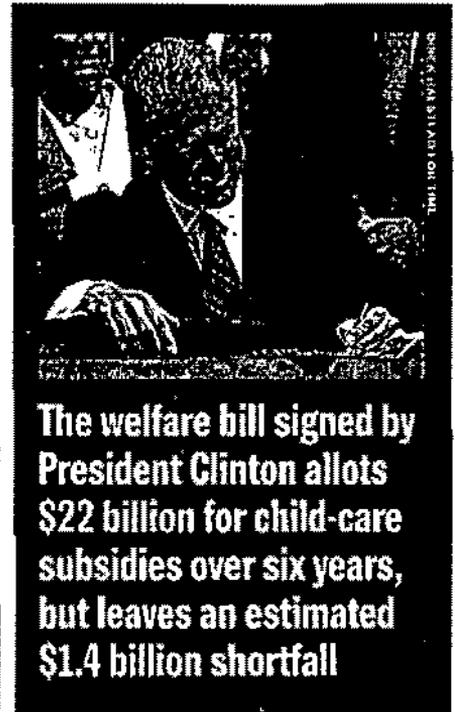
It sounds just about perfect, and it is. In the world of day care, the kinds of programs run at the Carter Center can be considered the ideal. They provide good food, a safe setting, plenty of mental and physical stimulus, and lots of attention and affection. Equally significant, they serve the children of low-income families, kids who may be at risk for poor development. Troy Harris used to be on welfare and now works at the Carter Center, where her two children are in day-care programs. "If I didn't work here, I would still want my children here," she says. "[Otherwise] your child could sit at home all day or at the neighbor's home watching TV. That would be my worry—that my child's not learning enough."

Millions of poor mothers are soon going to be faced with the same worry. Under the new federal welfare law, even recipients with very young children are required to find work (although states may exempt a single parent caring for a child under one year old). According to the Children's Defense Fund, there are now about 9.75 million children on welfare, about 4.5 million of them under five. That translates into an enormous new demand for day care and raises concerns about the quality of that care.

In Wisconsin, which has pioneered welfare reform and is often touted as a national model, the crunch is coming sooner than in other states. That is partly because the latest phase of Wisconsin's law, which is called Wisconsin Works, or W-2, goes into effect Jan. 6 and requires mothers to

get into a job program and parenting classes just 12 weeks after giving birth. But it is also because the state already has fairly high standards for day care in place. The challenge has been how to maintain those standards while accommodating thousands of new kids—and the struggle so far has been both painful and instructive.

In 1996 Wisconsin subsidized care for 17,000 children at a cost of \$52 million (about \$3,000 per child). Under W-2, the number of children requiring subsidized care is expected to triple, to 60,000. Yet in its original W-2 legislation, Wisconsin did not triple the state funds earmarked for child care. In fact, it planned to increase its own spending only negligibly and use federal block grants to bring the amount of



The welfare bill signed by President Clinton allots \$22 billion for child-care subsidies over six years, but leaves an estimated \$1.4 billion shortfall

money available for day care next year to \$160 million (roughly \$2,600 per child).

So just as it faces a flood of younger, poorer, needier children into state-subsidized day care, Wisconsin planned to reduce the amount it spends for each child—with consequences that would be felt throughout the day-care system. For one thing, the state proposed channeling more of this money to welfare families by reducing day-care subsidies to the working poor through higher co-payments and eligibility standards. (Some low-income families would have been required to spend as much as 40% of their gross income on child care.) The state also proposed a sliding-scale co-pay structure for welfare recipients based on their income and the cost of the care they choose, and



A TABLE OF TODDLERS gets ready to eat at Milwaukee's Carter Development Center

DAY CARE
the crucial early years



GETTING A FULL START Early care is up-to-date in Kansas City, Missouri

THE STATES GRAPPLE WITH DAY CARE

MISSOURI

Kansas City's innovative Full Start program, left, targets pre-K kids, but the state lags in day-care spending

GEORGIA

Determined to offer a pre-K program to every four-year-old in the state, Georgia set aside \$157 million of lottery revenues

MASSACHUSETTS

Revenues from special license plates will be earmarked for child-care training and materials

OHIO

Day-care spending rose 20% in 1996, and child-care programs are being linked to public schools

HAWAII

Despite budget cuts, the state launched a new initiative, Good Beginnings, which aims to involve businesses in child-care programs

FLORIDA

In six counties, residents voted to increase their property taxes to fund Child Service Councils, which work to improve the quality of child care

NORTH CAROLINA

A public-private partnership called Smart Start gives block grants to counties to care for children under the age of six. One county decided to subsidize new mothers to stay home

Source: *Working Families* and *TVET* research

created a new category called "provisional certified care." This care, to be provided by any adult who passes a criminal background check, in any home meeting basic health and safety requirements, would be exempt from most of the regulations aimed at ensuring quality in Wisconsin's licensed day-care centers—and so presumably would be much cheaper.

CHILDREN'S ADVOCATES IN Wisconsin were quick to criticize this version of W-2. Mary Babala, head of Wisconsin's Early Childhood Association, charged that it would create "a push for parents with low disposable income to choose the cheapest care they can find." Linda Bosetti, who works for the Silver Spring Neighborhood Center in Milwaukee, was worried because subsidizing provisional certified care—while it might provide some cash to the grandmother who has been baby-sitting for free—could also put children at risk by parking them with untrained strangers. Indeed, this cheaper, second-class day care might begin to drive licensed centers out of business.

Jean Rogers, who directs W-2, countered that "in the real world, families make [child-care] decisions based on a number of qualities and situations." When she talked to welfare recipients while drafting W-2, she says, "the single most common response was that they thought child care should be made more flexible so that friends and relatives would be able to receive the subsidy."

Nevertheless, the outcry prompted Governor Tommy Thompson to appoint a special panel of child-care providers; elected officials and policymakers to reconsider the co-pay provisions. Last week, on its recommendation, Wisconsin revised the plan. Day-care co-payments will be calculated primarily according to income and number of children, not the cost of care. And a family's co-payment obligation will be capped at 16% of gross income. To help close the spending gap between this formula and the earlier one, Thompson will use an extra \$25 million in federal money for 1997 that the state had earned from reductions in its welfare rolls during recent years. "We're leading the country. Nobody has tried to adopt a plan of our magnitude that both eliminates welfare and makes a commitment to quality child care," he says. "We don't have all the answers. But what we've done is attempt to level the speed bumps that we have anticipated so far."

There may be more bumps ahead. Because what is at stake in the coming day-care crunch is of far more consequence than whether little Janie watches too much *Rugrats*. Without a good solution to the day-care dilemma, welfare reform has no hope of breaking the "cycle of dependency" and may in fact exacerbate it. For starters, a study by Marcia Meyers at Columbia University's School of Social Work has shown that good, reliable child care is a key factor in whether a welfare mother can perform well on the job and stick with it.

But more fundamentally, inadequate care in the pre-K years may affect a child's later ability to learn, limiting it in ways that cannot be offset by the uplifting sight of seeing Mom march off to work. Brain-development research indicates that in the first two years of life, virtually all our vital neural connections are being formed. Other studies show the crucial role that responsive, sensitive and stimulating care plays in forming those synapses. A bad day-care situation, where a child is understimulated for long stretches of time or moved among ever changing caregivers, may cause long-term harm to a child's cognitive and emotional development.

For that reason, the day-care part of workfare is both an enormous risk and an enormous opportunity. Few of Wisconsin's poor children will get the excellent care that Alberta Early provides at the Carter Center, which charges \$5,476 a year for an infant (less for an older child). In fact, some mothers may have to take their children out of the center because their co-payment will rise. What happens to the 2,700 children of the working poor who lose their subsidies altogether is one of the many imponderables as Wisconsin enters the next phase of its welfare experiment. But what child advocates continue to remind the Governor of is that while the W-2 program is susceptible to endless tinkering and adjustments, its effects on young children may be permanent.

—Reported by Wendy Coko and Erik Gunn/Milwaukee, Melissa Ludtke/Boston and Ann Simmons/Washington

The DLC Update

Visit the DLC-PPI Web site for more information on welfare, teen pregnancy, our database, and upcoming events—<http://www.dicppi.org/>.

The Democratic Leadership Council

Tuesday, May 21, 1996

President's Endorsement of "Wisconsin Works" Smart Policy, Not Just Politics

President Clinton's embrace of Wisconsin's radical plan to overhaul its welfare system is smart policy, not just politics, as some Republicans contend. In an upcoming report on state welfare reform, the DLC lauds the Wisconsin plan as a model.

In his quest to "end welfare as we know it," President Clinton endorsed the Wisconsin Works (W-2) initiative in his 5/18 radio address. Designed by Wisconsin Gov. Tommy Thompson, with help from Milwaukee Mayor John Norquist, a New Democrat, the proposal would transform welfare from an income maintenance system to an employment system.

While the President and the Republican Congress have failed to produce a welfare reform plan, the President has consistently urged states to apply for waivers from federal welfare regulations to design their own reform initiative. Wisconsin's plan would require such a waiver.

Thirty-eight states have attempted to meet the President's challenge. While some states have only tinkered around the edges, Wisconsin and a handful of other states have produced real reform, providing a model for states. Maryland, West Virginia, North Carolina, and New Jersey are other states that have begun to replace income maintenance with a new approach that puts people to work.

These models for reform are discussed in a major upcoming report by PPI Social Policy Analyst Lyn Hogan, to be published as part of the DLC "Blueprint For Change" series. Entitled *Work First: A Progressive Strategy to Replace Welfare With A Competitive Employment System*, the report presents a ten-step plan that states can follow to create competitive employment systems. Key steps include:

- Eliminating the unconditional entitlement to cash aid and the federal programs that dispense it.

- Requiring all recipients to perform some work immediately, in effect making the "time limit" for income maintenance zero, not as much as two years.

- Spurring private and nonprofit competitors to break up the government's virtual monopoly on job placement and support services. The key to this is a system of government-financed Job Placement Vouchers that would be given directly to recipients to purchase job placement services. They could be spent with government or non-government agencies, forcing the government to compete.

- Creating incentives and performance measures to change the way public agencies work. Welfare offices now continue to operate whether or not they produce results. Instead, states should make job placement the ultimate goal and reward government workers who get people jobs.

- Making work pay more than welfare. Those who leave welfare for a full-time job often must support a family on less than \$9,000 a year while concurrently losing most welfare benefits. To reward work over welfare, states must offer supports, including child care, health care, and transportation subsidies, to enable the working poor to remain in the labor market.

The DLC "Blueprint for Change"—which will be released later this month—can help every state design reforms that will permanently move recipients from welfare into the work force. To order the Blueprint or other DLC/PPI materials, please contact the Publications Department at 800/546-0027, (202/544-6172 in the DC metro area) or info@dicppi.org, or visit our Web site at <http://www.dicppi.org/>.

DLC Announces

Leadership Training Series

As part of our on-going effort to define a new course for Democrats in the aftermath of the "era of big government," the DLC will host a series of leadership training events this summer. Our intent is to gather elected officials and policy makers from key states to discuss the issues that can make New Democrats successful. Tentative dates and locations are:

- June 21-23, Tampa, FL (Florida DLC Conference)
- July 2, Palo Alto, CA
- August 26-30, Chicago, IL (Democratic National Convention)

• Nov. 14-16, Washington, DC (1996 DLC Annual Conference)

Look for more on these and additional training sessions in the coming weeks.

TV & Popular Culture

In June, PPI and Empower America begin a series of joint events on TV and society. The first forum, *Is Television Demoralizing America?* will be held Thu, June 8, in the Capitol, Rm. 6C-5. Speakers will include DLC Chair Sen. Joe Lieberman, Empower America Co-chair William Bennett, Sen. Sam Nunn, and experts from the television industry, academia and the media. For details, call 202/547-0001.

1996 Democratic Convention

With the 1996 Democratic National Convention just three short months away (Aug. 26-30), we are busy making plans for DLC activities in Chicago. Expect a full schedule of events—social and substantive—to give DLC members opportunities to catch up with old friends and discuss the issues that will shape the fall campaign and the next administration. Sponsorship packages, which include invitations to special DLC events and other benefits, are available. For information on the DLC's 1996 Democratic Convention sponsorship packages, call the Development Department at 202/546-0007.

This Fax is broadcast to thousands of public officials, citizen activists, and supporters in the DLC network nationwide.
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June 15, 1996

Administration Backs Off Support of Wisconsin Welfare Plan

WRWisc.

By ROBERT PEAR

WASHINGTON -- Four weeks after President Clinton endorsed Wisconsin's radical proposal to abolish welfare, citing it as an example of the "quiet revolution" in social policy occurring across America, administration officials say they now have doubts and concerns about some of its most important provisions.

The officials said they still believed that the federal government and the state of Wisconsin could ultimately reach an agreement permitting the state to transform its cash assistance program into an elaborate job program for poor people.

But federal officials have many questions and concerns about the proposal, and they said they could not approve it until their concerns were addressed. A basic premise of the plan, known as Wisconsin Works, is that aid should be provided only in return for work. But the plan would not guarantee jobs for anyone and would eliminate the right to a "fair hearing" for many families denied Medicaid or welfare benefits.

The measure was approved by the Wisconsin Legislature on March 14 and signed April 25 by Gov. Tommy Thompson, a Republican.

Clinton gave it his blessing in a radio address to the nation May 18, calling it "a solid, bold welfare reform plan." His remarks were widely seen as an effort to pre-empt a speech on welfare policy delivered three days later in Wisconsin by Bob Dole, his likely Republican opponent in this year's presidential election.

But administration officials are backing away from the initial suggestion that the entire plan could be quickly approved.

The administration's second thoughts are the latest shift in its course on welfare policy. As a candidate in 1992, Clinton promised to "end welfare as we know it," and in September 1995 he signaled his support for a welfare bill passed by the Senate.

But after liberal groups rose up in opposition, Clinton vetoed a later version of the bill, saying it was harsh to children, contained "deep budget cuts" and did too little to move people from welfare to work.

In February, Clinton praised a plan from the National Governors' Association to overhaul welfare and Medicaid. But since then, administration officials have harshly criticized the governors' proposals at congressional hearings.

Pummeled by Republicans for these shifts, Clinton has defended himself by pointing to waivers his administration has granted to 39 states, allowing them

to forge ahead with innovative welfare programs.

Dole says states should not have to "play the so-called waiver game -- trekking to Washington, D.C., hat in hand, to beg for approval to fix a failed system."

Wisconsin needs federal waivers because its welfare plan would violate many federal laws and rules intended to protect poor people. Melissa T. Skolfield, an assistant secretary of health and human services, said Friday, "This is the most complicated waiver request we have received to date." On important questions, she said, it contains unclear statements and contradictions that must be resolved.

Some elements of the Wisconsin plan, like a five-year limit on benefits, are already being tried in other states with waivers granted by the Clinton administration.

When asked about Wisconsin's waiver requests May 21, White House spokesman Mike McCurry said, "We don't see any problem with them and can't imagine that there will be any problem approving them." But administration officials had read only a small part of the Wisconsin plan at that time. The rest was submitted May 29.

After examining the proposal more closely, federal officials said in interviews this week that they had serious concerns about these parts of the Wisconsin plan:

-- While Thompson says he will spend more money on child care and health care for low-income people, the Wisconsin law does not actually guarantee jobs, child care or health care for anyone. The new state law says that even a person who meets all the eligibility requirements "is not entitled to services or benefits." Clinton has fought to preserve the entitlement to health care for welfare recipients and others on Medicaid, and no state has received a waiver to eliminate this guarantee.

-- Wisconsin would eliminate the right to a fair hearing for most families denied Medicaid or welfare benefits. The Supreme Court ruled in 1970 that welfare recipients had a constitutional right to such hearings because their benefits were "a matter of statutory entitlement," like property rights. But Wisconsin officials say there is no right to court appeals under their plan because people will no longer have an entitlement to welfare or health care.

-- Poor people will not become eligible for cash assistance or state-subsidized jobs until they have lived in Wisconsin for 60 days. The Supreme Court has struck down such residence requirements on the ground that they interfere with the freedom to travel and improperly discriminate between old and new residents.

-- Wisconsin residents may, in some cases, be forced to work for less than the minimum wage. Federal officials do not have the authority to waive federal law on this issue. They say it would make no sense for Clinton to approve such a plan while trying to persuade Congress to increase the minimum wage, now \$4.25 an hour, to \$5.15.

J. Jean Rogers, the Wisconsin welfare director, asserted that the minimum wage law should not apply to community service jobs or other "practice jobs" that prepare unskilled, inexperienced workers for regular employment. The money paid to these workers should be viewed as "grants for training opportunities," not as wages, she said in an interview Friday.

When Clinton praised the Wisconsin plan May 18, an aide to the president said categorically that the state's waiver requests "will be approved." But administration officials now say that some elements of the Wisconsin plan were unknown to the president at that time.

In its application, the state says that the longstanding federal guarantee of cash assistance for destitute children is "one of the primary causes of the breakdown of low-income families," because welfare is "a much better provider than many fathers."

Under the Wisconsin plan, payments would not vary with family size, as they do now (from \$440 a month for a two-person family to \$879 for a family of eight).

Under the plan, families would receive flat monthly grants of \$555 or \$518, regardless of family size. From those amounts, families would have to pay premiums for health insurance and make co-payments for child care.

Cindy Mann, a health policy analyst at the Center on Budget and Policy Priorities, a research and advocacy group, said these premiums and co-payments "could impose heavy burdens on families with very modest earnings."

Monthly health insurance premiums would range from \$20 for a family of three with annual income less than \$20,000 to \$143 for a family of the same size with annual income of \$25,180 or more. Child care could be more expensive. Budget analysts for the Wisconsin Legislature said the monthly co-payment in Milwaukee would range from \$151 to \$351 for a single mother with one child in day care and income of \$13,200 a year.

Rep. Thomas M. Barrett, D-Wis., expressed alarm about parts of Wisconsin's waiver request, including a provision under which welfare recipients would have been allowed to displace existing workers. Administration officials also raised questions about this provision.

Wisconsin still wants to be able to fill vacancies with welfare recipients required to work for their benefits. But state officials revised their waiver application this week to make clear that welfare recipients would not take jobs or promotional opportunities from current employees.

The Wisconsin plan would also make vast changes in Medicaid. Working poor families would generally become ineligible for Medicaid if they had access to employer-subsidized health care coverage, regardless of what they had to pay for it.

The state would still screen low-income children for medical problems, but it would no longer have to provide all the services needed to treat problems

discovered through such screening.

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