

June 17, 1996

John O. Norquist
Mayor



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

Dear President Clinton:

As you stated four years ago, welfare is a failure. It cannot be reformed. We must end it...and replace it altogether with a work-based system.

Wisconsin's plan to replace welfare with a work-based system, Wisconsin Works or W-2, is a good starting point.

You should approve the W-2 waiver request. But you should also insist that W-2's most serious flaws be corrected as a condition of giving your approval.

For W-2 is seriously flawed. Even Governor Thompson and his welfare administrators have agreed that their W-2 waiver request has serious flaws—for example, a provision that would let participants displace regular workers in the private sector. Other flaws, which the Governor will perhaps not acknowledge, have been uncovered by the Milwaukee Journal Sentinel and experts examining the plan's details.

This critical scrutiny of W-2 confirms the point that I made to you during our conversations about the waiver when you visited Milwaukee. W-2 should be approved...but fixed.

The silly flaws in the waiver request that have been reported in the press—such as allowing W-2 participants to displace private-sector workers, and counting school lunches and student aid as income—must of course be corrected!

Of even greater importance, the three major structural flaws in W-2, which I discussed with you in Milwaukee, must also be fixed before W-2 is allowed to go into effect. W-2 will continue to mimic the welfare system—Wisconsin will fail to replace welfare with a true work-based system—unless these three flaws are corrected.

• First, W-2's welfare-like policy of bureaucratically doling out monthly cash grants to able-bodied adults must be eliminated. Instead of having a huge bureaucracy issue welfare checks to able-bodied adults whom the bureaucracy must endlessly "monitor" and "sanction" as if they were serfs, W-2 should be altered to offer real jobs! Workers should work first, and be paid for their labor. If they do work, they should get paychecks. And they

Office of the Mayor
City Hall
200 East Wells Street
Milwaukee,
Wisconsin
53202
(414) 286-3200

Page 2

June 17, 1996

should pay taxes and qualify for the EITC, like every other worker. W-2 does none of this now. You must fix it.

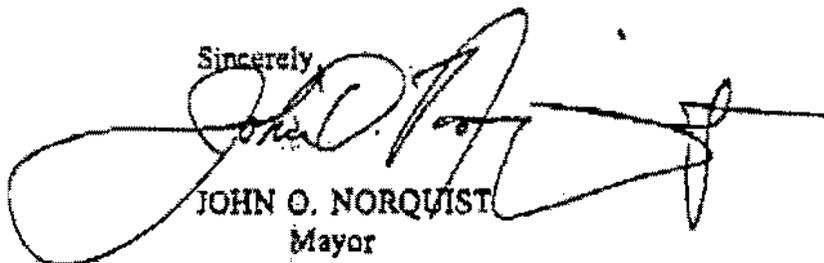
* Second, W-2's welfare-like policy of making work not pay must be eliminated. Because of W-2's irrational escalation of child care co-payments, as family incomes rise above the federal poverty line, many workers end up with dramatically lower net incomes. W-2's negative impact on income is not occasional or isolated. Almost every participant earning over \$6.00 per hour who uses child care ends up worse off. Instead of accepting W-2's defective child care co-payment schedule, you must insist that W-2 be altered so that the average participant who earns a higher wage will typically have a higher net income. W-2 can be changed to make work pay. You must fix it.

* Third, W-2's welfare-like policy of offering the working poor a dramatically worse health care program must be eliminated. Just as in today's irrational system--where AFDC recipients get a free "Cadillac" health care plan in the form of Medicaid, but those who play by the rules and exit the welfare system often end up with lousy or no health insurance--W-2 enables subsidized workers to enroll easily in W-2's low-cost health care plan, but those who move successfully into private-sector jobs face huge hurdles in maintaining health care...or lose coverage altogether. Instead of accepting this policy, please insist that W-2 be altered so that, for workers who move into low-wage private-sector jobs, the W-2 health plan automatically withholds from their wages the sliding-scale co-payments they owe and remains available until they have access to an employer-sponsored plan that pays at least 75% of family coverage. W-2's screwed-up health care plan doesn't withstand scrutiny. Please fix it.

I again ask you to approve W-2 on the condition that it truly end welfare. You should require Governor Thompson to correct the flaws described as a condition for receiving a federal waiver.

And you should insist that they be corrected immediately, and that W-2 be fully implemented by Labor Day, rather than delayed until near the end of 1997.

Sincerely,



JOHN O. NORQUIST
Mayor



The Capital Times

Dane County's Afternoon Newspaper

Copies to:
MJ Bone
Wendell P.
Kevin T.
Bruce R.
Rich T.
Melissa S.

More glitches found in W-2 waivers

By David Callender
The Capital Times

A nonpartisan legislative agency has found more problems with Gov. Tommy Thompson's request to exempt his Wisconsin Works welfare reform plan from federal requirements.

In a six-page memo dated June 11, the Legislative Council found the Thompson administration's federal waiver request varies on at least nine points from the welfare plan passed by the Legislature and signed by the governor.

In eight of those nine cases, the administration's waiver proposal is more restrictive than the original W-2 law.

On the remaining point, the waiver request would give more benefits to W-2 participants who violate state rules than the original law intended.

The latest disclosures touched off more calls for the Clinton administration to slow its consideration of the waiver request.

"It's very confusing what they're asking for," said state Rep. Rebecca Young, D-Madison. "Each point has to be scrutinized very carefully. How many mistakes are there? Nobody knows."

Earlier this week, U.S. Sen. Russ Feingold, D-Middleton, called on the Thompson administration to "scrub" its waiver requests and simply submit the law as it was enacted.

But Jean Rogers, administrator of the state Division of Economic Support, dismissed the memo as "overzealous hair-splitting. It amounts to nothing. Zero. Zilch. The waiver is in compliance with legislative intent."

The Legislative Council identified the following areas in which the waiver request varies from the W-2 law as it was enacted. According to the council, the waiver requests would:

§[TH]Allow W-2 participants who had violated program rules three times to continue receiving health care and child care benefits.

The W-2 law calls for all benefits -- including job placements, health care and child care -- to be cut off if there are three rule violations, including fraud or failure to participate in W-2 work programs.

â[TH]Allow the state to withhold payments for both health care and child care from W-2 workers' checks.

The W-2 law allows the state to withhold health care premiums from paychecks, but does not address the child care costs.

â[TH]Allow the state to base its rates for child care co-payments on the cost of care plus income and family size.

The W-2 law requires participants to pay only a percentage of the cost of care that is not directly related to income and family size.

â[TH]Limit access to W-2 jobs counseling and other programs to pregnant teens who live with their parents.

The council said the detailed waiver requests "indicate that only teen parents who live at home, presumably with their parents, will be eligible for W-2 benefits, such as services of the financial and employment planners."

The council memo said other parts of the waiver appear to contradict this provision by indicating that all minor parents, regardless of income, assets or living arrangements, will have access to the planning services.

Meanwhile, the council said the W-2 law "does not limit access to a financial and employment planner to minor parents living with their parents," and in fact allows teens to get financial and job counseling regardless of their income or their parents' income.

The federal waivers are needed because the federal government pays 60 percent of the costs of Aid to Families with Dependent Children, the welfare program W-2 is intended to replace.

Clinton has said he supports the W-2 plan "in concept," but administration officials have said previous disclosures of errors in Wisconsin's request may slow the approval process.

The Thompson administration has acknowledged several mistakes in the waiver application, including a provision that would have allowed W-2 work program participants to take jobs away from other workers.

Published on June 20, 1996

[The Capital Times Homepage](#)
[Return to Most on Madison Homepage](#)

© 1996 Madison Newspapers Inc. All rights reserved. If you have any questions or comments about this page, please email us at madison@infi.net



The Capital Times

Dane County's Afternoon Newspaper

Group: W-2 will divert Medicaid dollars

By David Callender
The Capital Times

A national interest group for families is warning that Wisconsin's request for waivers from federal welfare rules would give Gov. Tommy Thompson unprecedented control over Medicaid funds.

"Until now, no state has ever asked for a waiver that would allow federal Medicaid dollars to be diverted for non-health care purposes -- a request inherent in the Wisconsin proposal," the group, Families USA, said in a report released earlier this week.

"Granting this waiver of federal law could open the floodgates to requests from other states to use Medicaid dollars for other purposes, such as the building of roads or stadiums," the Washington, D.C.-based group said.

The governor is seeking exemptions from some federal Medicaid requirements as part of a series of federal waivers that would allow him to implement the Wisconsin Works, or W-2, plan to overhaul the state's welfare system.

The Wisconsin waiver request says "the fiscal underpinning of W-2 is the flexibility to reallocate funds. Under W-2, it will be necessary to allocate (federal Aid to Families with Dependent Children) and Medicaid funds to supportive services."

In an interview, Families USA spokeswoman Judy Waxman said that provision would allow an estimated \$18 million in federal Medicaid funds to be transferred to other W-2 uses, such as child care or job training programs.

She said such an arrangement would take the governor's proposal far beyond similar proposals advanced by the National Governors' Association, which Thompson chairs, or Republicans in the House of Representatives.

Those proposals call for giving states big chunks of money -- known as block grants -- to pay for broad services, such as using Medicaid funds to pay for all sorts of health care programs.

Wisconsin's proposal would take the block grant concept one step further by allowing the state to use Medicaid funds for non-health care-related purposes, she said.

State Department of Health and Social Services officials disputed her assessment and suggested that the group had misread the state's intentions.

John Tuohy, a spokesman for DHSS, said the department had projected using Medicaid savings under the W-2 program for higher costs related to child care, job training and education.

But he said the savings on Medicaid expenses "would not be redeployed to cover other costs" unrelated to health care.

"Any savings in the Medicaid program would be dealt with in the overall Medicaid budget," which includes payments for care of the elderly and disabled, he said.

"They are probably assuming that Medicaid savings would be redeployed for other purposes, and that's not the intent of this program. The only thing we would use the Medicaid dollars for is the W-2 health program," he said.

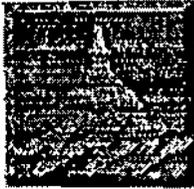
The Families USA group also identified other areas of concern in the Wisconsin waiver request:

- The basic "non-entitlement" provision behind W-2 holds that even if someone meets the eligibility requirements for participation in W-2 programs, the state does not have to provide services.
- A loss of Medicaid coverage for most youngsters between ages 12 and 19 would occur. Current federal law requires that all children younger than age 19 be phased into Medicaid coverage; the W-2 plan would eliminate such coverage for children over age 12.

Published on June 19, 1996

[The Capital Times Homepage](#)
[Return to Most on Madison Homepage](#)

© 1996 Madison Newspapers Inc. All rights reserved. If you have any questions or comments about this page, please email us at madison@infi.net



The Capital Times

Dane County's Afternoon Newspaper

Sen. Feingold: W-2 errors to slow Clinton's OK

By David Callender
The Capital Times

Recently discovered errors in Gov. Tommy Thompson's plan to overhaul the state's welfare system will likely reduce the chance of blanket approval from the Clinton administration, U.S. Sen. Russ Feingold says.

Feingold, D-Middleton, said he has seen no change in President Clinton's support "in concept" for the Wisconsin Works, or W-2, plan.

But he said recent disclosures about the details of Wisconsin's request for waivers from federal welfare rules have raised questions that may slow its approval and eliminate the possibility of across-the-board waivers.

"I think the president, because of his endorsement of the concept, probably wants to move it fairly quickly, prior to the election at any rate, but it's possible it will be longer," he said.

Feingold added that, "It's appropriate that questions are being asked because we are going to be way out there on a limb if it's set up in a way that doesn't work. It could reflect negatively on our state's reputation."

During a listening session Monday at the South Madison Neighborhood Center, Feingold fielded several questions about the W-2 plan from the roughly two dozen people who attended.

The junior senator from Wisconsin said he believes the Clinton administration will support the W-2 plan with "proper modifications." He said he did not know what those modifications might be.

At one point, Feingold suggested the state should "scrub" the entire waiver application and instead submit the original plan as approved by the Legislature and signed by the governor.

"Maybe the (Thompson) administration ought to scrub the waiver documents and make sure it's what the Legislature intended," he said. "Apparently there's some distance between the two that needs to be resolved and I hope it is."

The W-2 plan eliminates the current automatic cash benefits welfare program, known as Aid to Families with Dependent Children, and replaces it with a system that requires every adult to work in order to receive benefits.

The state needs to get waivers from the federal welfare rules because AFDC is a federally mandated program and 60 percent of the costs of the program are paid by the federal government.

Last week, the Thompson administration acknowledged there were several errors in the waiver request that appeared to contradict the original W-2 law as it was enacted.

Among other things, the state's waiver request would have allowed the state to place W-2 participants in jobs that reduced the hours of existing employees, compromised union contracts and reduced existing employees' chances for promotion.

The governor later said that those provisions of the waiver request were "wrong," and "that was never the intention. We will never do that."

The disclosures appeared to slow the political momentum behind a Republican drive to get blanket approval for the waiver request.

Thompson, who has been named as a possible running mate for Republican presidential candidate Bob Dole, has pressed the Democratic Clinton administration for speedy approval of the W-2 plan.

Earlier this month, the House of Representatives passed a bill sponsored by Wisconsin Republicans Mark Neumann and Scott Klug to grant Wisconsin's waiver request without any further review by the U.S. Department of Health and Human Services. The Senate has not scheduled a vote on that bill.

Feingold said the House vote on the W-2 waivers was ill-advised.

"I think the process (of approval) was moving along just fine until it became a political football," he said. "You have both presidential candidates saying they're for it and it was only when somebody decided to get some quick political points out of it that it really slowed it down."

Published on June 18, 1996

[The Capital Times Homepage](#)
[Return to Most on Madison Homepage](#)

© 1996 Madison Newspapers Inc. All rights reserved. If you have any questions or comments about this page, please email us at madison@inf.net

WISCONSIN WORKS DEMONSTRATION PROGRAM (W-2)
-- MEDICAID ISSUES --
June 6, 1996

BACKGROUND

Wisconsin has submitted a section 1115 waiver request to replace the current AFDC and Medical Assistance programs with Wisconsin Works (W-2). The proposed implementation date for W-2 is September 1997. Under W-2, Wisconsin would basically eliminate all AFDC-related Medicaid, including the poverty level related groups of pregnant women and children. Families with children and pregnant women enrolled in W-2 would be required to participate in a work program to receive cash grants, food stamps, child care, and health insurance either in a subsidized or an unsubsidized W-2 position. The objective of the W-2 program is for participants to reach independent, self-sustaining work in unsubsidized employment by the end of 60 months. Subsidized positions under W-2 include trial jobs, community service jobs, and W-2 transition jobs. There will be a maximum 24-month time limit for each of the subsidized W-2 work options and a 60-month total lifetime limit for participation in all of the W-2 employment programs. However, some extensions will be granted both within the work options and in the lifetime limit.

Under W-2, the State will expand eligibility for health benefits (the W-2 Health Plan) to 165 percent of the Federal Poverty Level (FPL), and families participating in W-2 will remain eligible for health benefits until their income exceeds 200 percent of FPL for 2 consecutive months. There will be a mandatory enrollment of all W-2 participants into Health Maintenance Organizations and the program will be administered by a local, non-government agency. The benefit package offered to participants will be less comprehensive than Medicaid and will include cost-sharing for categorical eligibles.

ISSUES AND CONCERNS

The Medicaid Entitlement for the AFDC Population - The W-2 plan would end the entitlement to Medicaid for the AFDC population. Essentially, Medicaid for this population would be eliminated and replaced by the W-2 Health Plan. There is no categorical eligibility and health services are only provided upon payment of mandatory premiums. (The Medicaid program would remain unchanged for all other categorical recipients). At the same time, eligibility is being expanded to include groups with higher income, although with significant restrictions.

Eligibility Restrictions - To be eligible for the W-2 Health Plan, one must be a pregnant woman or a custodial parent of children below age 18 and have an income below 165 percent of poverty (as compared with the current income limit of 133 percent of poverty). Once enrolled in the W-2 Health Plan, enrollee income can grow up to 200 percent of poverty before recipients become ineligible.

The following employment-related eligibility requirements apply:

- Eligibility is restricted to those who have had no opportunity in the past 18 months to purchase employer-subsidized insurance coverage, defined as any health coverage for which the employer pays at least 50 percent of the premiums.
- With certain exceptions, individuals who have been offered subsidized health coverage (employer pays at least 50 percent of the premiums) are not eligible for the W-2 Health Plan.
- If an individual is employed for 12 consecutive months and the employer offers the individual an employer health plan (unsubsidized), there is no W-2 Health Plan eligibility.

In addition, if someone disenrolls from the W-2 Health Plan, then they may not become eligible again for 6 months, regardless of income. However, these restrictions do not apply to pregnant women and children under age 12, although they appear to apply to families with children between ages 13 and 18.

These limitations are problematic because poor employees who turned down employer-sponsored insurance due to its high cost (a 50 percent subsidy could leave the employee with substantial premium payments) would be denied W-2 health coverage.

Benefits Package - The W-2 benefits package is more limited than the Medicaid benefits package. The treatment component of EPSDT would be restricted to only those services which are covered under the state plan amendment. Until now, the Administration has not been willing to alter current law EPSDT provisions (except for Oregon). Other restrictions include limits on home care, skilled nursing care, and treatment of alcoholism or drug abuse only up to the amount, duration and scope required by Wisconsin insurance law (it is not yet known how Wisconsin law and Medicaid differ for these services).

In addition, there appear to be no standards for employer-sponsored insurance plans. As discussed above, any employee who has access to employer-sponsored insurance with at least a 50 percent subsidy is ineligible for the W-2 Health Plan and those eligible for employer-sponsored insurance with any subsidy level are eligible for only one year of the W-2 Health Plan. Yet without a guarantee that the employer insurance and W-2 Health Plan have similar benefit packages, employees may be forced to choose between a bare bones plan (for which they could face substantial premiums) or no coverage at all.

Premiums - All families enrolled in the W-2 Health Plan up through 159 percent of poverty must pay a \$20 monthly premium. Beyond 159 percent of poverty, the premiums increase so that families at 200% of poverty would face premiums of \$143 a month. Under current Medicaid law, no premiums can be imposed on categorically eligible people. Yet the W-2 premiums would even apply to families with pregnant women and children. Enrollees would lose W-2 Health Plan

eligibility for any month in which they do not pay premiums. There is no premium forgiveness of any kind.

Child Support Sanctions - There are severe sanctions for failing to cooperate with child support. Under current Medicaid law, only non-cooperating adults lose eligibility, while the children of those adults maintain Medicaid eligibility. Current law also allows non-cooperating pregnant women to keep eligibility until 60 days after the pregnancy. However, under W-2, non-cooperating adults, pregnant women, and their children all would lose eligibility.

Choice of Health Plans - Wisconsin intends to place all of its W-2 enrollees in HMOs. While the state anticipates that most W-2 recipients will live in areas in with two or more HMOs, there is no guarantee that recipients have of a choice of health plans.

Administration - Although there will be mandatory enrollment of all W-2 participants into Health Maintenance Organizations, there is little information on the structure and oversight of the managed care network. The program will be administered by a local, non-government agency selected either through a competitive or sole source procurement process. The oversight role of the State Medicaid agency is not discussed. There will be no appeal and review process for the W-2 Health Plan regarding eligibility or a benefit decision.

Time Limits - It appears that time limits for W-2 job program benefits do not affect eligibility for W-2 health benefits. However, this issue will require further clarification.

Budget Neutrality - The proposal does not include a discussion of budget neutrality caps.

Child care shortage predicted under W-2

Even with expansion, report says, there would not be enough providers

By JOEL DRESANG
of the Journal Sentinel staff

Thousands of Milwaukee County children under age 6 will be without child care when Wisconsin's work-for-welfare program takes effect next year, according to projections in a new report.

The projections, by the Early Childhood Education and Care Initiative, figure that by 1997, the county will have a shortage of 8,495 full-time equivalent slots for young children. And that's assuming currently licensed child care providers

would expand their capacities by 11%. Otherwise, the shortage would exceed 10,500 slots.

Researchers based their projections on Census Bureau figures and surveys of Milwaukee County schools and child care providers. According to the surveys, the most that regulated providers were able and willing to expand amounted to 11% overall.

Especially lacking, according to the report, would be infant care and before- and after-school care. And availability will not be distributed evenly throughout the county: Some ZIP codes will have as few as five regulated child care slots per 100 children under age 6.

"The drastic increase in demand for care slots will affect

Welfare

Continuing coverage of welfare reform in Wisconsin and the nation.

everyone in the system," said David Espinoza, executive director of La Causa Inc. and a member of the initiative's steering committee. Working parents, Espinoza said, will face stress-filled decisions in which economic livelihood will compete with their children's well-being and care.

Limited results of the report were released late last week, with the complete report — including recommendations — scheduled to be available next month, according to David Webster, a partner in Webster,

Caballero & Associates, the Milwaukee consultants who prepared the report.

The initiative — representing child care, business and education interests — began working on projections for the county's child care needs more than a year ago.

The findings are significant as Wisconsin revamps its welfare system to require recipients to work for benefits. Phase-in of the new system includes the Pay for Performance program that began March 1 and the sweeping Wisconsin Works (W-2) plan, which would take effect late next year, pending federal approval.

W-2 would address the anticipated lack of regulated child care by granting provisional

child care certification to individuals who pass criminal background checks and health and safety inspections but lack the training of licensed providers.

Such providers would cost half as much as licensed family-based providers and would be cheaper for W-2 participants because their required co-payments would be based on the cost of care.

Dave Edie, director of the office of child care in the state Department of Health and Family Services, said there's no telling how many of the projected 8,495 needed slots would be covered through provisional care.

"I appreciate their attempt to try to plan ahead and project what the needs are," Edie said of the initiative's report.

The cheaper provisional care could force regulated child care programs to shut down, especially in Milwaukee's poorer neighborhoods, according to Peggy Haack of the Wisconsin Early Childhood Association.

"Unless somebody figures out that enough child care — and especially high-quality child care — will not be available, W-2 is not going to work," Haack said.

The initiative's recommendations for meeting child care needs in the county are expected to focus on ways to build on existing resources. For instance, Webster said, it would encourage school districts to locate half-day kindergarten and preschool programs where child care programs also operate.

0002

LAFOLLETTE SINK

07/01/96 MON 18:42 FAX 608 283 2528

JUNE 23, 1996

Maybe they should waive the whole thing

And now, the news: The sound of hands slapping against foreheads must be echoing through the marbled halls of the Capitol as each day brings to light a new goof-up in the governor's W-2 welfare changes.

Where to begin? There was the surprise that the plan would allow aid recipients to displace other workers. Those waivers to federal law would also allow W-2 workers to affect labor contracts and promotions for existing workers.

Shocked, shocked, is what the Republicans were about the inclusion of that in the waiver request. They didn't even know it was in there, they said. Then they said it was a technical error. This, of course, after the governor whined from his Washington, D.C., pulpit that the president should accept these waiver requests without reading them.

Now, after another objective analysis, it has been discovered that the waivers will make it more difficult for low-income pregnant women and their young children to qualify for health care assistance.

Meanwhile, Jean Rogers, the governor's W-2 program public relations spokeswoman, now says there is a "negotiation process" to straighten out what the state is seeking and what the federal government will allow.

Small stuff, such as the fact that the state will no longer provide child care assistance for poor parents who have children 13 and older with special needs.

In responding to the most recent analysis, Rogers simply said that certain waiver statements "shouldn't be taken literally."

She could expand that. Nothing, apparently, in the W-2 federal waiver requests should be taken literally.

By the way, those W-2 program details still do not include any formal mechanism for evaluating the effectiveness of the program. The absence of objective evaluation is intentional.

For several years now the Thompson administration has benefited from the general lack of media scrutiny of its welfare changes, from the stifling of criticism and evaluation, and from the deliberate juggling of statistics.

W-2 may become the lifeline for the poor that the governor claims it is. But instead of honest responses, the governor sends in the usual clown and sticks to the policy that if the truth doesn't leak out, there is no bad policy, only bad press.

Copy to

Bruce Rand

Rahul E.

Melissa S.

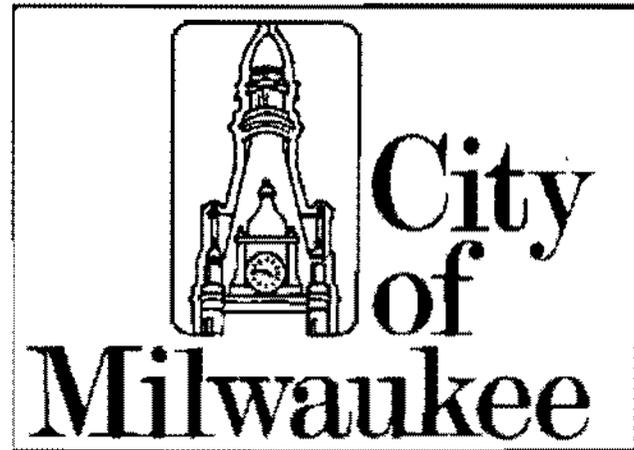
Kevin T.

WJ Band

Bruce J.

FILE - W-2 - W-2

FAX COVER SHEET
July 8, 1996



TO: Bruce Reed
Senior Policy Advisor to the President

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

**THE FOLLOWING FAX TRANSMISSION CONTAINS 13 PAGES
INCLUDING THIS COVER SHEET.**

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

**MESSAGE: I still strongly encourage you to have someone contact
the Archbishop. The Archbishop may start organizing other area
churches to protest W-2. It would be real helpful for you or the Vice-
President to reassure him that his concerns are being addressed. (The
articles are from this weekend and today's paper)**

DESSLEIN

SUE RYON

Weakland notes W-2's biggest flaw

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

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

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

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

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

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

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

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

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

Heavens forbid:

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

FINAL EDITION

SECTION B

Weakland's work defended

Keane taken to task for remark on archbishop's efforts to help poor

By JO SANDIN

of the Journal Sentinel staff

A spokesman for Gov. Tommy Thompson ignored years of work, pages of proposals and hours of testimony when he accused Milwaukee Archbishop Rembert Weakland of failing to offer con-

structive proposals to help poor people get off welfare, the head of the Wisconsin Catholic Conference said Friday.

John Huebscher, executive director of the conference, which formulates and publishes positions on public policy, responded to statements made Thursday by Kevin Keane, the governor's press secretary.

In voicing disagreement with Weakland's Washington Post opinion article opposing

the governor's Wisconsin Works, or W-2, welfare program, Keane suggested that the archbishop was a talker, not a doer on the matter of helping the poor.

Keane, who could not be reached for additional comment on Friday, had said Thursday: "They have not offered anything constructive."

Weakland's article was prompted by Thompson's request that President Clinton approve waivers from federal law that would allow the W-2

program to go forward. Federal officials have said a decision on those waivers likely will be made this month.

Huebscher suggested that reporters might have reached Keane at a bad moment on the July 4 holiday. "I'd like to cut him a little slack," he said.

Huebscher said, however, that he also would remind Keane that Wisconsin's five Catholic bishops last September released detailed proposals for welfare reform for which Huebscher has been a

vocal advocate at legislative hearings. The proposals represented years of study and discussion on the matter, Weakland said at the time.

Priorities Outlined

At a Sept. 13 news conference releasing a 10-page summary of the proposals, Weakland carefully avoided criticizing the governor's W-2 plan. However, he urged all policy makers against using

Please see WEAKLAND page 7

Weakland/ Record defended

From page 1

calls for personal responsibility as excuses for abandoning the poor. And Weakland and the other bishops strongly encouraged adoption of reforms that would include these priorities:

- Reducing poverty by adjusting funding levels to meet increased demand in times of economic recession. "Politicians must never deny children basic benefits because of the behavior of their parents," the bishops' proposals said.

- Valuing families by allowing single parents to remain at home with their children until the youngest is at least 2, "preferably 3."

The bishops' program said family caps on the number of children eligible for welfare payments were "an unjust response to poor children who did not choose their parents and may lead to an increase in abortions."

- Making use of all available community resources, including those of churches and parochial schools, as places where first-time parents may develop parenting and job skills.

- Rewarding work with an increased minimum wage adequate to the basic needs of a single adult and with a combined income from wages, wage subsidies, tax incentives and government cash assistance sufficient for the size of each family.

- Encouraging the working poor by ensuring universal health care and child care subsidies adjusted for income available to families below 175% of the poverty level.

- Avoiding "one size fits all" approaches by offering greater counseling and support to high-risk individuals such as unmarried minors and those who lack a high school diploma, a recent work history, English proficiency, literacy, and unimpaired

physical or mental ability. Huebscher added that, after the bishops released their statement, the National Conference of Bishops, in speaking out on welfare reform, took pains to endorse the work of the Catholic Church in that area of public debate.

"Evidently, some people think we have made some constructive contributions," Huebscher said. "I'd also point out that these are the same bishops, this is the same church, and this is the same body of social teaching that Mr. Keane praises when we come out for parental choice for religious schools. So presumably we have done something to contribute to the needs of poor people."

SUNDAY, JULY 7, 1996

W-2, in effect, would leave many kids hungry

By RIMBERT G. WEAKLAND
Special to the Washington Post

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

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

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

from individual states, even my own, that withdraw this guarantee.

Catholic social teaching holds that the poor, especially children, have a moral claim on the resources of the community to secure the necessities of life. For more than 60 years, our society has recognized this claim with a covenant that ensures a minimal level of assistance for food, clothing and shelter to poor children and their families. Millions of



Rimbert G. Weakland is the Roman Catholic archbishop of Milwaukee.

10
10
10

Children (AFDC) today.

People of good will can argue over the need to modify AFDC so it better serves that purpose. But it is patently unjust for a society as affluent as ours to nullify that covenant.

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

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

Even if one accepts the premise that the W-2 program offers poor families help in return for work, this premise collapses if the help is not provided. The president and Congress must insist that W-2, indeed any welfare reform proposal, serve all who are eligible.

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

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

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

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

Please see WEAKLAND page 2

Weakland/W-2 leaves hungry kids

From page 1

family.

Moreover, this critique of welfare ignores the fact that rights and responsibilities are not mutually exclusive but complementary. In the context of welfare policy, a right to work is grounded in a responsibility to support a family. This is relevant when assessing another aspect of W-2.

According to our state's own projections, 75% of the families now on AFDC will be assigned to W-2 work slots that provide less than a full-time worker earns at the minimum wage. Accordingly, the responsibility of these parents to care for their

Rembert Weakland says:

"The poor will lose their safety net by degrees as surely as if Congress and the president repealed it all at once."

children must be supported when necessary by a safety net adequate to meet the family's basic needs.

Finally, the president and Congress must recognize that they cannot repeal the assurance of public assistance in Wisconsin without making it a na-

tional policy. Once such a repeal is granted to a single state, others will seek similar relief. The poor will lose their safety net by degrees as surely as if Congress and the president repealed it all at once. Such an outcome would be a tragedy for the poor and a moral blemish on the earth's most affluent society.

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

For all our advertisers who like to start early, here's our early start time.

Fast, helpful, friendly. Our 7 a.m. start time means better service, more convenience. Try us early and get off to a fast start.



07/08/96 09:56 MAYORS OFFICE → 912024565557 NO. 048 007

Hundreds protest welfare reform

Most urge Clinton to reject W-2 waivers, but some support changes

By FRANK A. AUKOFER
of the Journal Sentinel staff

Washington — Milwaukee Archbishop Rembert G. Weakland is far from alone in his opposition to Wisconsin's welfare reforms.

Here at the Administration for Children and Families, which is part of the Health and Human Services Department, many hundreds of letters from all over the country voice some of the same concerns.

The vast majority urge the Clinton administration, as Weakland has, to reject the reforms, or at least to insist on changes to guarantee assistance to needy children. Called Wisconsin Works, or W-2, the program was developed by Gov. Tommy G. Thompson and passed by the state Legislature.

The letters arrived in response to a 30-day public comment period that is legally required before the administration can grant the waivers from current federal law that would allow Wisconsin to implement W-2.

The comment period ends Wednesday. Clinton endorsed W-2 in a radio broadcast May 18.

Among those who have asked that the federal waivers be blocked or revised are Mayor John Norquist, Ellen Bravo, executive director of 9to5, the National Association of Working Women, and representatives of the Wisconsin Conference of

ence of Greater Milwaukee, the Child Abuse Prevention Network and the Milwaukee Council on Alcoholism and Drug Dependence.

Many of the letters are from individuals and representatives of church, labor and social welfare organizations and coalitions. The vast bulk of them are identical form letters signed by individuals, as in one that says, "Mothers and children will become poorer and low-wage workers in states will experience declining wages and job security."

A different form letter, however, allowed the writers to fill in a blank area after the statement, "I think W-2 is bad especially because . . ."

Genie Ogden of Madison filled in the blank by writing, "There will be a lot more hungry people, especially children. This will lead to more school dropouts and crime and more homeless families."

But there also were many handwritten letters, a few of which supported W-2. Several of those complained about welfare and the vast bureaucracy it had produced.

But one directed at Clinton from Sister Marie V. Brocato, SCN, executive director of Sacred Heart Southern Missions in Walls, Miss., said, "W-2 would destroy Wisconsin's safety net, imperiling its families and children, and would also set a terrible example for welfare reform in the rest of the country — welfare reform that does not protect children as you have called for."

A Milwaukee physician, Paul D. Burstein, wrote to say that he believed W-2 had some merit.

poor women and children will be left without medical coverage or care."

Federal officials separated most of the handwritten and form letters from other letters that came from lawmakers and representatives of interested organizations.

Among Wisconsin's national lawmakers, Democratic Sen. Russ Feingold forwarded letters of concern from some of his constituents. He did not comment himself nor, apparently, did any other member of the state's congressional delegation.

Among the letters objecting to W-2 was one from Norquist, reiterating his complaint that it did not "truly end welfare." He said the program would not end cash grants, did not make work pay, provided welfare recipients with better health care than unsubsidized workers, and perpetuated the massive bureaucracy of the current system.

There were a number of letters from members of the state Legislature, both individually and in groups. One group consisted of the eight members of the Legislature's Black Caucus, who opposed W-2 and identified themselves as "We who represent this fragile population."

Some of the letters contained detailed critiques of the reform program; others simply argued that it was wrong and urged Clinton to deny the waivers.

Among the latter, the Washington-based Feminists for Life said, "Removing the safety net for women and children by abolishing AFDC would add one more reason to a long list

last resort, not a free choice."

Many of the letters from organizations reinforced Weakland's objection, which he raised in an Op-Ed page article in The Washington Post Thursday, that W-2 was written in such a way that benefits could be denied even to people who played by the rules and met all of the program's requirements.

Mary Jo Tietge, president of the League of Women Voters of Wisconsin, made that point and also argued that W-2 did not provide for a fair hearing process or evaluation by independent observers.

Archbishop Weakland's Op-Ed piece on W-2 in Crossroads



07/09/96 09:56 MAYORS OFFICE → 912024565557 NO. 049 P03

WORKING ON Welfare

Continuing coverage of welfare reform in Wisconsin and the nation.

THE STORIES BEHIND W-2



Milagros Fontanez, 29, works as an employment search assistant at the Milwaukee North JOBS office. She is among the thousands of welfare recipients who have found work as Wisconsin becomes the first state in the nation to move from welfare to a work-based system to provide for poor families.

Two women show stark contrasts

By MARCO HUSTON

of the Journal Sentinel staff

Last year, Milagros Fontanez and Katie Taylor both were welfare mothers.

Now, Fontanez has a job paying \$9.11 per hour; Taylor has been evicted from her apartment. These two women illustrate how reforms leading up to Wisconsin Works (W-2) — the first statewide program in the nation to require people to work in order to receive welfare — are affecting recipients in Milwaukee and around the state.



GARY PORTER/STAFF PHOTOGRAPHER

On another day, Fontanez says, "I am so tired. My wish is to go to a motel and

understanding of the reforms. It's also clear that the sweeping changes planned under W-2 will not come cheaply.

It often costs more to have families go off welfare, especially if they have a large number of children, said Maria Cancian, an economist at the Institute for Research on Poverty of the University of Wisconsin-Madison. A key component for W-2 is child care subsidies.

Stacey Ollker, an associate professor of sociology and urban studies at the University of Wisconsin-Milwaukee, says the difficulties of balancing work and family often create a round-

Under W-2, set to take effect in September 1997, recipients will be limited to five years of work benefits, but their child care and health care benefits could continue much longer. W-2 needs federal approval, either by legislative action in Congress or by waivers of existing rules. A decision on the waivers could come this month.

Meanwhile, reforms have arrived with a thud in the lives of the 56,000 state residents receiving Aid to Families with Dependent Children. Under Operation Transition to W-2, AFDC

check in and just sleep.

recipients are required to look for jobs to qualify for their grants. If they don't, the grants are cut or eliminated.

Last month, 5,195 AFDC recipients had their grants cut for not participating as required. Thousands of others found jobs.

The Journal Sentinel interviewed dozens of welfare recipients during the past month and found women in varying stages of readiness and un-

ing door between work and welfare — a trend state officials hope to end.

The struggle to get off and stay off welfare is a battle that Milagros Fontanez has won and that Katie Taylor, at least for now, has lost. Their stories begin on Page 10.

MORE INSIDE

State's welfare reforms bring flood of opposition in Washington, D.C. 11A
Monday: Business owners worry about their firms' role under W-2 In Monday Business

OUT OF A HOME

Rules aren't followed, so benefit is lost

Thirty women sat at long tables in a classroom at the Milwaukee North JOBS office as enrollment specialist Carl Johnson, speaking in the crisp manner of the ex-Navy man that he is, told them over and over: "Your objective is to divorce yourself from AFDC."

During the class June 10, Katherine Taylor, 31, was one of the women who raised her hand. When Johnson asked how many people had lost AFDC benefits, he assured them they would receive their money if they completed paperwork to prove they were in the required job search program.

Sighs all around. Johnson then took them, line by line, through the paperwork.

But it was too late for Taylor, a mother of eight.

"We're moving out today," Taylor said later, standing inside the screen door to her three-bedroom apartment, curling her fingers around the flapped screen.

It was three weeks later and she was no closer to a job — only deeper into the despair of poverty. A thin stream of morning sunlight etched deep lines of sadness into her face as she stood at the door of her unit on W. Silver Spring Drive, wearing only a white T-shirt. Sounds of children echoed in the background.

"I'm scared of them cutting me off welfare as soon," she said. "They're catching me at the wrong time, when I don't have everything situated the way I want it to be."

Taylor had been assigned to begin her job search in April, but missed her appointment. She then became one of 5,196 recipients sanctioned in June.

That meant that she did not receive her June check. She then could not pay her rent and her landlord began eviction proceedings.

Taylor was hoping that by going to the job search program June 10th, she would get her check before her June 25th court date. But it didn't arrive and her landlord was given the right to evict her. The next day, the Sheriff's Department delivered a 24-hour eviction notice.

Taylor spoke softly through the torn screen door. "With no high school diploma, please — I'm not going to find a job that'll give me enough money to pay my bills and take care of these kids, too. There ain't no job out here that'll let me do that."

Her children grew noisy, one of them screaming to another, "Quit talking smart." Taylor walked back to the living room, lighted only by a TV, to intervene, then returned to the door and her quiet talk. "I tell my kids all the time, when you all get grown and have kids, don't get on welfare. It ain't worth going through all this, no, it ain't worth it. It's really not."

She shook her head, looking down as she spoke. "It's hard, believe me, it's hard. I'm trying. It ain't like I'm one of them lazy women that don't want to get out and do nothin'."

Reforms Change Lives Now

Trying may not be enough for Taylor and Wisconsin's 56,000 other welfare recipients.

Taylor's case manager, Charles Oatis, explained.

"Change is not going to be here. It's here. So you've got to get yourself out doing this job search," Oatis told Taylor and several other AFDC mothers at

their orientation for the Pay for Performance program — step 1 in getting them to divorce welfare.

Taylor said she became pregnant with her first child at age 13. After her eighth child, she had herself sterilized because she didn't want any more children. She said her four girls and four boys, now ages 7 to 17, had three different fathers. None of the fathers pays child support.

Taylor said she moved here from Chicago nine years ago and had been on welfare ever since.

"It's impossible for me to get anything but a minimum-wage job because I don't have my high school diploma. I need to get my high school diploma or my GED."

Oatis broke in. "I'm all for that too, but I don't make the rules. Your AFDC grant is paid to you for going out and looking for employment — seven hours a day, five days a week, 35 hours a week. I'm here mainly to help you find employment. Gov. (Tommy) Thompson wants everybody to be fully employed."

Oatis then did the math on the chalkboard. For every hour of job search that clients miss in a month, \$4.25 is subtracted from their welfare grant. If they complete fewer than 25% of the approximately 140 hours of job search a month, they receive no AFDC grant and only \$10 in food stamps.

Oatis took Taylor to the Job-Net computer to show her how to find job listings. Together, they printed out descriptions for 10 jobs that did not require high school diplomas or work experience, mainly housekeeping jobs.

"This week, go straight to your employer contacts," Oatis



100
100
100

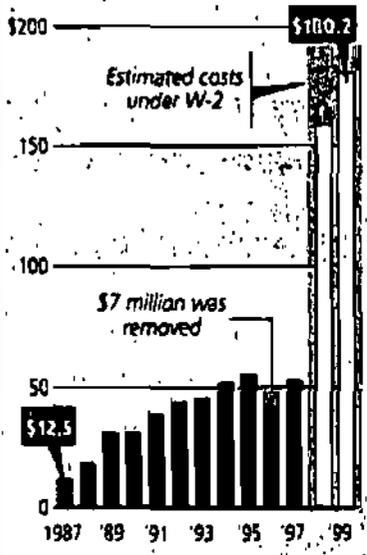
WELFARE

WELFARE

[The remainder of the page is extremely faint and illegible.]

Child care subsidies could triple under Wisconsin Works

State and federal child care subsidies, in millions:



Source: Office of Child Care

MIKE MORGAN
Journal Sentinel

said.

As Taylor got up from the computer, she was asked what she thought of her case manager. "I think he's going to look forward to me getting somewhere because I'm going to keep on bugging him."

Oatis replied, "And I'm going to keep on helping you, until you get a job."

They both smiled and Taylor left.

The next week, Taylor said she had not followed up on the job leads because she had not received the \$25 transportation check that was to be mailed to job search participants.

The week after that, as she stood at the screen door of the apartment that no longer was hers, she was asked if she had done her 35 hours of weekly job search and she shook her head, her lips in a pout.

Taylor said she would spend the day looking for a place to live, but planned to stay temporarily with her sister's family,

CASE STUDY

under W-2

Monthly benefits

\$829 grant
\$250 food stamps
\$1,106 Supplemental Security Income for 2 disabled children.

\$2,185 total (plus health care)

Monthly benefits under W-2

\$1,020 child care
\$470 food stamps
\$425 maximum Earned Income Tax Credit

\$1,915 total (plus health care)

Sources: Department of Workforce Development; Milwaukee County Department of Human Services; Kelle Taylor

Journal Sentinel

which also receives AFDC. After signing up with a jobs program, Taylor received her June AFDC check, which she planned to use to pay for a new apartment.

Taylor receives \$2,185 per month in AFDC, food stamps and Supplemental Security Income. Jeff Aikin, spokesman for the Milwaukee County Department of Human Services, said Taylor's AFDC grant for herself and six of her children is \$829 and her food stamps total \$250. Taylor also receives \$1,106 in SSI benefits for children with disabilities, for her 16- and 17-year-olds.

State welfare administrator Jean Rogers was asked how Taylor could make ends meet without her welfare grant, under W-2.

Rogers said she expected Taylor would get a job paying \$5.89 an hour, the average wage of AFDC recipients entering the work force. That would bring in \$1,020 a month in gross income. Taylor also would be eligible for about \$470 per month in food stamps and Earned Income Tax Credits of as much as \$425 a month.

"And she'd be gaining the kind of experience that would allow her the potential to move up," Rogers said.

Under the changing system, Rogers said, Taylor's life will become more like "what life's like for the regular working-world person."

Taylor was married last year,

but her husband has been incarcerated and is not contributing to the family income. Under the new W-2 rules, income and assets of spouses as well as live-in boyfriends are used in calculating eligibility.

In addition, non-custodial parents will be eligible for job search and other W-2 services.

This signals a major change for the role of men, Rogers said. "It says to the men who are a part of the family and had been hidden family members under the old system: We expect you to be responsible members of the family and we welcome you into the structure of W-2."

Rogers said the new system also was designed to raise people's expectations of themselves.

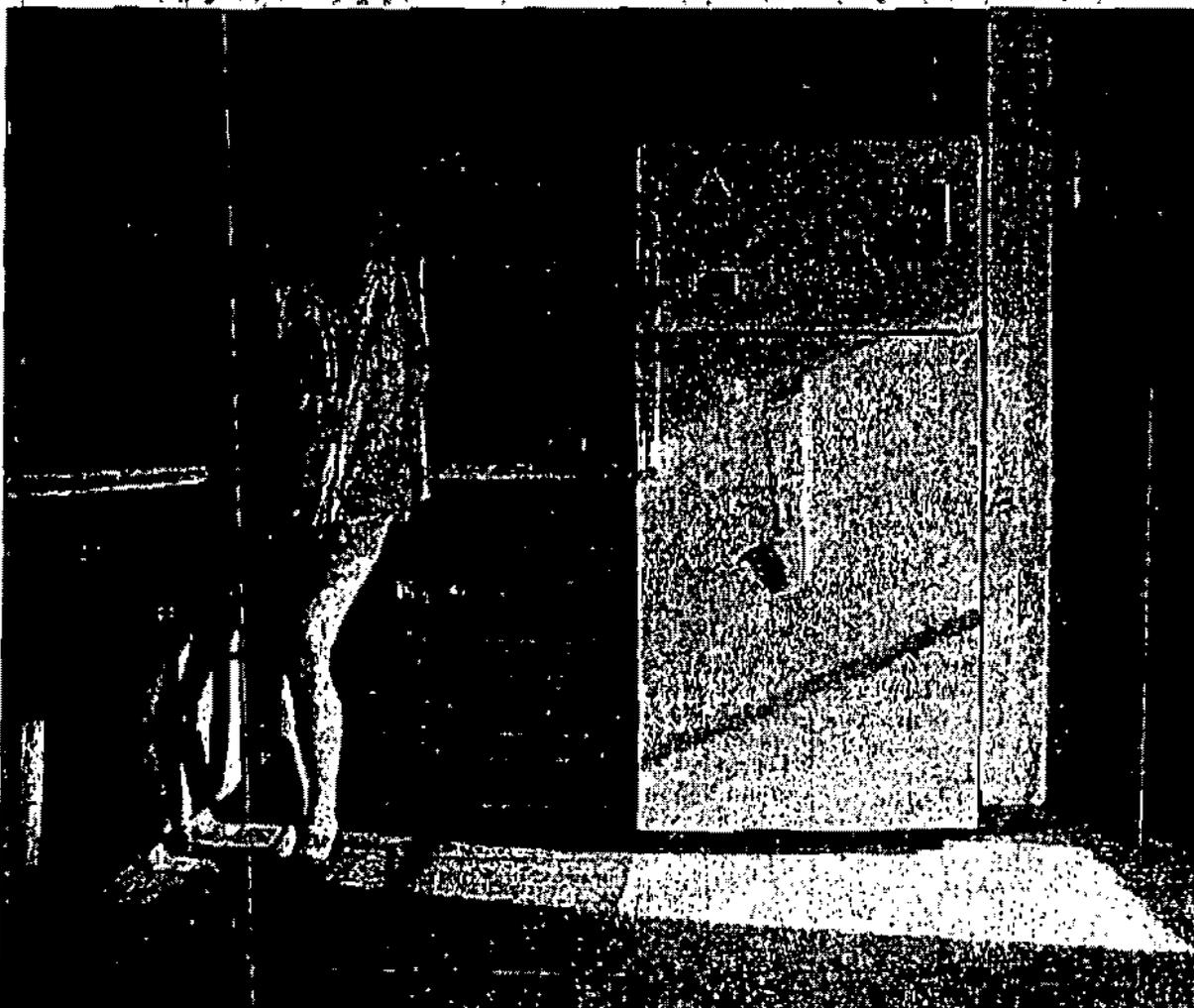
When Rogers was told that Taylor had missed her first appointment at the job search program, Rogers said: "Not a good idea. People are learning that. If they expect their benefits to continue, they need to cooperate with the requirements of the program... We hope that she will."

And if Taylor doesn't, Rogers raised the possibility that Taylor's children could be among the many who are expected to flood the foster care system as a result of the state's move to W-2.

"There's a point at which we have to look at parental behavior and we need to ask, 'Is there a pattern of irresponsibility here that puts her children at risk?'"

—Margo Huston

WELFARE



GARY PORTER/STAFF PHOTOGRAPHER

Milagros Fontanez takes a break in her kitchen after bringing her children home from day care.

CASE STUDY

\$552/month under W-2

Monthly benefits

\$700 grant
\$360 food stamps

\$1,068 total (plus health care)

Monthly benefits under W-2

\$1,517 child care
\$106 food stamps

\$1,623 total (plus health care)

Sources: Department of Workforce Development; Meigs County Department of Human Services; Milagros Fontanez

Journal Sentinel

can get them to be more positive about it," she said.

Soon, a woman comes in, angry because her grant was cut and her co-worker said she

ables her to live in a three-bedroom townhouse on a tree-lined boulevard on the northwest side for a reduced rent of \$300 a month. "I used to live on the

ing rent, tending the yard or taking care of the latest leaky faucet. By 6:30 or 7 p.m., she's back home, making dinner.

At 8 p.m., the children start showering and getting ready for bed. When they're in bed, Fontanez does small repairs around the apartment complex, makes arrangements for prospective tenants to view units, finishes laundry and gets herself and her family ready for another day.

Says Rogers of Fontanez and others like her: "People are wonderful in their resilience.

had to report to Job Service to get it reinstated. Several women, carrying babies, were waiting in line behind her. Fontanez looked tired.

On another day, as Fontanez was about to take a noontime nap in a borrowed van, she told her co-worker, "I am so tired. My wish is to go to a motel and check in and just sleep."

A Long Work Day

A person can get tired just following Fontanez through her day, which begins around 5:30 a.m., maybe with a load of wash, and ends around 11 p.m. after she has finished chores around the 18-unit apartment complex that she manages.

Managing the complex en-

south side. That place was older and full of roaches," she said.

Fontanez and the children had just arrived home — it was 5:15 p.m. She hit the couch in the spotless living room and, in an instant, had taken off her red high heels and nylons and was massaging her feet.

Within minutes, she was traffic cop again, this time for her children, who were rapping toward her, chattering, reaching for her hand, jumping up on her lap, asking her to brush their hair, and wanting snacks.

On any given evening, after a half-hour on the couch, Fontanez' second job begins and she goes around the apartment complex, picking up garbage, checking for problems, collect-

When the folks around us expect the best from us, we usually produce the best. That's one of the biggest changes in the system.

"The old system looked at the client as the victim. We don't expect much of victims. W-2 looks at our clients as job seekers, who come with the same hopes and dreams and potentials for success as you or I."

Fontanez has a message for Rogers:

"I'd say, the new system is really working, but I think that we cannot do it by ourselves with \$5 an hour. We need better-paying jobs and a little help so we can get up on our feet, like what is going on with me."

— Margo Hustan



FAX COVER SHEET

TO: Bruce Reed
FAX NUMBER: 202/456-5557

FROM: David Riemer
City of Milwaukee
Department of Administration
200 E. Wells Street - Room 606
Milwaukee, WI 52302
Office: (414) 286-3850
Fax: (414) 286-8547

NUMBER OF PAGES BEING SENT (INCLUDING COVER SHEET): 5

IF THERE IS ANY PROBLEM RECEIVING THIS TRANSMISSION, CONTACT (414)286-3850.

MESSAGE:

Bruce--

Local press coverage of problems with the W-2 waiver request continues hot and heavy.

Attached are three articles from the right (Business Journal), left (Shepard Express...the local "alternative" newspaper), and center (Milwaukee Journal/Sentinel).

David

6/24/96

TO: DAVID RIEMER
FROM: MAYOR

P.002

NO. 812 081

TEL: 9 414 286-8547

DOA INT. GOV. RELATION

JUN. 25 '96 (TUE) 07:55

MAYORS OFFICE - 8547

12:40

26/24/96

The Business Journal

Volume 13, Number 39 \$2.00 Published Weekly

SERVING GREATER MILWAUKEE

Two Sections June 22, 1994

CEO GUIDE	SECTION 2	FOCUS ON CONSTRUCTION	21	TOP 25 LISTS	12, 29
<i>This week's Business Journal includes "The CEOs of Wisconsin"</i>		<i>The local construction market is rebounding from the bad weather</i>		<i>Largest title insurers, largest construction projects</i>	

W-2 puts low-income homeowners at risk

By Tarrvy Williamson

Wisconsin Works, a plan to cut welfare payments and put low-income people into the work force, could have devastating consequences for homeowners who rely on government checks to make monthly mortgage payments.

W-2 could have adverse effects for lenders, too. Banks and savings institutions must comply with federal laws that require them to make loans to low-income people. Milwaukee-area banks are particularly sensitive to this issue after Milwaukee received national notoriety six years ago for

having the worst lending record to minorities and the poor in the United States.

Not only could banks see higher default rates in the future, they may also find fewer low-income people to qualify for mortgage loans in the future, hampering banks' efforts to invest in their communities.

The dilemma, addressed at a conference sponsored by New Opportunities for Home Ownership Initiative in Milwaukee (NOHIO), illustrates how state policy can run counter to federal policy, with the loser being the people both policies sought to help.

"This is a case where public policies are working at odds with each other," said Tom Jablonsky, director of the Institute of Urban Life at Marquette University. "The question is, when one policy undermines another, which one supersedes?"

Adding to the problem is that the issue of affordable housing hadn't been raised as part of the welfare reform discussion.

"I don't think the Legislature realized that many people were buying homes on assistance," said Steve Holt, legislative fiscal manager for Milwaukee's intergovernmental relations division. Holt was active in

working with legislators on formulating W-2. "The hope was that people could become more self-sufficient and fulfill the American dream by working. Buying homes is part of that."

W-2 will eliminate welfare payments beginning in September 1997 and put recipients to work in community-based jobs at a monthly grant of no more than \$655, regardless of family size. For many families, that will be less than they now receive through Aid to Families with Dependent Children.

Please turn to page 10

Wisconsin Works puts low-income homeowners at risk could have adverse effects on lenders, too

Continued from page 1

Under a second scenario, welfare recipients are placed in jobs with private companies, which would receive government wage subsidies.

Also as part of W-2, these same families will be required to make co-payments for health care and day care.

The potential decrease in disposable income creates a problem for current and potential low-income homeowners.

Last year, 13 percent of the more than 380 NOHIM loans that closed — or 47 loans in all — were made to people who used AFDC income to qualify to buy homes. Of the 47, the average borrower applied 48 percent of his AFDC check toward the purchase of the home.

Under W-2, there's no guarantee that low-income people will get jobs that will completely replace their lost welfare. That puts some low-income residents in danger of defaulting on their mortgage loans and increases the difficulty low-income people already have buying a home, said Denise Wist, executive director of Walker's Point Development Corp., which counsels low-income home buyers.

"We're dealing with people who either have nontraditional sources of credit or a lot of derogatory credit. They may not even speak English. Forty percent or more of their income is from AFDC. And now, we've got to deal with this," she said.

A spokesman for Gov. Tommy Thompson's office could not be reached for comment.

A STRUGGLE

South side resident Ana Mejias already knows what it's like to lose AFDC benefits while owning a home. Mejias, 30, bought her first home last July while on AFDC. Then a single mother of two, she was tired of moving from

apartment to apartment and not having privacy for herself and her kids.

Through counseling and financial assistance from Walker's Point, she found a \$59,000 house on South 30th Street and received a loan based on her AFDC income, which was \$517 a month. Her only other income was from a work-study job at Milwaukee Area Technical College and occasional child support for her two children, now 9 and 18.

In the meantime, she's completed a degree at MATC to become a medical secretary. She's been looking for work for months, with no success.

Mejias lost her AFDC benefits last October, a few months after she landed a factory work-er whose overtime pay made their household income too high to qualify for assistance. She can't find a job, and her new husband must continue to work overtime to make the monthly bills.

"I have gone to all these places and I can't find a job because I have no experience," she said. "Now, if my husband doesn't work overtime, we can't make it. It's incredibly hard."

Still, Mejias considers herself fortunate because her husband works, and she's hopeful that eventually her degree will pay off.

Walker's Point's Wist said many families who own or want to buy homes will face similar struggles. However, not everyone agrees.

State Rep. John Gard, a Peotigo Republican,

"I can't believe (banks) would expect people to stay on AFDC for the life of a loan. Maybe they ought to reexamine their own policies."

— State Rep. John Gard

acknowledges some low-income people "may have a little bit of cash flow problems," but that the greater matter is whether people on AFDC ought to be buying homes in the first place.

"If someone is buying a home based on entitlement money received on taxpayers, it really then becomes a question of do you maintain a different standard for them than the folks who exist in the work force now?" Gard said. "We're not in a position to guarantee income for buying a home."

LENDING SQUEEZE

For banks, W-2 also could have repercussions. Commercial banks and savings institutions have been required to make loans available to low-income people since 1977, when Congress passed the Community Reinvestment Act (CRA). That law prohibited banks from purposely not making loans in poor or minority-concentrated areas, for which banks are continuously monitored by regulators.

"We originate these loans at the direction of our federal government," said James Eckel, president of NOHIM and senior vice president of lending for St. Francis Bank. "Months from now, borrowers won't be able to use AFDC for loans."

After an Atlanta Journal-Constitution story appeared in 1989 identifying Milwaukee as having the worst lending record to minorities in the United States, Milwaukee Mayor John Norquist

met with housing advocates there. From that NOHIM or home-buying counseling formed, and many Milwaukee institutions were forced to bring records.

Now, W-2 could set back events.

"Banks could perhaps pull investment in the community," Jablonsky. "Unfortunately, this will be low-income people

DANGER OF DEFAULT

There's another disadvantage. Many sell their mortgage on the secondary market, mainly the Loan Mortgage Corp. and Federal Mortgage Association, because it's more and expensive to keep the banks' books. If loans cause a default, those agencies will likely loans for the banks to deal with.

"I would suspect that the lenders engaged in affordable housing whether those loans will be from the secondary market," said Eckel, a lender with Guaranty Bank. \$21 million in affordable housing loans in 1995, the most by any bank in calls its target areas. Spewer cautions, including his, don't be loans on the books because it's to do the processing and maintain accounts.

To that, Gard argues that hard welfare reform was coming.

"I've got to believe banks are going to people who have demonstrated make income," he said. "I can't would expect people to stay on AFDC of a loan. Maybe they ought to reexamine their policies."

News • Notes • Comment

Health Care Next Victim Of W-2?

More discrepancies discovered in federal waiver package

BY DOUG HISSON

The rush to reform welfare in Wisconsin with the Wisconsin Works vehicle hit a few potholes on the downhill slide last week when it was discovered that the Thompson administration is asking the federal government to waive different regulations than what the state Legislature had intended when it passed the law.

The biggest pothole came over the discovery that the state was asking the Feds to allow its so-called W-2 program participants to replace existing workers. It was immediately dismissed by the administration and W-2 backers as a drafting faux pas. But critics wonder what would have happened if the change had not been discovered.

And despite assurances last week by John Matthews, the governor's chief of staff, that "we don't anticipate there are any other inconsistencies," there appears to be another, this time concerning health care benefits.

In one part of the legislation, health care benefits are denied to people who have had access to employer-subsidized health plans anytime within 18 months prior to applying for W-2, but children under age 18 are covered by the W-2 health plan. The waiver, however, states that eligibility applies only to children under age 12, making the waiver provide health care to fewer children than the statute allowed.

In another area, people offered employer-subsidized health care are not eligible for W-2 health care, including children between the ages of 6-12 who are 100 percent above the poverty level. The waiver request states that the rule does not apply to all children under age 12, making the statute provide fewer children with health care than the waiver.

Assembly Welfare Reform Committee Chairman John Gard (R-Peshigo) said Tuesday he could not immediately address the latest discrepancies, but would look into it.

"Nobody is trying to pull any sort of surprises here. This process has been so out in the open," he said.

W-2 would require welfare recipients to work or lose their grants. W-2 workers, however, can be paid below the minimum wage; they can lose their earned income tax credit; and they are not guaranteed a job even if they want one.

W-2 opponents see the discrepancies as the very reason the Clinton administration should take its time to read the fine print before giving Wisconsin the go-ahead with the nation's most sweeping welfare reform experiment.

"It's odd (the administration) is only back-peddling when they were exposed by the AFL-CIO," said one Democratic legislative aide referring to the worker protection changes.

Republicans are especially making hay over what they see as Clinton administration delay in approving the waivers. A 30-day comment period is currently underway and then the administration can also take its time to decide which changes to grant and how the process will work after that. Gard sees the president acting no sooner than Aug. 1.

But even though the waiver allowing welfare cases to replace existing workers will be removed, there still exists no legislated protection against employers lowering wages or reducing hours as a result of bringing on the welfare help. In fact, that protection was removed by an amendment written by Gard.

Gard said no wage or hour protection is needed since it was already covered by federal law. "I'd consider that partial displacement if hours were reduced because they brought on a W-2 worker as part of the workforce ... and that is already covered by federal law."

Other noteworthy provisions on the labor front state that if a W-2 worker is in a union and the union strikes, the worker must cross the picket line. When presented with the scenario that an employer could then stock up on W-2 workers in anticipation of a strike, Gard said "it's highly unlikely" that would happen. "I think that would be a very clear case for violation of federal labor stan-

other changes from the law include counting food stamps, school lunches and other current entitlements as "income" when the state considers whether or not a welfare recipient is poor enough to enlist in the program.

To some, it looks like the Thompson administration is saying that it wants people to work or else they will lose their welfare grants. Then it disqualifies them by adding to their income, making it look like they earn too much to qualify.

State welfare officials say the Feds will not and cannot grant all of the income requests.

"It's a negotiated process to begin with," said Gard, saying the state is asking for more than it really wants, hoping to get what it really wants. "It's unfortunate that we have to go through this cat and mouse process."

Gard said that the conflicts between the waivers and the legislation will get worked out to follow the intent and letter of the law.

"There's also a lot of political game-playing," he said. "The people involved know full well that there's going to be conflicts. If people are truly interested in making this work, hopefully the arguments will be on a philosophical level," he added.

A 30-day public comment period on W-2 began June 10. Send comments to: Howard Rolston, Administration for Chil-

Nicole Bukasek (right), 13, of Racine, had never tasted sauerkraut before. But at the last minute, she joined a kraut eating contest Sunday at the Kraut Festival in Franksville, only to push her plate aside after eating three small bites of her 1-pound serving. Mary Frazier, 11, of Racine, found the taste more to her liking. Shaun Lukas (not shown), 17, of Franksville, won the teen contest by eating a pound in 48.6 seconds.

Lack of guarantees may derail W-2 as it goes through federal review

By JOEL DRESANG
of the Journal Sentinel staff

A lack of guarantees in Gov. Tommy Thompson's Wisconsin Works (W-2) plan might be the main obstacle to President Clinton's approval of the work-based welfare overhaul, some analysts predict.

Especially crucial may be the lack of guaranteed health care for children, even in families who are eligible for W-2 and comply with all the rules.

Despite past insistence from the White House that medical coverage should be assured for all poor children nationwide, the W-2 waiver application being reviewed by the U.S. Department of Health and Human Services contains no blanket guarantees.

"If approved as proposed, the waiver would give Wisconsin broad authority to deny, delay or restrict coverage in virtually any way it saw fit if budget or political pressures eventually push in that direction," said Cindy Mann, a lawyer and health care specialist for the liberal Center on Budget and Public Policy Priorities, in Washington.

Thompson is seeking Clinton's permission to waive dozens of federal rules so that W-2 could begin late next year. Ballyhooed as a model for other states, W-2 is detailed in a 422-page waiver application that Thompson delivered to Washington May 29.

As proposed, W-2 would expand government medical coverage beyond welfare recipients to low-income working families. Initial projections by the Thompson administration estimated that 2,000 more Wisconsin residents would be insured

Working On Welfare

Continuing coverage of welfare reform in Wisconsin and the nation.

under W-2 than under Medicaid, although even administrators admit the numbers are iffy. But none of the care is guaranteed.

A description in the waiver request states: "Under W-2, applicants are not guaranteed placement in a W-2 employment position and a subsequent check nor are they guaranteed eligibility for the W-2 Health Plan or W-2 Child Care."

Kevin Piper, administrator of the Wisconsin Division of Health, said such language shows that W-2 intends to end the notion that anyone is entitled to benefits.

"It's our effort to send a deci-

sive signal that the age of welfare is over," Piper said.

Recent developments have called attention to W-2's lack of guarantees:

■ At a news conference last week in Washington, Families USA, a health care consumers group, denounced W-2 as "a Medicaid minefield" because it ends guaranteed coverage for poor children, requires all participants to pay premiums and diverts \$18 million in federal Medicaid funds to other, non-medical welfare programs.

■ Republican leadership in Congress has suggested that it might split off federal welfare reform from legislation that would convert Medicaid payments to block grants for states.

■ The Clinton administration has repeated its stand on guaranteed health care for children.

"Medicaid seems likely to be a major sticking point because the president has emphasized the importance of the guarantee," said Mark Greenberg, who follows welfare initiatives for the liberal Center for Law and Social Policy, in Washington.

In a May 18 national radio address praising W-2, Clinton characterized the plan as including assurances that are not there in fine print. The White House since has said Clinton made his remarks based on an early outline of W-2.

Families USA contended that under federal law, even states operating programs under a waiver must continue to cover certain children and pregnant women as provided by Medicaid.

Discounting Families USA's rhetoric as coming from the "welfare industry," Piper insisted that W-2 would provide exactly what Families USA has advocated: health care for more families.

"It's going to help ensure that these newly responsible moms and their husbands, if they have them, and their children will have access to a comprehensive package of health care," Piper said.

Wisconsin has fully funded the benefits offered in W-2, Piper said. The state would not abandon needy residents, and groups clamoring for guarantees are perpetuating a system in which recipients are entitled to the largess of taxpayers.

"They're so wedded to the old system they can't open up their eyes to see that the old system is dead," Piper said. "The taxpayers won't put up with it anymore."

Welfare overhaul includes health benefits

Besides requiring welfare recipients to work for their benefits, the Wisconsin Works (W-2) plan would provide health care insurance to low-income families.

Who is eligible:

- Participants whose employers don't pay at least 50% of costs of a family plan.
- Pregnant women and children younger than 6 whose gross family income is less than 155% of the federal poverty level. For a family of three the poverty level is \$12,960.
- Children ages 6 to 12 whose family income is up to the poverty level.
- Families whose employers don't pay at least 50% of plan costs and that:
 - ▶ have at least one child younger than 18, do not receive Supplemental Security Income and have gross incomes below 165% of the poverty level and assets (excluding residence and vehicles) of less than \$2,500. Eligibility could be kept up to 200% of the poverty level.
 - ▶ are expecting a baby and meet the same income and asset limits.
 - ▶ have minor parents living with a parent or other responsible adult who qualifies.
 - ▶ have incomes below 165% of the poverty level after subtracting health care expenses.

What people would pay:

- Monthly premium fees starting at \$20 for families with incomes up to 159% of the poverty level, increasing by \$3 for each percentage point increase above 159%, up to \$143 at the 200% cutoff.
- Participants in W-2 work programs would have premiums deducted automatically from their wages or grants.
- Other W-2 health care recipients would be ineligible for any month in which they do not pay the premium.

Source: Institute for Research on Poverty

JOHN PINCHARD/JOURNAL SENTINEL

FAX FROM

State Representative
Antonio Riley

18th Assembly District

MADISON OFFICE (608) 266-0645
DEMOCRATIC CAUCUS FAX (608) 264-6912
LEGISLATIVE HOTLINE FAX
(608) 266-7038

NUMBER OF PAGES (including this one): 3

DELIVER TO: Bruce Reed @ White Horse

FAX NUMBER: 202-456-5557

NOTES:

F Y I

**IF THERE ARE ANY PROBLEMS WITH THIS FAX TRANSMISSION
PLEASE CALL 608-266-0645**



WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

One East Main Street, Suite 401; P.O. Box 2536; Madison, WI 53701-2536
Telephone (608) 266-1304
Fax (608) 266-3830

DATE: June 18, 1996
TO: REPRESENTATIVE BARBARA NOTESTEIN
FROM: Robert J. Conlin, Staff Attorney
SUBJECT: Wisconsin Works (W-2) Waiver Application

This memorandum describes differences between descriptions of several provisions of the Wisconsin Works (W-2) program contained in the detailed waiver provisions of the waiver application, dated May 28, 1996, and the legislation enacting the W-2 program, 1995 Wisconsin Act 289. The waiver application, which was submitted by the Wisconsin Department of Health and Social Services (DHSS) to the U.S. Department of Health and Human Services, and herein referred to as the "*Application*," requests waivers from various provisions of federal law to enable the state to operate the W-2 program.

Specifically, this memorandum will compare the brief descriptions of nine W-2 provisions contained in Chapters VIII (Detailed Waiver Provisions) and IX (Food Stamps) of the *Application* with corresponding provisions of Act 289.

It should be noted, however, that, in addition to the detailed waiver provisions contained in Chapters VIII and IX, the *Application* is composed of several hundred additional pages of material including more detailed narrative descriptions of the W-2 program, supporting documents and endorsements and a copy of 1995 Wisconsin Act 289. Thus, some of the brief descriptions contained in Chapters VIII and IX that differ from provisions of the Act are more fully and accurately described elsewhere in the *Application*. Where appropriate, these fuller and more accurate descriptions are identified in notes below.

Statutory citations in this memorandum are to provisions of the Wisconsin Statutes as affected by the Act.

- 2 -

A. BENEFIT FOR DEPENDENT CHILDREN OF PARENTS RECEIVING SUPPLEMENTAL SECURITY INCOME

1. Application

The detailed waiver provisions of the *Application* seek approval to operate W-2 so that families headed solely by a parent or parents receiving Supplemental Security Income (SSI) will be eligible for a supplemental payment of \$77 per month per dependent child rather than an Aid to Families with Dependent Children (AFDC) grant for the dependent child. The *Application* also indicates that the income and assets of dependent children will continue to be budgeted against the supplement. [*Application*, p. VIII-3.]

2. Act

Corresponding language in the Act relating to benefits for dependent children whose parent or parents receive SSI was vetoed by the Governor because those provisions in the Act did not reflect the administration's intent [SECTIONS 175 and 209 of the Act]. However, in his veto message, the Governor stated:

A federal waiver is necessary before the department can make this supplemental SSI payment in lieu of an AFDC payment for the child. I am vetoing these sections because the provision in Assembly Bill 591 (the Act) would require the department to make this payment beginning July 1, 1996 whether the waiver had been approved or not and whether the dependent child was receiving AFDC or not. [*Veto Message to the Assembly*, April 26, 1996.]

The Governor went on to make it clear that he is directing the department administering W-2 to pursue the legislation needed to implement the provision as originally intended.

B. 60-DAY RESIDENCY REQUIREMENT

1. Application

In describing the 60-day residency requirement, the detailed waiver provisions of the *Application* indicate that the residency of the W-2 group is to be based on the residency of the "adult member(s) of the group." [*Application*, p. VIII-3.]

2. Act

The Act contemplates the 60-day residency requirement as being applicable only to the applicant for W-2 benefits [s. 49.145 (2) (d)].

[*Note:* Pages III-1 and 2 more accurately describe the residency requirement as being applicable to "applicants."]

C. ELIMINATION OF CHILD CARE DISREGARD

1. Application

The detailed waiver provisions of the *Application* indicate that all participants will make child care copayments based on a percentage of the cost of care and on income and family size. [*Application*, p. VIII-10.]

2. Act

The Act contains broader language and specifies only that participants are required to pay a percentage of the cost of the child care as specified by the department [s. 49.155 (5)].

[*Note:* Other provisions of the *Application* provide a better indication of what the copayment structure will look like. The Tables on pages IV-4 and 5 of the *Application* detail a child care copayment structure of 7.5% of the cost of care for those with incomes at or below 75% of the federal poverty level, 10.0% of the cost of care for those with incomes from 76% to 95% of the federal poverty level and an increasing percentage of the cost of care corresponding to increased income for those with incomes over 95% of the federal poverty level, topping off at 100% of the cost of care for those with incomes at 165% of the federal poverty level.]

D. FRAUD PENALTIES: INTENTIONAL PROGRAM VIOLATIONS

1. Application

The detailed waiver provisions of the *Application* indicate that if a court finds or it is determined after an administrative hearing that a member of a W-2 group applying for or receiving W-2 employment positions, job access loans, education and training or health care benefits, or for the purposes of increasing or maintaining those benefits, has intentionally violated, on three separate occasions, any W-2 provision or policy, the W-2 agency may permanently deny all W-2 employment positions and job access loans to the individual. [*Application*, p. VIII-12.]

2. Act

The Act authorizes a W-2 agency to permanently deny all W-2 benefits, including health care and child care benefits, for such intentional program violations, not just employment positions and job access loans [s. 49.151 (2)].

[*Note:* Page VI-7 of the *Application* notes that the penalty for the third intentional program violation is ineligibility for W-2 benefits and services.]

E. MINOR PARENTS REQUIRED TO LIVE AT HOME

1. Application

The detailed waiver provisions of the *Application* indicate that only teen parents who live at home, presumably with their parents, will be eligible for some W-2 benefits, such as services of the financial and employment planners. [*Application*, p. VIII-12.]

2. Act

Although the Act limits the availability of many W-2 benefits and services to minor parents, the Act does not limit access to a financial and employment planner to minor parents living with their parents. The Act specifically provides that a minor custodial parent is eligible to meet with a financial and employment planner regardless of the minor's income or his or her parent's income. It does not require the minor to live with his or her parents. The Act authorizes a financial and employment planner to provide the minor parent with information regarding W-2 eligibility, available child care services, employment and financial planning, family planning services, community resources, eligibility for food stamps and other food and nutrition programs [s. 49.159 (2)].

[*Note:* Page VI-5 of the *Application* indicates that all minor parents, regardless of income, assets or current living arrangements, will have access to the services of a financial and employment planner.]

F. LOSS OF W-2 HEALTH BENEFITS: EMPLOYER PLAN

1. Application

The detailed waiver provisions of the *Application* state that eligibility for the W-2 health plan ends when the participant becomes eligible for employer health benefits. [*Application*, p. VIII-20.]

2. Act

Although under the Act access to *employer subsidized* health care coverage terminates W-2 health care coverage, W-2 health care coverage is terminated for *unsubsidized* employer health care coverage only after 12 consecutive months of W-2 coverage [s. 49.153 (3) (a) 2. a.].

[*Note:* Page V-4 of the *Application* notes that if an individual has been employed for 12 consecutive months and the employer offers unsubsidized health care, the individual is ineligible for W-2 health care.]

G. GARNISHMENT OF W-2 BENEFITS FOR COPAYMENT OR PREMIUMS

1. Application

The detailed waiver provisions of the *Application* indicate that participants in W-2 employment positions will have health care premiums and child care copayments deducted from either the wages paid by an employer or from grants paid by W-2 agencies. [*Application*, p. VIII-19.]

2. Act

The Act specifically provides for the withholding of premiums for health care [s. 49.153 (4) (d)], but is silent with respect to the withholding of child care copayments. The Act only provides that participants would be liable for payment for a percentage of the cost of child care without providing for how those copayments are to be made [s. 49.155 (5)].

H. FOOD STAMP EMPLOYMENT AND TRAINING EXEMPTIONS

1. Application

The detailed waiver provisions of the *Application* specify certain groups of individuals who will be exempt from the Food Stamp Employment and Training (FSET) Program. The *Application* indicates that an individual who is any of the following will be exempt:

a. The primary caretaker relative who personally provides care for a child under 12 weeks of age living in the home except that, if the primary caretaker relative is under the age of 20 and has not completed high school or received a high school equivalency diploma, he or she shall participate in educational activities described under 45 C.F.R. s. 250.44 (a) (1).

b. Age 60 or older.

c. Working for wages at least 129 hours per month in a job expected to last a minimum of 30 days and his or her hourly earnings are at least equal to the legally established minimum wage for the type of job held. This may include self-employment if the recipient's monthly net earnings divided by the lesser of the state or federal minimum wage equal or exceed 129 hours a month.

d. Under age 16, or age 16 or 17 and enrolled as a full-time student in an elementary or secondary school or a vocational or technical school that is equivalent to a secondary school. A student shall be considered enrolled if the student has not graduated, has not been legally excused from school attendance by the school board or has an excused absence for not more than 30 days due to a physical or mental condition.

e. An 18-year old full-time student in a high school, or in the equivalent level of vocational or technical training, who is reasonably expected to complete the program before

- 6 -

reaching age 19, or an 18-year old enrolled in and regularly attending a high school program leading to a high school diploma.

f. Incapacitated, ill or injured with a medically determined physical or mental impairment which prevents the person from temporarily or permanently participating in FSET activities or holding a job. This shall include a period of recuperation after childbirth if prescribed by the woman's physician. Unless the medical condition is determined by a physician to be permanent, the person shall be reexamined by a physician annually or on or before the date a physician stated the incapacity is expected to cease, whichever comes first.

g. Needed, as determined by the agency, to remain at home to look after another member of the household because of that person's medical condition.

h. Participating in Learnfare. [*Application*, p. IX-6.]

2. Act

The Act specifies that individuals enrolled at least half-time in a school, as defined under the Learnfare Program, a training program or an institution of higher education will also be exempt from the FSET Program [s. 49.124 (1m) (bm)]. It does not appear that these exempt individuals are listed as exempt in the *Application* anywhere other than in the copy of the Act accompanying the *Application*.

1. FOOD STAMP CASH OUT

1. Application

The detailed waiver provisions of the *Application* provide that "Wisconsin proposes to issue food stamp benefits in the form of cash to those households participating in the W-2 program." [*Application*, p. IX-13.]

2. Act

The Act contains no provisions relating to a "cash out" of food stamps.

If I can be of any further assistance to you, please contact me at the Legislative Council Staff offices.

RJC:lah;kja

The Business Journal

W-2 puts low-income homeowners at risk

By Timothy McManus

WISCONSIN, Wis., is a state in need of more money and good jobs. The state's people are the most hard-core unemployed in the nation. The state's unemployment rate is 12.5 percent, the highest in the nation. The state's per capita income is \$4,200, the lowest in the nation. The state's population is 4.5 million, the lowest in the nation.

The state's unemployment rate is 12.5 percent, the highest in the nation. The state's per capita income is \$4,200, the lowest in the nation. The state's population is 4.5 million, the lowest in the nation.

Wisconsin Works puts low-income homeowners at risk, could have adverse effects on lenders, too

"I can't believe (bank) would expect people to stay on AFDC for the life of a loan. Maybe they ought to restructure their own policies."

—State Rep. John Conrad

agreement by apartment and row house owners of low-income housing. The program is being run by the state's Department of Housing and Community Development. The program is being run by the state's Department of Housing and Community Development.

agreement by apartment and row house owners of low-income housing. The program is being run by the state's Department of Housing and Community Development. The program is being run by the state's Department of Housing and Community Development.

agreement by apartment and row house owners of low-income housing. The program is being run by the state's Department of Housing and Community Development. The program is being run by the state's Department of Housing and Community Development.

agreement by apartment and row house owners of low-income housing. The program is being run by the state's Department of Housing and Community Development. The program is being run by the state's Department of Housing and Community Development.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

working with the government on financial aid. The hope was that people could become more self-sufficient and build the American dream by working. Working means it part of the state's economic development plan.

**FAX COVER SHEET**

TO: Bruce Reed
FAX NUMBER: 202/456-5557

FROM: David Riemer
City of Milwaukee
Department of Administration
200 E. Wells Street - Room 606
Milwaukee, WI 52302
Office: (414) 286-3850
Fax: (414) 286-8547

NUMBER OF PAGES BEING SENT (INCLUDING COVER SHEET): 18

**IF THERE IS ANY PROBLEM RECEIVING THIS TRANSMISSION, CONTACT
(414)286-
3850.**

MESSAGE:

Bruce--

The local press on W-2 has swelled into a flood. Archbishop Weakland's op-ed piece in the Washington Post has generated a lot of the stories, but even apart from that W-2 is getting big coverage.

Two items I particularly wanted to call to your attention:

--Rep. John Gard, Gov. Thompson's point man on W-2 in the State Legislature, sent a letter to the editor that simultaneously trashes both Mayor Norquist and President Clinton. Gard wrote: "He [i.e., the Mayor] has tried to have it both ways in his true Clintonesque style." This continues the Thompson policy--often using surrogates--of trashing any elected official who disagrees with them on W-2 (and most other issues). Expect Thompson and his

allies to trash the President whatever the President does on W-2. They'll trash you big if you reject the waiver request or attach conditions, but they'll also trash you as much as they can if you rubber-stamp it. Make no mistake about it.

--The Journal/Sentinel, embracing the Mayor's approach, has now written an editorial that calls on President Clinton to approve W-2 with conditions. "Still, the federal government should neither reject W-2 out of hand nor swallow it whole. Rather, the Clinton administration should insist that the state fix the most glaring problems."

What the story on your end?

David

MILWAUKEE JOURNAL SENTINEL

JULY 5, 1996 — FINAL EDITION

INTERGOV. RELATIONS
APR 606
0057110
00 E WELLS
-3747

SUMMERFEST
Not everyone likes festivals / BUSINESS
Femmes still can wow crowd / ENCORE
R. Kelly mixes secular, sacred / CUE



NEW PLAN FOR HUMBOLDT BLVD. DEVELOPMENT



BUSINESS

Milwaukee Journal Sentinel
Friday, July 5, 1996

Weakland opposes W-2 program

Archbishop makes plea for children

By FRANK A. AUKOFER
of the Journal Sentinel staff

Washington — Warning of "a tragedy for the poor and a moral blemish on the earth's most affluent society," Milwaukee Archbishop Remberth Weakland urged President Clinton and Congress in an article Thursday to reject Wisconsin's welfare reform program.

The program, called Wisconsin Works, or W-2, was developed by Gov. Tommy Thompson and approved by the state Legislature. Thompson has asked the Clinton administration to approve waivers from current federal law that would allow the program to go forward.

A 30-day period for public comment on the waiver requests ends next Wednesday,

and Clinton's chief of staff, Leon Panetta, has promised a final decision within a few days after that. Wisconsin welfare officials say more time may be needed to iron out details.

Clinton endorsed W-2 in a May 18 radio broadcast.

Weakland, who recently ended a six-month sabbatical, made his appeal in an opinion article in Thursday's

Washington Post. W-2 amounts to a repeal of a longstanding commitment by American society to care for the poor, especially children, he charged.

Weakland has written and spoken before about welfare. Shortly before beginning his sabbatical, Weakland issued a



Weakland

moving, personal plea that the church and government not forget about the poor, and drew upon his own life growing up poor.

"Catholic social teaching holds that the poor, especially children, have a moral claim on the resources of the community to secure the necessities of life," Weakland wrote.

Please see W-2 page 9

Report says one in six Milwaukee kids would get child care with W-2

Cardboard crusaders

RUSSIAN ELECTION:
Yeltsin offers foes a challenge

JUL -08 96 (MON) 12:01 DOA INT. GOV. RELATION TEL: 9 414 286-8547 P. 005

W-2/Weakland urges Congress to reject plan

Thompson ai archbishop's w

'We're proud to disagree,'
Keane responds

By MEG JONES
of the Journal Sentinel staff

Sharply disagreeing with Milwaukee Archbishop Rembert Weakland's Washington Post opinion article against W-2, a spokesman for Gov. Tommy Thompson responded Thursday by saying the archbishop had never proposed anything to help poor people get off welfare. "They have not offered anything constructive. They talk one way but they don't want to do the action that's needed," Kevin Keane said in a phone interview.

Keane, the governor's press secretary, also pointed out that he and Thompson are Catholic.

Keane said the system proposed by Thompson was more compassionate because it helps

From page 1

in the Post. "For more than 60 years, our society has recognized this claim with a covenant that ensures a minimal level of assistance for food, clothing and shelter to poor children and their families."

He said millions of children had relied on that covenant since the 1930s, and noted that more than 120,000 children in Wisconsin relied on Aid to Families with Dependent Children (AFDC), the welfare program that would be replaced by W-2.

In response, Kevin Keane, a spokesman for Thompson, said, "It's very disappointing that the leader of Wisconsin Catholics is defending a system that hurts the people they claim to want to protect, that traps the poor in a life of dependency."

Weakland said that he and other Catholic bishops "who grapple with the needs of the poor" agreed that the current

welfare system was in need of major reforms, and had offered constructive proposals.

People of good will, he wrote, can argue over the need to modify AFDC so it better serves its basic purpose.

"But it is patently unjust for a society as affluent as ours to nullify that covenant," he wrote.

As approved, "the Wisconsin Works program does just that. The enabling statute for the W-2 proposal specifically states no one is entitled to W-2 services, even (those) who are eligible to receive them."

"It is one thing to change the rules of the welfare system. It is quite another thing to say, 'Even if you play by the new rules, society will not help you.' This is not welfare reform but welfare repeal."

'Not Morally Justifiable'

Such a message, Weakland wrote, "may be politically attractive in this election year; it is

not morally justifiable."

He said critics of the welfare system alleged that public assistance undermined personal responsibility. He said that was a generalization.

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

Weakland said his experience in developing a pastoral letter for the U.S. bishops on economic injustice had impressed on him the truth that poor families were especially vulnerable to economic downturns triggered by national and international events.

Moreover, he said that even prosperous states like Wisconsin, with its low unemployment, could not ensure that everyone who wanted to work could earn a wage to support a family.

"So long as this is the case," he wrote, "it is unwise and unjust for the federal government

to abandon its commitment to the poor. Our covenant with needy children must remain the responsibility of the entire American family."

Weakland said the president and Congress needed to recognize that they could not repeal the assurance of public assistance for the poor in Wisconsin without having repeal become a national policy.

"Once such a repeal is granted to a single state," he wrote, "others will seek similar license. The poor will lose their safety net by degrees as surely as if Congress and the president repealed it all at once."

Weakland said he could appreciate the burden of difficult choices in an election year. But he said the short-term political outlook should not cloud moral vision.

"America's 60-year covenant with its poor children and those who nurture them must remain unbroken," he wrote.

STARTS TODAY!

extra 30%

JUL -08 96 (MON) 12:02 DOA INT. GOV. RELATION TEL: 9 414 286-8547

MILWAUKEE
JOURNAL SENTINEL

MILWAUKEE

METRO AND STATE NEWS



Rabbi Lerer following father's footsteps
Page 2

Spring, bee
sour hopes
fruitful apple,
harvests
Page 5

July 6, 1996

FINAL EDITION

SECTION B

Weakland's work defended

Keane taken to task for remark on archbishop's efforts to help poor

By JO SANDIN
of the Journal Sentinel staff

A spokesman for Gov. Tommy Thompson ignored years of work, pages of proposals and hours of testimony when he accused Milwaukee Archbishop Rumberg Weakland of failing to offer con-

structive proposals to help poor people get off welfare, the head of the Wisconsin Catholic Conference said Friday.

John Huebscher, executive director of the conference, which formulates and publishes positions on public policy, responded to statements made Thursday by Kevin Keane, the governor's press secretary.

In voicing disagreement with Weakland's Washington Post opinion article opposing

the governor's Wisconsin Works, or W-2, welfare program, Keane suggested that the archbishop was a talker, not a doer on the matter of helping the poor.

Keane, who could not be reached for additional comment on Friday, had said Thursday: "They have not offered anything constructive."

Weakland's article was prompted by Thompson's request that President Clinton approve waivers from federal law that would allow the W-2

program to go forward. Federal officials have said a decision on those waivers likely will be made this month.

Huebscher suggested that reporters might have reached Keane at a bad moment on the July 4 holiday. "I'd like to cut him a little slack," he said.

Huebscher said, however, that he also would remind Keane that Wisconsin's five Catholic bishops last September released detailed proposals for welfare reform for which Huebscher has been a

vocal advocate at legislative hearings. The proposals represented years of study and discussion on the matter, Weakland said at the time.

Priorities Outlined

At a Sept. 13 news conference releasing a 10-page summary of the proposals, Weakland carefully avoided criticizing the governor's W-2 plan. However, he urged all policy makers against using

Please see WEAKLAND page 7



EVANS

is life?
ht think
adium

that we're sending
en about the priori-

y, who looked about
the slogan "Basket-
s, but I know he
r himself. And I'm
n who purchased
essage.
ort is life for me.
ildren are life. But
n literally, deval-
y.
t pro basketball
al TV that family
was the most im-
portant thing to

Hot stuff



Stadium oversight to shift

State will no longer provide consultants for building Miller Park

TEL: 9 414 286-8547

P. 005

nce

From page 1

Sales have been extremely hot, and there is talk about the possibility of opening up another stand on the southern half of the grounds, Kanekoa said.

"People come down here and want to relax and have a good smoke," Kanekoa said.

Cigars for sale range in price from \$2 to \$25. For cigar novices, the guys at Shaker's will even help you out. (You must be at least 18 to purchase tobacco products.)

"We tell people to smoke what tastes good to them," Kanekoa said. "Some people might like the \$5 cigars better than the \$25 cigars."

For Vic Lauenstein, a retired salesman from Milwaukee, the sight of young people smoking cigars is a delight.

"I can't smoke them any more, but watching them reminds me of when I was 22," Lauenstein said. "We used to have fun too, you know."

One of the best things about cigars and Summerfest is that if you don't like the smell of cigar smoke, the open-air concerts and lake breeze eliminate most major problems.

"It's not like being in a restaurant or something," Lauenstein said. "People have enough space to keep their smoke to themselves."

The other hot trend in 1996, Dr. Seuss-type hats, appears to have taken off for entirely different reasons.

different reasons.

"Everyone has one," said Jamie Hayes, 14, of Hales Corners, who paid \$6 at Summerfest for one of the tall, striped hats. Inspired by the Dr. Seuss character the Cat in the Hat.

"They stand out in a crowd," said Beth Surba, 16, of Greenfield.

Like cigars, you can find someone wearing the hats just about anywhere at Summerfest. They vary in colors and styles and run from about \$3 to \$4.

"You see them all over the place, even at Great America and Summerfest," Beth said.

Dr. Seuss hats, which have long been a part of the alternative music scene but have only lately made it to the mainstream, seem to appeal particularly to fest-goers under legal drinking age.

After all, for the cost of one trendy hat, someone over 21 could buy two frothy beers and even leave a nice tip for the overworked bartenders.

Attendance notes: Summerfest continued to run well ahead of last year's attendance figures with another strong showing Friday.

As of 9 p.m., 95,953 people had passed through the gate Friday, compared with 64,160 for the same time on the same day last year. The cumulative attendance for 1996 through nine days of the festival is 874,422, compared with 647,758 at the same point in 1995.

defended

From page 1

calls for personal responsibility as excuses for abandoning the poor. And Weakland and the other bishops strongly encouraged adoption of reforms that would include these priorities:

■ Reducing poverty by addressing funding levels to meet increased demand in times of economic recession. "Policies that never deny children basic needs because of the behavior of their parents," the bishops' proposals said.

■ Valuing families by allowing single parents to remain at home with their children until the youngest is at least 2, "preferably 3."

The bishops' program said family caps on the number of children eligible for welfare payments were "an unjust response to poor children who did not choose their parents and may lead to an increase in abortions."

■ Making use of all available community resources, including those of churches and parochial schools as places where first-time parents may develop parenting and job skills.

■ Rewarding work with an increased minimum wage adequate to the basic needs of a single adult and with a combined income from wages, wage subsidies, tax incentives and government cash assistance sufficient for the size of each family.

■ Encouraging the working poor by ensuring universal health care and child care subsidies adjusted for income available to families below 175% of the poverty level.

■ Avoiding "one size fits all" approaches by offering greater counseling and support to high-risk individuals such as unmarried mothers and those who lack a high school diploma, a recent work history, English proficiency, literacy, and unimpaired physical or mental ability.

Huescher added that after the bishops released their statement, the National Conference of Churches, in speaking out on welfare reform, took pains to endorse the work of the Catholic Church in that area of public debate.

"Evidently, some people think we have made some constructive contributions," Huescher said. "I'd also point out that these are the same bishops, this is the same church, and this is the same body of social teaching that Mr. Keane praises when we come out for parental choice for religious schools. So presumably we have done something to contribute to the needs of poor people."

"Trailway,"

Paintings, pottery, jewelry.

the "Trailway,"

Food and beverages will be available.

SUNROOMS

SUNROOMS, PRIBO ROOMS, JACUZZI SPA

VISIT OUR SHOWROOM OR CALL FOR A FREE BROCHURE

CALL FOR A FREE BROCHURE

FOUR SEASONS CONCRETE

Independently Owned & Operated
17260 N. National Ave., New Berlin, WI 53151
1-414-797-8818

Outdoor Living...Indoors

SPECIAL Aircore PRICES

Includes 90% AFUE Gas furnace & Central air conditioning, 30,000 BTU Gas furnace & 2 ton central air conditioner, installed to existing ducts. Permit & wiring extra

\$2500 INSTALLED

Qualifies for WI Gas Co. 160 REBATE - 5 yr. parts warranty - Limited offer

West Allis Heating & Air Conditioning
Sales • Service • Installation
2264 S. 72nd St.
West Allis

"Call the Experts"
543-2800

SOUTHWESTERN TREASURES

AMERICAN INDIAN ART SHOW & SALE

WAUKESHA COUNTY EXPOSITION CENTER
1000 NORTHVIEW RD., WAUKESHA, WI.
EXIT 294 S. INFO: 548-7204/7200
7000 SQ. FT. OF REAL INDIAN ART

July 5th-6th-7th
Friday, Saturday & Sunday
10 A.M. - 6 P.M.

Don't Miss The Event
A Below Reason To The Public

Artwork from over 100 Artists

FREE ADMISSION

Thousands converge on Oneida homecoming

Annual powwow draws visitors from throughout U.S., Canada

Associated Press

Oneida — Thousands have gathered for the 24th annual Oneida Pow Wow, a four-day event that is drawing visitors from around the United States and Canada.

Among the 6,000 people at opening day Thursday were 300 dancers, some in colorful ceremonial dress.

For Cheryl Antona, of Oneida, Ontario, it's the 20th visit to the lush and rolling hills 7 miles west of Green Bay in Outagamie County.

She pays her way by selling handmade beaded earrings, hair clips, jewelry and pottery with markings of the Oneida bear, turtle and wolf clans.

"I come because these are my

hairs' place.

"They must be very athletic and there is a lot of talent involved, keeping time to the drums," Anderson said.

Mary Ann Melgren Hendricks and Kelly Metzoxn don't get much time to watch the ceremonial dances or hear the singers and drummers.

At Fry Bread Heaven, their 6-by-12-foot trailer, they are too busy selling Indian loaves: fry bread, deep-fried and stretched baking powder dough, corn hull soup; and blanket togs, frankfurters wrapped in thin fry bread.

"We're on the go every weekend from May into October — into Michigan, Illinois and Minnesota," Hendricks said.

Indian Summer is one of the ethnic festivals that follows Summerfest on Milwaukee's lakefront.

For Nicole Strobantis, 14, of Green Bay, however, this is the powwow. She was named ju-

For the complete story of Milwaukee's



Milwaukee Journal Sentinel

SUNDAY, JULY 7, 1996

W-2, in effect, would leave many kids hungry

By REMBERT G. WEAKLAND
Special to the Washington Post

Catholics in Wisconsin have been in the trenches serving the needy since the Daughters of Charity began their work with the poor of Milwaukee in 1643. I and my family relied on welfare to survive in the 1930s. So it comes naturally for me to consider the implications of Wisconsin's proposal for welfare reform, known as Wisconsin Works or W-2.

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

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

from individual states, even my own, that withdraw this guarantee.

Catholic social teaching holds that the poor, especially children, have a moral claim on the resources of the community to secure the necessities of life. For more than 60 years, our society has recognized this claim with a covenant that ensures a minimal level of assistance for food, clothing and shelter to poor children and their families. Millions of children have relied on



Rembert G. Weakland is the Roman Catholic archbishop of Milwaukee.

that covenant since the 1930s. In Wisconsin, more than 120,000 children rely on Aid to Families With Dependent Children (AFDC) today.

'I have no intention to whine about my showing'

By MICHAEL GORBACHEV

One of my post-election intentions is to help make the social, economic and political changes needed in our country, possibly through the creation of a new political party.

I would like to see a united democratic opposition, one that would unify large segments of Russian society.

I have no intention to whine about my showing in the election (about 400,000 votes, or about 0.5%).

I am a politician, and I will continue to be one. I got into the election because I thought my participation would stimulate the process toward constitutional and democratic development. I also felt it would be immoral to stand on the sidelines. I think I added important dialogues to the election.

There were some positive developments, not the least of which was that the election itself proved that democracy is taking root in Russia. Almost up to the end there was speculation that the election wouldn't happen.

I am only sorry that one of the democratic opposition candidates didn't reach the second round. This would have been a tremendous achievement.

Michael Gorbachev heads the Gorbachev Foundation, a political think tank in Moscow. This brief excerpt is from a monthly column he writes for La Stampa, a newspaper in Turin, Italy.



People of good will can argue over the need to modify AFDC so it better serves that purpose. But it is patently unjust for a society as affluent as ours to nullify that covenant.

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

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

Even if one accepts the premise that the W-2 program offers poor families help in return for work, this premise collapses if the help is not provided. The president and Congress must insist that W-2, indeed any welfare reform proposal, serve all who are eligible.

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

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

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

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

Please see WEAKLAND page 2



Disney's feel-good 'Hunchback'

By KATH WOLFE

"Mommy, Mommy, buy me the hunchback! Please!" pleaded a little girl at my local Disney Company store. "Sorry," the clerk said, "we're out of the stuffed Quasimodo. The kids love to touch his hump."

That was the scene one recent day after "The Hunchback of Notre Dame" began playing at my area shopping mall.

Much has been said about Disney's latest blockbuster: its animation, its music, its dumbing down of Victor Hugo's literary classic. Yet little notice has been taken of how Disney's newest hit affects those most affected by this film: the disabled.

To the majority of moviegoers, "The Hunchback of Notre Dame" may be a feel-good summer movie. But for



Friend of gargoyles, Disney's Quasimodo atop Notre Dame

those of us who are disabled, the film is an insult to our dignity.

As a legally blind child, I grew up without role models. Disabled characters in movies were either bitter veterans, beggars, monsters or saints. Not an appealing array of

career options.

"The Hunchback of Notre Dame" is no exception, though Disney has given Quasimodo a makeover and a nickname (Quasi). Quasimodo is now a more lovable, less monstrous creature than he was in previous versions of the film.

This E lite.

But movi disabled portraits forme betw super

The offsa well-l deme and Ja inatit "huru withi full tjt

Pe asked them the m Disne propo of a p- defor has a being does:

Finally, the Soviet Union went out of business. It had been a mighty empire. Now its vassal states — Poland, Czechoslovakia, Hungary, Romania and Bulgaria — gained the freedom to go their own ways. The captive nations — Estonia, Latvia, Lithuania, Ukraine and the various Caucasian and Central Asian territories — gained self-determination.

Gorbachev's achievement was not what he planned. He intended a thorough-going reform that would strengthen the Soviet Union, not destroy it. Perhaps it was mere inadvertence that created a safer world and a reformed Russia, that promoted

pie who were on the verge of the future voted for what Gorbachev started, even if they don't give him the credit — free elections and economic opportunity.

Yet spare the old-thinkers a tender thought. Some of them were inspired once to believe in a radiant future when human nature would be transformed and suffering eliminated. They were told to sacrifice personal ambitions for that future.

They were deceived. And it was Gorbachev who undecieved them. Of course they hate him. He told them their lives and sacrifices had been for nothing.

During the election campaign voters said of Gorbachev that he was a weakling and a temporizer. He couldn't do anything right. He frittered away the citizen's pride in the Soviet superpower, and replaced it with nothing. Lovers of the free market remember that Gorbachev insisted he was a Communist. But convinced Communists know that Gorbachev sold out communism.

Chalk it up to politics. In free societies the politician must blur differences, must be all things to all voters, must endure the contempt of those with fixed principles.

In free societies. But Russia never was a free society. Until Gorbachev transformed it. He is only 65. He may yet live to see the day when history's judgment overtakes the voters' disappointment.

Hal Paper is the editor of The Baltimore Sun's Opinions/Commentary page and was the Sun's Moscow bureau chief from 1975 to 1979.

Weakland/W-2 leaves hungry kids

From page 1

family.

Moreover, this critique of welfare ignores the fact that rights and responsibilities are not mutually exclusive but complementary. In the context of welfare policy, a right to work is grounded in a responsibility to support a family. This is relevant when assessing another aspect of W-2.

According to our state's own projections, 75% of the families now on AFDC will be assigned to W-2 work slots that provide less than a full-time worker earns at the minimum wage. Accordingly, the responsibility of these parents to care for their

Rembert Weakland says:

"The poor will lose their safety

net by degrees as surely as if

Congress and the president

repealed it all at once."

children must be supported when necessary by a safety net adequate to meet the family's basic needs.

Finally, the president and Congress must recognize that they cannot repeal the assurance of public assistance in Wisconsin without making it a na-

tional policy. Once such a repeal is granted to a single state, others will seek similar license. The poor will lose their safety net by degrees as surely as if Congress and the president repealed it all at once. Such an outcome would be a tragedy for the poor and a moral blemish on the earth's most affluent society.

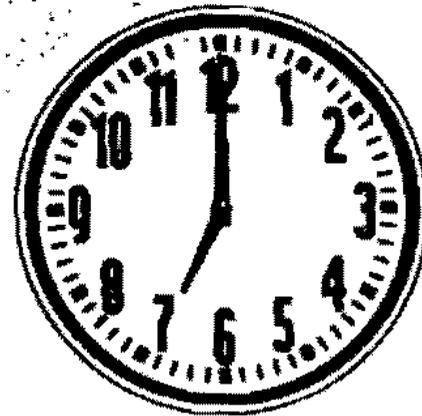
One can appreciate the burden of difficult choices in an election year. Nonetheless, the short-term political outlook of the candidate must not cloud the moral vision of the leader. America's 60-year covenant with its poor children and those who nurture them must remain unbroken.

sney offends

he sensitive to the disabled in "The Hunchback of Notre Dame." Despite Disney's stated intent, the film may incite children to recoil from disabled people or address them by the epithet "hunchback."

Disney will make millions from "The Hunchback of Notre Dame" and its marketing of "hunchback" products ranging from candy bars to coloring books to tooth brushes. But it may cost disabled people their dignity.

Kathi Wolfe, of Falls Church, Va., writes on the media and disabilities for "Mainstream Magazine" and "One Step Ahead." She wrote this commentary for the Progressive Media Project in Madison, WI.



For all our advertisers who like to start early, here's our early start time.

Fast, helpful, friendly. Our 7 a.m. start time means better service, more convenience. Try us early and get off to a fast start.

MILWAUKEE JOURNAL SENTINEL



Milwaukee Journal Sentinel
Sunday, July 7, 1996

THE STORIES BEHIND

5 — Madison resident
steals a birdie on the
7 at the Motorola West-
: III. With seven birdies
ricker enters today's
no-stroke lead.
Story on 1C

& STATE

1 — Wilbert Roundtree's
fits the record at Wash-
nt on to be a junior col-
asketball player. His
ended for lack of
back in Milwaukee, the
ght would make it died
e 24. He was 31.
Story on 1B

"We've never had better
d this year," said Sum-
Black. The massive bash
with attendance up
r and the faint glow of
Black said event officials
ding Major Festival Park
Story on 1B

UGGLES — The good
soaring under a state
year. But the value of
ic material has plunged.
rs bringing nearly noth-
ilities and waste suppli-
ce, hoping the price will
Story on 5B

A major recruitment
official called the hiring
who will head UWM's
re Training Program. De-
tor, plans to make UWM's
lempotary. Story on 1B



Milagros Fontanez, 29, works as an employment search assistant at the Milwaukee North JOBS office. She is among the thousands of welfare recipients who have found work as Wisconsin becomes the first state in the nation to move from welfare to a work-based system to provide for poor families.

Two women show stark contrasts

By Marco Houston
of the Journal Sentinel staff

Last year, Milagros Fontanez and Katie Taylor both were welfare mothers.

Now, Fontanez has a job paying \$9.11 per hour; Taylor has been evicted from her apartment. These two women illustrate how reforms leading up to Wisconsin Works (W-2) — the first statewide program in the nation to require people to work in order to receive welfare — are affecting recipients in Milwaukee and around the state.

Under W-2, set to take effect in September 1997, recipients will be limited to five years of work benefits, but their child care and health care benefits could continue much longer. W-2 needs federal approval, either by legislative action in Congress or by waivers of existing rules. A decision on the waivers could come this month.

Meanwhile, reforms have arrived with a thud in the lives of the 56,000 state residents receiving Aid to Families with Dependent Children. Under Operation Transition to W-2, AFDC



GARY PORTER/STAFF PHOTOGRAPHER

On another day, Fontanez says, "I am so tired. My wish is to go to a motel and check in and just sleep."

recipients are required to look for jobs to qualify for their grants. If they don't, the grants are cut or eliminated.

Last month, 3,195 AFDC recipients had their grants cut for not participating as required. Thousands of others found jobs.

The Journal Sentinel interviewed dozens of welfare recipients during the past month and found women in varying stages of readiness and un-

derstanding of the reforms. It's also clear that the sweeping changes planned under W-2 will not come cheaply.

It often costs more to have families go off welfare, especially if they have a large number of children, said Maria Cancian, an economist at the Institute for Research on Poverty of the University of Wisconsin-Madison. A key component for W-2 is child care subsidies.

Stacey Oliner, an associate professor of sociology and urban studies at the University of Wisconsin-Milwaukee, says the difficulties of balancing work and family often create a revolving door between work and welfare — a trend state officials hope to end.

The struggle to get off and stay off welfare is a battle that Milagros Fontanez has won and that Katie Taylor, at least for now, has lost. Their stories begin on Page 10.

MORE INSIDE

State's welfare reforms bring flood of opposition in Washington, D.C. ... 11A
Monday: Business owners lobby about their limits for unemployment insurance in Monday Business

ATION

7 — The NAACP
al convention with its debt
w leadership and a mis-
urance and insensitivity.
veisi Mfume mentioned
nd court rulings on voting
native action. Story on 9A

INDEX

style ... 1C Real Estate ... 1F
on News ... 1B Sports News ... 1C
ves ... 2E State News ... 5B
local News ... 8A Travel ... 1H
deal Possibilities ... 10E World News ... 1A
he Net: <http://www.wisn.com>

TODAY'S TM14 WEATHER



Today:
85 / 65
Showers early
Thursday Sun.

Monday:
83 / 60
Scattered
 showers possible.

IF AND FORECASTS ON BACK OF SPORTS

WORKING ON WELFARE

In the working world Programs help transition from welfare to a job

Milagros Fontanez, looking regal in red high heels, a red blouse and a long print skirt, led a parade of co-workers out to the sweltering parking lot and showed off her first car as if it were an Olympic medal. For her, coming from having nothing to having a piece of the American dream, the silver '91 Pontiac is a medal of sorts.

It is security. With it, she knows she can get to work — without borrowing a car as she had been doing.

Her co-workers shouted, "Congrats," and "Nice going, Mila." She stretched up her arms in victory and they tapped her hands and kicked the tires, smiles all around.

She leaned on her open car door and patted the roof. "It was a lot of hard work," she said. She got in, turned on the air conditioning and drove to My School Daycare Center, 8021 W. Capitol Drive, to pick up her children — two boys, two girls, ages 4, 7 and 10.

Fontanez, 39, is among the thousands of welfare recipients who have found work as Wisconsin becomes the first state in the nation to move from welfare to a work-based system to provide for impoverished families.

Her transition in work began a year ago, when she was receiving \$708 a month from AFDC and assigned to go first into a job search program, then to a work experience program. She worked every day at Milwaukee Job Service but still received only her \$708 grant.

"I wasn't getting paid, but I was getting experience and I knew for sure that if I did my best, I was going to get a job."

Her persistence paid off and in March, Fontanez was hired at the Milwaukee North JCS office as a X, Teutonia Ave. near W. Silver Spring Drive.

Fontanez drove through rush hour traffic to the day care center, where all four of her children ran to her, arms open, singing a chorus of "Mom." The

children told of field trips and making macaroni jewelry as they showed in a little swarm around their mom.

To Fontanez, the child care center, like the car, is essential for her to keep her job.

"My big worry is my child care payment — that I cannot afford it," she said. Without a

Milagros Fontanez, office worker.

"I wasn't getting paid, but I was getting experience and I knew for sure that if I did my best, I was going to get a job."

subsidy, her child care costs would be more than her take home pay of \$1,471 a month.

Her child care costs \$90 per child per week, or \$360 a week and \$1,360 a month, said Mary Jane Stehlow, owner of My School. She says the Fontanez children are "well-behaved, respectful, friendly, happy kids. And their mom is wonderful, too."

Fontanez pays \$43 a month for the day care, which she says is an excellent "that I don't have to worry about my children. I can give my job my all."

The remainder of the cost is paid by Milwaukee County's Transitional Day Care program for families that have worked for their way out of AFDC. Fontanez is worried that she will lose the subsidy because the program has been limited to one year.

The chief administrator of the state's welfare programs says Fontanez and the hundreds of other women on Transitional Day Care no longer need his money.

"She should love W-2," said Ivan Rogers, who helped design the reform. "There is no time limit on child care. ... As her earnings go up, her co-pay will

go up, but there's no cliff (sharp increase). She will be eligible for a subsidy as long as her income does not exceed 165% of poverty."

For Fontanez's family of five, 165% of the federal poverty level is \$2,528 a month.

Under W-2, Fontanez' co-payment will be about \$375 a month. "It's still a tremendous amount of subsidy," Rogers said.

The current Transitional Day Care subsidies will continue and be converted to W-2 subsidies when that plan takes effect in September 1997, Rogers said. There will be no gap, "and no waiting lists."

Asked if child care was guaranteed, Rogers replied, "It's not a guarantee, but the Legislature has said it is very committed to fully funding child care on an on-needed basis."

Child care subsidies are expected to jump from \$44 million this year to \$158.5 million in the first year under W-2, and \$180.2 million in the second year.

Helps Others Like Heranif

Back to Fontanez, whose first name, Milagros, means miracle. She is a miracle, she explained, because she was born three months premature and weighed only a pound and a half.

She and her now ex-husband moved from their native Puerto Rico to Milwaukee four years ago, hoping for a happier marriage and a better life. But the couple soon divorced. He moved to Florida and has not paid child support, and she went on welfare and began studying English.

Fontanez' move from welfare to work is another miracle, she said. "It came to me, but I also worked hard to be here today. And I really want to be here."

Here is the JOBS reception area, where she works as an Employment Search Assistant. Her goal is an \$24,000 — that's more money and more responsibility and I know I can handle it," she said.

In her job, she serves as a traffic cop for a steady stream of people into the office, fanned off by a whistle. Fontanez uses a phone, calling a case manager when needed, as she directs the line of customers alternately to waiting-room chairs or to the jobNet computers.

Fontanez believes the secret of a special purpose for the welfare recipients among her customers, "I've been there and I know what they are going through. I



Milagros Fontanez takes a break in her kitchen after bringing her children home from day care.

BASE STUDY		MONTHLY BENEFITS UNDER W-2	
\$708 grant	\$1,517 child care	\$1,517 child care	\$1,517 child care
\$360 food stamps	\$108 food stamps	\$108 food stamps	\$108 food stamps
\$1,068 total (old welfare care)	\$1,625 total (job search care)	\$1,625 total (job search care)	\$1,625 total (job search care)

Source: Department of Workforce Development, Technical Support Center, Milwaukee, Wis. (2000)

can get them to be more positive about it," she said.

Soon, a woman came in, angry because her grant was cut and her caseworker said she had to report to job service to get it reinstated. Several women, carrying babies, were waiting in line behind her. Fontanez looked tired.

On another day, as Fontanez was about to take a nighttime nap in a borrowed van, she told her co-worker, "I am so tired, but I have to go to a moral and check in and just sleep."

A Long Work Day

A person can get tired just following Fontanez through her day, which begins around 5:30 a.m., maybe with a head of wash, and ends around 11 p.m. after she has finished dinner around the 14-unit apartment complex that she manages.

Managing the complex en-

ables her to live in a three-bedroom townhouse on a tree-lined boulevard on the northwest side for a reduced rent of \$200 a month. "I used to live on the south side. That place was older and full of roaches," she said.

Fontanez and the children had just arrived home — it was 6:15 p.m. She hit the couch in the sparsely living room and, in an instant, had yanked off her red high heels and socks and was massaging her feet.

Within minutes, she was massaging her feet. She was massaging her feet. She was massaging her feet. She was massaging her feet.

On any given evening, after a half-hour on the couch, Fontanez' second job begins and she goes around the apartment complex, picking up garbage, checking for problems, collect-

ing rent, feeding the yard or taking care of the latest leaky faucet. By 6:30 or 7 p.m., she's back home, making dinner.

At 9 p.m., the children start showering and getting ready for bed. When they're in bed, Fontanez does small repairs around the apartment complex, makes arrangements for prospective tenants to view units, finishes laundry and gets herself and her family ready for another day.

Says Rogers of Fontanez and others like her: "People are wonderful in their resilience. When the folks around us expect the best from us, we usually produce the best. That's one of the biggest changes in the system."

"The old system looked at the client as the victim. We don't expect much of victims. W-2 looks at our clients as job seekers, who come with the same hopes and dreams and potential for success as you or I."

Fontanez has a message for Rogers:

"I'd say, the new system is really working, but I think that we cannot do it by ourselves with \$3 an hour. We need better-paying jobs and a little help so we can get up on our feet. Like what is going on with me."

— Milagros Fontanez

WORKING ON WELFARE

Hundreds protest welfare reform

Most urge Clinton to reject W-2 waivers, but some support changes

By FRANK A. AUROFER
of the Journal Sentinel staff

Washington — Milwaukee Archbishop Rembert G. Weakland is far from alone in his opposition to Wisconsin's welfare reforms.

Here at the Administration for Children and Families, which is part of the Health and Human Services Department, many hundreds of letters from all over the country voice some of the same concerns.

The vast majority urge the Clinton administration, as Weakland has, to reject the reforms, or at least to insist on changes to guarantee assistance to needy children. Called Wisconsin Works, or W-2, the program was developed by Gov. Tommy C. Thompson and passed by the state Legislature.

The letters arrived in response to a 30-day public comment period that is legally required before the administration can grant the waivers from current federal law that would allow Wisconsin to buyevent W-2.

The comment period ends Wednesday. Clinton endorsed W-2 in a radio broadcast May 14.

Among those who have asked that the federal waivers be blocked or revised are Mayor John Norquist; Ellen Bravo, executive director of Wof, the National Association of Working Women; and representatives of the Wisconsin Conference of Churches, the Interfaith Confer-

ence of Greater Milwaukee, the Child Abuse Prevention Network and the Milwaukee Council on Alcoholism and Drug Dependence.

Many of the letters are from individuals and representatives of church, labor and social welfare organizations and coalitions. The vast bulk of them are identical form letters signed by individuals, as in one that says, "Mothers and children will become poorer and low-wage workers in states will experience declining wages and job security."

A different form letter, however, allowed the writers to fill in a blank area after the statement, "I think W-2 is bad especially because . . ."

Genie Ogden of Madison filled in the blank by writing, "There will be a lot more hungry people, especially children. This will lead to more school dropouts and crime and more homeless families."

But there also were many handwritten letters, a few of which supported W-2. Several of those complained about welfare and the vast bureaucracy it had produced.

But one directed at Clinton from Sister Marie V. Brocato, SCN, executive director of Sacred Heart Southern Missions in Walla, Miss., said, "W-2 would destroy Wisconsin's safety net, imperiling its families and children, and would also set a terrible example for welfare reforms in the rest of the country — welfare reform that does not protect children as you have called for."

A Milwaukee physician, Paul D. Burstein, wrote to say that he believed W-2 had some merit. He said, however, "Wisconsin's

poor women and children will be left without medical coverage or care."

Federal officials separated most of the handwritten and form letters from other letters that came from lawmakers and representatives of interested organizations.

Among Wisconsin's national lawmakers, Democratic Sen. Russ Feingold forwarded letters of concern from some of his constituents. He did not comment himself nor, apparently, did any other members of the state's congressional delegation.

Among the letters objecting to W-2 was one from Norquist, reiterating his complaint that it did not "truly end welfare." He said the program would not end cash grants, did not make work pay, provided welfare recipients with better health care than unsubsidized workers, and perpetuated the massive bureaucracy of the current system.

There were a number of letters from members of the state Legislature, both individually and in groups. One group consisted of the eight members of the Legislature's Black Caucus, who opposed W-2 and identified themselves as "We who represent this fragile population."

Some of the letters contained detailed critiques of the reform program; others simply argued that it was wrong and urged Clinton to deny the waivers.

Among the latter, the Washington-based Feminists for Life said, "Removing the safety net for women and children by abolishing AFDC would add one more reason to a long list why women have abortions as a

last resort, not a free choice."

Many of the letters from organizations reinforced Weakland's objection, which he raised in an Op-Ed page article in The Washington Post Thursday, that W-2 was written in such a way that benefits could be denied even to people who played by the rules and met all of the program's requirements.

Mary Jo Tietge, president of the League of Women Voters of Wisconsin, made that point and also argued that W-2 did not provide for a fair hearing process or evaluation by independent observers.

Archbishop Weakland's Op-Ed piece on W-2..... in Greenroads

Boutros-Ghali's for job worries p

Associated Press

Kuala Lumpur, Malaysia — U.N. Secretary General Boutros-Ghali should not try to lobby member countries to support his bid for re-election, his predecessor, Javier Perez de Cuellar, said Saturday.

By doing so, Boutros-Ghali would become dependent on those nations that support him and compromise the neutrality of the post, de Cuellar said.

The position of secretary general "must be totally independent, totally impartial," he said.

Boutros-Ghali's first term as U.N. chief expires at the end of 1996. He has said he intended to seek re-election, although the United States and some other countries have said they would not support him. The United States says it

seant-
more
Unite-
De
trial,
as 19
1991,
comp
park i
He
the t
while
the rig
"At
whole
harni-
de t
The
its pre
not be
Four
Egypti
secret
He rep
suppo
of Afri

Have You Heard?

Coming home to The Concord has never felt so good. Just

"This felt like home the first day. We lived in our home but we haven't missed it once." - Margaret

"The atmosphere is beautiful - I enjoy the meals but difficult to cook for one." - Genevieve Adams

"We love everything about it. Everyone we checked several places and none even. Our son told us we really know how." - Jerry and I

"Heaven can wait!" - Dr. Harv

No endowment

24 Hour Support Staff • Free Scheduled Time
• Weekly Housekeeping • Planned Activities
• One and Two Bedroom Apartments • Full Kitchen

TEL: 9 414 286-8547

P. 013

LAST MINUTE!

Now With

funds to be used for rail transit, buses, bicycle facilities and other transportation needs.
Unfortunately, Wisconsin has spent virtually all of its new ISTEA dollars on highways, including a huge new highway building and widening program called Corridors 2000.
And last year, Wisconsin joined other highway-only forces to pass a new federal law that created a much bigger network called the National Highway

— dismantled its intra-city and inter-city rail system.
Today, we're left with few choices. We have a transportation funding mechanism whereby more driving equals even more driving. It's a perverse system at best. Most countries use gas taxes to discourage excess driving and to fund higher quality transportation choices.
Indeed, now that we've completed

— exactly the things for which we are told there is no money.
But hold it. At least the interstates pay for themselves: The more we drive, the more money we pay in gas taxes to build more roads. Right?
Sure, but that's become part of the problem. At the same time that our government built the interstates using billions of dollars in general revenue, the U.S. — alone among developed na-

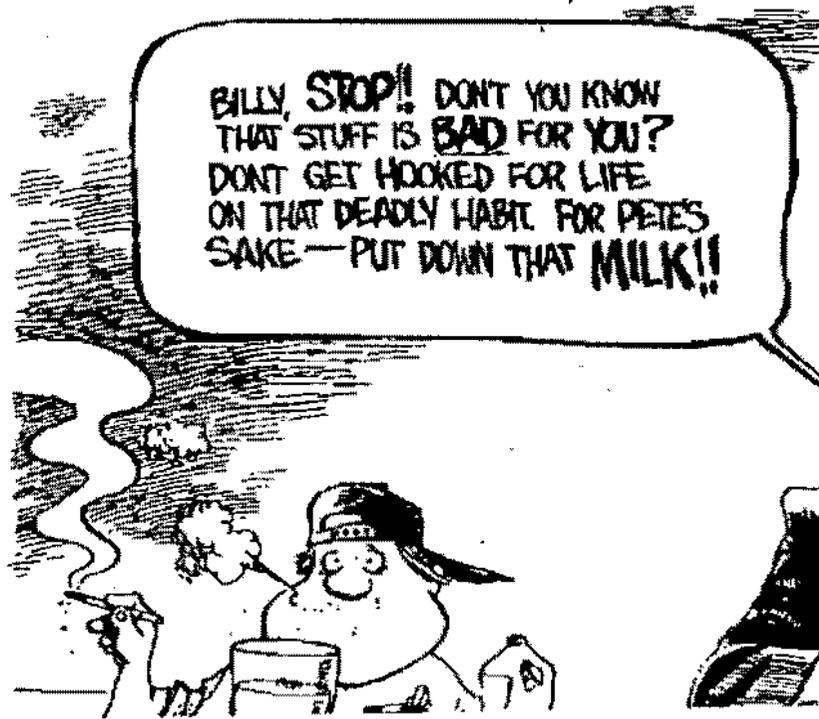
only often and my railway will ample a number of routes on the it east to the beach. What could her?
/be a lot. As necessary as an in- e roadway might be to our over- s-transportation mix, ours has come expense of nearly everything highways in the United States een allowed to divide cities and y neighborhoods. Milwaukee ar Lady of Pompeii, "the little

W-2 needs more allies like Ament

waukee County Executive mas Ament deserves rec- on for taking the initiative d Milwaukee through the tion from a welfare system issues an automatic check -based solely on work. Wisconsin Works, or W-2, is lutionary welfare proposal shadows the everyday e of the average Wiscon- rking family. Ament's gness to try and adminis- -2 and create important components through com- y-service jobs is a critical onent of W-2. Successful ration of W-2 participants ing the work force des the type of public leader- Ament has demonstrated

through his recent actions.
As a public official, it is all too easy to be negative and focus on the fears of a few anxious individuals looking to protect a system that doesn't work. Ament has chosen a different path than many Milwaukee officials by finding ways to work with Milwaukee's business and community leaders to help W-2 succeed.
Milwaukee benefits from a good local economy and a business community that knows what it takes to make a strong, reliable employee. Ament's willingness to harness such interests to serve the people of Milwaukee should not go unnoticed.

It is unfortunate that Milwaukee Mayor John Norquist has not demonstrated the same leadership ability. He has tried to have it both ways in his true Clintonesque style.
As we edge closer to federal approval of W-2, I look forward to working with Ament and other officials who truly want to see W-2 succeed.
Milwaukee County, Wisconsin taxpayers, and most of all, W-2 participants will benefit from Ament's aggressive leadership role.
Rep. John G. Gard
District 89
(R-Peshtigo)



DOA INT. GOV. RELATION
TEL: 9 414 286-8547

Milwaukee Journal Sentinel
Business Section
Monday, July 8, 1996

Bridging the gap between welfare and work

Employers want new workers to succeed while developing

By TANNETTE JOHNSON-ELLS
of the Journal Sentinel staff

Terry Anderson, president of Omni Tech Corp., knows it's good business to put welfare recipients to work.

He also knows his business can't afford to train someone who lacks basic skills, but he fears that under its Wisconsin Works program, the State of Wisconsin will stick his company with that responsibility — and the bill.

Businesses like Omni Tech, a Pawaukee-based computer maker that employs about 100 people, are keys to the success of Wisconsin Works — the state's work-for-welfare program. However, business owners and managers remain concerned that the state hasn't spelled out their roles.

"There is just a cultural problem when you have some people who have never worked before and you bring them into a business environment," Anderson said. "How do you jump the gap from a business culture that is used to hiring people who are trained and skilled and force those businesses to hire people who aren't trained and skilled?"

"Our role is to give someone an opportunity who wants to succeed, but we want to hire people who are already trained."

Anderson's sentiments are typical of small business owners who said they are confused by W-2, don't understand it, don't know how to prepare for it and don't know how it will affect their operations.

Most businesses, according to Anderson, view W-2 as simply a "welfare issue" — something that's not their problem.

"They're saying it's not a work issue. They don't know anything about it. They don't care," Anderson said. "Right now, I'm fighting some things, saying it's not practical. The government ought to take another look at this thing."

Replaces Aid With Work

Wisconsin Works — commonly known as W-2 — is the nation's first statewide program that replaces Aid to Families With Dependent Children with work requirements. Overall participation in the full range of W-2 is limited to five years.



RONALD M. OVERBERG/STAFF PHOTOGRAPHER

Tony Fites, president of Milwaukee Satellite Industries, believes that nurturing and support are as important as training for workers moving off of welfare. "What we do here is we bring pride back into them," he says.

The program is pending federal approval of a series of waivers from current federal welfare law. Wisconsin's W-2 application is being reviewed by the U.S. Department of Health and Human Services.

It's estimated that W-2 will affect some 53,000 poor women and their children in Wisconsin who receive AFDC. It will not be fully in place until September 1997, although parts of W-2 will be implemented sooner. The program is being piloted in Pierce and Fond du Lac counties.

Once fully enacted, W-2 is supposed to work this way:

W-2 participants would be assigned a financial and employment planner who would assist them in finding the best job possible. Some would receive

state-sponsored training. They then would be placed in one of four categories, depending on their readiness for work and referred to employers through job centers, or job brokers.

Once hired, further training would be needed in some cases. Some W-2 participants would be required to hold trial jobs with employers, for example, in which their employers would receive a \$300 monthly training subsidy.

Cost Concerns

Uncertainty over the amount of training ex-welfare recipients will need and its cost seems to be causing the most concern among businesses.

"There are very few businesses who are willing to train

people for dollars. We're all too busy," Anderson said. "It's a very big expense and they're talking about a maximum \$300 reimbursement. That's nothing."

Charles Wallace, president and chief executive officer of Steeltech Manufacturing Inc., 2700 W. North Ave., said it costs him about \$3,600 to train each worker who lacks appropriate job skills. That figure takes into account the additional costs of supervising such workers, and the unemployment compensation the company incurs because of high turnover among them.

Steeltech, a high-profile, minority-owned company, employs about 200 people, the majority of them African-American residents of the neighborhood

surrounding the plant.

"A \$300 stipend is ludicrous," Wallace said. "Some of the things we assume that people know about being in the work place, they don't know, and that means they will need substantial training. It's going to increase the cost of doing business."

"Employers might as well assume that the individual will come in without skills. I don't have a lot of hope in W-2 being the answer."

Carl Waigall, chairman of Motor Castings Co., West Allis, argues that "the full story of W-2 hasn't been told."

"It's a dramatic shift in public policy and as employers start to need to understand what's expected of them," Waigall said. "I'm not convinced that W-2 is

12D BUSINESS MONDAY, JULY 8, 1996 MILWAUKEE JOURNAL SENTINEL

g workplace skills

raises the critical need for training and work awareness and readiness before people are sent to the work site to go to work."

State officials said it does.

Teaching 'Soft Skills'

Jean Rogers, administrator of the Division of Economic Support of the state Department of Workforce Development, said that state agencies will bear the cost of teaching people "core abilities," or the soft skills that employers want.

"Under W-2, there will be strong emphasis in all programs on coming to work on time, getting along with co-workers, having math skills and life skills," said Rogers, who runs welfare programs for the state. "This is what the W-2 program itself is doing, readying job seekers for movement into regular employment through workshops, training courses and practice job placements in the community job service structure."

Mary Jo Pascoe, director of government affairs for the Metropolitan Milwaukee Association of Commerce, said that may be so, but "there's a lot of work to be done. There's an understanding of what is needed at if it's by no means in place," he said.

"The biggest challenge is not rules, requirements and restrictions, but of information, or example, when we say 'job ready,' what does that mean? Does it mean basic math skills, reading? We need to spell out more clearly what (employers) would do and what the state would do."

Ralph Hollimon, newly hired chief operating officer of the Private Industry Council of Milwaukee County, countered that it's hard to predict the exact outcome of W-2.

"There's always going to be results we don't anticipate and we have to be ready to fix those," said Hollimon, former Milwaukee Metropolitan Sewerage District executive director. "We really don't know what's going to happen. Right now, there's a lot of fear out there."

The state is phasing in the new program over a period of 10 months. Pay for Performance, a transitional program into W-2, began March 1. Under Pay for Performance, AFDC recipients are required to work or partici-

pate in approved work-related activities. Failure to participate in at least 75% of the assigned hours could result in the loss of the entire grant and all but \$10 a month of their food stamps.

Rogers said the state hopes to begin other parts of the program during the year.

By one measure, the initial efforts appear successful. The AFDC caseload is declining, Rogers said. As of April, the caseload was at 38,963 families — almost a 64% reduction since the first reform efforts began in 1987 when 98,293 families were on AFDC, Rogers said.

The first month of Pay for Performance — from March to April — resulted in a 4.7% decrease in the caseload when 2,925 families left the welfare rolls, the largest single monthly decrease in the history of welfare reform in the state, Rogers said.

Job Centers are Key

Job centers will be critical to moving welfare recipients through training into jobs. In Milwaukee County, home to more than half of the state's poor, a pair of one-stop job centers were opened last year to deliver employees who are skilled and ready to work.

Job seekers spend six to eight weeks going through the center training process, which includes orientation, assessment, case management, education and job preparation. The centers assist all job seekers, but about three-fourths are welfare recipients.

Since opening last year, the job centers have helped more than 8,000 people receive training and placement in jobs, most averaging 36 an hour. The north side facility is at 2800 W. Capitol Drive. The south side center is at 611 W. National Ave.

However, some employers have complained that the centers are turning out employees who are ill-prepared or ill-matched for job openings, said Charles Wright, executive director of the Private Industry Council. Wright has taken a two-year leave from his Mequon foundry business. Fall River Group, to head the PIC and run Milwaukee's job centers — Milwaukee Job Center North and Job Center South.

"Employers are very frustrat-

Please see WORK next page



Sandy Hayes, plant manager at Milwaukee Serrano Industries, discusses record-keeping with Hugh Tola, a private consultant to the firm. Most of the firm's employees have been on welfare.

WISCONSIN WELFARE AT A GLANCE

Book on Welfare
Examining coverage of welfare reform in Wisconsin and the nation.

W-2 is expected to be in place by mid-1997 and affect more than 52,000 workers and their children. It will cost an estimated \$2.1 billion in its first two years — \$110 million more than projected cost of the current welfare system. Work requirements are at the core of W-2, but child care and health care benefits will be available to low-income families not participating in the program. Here's a look at who is affected and how.

ELIGIBILITY
Families with children and incomes up to 115% of the federal poverty level and assets up to \$2,500 — excluding residence and vehicles. The federal poverty level for a family of three is \$12,000 in annual income. Must be Wisconsin residents for at least 60 days, except for child care and health care assistance. Unless special exemptions are made, benefits would be limited to five years.

WORK REQUIREMENTS
One custodial parent from each eligible family would be placed in one of four categories and expected to work up to higher categories as quickly as possible. Mothers would begin as soon as children are 12 weeks old. Payments are based on hours spent with no adjustments for family size. Work categories:
 • Unsubsidized employment — Market wage for 40 hours a week of work.
 • Trial jobs — Market wage for 40 hours a week of work. W-2 would pay up to \$300 a month in subsidies to employer. Units of 24 months in category and 3-6 months per job.
 • Community service jobs — \$555-a-month grant for 30 hours a week of work and 10 hours a week of classes or training. Units of 24 months and 6-9 months per job.
 • Transitional placements — \$316-a-month grant for 28 hours a week of work and 12 hours a week of classes or training. Unit of 24 months.

CHILD CARE
Subsidies through vouchers for all working families with children younger than 13, incomes below 165% of the federal poverty level and assets up to \$2,500. All recipients would pay part of the costs for child care, amounting depending on the costs and family income. Co-payments would start at 7.5% of the cost of care.

HEALTH CARE
Coverage through health maintenance organizations for all working families with incomes below 165% of poverty and assets up to \$2,500 only if employers would pick up less than half of family medical costs. Also eligible pregnant women and children younger than 6 with incomes below 165% of poverty as well as children ages 6 to 12 in families with incomes up to the poverty level. All participants would pay \$20 a month or more in premiums, depending on family size and income.

OTHER BENEFITS
Food stamps depending on income and family size. Earned income tax credit for workers in unsubsidized and trial jobs. Small loans for work-related expenses, to be paid back in cash or volunteer work.

Research by Ann Chastang
© 1996 Wisconsin Department of Workforce Development

Source: Log notes from Bureau

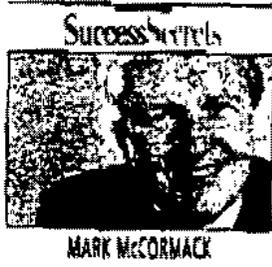
PHOTOGRAPH BY GUY LAWRENCE FOR THE JOURNAL SENTINEL



Terry Anderson (left), president of Omni Tech Corp. in Pewaukee, acts as a mentor to Joe Yucht, president of Victory Personnel, a Milwaukee temporary help agency. Anderson believes that helping inner-city businesses succeed is critical to the success of the W-2 program.

err on side of overkill

But good intentions can be ruined by a flawed process



MARK MCCORMACK

Is it possible to communicate too much?

The short answer is no. If employees have a choice of writing a memo to a colleague or shrugging it off by telling themselves, "It's too minor to put down in writing" or "I'll mention it the next time we see each other," I would always want employees to send the memo. When it comes to communicating, I want our people to err on the side of overkill.

But there is intelligent overkill and misguided overkill, depending on how shrewd you are about the people receiving your message. For example:

Don't complicate the process. In a desire to make people more serious about communicating with one another, it's easy to fall into the trap of over-complicating the process, making the effort of communicating more difficult than the desired result.

Let's say I decide to be better informed about all the sales presentations our executives are making. I decree that everyone must write at least a five-page report on every sales call, documenting who was there, what was said, what promises were made, how the prospect reacted and what will be done to follow up.

The report cannot be less than five pages because I want a complete report, and I believe the exercise of writing such a lengthy document is worthwhile. It makes people take the meeting more seriously.

I can easily envision that some people might not take this edict well.

I also can see how some people might end up spending more time writing their reports than making sales calls. Taken to its extreme, the report might chill some salespeople's enthusiasm for sales calls. They might stop tracking down leads and having meetings to avoid writing the five-page report.

In communicating, good intentions can be ruined by a flawed process.

Use overkill on those who want it. Some employees, like children, don't hear you the first time (or the second or third time). You can never be guilty of overcommunicating with them. They need overkill.

There also are people who want overkill.

For example, if it's possible to

explain a situation in a concise paragraph I would always prefer a one-paragraph memo to anything longer. Yet I know people who would feel cheated or incompletely informed with anything less than a 26-page document that gives them everything from the facts to the historical background.

A short memo that would be doing me a favor could be an insult to some other boss.

Beware the familiar voice. Frequency also has an effect on the way people communicate with each other — and it's not always positive. It's quite possible to talk too much and too often to the same people.

I certainly see it in the way employees talk to me. There are some executives to whom I talk in person or on the phone maybe once a year. Their mode of communication with me is completely different from the mode of more familiar executives to whom I talk twice a day.

It's the difference between, "Oh dear, the boss is on the phone!" and "Oh no, not the boss again!" That's not ascribing. The more you talk to someone, the more relaxed the conversation.

I remember a few years back having to call one of our executives on an almost daily basis about his activities. I think he enjoyed the increased attention.

But increased attention begets increased expectations. After a few conversations with the executive describing the 28 leads he was pursuing, I expected to hear some positive results from one or two of the leads. After a dozen conversations in which I heard about the same leads but never anything material or positive, the executive started to fall slightly in my estimation. I began to wonder how effective he was.

Mark H. McCormack is the chairman, president and CEO of International Management Group and is the bestselling author of "Fifth Step Don't Teach You at Harvard Business School." King Features

Work/Firms sort out roles in W-2

From preceding page

ed," Wright said. "I've heard stories of some people who come to work for an hour and leave, some for a week and some only last until their first paycheck. We still have not totally succeeded in providing employers the perfect match in fitting the job category.

"People who aren't matched haven't been assessed well. We need to devise a system where we spend more time working with people."

Ralph Deger, president of Bushman Equipment, complained of poor attendance and drug use among some of the people he has hired through the job centers. Based in Menomonee Falls, Bushman has 35 employees.

"The biggest problem is consistency of attendance, where a person will be good and working out and then 'boom,' they'll miss three days of work," said Deger, who is also past-president of the Independent Business Association of Wisconsin. "Some people can't pass a drug test. It's been a major factor. That concerns me.

"If that's not addressed, W-2 will not solve these problems, and so business is going to change their standards because of W-2."

Manpower Inc., the world's largest temporary employment company, is managing the job centers.

Swan Campbell, manager of public/private initiatives for Manpower and closely involved in the job centers, lamented that it's been like a revolving door at the centers. Applicants are placed only to return a short time later because the job did

not work out. Campbell estimates that it takes three job placements before a person makes a successful match.

However, Campbell stressed that some first-time job seekers have been successful but only because their employers took a personal interest in them and were willing to help integrate them into the workplace.

She and others said businesses may need to take more responsibility than they have in the past for orienting such new employees to the workplace.

"I think employers are beginning to understand that times are changing and you can't just hire someone and set them loose. There has to be a little more introduction and more hand-holding than in the past," Campbell said.

Wallace of Steeltech said he and other central city employers have taken such an approach for years.

"Our experience has been we're getting individuals who have had minimal training or skills and need to understand work preparedness, being on time, attendance, cooperation and following instructions," Wallace said. "It's things we take for granted."

Tony Fikes, president and chief executive officer of Milwaukee Satellite Industries Inc., said that unless employers are willing to train and educate welfare recipients "you're not going to change the situation." Milwaukee

Satellite is a printing and packaging firm at 2577 N. 30th St.

Workers at Milwaukee Satellite Industries receive on-the-job training, including preparation for the GED high school equivalency diploma. Most are high school dropouts and have been on welfare, Fikes said.

"Two or three hours later, you put them back to work. This way, they can get their education and work. They're motivated to do more," Fikes said. "I have trained employees who started out with me, and have gone on to bigger companies like Allen-Bradley."

Fikes believes employers have a responsibility to help people learn values and develop good work habits. For example, he meets monthly with his employees to talk about everything from personal hygiene to the importance of quality work.

"It's important that you do quality work because it pleases the customer," Fikes said.

"It's getting hot, watch your body hygiene. If you need deodorant, we'll buy you some. Ladies, if you need Avon, we can get that too."

Low self-esteem is the biggest problem Fikes has seen in people coming off welfare.

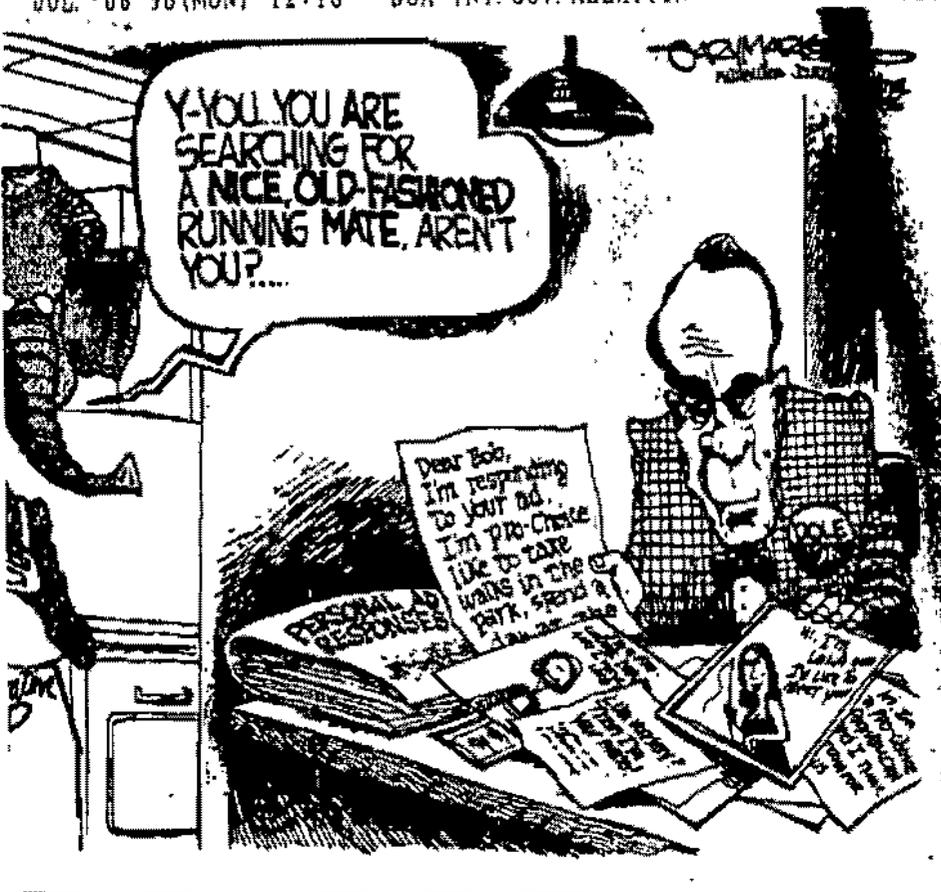
"We have to build them up," Fikes said.

"They've been so busy being dependent that they miss that first part of it. Remember when your teachers would praise you for good work? Well, they miss that," Fikes explained. "They go out and work and they don't get it in the work force. No one praises them. What we do here is we bring pride back into them."



Wallace

PHOTOGRAPHS BY JIM HANSEN FOR THE JOURNAL SENTINEL



Weakland notes W-2's biggest flaw

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

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

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

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

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

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

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

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

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

Heavens forbid.

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

using strategy to jump-start city development, job growth

bbled in economic development selling land it already owning enterprises. Now Thomas Arment is proposing deeply. To spur jobs, he is buying land, to clean it of pollutants to businesses.

be saddled with big cleanup costs some day. Arment's proposal would allay that fear. Government intervention is justified to remove development impediments in areas of high unemployment.

Why not just leave the problem to the city, an old hand at development? No doubt, some

county supervisors will raise that question. But the truth is that bringing jobs to the inner city is so daunting a task that it takes all hands.

What's more, the county stands to gain. Social problems are overwhelming county

resources. Social workers can't keep up with child welfare caseloads. The County Jail is bursting. The lack of jobs helps fuel such social problems; jobs should ease them.

The 30th St. proposal is part of a \$5 million strategy to develop land on the county grounds in Wauwatosa and near General Mitchell International Airport and other so-called "brown-fields" — property lying dormant because of fear of environmental contamination. The strategy has much to recommend it.

This strategy can pay off:

- Government intervention is justified to remove development impediments in areas of high unemployment. The lack of jobs helps fuel social problems; jobs should ease them.

is them. The corridor's and buildings testify to at has crippled the inner

n which to anchor a remain. The survivors in p., Master Lock Co. and

new companies shy away as industrial activity has ated. They don't want to

THE WHITE HOUSE
WASHINGTON

FAX COVER SHEET

OFFICE OF INTERGOVERNMENTAL AFFAIRS

TO: Bruce Reed

DATE: 6-24-96

PHONE: 6-6515
6-5557

NO. OF PAGES: 1
(including Cover)

FAX: ~~6-7028~~

PRIORITY: Y N

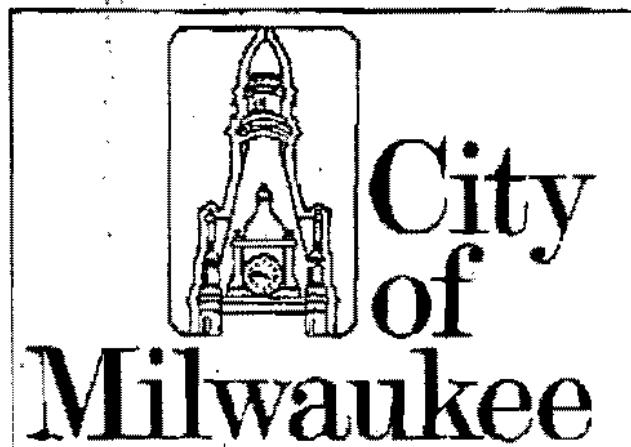
FROM: Marcia L. Hale

PHONE: 202.456.7060

FAX: 202.456.6220

MESSAGE: Please call me about this.

FAX COVER SHEET
June 24, 1996



TO: Marcia L. Hale
Director of Intergovernmental Affairs

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

THE FOLLOWING FAX TRANSMISSION CONTAINS 5 PAGES INCLUDING THIS COVER SHEET.

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

MESSAGE: I really need your assistance. The Mayor would like to either converse with Vice-President, Albert Gore or Chief of Staff, Leon Penetta on the W-2 waiver request. I completely understand why the President has been reluctant to return the Mayor's phone call. But...I have few justifications to offer, as to why the Vice President or the Chief of Staff would not comply.

Marcia, I do not want to harass you in any way. You have always went out of your way to make things happen. But...I have a Mayor who's daily routine is to ask me if someone from the White House has returned his call. Bruce Reed, Rahm and yourself have been a great information source, but the Mayor wants to talk to someone who's going to make the actual decision.

Lack of guarantees may derail W-2 as it goes through federal review

By JOEL DRESANI
of the Journal Sentinel staff

A lack of guarantees in Gov. Tommy Thompson's Wisconsin Works (W-2) plan might be the main obstacle to President Clinton's approval of the work-based welfare overhaul, some analysts predict.

Especially crucial may be the lack of guaranteed health care for children, even in families who are eligible for W-2 and comply with all the rules.

Despite past insistence from the White House that medical coverage should be assured for all poor children nationwide, the W-2 waiver application being reviewed by the U.S. Department of Health and Human Services contains no blanket

WORKING ON Welfare

Continuing coverage of welfare reform in Wisconsin and the nation.

under W-2 than under Medicaid, although even administrators admit the numbers are iffy. But none of the care is guaranteed.

A description in the waiver request states: "Under W-2, applicants are not guaranteed placement in a W-2 employment position and a subsequent check nor are they guaranteed eligibility for the W-2 Health Plan or W-2 Child Care."

Kevin Piper, administrator of the Wisconsin Division of Health, said such language shows that W-2 intends to end

diverse signal that the age of welfare is over," Piper said.

Recent developments have called attention to W-2's lack of guarantees:

■ At a news conference last week in Washington, Families USA, a health care consumers group, denounced W-2 as "a Medicaid minefield" because it ends guaranteed coverage for poor children, requires all participants to pay premiums and diverts \$16 million in federal Medicaid funds to other, non-medical welfare programs.

■ Republican leadership in Congress has suggested that it might split off federal welfare reform from legislation that would convert Medicaid payments to block grants for states.

■ The Clinton administra-

"Medicaid seems likely to be a major sticking point because the president has emphasized the importance of the guarantee," said Mark Greenberg, who follows welfare initiatives for the Liberal Center for Law and Social Policy, in Washington.

In a May 18 national radio address praising W-2, Clinton characterized the plan as including assurances that are not there in fine print. The White House since has said Clinton made his remarks based on an early outline of W-2.

Families USA contended that under federal law, even states operating programs under a waiver must continue to cover certain children and pregnant women as provided by Medicaid.

the W-2 waiver application being reviewed by the U.S. Department of Health and Human Services contains no blanket guarantees.

"If approved as proposed, the waiver would give Wisconsin broad authority to deny, delay or restrict coverage in virtually any way it saw fit if budget or political pressures eventually push in that direction," said Cindy Mann, a lawyer and health care specialist for the liberal Center on Budget and Public Policy Priorities, in Washington.

Thompson is seeking Clinton's permission to waive dozens of federal rules so that W-2 could begin late next year. Ballyhooed as a model for other states, W-2 is detailed in a 422-page waiver application that Thompson delivered to Washington May 29.

As proposed, W-2 would expand government medical coverage beyond welfare recipients to low-income working families. Initial projections by the Thompson administration estimated that 2,000 more Wisconsin residents would be insured

Kevin Piper, administrator of the Wisconsin Division of Health, said such language shows that W-2 intends to end the notion that anyone is entitled to benefits.

"It's our effort to send a deci-

reform from legi would convert Me ments to block gran

■ The Clinton tion has repeated, guaranteed health dren.

Welfare overhaul includes health be

Besides requiring welfare recipients to work for their benefits, the Works (W-2) plan would provide health care insurance to low-income

Who is eligible:

- Participants whose employers don't pay at least 50% of costs of a plan
- Pregnant women and children younger than 6 whose gross family income is less than 165% of the federal poverty level. For a family of three the poverty level is \$2,500.
- Children ages 6 to 12 whose family income is up to the poverty level.
- Families whose employers don't pay at least 50% of plan costs and the:
 - ▶ have at least one child younger than 18, do not receive Supplemental Income and have gross incomes below 165% of the poverty level and (excluding residence and vehicles) of less than \$2,500. Eligibility could be 200% of the poverty level.
 - ▶ are expecting a baby and meet the same income and asset limits.
 - ▶ have minor parents living with a parent or other responsible adult
 - ▶ have incomes below 165% of the poverty level after subtracting health expenses.

What people would pay:

- Monthly premium fees starting at \$20 for families with incomes up to 100% of the poverty level, increasing by \$3 for each percentage point increase above 100% up to \$143 at the 200% cutoff.
- Participants in W-2 work programs would have premiums deducted from their wages or grants.
- Other W-2 health care recipients would be ineligible for any month they do not pay the premium.

Source: Institute for Research on Poverty

05/21/86 02:41 2024566220

ion that
aid pay-
states.
ministra-
stand on
for chil-

fits
discourag-
families.

less
\$112,990.

urity
to
upt up to

publics
care

19% of the
0%

atically

rich they

Journal Sentinel

waiver must continue to cover certain children and pregnant women as provided by Medicaid.

Discounting Families-USA's rhetoric as coming from the "welfare industry," Piper insisted that W-2 would provide exactly what Families USA has advocated: health care for more families.

"It's going to help ensure that these newly responsible moms and their husbands, if they have them, and their children will have access to a comprehensive package of health care," Piper said.

Wisconsin has fully funded the benefits offered in W-2, Piper said. The state would not abandon needy residents, and groups clamoring for guarantees are perpetuating a system in which recipients are entitled to the largess of taxpayers.

"They're so wedded to the old system, they can't open up their eyes to see that the old system is dead," Piper said. "The taxpayers won't put up with it anymore."



HEALTH CARE FINANCING ADMINISTRATION



ADDRESSEE:

Bruce Reed

FROM:

Dynette Neal

OFFICE OF THE ADMINISTRATOR
200 INDEPENDENCE AVE., S.W.
ROOM 314G
WASHINGTON, DC 20201

PHONE: _____

PHONE: 202-690-6726

FAX : 202-690-6262

TOTAL PAGES:

C+

ADDRESSEE'S FAX MACHINE NUMBER:

456-7028

DATE:

6/14/96

REMARKS:

*This is for a 1.00 mtg "Wisconsin
Waiver"*

WISCONSIN WORKS (W-2) PROPOSAL MEDICAID ISSUES AND CONCERNS

Eligibility

We are concerned that the elimination of categorical eligibility for AFDC-related Medicaid eligibility will have adverse impacts on current categorical eligibles despite the program's eligibility expansion to 165 percent of the Federal Poverty Level. This could occur under the following scenarios:

- Under W-2, eligibility to receive health care services would be contingent upon the mandatory payment of premiums, with the loss of health services for any month which premiums are not paid with no forgiveness of any kind. Under current Medicaid law, no premiums can be imposed on categorically eligible people with the exception of a limited premium for the transition benefit. In addition, the W-2 premiums would even apply to families with pregnant women and children.
- The employment-related requirements proposed under W-2 also require that categorical eligibles accept employer subsidized health benefits, (50 percent or greater), and unsubsidized employer health benefits (if offered) after twelve consecutive months of employment even if the health benefits are less comprehensive than Medicaid and the premiums may be beyond their ability to pay. Eligibility for health benefits under W-2 will be denied to individuals (including current categorical eligibles) who have had access to employer-subsidized health insurance in any of the 18 months prior to applying for the W-2 Health Plan.
- Low income individuals who disenroll from the W-2 Health Plan may not become eligible again for 6 months, regardless of income and thereby denying health benefits to those who would be otherwise eligible for Medicaid. Although, these restrictions do not apply to pregnant women and children under age 12, they appear to apply to families with children between ages 13 and 18.

The imposition of cost sharing through either premiums for the W-2 Health Plan or premiums for employer health benefits could result in low income individuals losing access to health care. Has the State considered special arrangements to assure access to health care for individuals who cannot afford cost sharing or lose eligibility for the W-2 Health Plan?

The State should provide its estimates of how many current eligibles would lose eligibility for Medicaid under W-2, and what the estimated range of cost sharing would be under employer-sponsored health benefits.

Child Support Sanctions

In the W-2 proposal, there are severe sanctions for failing to cooperate with child support. Under current Medicaid law, only non-cooperating adults lose eligibility, while the children of those

adults maintain Medicaid eligibility. Current law also allows non-cooperating pregnant women to keep eligibility until 60 days after the pregnancy. However, under W-2, non-cooperating adults, pregnant women, and their children all would lose eligibility. How will the State assure that pregnant women and their children will gain access to needed health services?

Time Limits

We are concerned that the imposition of a 60 month lifetime limit for participation in all the W-2 employment programs could result in the loss of health benefits for current categorical eligibles if they are either not placed in a W-2 subsidized position, or at the end of the 60 month lifetime limit they do not have independent self-sustaining work and have not been granted an extension. We need clarification if these individuals will be provided access to health coverage. Will the State help these individuals get needed health care or access to health insurance coverage?

Reduction in Services

We are concerned that the benefit package for categorical eligibles is less comprehensive than what is currently offered under Medicaid. Under W-2, the State will not be required to offer children any medically necessary health care identified as a result of an EPSDT screening. Other reductions in services include limits in home care, skilled nursing services, and alcohol and drug abuse services. In addition, without a guarantee that the employer insurance and W-2 Health Plan have similar benefit packages, categorical eligibles may be forced to choose between a bare bones plan (for which they could face substantial premiums) or no coverage at all. How will access to needed services be achieved? Will the State provide any assistance to individuals seeking information on health care coverage?

Access

While the state anticipates that most W-2 recipients will live in areas in with two or more HMOs, there is no guarantee that recipients have of a choice of health plans. The W-2 proposal also does not provide information on access to services provided by current Medicaid providers (i.e. certified nurse practitioners, nurse midwives, and Federally Qualified Health Centers). Please clarify how access to these services will be achieved. We also need additional information on how Native Americans will have access to health care under the W-2 program.

Administration

Despite the mandatory enrollment into managed care, there is no information provided on the structure and oversight of the managed care network. Will the State continue its current quality assurance requirements and monitoring? Will the plans be required to submit person-level encounter data?

The program will be administered by a local, non-government agency without apparent oversight, monitoring, or accountability of the State Medicaid Agency. What will be the role of the State Medicaid Agency in oversight and monitoring of the local agencies?

We are concerned that there is also no appeal and review process under the W-2 Health Plan either for eligibility or for benefit decisions that may result in a negative impact on categorical eligibles.

Budget Neutrality

Because the State is proposing an eligibility expansion, we will need to agree on budget caps which will assure the demonstration is budget neutral from a Title XIX perspective. The State will need to provide HCFA with 5 years historical data on the per capita Medicaid cost for the affected populations and projected demonstration with and without the waiver.

Health Insurance Coverage/Premium Fact Sheet For Wisconsin W-2

We were hoping to have Wisconsin specific answers to each of the following questions. Unfortunately, within the time allotted, we were only able to find national level data for most of the questions. The Office of Management and Budget is in the process of analyzing data from the Current Population Survey to develop Wisconsin specific estimates that can be used to answer some of these questions. They anticipate having these data sometime on June 14th.

What percentage of employees are offered health insurance by their employers?

Nationally, 70% of workers are offered health insurance by their employer.¹

Of those who are offered health insurance, what percentage accept the insurance?

Nationally 88% of those offered insurance by their employer accept the insurance. Of the 12% who do not accept, 10% are already insured through a spouses employer or other source. Only 2% of those who reject the insurance offered remain

What percentage of individuals are covered by employer health insurance?

Under the W-2 proposal, applicants with incomes above 165% FPL are not eligible to enroll in the health care plan. However, already-eligible participants may continue in the plan until their income exceeds 200% FPL.

In Wisconsin:

- o 19.1% of individuals with family incomes less than 100% FPL
- o 53.1% of individuals with family incomes between 100% and 199% FPL, and
- o 83.8 percent of individuals with family incomes between 200% and 399% FPL

were covered by employer health insurance.² Note that these figures are based on all non-elderly individuals, whether employed or not.

¹ 1993 data from Transfer Income Modeling (TRIM) Database - Urban Institute

² Three year merged March CPS: 1991, 1992, and 1993 - from Urban Institute

What is the average premium paid by employees for family coverage?

Under the W-2 proposal, the maximum a participant will be required to pay is \$143. This is intended to approximate the total monthly out-of-pocket costs (premium, deductibles, and/or point of service co-payments) that are typical of the private sector.

Nationally, the average family premium paid by an employee was \$107.42 in 1993.³ We do not have an estimate that includes total out-of-pocket costs.

The premium for the W-2 health plans is estimated to be \$399/month in July 1997. According to the Health Insurance Association of America⁴, the average premium for family coverage in 1992 was \$436 for conventional insurance plans, \$390 for IPA HMOs, \$390 for staff/group HMOS, \$399 for PPOs, and \$414 for point of service plans.

Of those employers that offer health insurance, what percentage of employers pay at least 50% of the premium?

Nationally, between 94% and 92% (depending on average payroll) of employers who offer insurance pay 50% or more of the premium for employees.¹

³ Personal communication with Bill Wiatrowski - Bureau of Labor and Statistics

⁴ HIAA Survey 1992

FAX FROM

State Representative
Antonio Riley

18th Assembly District

MADISON OFFICE (608) 266-0645
DEMOCRATIC CAUCUS FAX (608) 264-6912
LEGISLATIVE HOTLINE FAX
(608) 266-7038

URGENT

NUMBER OF PAGES (including this one): 8

DELIVER TO: Mr. BRUCE REED @ The White House

FAX NUMBER: 202-456-5557.

NOTES: _____

334 7410
6-2459

IF THERE ARE ANY PROBLEMS WITH THIS FAX TRANSMISSION
PLEASE CALL 608-266-0645



WISCONSIN LEGISLATURE

P.O. Box 7882 • Madison, WI 53707-7882

June 10, 1996

President Bill Clinton
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20500

Dear Mr. President:

For the sake of families struggling to move into jobs and out of poverty, we ask that you push Wisconsin to truly end welfare as we know it.

In haste, the United States House of Representatives passed legislation requiring immediate approval of Wisconsin's welfare reform waivers. Unfortunately, the Congress failed to consider whether the Wisconsin plan will in fact accomplish that goal.

There is broad support for bold, sweeping welfare reform. We strongly support eliminating the current welfare system and replacing it with opportunities for work that lead to self-sufficiency. In fact, Wisconsin Democrats passed legislation in 1994 that repealed welfare in Wisconsin and required a new work based program.

Governor Tommy Thompson maintains that W-2 is a work-based program that ends welfare. We disagree. Does a plan that retains welfare grants for 75% of its workers, that requires people to work but does not pay honest wages, that actually erodes the take home pay of low-income families really end welfare?

To truly achieve the goal of ending welfare, we believe that the plan must adhere to the following basic principles, many of which you have already articulated:

- 1) Parents who are willing to work and follow the rules should not be left behind.
- 2) Workers should be paid at least the minimum wage and be eligible for the EITC as are all other workers.
- 3) When parents go to work under W-2, they should have safe and affordable child care, and not become worse off than they are now.

- 4) There should be a safety net which ensures health care for poor families and children and guarantees they will not be pushed into deeper poverty.
- 5) All workers must have basic due process rights.
- 6) A method to evaluate the success of W-2 in moving families out of poverty and into work is necessary.

Incorporating changes into W-2 through the waiver process that include these basic principles would create a plan that embodies the goals that you have consistently championed -- protecting families and moving people toward self-sufficiency.

Attached are specific suggestions for modifications that reflect these principles. We will gladly be available to discuss additional specific issues with anyone from your administration.

Thank you for your interest in welfare reform in Wisconsin and for your careful consideration of these issues while acting on the state's waiver request.

Sincerely,



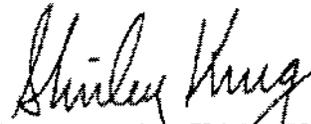
Representative Barbara Notestein



Representative Antonio Riley



Representative Rebecca Young



Representative Shirley Krug

Attachment 1

In light of the basic principles outlined in our letter, we believe the state's waiver request to implement Wisconsin Works and the request to amend the Work Not Welfare (WNW) and Pay For Performance (PFP) projects must be modified. We make the following recommendations:

WAGES

I. The Community Work Experience Program (CWEP) must continue to pay at least the minimum wage. Instead of guaranteeing the minimum wage for work, the Department's waiver request asks that the federal guarantee be eliminated, allowing the state to require work under the CWEP program without regard to the minimum wage. The waiver request states that the Department wishes the authority to require 40 hours of work per week of AFDC parents.

Parents required to work full time may end up working for as little as \$2 per hour.¹ At the same time, under PFP, they will be docked at minimum wage for each hour they fail to participate without good cause. This is not fair and does not replicate the "real world." It does not take into consideration the extra expenses needed by full-time workers. Such a gross disparity between the treatment of W-2 workers and other low-income workers must not be allowed.

Democrats in the Legislature consistently supported the minimum wage for W-2 jobs. If workers are employed for longer hours than their grants allow, then the grants should be supplemented to bring wages up to the minimum wage.²

CHILD CARE

II. The child care co-payment schedule must ensure working families affordable care. The plan contains a step in the right direction with the extension of child care assistance to all families up to 165% of poverty. The problem arises in the co-payment schedule for both those above and below the poverty level.

Those with incomes below 75% of poverty must pay 7.5% of costs, increasing gradually to 15% for those at 99% of poverty. For two children, the parent's cost may be over \$100 per month. For those in Community Service Jobs (CSJ) or Transitional Placements in Milwaukee County, with income of \$518 to \$555, the parent's contribution for two children in licensed care would be about \$80. Many families in this situation will be forced to choose substandard care or leave children alone.³

Child care co-payments for families with income above the poverty line will be substantially increased and based upon the cost of care rather than income alone. Thus, a mother with two children in Milwaukee with an income of \$1300 per month (124% of

poverty), currently pays \$38 per month. Under W-2 the cost will range from \$232 to \$505, depending upon the cost of care. The proposed provisionally certified care provides no training and pays 50% of the licensed care rate. For a single Milwaukee mother of two, anything but provisionally certified care will be prohibitively expensive. If inexpensive care is unavailable or unsafe, these parents will also be forced to leave children alone or forego basic necessities. Co-payments should be lowered and based on income rather than the cost of care.

Because of high child care co-payments, the marginal tax rate for disposable income exceeds 100% as income increases from about \$7 per hour to about \$12 per hour. (See Table 10 of Legislative Fiscal Bureau's March 4, 1996 analysis.) The Democrats offered an amendment limiting marginal tax rates to 85%.⁴

Finally, low-income workers with incomes up to 75% of the state's median, currently receive child care assistance. Many parents are on waiting lists for the program. Welfare reform should not displace child care available to these low-income families.

SAFETY NET

III. Full family sanctions for missing a single appointment should not be allowed. These sanctions are not authorized by statute in WNW, PFP or W-2 legislation. The PFP waiver project denies assistance to those who do not complete initial job search requirements. For ongoing participants, failure to complete assigned hours of participation results in the reduction of benefits by \$4.25 for each hour not completed. The W-2 legislation contains similar provisions. In addition, under W-2, failure to participate in a work component three times bars future participation.

The legislation does not authorize the Department's request to convert the reduction in benefits by the adult portion of the grant, to a complete termination of benefits for a single failure to comply with work requirements. A failure to comply may simply be missing a single appointment. That certainly does not justify the total removal of the safety net for children.

IV. New obstacles for relative caretakers should be removed. The Department's waiver request recognizes that relative caretakers are "providing a service to Wisconsin taxpayers and a society as a whole." The AFDC payment that such relative caretakers receives is substantially less than what it costs to place a child in foster care. Yet W-2 will make it much more difficult for family members to take temporary custody of children from troubled households.

W-2 creates the following new obstacles to relative caretaking:

- 1) All parents must first have abused or neglected their children to the extent that they would meet, or are likely to meet, statutory standards for removal of the children from the home;

- 2) All prospective relative caretakers must undergo a background check (including fingerprinting and photographs for anyone not residing in the state within the last 5 years) for convictions of any one of a number of offenses occurring anytime in their lifetime.

The Department does not question the competency of relative caretakers. Instead, the Department justifies erecting these new obstacles by claiming that there is an "increasing concern that some children are placed with a NLR (non-legally responsible relative) to create eligibility" for AFDC. In our view, the new obstacles are simply a mechanism to discourage these placements without any evidence that relative caretaking is not working.

Relative caretakers are part of all Wisconsin's other pilots, including the WNW project where they are allowed not only to receive assistance for the children but allowed help with jobs and assistance for themselves. Encouraging families to care for their own children is a family-strengthening provision which should be kept as part of any welfare reform measure.⁵

V. The income of families receiving SSI should not be cut. A parent totally dependent on SSI benefits receives \$553 per month in Wisconsin. Up to now, that parent was eligible for standard AFDC benefits of \$248 for one child and \$440 for two, bringing their family income up to about 93% and 92% of poverty, respectively.

Under W-2, the Department requests a reduction to \$77 per child which would reduce these families' income to 73% of poverty (SSI parent with one child) or 65% of poverty (SSI parent with two child).

The stated justification for this is to make SSI family income more equal to other AFDC families. But SSI families are not like other AFDC families: they are by definition unable to work. Clearly, a reduction in their benefits is a "family-weakening" measure and unfair to our most vulnerable citizens.⁶

ELIGIBILITY

VI. W-2 denies employment to workers through arbitrary time limits. W-2 ends cash assistance and requires that people go to work immediately. There is no period of time in which a person receives benefits without work, except when dependent children are under 12 weeks old.

W-2 imposes a 60 month lifetime limitation. This does not mean, however, that a person is allowed to work for up to five years. Participation in each work category carries a 24 month lifetime limitation. A participant may work in a transitional placement or CSJ for 6 months, with a possible extension of 3 months. Trial job participation is limited to 3 months and a possible extension of 3 months. The extensions and number of subsidized placements are determined by the W-2 agency.

Because W-2 bases participation on arbitrary time limits, it denies employment to workers who obey the rules and are ready, willing and able to work. One of the principles your administration outlined last year in guidelines under which states would be granted waivers, would allow states to cut people off if they turn down jobs. That policy also requires protections for those who are unable to work. Under any of the options, states could remove from the rolls (only) those who turn down a bona fide job offer.

In areas of high unemployment, such as certain parts of Milwaukee, W-2 offers no safety net for those who cannot find unsubsidized employment. W-2 does not differentiate between those who obey the rules and strive to improve their lives and those who do not.

We request that waiver requirements include clear delineation of minimum participation time limits and conditions under which the W-2 agency would be required to grant extensions of time limits.

VII. Fair Hearings. The Department requests eliminating the federally required fair hearing process available in medical assistance, and child care decisions. Under W-2, there is no review at all of health care or child care decisions. Work program participants would be allowed to meet with personnel of the agency making the adverse decision. In addition, those denied a W-2 employment position based upon financial ineligibility solely, could receive a "paper review" by the Department. The fair hearing appeals process in current law must be maintained.

EVALUATION

VIII: The need for an evaluation. In hearings throughout the state, county welfare administrators and others raised fears that increases in family poverty and child abuse and neglect caused by W-2 would overwhelm agencies serving the homeless. Other concerns raised were whether child care and health care will be available and affordable. In addition, will there be sufficient jobs for all who are eligible and willing to work? Prior to implementation, an evaluation plan should be in place to periodically review and adjust any provisions of W-2 that place families with children in jeopardy.

Attachment II

Endnotes

¹ The W-2 grant for a mother and one child in an urban area in Wisconsin is \$440 per month. If the child's father is paying a minimal amount of child support (\$100 per month), that must be subtracted from the grant under federal rules, leaving \$340. Dividing \$340 by 172 hours (40 hours per week x 4.3) equals a rate of pay of \$1.98. The same effect is achieved if the state receives \$177 per month in child support on behalf of a mother with two children, who is eligible to receive a benefit level of \$517.

Even without the child support, the mother with one child working full time will be working for \$2.56 an hour (\$440 divided by 172), and the mother with two for \$3 per hour (\$517 divided by 172). Those living in rural parts of the state will be working for even lower wages because their grant levels are less.

² See records of Assembly Welfare Reform Committee, Assembly Amendment (AA) 22 to Assembly Substitute Amendment (ASA) 2, supported by all 5 Democrats; Joint Finance Committee, Motion #119 supported by all 4 Democrats; Assembly Amendment 2 to ASA 3 to AB 591, supported by 45 (all but 2) Democrats; Senate Amendment 2 to AB 591, supported by all 16 Democrats.

³ The Democrats sought to substantially lower the co-payment schedule. See Motion #132 in Joint Finance, supported by all 4 Democrats.

⁴ See AA 18 to ASA 2, supported by all 5 Democrats on the Assembly Welfare Reform Committee.

⁵ See Motions #88 and #95 supported by all 4 Democrats in Joint Finance which would have removed these requirements. In the Senate, all 16 Democrats voted to remove the required abuse and neglect finding, Senate Amendment 23 to AB 591.

⁶ See Motion #91 supported by all 4 Democrats in Joint Finance which would have raised the payment per child to \$215, the same as for children being cared for by relatives.

FAX COVER SHEET
June 10, 1996



TO: Bruce Reed
202/456-5557

FROM: David Riemer
Office of Mayor John O. Norquist

**THE FOLLOWING FAX TRANSMISSION CONTAINS 5 PAGES
INCLUDING THIS COVER SHEET.**

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

MESSAGE:

Bruce--

**Attached is a description of the W-2 waiver "compromise" we
discussed on Friday. Under this compromise, the President:**

*** Approves the W-2 waiver right away;**

*** But attaches three conditions...one of which accelerates
the implementation of W-2, and none of which require the
Wisconsin legislature to meet:**

**--The President requires Wisconsin to fully implement
W-2 by Labor Day 1996...not wait until the end of 1997;**

**--The President requires Wisconsin's welfare
bureaucrats to take immediate administrative action to**

ensure that ex-AFDC recipients are offered "real" minimum wage community service jobs (that generate paychecks, qualify for the EITC, and pay taxes) before they're offered welfare grant abatement; and

--The President requires Wisconsin's welfare bureaucrats to redesign the child care co-pay schedule so that the average recipient who earns higher wages usually ends up with higher real income.

I'll be sending you this afternoon a table and chart that show how the child care co-pay schedule can be altered to achieve this goal.

How are things going?

David

W-2 Waiver Compromise

The Case for a Compromise

To counter accusations of blocking or delaying W-2, while simultaneously negating charges of inconsistency or lack of will on welfare reform, President Clinton could take action that would both launch W-2 more quickly than proposed and correct the flaws in W-2 that are most incompatible with the President's own position. Under this compromise, the President would:

- * Approve the W-2 waiver immediately;
- * Condition the waiver's taking effect on Wisconsin's taking immediate action to fully implement W-2 by Labor Day of 1996...not the end of September 1997, as Governor Thompson has proposed; and
- * Further condition the waiver's taking effect on Wisconsin's taking immediate administrative action (rather than pass legislative amendments) to correct W-2's worst flaws.

Originally, we proposed having the President quickly approve W-2, provided that it be implemented by Labor Day (instead of the end of 1997) and that Wisconsin take legislative action to correct W-2's flaws.

This compromise, while continuing to require that W-2 go into effect by Labor Day, dispenses with the need for the Wisconsin legislature to amend the W-2 law itself. It instead requires the state bureaucracy, pursuant to its powers under the existing law, to take prompt administrative action to bring W-2 into line with President Clinton's position that welfare should end, former recipients "should get paychecks," and "work must pay."

This compromise eliminates most (if not all) of the criticisms that will be leveled at the President for insisting that W-2 meet certain conditions. Under the compromise, the President could:

- * Not be accused of contempt of Wisconsin's legislature or the law it overwhelmingly enacted...for the conditions all fall within the terms of that law.
- * Not be accused of requiring a special session of the Wisconsin legislature...for none is needed.
- * Not be accused of obstruction...for what the President wants can be quickly and easily accomplished by the state's bureaucracy;
- * Not be accused of delay...for after all it's the President who's insisting that W-2 start up by Labor Day of 1996, and not be dragged out as scheduled until near the end of 1997; and
- * Not be accused of secretly wanting to preserve the welfare status quo...for it is the President who's insisting that no-one in Wisconsin should get a monthly cash grant, that able-bodied adults should work for paychecks, and that work should pay.

Thus, rather than being on the defensive, under this compromise President Clinton is the one who's calling most forcefully for immediate action to end welfare...and who's insisting at the same time on truly ending welfare in Wisconsin as a first-step towards truly ending welfare throughout the nation.

The Terms of the Compromise

The compromise would be put into effect by President Clinton's approval of the W-2 waiver request subject to the following three conditions. None of these conditions requires the Wisconsin legislature to convene or act. Each can be implemented under existing law through administrative action.

1. W-2 must be fully implemented by Labor Day of 1996. (Section 49.141(2)(b), Wis. Stats., permits implementation on or after July 1, 1996.)

2. Contracts between the State and all local W-2 agencies must require the local agencies to:

--Establish a program that offers unemployed W-2 participants real community service jobs that pay the minimum wage and qualify for the federal Earned Income Tax Credit (EITC) in addition to establishing the current W-2 Community Service Jobs and Transitions programs specified in the law that merely offer monthly grants that must be worked off; and

--Offer W-2 participants a "real wage" community service job prior to offering them one of the "workfare" versions.

(Section 49.143 (2)(f), Wis. Stats., authorizes the Wisconsin Department of Workforce Development to require that local W-2 agencies "[p]erform any other tasks specified by the department in the contract that the department determines are necessary for the administration of Wisconsin Works.")

3. The child care co-pay schedule must assure that the average W-2 participant who earns a higher wage usually ends up with a higher real income (after taxes, Food Stamps, Earned Income Tax Credits, and co-pays are taken into account).

(The Governor vetoed the statutory child co-payment schedule, giving the Department of Workforce Development full latitude in establishing these rates.)

Missing Piece: W-2's Health Care Flaws

This compromise leaves W-2's health care flaws intact. Those flaws are so embedded in the W-2 legislation that they can only be corrected by the amendment process. The President could, however, add the following fourth condition, which could not be criticized for delaying rapid implementation of W-2:

4. Within nine or twelve months, Wisconsin must modify its W-2 health care plan so that workers who move into private-sector jobs don't end up with worse health care coverage by:

(a) establishing a system for automatically withholding from workers' wages the sliding-scale co-payments they owe; and

(b) allowing workers to remain in the plan until they have access to an employer-sponsored plan that pays at least 75% of the family coverage premium.

Beyond Wisconsin

This compromise deals only with the Wisconsin W-2 waiver. The two other components of the strategy we originally suggested--both of which go beyond Wisconsin to the larger issue of reclaiming the President's leadership in ending welfare--would not be affected. We continue to believe that the President should pursue one or both of the other elements of that national strategy:

* Pre-approving any state's waiver request that would produce a "cleaned-up" W-2 program in that state...i.e., a program that (like W-2 after it is altered through the President's conditions) eliminates all vestiges of welfare.

* Asking Congress to enact within 30 days, unchanged, and send to the President for signature, a "state flexibility" law that allows any state to implement a "cleaned up" W-2 program...i.e., a program that (like W-2 after it is altered through the President's conditions) eliminates all vestiges of welfare.

MILWAUKEE

METRO AND STATE NEWS

DNR lacks authority to ban mining, appeals court says

Page 3

1996

FINAL EDITION

SECTION B

State admits error on waiver request

Officials will seek to modify W-2 provision on displacing workers.

By JOEL DRESANO
of the Journal Sentinel staff

State officials, admitting they made a mistake in a petition for federal welfare waivers, said Tuesday that they would ask to modify a request that would have let state welfare recipients displace existing workers in some cases.

The state still wants federal

permission to let participants in Wisconsin Works (W-2) fill established vacancies. But it is withdrawing requests to allow for partially displacing current workers, impairing existing contracts or collective bargaining agreements and infringing on the promotional opportunities of current workers.

"Somebody inadvertently included all the provisions instead of (just) the one provision we were asking for," said John Matthews, chief of staff to Gov. Tommy Thompson. He was referring to the request to let W-2 participants fill established va-

WORKS ON Welfare

Continuing coverage of welfare reform in Wisconsin and the nation.

cancies.

News of the glitch Tuesday fueled contentions that federal regulators — and the public — need to scrutinize the sweeping changes sought through W-2, which would replace Aid to Families with Dependent Children in Wisconsin beginning late next year.

"We're seeing what the difficulties are of rubber-stamping

this document," said U.S. Rep. Tom Barrett (D-Wis.), who tried in vain last week to stop Republicans in the House of Representatives from passing legislation that would grant the W-2 waivers without federal review. The measure is pending in the Senate.

W-2 has become a presidential campaign issue, with Republicans challenging President Clinton to quickly and completely approve the plan devised by Thompson. By law, the U.S. Department of Health and Human Services may not grant waivers before a 30-day public

comment period, which began Monday for the W-2 request.

State Rep. John Gard (R-Peshigo), chairman of the Assembly Welfare Reform Committee, said Tuesday that those who would use the mistaken waiver request to hold up action on W-2 "are interested in creating mischief."

"It's embarrassing," Gard said of the waiver mistake. "It's not significant enough to delay anything, unless people are interested in ways of derailing W-2."

Please see W-2 page 3.

W-2/Error prompts state to modify request

From page 1

Matthews stressed that the Thompson administration never had any intention of letting W-2 participants take jobs or hours from existing workers. The mistaken request for displacement provisions occurred only in a supporting document, Matthews said, and not in the narrative for the waivers.

"There probably should have been more proofreading," said Rep. John Dobyne (R-Fond du Lac), who fought for labor protections in W-2 and was surprised to learn Monday of the errant waiver requests.

Barrett said he doubted Thompson's intent.

"I would be more receptive to the idea that it was a mistake if it was an act of omission," Barrett said. "I don't see any evidence that it was a mistake."

However, a former welfare official who worked on waiver requests for New Jersey said the administration's explanation made sense.

"I could see a mistake of that sort being made very easily," said Michael Laracy, who now follows welfare reform plans for the Annie E. Casey Foundation, a Baltimore philanthropy for disadvantaged children.

"I've been there. I've had that problem," Laracy said. Typically, he said, a low- or mid-level technocrat makes an assumption about policy and includes it

in the waiver request without clearing it with administrators higher up.

"In a package that big that they had to rush so they could cram it down Clinton's throat it probably just never received adequate review," Laracy said of the W-2 request.

The request, totaling more than 400 pages, seeks 88 waivers from federal laws that would prohibit parts of W-2 from taking effect. Thompson himself delivered the package to Washington May 29, days before his administration had previously expected to have the documents ready.

Matthews stood by the waiver request as presented.

"We don't anticipate there are any other inconsistencies," he said.

Democrats call for caution with W-2

Three in state delegation
decry call for swift action

By FRANK A. AUKOFER
of the Journal Sentinel staff

Washington — A mistake in the Wisconsin Works (W-2) welfare reform plan demonstrates the need to obtain the plan's approval under regular federal procedures instead of through hasty congressional action, the state's three Democratic House members said Wednesday.

In a joint statement and at a Capitol news conference, Reps. Dave Obey of Wausau and Tom Barrett and Jerry Kiecicka of Milwaukee responded to reports in the Milwaukee Journal Sentinel

Working On Welfare

Continuing coverage of welfare reform in Wisconsin and the nation.

Tuesday and Wednesday that disclosed that welfare recipients required to work for benefits under W-2 could be allowed, in some cases, to displace existing workers.

State officials later said that was never intended. They said the provision was a mistake and said they would request a modification in the state's waiver request to the federal government.

The state's submission, more than 400 pages long, seeks 88 waivers that overall would allow Wisconsin to eliminate welfare in favor of a work-based program.

Under federal law, the Department of Health and Human Services must allow 30 days for public comment. Gov. Tommy Thompson personally delivered the waiver requests to the White House on May 29.

But last week, at the urging of Wisconsin's six Republican members and with backing from House Speaker Newt Gingrich, the House passed legislation that would grant immediate approval of the Wisconsin waivers.

However, there has been no similar movement in the Senate, where Democrats could easily block it by threatening a filibuster. And Obey flatly predicted it wouldn't pass.

"I absolutely believe that (House vote) was a futile gesture that said a lot about politics and nothing about substance," he said at the news conference. "I don't think it's going anywhere."

Sen. Russ Feingold, in an interview, said he believed the House vote was a political stunt. He said he thought the Clinton administration would move

more quickly on the W-2 waivers than the Senate would.

He said he was troubled by some aspects of the plan but believed it could be improved. However, he said, "it shouldn't be done sort of at the end of a gun," referring to the House-passed bill.

The state's three House Democrats said the mistaken W-2 provision showed that each of the 88 waivers needed a comprehensive and objective review.

"We already know the American people are fed up with a welfare system that takes away taxpayers' money," they said in their statement. "But we also believe that Wisconsin workers don't want to replace it with a welfare system that takes away their jobs."

Obey also pointed out that W-2 would not go into effect until September 1997.

"We're not in panic city," he said. "We have some time to get this done thoughtfully."

Neither Barrett nor Obey would comment overall on the merits of W-2, saying they did not want to second-guess the Wisconsin Legislature. Barrett said, however, that he had some concerns about specific results of the plan, such as the impact of thousands of babies moving into day care as their parents started working.

OFFICE OF INTERGOVERNMENTAL AFFAIRS
DEPARTMENT OF HEALTH AND HUMAN SERVICES
200 Independence Avenue, SW
Room 630F
Washington, DC 20201



F A X C O V E R S H E E T

DATE: 6/13/96

TO: Bruce Reed

PHONE:
FAX:

FROM: John Monahan
Director

PHONE: (202) 690-6060
FAX: (202) 690-5672

RE:

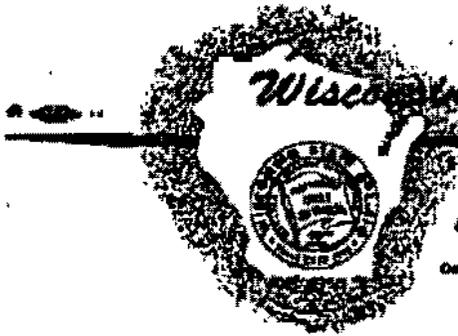
CC:

Number of pages including cover sheet:

86

Message:

Copy to:
Bruce Reed
NS Bone
Melissa S.
Rick Taylor



Wisconsin State AFL-CIO

CHARTERED 1988

3080 W. BLAENHOUND RD., MILWAUKEE, WISCONSIN 53218 PHONE (414) 771-4759 FAX (414) 771-1716

Gene Mandy, President • MICHAEL J. PAUL, Exec. Vice President • PAUL L. HOUWERDEK, Secretary-Treasurer

TO: Hannah Rosenthal
FROM: Joanne Ricca
DATE: June 12, 1996
RE: W-2 WAIVERS FOR WORKER DISPLACEMENT

It has come to our attention that the waiver citation related to the Social Security Act that the state provided us is partially wrong. I thought I would fax what we have at this time. The waiver citation is 402(a)(19)(A) of the Social Security Act but the reference to part F under (A) does not relate to F in that same section and the copy they originally provided us. It really refers to Part F of Title IV of the Social Security Act, 42 US Code Sec. 681 et seq., which relates to jobs programs and Sec. 684(e) specifically refers to displacement protections. We do not have that language but perhaps you already do.

As you can see by today's MJS article faxed earlier, the Thompson administration has retreated somewhat and will now ask for one displacement waiver related to the ability to fill any established unfilled position vacancy with a W-2 participant.

If there is any further information we can provide, please let us know.

DN/JR/mj

W-2 PROVISIONS	DESCRIPTION OF PROVISION	CITATIONS Waiver Request
51. One-Parent Participation in Subsidized Employment Position at a Time	In two-parent households, only one parent may participate in a W-2 employment position at a time. Each parent maintains a separate time clock to track the 60-month lifetime participation limit.	403(a)(19)
52. Emergency Assistance	Emergency Assistance for certain homeless persons will only be available once in a 36-month period unless the homelessness was due to domestic abuse. In those cases Emergency Assistance would be available once in a 12-month period.	406(a)(1) 233.120(b)(3)
53. Displacement	<p>W-2 includes protections from displacement for regular employees by a W-2 employment position participant. The following are issues not covered by the W-2 displacement provisions:</p> <p>Partial displacement of currently employed workers or positions, which is defined as a reduction in the hours of non-overtime work, wages, or employment benefits.</p> <p>Impairment of existing contracts for services or collective bargaining agreements.</p> <p>Infringement upon promotional opportunities of any currently employed person.</p> <p>Filling of any established unfilled position vacancy by a W-2 participant.</p>	403(a)(19)(A) Social Security Act 251.3 (a), (b), (d) & (e) Federal AFDC Regs



VII-18
 (Source: Wisconsin W-2 Waiver Request 5/8/96)

Office of Family Assistance, ACS, WIS

§ 231.4

as that available to others who are similarly employed.

(b) These participants in work assignments such as work supplementation and CWEP not covered by an applicable workers' compensation statute shall be provided with medical and accident protection for serious injury at the same level and to the same extent as that required under the applicable State workers' compensation statute for covered employment. Income maintenance coverage is not required for these participants.

(c) For the purpose of this section, medical insurance means that the employer must provide for the participant's medical care due to injury arising from, and in the course of, the participant's activity; accident insurance means tort claims protection; and income maintenance insurance means the monetary workers' compensation allowance.

§ 231.2 Displacement.

The State agency shall assure that CWEP, other work experience on-the-job training (OJT), and work supplementation assignments:

(a) shall not result in the displacement of any currently employed worker or position, including partial displacement, such as a reduction in hours of non-overlapping work, wages, or employment benefits;

(b) shall not impair existing contracts for services or collective bargaining agreements;

(c) shall not result in the employment or assignment of a participant of the filling of a position when any other person is on layoff from the same or a substantially equivalent job within the same organizational unit, or when an employer has terminated any regular employee or otherwise reduced its workforce with the effect of filling the vacancy so created by hiring a participant whose wages are subsidized under this program;

(d) shall not infringe in any way upon promotional opportunities of any currently employed individual; and

(e) shall not result in the filling of any established unfilled position vacancy by a participant assigned under § 230.02 (work supplementation pro-

gram) or § 230.03 (CWEP) of the JOBS program.

§ 231.1 Grievances by regular employees.

(a) The State shall establish and maintain a grievance procedure for resolving complaints by regular employees or their representatives that the work assignment of an individual violates any of the prohibitions described in § 231.2.

(b) Such grievance procedure shall include an opportunity for informal resolution.

(c) If no informal resolution can be reached within the specified time period as established by the State as part of the grievance procedure, the dissatisfied party may file a request for a hearing with the State.

(d) The State's hearing portion of the grievance procedure shall provide the following: A written notice of the date, time and place of the hearing; a hearing on the record; an opportunity to present evidence, bring witnesses, cross-examine witnesses; representation by counsel; and a written decision.

(e) The State's grievance procedure, pursuant to the provisions in paragraphs (b), (c), and (d) of this section, shall not exceed 90 days from the date of the complaint, by which time the complainant shall be provided the written decision by the State.

(f) A decision of the State under paragraph (e) of this section may be appealed by any dissatisfied party within 30 days of the receipt of the State's written decision. The appeal shall be sent to the Office of Administrative Law Judge, U.S. Department of Labor, Vanguard Building, Room 800, 1111 20th Street, N.W., Washington, DC 20006. The review shall be on the record of the State proceedings, as supplemented pursuant to paragraph (i) of this section.

(g) The appeal shall contain:

(1) The full name, address and telephone number of the appellant;

(2) The provisions of the Social Security Act or regulations believed to have been violated;

(3) A copy of the original complaint filed with the State; and



Note: Wa did get (e) included in W-2 legislation.

The state is now saying this is the only waiver it wants related to displacement. 6/12/96

283

SOCIAL SECURITY ACT—4082X10

(B) any income remaining (which amount is less than the applicable monthly standard) shall be treated as income received in the first month following the period of ineligibility specified in subparagraph (A);

except that the State may at its option recalculate the period of ineligibility otherwise determined under subparagraph (A) (but only with respect to the remaining months in such period) in any one or more of the following cases: (i) an event occurs which, had the family been receiving aid under the State plan for the month of the occurrence, would result in a change in the amount of aid payable for such month under the plan, or (ii) the income received has become unavailable to the members of the family for reasons that were beyond the control of such members, or (iii) the family incurs, becomes responsible for, and pays medical expenses (as allowed by the State) in a month of ineligibility determined under subparagraph (A) (which expenses may be considered as an offset against the amount of income received in the first month of such ineligibility).

(18) provide that no family shall be eligible for aid under the plan for any month if, for that month, the total income of the family (other than payments under the plan), without application of paragraph (b), other than paragraph (B)(iv) or (B)(viii), exceeds 125 percent of the State's standard of need for a family of the same composition, except that in determining the total income of the family the State may exclude any earned income of a dependent child who is a full-time student, in such amounts and for such period of time (not to exceed 6 months) as the State may determine;

(19) provide—

(A) that the State has in effect and operation a job opportunities and basic skills training program which meets the requirements of part F; &

(B) that—

(i) the State will (except as otherwise provided in this paragraph or part F), to the extent that the program is available in the political subdivision involved and State resources otherwise permit—

(I) require all recipients of aid to families with dependent children in such subdivision with respect to whom the State guarantees child care in accordance with section 402(e) to participate in the program; and

(II) allow applicants for and recipients of aid to families with dependant children (and individuals who would be recipients of such aid if the State had not exercised the option under section 407(b)(2)(B)(i)) who are not required under subclause (I) to participate in the program to do so on a voluntary basis;

(ii) in determining the priority of participation by individuals from among those groups described in clauses (i), (ii), (iii), and (iv) of section 400(X)(B), the State will give first consideration to applicants for or

*As in original. "B" and "C" should be "B" and "C".

* Part F of Title IX of the Social Security Act
42 US Code Sec. 681 et. seq.
Sec. 684(c) Relates to displacement

State admits error on waiver request

Officials will seek to modify W-2 provision on displacing workers

By James D. ...
6/12/96

State officials, admitting they made a mistake in a provision for federal welfare workers, said Tuesday that they would ask to modify a request that would have let state welfare recipients displace existing workers in some cases.

The state still seeks federal

permission to let participants in Wisconsin Works (W-2) fill un-
published vacancies. But it is
withdrawing requests to allow
for partially displacing current
workers, impacting existing con-
tracts or collective bargaining
agreements and bargaining on
the procedural application
of current workers.

Someone inadvertently in-
cluded all the provisions listed
at (and) the one provision we
were seeking," said John Mar-
tinez, chief of staff to Gov.
Tony Thompson. He was re-
sponding to the request to let W-2
participants fill established va-
cancies.

News of the glitch Tuesday
fueled controversy that had
regulations — and the public —
need to scrutinize the sweeping
changes sought through W-2,
which would replace Aid to
 Families with Dependent Chil-
dren in Wisconsin bargaining
late last year.

"We're seeking what the dis-
cusses use of rehire-stopping
document period which began
Monday for the W-2 program.
State Rep. John Card (R-
Redfield) chairs on the As-
sembly Welfare Reform Com-
mittee, said Tuesday that those
who would use the provision
on W-2 "are laboring in cre-
legislation."

"It's embarrassing," Card
said of the waiver mistake. "It's
not significant enough to delay
anything, unless people are in-
terested in ways of derailing
W-2."

Those see W-2, page 3

From page 3

Marshburn stressed that the
Thompson administration never
had any intention of letting W-2
participants take jobs or hours
from existing workers. The mis-
taken request for displacement
provisions occurred only in a
supporting document. Mar-
tinez said, and not in the narra-
tive for the waiver.

"There probably should have
been more proofreading," said
Rep. John Daboyne (R-Fond du
Lac), who helped for labor pro-
visions in W-2 and was in-
volved in the waiver process.
Marshburn said he doubted
Thompson's intent.

"I would be more receptive to
the idea that it was a mistake if
it was an act of omission," Mar-
tinez said. "I don't see any evi-
dence that it was a mistake."
However, a former welfare
official who worked on waiver
requests for New Jersey said the
administration's explanation
made sense.

"I could see a mistake of that
sort being made very easily,"
said Michael Lantry, who now
follows welfare reform plans for
the Anne E. Casey Foundation,
a Baltimore philanthropy for
disadvantaged children.

"I've been there," he said, "I've had that
problem," Lantry said. "Typical-
ly, he said, a low- or mid-level
technocrat makes an assump-
tion about policy and creates it

Marshburn stood by the waiv-
er request as presented.
"We don't anticipate there
are any other misconceptions,"
he said.

OFFICE OF INTERGOVERNMENTAL AFFAIRS
DEPARTMENT OF HEALTH AND HUMAN SERVICES
200 Independence Avenue, SW
Room 630F
Washington, DC 20201



F A X C O V E R S H E E T

DATE: 6/13/96

TO: Bruce Reed

PHONE:
FAX:

FROM: John Monahan
Director

PHONE: (202) 690-6060
FAX: (202) 690-5672

RE:

CC:

Number of pages including cover sheet:

3

Message:

Waiver could displace workers

ON WISCONSIN NEWS

[On Wisconsin Main Page](#)
[On Wisconsin News Main Page](#)

Waiver could displace workers

By Joel Dresang
of the Journal Sentinel staff

June 11, 1996

Welfare recipients required to work for their benefits under the Wisconsin Works (W-2) plan would be allowed to displace existing Wisconsin workers in some cases, according to the state's federal waiver request.

The displacement provision -- among 88 federal welfare law waivers sought in Wisconsin's 400-page request -- surprised the top legislator behind W-2 and could not be readily explained by a leading welfare administrator.

Specifically, the provision seeks federal permission to let those on W-2 work assignments:

Partially displace current workers.

Impair existing contracts for services or collective bargaining agreements.

Infringe on the promotional opportunities of current workers.

Fill established vacancies.

David Newby, president of the Wisconsin State AFL-CIO, said Monday that he was surprised by the provision. The provision illustrates why Congress and the White House need to be deliberate in considering the W-2 waivers, he said.

"It just shows that a blanket approval of whatever the (Thompson) administration asked for is just ludicrous," Newby said. "This is precisely the sort of thing that should have scrutiny on the federal level."

W-2 was signed into law April 25 and is scheduled to take effect by late 1997. However, W-2 cannot be carried out without a change in federal laws or waivers from existing legislation. The process allows governors to request the waivers they think they need to enact their reform plans.

Last week, the Republican-controlled House of Representatives approved legislation that would grant Wisconsin's requests without administrative review. It now will go to the Senate.

Gov. Tommy Thompson has challenged President Clinton, who has spoken favorably of W-2, to approve the request as submitted and quickly. An official 30-day comment period on the request began Monday.

Fax to:
Bruce Rand

MS Rand

Netssa S.

Jennifer O'Connor

"I'm not sure why it's in there," Gary Kuhnen, director of the Bureau of Welfare Initiative in the state Department of Health and Social Services, said of the provision. "Our intent is not to interfere with any union contracts or to displace workers or to infringe upon promotional opportunities."

Kuhnen said late Monday that he would have to confer with officials who wrote the waiver request to learn why the displacement provision was there.

Rep. John Gard (R-Peshtigo), chairman of the Assembly Welfare Reform Committee, said he noticed the provision when he read through the request last week and wondered whether it had been a mistake or a peculiar technicality.

"I'd be stunned if it's not," Gard said Monday. He said he thought the W-2 package passed by the Legislature protected workers from such displacements.

In fact, W-2 included some protections against supplanting workers. Essentially, it made sure that an employer couldn't get rid of an employee to open a job for a W-2 participant, or hire a W-2 worker to replace a worker on strike, laid off or involved in a labor dispute. Those protections do not necessarily conflict with the exemptions sought in the waiver request.

"You can say it goes beyond what is addressed in the legislation," said Carol Medaris, project attorney for the Wisconsin Council on Children and Families.

John Matthews, Thompson's chief of staff, declined to comment specifically on the request's displacement provision.

"What I can say in general is that we need these workers to be treated as much as possible like general workers in the workplace. We can't have them discriminated against because they're W-2 workers," Matthews said.

For instance, Matthews reasoned, if an employer feared that hiring a W-2 participant might affect an existing employee's promotion, "then hardly anybody would be able to hire a W-2 worker."

Newby contended the provision would let employers of low-wage workers favor government-subsidized W-2 workers.

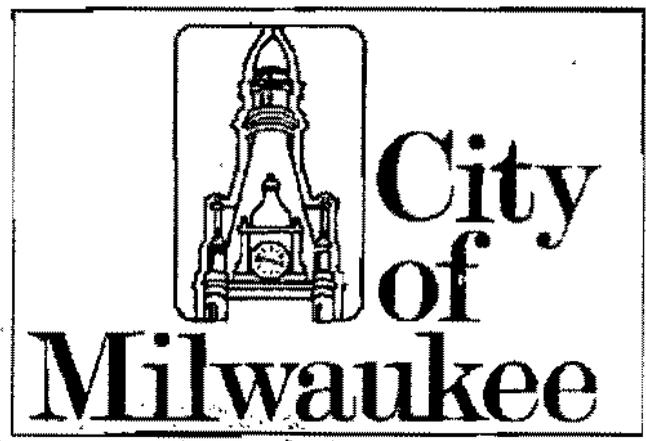
"If you're going to push workers out of low-wage jobs just to make room for welfare participants to work, it doesn't make any sense," Newby said.

Like Gard, Kuhnen and Newby, Marjorie Morgan, chairwoman of the Milwaukee Coalition to Save Our Children, expressed surprise at the displacement request.

"You can't accomplish anything by displacing the current work force," Morgan said. "I can't believe anyone in good conscience would support that."

*Bruce F.
 just in case
 Orson didn't
 send you a
 copy...
 Susan*

FAX COVER SHEET
 June 6, 1996



TO: Linda Moore
 Political Affairs
 The White House
FROM: Orson C. Porter
 Office of Mayor John O. Norquist

THE FOLLOWING FAX TRANSMISSION CONTAINS 1 PAGES INCLUDING THIS COVER SHEET.

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

MESSAGE: Talking points for the phone call to State Senator Chvala. IF you need more info...please call.

Also, could you share this information with Rahm, Marcia and Bruce.

Thanks

June 6, 1996

To: Linda Moore
From: Orson C. Porter
Re: W-2/State Senator Chvala

MEMO

The recall election in Racine that has put the Democrats back in control of the State Senate (by a thin, 17-16 majority). For the next few months, this switch provides an extraordinary opportunity for the President to insist on changes in W-2.

If asked by the President of Vice President, the new Democratic majority under Sen. Charles (Chuck) Chvala (who ran against Gov. Thompson two years ago) can be persuaded to convene a special session of the State Senate to enact amendments to W-2 that:

--replace welfare grants with minimum-wage jobs that qualify for the EITC, i.e., replace welfare checks with paychecks;

--modify the child care co-payments so that higher wages always produce higher incomes, i.e., make work pay; and

--modify the health care plan so that the working poor are not impeded in signing up or prematurely kicked off, i.e., treat private-sector workers as well as subsidized workers.

If these anti-welfare, pro-work improvements are made to W-2 by the State Senate--even assuming they go no further with the Republican controlled Assembly or Gov. Thompson--the President can point to Wisconsin's own elected officials action by the Wisconsin legislature as justification for his decision to insist on the three changes, outlined above, when he approves the W-2 waiver.

To: Bruce Reed
#215

State Democrats' amendment would

**30-day comment period
would substitute
for Neumann's bill**

By MARCO HUSTON
of the Journal Sentinel staff

The state's three Democratic congressmen won approval Wednesday to introduce a substitute amendment Thursday calling for a 30-day comment period before Congress could approve waivers for Wisconsin's welfare reform program.

"Our hope is that we don't completely abuse the process," said Rep. Tom Barrett, who

drafted the amendment with Reps. Gerald Kleczka and Dave Obey. "Our bill attempts to do what Gov. Thompson asked us to do prior to this becoming a presidential election issue."

The Democrats' bill will be scheduled for a vote by the House today before the vote on a Republican bill authorizing waivers for Wisconsin Works (W-2). That Republican bill was introduced Tuesday by Rep. Mark Neumann of Janesville and co-sponsored by the five other Republican representatives from Wisconsin.

The two bills, Neumann said Wednesday, "highlight the fundamental difference between

them and us." He was referring to Democrats and Republicans.

"I believe that the people of Wisconsin are perfectly capable of making perfectly good decisions without Washington interference and without the Washington bureaucrats Washingtonizing the Wisconsin plan."

W-2 would replace Aid to Families with Dependent Children with a work-based program beginning late next year.

Neumann's bill would authorize waivers so Wisconsin could implement W-2 without going through the normal review process by the Health and Human Services Department.

"It seems to me that the last

MILWAUKEE JOURNAL SENTINEL THURSDAY, JUNE 6, 1996 11A

delay W-2 waivers

thing we need is a Washington review," Neumann said.

The Barrett bill would require that the waivers be examined and approved by July 31. Thompson had called for approval by Aug. 1.

"Not a single member outside of Wisconsin has read this plan," Obey said. "For Congress to disrupt the normal waiver system is a perfect example of why this body is held in such low repute by the people of this country."

On a voice vote Wednesday, the House Rules Committee agreed that the Democrats' amendment could be introduced.

Barrett predicted Wednesday that his bill would fail and Neumann's would pass, but that a similar measure would fail to pass the Senate so the congressional effort to approve Wisconsin's waivers would ultimately be defeated.

Also on Wednesday, the Wisconsin Conference of Churches, a statewide organization that includes 10 denominations with more than 760,000 members, urged the House to oppose any effort "to bypass the normal 30-day waiting period required before granting waivers to W-2."

Natalie Dorman of the Journal Sentinel staff contributed to this report.

Urban area teacher shortages

Noncertified instructors are frequently used

By Tamara Henry
USA TODAY

Urban school districts face significant teacher shortages, with the greatest demand in tough subject areas such as math and science, says a study out today.

Eighty-five percent say they have immediate openings in special education; 69% in science; 67% in math; 64% in bilingual education; and 54% in elementary education.

Three-quarters of large city school districts are forced to hire noncertified teachers, says the report.

Thirty-nine of the nation's 47 big-city districts responded to the survey by Recruiting New Teachers Inc., the Council of Great City Schools and the Council of Great City Colleges of Education.

Two million new teachers will be needed during the next 10 years, described as "a historic turnover" in the profession by National Education Association president Keith Geiger. He and others point to normal attrition and "a graying workforce" as reasons.

But this report shows urban

How much faculty large districts need

Thirty-nine of the nation's largest school districts identified special education, mathematics, science and elementary education as areas needing the most teachers. The districts educate 4 million students and employ 239,000 teachers. Biggest districts and their needs:

School district	Total number of teachers	% over 40	Projected need '96-'97
Los Angeles	28,000	64	1,600
Chicago	28,000	73	1,000
Dade County, Fla.	19,000	not available	2,500
Broward County, Fla.	12,000	not available	800
Houston	12,000	50	1,000
Dallas	8,984	not available	600
Long Beach, Calif.	7,000	80	350
Memphis	6,000	50	500
San Diego	6,000	35	600
Jefferson County, Ky.	5,600	65	450
New Orleans	5,000	not available	300

The Urban Teacher Challenge: A Report on Teacher Recruitment and Demand in Selected Great City Schools

districts have urgent, immediate needs for teachers, because most districts have been hit hard by skyrocketing enrollments caused by an influx of immigrants and baby boomers' children reaching school age. Also, teacher retirements are accelerating.

NEA spokeswoman Kathleen Lyon says the report has spurred "a small flood" of phone calls, mainly from people interested in teaching and parents worried about their children's education.

"There have always been questions about the size and scope of the teacher shortage,"

says David Haselkorn, president of Recruiting New Teachers, a 10-year-old group formed by education and business leaders to improve the way the USA recruits, prepares and licenses teachers.

Haselkorn explains that even today's shortages are spotty. He notes there are hundreds of applicants for positions in certain suburban districts and metropolitan areas. "Some have the best qualified in the world... other districts are making do with short-term substitutes and emergency certified teachers.

"It's the dirty little secret of

American education," he says.

More than 56% of the districts anticipate demands within five years for teachers specializing in English as a second language. Ninety-two percent have a constant demand for teachers of color, 85% for male teachers and 67% for teachers of bilingual/multicultural backgrounds.

As a stopgap solution, the study found 77% of the districts allow noncertified teachers to teach. Of this group, 63% allow emergency licenses, 40% long-term substitutes, 33% provisional licenses, and 27% internships or apprenticeships.

VINEYARD HEAT: You need a reservation for the ferry, and crowds are guaranteed. But Martha's Vineyard remains a favorite East Coast destination. A spiffed-up Hot Tin Roof club reopens this weekend, expecting to draw celebs and just island folks.

Carly Simon is a club partner; investors include Herb



Jeannie Williams

News & Views

Putnam, the Vineyard businessman who created the club in 1979; Dirk Ziff of the Ziff-Davis publishing empire and a member of Simon's band; and Dick Friedman, who hosted President Clinton in his Vineyard home and owns the Cambridge (Mass.) Charles Hotel.

The Edgartown club, whose \$1 million renovation added a bigger stage and sound system, is offering VIP memberships. Ted Danson and Mary Steenburgen, and Peter Norton of Norton Utilities software are among lifetime members at \$5,000 a pop.

Simon will host and perform at a private members' party June 7. But, she says, "I grew up here. We're going to make sure the club is open to the whole community."

States rated in child care

By Karen S. Peterson
USA TODAY

The states doing the best job with child care are California, Colorado, Connecticut, Hawaii, Maryland, Massachusetts, Minnesota, Vermont, Washington and Wisconsin, says a new study released today by Working Mother magazine.

At the bottom of the list: Alabama, Alaska, Arizona, Idaho, Louisiana, Mississippi, Montana, Nevada, New Hampshire, New Mexico, North and South Dakota and Utah.

The report analyzes the general availability, safety and quality of child-care centers and family day-care homes in 50 states plus the District of Columbia, as well as states' commitment to child care, says editor in chief Judsen Culbreth.

"Parents need to be informed about what states are doing," Culbreth says, particularly as the federal government grants them more money and policy-making powers.

State laws governing child care vary dramatically. Lowest-scoring states, Culbreth says, include Idaho, where a single adult can care for a dozen babies; Louisiana, which until last year "did not even apply for a huge portion of its federal child care funds"; and Mississippi, where "inadequate staffing prevents kids from getting proper supervision."

In both centers and family day-care, one adult should care for only three to four infants or seven to 10 preschoolers, Culbreth says. But one adult can care for six babies — and in some cases, more — in Alabama, Arkansas, Georgia, Idaho, Louisiana, Nevada, New Mexico and South Carolina. One person may care for 12 preschoolers — and in some cases, more — in Arkansas, Florida, Georgia, Louisiana, Mississippi, Nevada, North and South Carolina and Texas.

Only 27 states require any training for family child-care providers; in most, child-care center directors don't have to have a college degree.

Barbara Reisman of the Child Care Action Campaign calls the study "a careful job, a very useful tool for parents."

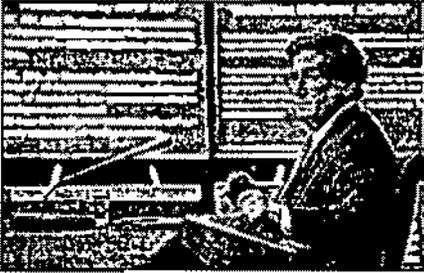
USA TODAY

WEDNESDAY, MAY 22, 1996

WASHINGTON

House Republicans urge NATO expansion

House Republicans endorsed an immediate expansion of NATO, saying Tuesday that delay would create a power vacuum in central Europe. In a decision expected to quickly turn into legislation in both the House and Senate, the House Republican Policy Committee said the alliance should expand to include Poland, Hungary and the Czech Republic. The Baltic republics and other former Warsaw Pact states should be added "at the earliest possible time," the committee said. President Clinton has supported expansion of NATO to the east, saying the only question is when the move should take place. Republicans, including Clinton's presidential rival, Sen. Bob Dole, have criticized what they regard as the slow pace of administration efforts on NATO expansion.



Never was covert action: Richard Holbrooke testifies about the decision to allow Iranian arms into Bosnia.

BOSNIAN ARMS SHIPMENTS: The decision to allow Iranian arms to flow to the Bosnian government was "a tough call" but eventually was justified by the U.S.-brokered peace agreement, negotiator Richard Holbrooke testified to Congress. "There never was a covert action. We never considered one," Holbrooke told the Senate Intelligence Committee, one of several congressional panels examining whether laws were broken.

One question being studied is whether the Clinton administration violated the requirement that Congress be notified of covert activity abroad. Holbrooke, a former assistant secretary of state who led the U.S. negotiating team at last year's peace talks, said Bosnia's then-prime minister, Haris Silajdzic, asked the administration in 1994 to urge other governments to send arms to Bosnia.

"We never did. Not once. Never," Holbrooke said, although all parties fighting there already were receiving arms in violation of an international embargo imposed by the United Nations. Because of defeats the Bosnians were suffering from rebel Bosnian Serb forces, Holbrooke said, "I was nearly desperate with concern they would not make it through a third winter."

Also Tuesday, a top State Department official, John Kornblum, flew to the Balkans with a fresh warning to leaders that Bosnian Serb leader Radovan Karadzic must be stripped of his influence for peace to last. The hard-line Karadzic, who has been indicted on charges of war crimes, has been clinging to power.

NEW NET STOP: The White House unveiled an Internet site with "briefing rooms" full of economic and social data. The Federal Statistics Briefing Rooms are a centralized location for statistics compiled by the government and generally already available on other Internet sites. "All we're doing here is making it easier," said Alice Rivlin, director of the Office of Management and Budget. "This is just the beginning." The Briefing Rooms can be found at <http://www.whitehouse.gov/tbbr>

PERU CASE: President Clinton appeared to make no headway when he raised objections with Peru's leader about the secret military trial of an American woman on treason charges. Peruvian President Alberto Fujimori said he told Clinton the woman, Lori Berenson, "has had due process. . . . We are acting in accord with the law." Berenson, 26, of New York was convicted of helping leftist guerrillas in Peru. She was sentenced in January to life in prison without parole. Clinton raised Berenson's case in a 20-minute Oval Office meeting with Fujimori.

CUBA APPEASEMENT CHARGE: Republican Sen. Jesse Helms said the policies of Canada, Mexico and Europe toward Cuba resembled Britain's attempt to appease Adolf Hitler before World War II. In a Miami speech Monday night to the Cuban-American National Foundation, the Senate Foreign Relations Committee chairman said nations critical of harsh U.S. trade sanctions against Cuba were wrong.

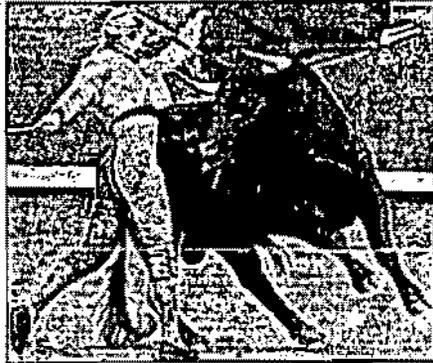
ELSEWHERE IN THE WORLD

Ferry flips in Tanzania; 500 are believed killed

More than 500 passengers, many of them teenagers, were feared dead after a ferry hit a rock and capsized in Lake Victoria in the eastern African country of Tanzania. Ships rescued 40 people and recovered 21 bodies after the ferry, crowded with 600 passengers, sank near the port town of Mwanza. "This is not an ordinary tragedy. It is a national tragedy," President Benjamin Mkapa said. The accident's cause is not known, but survivors said many passengers were trapped underneath the ferry when it capsized.

NEW DELHI BOMB: Campaigning for general elections in India's troubled Kashmir valley ended Tuesday, clouded by a car bomb in New Delhi that killed at least 16 people. Kashmiri separatists swiftly claimed responsibility. Voting for two parliamentary seats in Kashmir is set for Thursday. Separatists say they want to make the vote a referendum on India's rule of the territory.

TURMOIL IN AFRICA: U.S. Marines helped evacuate 13 Americans from the Central African Republic, and about 60 others were waiting to escape an uprising by rebel troops. Pentagon spokesman Ken Bacon said about 254 Americans were in the country. In Liberia, fresh fighting broke out in Monrovia. A rocket-propelled grenade hit a wall of a U.S. Embassy annex where 70,000 civilians have taken refuge. Two people were wounded.



A 'first' in Spain: Cristina Sanchez, 24, struggled for three years to break into the bullfighting fraternity.

FEMALE BULLFIGHTER: Cristina Sanchez, 24, was set to become Spain's first female *matador de toros* after completing her last fight at junior level in front of cheering crowds at Madrid's Las Ventas ring. Sanchez was nervous during her first kill, which took five tries. On the second bull, she delighted the crowd with a perfect kill. The crowd shook white handkerchiefs, the signal for a bullfighter to be awarded a bull's ear, a symbol of valor. "I'm going to keep it with much fondness," the emotional Sanchez told a TV interviewer. Sanchez has fought prejudice for three years in the struggle to be accepted into the bullfighting fraternity. Jesulin de Urbizu, the flamboyant young outsider who holds an annual women-only bullfight in which he is showered with fans' underwear, refuses to fight by her side.

ALSO . . . In Colombia, kidnapers holding the brother of former president Cesar Gaviria demanded again that Nobel Prize-winning novelist Gabriel Garcia Marquez take over Colombia's scandal-plagued presidency. President Ernesto Samper has been accused of taking drug money from the Cali cartel during his 1994 campaign. . . . In Italy, former prime minister Silvio Berlusconi was hospitalized after suffering a violent allergic reaction to an insect sting. Media tycoon Berlusconi's lower lip swelled up badly after he was stung in his Milan villa. . . . A farewell note on the Internet, discovered by an American, helped social workers in the Netherlands prevent a man's suicide, the news agency ANP said.

MILWAUKEE JOURNAL SENTINEL
Tuesday, June 4, 1996

Powell backs state welfare reform

He endorses approval
of W-2 waivers, talks to
bankers in Milwaukee

Associated Press

Retired Gen. Colin Powell said Monday a Wisconsin welfare plan awaiting approval by the Clinton administration can "break the cycle of welfare dependency" while caring for children.

Powell, in a telephone interview with the Wisconsin State Journal, told the Madison newspaper he hoped the administration would approve waivers of federal welfare requirements so

the plan can go into effect.

Wisconsin Works, or W-2, would replace Aid to Families with Dependent Children with a program of jobs and job training.

Critics say there are too few jobs at adequate wage levels to handle all the recipients whose AFDC would expire.

Gov. Tommy Thompson visited Washington last week, asking the administration for the waivers.

Rep. Scott Klug (R-Wis.) and Rep. Mark Neumann (R-Wis.) said Sunday they would sponsor waivers legislation in the House.

Powell, visiting Milwaukee

for an address to bankers, talked with Klug before returning home to McLean, Va.

In his interview about W-2, Powell said: "It sounds very exciting, an effort on the part of Gov. Thompson and other leaders to break the cycle of welfare dependency and to do it in a way that takes into consideration the need for child care, education and training."

Klug, who supported Powell as a presidential candidate last year, said in a news release that he met privately with Powell for an hour Monday and urged him to accept the GOP vice presidential nomination. But Powell remains skeptical, Klug said.

DRAFT

To Bruce
Reed
From Jen
O'Connor
4 pages

Wisconsin Works (W-2) -- Then and Now

Background

The original application submitted by Wisconsin on May 8th, and modified on May 17th, was an amendment to two of their existing approved demonstrations, Pay for Performance and Work Not Welfare. It contained many of the elements of the state's W-2 submission that was received on May 29th. However, the May 29th application is much more comprehensive and appears to reflect more fully the state's legislation. Although the original application raised a number of issues, the more recent application raises additional significant issues that the first application did not. The current list highlights major issues that we've identified to date; given the comprehensiveness of the application, closer scrutiny may reveal many additional issues.

New Issues

The May 29th application raises at least the following issues which were not present in the May 8th application:

- o explicitly does not guarantee work, child care or health care to financially eligible individuals.
- o requires recipient cost sharing for W-2 recipients who would pay at least \$20 monthly for Medicaid,
- o denies health benefits to the children of parents who fail to cooperate with child support enforcement,
- o creates a 60-day durational residency requirement raising issues of constitutionality,
- o eliminates elements of due process and fair hearings, at least some of which potentially raise issues of constitutionality,
- o weakens current law protections against displacing workers with W-2 recipients,
- o provides lower level of benefits for disabled individuals (included in May 8th application, but removed in May 17th amendment) potentially raising Americans with Disabilities Act issues,
- o provides substantially lower benefits to larger families, e.g., a husband and wife with three children would receive \$555 rather than \$709,
- o potentially raises minimum wage issues.

DRAFT

DRAFT

NOTE: VERY PRELIMINARY DESCRIPTION; NOT FULLY COMPLETE.

Wisconsin - Wisconsin Works (W2)

Description:

Wisconsin would:

- o Establish performance standards for the administration of W2, including employment activities, health care, and child care administration.
- o Establish a competitive process for selection of contractors to administer county W2 programs. Current county AFDC and JOBS agencies who meet performance standards would have right of first selection.
- o Provide -- but not guarantee -- subsidized/unsubsidized positions, child care and health care coverage to families whose gross income does not exceed 115 percent of the federal poverty level (FPL), whose resources do not exceed \$2,500 (excluding a homestead), and whose total net equity assets do not exceed \$10,000.
- o Impose a 60-day State residency requirement for eligibility.
- o Provide children whose parents are SSI recipients a payment of \$77.
- o Increase required CDEP participation up to 40 hours per week.
- o Count all earned and unearned income, including child support (which will be paid directly to the custodial parent), except for EITC when determining W2 eligibility.
- o Determine payment amount not according to family size, but rather according to job placement: unsubsidized, trial job (up to \$300 per month wage subsidy), community service job (\$555 per month), transitional placement (\$518 per month).
- o Sanction individuals \$4.25 per each hour of non-participation in community service jobs or transitional placement.
- o Provide Job Access Loans to assist participants with one-time employment support needs, e.g., car repair, uniforms, etc.
- o Extend child care to families earning up to 165 percent of poverty with graduated co-payments based on family income and the category of care used.
- o Require participation in substance abuse and mental health

DRAFT

DRAFT

promotional opportunities, and filling of any established unfilled position.

- o Automatically refer all W2 participants to child support for services.

Medicaid:

- o Eliminate transitional Medicaid and expand Medicaid (i.e., the W2 Health Plan) to families with gross income up to 165 percent of FPL, who would then remain eligible until their income increases to 200 percent of FPL.
- o Incorporate a mandatory HMO enrollment or primary provider program for W2 participants.
- o Require participants to pay a share of W2 Health Plan premiums according to a sliding scale ranging from \$20 per month to \$143 per month.
- o Impose stricter Medicaid sanctions for non-cooperation with child support.

Food Stamps:

- o Merge the Food Stamps EIT program with the W2 Work Program.
- o Modify the Food Stamps work program exceptions.
- o Eliminate the Food Stamps gross income test.
- o Require nutrition education for Food Stamps recipients.

Status:

Received: May 29, 1996.

DRAFT

TOTAL P.05

33997738 P.05

01

1996-05-31 14:57 FROM

0004/004

3

06/20/96 13:09

MILWAUKEE JOURNAL SENTINEL MONDAY, JUNE 3, 1996 3B

W-2 needs major changes to work, Norquist says

Mayor wants monthly cash grants eliminated for able-bodied adults

By JEFF COLE
of the Journal Sentinel staff

Describing the proposed W-2 program as "Welfare Reform Lite," Mayor John Norquist Sunday called for major changes in the plan before it goes into place.

In its present form, the W-2 (Wisconsin Works) proposal won't achieve its goal of getting recipients off welfare and into jobs, Norquist said at an afternoon press conference.

Under Gov. Tommy Thompson's welfare reform plan, Aid to Families with Dependent Children and other welfare programs would be replaced by W-2, which would require recipients to work in order to receive benefits.

W-2 calls for recipients to receive public assistance for up to two years. It is also supposed to include a package of job training, child care and other benefits to allow longtime welfare recipients to gain the skills they

WORKING ON Welfare

Continuing coverage of welfare reform in Wisconsin and the nation.

need to get off welfare.

The key problem with W-2, Norquist said, is that even after it is implemented, more than 75% of its participants still will receive public assistance in the form of cash grants.

In order to provide real welfare reform, Norquist said W-2 should eliminate the monthly cash grants to able-bodied adults and require that they get jobs. It also should require that workers be paid the minimum wage and pay income taxes and allow them to file for the federal Earned Income Tax Credit.

The credit is a federal program that reimburses states for taxes lost because some people don't make enough money to pay federal or state taxes.

Wisconsin would lose \$50 million in federal aid because many people in Wisconsin taking part in W-2 would not be eligible to file for the credit, Norquist said.

The program still needs federal approval before it can be

implemented. President Clinton has pledged to sign the federal waivers needed to allow the program to go into effect but has not yet done so.

Norquist, who urged Clinton to sign the waivers, also said he wanted W-2 to go into effect by this September instead of 1997 as now planned.

"I want the W-2 waivers to be signed quickly," Norquist said. "But I want President Clinton to make sure that W-2 does not become 'Welfare Reform Lite' ... and late.

"The W-2 waiver request calls for delaying implementation until the end of 1997, over a year from now. W-2 should be implemented right away — by Labor Day of this year."

As for the jobs, Norquist noted both the state and local economies are booming. He said that while there would be a place for something like the Depression-era Works Public Administration, there also are many private sector jobs available.

"There are companies moving into Milwaukee just so they can be close to a supply of workers," Norquist said.

Democrats to ask governor to shut down Learnfare

Program's high costs criticized, but others point to successes

BY MEG JONES
of the Journal Sentinel staff

A program that cuts aid to welfare families whose children skip school should be dumped because it has cost \$58 million more than it has saved, two legislators said Sunday.

Learnfare has cost \$70.6 million since it started in 1988, but saved only \$12.1 million in welfare costs, according to

a report issued last week by the Legislative Fiscal Bureau. The \$12 million in savings came from the deductions from the welfare checks of parents whose children were truant.

Now several Democratic legislators are urging Gov. Tommy Thompson to drop the program and spend the money elsewhere.

"This report points to the very problem with welfare reform in this state under this governor. Here (with Learnfare) we are flushing \$70 million down the toilet," said Rep. Antonio Riley (D-Mil-

waukee).

Riley said he and Rep. Barbara Notestein (D-Milwaukee) as well as several other Democrats on the Assembly Welfare Reform Committee will send a letter to the governor asking him to dump Learnfare.

"It makes politicians feel good that we're doing something to get welfare people off their butts," Riley said Sunday. "If you want to feel good, do it with your pocketbook, not with the state taxpayers' money."

Please see LEARNFARE page 3

Learnfare/Program's costs draw criticism

From page 1

But Rep. John Gard (R-Peshigo) said the report did not account for the program's deterrence effect. He said the success of Learnfare was difficult to put into dollars and cents.

"The cheapest way to give poor people aid is to give them a check with no responsibility, no strings attached and say, 'come back in 30 days and we'll give you another one.' That has devastated families and devastated communities," Gard said.

"We will never be able to defect how much we save there. Sanctioning is one thing, but our goal was not to sanction people; it was to get them in school," said Gard, who is chairman of the Assembly Welfare Reform Committee.

Administration and management costs of Learnfare last year totaled \$4.2 million of the program's \$11.7 million cost, according to Department of Health and Social Services figures. Alternative education cost \$1.7 million, child care \$2.5 million, transportation \$341,000, and other services for Learnfare teens cost almost \$3 million, the agency said.

The program has reduced Aid to Families with Dependent Children checks an average of about \$130 a month when the children of recipients had too many unexcused absences from class.

Learnfare is not supposed to save money, said Jean Rogers, administrator of the Department of Health and Social Services Division of Economic Sup-

port. Its goal, she said, is to make sure kids stay in school.

Rogers said the percentage of people sanctioned because their children weren't in class had dropped over the years of the program from between 9% and 15% to 3% and 4%. She added that Wisconsin had the lowest dropout rate in the nation.

Notestein requested the fiscal report because an earlier report by the Legislative Audit Bureau showed that Learnfare had no effect on students' attendance.

She suggested using the Learnfare money for programs to prevent second pregnancies among teenagers, alternative education, child care and job training.

The Associated Press contributed to this report.

Last week, first lady Hillary Rodham Clinton, who professes to hate sharing her private life with the public, told Time magazine that she and her husband "are hoping at we have another child."

Mrs. C., 48, confessed that she'd be "surprised but not disappointed" if she became pregnant and that the first couple had been talking about "adopting, perhaps an older child, for some time."

Of course, the first lady confided, the couple would wait "until after the election" to adopt.

Unless, one suspects, the president starts slipping in the polls.

What can we expect this election year? My prediction follows.

June: After a poll shows Bob Dole trailing President Clinton by 25 points, Dole snaps to reporters that he wants Clinton to "stop ying about having more children." A GOP political ad questions whether it is fitting or the president to become a father again while he is on "active duty."

New York Times columnist Frank Rich excoriates Dole for touting family values even though wife Elizabeth never has given birth to a child or adopted one. In addition, Rich cites a member of the religious right who criticized Dole's daughter, Robin, 41, for having remained single and childless.

July: The Clintons offer more details on their possible post-election adoption. They disclose that they want to adopt a "woman baby" but are not sure whether they would adopt a white or minority child.

The White House does disclose that the couple will not adopt the child of a welfare mother who is forced to consider adoption because of "mean-spirited GOP reforms" to cap welfare grants.

The Doles announce that they have adopted a golden retriever puppy and two kittens that will accompany them on the campaign trail.

While the senator generally has refused to comment on Whitewater, the Doles name the kittens McDougal, as in convicted Whitewater felons James and Susan, and Tucker, as in their compadre, Jim Guy. The dog is named Paula Jones.

August: During a live MTV forum, the president is asked the delicate question: What will be next to the first baby's butt, cloth or disposable? Clinton answers, "Both." Washington pundits criticize Clinton for stooping to respond to the question.

The Clinton campaign anonymously leaks proof to the press that the Doles have yet to fix their pets.

Dole mistakenly kicks the puppy while saying he wants Clinton "to stop lying about welfare reform" during a Michigan campaign appearance. Campaign aides fail to block a TV cameraman, who videotapes the puppy trying to run from Dole.

September: In a press conference, Dole announces that in order to prove how serious he is about becoming president, he is willing to retire the puppy from the podium. From now on, Dole asserts, it'll be "just me, Bob Dole, doing it the hard way and without

CROWDING MUST BE... view. An engine behind the crowding —

Weekly laurels and laments

for
MJS
6/2
Buen
feed

Will he or won't he (sign the waivers, that is)? That's the question since President Clinton gave such a rousing endorsement to W-2, the welfare reform plan of Gov. Tommy Thompson. White House aide Harold Ickes said the administration had only a "rudimentary understanding" of the plan. But domestic policy adviser Bruce Lindsay said Clinton would sign the waivers, even as an underling at the Department of Health and Human Services said no signatures would be forthcoming. One thing's certain: Clinton the politician is much more decisive than Clinton the president.



Finally there can be peace and quiet. We refer to "boom cars," those stereos on wheels that blast tunes from systems anyone would be proud to have in the living room — or County Stadium. State Rep. Antonio Riley (D-Milwaukee) persuaded the Legislature to pass a bill requiring motorists to lower the volume or face confiscation of their stereos. If you're ticketed three times in a year, your vehicle could be impounded while the system is removed, speakers and all. It's a new twist on "three strikes and you're out" anti-crime legislation.

rightly so — that records by strategy sessions are records law. Wisconsin know what their elected especially behind closed

Once again, the public's right to know what its elected officials are up to has been upheld. Attorney General James Doyle says — and

County supervisors ar lawsuit settlements. The ter receiving incomplet

OTHER

4 years later, Quayle st

Forgive me for being a contrarian, but Dan Quayle was not right.

It's been four years, one presidential election and two book tours since that famous "Murphy Brown" speech. Today, anyone who wants to be allowed onto the family values bandwagon has to repeat the same contrite words: "Dan Quayle was right."

But due to a penchant for history, and access to Nexis, I must opt out of this love fest. Quayle was wrong when he said that "Murphy Brown



ELLEN GOODMAN

MJS
6/2 p. 38

MPS MUST PAY FOR EFFORT AFTER JULY 1

p. 38

Truancy program funding to end soon

Jasna wants city, county to share cost of officers, TABS counseling centers

By JUSSE GARZA
of the Journal Sentinel staff

Milwaukee's successful anti-truancy program could come to an end unless the city, county and school district come up with a way to make up for state funding that will dry up at the end of the month.

Under the program known as Truancy Abatement Burglary Suppression, or TABS, police officers and sheriff's deputies found up truants during school hours and take them to TABS counseling centers that operate out of two Milwaukee Boys and Girls Clubs.

According to a program update, officers have stopped 14,864 youths on city streets during the first three years of the program and sent 7,877 of them to the two TABS centers. TABS officers also found 167 missing children and the program provided counseling to 3,273 parents.

"We think very highly" of TABS, Sheriff's Lt. David Iushewitz said. "We would really hate to see the program canceled for lack of money."

The Legislature last summer voted to extend the program's state subsidy through the 1995-'96 school year, but as of July 1 the Milwaukee Public Schools will have to foot the bill.

MPS officials say they like the program, but the district will be

pinched by rising costs and state-set spending limits for the 1996-'97 school year.

In a letter sent last month to Sheriff Robert Kliesmet, Police Chief Philip Arreola and state Sen. Margaret Farrow, MPS Superintendent Robert Jasna proposed sharing the \$585,000 annual cost of the program with the city, county and state.

Jasna "certainly is interested in retaining the program," said Doug Haselow, chief lobbyist with MPS. "MPS would seriously consider assuming responsibility for its part of program."

Under Jasna's proposal, the city would pay \$193,000 for the four police officers assigned to TABS duty, and the state and county would finance the \$320,000 contract with the Boys and Girls Club to operate the two centers, including the pay for two sheriff's deputies, Haselow said.

MPS would pay the \$71,325 cost of three community aides who work with the program.

Representatives of the Sheriff's Department, Milwaukee Public Schools, Boys and Girls Club and Police Department met last week to discuss funding for the program.

"At this time, no final decisions have been made as to how we will proceed," Milwaukee Police Sgt. Earnell Lucas said after the meeting. But, he added, "The department remains committed to the philosophy of the TABS program."

Before last week's meeting, Arreola had already scheduled to meet with other local officials Monday to explore alternative

funding sources for the program, Lucas said.

There is no immediate opportunity for legislative action on Jasna's proposal because the legislators are in recess until next year, Farrow said. But, she said, she has been in touch with Jasna and will support any effort to keep the program alive.

"We see definite success for young people in the program and also a downturn in vandalism and (loitering) in the malls during school hours," Farrow said.

"It behooves everyone in the community, both government and the private sector, to say, 'Let's support this program.' It's doing positive things both for the students and the community."

As examples of its success, the program's officials cite a reduction in crimes during school hours and a repeat offender rate of only 13% among truants referred to TABS.

"I believe it will continue," TABS director Dana Nix said. "It's just not clear who is going to pay for it and what it's going to look like."

"The bottom line is that we have to start making kids a priority," Nix said. "Unfortunately, in our society, everything is based on money and dollars."

Those at last week's meeting agreed to meet again in an effort to secure money for TABS before funding runs out, Iushewitz said.

"Jasna's letter got us all going on the same calendar," Iushewitz said. "This is an important issue, so we better get moving."

POLITICAL FOOTBALL W-2 is on everyone's agenda in D.C.

Clinton, Gingrich,
Thompson, Norquist all
bump heads on issue.

BY FRANK A. AUKOFER
of the Journal Sentinel staff

Washington — Everybody it seemed Friday, wants to get a hand in; or a leg up, on reforming welfare in Wisconsin.

Over the last few days, the state's W-2 reform plan has involved the White House, the governor of Wisconsin, the leadership of the House, members of the Senate and House, and the mayor of Milwaukee.

The latest developments:

Working On Welfare

Continuing coverage of welfare reform in Wisconsin and the nation.

■ On Friday, the House Republican leadership, led by Speaker Newt Gingrich, sent President Clinton a letter saying the House would pass legislation to approve the Wisconsin waiver package if the president didn't approve it quickly himself.

■ Republican Rep. Mark Neumann of Janesville was preparing a bill to do just that with the intention of introducing it next week. Twelve Republican senators, led by Sen. Christopher S. Bond (R-Mo.), had introduced a bill in the Senate earlier that would declare Wisconsin's waivers "approved upon submission" to the Health and Human Services Department.

■ Mayor John O. Norquist, who favors a tighter version of W-2, sent two top aides Friday to meet with White House officials to urge Clinton to approve W-2, but with modifications proposed by the mayor.

The current round of action began Wednesday when Gov. Tommy Thompson, in

an effort to hold Clinton to his W-2 endorsement, personally delivered to the White House 400 pages of proposals for waivers of current federal law that Clinton must sign to allow W-2 to be implemented. The governor also met with the national news media to pressure the president to approve the plan.

All these players say they like the plan, aimed at abolishing the current welfare system. But there are some "ifs" and "buts," and a good deal of parrying and thrusting — some of it unabashedly political and played out against a backdrop of national welfare and Medicaid reforms pending in Congress.

Clinton triggered the events May 18 when he endorsed W-2, the brainchild of the Republican Thompson.

Some Republicans were at first miffed that Clinton had sto-

len some welfare thunder from his expected opponent for the presidency, Sen. Bob Dole. But they also saw a chance to corner Clinton on his famed promise to "end welfare as we know it."

Over the last few days, there were these developments:

White House meeting: David Riemer, Norquist's chief of staff, and Jeff Gillis, policy director, met with Bruce Reed, Clinton's policy planning assistant, and Rahm Emanuel, the president's special projects director.

Earlier, Norquist also had sent a letter to Clinton, outlining the changes he is seeking. Riemer said the mayor's basic position was that he wanted welfare eliminated more quickly and completely.

He said Norquist wanted reforms to go into effect this September, instead of in 1997, and wanted the president to require recipients to work at real, tax-paying jobs. Under the current W-2 plan, Riemer said, 75% of

current aid recipients will continue to receive cash grants.

Reed, in an interview later, said it was too soon to comment on the White House reaction to Norquist's proposals. He also reiterated Clinton's support for W-2.

"As the president said in his (May 18) radio address, he likes the Wisconsin plan, and we're committed to getting it done," Reed said.

He said, however, that the law required 30 days for public comment, and White House lawyers also would have to review the waiver proposals to make certain that they would hold up in court.

"The reason we like the Wisconsin plan," Reed said, "is that like the president's plan, it requires work and provides health care and child care, and a job to go to, so we can really move people from welfare to work."

He added, "We would very much like to see Congress pass

national welfare reform legislation that includes health care and child care. Those are two elements that are in the president's plan and the Wisconsin plan, but the Republicans left them out of the plan they sent to the president last year."

Gingrich's letter. However, in their letter to Clinton Friday, Gingrich and other Republican House leaders pointedly inter-

U.S. Rep. Dave Obey:

"This seems to me to be nothing

but a blatantly political act."

preted W-2 as not guaranteeing child care for the working poor.

"It includes a child care co-payment," they said. "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."

The Republican leaders said they were eagerly awaiting rapid action by Clinton to approve W-2 but said if he delayed, the House "will proceed to send you the Wisconsin waiver in the form of legislation."

Late Thursday night, House Majority Leader Dick Armey (R-Texas) said the Republicans had planned to bring up legislation to approve W-2 under a fast-track procedure next week that requires a two-thirds vote.

He said they were simply "acting in response to the president's enthusiastic endorsement of the Wisconsin welfare plan and we want to give the president every opportunity to act in accordance with the very, very public position he has taken."

But Wisconsin Democratic Rep. Dave Obey objected, saying the debate would occur on Monday, when few members would be present and the vote would be held Tuesday, before members had a chance to learn

what the waivers were about.

"This seems to me to be nothing but a blatantly political act," he said.

Later, in an interview, he said Congress had no business becoming involved in the waiver process, especially because members knew nothing about what was in the package and would be asked to approve it sight unseen.

"The fastest way to get this done is to stop playing politics and let the administration sit down with the state," he said. "This is just a cheap political act by the Republican leadership trying to score political points rather than help welfare reform in Wisconsin."

The Republicans later abandoned the fast-track plan and said they would bring up the waiver legislation under regular House procedures.

Milwaukee Journal Sentinel
Sunday, June 2, 1996

GOP push on waivers angers W-2 opponents

Plan's backers accuse
Norquist of trying
to derail reform effort

By MARY BETH MURPHY
of the Journal Sentinel staff

Opponents to Wisconsin's W-2 welfare reform plan blasted a GOP effort to obtain needed federal waivers through Congress if President Clinton fails to give quick approval to the waivers.

But Wisconsin backers of Gov. Tommy Thompson's plan applauded the development and accused Milwaukee Mayor John Norquist of trying to derail the welfare reform plan.

In a series of national and local developments in the ongoing debate over Wisconsin's plan, House Speaker Newt Gingrich sent Clinton a letter Friday saying the House would pass the waiver package if the president didn't act quickly. Meanwhile, Norquist sent two top aides to the White House to urge administration officials to modify the plan before approving it.

"It's a total political move," State Rep. Antonio Riley (D-Milwaukee) said of the Gingrich letter. "It's not a move in the interests of doing what's right. I think it's nuts."

W-2 would replace Aid to Families with Dependent Children with a work-based program beginning late next year.

The waiver process, unlike approving the plan outright in Congress, allows for continuous and needed improvement in the W-2 legislation, Riley said.

Anne Arnesen, director of Wisconsin Council on Children and Families, said House Republicans are trying to circumvent the process that would allow scrutiny of W-2.

"We're very upset about this to say the least," she said. "This is very complex program, and it means there would be nobody looking to see how it works within federal law."

Without changes in W-2, poor children in Wisconsin will be hurt by some aspects of the plan, she said.

But John Matthews, Thompson's chief of staff, said that if congressional action is needed to implement W-2, "let's go for it."

President Clinton could elim-

inate the need for Congress to act if "he would simply sign the entire waiver," Matthews said.

Thompson is concerned about Norquist's attempts to convince Clinton to revise W-2, Matthews said.

"W-2 needs to be approved in its entirety. . . . The time for tinkering is past. . . . We don't need somebody from Washington D.C. telling us how to improve the lives of the people in Wisconsin," Matthews said.

Department of Health and Social Services Secretary Joseph Lecaon said the very idea of congressional intervention to speed up W-2's approval was "exciting."

"I think it's absolutely delightful that the country, from the president to the Congress and an awful lot of governors, have recognized that Wisconsin has developed an aggressive plan to end welfare," Lecaon said.

But Lecaon had harsh criticism for Norquist, saying the mayor has joined fellow Democrats "in trying to trash W-2."

Norquist supports a lighter version of W-2.

Among his proposals are to begin W-2 in September, instead of Thompson's mid-1997 implementation plan. He also is opposed to putting some recipients to work in community service jobs, which pay less than minimum wage and do not allow workers to receive an earned income tax credit. Under W-2, some recipients would work community service until their job skills improved.

State Rep. John Card (R-Peshigo) also accused Norquist of trying to sabotage W-2.

"It would be a serious mistake to give (community service job) participants more attractive benefits than some private-sector employees," Card said.

Assembly Speaker David Prosser (R-Appleton), who is running for the 6th District Congressional seat, also blasted Norquist, saying the mayor was "looking for any opportunity to scuttle the whole program."

"He is a surrogate for the forces of delay. He's a surrogate who is not helping, but hindering the process."

David Riemer, the mayor's chief of staff, said Saturday night that the Republicans' comments were meant to obscure Norquist's aim.

"These personal attacks are a sign of the weakness of their arguments," Riemer said. "The only thing John Norquist is a surrogate for is for ending welfare completely and as fast as possible."

John O. Norquist
Mayor

Milwaukee
150
1846 1996



NEWS RELEASE

For release Tuesday, June 4, 1996

For more information contact Jeff Fleming, 414-286-8531 or
David Metz, 414-286-8570

MILWAUKEE MAYOR SLAMS REPUBLICAN EFFORTS TO KEEP WELFARE GRANTS Republican's False Cost Estimates designed to scuttle W-2 improvements

Milwaukee Mayor John Norquist denounced Republican misinformation about the W-2 program today. Norquist said phony numbers, presented by State Representative John Gard and others, are a misguided attempt to maintain welfare grants in Wisconsin.

"John Gard's false claims of the cost of improving W-2 are a partisan attempt to preserve a failed welfare system in Wisconsin," Norquist said. "Able-bodied workers should not get monthly cash handouts; they should work for a paycheck."

Mayor Norquist has asked President Clinton to improve the W-2 plan by eliminating welfare grants and requiring any person in the W-2 program to work before receiving a check. This would mean W-2 workers would earn the minimum wage and, in turn, become eligible for the Earned Income Tax Credit.

A careful examination of Mayor Norquist's proposed modifications show the cost to the state would be approximately \$41 million. Those calculations are based on analysis by the nonpartisan Legislative Fiscal Bureau.

In their partisan effort to fight improvements in the W-2 plan, Republicans have exaggerated the costs five-fold. Republicans have offered no explanation as to how they calculated their inflated numbers.

Office of the Mayor
City Hall
200 East Wells Street
Milwaukee,
Wisconsin
53202
(414) 286-2200

--more--

News Release

June 4, 1996

Page 2

One item the Republicans ignore is the potential benefit to Wisconsin from the federal Earned Income Tax Credit. The current W-2 plan forgoes over \$80 million dollars from the EITC.

"That's money Wisconsin taxpayers have sent to Washington that low income workers are entitled to here," Mayor Norquist said. "Without the improvements to W-2, Wisconsin's economy will lose the benefits of this federal program."

Mayor Norquist has also encouraged the President to require a prompt implementation of the W-2 program. Governor Thompson's proposal delays full implementation until September of 1997 or later.

"W-2 should be in place by Labor Day of this year," Mayor Norquist said. "W-2 fails to fundamentally change welfare; in fact, it's welfare reform 'lite'."

Federal EIC \$ Gained

Total
\$81,565,575

Effect on state expenditures/revenues

W-2 Wages	\$4,900,000
W-2 FICA	\$16,700,000
EIC	\$13,400,000
Homestead	\$25,000,000
W-2 Child Care	(\$18,800,000)
Income Tax	(\$100,000)
Total	\$41,100,000

MILWAUKEE JOURNAL SENTINEL
Tuesday, June 4, 1996

IN MY OPINION

W-2 should be quickly approved

Clinton now must honor pledge to sign waivers needed to start work plan

By **JOE LEEAN**

Wisconsin recently received some great news: President Clinton has endorsed Gov. Tommy Thompson's "Wisconsin Works" replacement-for-welfare plan, calling it sweeping and bold. The White House initially indicated that the federal waivers necessary to implement W-2 will be granted, but now there are already signs of waffling.

Small wonder. The president's left-wing constituents and the advocates are up in arms over W-2.

One would think everyone would be pleased that Wisconsin is about to embark on this bold venture to replace welfare with work, but there remains a hard-core minority determined to thwart the governor, the state Legislature and the Wisconsin taxpayers on welfare reform. Now this group is clamoring for more hearings, more delays.

They hope to use their access to the White House to drag the process along as long as possible. They hope that people like the Health and Human Services Secretary Donna Shalala can get the already cumbersome federal bureaucracy to a halt as it reviews W-2. But if enough concerned citizens voice their objections, these tactics won't work.

W-2 does not require more public hearings. This exciting new program has already been the subject of a year's worth of meetings, consultations and public hearings where all interested parties, including the various advocacy groups, had a chance to provide input. As a result of that input, W-2 is a complete package, which helps explain why it passed the Wisconsin Legislature so easily and why it seems to be attractive to Clinton.



Joe Leean

And yet these groups persist in their opposition. It's as if they have heard nothing of the sea of change in attitude about welfare. They want to preserve entitlement and continue to reward families for having additional children when they can't afford them. They want to continue to say to welfare recipients that "because you are poor, you are not responsible." That's nonsense. And taxpayers are fed up with it.

The main result of entitlement is that the poor have remained mired in poverty, with little incentive to escape it. There is nothing compassionate about keeping people in poverty.

The way out of poverty is not through more public assistance and more entitlement, but through a job. Only a job can provide the means and the self-respect necessary to build a future for a family.

There's no question that families who enter the real world of work through W-2 will be better off. Even an entry-level job, when combined with W-2 health care and child care, plus the earned income tax credit, constitutes a solid footing for progress up the economic ladder. For a single mother with two children, an entry-level job means several thousand dollars more cash than Aid to Families with Dependent Children.

This country has already traveled the road to limitless entitlement. It has proved disastrous. Wisconsin has led the way in reforming welfare for the past 10 years. And Wisconsin has been more successful than any other state. Our welfare rolls have 39,000 fewer families on AFDC today than in 1987. That is almost a 40% reduction.

Now, Wisconsin is ready to lead the way down a new highway. And there is no looking back. Under W-2, Wisconsin replaces the entitlement check with a job. People should let their elected U.S. senators and representatives know that delay in approving W-2 will not be tolerated. W-2 must be approved in its entirety. That means end entitlements require immediate work and strict time limits.

Joe Leean is secretary of the Department of Health and Social Services.

If you don't work, you don't get paid in Wisconsin

That's why Dole and Clinton have lauded our welfare-to-work program, says governor. Now, we hope the president endorses our program — without exceptions.

In Wisconsin, we have developed the blueprint for ending welfare in America.

Our landmark Wisconsin Works program — known as W-2 — ends the social-policy disaster known as Aid to Families with Dependent Children and instead moves people into work so they can pursue the road to self-sufficiency and the American Dream.

The program marks the most comprehensive change in social policy in the past 60 years, shifting from a system that rewards irresponsibility to a system that demands personal responsibility. We're changing from a system of handouts to a system of work.

For there is only one way to escape welfare and climb out of poverty, and that is to work. There is no shortcut.

What makes our program revolutionary is that it's based on the real world. It requires people to get up in the morning, go to work, and support themselves and their families, just like other Americans.

There is no more something for nothing. No more free cash through AFDC. If you don't work, you don't



Commentary

By Tommy Thompson

get paid. The only check a person is entitled to in Wisconsin is the one earned through hard work.

And W-2 helps people find work through very personalized assistance. The program consists of a four-rung ladder of opportunity:

- ▶ Transitions;
- ▶ Community-service jobs;
- ▶ Trial jobs; and

▶ The top rung, unsubsidized jobs. Our program helps people climb that ladder into self-sustaining jobs.

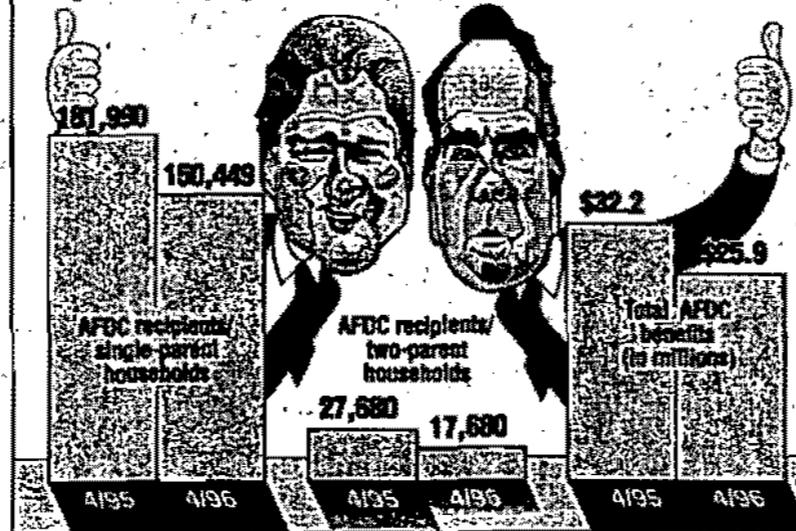
We also support the workers with ample child care and health care — so their children are properly cared for — as well as food stamps, housing assistance, job training and transportation. At all rungs of the W-2 ladder, people are better off financially and socially than they were on welfare.

In the end, however, people must use the ladder the program provides, taking the responsibility of finding a job and leaving government assistance.

In a lifetime, Wisconsin Works allows a person to spend no more than two years on any rung or five years in the program. W-2 is the safety net for people who have hit hard times,

Progress in Wisconsin

President Clinton and Bob Dole have endorsed the Wisconsin welfare reform plan, which would abolish federal cash assistance and replace it with wage subsidies for single mothers who work. While current transition programs save on AFDC benefits, child care and job training cost more. Programs' impact on recipients of AFDC — the nation's largest welfare program — in the past year, April '95 vs. '96:



By Marcia Galtner, USA TODAY

but it is not a permanent way of life.

Although the program is the law in Wisconsin, we still need Washington's permission to implement our program. President Clinton is the only person standing in the way of welfare's demise in our state.

Recently, President Clinton used his radio address to endorse W-2, saying "we should get it done." We welcome his support and hope the

president will show he was sincere by approving the waiver for the program in its entirety and without exceptions. This includes keeping intact the foundation of the W-2: ending the entitlement, requiring immediate work, and imposing a strict time limit for participation in the program.

Anything less is simply unacceptable. The end of welfare is not nego-

"For too long in this country, we've measured compassion by how many people we have helped onto the welfare rolls. We must begin measuring compassion by how many people we help off of welfare and into self-sufficiency."

— Gov. Tommy Thompson

table.

But better yet, the president should sign legislation that would give the states the flexibility to implement their own programs without having to seek Washington's approval. So far, the president has twice vetoed such legislation, but he may get another chance if Congress passes a third welfare bill.

Welfare will not truly end through a piecemeal, one-waiver-at-a-time, Washington-knows-best system. The best way to end welfare is to allow states to implement their innovative programs. After all, the states — not Washington — are producing the real results, moving people off welfare and into work in remarkable numbers.

In Wisconsin, for example, we've

reduced our welfare caseload by 39%, freeing nearly 40,000 families from the welfare trap.

At the same time, our child-poverty rate is improving dramatically. Wisconsin's child-poverty rate has always been among the lowest in the nation, but the latest figures show our rate dropped 25%. And study after study shows that children of parents who work do better socially and in school than children of parents on welfare.

Moving families off welfare not only helps children, but it also is what's best for children. And W-2 makes sure the children are taken care of at all times.

For too long in this country, we've measured compassion by how many people we have helped onto the welfare rolls. We must begin measuring compassion by how many people we help off of welfare and into self-sufficiency.

Our program cares enough about children and families to help them find jobs and escape welfare, instead of just handing them a check once a month, then walking away. Welfare isn't compassionate; it's apathetic.

We now hope President Clinton cares enough about children and families to endorse our program in its entirety or sign legislation allowing for W-2's full implementation.

No more talk. We must end welfare, not only in Wisconsin but also in America.

Tommy Thompson is the Republican governor of Wisconsin.

"USA TODAY hopes to serve as a forum for better understanding and unity to help make the USA truly one nation."
— Allen H. Neuharth
Founder, Sept. 15, 1982



David Mazzarella
Editor
Karen Jurgensen
Editor of the
Editorial Page
Thomas Curley
President and Publisher

Today's debate: INSURING DEPOSITS

S&Ls find loophole; taxpayers take the risk

OUR VIEW S&Ls are buying banks to avoid paying deposit insurance. And the insurance fund is getting shaky.

Here's frightening news for taxpayers: Home Savings of America in California, the nation's biggest savings and loan, is buying 61 bank branches.

What's so scary about that? Simply this: The purchase moves taxpayers one step closer to another S&L debacle like that of the 1980s that took \$125 billion of their money to clean up.

A hundred of the nation's 1,600 thrifts now own banks. Doing so is helping them avoid hefty federal deposit insurance premiums imposed to pay for the '80s bailout.

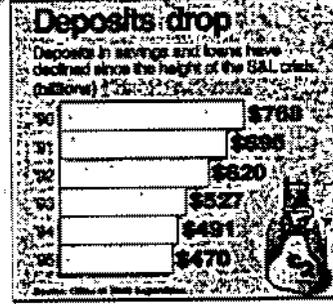
Those changes — 23 cents per \$100 of deposits — were required by Congress of both banks and thrifts. The purpose: to protect taxpayers by fully financing bank and thrift insurance funds.

Banks quickly paid up their fund. So most now pay a flat fee of \$2,000 a year for insurance to protect depositors.

Surviving thrifts, though, are trying to accomplish two things with their premiums. They shell out \$800 million a year to finance bonds Congress authorized to close bankrupt thrifts. The insurance fund gets the leftovers and, as a result, is \$6 billion underfunded. So, thrift charges haven't gone down. For Home Savings alone, the bill is nearly \$80 million a year — 40,000 times the rate of its banking competitors.

Such a disparity provides a big incentive for S&Ls that don't own banks to boost profits by offering high-risk, high-interest-rate loans — the kind of practice that caused the 1980s meltdown.

The disparity also encourages those owning banks to get depositors to move



their money from high-cost thrift accounts to almost-no-cost bank accounts. So thrift deposits have dropped nearly \$500 billion since 1980.

The result: The insurance fund gets shakier and shakier, the government moves closer to defaulting on the bonds, and taxpayers near another multibillion bailout.

There's no need for that. A bill in Congress would have thrifts pay a full year's profit upfront to put the insurance fund on solid footing. And, with a 1% annual contribution from bank profits, default on the bonds could be avoided.

But banks are using their clout with both Democrats and Republicans to stymie any action. They say they didn't cause the problem, so they shouldn't pay.

Of course, they didn't. But then neither did today's thrifts.

Both, though, benefit from the faith in their institutions created by deposit insurance. And with thrifts buying banks and banks owning thrifts, a clean accounting of who should pay what is impossible.

The bottom line for Congress is: Make sure U.S. taxpayers aren't hit again. They've paid too much already.

Banks don't need 'rescue'

OPPOSING VIEW Why should banks and their customers pay to shore up S&Ls? It's not fair.

By James M. Culbertson Jr.

Savings and loans today are making record profits. Their capital levels are at an all-time high. Still, some members of Congress think we need another S&L "rescue."

And they want to do it by requiring banks and their customers to help pay the interest on the Financing Corp. (FICO) bonds, which were issued to fund the original S&L rescue.

The banking industry worked to build its Federal Deposit Insurance Corp. (FDIC) fund to \$25 billion, without one penny of taxpayer money.

Having accomplished this, why should we and our customers now be asked to pay for the S&L problem? It's like asking someone to pay off his neighbor's car loan just because he's already paid his own loan.

Given that logic, perhaps we should ask members of Congress to pay off their opponents' campaign debts.

Banks had nothing to do with the S&L crisis. Nor did their customers. Yet millions of bank depositors will be in for an

unpleasant surprise when costs of banking go up as a result of this proposed legislation.

Last month supporters of this "deposit tax" tried to tie it to the budget legislation. That failed when some members of Congress wisely opposed the idea.

Then it came back in a different form, this time masquerading as a legislative offset to fund a gas-tax cut.

In any form, it's a bad idea.

Fifty-six congressional representatives — from both parties and representing a diverse coalition — wrote to Speaker Newt Gingrich, R-Ga., on May 7. They said the proposal "amounts to a \$12 billion tax on the banking industry to pay for a problem it did not create. We are opposed to combining a gas-tax reduction with this new tax on banks and bank customers. It is simply not good public policy."

We don't need this "rescue." We need to build a financial services system in which there is no need for rescue. We can do that when Congress focuses on a comprehensive approach rather than a misguided quick fix.

James M. Culbertson Jr. is president of the American Bankers Association and chairman of the board, First National Bank & Trust Co., Asheville, N.C.

W-2: 5.31.96 Reimer

50% in comm. serv. jobs (6 mos, 3 mos extension) 1555 30-45,000 slots
25% in life/sheltered work 518
15% in private unsubsidized
10% in private subsidized

min wage, limited term

30 hr work req, w/10 hrs for training

Avg wage of people leaving welfare in Calif = \$5.99/hr

Put W-2 = W-2

CSJ jobs would become 100% private subsidized jobs

Rockefeller study of available jobs - developed w/AFSCME
- garbage, graffiti

AFSCME workers would still do elig, e care + UC vouchers + info - \$160m admin

Up to 10 hrs of job search - as a condition of job, must show
X hrs of job search etc.

Veto session - in July (would require leg. changes)

Change your plan so workers end well - get paychecks Put people to work
by Labor Day.

Virtual entitlement to e care + UC. Don't give econ incentive to use ^{unregulated} e care
UC: ^{presumption of} automatic upholding. Employers pick up 75% (not 50%) - more for UC > they are

Work for wages = #1 issue

Revised 5/30/96; 3:30 p.m.

W-2 Waiver Strategy

Goals:

- Eliminate the delay and obstructionism argument...turn around argument by moving implementation dates up.
- Correct serious flaws in Wisconsin's plan.
- Reclaim President's leadership in ending welfare.

Three-Part Strategy:

1. Immediately approve W-2 waivers...require Wisconsin to accelerate full-scale implementation of W-2...and require Wisconsin to eliminate welfare: by correcting W-2's pro-welfare flaws.
 - President would OK waivers within 30 days, i.e., by July 1, emphasizing the importance of allowing Wisconsin to proceed immediately with its innovative program that moves part-way to ending welfare...though it doesn't move far or fast enough.
 - President would require Wisconsin to fully implement W-2 by Labor Day, not delay the program until September 1997.
 - President would criticize the failure of W-2 to eliminate welfare, i.e., monthly cash grants. President would emphasize his determination to replace welfare checks with paychecks, make work pay, and help workers who play by the rules in terms of child and health care. To correct W-2's serious flaws in these areas, President would require Wisconsin, as a condition of receiving its waiver, to amend the W-2 legislation to eliminate entirely all its welfare and welfare-like provisions. Specifically, Wisconsin must:
 - eliminate welfare cash grants for able-bodied adults and require them to work at jobs, paying minimum wage, and paying taxes (thus qualifying for EITC);
 - modify its child care co-payments so that workers who work longer hours or who advance up the wage ladder, while paying more for their child care, don't end up with lower disposable incomes; and
 - alter the W-2 health care plan so that workers who move into private-sector jobs don't end up with worse health care coverage...specifically, establish a system for automatically withholding from workers' wages the sliding scale co-payments they owe the health plan, and allow workers to remain in the

plan until they have access to an employer-sponsored plan that pays at least 75% of the premium.

2. Pre-approve any state's waiver request that would produce a "cleaned-up" W-2 program in that state...i.e., a program that (like W-2 as modified) eliminates all vestiges of welfare.
 - States should not have to stand in line and beg federal bureaucrats for waivers to proceed with their own versions of a program that (like Wisconsin's program will be once its welfare features have been replaced) truly replaces welfare checks with paychecks, makes work pay, and helps workers who play by the rules.
 - President therefore will "pre-approve" all waivers that truly end welfare.
3. Ask Congress to enact within 30 days, unchanged, and send to the President for signature, a "state flexibility" law that allows any state to implement a "cleaned up" W-2 program...i.e., a program that (like W-2 as modified) eliminates all vestiges of welfare.
 - Send legislation to Senator Dole and Newt Gingrich and ask them to send it back to the President, unchanged, within 30 days.
 - Legislation would eliminate any legal questions about President's ability to do either #1 or #2.
 - Legislation would also moot all lawsuits challenging validity of President's actions under either #1 or #2.
 - Legislation would go even further: a state seeking to implement a "cleaned up" W-2 program would no longer have to ask for a waiver. Legislation would thus eliminate all the disliked features of the waiver process: paperwork, delays, insensitive bureaucrats. A state wanting to implement a "cleaned up" W-2--i.e., a program that truly replaces welfare checks with paychecks, makes work pay, and helps workers who play by the rules--could just go ahead and do it.
 - Legislation would also eliminate any need for waiver modifications and the attendant paperwork, delays, etc. As long as the state modification remained within the framework of the new law that allowed for "cleaned up" W-2 programs, the state could simply go ahead and make the change without asking for a federal blessing.
 - Focus spotlight on Dole: if he really wants to ensure Wisconsin's plan proceeds, and if he really wants other states to follow in Wisconsin's footsteps, he should support the President's plan...and send it immediately to the White House for approval. The President's pen is ready.



AFSCME®

American Federation of State, County and Municipal Employees, AFL-CIO

1625 L Street, N.W., Washington, D.C. 20036-5687

Telephone (202) 429-1000

Telex 89-2376

Facsimile (202) 429-1293

TDD (202) 659-0446

Gerald W. McIntee
President

William Lucy
Secretary-Treasurer
Vice Presidents

Ronald C. Alexander
Columbus, Ohio

Dominic J. Badolato
New Britain, Conn.

Henry L. Bayer
Chicago, Ill.

Peter J. Benner
St. Paul, Minn.

George Boncoraglio
New York, N.Y.

Gloria C. Cobbin
Detroit, Mich.

Ian Corderman
Des Moines, Iowa

Stephen M. Cullen
Chicago, Ill.

Albert A. Diop
New York, N.Y.

Danny Donohue
Albany, N.Y.

William T. Eadsley
Columbus, Ohio

Stephan R. Fantauzzo
Indianapolis, Ind.

Anthony M. Gingello
Rochester, N.Y.

Stanley W. Hill
New York, N.Y.

Carolyn J. Holmes
Williamstown, N.J.

William S. Hudson, Jr.
Sykesville, Md.

Blondie P. Jordan
Orlando, Fla.

Howard N. Jorgenson
Medical Lake, Wash.

Edward J. Keller
Harrisburg, Pa.

Joseph E. McDermott
Albany, N.Y.

Michael D. Murphy
Madison, Wis.

Henry Nicholas
Philadelphia, Pa.

Russell K. Okata
Honolulu, Hawaii

George E. Poppyack
Belmont, Calif.

Joseph P. Rugola
Columbus, Ohio

Kathy J. Sackman
Pomona, Calif.

Burhman D. Smith
Philadelphia, Pa.

Linda Chavez-Thompson
San Antonio, Tex.

Flora Walker
Lansing, Mich.

Gardard W. Webb
Baton Rouge, La.

"WISCONSIN WORKS" OR "W-2"

The following are the major areas where AFSCME opposes Wisconsin's W-2 legislation and waivers needed for implementation:

- **Public Administration:** HHS has never before considered waiving the requirement that decisions concerning eligibility for benefits and therefore access to basic subsistence for poor families be made within a governmental system with employees hired on the basis of merit. (SSA sec. 402(a)(5)) W-2 would allow private, for-profit companies to decide who to serve in the context of a non-entitlement program, what services or payments recipients will receive, if any, and who to cut-off when a time limit is reached in the absence of mandated, objective criteria for extending benefits for families who have met all program requirements and still cannot find a job. It is particularly illogical to end public administration when the county-run system in Wisconsin has been so successful in reducing AFDC caseloads throughout the state over the past several years.
- **Unrealistic Work Requirements:** W-2's requirement that the entire caseload, except parents with a child under 12 weeks old, participate in 40 hours of work-related or other required activity is also unprecedented and just won't work. Very few other states require parents of kids as young as three months old to work, and those that have this rule don't require full-time work. Even current federal legislative proposals have rejected 35 or 40 hour per week work requirements in recognition of insufficient available work and the prohibitive child care costs. It's estimated that the state will be approximately 73,000 jobs short for all those expected to find jobs, and a whopping 40,000 jobs short just in Milwaukee, which is home to half of the state's AFDC caseload. According to the Wisconsin Legislative Fiscal Bureau, the State Department of Health and Social Services projects that 87% of applicants who don't find unsubsidized employment will be placed in community service jobs or transitional placements. This in turn will lead to shrinkage in real, wage-paying jobs in the public sector to make room for massive workfare. The Economic Policy Institute has estimated that this flooding of the low-wage labor market will also cause a 8.3% wage depression for the bottom one-third of

in the public service

Wisconsin's workforce.

- **Weakened Protections for the Current Workforce Against Displacement:** In this context, it is extremely troubling that W-2 proposes to weaken the anti-displacement protections contained in current federal law. (SSA sec. 484) We are proceeding under the assumption that HHS will not retreat from its long-held, firm position that the anti-displacement protections in federal law are not waivable under sec. 1115. Although the "nonsupplant" language in W-2 seems similar to that contained in sec. 484, several significant differences exist. Most fundamentally, under W-2 displaced workers would have to prove that vacancies were created for the purpose of hiring community services job participants, a nearly impossible burden to meet. Current federal law solely requires that the effect of a layoff or other reduction in force was to fill the vacancy with a participant. The W-2 anti-displacement provisions also does not protect against partial displacement such as a reduction in hours, wages or employment benefits, or protections against infringement of promotional opportunities for the current workforce. And, W-2 does not establish a grievance procedure for resolving complaints by regular employees alleging violations of the anti-displacement protections.
- **Unfair Work Requirements:** Under W-2, some of those placed in "community service jobs" or "transitional placements" would receive less than the minimum wage for the work they perform if they don't participate in a non-work program requirement. For example, if a community service placement misses five hours of required job search, she would be docked \$21.25 ($\4.25×5) of her \$555 per month grant. And, many poor families would receive smaller monthly grants even if they comply with the required 40 hours of work and work-related activities because they are only being "paid" for a portion of required activities and their grant amount would no longer reflect family size. And, Governor Thompson used his partial veto power to eliminate required payment of at least the minimum wage to food stamp recipients participating in work activities. We urge HHS to continue to reject waiver requests to pay less than minimum wage to welfare recipients placed in work programs.
- **Entitlement:** Until W-2, no state had asked to do away with an entitlement to services and benefits for families who are eligible and play by the rules. When the next recession hits Wisconsin (or sooner), the state would have no legal obligation to provide any assistance to needy children. This runs counter to the Clinton Administration's stated commitment to protect poor children.

- **Time Limits:** Although several states have been granted waivers to limit receipt of AFDC benefits, no state has been given approval to end benefits to parents who have done all the program asked of them and still cannot find a job. W-2 could cut-off benefits in as little as two years if no work slot is offered, or after a lifetime time limit of five years. This waiver request also runs counter to this Administration's insistence that any time limits be linked to objective standards for extensions, including unavailability of work.

W-2 goes beyond the kind of experimentation we have seen in the 38 states which have been allowed to waive provisions of federal welfare law. For this reason, we urge HHS to proceed slowly and cautiously in its review of the W-2 waivers and ensure any approved plan is phased in slowly. Most important, HHS must hold to the principles that have guided the waiver process so far under this Administration: a mandatory safety net for those who play by the rules which will not be taken away so long as they remain in compliance, and a commitment to the well-being of children no matter what the behavior of their parents.

HOW THE CLINTON ADMINISTRATION CAN BLUNT
THE WORST ASPECTS OF W-2 BUT STILL BE TOUGH ON WORK

Suggested Arguments

- W-2 would hurt kids, including those who parents did everything required of them but still couldn't find employment before the time limit:
 - Time limits must not punish kids for the acts of their parents or punish parents who played by the rules. While not opposed to the concept of time limits, objective standards must be mandated including extensions if there is compliance with program rules.
- Given W-2's radical approach, at least the basic provision of services should be constant and subject to public accountability.
 - Counties, which have been administering Wisconsin's many welfare reform demonstration pilots, have received much praise for their successes in reducing welfare caseloads. This track-record is ignored in W-2, where a county opt-out and then competitive bidding would replace the publicly-administered system. Given the radical program changes including no entitlement to benefits and time limits imposed subjectively on a case-by-case basis, at least until the program is firmly in place and evaluated, the counties should continue to administer it statewide.
- The W-2 work requirements are extreme and even go beyond what is being proposed by congressional Republicans:
 - Congress is only proposing 25 hour per week work requirements while W-2 is requiring 40, even of mothers of 3 month old kids. Congress's more modest proposal reflects an understanding that there's a limited amount of work available and that infant and toddler child care costs are prohibitive. Several studies exist showing that throughout the state, but particularly in Milwaukee County, there won't be enough jobs for all welfare recipients expected to work. This "job gap" will be particularly acute when the state's now-strong economy sours.
- Don't play musical chairs with a limited number of jobs.
 - Strong displacement protections prevent the spectacle of current workers losing their jobs to welfare work placements, creating a newly unemployed worker who may herself be forced to apply for welfare. The American public is not clamoring for the elimination of

permanent jobs paying decent wages in favor of more minimum wage or subminimum wage "community service" work slots.

- There is a building consensus that those who work should be paid a minimum wage adequate to pay for the basic necessities of life.
 - W-2, on its own terms, is a work-based program. As such, basic worker protections should apply to participants, including a guaranteed payment of at least the minimum wage. These workers are as much in need of a livable wage as any other low-wage workers.
- W-2 represents such a radical approach to welfare reform that there should be an opportunity for Wisconsin residents to voice their opinions about the waiver request:
 - This waiver should not be rushed through to meet a Republican-imposed deadline. Given the length and complexity of W-2, several months of comment and review is not only reasonable but necessary. HHS should help to facilitate hearings in Wisconsin at which residents could voice their concerns about the waiver requests.

OFFICE OF INTERGOVERNMENTAL AFFAIRS
DEPARTMENT OF HEALTH AND HUMAN SERVICES
200 Independence Avenue, SW
Room 630F
Washington, DC 20201



F A X C O V E R S H E E T

DATE: 5/30

TO: Bruce Reed

PHONE:
FAX:

FROM: John Monahan
Director

PHONE: (202) 690-6060
FAX: (202) 690-5672

RE:
CC:

Number of pages including cover sheet: 2

Message:

W2

File
WS
W2

→ Fax to
Bruce
Reed

- o There could be minimum wage issues involved in the payment schedules proposed by the State, especially if the federal minimum wage is increased.
- o It is not entirely clear that the head of every family in need of support will be provided a job and necessary child and health care.
- o There are more than nominal co-pays for Medicaid and child care benefits.
- o The time limits appear to contain very limited and potentially arbitrarily applied protections for recipients that are doing everything they can to obtain and retain employment, but cannot, through no fault of their own. The only exceptions would be: 1) in severe economic periods in which jobs are in short supply, and 2) on a case-by-case basis for those in sheltered work.
- o Disabled individuals in sheltered work appear to receive lower benefits than non-disabled individuals.
- o The state legislation eliminates the entitlement to benefits, although it is not clear what this means. Wisconsin legislative documents indicate that this elimination of the entitlement is intended to circumvent the due process requirements included in the Goldberg v. Kelly Supreme Court ruling.
- o W2 appears to establish a grant size that is not based on family size. Larger families are, of course, disadvantaged by this.