

What about
that @?

ARE YOU GOING TO APPROVE THE WISCONSIN WELFARE PLAN WITH-OUT CHANGES?

We will approve the Wisconsin Works plan. It represents a bold approach to replacing welfare with a work based system.

DID YOU EVER SEE THE WISCONSIN PLAN AND HAVE YOU READ IT?

I have read a great deal about the Wisconsin Works plan. I like what I see and look forward to receiving the rest of the welfare reform plan.

DID YOU ENDORSE IT SATURDAY TO PREEMPT DOLE?

I would rather set aside the politics and get welfare reform done. I will keep speaking to put the heat on Congress to get this done, so every state can do what Wisconsin is doing.

SOME REPUBLICANS CHARGE THAT YOUR WELFARE BILL DOES NOT EXPLICITLY ADVOCATE DRUG TESTING AND THAT YOUR STATE WAIVERS FOR DRUG TESTING ARE LIMITED AT BEST?

X || The Work First and Personal Responsibility Act of 1996, my Welfare Reform plan, would allow states to decide for themselves whether to implement drug testing for welfare recipients. My plan and the Republican conference report would change the rules to let the states do this, but neither bill makes an explicit statement about it.

My Administration has granted five states the right to try drug testing and treatment. Each state has designed their own plan to meet their own needs and have put in place their particular sanctions program. The five states are South Carolina, Texas, Ohio, Oregon, and Connecticut.

Under the 1996 welfare plan, I would require all welfare recipients to sign a personal responsibility contract and state would be able to include drug testing and treatment under these contracts.

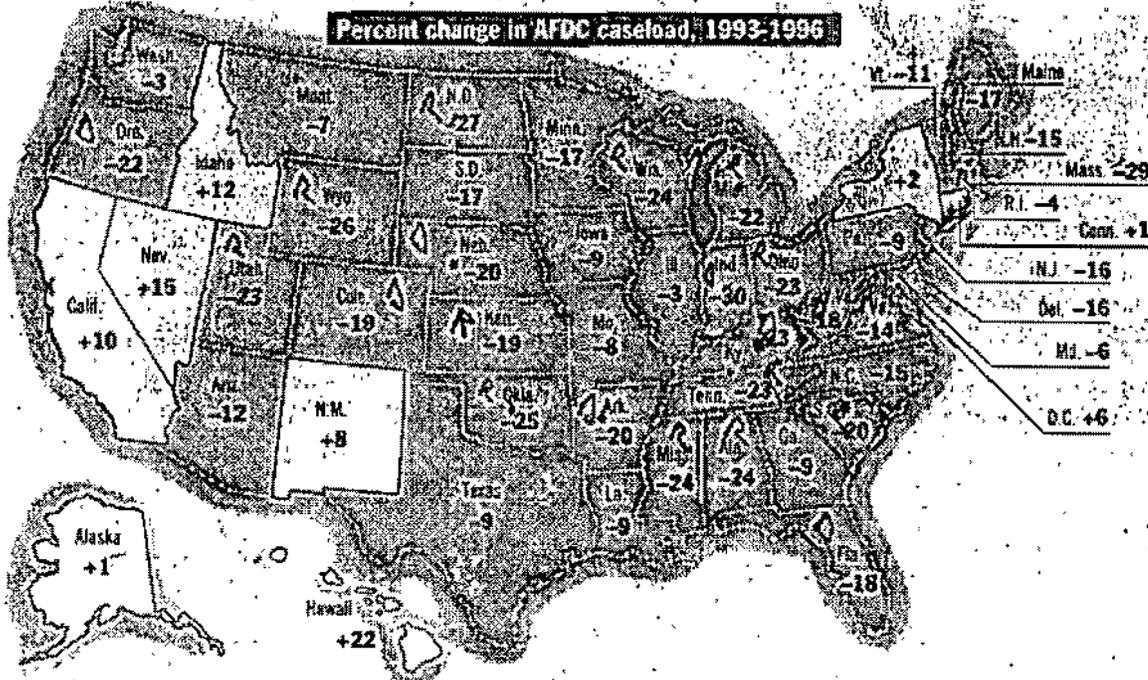
YESTERDAY BOB DOLE LISTED EIGHTEEN STATES AND 27 WAIVERS THAT ARE HELD UP AT HHS, WHY HAVEN'T YOU ADMINISTRATION APPROVED THOSE WAIVERS? SOME OF THOSE WAIVERS HAVE BEEN HELD UP AS LONG AS 200 DAYS?

I have approved more state welfare reform plans faster than

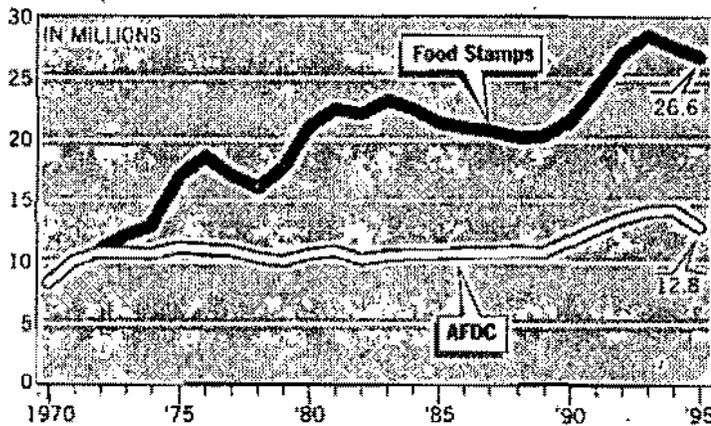
MAY 13, 1996

MINUS SIGNS ON THE MARCH

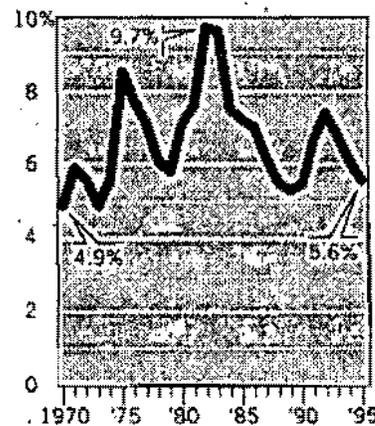
The number of Americans receiving Aid to Families with Dependent Children, the nation's basic cash welfare program, has declined significantly over the past three years. For the nation as a whole, the caseload has fallen from 14.1 million to 12.8 million, a decrease of 9 percent.



Average number of recipients of AFDC and food stamps, 1970-95



Unemployment rate, 1970-95



SOURCES: Department of Health and Human Services; Report of the President, 1996.

my two predecessors combined and we will continue to do so. Today because of my determination to make welfare reform a reality 38 states are revamping their welfare plan to be based on work. The New York Times has called our actions a "Quiet Revolution". In states all over the country people are now required to work as a condition of receiving welfare, people are required to pay child support, teen moms are required to live at home and stay in school as a condition of receiving welfare.

The pending welfare reform waivers are an example of the interest by states to overhaul their programs and an acknowledgement of my eagerness to assist them.

**PUTTING AMERICA BACK TO WORK:
PRESIDENT CLINTON'S FIGHT FOR REAL WELFARE REFORM
May 21, 1996**

*"Bill Clinton can justifiably claim that he has indeed ended welfare as we know it."
Douglas Besharov, American Enterprise Institute, Business Week, May 20, 1996*

Under President Clinton, America's welfare system has changed profoundly. The evidence of the President's leadership can be seen in both the evolving debate about national reform and in the positive changes that are now occurring under Administration-approved state demonstrations. Welfare caseloads are down while work and training activities among recipients are up. And child support collections have reached a record high.

A long-standing commitment to helping families move from welfare to work. President Clinton has granted 60 welfare reform waivers to 38 states allowing them to bypass existing welfare rules and set time limits on benefits, require recipients to work or stay in school, provide child care and give employers incentives to hire welfare recipients. By granting states these waivers, President Clinton is making work and responsibility a way of life for 75% of all welfare recipients.

Responsible welfare reform: Tough on work and fair to children. President Clinton has introduced a sweeping welfare reform legislation that:

- * Imposes time limits and requires work,
- * Provides adequate funding for child care to move people from welfare to work,
- * Strengthens child support enforcement and protects children.

The Wisconsin Plan: Supporting every serious effort to move people from welfare to work.

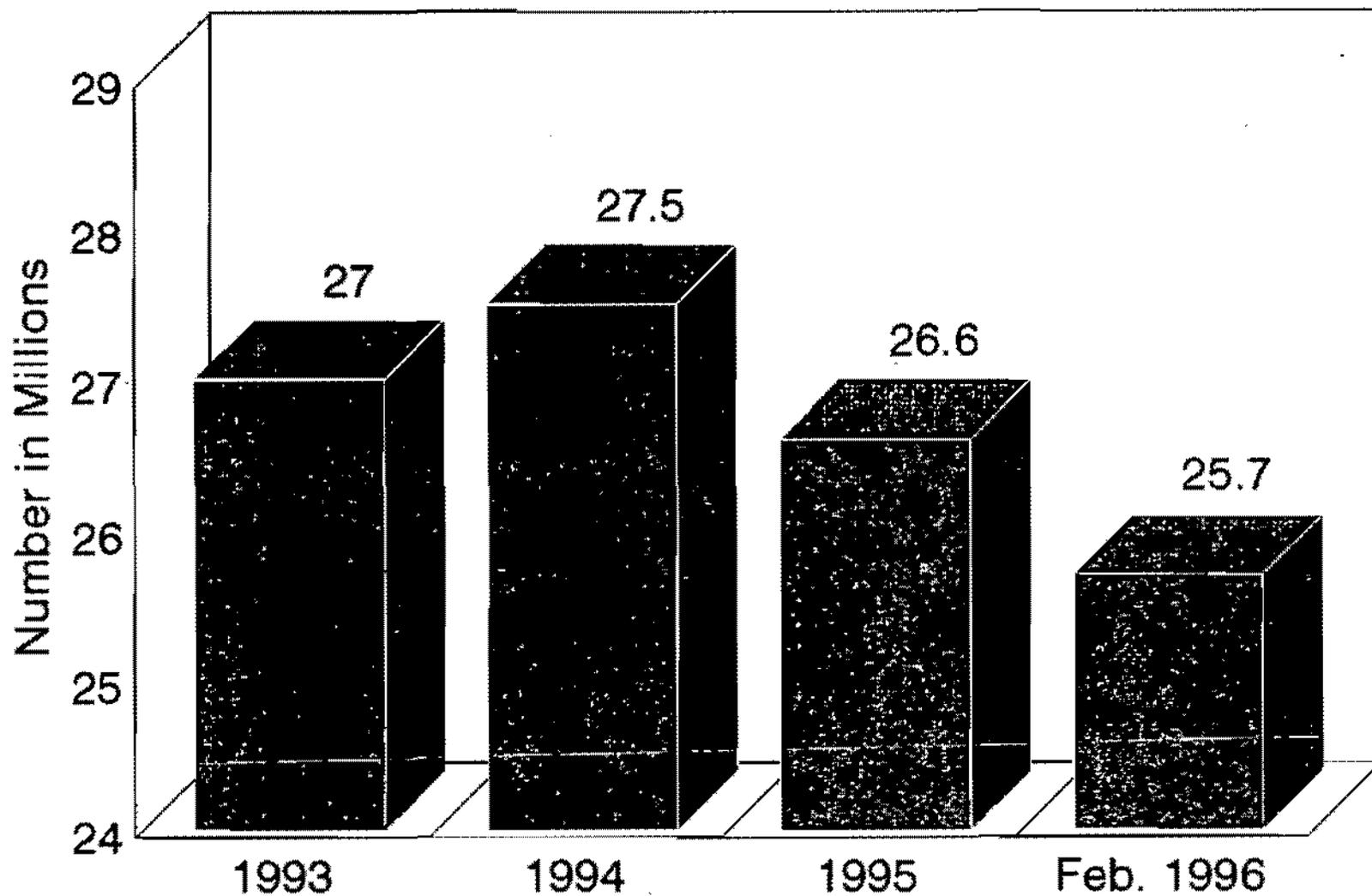
Wisconsin has the makings of a solid, bold welfare reform plan. President Clinton has pledged to work with Wisconsin to make an effective transition to a new vision of welfare based on work, that protects children and does right by working people and their families. President Clinton's legislative proposal and the Wisconsin plan have a number of similarities. Each plan:

- * Replaces a system based on dependency with a system based on work.
- * Guarantees a job instead of a welfare check.
- * Guarantees health care and child care, so people can go to work and stay off welfare.
- * Supports a five-year lifetime limit, as included in the President's FY 97 budget.

We have made great progress.

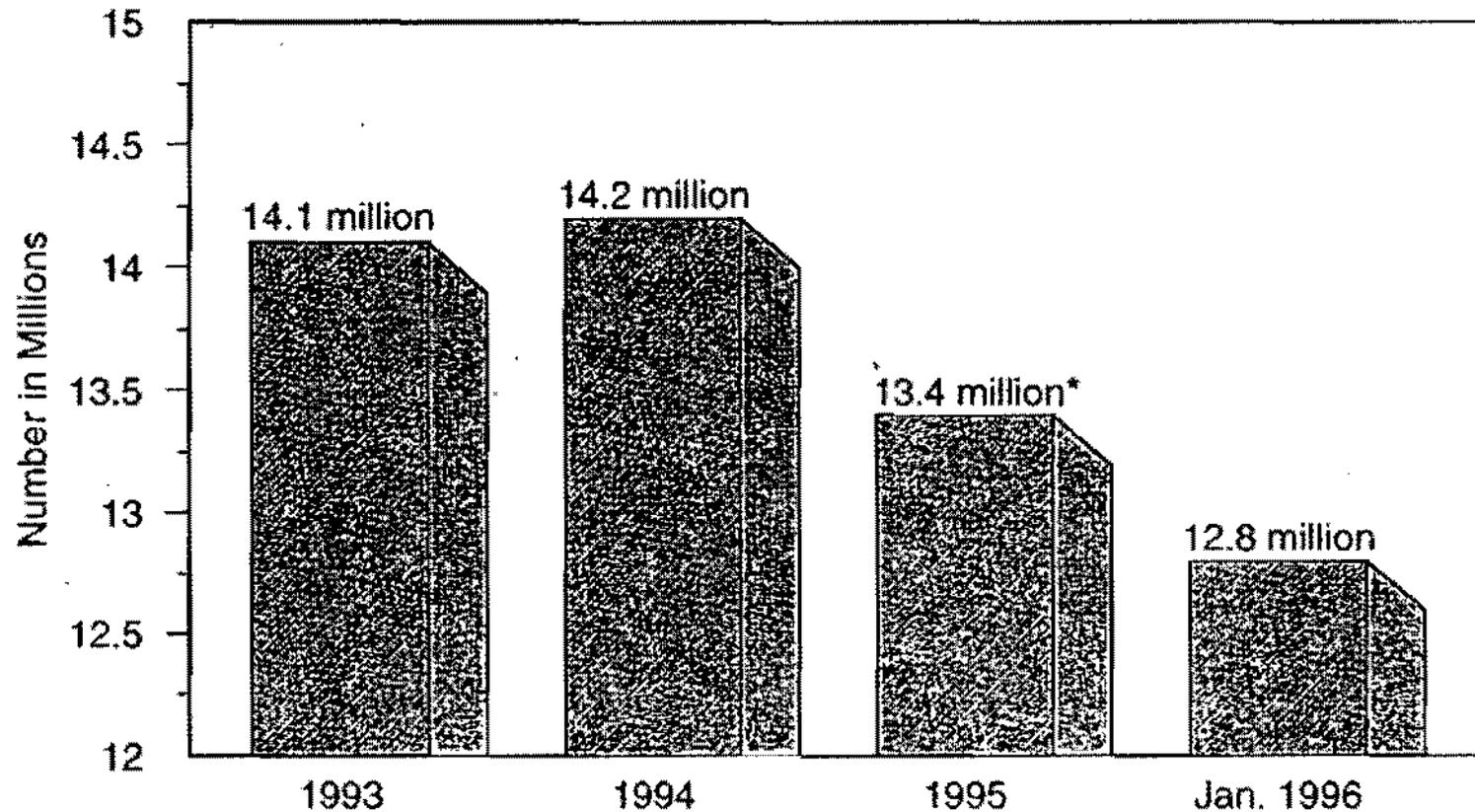
- * **Food stamp rolls and welfare rolls are down.** Since President Clinton took office in January 1993, the welfare rolls have fallen by 1.3 million individuals, a decrease of nearly 10%. Welfare rolls are down in 42 states, some by as much as 30%.
- * **Child support collections are up.** Through partnerships with states, tougher enforcement, waivers and executive orders, the Clinton Administration has led an unprecedented crackdown on child support enforcement. Child support collections have grown nearly 40% since 1992, to \$11 billion.
- * **The Administration proposed the toughest child support enforcement measures ever,** including suspending drivers' licenses and tracking delinquent parents across state lines. In February 1995, President Clinton signed an executive order to ensure federal employees pay their child support.
- * **Rewarding work over welfare.** The Clinton Administration has provided tax relief for 15 million working families by increasing the Earned Income Tax Credit to allow more families to qualify for tax rebates.
- * **Breaking the cycle of dependency, ending teen pregnancy.** In May 1996, the Clinton Administration took executive action to require teenage mothers to stay in school and sign personal responsibility contracts or lose their welfare benefits. The President continues to work with the community, business and religious leaders on the National Campaign to Reduce Teen Pregnancy.

The Total Number of Food Stamp Recipients Has Declined Under the Clinton Administration



Source: Food and Consumer Service, U.S. Department of Agriculture

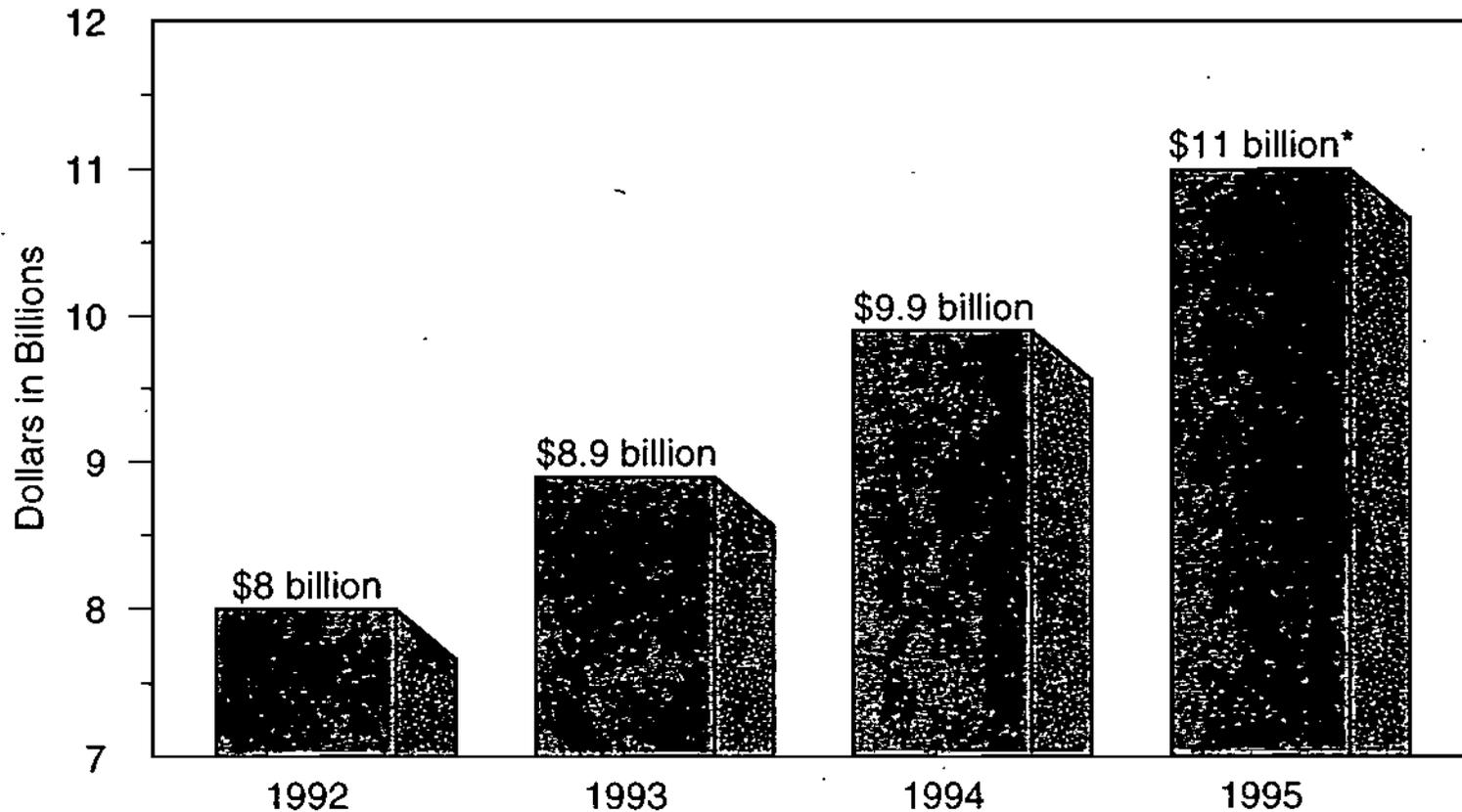
The Total Number of AFDC Recipients Has Declined Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services

*Preliminary Estimate

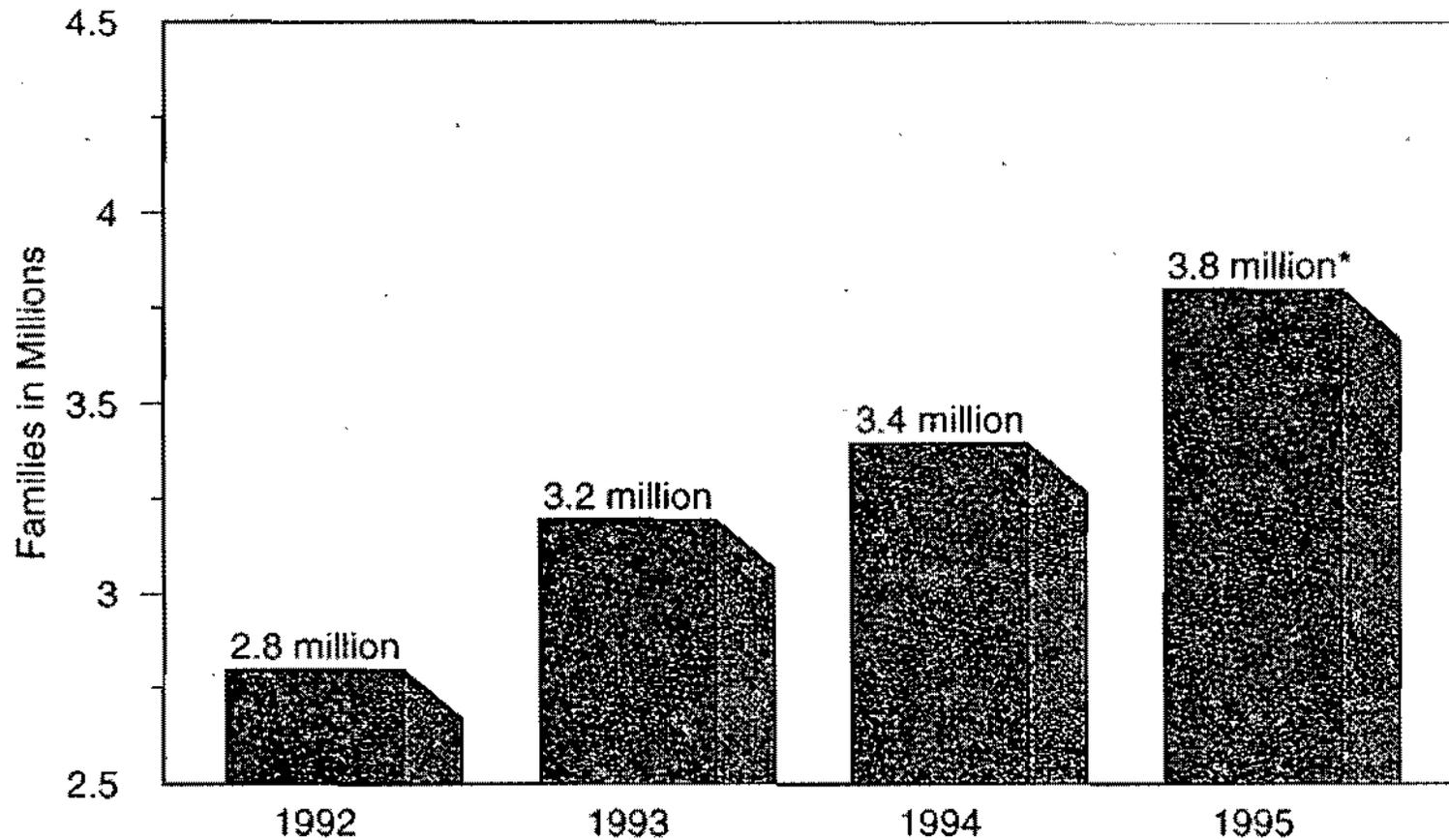
Child Support Collections Have Increased Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services

*Preliminary Estimate

Families Served by Child Support Enforcement Have Increased Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services

*Preliminary Estimate

WELFARE REFORM SIDE-BY-SIDE

PROVISION	ADMINISTRATION BILL	WISCONSIN . . . WORKS (W-2)	REPUBLICAN CONFERENCE BIL
Guarantees Child Care	YES	YES	NO
Guarantees Health Care	YES	YES	NO
Five Year Time Limit	YES	YES	YES
Minor Mother Provisions	YES	YES	YES
Cuts School Lunches	NO	NO	YES
Cuts Aid to Disabled Children	NO	NO	YES
Cuts Funding for Child Welfare Programs	NO	NO	YES

WISCONSIN

STATISTICS RELATED TO WELFARE REFORM

AFDC: The total number of AFDC recipients in Wisconsin has decreased 23.6 percent, from 241,098 in January 1993, to an estimated 184,209 in January 1996.

Teen Pregnancy: According to the CDC, the birth rate for teens aged 15-19 declined four percent from 1991 to 1993. The birth rate for teens 15-17 declined two percent from 1991 to 1992, and remained stable in 1993. Teen pregnancy rates, currently unavailable for 1993, declined from 1991 to 1992 in 30 of 41 states that reported data to CDC. In Wisconsin, teen pregnancy rates dropped by 6.3 percent.

Child Support Enforcement: In FY 1995, Wisconsin distributed \$427,487,251 in child support collections, up from \$293,459,750 in FY 1992 (a 45.7 percent increase). In addition, the number of cases in which families received child support services rose 39.3 percent, from 399,159 in FY 1992 to 411,085 in FY 1995. The state also increased paternity establishment by 45.4 percent, from 17,678 in FY 1992 to 20,994 in FY 1995.

WELFARE REFORM DEMONSTRATIONS APPROVED BY THE CLINTON ADMINISTRATION

Wisconsin's reform plan, "Work Not Welfare," will require that most AFDC recipients either work or look for jobs. The plan provides case management, employment activities and work experience to facilitate employment. Receipt of AFDC benefits will be limited to 24 months in a four-year period, except under certain conditions, such as an inability to find employment in the local area due to a lack of appropriate jobs. Upon exhaustion of benefits, recipients become ineligible for 36 months.

With exceptions, children born while a mother receives AFDC will not be counted in determining a family's AFDC grant. In addition, child support will now be paid directly to the AFDC custodial parent in cases where the funds are collected by the state.

3 1/2 MOS
Wisconsin's request was received July 14, 1993, and granted Nov. 1, 1993. WNW is a signature initiative of Governor Thompson. Although approved by the state legislature with some Democratic support, WNW has been criticized by advocates, labor, and minority leaders.

In addition, under Wisconsin's AFDC Benefit Cap (ABC) Demonstration Project, no additional benefits will be provided to existing Aid to Families with Dependent Children cases due to the birth of a child, with exceptions, although additional children will remain eligible for Medicaid benefits and food stamps. All AFDC recipients will be offered family planning services and instructions on parenting skills. The new rule goes into effect ten months after the demonstration is implemented.

For this waiver, Wisconsin's application was received on Feb. 9, 1994, and approved on June 24, 1994. 4/2/95

Under Wisconsin's statewide "Pay for Performance" (PFP) project, AFDC applicants must meet with a financial planning resource specialist to explore alternatives to welfare. Failure to do so without good cause results in denial of eligibility for AFDC benefits for all members of the family.

Individuals who still want to apply for AFDC after meeting with the financial planning resource specialist must complete 60 hours of JOBS activities prior to approval for AFDC. At least 30 of the 60 hours must include contact with employers. Not completing this requirement without good cause will result in denial of AFDC benefits for all members of the family.

Recipients who do receive AFDC will be required to participate in JOBS for up to 40 hours per week. For each hour of non-participation, the AFDC grant will be reduced by the Federal minimum wage. If the AFDC grant is fully exhausted, the remaining sanction will be taken against the Food Stamp allotment. If hours of participation fall below 25% of assigned hours without good cause, no AFDC grant will be awarded and the Food Stamp amount will be \$10.

Wisconsin's waiver was requested April 18, 1995 and approved August 14, 1995. 4/95
Although passed by the Legislature with bipartisan support, the statewide family cap has been criticized by advocates and the Catholic Church.

Governor Thompson repeatedly has criticized the waiver process describing it as a process in which the governors have had to come to Washington to "kiss the ring" of the bureaucrats to obtain approval. In this Administration, we have approved all three of Wisconsin's waiver requests in a manner that demonstrates our resolve to provide state flexibility. All but one of these requests was approved within the 120 day target established by the President for reaching a decision, and the one exception was approved within 135 days.

Governor Thompson also has claimed repeatedly in various forums that the Federal Government only allowed Wisconsin to implement the Work Not Welfare (WNW) demonstration in two counties. In point of fact, the State never requested authority to implement the project in more than two counties nor did HHS ever indicate that we would restrict the scope of the demonstration. *

Being the first state to propose time limits with very limited extensions, WNW also required careful attention in resolving a number of issues. This included a visit to the State by senior HHS officials to work out agreements around several issues. For example, the State originally asked for a strict time limit. After lengthy discussion we agreed to allow the State to impose a time limit as long as there was an exemption for persons who have

As of May 17, 1996

made all appropriate efforts to find work and are unable to find employment because local labor market conditions preclude a reasonable job opportunity. In addition, we agreed with the State's concern that the demonstration was not best suited to a random assignment evaluation. As a consequence, we allowed the State to employ a non-experimental evaluation design that we believe will also contribute to our knowledge concerning the application of non-experimental impact evaluation of welfare reform.

PENDING AND ANTICIPATED WAIVER REQUESTS

Wisconsin has passed legislation to implement a project called Wisconsin Works (W2) that would eliminate the AFDC program by January 1999. W2 would replace the AFDC cash and health care entitlements with work requirements in subsidized or unsubsidized jobs.

Wisconsin's waiver application appears to follow the provisions in the W2 legislation and proposes to amend two existing demonstrations: Pay For Performance, which is operating statewide; and Work Not Welfare, which is operating in a small number of counties. Provisions of W2, if approved; would apply in addition to those existing demonstrations statewide and/or in the respective counties.

Wisconsin proposes to guarantee placement in jobs; increase the value of assets and a car that recipients can own; change health coverage provisions; base payment amounts on type of employment rather than family size; and limit total lifetime participation in job placement to 24 months and in AFDC to 60 months. Clarifications are needed on several remaining issues and questions about how these provisions would be implemented.

X (HHS received Wisconsin's application on May 9, 1996. This waiver application is the state's first step in implementing W2 legislation. In the near future, we expect additional larger applications. *SLW sign
SF ENK/3/96*

ADDITIONAL BACKGROUND

The state legislature has recently passed Governor Thompson's welfare reform initiative, Wisconsin Works. Governor Thompson has stated publicly that he has completed welfare reform for the state and the Clinton Administration is the final hurdle. Labor, community advocates, and religious organizations have provided vigorous opposition to many issues in the Governor's proposal, particularly the lack of protections for beneficiaries reaching the time limit, payment of a sub-minimum wage to some beneficiaries, and displacement of organized state and local employees. Numerous Democratic state legislators have expressed support for the final welfare reform package.

THE WHITE HOUSE
WASHINGTON

96 MAY 22 9 71 04

May 22, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed

SUBJECT: Welfare Reform Update

Here is a brief summary of the latest welfare reform proposals (House Republican bill, Dole speech, Wisconsin plan) and the major issues they raise.

I. House Republican bill

House Republicans announced a new Medicaid/welfare reform package today. We're still waiting to see the details on Medicaid, which presumably will be unacceptable. The welfare reform provisions are based largely on the bipartisan NGA proposal, which you praised in February, except that in order to reach their savings target of \$53 billion, Republicans tacked on the deep immigrant cuts from the welfare bill you vetoed.

The new House bill moves in our direction on most of the issues you spelled out in your veto message. It includes the NGA request for \$4 billion in additional child care, which the states must match. It doubles the contingency fund to \$2 billion. It includes a \$1 billion work performance bonus. It raises the hardship exception for those who reach the 5-year limit to 20%. It drops the deep cuts in SSI for disabled children and the cuts in school lunch and maintains the open-ended entitlements for child welfare programs. It adopts the NGA recommendation that states have to provide health coverage for welfare recipients, although it does not guarantee health coverage beyond the 5-year limit.

The major areas where they did not move in our direction are immigrant benefits and Food Stamps. The new House bill still bans SSI and Food Stamps for non-citizens; in the past, we have never gone beyond deeming. (Breau-Chafee and Castle-Tanner include these bans as well, with some exceptions for the disabled.) It appears to retain the optional Food Stamp block grant, the Food Stamp cap, and the work requirements for men 18-50. Other areas that aren't what they could be include maintenance-of-effort (like NGA, they're still at 75%; we wanted 80%); vouchers for children who hit the time limit (allowed but not required; Breau-Chafee and Castle-Tanner don't guarantee these either); Medicaid coverage beyond the time limit; and a few arcane issues like transferability of funds from the block grant to other welfare programs and broader provisions on equal protection for recipients.

Their overall savings level is \$53 billion, compared to \$38 billion for our plan; \$42 billion for Castle-Tanner; and \$45-53 billion for Chafee-Breaux. In order to maintain the \$53 billion level while spending more on child care and work, the House Republicans doubled their Title XX cut from 10% to 20% (which is not the end of the world for us) and included a few other assorted provisions.

II. Dole Speech

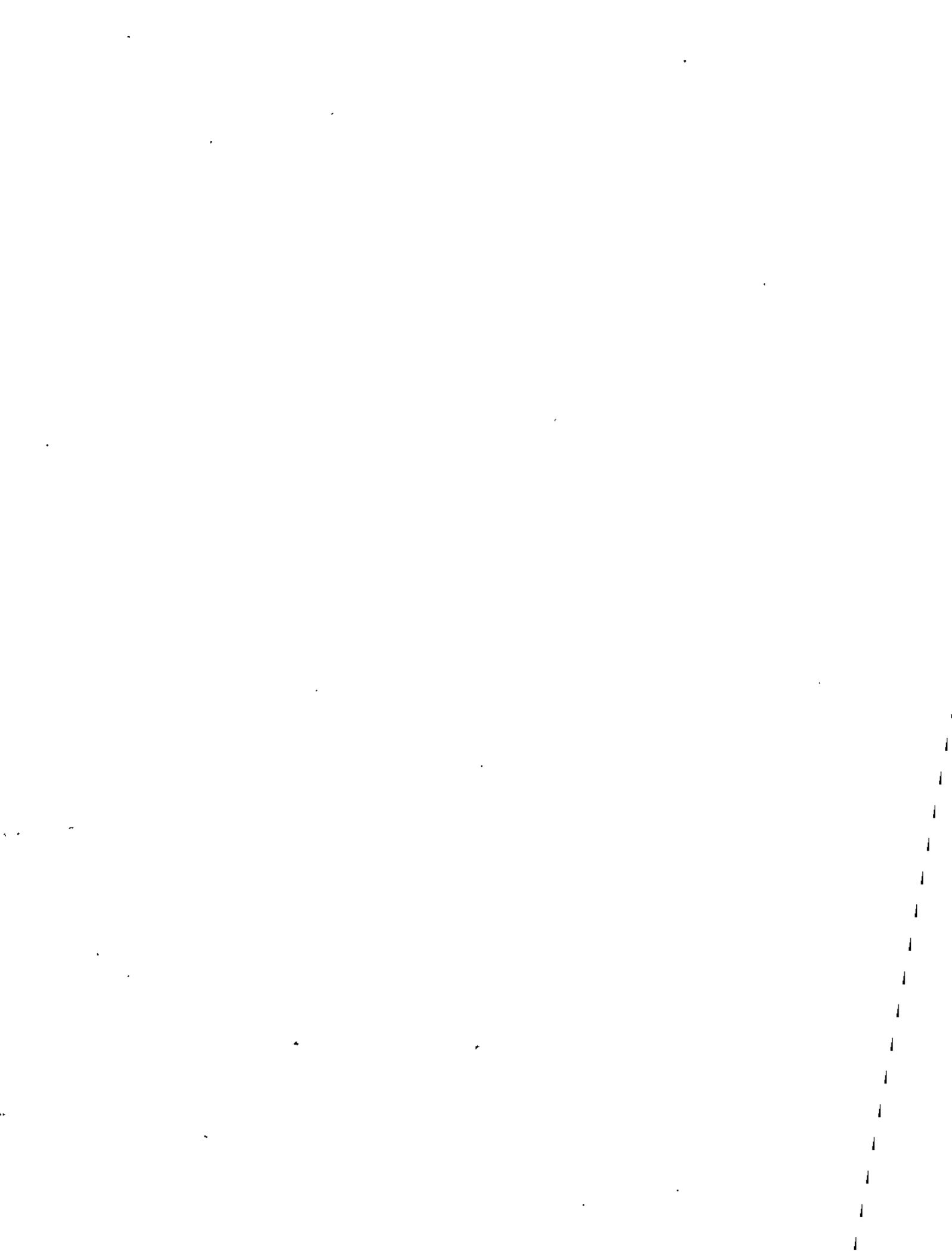
There was virtually nothing new in Dole's speech. We could live with everything he proposed on welfare reform. Most of his proposals (work requirements, 5-year limit, state flexibility on family cap and drug testing, child support enforcement) are in all the bills we've supported in this Congress. His call to ban all but emergency medical benefits for illegal immigrants is already law -- although his speech could be interpreted to mean benefits beyond welfare, such as public education. A state option to cut off unwed teen mothers is not in our bill, but it's in Chafee-Breaux, Castle-Tanner, and the Senate-passed bill, and we could live with it (since no state in its right mind would ever do it).

In his speech, Dole didn't talk about any of the real differences you cited in vetoing the conference report: child care and health care so people could leave welfare for work, and deep cuts in help for disabled children, school lunch, and child welfare. Those are all areas where the Senate bill was acceptable, but the Dole-Gingrich conference report was not.

III. Wisconsin Works

* In many respects, the Wisconsin plan is closer to your approach than to the vetoed bill. It requires health care, child care, and a community service or subsidized job to go to, and its primary motivation is to move people from welfare to work, not to achieve an arbitrary savings target. Like every bill, it includes a 5-year lifetime limit, and like the Breaux-Chafee and Castle-Tanner bills, it provides a 20% hardship exception for people who can't find work. The plan also includes other key principles of yours, such as requiring minor mothers to live at home and stay in school, and strengthening the requirements to cooperate with paternity establishment.

Three aspects of the Wisconsin plan have raised concern among advocates and labor. First, some fear the legislation would require some recipients to work off their welfare at below the minimum wage -- but the initial waiver request appears to be based on the minimum wage. Second, as with many waiver requests, the public employee unions want greater protection against displacement. Third, there are potential legal and policy issues related to the required co-payments for child care. Mayor Norquist may raise other issues with you. He wants more conservative provisions on work-for-wages and reducing the welfare bureaucracy. You shouldn't make any promises; it is not clear whether the state will go along.



96 MAY 22 P5: 59

May 22, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: Doug Sosnik and Linda Moore, Political Affairs

SUBJECT: Dole Visit to Wisconsin

Summary. As you know, Senator Bob Dole delivered an address on welfare reform in Wisconsin yesterday. The Dole campaign was reportedly disappointed with the press his address received in Wisconsin, with your trip to the state Thursday receiving much more extensive coverage. Several television accounts noted how Dole spoke to only a 200-person invitation-only crowd and did not meet with many regular citizens. Governor Tommy Thompson (R) told the *Milwaukee Journal Sentinel* that he tried to dissuade Dole from coming yesterday, fearing there was not enough time to plan the visit and that the Senator's trip would get drowned out by the massive media buildup to your trip. Most of the coverage in Wisconsin focused on comparisons of Dole's proposals and yours and concluded that the differences were minor. The coverage also noted that Dole broke little new ground.

Governor Thompson. Thompson introduced Dole. In his remarks, he said that your comments praising his "Wisconsin Works" (a.k.a. "W-2") program show that you are "making a desperate attempt to get on the caboose of the welfare reform train." In response to comments by Administration officials that some elements of his plan will have to be negotiated, Thompson said: "Mr. President, ending welfare is not negotiable."

I. THE SPEECH

Proposals. In his address, Dole said he would submit a welfare reform plan early in his term that would: require able-bodied recipients to find work within two years (or less if states prefer); impose a five-year, lifetime limit on welfare payments "with few exceptions;" allow states to stop welfare payments to unmarried teen mothers; and prohibit "illegal noncitizens" from receiving benefits except in emergency situations. Dole did not call for mandatory drug testing for welfare recipients, as reports last weekend indicated he would, but instead said states should be given the option to do so. He cited a Columbia University study showing that 200,000 babies born to welfare mothers each year were exposed to drugs in the womb. (For his part, Thompson was unenthusiastic about the drug-testing provision and said that he had hoped Dole would focus more on requiring work.) Dole also said states should be able to use vouchers for infant supplies to prevent benefits from subsidizing drug or alcohol use.

Illegitimacy/Deadbeat Dads. In a portion of the speech in which he sounded a great deal like you, Dole discussed illegitimate births, which he said perpetuate "the cycle of poverty from generation to generation." Dole noted the recent survey showing that the fathers of many children born out of wedlock "prey on younger girls" and called on states to enforce statutory rape laws and make them tougher where necessary. He also said that every effort should be made to establish the paternity of children to assist in collection of support from fathers.

Attack on Waiver Approach. Dole said the Administration's approach to welfare reform requires states to play the "waiver game" and go to D.C. with "hat in hand" for approval, to fill out waiver forms that are often "hundreds of pages" in length, with turnaround times measured in years, not days. Saying "we cannot reform welfare one waiver at a time, Dole promised that "in a Dole Administration, no state will have to play the waiver game."

Credibility Attack. Dole compared your handling of welfare reform to the tornadoes in the current film "Twister," saying "it looks like a lot is happening, but in reality it's all just special effects." He said that "the American people have benefitted from the calculated cynicism" of you and your staff, saying "he's agreeing to things he'll never agree to again." He predicted that in a second Clinton Administration, "instead of trying to pre-empt Republican initiatives, [the President] will do what comes naturally -- raising our taxes again, blocking education reform, imposing more social experiments on our military, mandating more regulation, appointing more permissive judges and the rest of his sorry grab bag of liberal policies." Referring to your comments about W-2, Dole said: "When Bill Clinton hears I am coming to Wisconsin to talk about welfare reform, he suddenly decides he supports what Governor Thompson has done. If this keeps up, Bill Clinton won't have to make speeches anymore. All he'll have to do is find out my stand on an issue and say, 'Me too.'" He also used his standard line that people should elect him to fulfill your campaign promises, saying that not all of your campaign promises were bad.

Factory Tour. Prior to the address, Dole and Thompson toured the Brenner Tank, Inc. plant in Fond du Lac. Thompson signed the "Wisconsin Works" bill into law at the plant, which he hailed yesterday as the place "where welfare ended a couple of weeks ago." Thompson touts the tank company as a welfare reform success story because it has hired former AFDC recipients. Thompson and Dole were filmed eating sandwiches at a picnic table with three such former recipients, apparently for use in a campaign commercial.

II. DAY-AFTER STORIES

Milwaukee Mayor John Norquist (D) and 9 to 5 (the National Association of Working Women) have joined the list of people and groups who are lobbying the Administration to require Wisconsin to alter its "Wisconsin Works" or "W-2" program significantly before granting waivers. In a letter to you, Norquist writes that "W-2 does not end welfare. ... [I]t continues to offer cash grants. There is only one way to end welfare and that is to replace it with work. That means real jobs with real paychecks." Norquist argues that W-2 would fail to make work pay for all of its participants, that it would give recipients with subsidized jobs better health care benefits than those who are employed and that it would "perpetuate

the massive bureaucracy of the current welfare system." Noting that Dole and Governor Tommy Thompson (R) continue to back five years of cash grants, Norquist says "the answer ought to be zero years."

X
Objecting along different lines was Ellen Bravo of 9 to 5. She and several 9 to 5 members who are former welfare recipients met with the Vice President on Monday to lobby against the W-2 waivers. Bravo said yesterday that "President Clinton talk[s] about the need to protect children. But these reforms are going to hurt children." Meanwhile, the Milwaukee Journal-Sentinel reported today that nearly 1,400 Milwaukee County families participating in the state's Pay for Performance pilot program lost their entire AFDC grant for May because they did not meet the program's work requirements. Under Pay for Performance, AFDC recipients are required to work or participate in work-related activities and failure to participate in at least 75% of the assigned hours can result in termination of benefits. A clip is attached.

Dole says Clinton's a 'me too' guy

A stop in Fond du Lac to talk up welfare plan

By Jeff Meyers
State government reporter

FOND DU LAC -- GOP presidential candidate Bob Dole, hoping to take ownership of the welfare issue, chided Democratic President Bill Clinton on Tuesday for a cynical "me too" campaign designed to fool voters.

Dole told a small partisan audience and a phalanx of national media that he -- not Clinton -- can be trusted to bring about "real welfare reform."

Dole portrayed remarks in which Clinton gave his blessing to GOP Gov. Tommy Thompson's plan to end welfare in Wisconsin as an election-year conversion that may not hold up when it comes to the details.

"If this keeps up, Bill Clinton won't have to make speeches anymore. All he'll have to do is find out my stand on an issue and just stand up and say, 'Oh, me too, me too,'" Dole said at the downtown Ramada Hotel.

"Too often President Clinton's statements are like the tornadoes in the movie 'Twister' -- it looks like a lot is happening but in reality it's all just special effects."

Dole's visit to Fond du Lac was first designed to steal some attention from Clinton's visit to the state on Thursday. Clinton is coming to Milwaukee for talks with German Chancellor Helmut Kohl, but critics say the event is a thinly veiled campaign appearance in a Midwestern swing state with a strong German heritage.

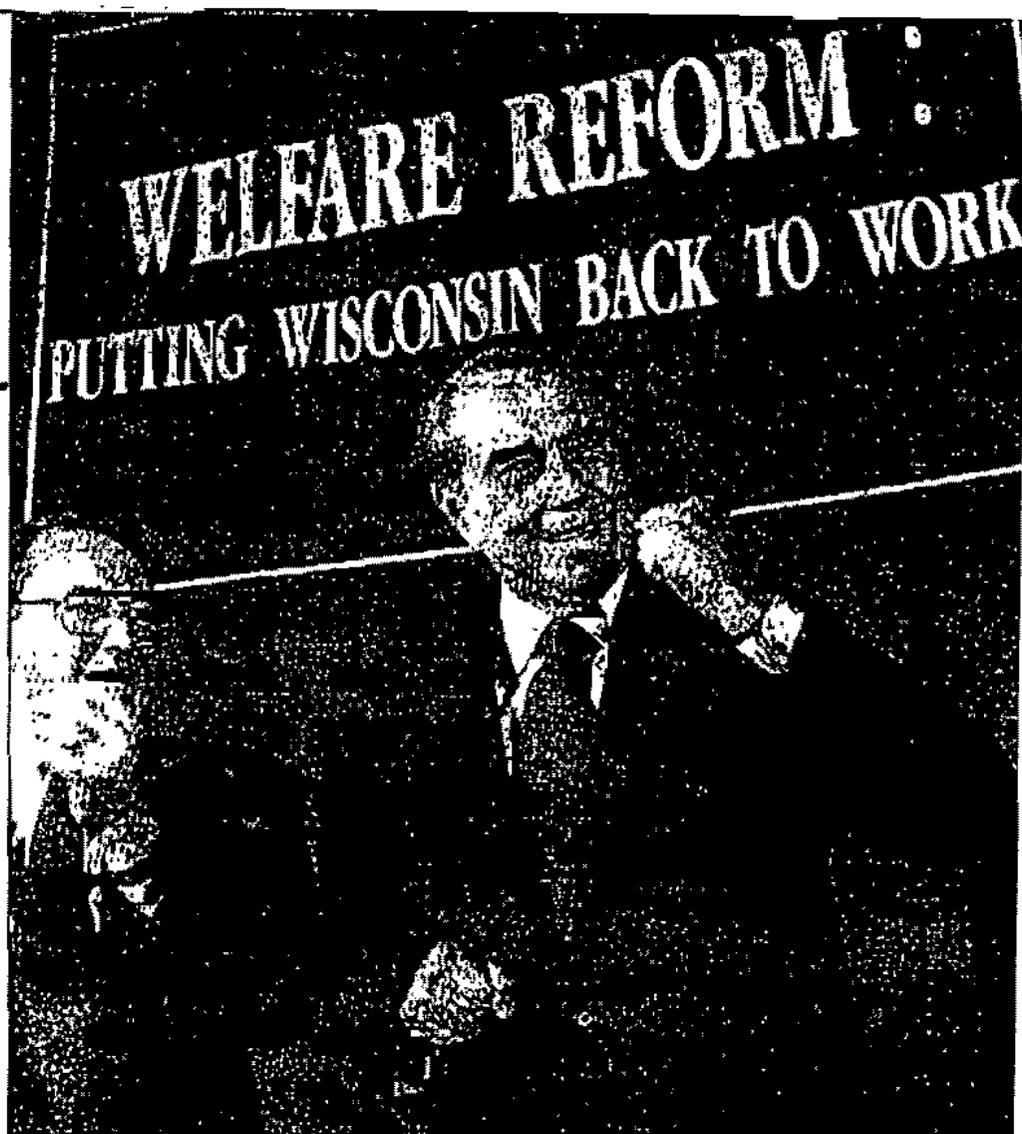
Wisconsin has 11 electoral votes and could go either way in November.

After Clinton stole some of Dole's thunder by endorsing the broad concepts of Thompson's W-2 plan on Saturday, Dole's visit became a Republican mission to try to set the record straight.

Republicans tried to make hay out of Clinton administration cautions that Clinton hadn't endorsed every facet of Thompson's controversial plan, which child advocates fear would hurt families.

Clinton administration officials say some waivers will have to be negotiated with Wisconsin.

Thompson said Clinton was "making a des-



Republican presidential hopeful Sen. Bob Dole of Kansas stands with Gov. Tommy Thompson in Fond du Lac Tuesday before speaking to a group of business leaders about welfare reform.

perate attempt to get on the coattails of the welfare reform train."

Thompson, referring to indications from the Clinton administration that some elements of his plan will have to be negotiated before federal approval is granted, drew a political line in the sand. "Mr. President," Thompson said, "ending welfare is not negotiable."

"Somebody needs to inform Tommy Thompson that he is not president of the United States," shot back Wisconsin Democratic Party Chairman Mark Sosteric. "He needs to work with the president of the United States rather than challenge him on political grounds."

Sosteric said Dole's criticisms were mere "political posturing" and said Clinton has

done more to change welfare in four years than Dole has in 35 years in Congress. He cited 61 federal welfare waivers granted to 13 states. He said Clinton likes most of W-2 but will work to add a safety net for children.

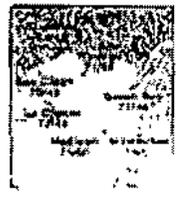
But Dole said 18 other states are waiting for 27 welfare waivers and called on Clinton to sign them to prove his commitment.

Before the speech, Dole and Thompson visited the Brenner Tank manufacturing facility in Fond du Lac to highlight the welfare-to-job philosophy that Thompson has parlayed into national reputation as a social policy innovator.

Dole and Thompson had a box lunch with several former welfare recipients at the plant.

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FOCUS: ROAD CON

DOT plans construction proj

6-year program for region

By Roger A. Gribble
Wisconsin State Journal

The state Department of Transportation's six-year highway improvement program for southwest Wisconsin consists of 27 state highway and bridge im-

provements. Twenty-seven projects, including eight already in progress, are planned for the next six years, the department said.

Clinton dust greet's Dole in Dairyland

5-22-96

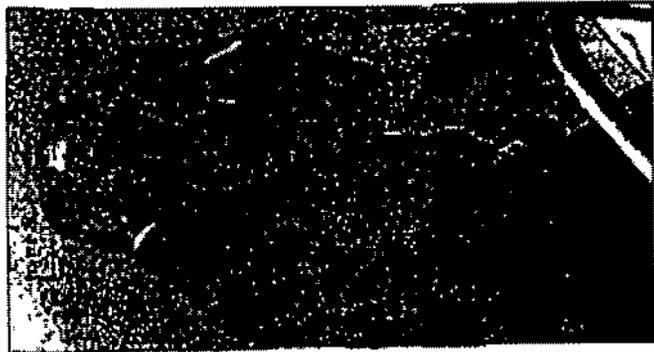
By Ronald Brownstein
Los Angeles Times

WASHINGTON — When Bob Dole arrives in Fond du Lac, Wis., today to praise Gov. Tommy Thompson's welfare reform plan and unveil his own proposals for nationwide reforms, the set-piece might as well read: Bill Clinton was here.

It's a sign Dole, the presumptive Republican presidential nominee, is encountering with growing regularity. To the increasing anger of Republicans, Clinton has established a pattern of pre-campaign or co-opting ideas that the GOP had hoped would clearly define the presidential contest.

From repealing the 1993 gas tax increases to imposing new limits on health care appeals and repealing some not-so-popular Clinton initiatives, Clinton has instructed Dole's efforts to draw a sharp contrast by repeatedly agreeing with his challenger. The latest example came last Saturday when Clinton praised

Sen. Bob Dole looking back toward the press as he boards his plane to Capitol Square Monday. Today he expects to head for La.



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Madison WI

Dole

Continued from Page 1A

Thompson's plan to replace welfare with a mandatory work program — a plan that many liberals fear goes too far in retrenching basic protections for poor children.

Dole is expected to make a bid Tuesday to wrest the momentum in the welfare debate away from Clinton by calling for mandatory drug testing of welfare recipients. Although Dole on Monday deflected questions about his plan, campaign aides confirmed that the drug-testing proposal was in the text of his Wisconsin speech and that he was expected to keep it in.

Regardless, Clinton's strategy of embracing GOP initiatives so far has been an enormous success. It has allowed the president, in most instances, to shift attention

toward the areas where he wants to establish contrasts, such as raising the minimum wage.

It also has sparked a rising chorus of condemnation from Republicans, accusing the president of unbridled opportunism. On Monday, Dole charged Clinton with "petty theft" in appropriating GOP ideas.

Frustrated Republican strategists say that over time, Clinton's shifts may reopen old questions about his character and commitment to principle.

"There is a cynicism about the Clinton campaign that dares the American people to hold him to a standard of consistency," said New Hampshire Gov. Stephen E. Merrill, the general chairman of Dole's campaign. "Bill Clinton runs the risk that people will say, 'This man doesn't stand for anything.'"

But White House aides argue that the president's maneuvers demonstrate not opportunism, but a return to the centrist New Demo-

cratic principles on which he campaigned in 1992.

Dole's campaign is divided over how to respond to Clinton's shifts toward the center, one well-placed source said. One camp has argued for moving to places Clinton cannot follow by emphasizing starkly conservative positions — such as ending affirmative action. Other aides worry that Dole could marginalize himself by seeking to constantly outflank Clinton on the right; they prefer to focus on challenging Clinton's sincerity.

Despite the GOP protests, Clinton isn't merely slapping the presidential seal on the GOP agenda. The more precise pattern is that he is making extraordinary efforts to control which issues will be the points of conflict.

On the issues Dole wants to emphasize, Clinton has stretched his New Democratic principles as far as he can to minimize the differences. But on battlefields of his own choosing, Clinton has shown no hesitation about clashing with Republicans.



DALE GULDBERG STAFF PHOTOGRAPHER

...ner as a "back-to-work and off-welfare success story" on Tuesday took a job with Brenner Tank, shared the stage with Thompson in during Dole's campaign speech.

...tinel, Thompson said he to dissuade Dole from going to Wisconsin on Tuesday. Thompson said he didn't there was enough time to be visit, and that he feared coverage would get lost in massive media buildup to historic joint visit to Milwaukee by Clinton and German Chancellor Helmut Kohl on Friday.

...just didn't think it was the to do it," Thompson said. he said, "We're coming."

...nd Thompson declared the a success, saying "I don't Bob Dole could have got anything more out of anything than he did today in Wisconsin."

...his flight to Wisconsin Washington, Dole was accompanied by Thompson and time friend and Republican leader Michael Grebe. In the state, Dole also visited Brenner Tank in Oshkosh, a company that has participated in Thompson's W-2 prototype New York Not Welfare — and laid workers and former are recipients employed.

...his speech, Dole assailed legacy of Great Society liberalism and the "killing commission of the welfare state." He used Clinton of "four years broken promises" and suggested that one reason to vote Dole would be to keep Clinton's 1992 "New Democrat" campaign promises.

"Some of them weren't bad," Dole said.

The proposals

How the welfare reform proposals of Bob Dole and President Clinton compare:

Dole

- Require able-bodied welfare recipients to find work within two years, or a shorter period of time if the state desires.
- Allow states to deny welfare to recipients who test positive for drug abuse.
- Give states power to halt cash welfare payments to unmarried teenagers who have children while on welfare.
- Impose a five-year lifetime limit on welfare payments, with exceptions for those unable to work.
- Deny all but emergency medical services to illegal immigrants.
- Establish a uniform tracking system to enforce child support payments nationwide.

Clinton

- Require able-bodied parents with needy children to find work within two years or lose their benefits.
- Provide child care programs to help low-income parents on welfare find a job or keep one.
- Give states financial incentives to move families from welfare to work.
- Maintain a flexible funding structure for states to continue meeting their welfare caseloads when economic downturns cause more families to seek assistance.
- Revoke driver's and professional licenses for parents who refuse to pay child support.
- Improve interstate laws to find delinquent child-support payers.

1,400 County families lose AFDC grants for month

Benefits are cut because adults didn't meet work rules under state program

BY GRETCHEN SCHULTZ AND MARCO HUSTON of the Journal Sentinel Staff

Nearly 1,400 Milwaukee County families lost their entire AFDC grants for May because adult recipients did not meet their obligations under the state's new Pay for Performance program, county officials said Tuesday.

The 1,390 families whose entire grants were cut — about 13% of the 10,965 families participating in Pay for Performance — include about 2,780 children. Countywide, 1,606 families were sanctioned in May, the first cuts under the program, which took effect in March.

Under Pay for Performance, recipients of Aid to Families with Dependent Children are required to work or participate 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 a reduction to \$10 in Food Stamp benefits. Previously, only the portion of the grant meant to support the adult would be cut.

"If this means that people went to work, great," said Supervisor Roger Quindel, chairman of the County Board's Human Needs and Services Committee. "If this means these people are going to show up in child welfare in the next 60 days, it's a disaster."

County officials have warned that eliminating grants will lead to an increase in child abuse and neglect cases as families lose all or much of their incomes.

But Gene Kussart, executive assistant to the secretary of the State Department of Health and Social Services, said the state "stands by our original feeling" that welfare reforms will not have an impact on child welfare.

The cuts in welfare benefits are also causing concern among Milwaukee Housing Authority officials, who estimate that they will lose \$300,000 or more in rent this year because many residents are losing welfare benefits under state reforms.

"If someone has no income, we have zero rent," said Ricardo Diaz, executive director of the authority.

The authority collects \$10 million in rent per year, with residents paying rent equal to 30% of their monthly incomes or a minimum of \$25, Diaz said.

The \$300,000 estimated loss includes \$150,000 because of the state's elimination of general assistance benefits to single adults and \$150,000 because of the Pay for Performance work program.

Diaz said the losses could grow by the end of the year, and that they would likely increase significantly under the Wisconsin Works (W-2) program, which is to replace AFDC by late 1997.

More than 50% of the 1,700 families in the authority's five family developments (Highland Park, Hillside Terrace, Lapham Park, Parklawn and Westlawn), are on AFDC, Diaz said. For 588 of the families, AFDC is the sole source of income, he said.

Initially, about 22% of the families in Pay for Performance, or 2,383 families, were sanctioned for not meeting work requirements. But after reviews, grants for 777 families were reinstated.

Ann Wilson, chairwoman of the authority Board of Commissioners, said sanctions occurred because notices on work requirements were not clear. "It's the most chaotic thing I've ever seen. It's very unfair," she said.

Diaz said his goal was to avoid evictions by helping residents find jobs.

To offset predicted rent losses the authority has implemented welfare-to-work initiatives which Diaz described as the first of their kind nationwide. It plans to tell the Milwaukee story by May 29, at a White House summit on public housing.

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iffer over style ^{MJS 6/22/92} * Mayor, 9 to 5 urge Clinton to block W-2

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whether drugs and alcohol were a greater problem among the welfare population than among the general public.

"If this were a serious problem in Wisconsin, don't you think Gov. Thompson would have focused in on that in W-2?" Miller said.

The U.S. Department of Health and Human Services estimates that 10% of all adult welfare recipients are somewhat impaired by drug use and another 5% are significantly impaired. One state, South Carolina, has received federal permission to test welfare recipients randomly for drugs. A similar proposal from Kansas is under consideration.

White House officials were quick to point to those states as proof that the administration was already doing what Dole advocates.

Jean Verber, of the Women and Poverty Public Education Initiative, an effort to organize and assist Wisconsin welfare recipients, said she found Dole's message "mean-spirited."

"I just found it a hard, tough kind of line that was obviously politically motivated, especially in the place he chose to do it in the white, Republican, conservative Fond du Lac area," Verber said.

State Rep. John Gard of Peshigo, a leader in the Republican

re-engineering of welfare in Wisconsin, attended Dole's speech.

"He did an excellent job in drawing a distinction between himself and the president on welfare reform," Gard said.

Perhaps more important for the state, Gard said, Dole is keeping the national spotlight on W-2, which should help it get past the federal waiver process.

Gard later appeared with state Sen. Gwendolynne Moore (D-Milwaukee) to talk about welfare reform on public television's "The NewsHour with Jim Lehrer."

In an interview, Moore complained that such issues as illegal immigrants and drug testing had little to do with welfare reform and only added "to the hysteria and hype and stereotypes of welfare recipients."

The stereotype Dole to which played, Moore said, is that of welfare recipients as "immoral, illegal, subhuman, negative, criminal people."

Nor did Moore exempt her own party's candidate from criticism, particularly after Clinton coiled up to W-2 in his national radio address Saturday.

"The political footballs of 1996 are women and children," Moore said. "Who can be the harshest on women and children and immigrants and poor people — the most disenfranchised groups?"

The Associated Press contributed to this report.

They join several groups seeking presidential intervention in plan

Milwaukee Mayor John Norquist and 9 to 5, the National Association of Working Women, on Tuesday joined a growing list of politicians and advocates asking President Clinton to intervene in Wisconsin's welfare reform plans.

In a letter addressed to Clinton and in remarks at a City Hall news conference, Norquist asserted that the sweeping Wisconsin Works (W-2) plan did not go far enough to overhaul the welfare system.

"W-2 does not end welfare," Norquist said. "If you read the law, you will find that it continues to offer cash grants. There is only one way to end welfare, and that is to replace it with work. That means real jobs with real paychecks."

Ellen Bravo, executive director of the Milwaukee-based 9 to 5, said: "President Clinton talked about needing to protect children. But these reforms are going to hurt children."

Bravo was referring to Clinton's national radio address Saturday, in which he conditionally endorsed Wisconsin's welfare reforms.

Bravo and several 9 to 5 members who are former welfare recipients met Monday in Washington with Vice President Al Gore and White House staffers to lobby against federal waivers that would allow W-2 to be implemented. The women were from Wisconsin and several other states.

The state needs waivers from federal rules to implement W-2, prompting several Wisconsin groups to ask the Clinton administration to block or alter Wisconsin's welfare plan significantly. Among those groups are the Wisconsin Conference of Churches, the Interfaith Conference of Greater Milwaukee, the Child Abuse Prevention Net-

work and the Milwaukee Council on Alcoholism and Drug Dependence.

Under W-2, conditionally guaranteed benefits would be replaced with work requirements, including two categories of jobs in which the state would pay participants flat monthly cash grants. Researchers have estimated that 75% of W-2 participants could wind up with those grants.

Norquist contended that W-2 would fail to make work pay for all of its participants, that it would give recipients with subsidized jobs better health care benefits than those who were privately employed, and that it would "perpetuate the massive bureaucracy of the current welfare system."

"How long should able-bodied people receive cash grants? Bob Dole and (Gov.) Tommy Thompson say five years," Norquist said. "But the answer ought to be zero years. That's how long people should get cash grants."

Bravo said the women from 9 to 5 outlined for Gore their criticisms of the W-2 law. They include:

- Community service jobs would pay less than the minimum wage and would make recipients ineligible for the earned income tax credit.

- Many recipients will not be able to afford co-payments required to receive child care benefits.

- Some child care would be unregulated and inadequate, opening the door to potentially unsafe conditions for children.

- W-2 does not allow education or training unless a recipient working in a private job can pay \$500, to be matched by an employer or the state, to attend vocational training after work hours.

- There is no provision for family leave in a medical emergency.

Mike Nichols, Fran Bauer and Joel Dressing of the Journal Sentinel staff contributed to this report.



Norquist ready to reach out to the 'first hand'

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Milwaukee's mayor has developed good ties to resident of White House

By MIKE NICHOLS
of the Journal Sentinel staff

When President Clinton arrives in Milwaukee Wednesday night, one of the first people in line on the tarmac will be Mayor John O. Norquist, who has had as much contact with Clinton of late as perhaps any mayor in America.

Two weeks ago, Norquist and his wife Susan Mudd, were among those invited to a White House concert featuring Linda Ronstadt and Aaron Neville.

And last week, Norquist was the only mayor in the country at a Clinton news conference in the Oval Office touting the president's "cops on the beat" program.

The contact doesn't necessarily translate into an inordinate amount of influence.

But as one of the longer-serving big city Democratic mayors, and one close in age and ideology to the 49-year-old president, Norquist appears to have forged some relatively close ties.

Clinton and Norquist, 46, first met in 1988, and solidified the relationship during a dinner at the John Ernst Cafe in Milwaukee 1991. Clinton, not yet president, was in town to address a state Democratic political convention.

"He held court basically," Norquist said. "He talked for about two hours. I might have asked a few questions."

"I haven't spent enormous amounts of time with him, but I have a good relationship with him."

Norquist doesn't expect to have much private conversation with Clinton this week.

"The other times (Clinton) has come here, when I've been able to spend time with him, you don't get to spend hours and hours," Norquist said. "It's just a few minutes, so I try to keep the agenda simple."

Norquist's agenda this week will be welfare reform. He is unhappy with some elements of Gov. Tommy Thompson's W-2 package and hopes to convince Clinton to fashion some changes through the federal waiver process.

"That's what I've asked President Clinton to do," Norquist said. "I will be talking more about it during whatever time I can get with him Wednesday night or Thursday."

Norquist found out about this week's visit only after German Chancellor Helmut Kohl had accepted Clinton's invitation, which had been discussed for some time but was formally extended during a Feb. 28 telephone conversation between the two world leaders, according to the White House press office.

Wisconsin, Norquist acknowledged, will be important to Clinton next November.

"He has to win Wisconsin," Norquist said. "There's no doubt about that. It's a state (Mike) Dukakis won, and that Clinton won. I'm sure (Gov. Tommy) Thompson would like to see it in the Republican column. (But) what I think or Thompson thinks or what (Sen. Herb) Kohl or (Sen. Russ) Feingold or anybody else thinks isn't necessarily going to be that important to the decision. The people of Wisconsin will pick who they want."

While Clinton can be of tremendous help to Norquist, it is also true that Norquist, who is widely known for his fund-raising acuity and won his most recent election by 20 percentage points, can be of no small assistance to Clinton, some say.

"The mayor has been extremely helpful to the president," said Robert Frieberg, a Milwaukee attorney long active in Democratic political circles.

"In the 1992 campaign, he was helpful in raising money and provided political muscle."

In the meantime, Norquist's aides, along with staff for both Wisconsin senators and the congressional delegation, are handling much of the logistics for this week's visit. Talks between the two world leaders will take place in committee rooms at City Hall right above Norquist's office.

"We try to make it as hassle-free as possible," Norquist said. "He accomplishes his objectives. When he had his foreign policy speech here in '92, he appreciated the way everything went so smoothly."

Frank A. Kusater of the Journal Sentinel staff contributed to this report.



Tom L. FINESTAFF PHOTOGRAPHER

is a new flower arrangement in the lobby of the Pfister Hotel Monday. The florist visits the hotel twice a week. President Clinton will be staying at the hotel tonight.



Michael A. BERSTAN PHOTOGRAPHER



of the housekeeping staff at the Hilton Hotel, are pulling in the hotel lobby Monday. German Chancellor Kohl will be staying there tonight.

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"Everybody wants things to be perfect," said Maureen Connolly, who as manager of the interior division of Kujawa Enterprises Inc., is in charge of the Hilton's flower arrangements and plants.

New arrangements are being

placed throughout the hotel, including a \$450 display of lilacs, peonies, alstroemeria and stock in the lobby. Thanks to the demolition work across the street, all the plants — both those inside and out — have to be washed.

"We had someone in yesterday and cleaned the palms," she said. "Every leaf. Every branch."

All the extra trouble is just fine with Shala Lee, who was making a bed in a room a few doors down from Alston.

"It's real hectic," she said, "but it makes you feel good when someone from another country comes and stays in your hotel."

Besides, she said, "they leave pretty good tips."

All of the Hilton's 800 rooms are booked — half by the Community Transportation Association, which is holding a national convention in Milwaukee.

Another 150 to 170 have been reserved for security, news media and German government types.

"And the chancellor, of course," Iwanowski said.

At the Pfister, Clinton's entourage will take up 200 of the hotel's 307 rooms. Steinleib stressed that all guests are treated like celebrities.

"This one just happens to bring along a bunch of Secret Service guys," she said.

Same deal at the Hilton, where Iwanowski promised that the hotel police will be treated with the same deference as Kohl.

"We have a saying in the Old Country," said Iwanowski, a German, born and bred. "The person who pays is the king."

Perhaps, but on Wednesday night, Milwaukee will play host to one president and one chan-

in on ambulance. But if you do, it should be...
never have to visit any hospital...
Of course, we hope you...
along with virtually every...
Additional insurance plan...
check your coverage.

REPUBLICAN PARTY OF WISCONSIN

WORKING ON WELFARE

* Candidates differ over style

President's approach seems less punitive than senator's proposals

By JOEL DRESBANC
of the Journal Sentinel staff

The differences between Sen. Bob Dole's stance on welfare reform and President Clinton's remain more policies than policy.

Both candidates support requiring welfare recipients to work for their benefits, limiting the length of time benefits are offered and toughening child support payments. All of those elements, by the way, are included in the Wisconsin Works (W-2) welfare overhaul, for which Gov. Tommy Thompson is seeking federal approval.

Where Dole and Clinton differ, basically, is on style. Clinton prefers a carrot, Dole a stick.

In his presidential campaign address Tuesday in Fond du Lac, the presumptive Republican nominee suggested these measures:

- Denying all but emergency benefits to illegal immigrants.
- Allowing states to test welfare recipients for drug use and to deny benefits to those who test positive.
- Letting states end welfare payments to unmarried teenagers who have children.

Clinton has proposed providing child care assistance, financial incentives for states successfully moving families from wel-

fare to work and funding for welfare programs in states experiencing economic downturns.

But even Clinton has his punitive side. His most recent proposal would let states test welfare recipients for drug use.

Dole criticized Clinton on Tuesday for delaying welfare waivers. Besides Wisconsin, 18 states have 27 waiver requests awaiting Clinton's approval.

Clinton, a former governor, prides himself as being state-friendly and notes that his administration has granted 61 waivers for 38 states, three times as many approvals as Presidents Bush and Reagan granted between them.

"Sen. Dole came out with nothing today that the president hasn't already proposed," said Joe Lockhart, press secretary for the Clinton-Gore campaign.

The similarity between Dole's policies and Clinton's struck Marjorie Miller, chairwoman of the Milwaukee Coalition to Save Our Children. Like other advocates for welfare recipients, Miller took exception to some of Dole's plan. She questioned how many illegal immigrants — if they were even eligible for welfare — would risk seeking benefits.

Lupe Martinez, president of United Migrant Opportunity Services, agreed. "They usually do not apply for assistance for fear of being discovered," Martinez said.

Miller also questioned

ANALYSIS

whether drugs and alcohol were a greater problem among the welfare population than among the general public.

"If this were a serious problem in Wisconsin, don't you think Gov. Thompson would have focused in on that in W-2?" Miller said.

The U.S. Department of Health and Human Services estimates that 10% of all adult welfare recipients are somewhat impaired by drug use and another 3% are significantly impaired. One state, South Carolina, has received federal permission to test welfare recipients randomly for drugs. A similar proposal from Kansas is under consideration.

White House officials were quick to point to those states as proof that the administration was already doing what Dole advocates.

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"I just found it a hard, rough kind of line that was obviously politically motivated, especially in the place he chose to do it: in the white, Republican, conservative Fond du Lac area," Verber said.

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re-engineering of welfare in Wisconsin, attended Dole's speech.

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Perhaps more important for the state, Gard said, Dole is keeping the national spotlight on W-2, which should help it get past the federal waiver process.

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The Associated Press contributed to this report.

Dole/Clinton

displace a popular incumbent, even in what is looking increasingly like a good year for Democrats.

Soglin finally has a piece of literature to distribute, complete with a picture of the mayor listen-

ing to him. He is faced with much the same challenge as Bob Dole. He needs to forge a coherent message that distinguishes him from the incumbent.

Then Soglin needs to take that message to the people, in a much

more direct way than the steam that is necessary to catch up to an incumbent who — at this point — maintains a firm lead.

John Nichols is an editorial writer for *The Capital Times*.

Wouldn't it have been better to take that money and give it to our local churches?"

If you want to comment about a current issue, just call "Sound Off" at 252-6434 and tell us what you think. Please speak clearly and slowly when leaving your message.

Plain Talk *

DAVE ZWEIFEL

p. 10A 5/22

GOP puts politics above everything else



Zweifel

If there was an example of just how unyielding and mean-spirited so many of today's Republican leaders can be, it came following last Saturday's announcement that President Clinton was granting Wisconsin a waiver for its W-2 welfare program.

Clinton took many by surprise and even though the president gave Gov. Tommy Thompson and Republican leaders in Congress what they supposedly have been wanting all these months, they didn't like it one bit.

Once again the cynicism of today's politics reared its ugly head.

As became apparent over the weekend, all too many in the GOP didn't see the issue as doing something to help the poor off welfare. Rather it was aimed at hoping Clinton would

say no to the W-3 waiver request and thus set up a campaign issue that the Republicans could use in this fall's election.

That many would say so publicly is another indication of how brazen this crew has become.

Meanwhile, even Wisconsin Republicans aren't satisfied. Witness our own Kevin Keane, Tommy Thompson's spokesperson:

"We've been experimenting for 10 years," he told the *New York Times*. "We hope the president will approve 100 percent of our requests. Anything less is unacceptable. If he had not twice vetoed welfare legislation, Wisconsin and other states would not have to go through this waiver process."

Sure, Kevin, and we, who live in the world's most prosperous country, could be witnessing the plight of starving children on the main streets

of our cities and in the rural areas of some of our poorer states.

The reason Clinton vetoed those welfare bills hatched by the Gingrich clique in Congress is that they were so punitive to the children of the poor and downtrodden that to do otherwise would have been nothing short of criminal.

And this from the same clique that thinks nothing of adding \$12 billion or so to the military budget to bail out the defense contracting conglomerates.

Indeed, the vetoes, if nothing else, have encouraged states like Wisconsin to write some safeguards into their so-called experimental programs.

W-2, which is aimed at forcing able-bodied welfare recipients to take jobs, is better today than when Thompson first proposed it because it does contain some safeguards for chil-

dren. (There are many who insist, though, that the overall harm to young people will be enormous still.)

In approving W-2, the president is at least trying to meet the states half-way, willing to begin the process of "reform."

What the Republican leadership wants is all or nothing. No compromises, the kind of "in-your-face" politics that has caused thousands to turn away from Newt Gingrich and his lieutenants.

But what those leaders are really saying is that they believe a good campaign issue is better than some "reform." No wonder the new Republicans are in trouble.

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(Marion Barry's) ultimate fraud is creating an environment in which expectations of municipal government are so disastrously low.

James Warren



W1
State
Journal
5/22
P.9A

OUR OPINION

Beijing using U.S. weakness *

President Clinton's aimless China policy took a craven turn this week with the inauguration of Lee Teng-hui as president of enthusiastically democratic Taiwan. The United States was too frightened to send an official envoy to Lee's inauguration Monday — the same day Clinton renewed trade benefits for communist China, exposing his empty threats of major sanctions for trade piracy.

The contrast was stark. On the one hand, the White House snubbed Lee's inauguration, which celebrated the first direct election of a Chinese leader in 5,000 years. With the other, it rewarded the gerontocracy in Beijing for continued human rights violations, trade ripoffs and sale of material for nuclear weapons.

Lee was elected two months ago with 54 percent of the votes in a huge turnout. Although 10 foreign heads of state attended the inauguration, most countries did not send official delegations in deference to their diplomatic ties with Beijing, which insists that Taiwan is a renegade province. The United States was "represented" in Taipei by Vernon Jordan, a lawyer and non-government adviser to Clinton.

The United States missed a golden opportunity to send the message that it values democracy, not despotism. Lee's victory in a free and honest election proved that democracy can work in Taiwan — which, come to think of it,

may be precisely why the mainland communists have been so lathered up of late. For nine months, the communist Chinese have been staging war games off Taiwan's coast to intimidate its government and its people.

It didn't work. Now, the regime in Beijing is even more enraged over Lee's inaugural comments, in which he offered to visit the mainland for peace talks aimed at ending 47 years of hostilities.

How will Clinton respond to Lee's diplomatic offer? With characteristic waffling, no doubt.

In his 1992 campaign, Clinton accused President Bush of coddling China but he quickly changed his tune after winning office. Clinton now believes it's better to deal with China than alienate a country that is the only declared nuclear weapons state in Asia and which has the world's largest standing army.

Maybe so, but at least Bush was consistent. He didn't threaten trade sanctions and then back away. He didn't talk about democracy and ignore the election of a democratic president.

Clinton's China policy is weak and Beijing is doing everything it can to take advantage of it. It's time for Democrats and Republicans alike in Congress to straighten out this mess before Clinton offers to trade Taiwan to China for a handful of pirated computer chips.

Community effort can help workers

Even in prosperous Dane County — proud owner of one of Wisconsin's lowest unemployment rates — there are many people who feel trapped in dead-end jobs. Now, thanks to an initiative by the Dane County Economic Summit Council, some of those jobs may be converted from dead-end streets to pathways to success.

A Wisconsin State Journal study undertaken as part of its "City of Hope" investigation found that most of the county's fast-growing occupations don't

The result is a "community career ladder" concept that involves business, labor, education and government in a common effort to move workers off the bottom rung of employment.

Workers who land entry-level jobs in targeted fields would first have a chance to improve their basic skills. Employers would then stamp their best workers as "job ready" and recommend them for jobs paying higher wages, with more possibilities for advancement.

That's not only good for the workers, but it's good for employers who have

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WELFARE REFORM Q&A
5.20.96

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Q. Isn't the Wisconsin welfare reform plan completely at odds with your own proposal?

A. No. In fact, there are many similarities:

* First, the Wisconsin plan does the very thing the President advocated when he called for an end to welfare as we know it: replacing a system based on dependency with a system based on work.

* Second, the Wisconsin plan does two things that the President has always advocated and that the Dole-Gingrich welfare bill he vetoed failed to do: it guarantees health care and child care so people go to work and stay off welfare. The real story here is the difference between the Wisconsin plan and the Congressional Republican welfare bill on health care coverage and providing child care. The President has always insisted on these provisions -- and that is one of the major reasons he vetoed the extremist Republican plan.

* Third, when the President called for an end to welfare as we know it, he said that anyone on welfare who can work should go to work and no one who can work should be able to stay on welfare forever. The Wisconsin plan includes a five-year lifetime limit that was included in every major welfare bill -- Republican and Democrat -- that Congress took up in the past year. The President has supported a 5-year limit; it's included in his FY97 budget proposal; and every member of Congress in both parties has voted for a bill that includes a lifetime limit.

Q. Hasn't the Administration rejected waiver requests for "cold-turkey" time limits in the past?

A. The Administration has granted 61 waivers to 38 states, including many that involved work requirements and time limits. In 1993, the Administration granted a similar "two-years-and-off" waiver to Wisconsin for a demonstration in two counties. *in They asked for*

Q. Speaker Gingrich and other Republicans wrote the President yesterday attacking the President's plan and inconsistencies on this issue. Is the Wisconsin waiver further evidence that the President will do anything to show he's for welfare reform?

A. The President believes the current system is fundamentally flawed, and he will support any serious effort to move people off welfare into work and to restore basic American values of responsibility and family. We've approved more than 60 different welfare reform experiments in 38 states to do that. We're pushing Congress to pass comprehensive welfare reform that is serious about putting people to work -- which the bill the President vetoed was not.

Furthermore, this is nothing new. We've already granted 3 waivers to Wisconsin. We're glad that Wisconsin and other states keep coming up with innovative proposals to require work, demand responsibility, and promote family. It's worth noting that the Clinton Administration has granted more welfare reform waivers in 3 years than the two previous Republican Administrations granted in 12 years. (61 for us vs. 11 under Bush & 13 in Reagan's 2nd term).

OTHER POINTS TO REITERATE:

- * Welfare rolls are down 1.3 million since January 1993
- * Food stamp rolls are down 1 million.
- * Child support collections are up 40% since January 1993, to a record \$11 billion in 1995.

Q. What is the Administration's position on Senator Dole's proposal for mandatory drug testing for welfare recipients?

A. First, we find it interesting that this proposal wasn't in the Republicans' own welfare plans this year (and was not even offered as an amendment) -- and that Senator Dole plans to announce it in Wisconsin, which has the most revolutionary welfare reform proposal in the country but doesn't see fit to include this provision.

WELFARE REFORM AND DRUG TESTING

The Clinton Administration has already given several states welfare reform waivers to test innovative ways to combat drug abuse -- including drug testing, substance abuse screening, mandatory drug treatment, and tough sanctions. The President's welfare reform plan, the Work First and Personal Responsibility Act of 1996, would allow states to decide for themselves whether to implement drug testing for welfare recipients.

Welfare Reform Waivers to Allow Tough Drug Policies

The Clinton Administration is giving states the tools they need to get welfare recipients off drugs, and to get tough with those who refuse to cooperate. In the past three years, the Administration has granted a record 61 waivers to 38 states to reform their welfare systems. These waivers include:

- **South Carolina:** Earlier this month, the Administration approved a waiver to allow random testing of welfare recipients identified as having drug problems. Those who refuse to comply with treatment can lose all welfare benefits.
- **Texas:** Through a waiver approved in March 1996, applicants must sign a personal responsibility contract that makes drug abstinence a condition of eligibility for benefits. Recipients convicted of drug crimes after signing the statement are subject to increasing sanctions.
- **Ohio:** Approved in March 1996, this waiver requires pregnant women to participate in substance abuse screening as part of prenatal care, with sanctions for failing to comply.
- **Oregon:** Also approved in March 1996, the Oregon plan requires welfare recipients identified as having drug problems to get treatment. Failure to comply results in escalating sanctions that lead to a cutoff of all benefits.
- **Connecticut:** Under a waiver approved in August 1994, welfare recipients with identified drug problems must comply with drug treatment, with sanctions for failure to do so.

The President's Welfare Reform Plan Allows States to Implement Drug Testing

The President's welfare reform bill, the Work First and Personal Responsibility Act of 1996, already allows states to carry out drug testing of welfare recipients. Under the President's plan, all welfare recipients are required to sign personal responsibility contracts, which spell out the responsibilities they must meet in order to receive assistance. States would be able to decide for themselves whether to include drug testing and treatment under their personal responsibility contracts.

Under the President's plan and any other welfare reform plan, courts will subject any state's drug testing efforts to Constitutional scrutiny to make sure they are consistent with the "reasonable requirement" under the 4th Amendment.

WISCONSIN WELFARE REFORM

-The Wisconsin plan does the very thing the President advocated when he called for an end to welfare as we know it: replacing a system based on dependency with a system based on work. As the President has always proposed, the Wisconsin plan guarantees a job instead of a welfare check.

-The Wisconsin plan does two things that the President has always advocated and that the Dole-Gingrich welfare bill he vetoed failed to do: it guarantees health care and child care so people go to work and stay off welfare. The real story here is the difference between the Wisconsin plan and the Congressional Republican welfare bill on health care coverage and providing child care. The President has always insisted on these provisions -- and that is one of the major reasons he vetoed the extremist Republican plan.

-When the President called for an end to welfare as we know it, he said that anyone on welfare who can work should go to work and no one who can work should be able to stay on welfare forever. The Wisconsin plan includes a five-year lifetime limit that was included in every major welfare bill -- Republican and Democrat -- that Congress took up in the past year. The President has supported a 5-year limit; it's included in his FY97 budget proposal; and every member of Congress in both parties has voted for a bill that includes a lifetime limit.

-The President believes the current system is fundamentally flawed, and he will support any serious effort to move people off welfare into work and to restore basic American values of responsibility and family. We've approved more than 60 different welfare reform experiments in 38 states to do that. We're pushing Congress to pass comprehensive welfare reform that is serious about putting people to work -- which the bill the President vetoed was not.

-Furthermore, this is nothing new. We've already granted 3 waivers to Wisconsin. We're glad that Wisconsin and other states keep coming up with innovative proposals to require work, demand responsibility, and promote family. It's worth noting that the Clinton Administration has granted more welfare reform waivers in 3 years than the two previous Republican Administrations granted in 12 years. (61 for us vs. 11 under Bush & 13 in Reagan's 2nd term)

OTHER POINTS TO REITERATE:

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WISCONSIN WELFARE REFORM DEMONSTRATIONS APPROVED BY THE CLINTON ADMINISTRATION

Wisconsin's reform plan, "Work Not Welfare," requires that most AFDC recipients either work or look for jobs. The plan provides case management, employment activities and work experience to facilitate employment. Receipt of AFDC benefits will be limited to 24 months in a four-year period, except under certain conditions, such as an inability to find employment in the local area due to a lack of appropriate jobs. Upon exhaustion of benefits, recipients become ineligible for 36 months.

With exceptions, children born while a mother receives AFDC will not be counted in determining a family's AFDC grant. In addition, child support will be paid directly to the AFDC custodial parent in cases where the funds are collected by the state.

Wisconsin's request was received July 14, 1993, and granted Nov. 1, 1993.

In addition, under Wisconsin's AFDC Benefit CAP (ABC) Demonstration Project, no additional benefits will be provided to existing Aid to Families with Dependent Children cases due to the birth of a child, with exceptions, although additional children will remain eligible for Medicaid benefits and food stamps. All AFDC recipients will be offered family planning services and instructions on parenting skills. The new rule goes into effect ten months after the demonstration is implemented.

For this waiver, Wisconsin's application was received on Feb. 9, 1994, and approved on June 24, 1994.

Under Wisconsin's statewide "Pay for Performance" (PFP) project, AFDC applicants must meet with a financial planning resource specialist to explore alternatives to welfare. Failure to do so without good cause results in denial of eligibility for AFDC benefits for all members of the family.

Individuals who still want to apply for AFDC after meeting with the financial planning resource specialist must complete 60 hours of JOBS activities prior to approval for AFDC. At least 30 of the 60 hours must include contact with employers. Not completing this requirement without good cause will result in denial of AFDC benefits for all members of the family.

Recipients who do receive AFDC are required to participate in JOBS for up to 40 hours per week. For each hour of non-participation, the AFDC grant will be reduced by the Federal minimum wage. If the AFDC grant is fully exhausted, the remaining sanction will be taken against the Food Stamp allotment. If hours of participation fall below 25% of assigned hours without good cause, no AFDC grant will be awarded and the Food Stamp amount will be \$10.

Wisconsin's waiver was requested April 18, 1995 and approved August 14, 1995.

THE CLINTON ADMINISTRATION'S ACTIONS TO REFORM WELFARE

Under President Clinton's leadership, America's welfare system has changed profoundly. Three out of four AFDC recipients are now covered by reforms approved by the Clinton Administration. Welfare caseloads are down, the poverty rate is down, teen pregnancy rates are down, and Food Stamp rolls are down, while work and training activities among recipients are up, and child support collections have reached a record high. "Bill Clinton can justifiably claim that he has indeed ended welfare as we know it." Douglas J. Besharov, American Enterprise Institute, *Business Week*, May 20, 1996

Executive Action On May 4, 1996, President Clinton announced four measures to make responsibility the law of the land, by ensuring that teen mothers on welfare stay in school and live at home. These four executive actions include: requiring all states to submit plans for requiring teen mothers to stay in school and prepare for employment; cutting through red tape to allow states to pay cash bonuses to teen mothers who finish high school; requiring all states to have teen mothers who have dropped out of school return to school and sign personal responsibility plans; and challenging all states to require minor mothers to live at home or with a responsible adult. With these actions, we're focusing on one of the key components of welfare reform: parental responsibility. And we're putting young mothers on the right path, toward employment and self-sufficiency.

State Welfare Demonstrations Since taking office, the Clinton Administration has approved 61 welfare-to-work programs in 38 states — more than all previous administrations combined. In an average month, these welfare demonstrations cover more than 10 million people -- approximately 75 percent of all AFDC recipients. With our support, states are reforming welfare by requiring work, time-limiting assistance, making work pay, improving child support enforcement, and encouraging parental responsibility. "As senators dicker over welfare policy ... President Clinton has fostered what amounts to a quiet revolution ... While Republicans talk wholesale overhaul, the Clinton Administration lets states cut rolls." *New York Times*, 8/13/95.

Self-sufficiency Due in part to the Administration's emphasis on welfare reform and its policies to strengthen the economy, welfare rolls have decreased by 1.3 million -- almost 10 percent -- since President Clinton took office. Participation in the Food Stamp program has dropped by over one million people -- with a savings of more than \$1.3 billion since August 1994. In addition, the number of adult recipients participating in work and training activities is up dramatically since the President took office. In 1992, about 510,000 welfare recipients participated in the Job Opportunities and Basic Skills Program (JOBS). According to preliminary data, about 650,000 welfare recipients participated in JOBS in 1995, an increase of 28 percent over 1992.

Work and Responsibility Act of 1994 (H.R. 4605 and S. 2224) and Balanced Budget Plan of 1996 In 1994 and again in 1996, the Clinton Administration proposed sweeping welfare reform plans designed to promote work, encourage parental responsibility, and protect children. These plans impose tough time limits and work requirements, provide more funding for child care, require teen parents to live at home and stay in school, and crack down on child support enforcement. Congress and the National Governors' Association have incorporated a number of provisions from the Clinton plan into their welfare reform proposals. The President's 1994 proposal represents "the toughest work requirements ever attached to welfare, the first serious effort by any President, Democrat or Republican, to stop the disastrous generational cycle of America's dole society." *New York Times*, 7/31/94.

Record Child Support Enforcement In 1995, the federal-state partnership collected a record \$11 billion from non-custodial parents, an increase of \$3 billion or nearly 40 percent since 1992. In addition, paternity establishments increased by over 40 percent from 1992 to 1995. President Clinton also signed an executive order to make sure federal employees pay the support they owe. Under the President's legislative proposals, child support collections could increase by an additional \$24 billion over the next 10 years. Congress and the NGA have included all of the ... for child support enforcement ... reform bill

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It gave the states the tools and the incentive to combat out-of-wedlock births. And it would have saved America's taxpayers about \$60 billion over the next seven years.

And when faced with the choice of enacting those reforms or ensuring the survival of the tragic status quo, President Clinton, unfortunately, chose the status quo. Apparently he had no qualms about denying the American dream to another generation.

The Republicans didn't give up. And spurred on again by Governor Thompson and America's governors, we gave President Clinton a second chance. And guess what? He vetoed welfare reform once again.

Now let me be as clear as I can, as president, my actions will match my words. As president -- (interrupted by applause). As president, I will send real and meaningful welfare reform legislation to Congress early next year, and I will insist on a swift passage, and I will sign it. That's the difference -- I will sign it. (Applause.)

And when I say "real welfare reform", I mean requiring every able-bodied welfare recipient to find work within two years, or a shorter period of time if the state so desires. I mean giving the states -- President Clinton, I might say on the other hand, has no means, no real program, no real work requirement until the year 2004 in the next century.

And I mean giving states the ability to stop payments to unmarried teens. President Clinton's plan avoids this tough choice.

And I mean a real five-year lifetime limit on welfare payments, with few exceptions. And President Clinton's plan means no real limits and no real change.

And I mean making certain that illegal non-citizens aren't eligible for all but emergency benefits. And President Clinton's plan once again avoids this tough decision.

But above all -- and this is the point I want to underscore -- I mean trusting the nation's governors with the flexibility they need to create the laboratories of our democracy. President Clinton's plan -- (interrupted by applause). And again, President Clinton's plan means trusting only federal bureaucrats in Washington.

This is what Dole proposed today in a well-covered speech. We should call his bluff tomorrow and you should say "send me a bill that does this and provides for day care & I'll sign it."

It would be a master stroke & take away his credibility. Fehely, he'd have to pass it. Warn against poison pills.

You haven't been on network news - except for Borda. All week.

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DOLE-TUES-WELFARE

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x x x (Applause.)

It's about time we take personal responsibility -- something we forgot in the last two or three decades in many cases.

Each year, America fails to collect \$34 billion of child support payments, and that's a national disgrace. And this money often means the difference between living on welfare dependence or living independently.

And again, in my administration, we will work with the states to put teeth in the child support laws so that deadbeat parents live under their obligations -- live up to their obligations. (Applause.) And we will establish a uniform tracking system. We will automate child support proceedings in every state -- (applause) -- and require that every effort is made to establish paternity, and do everything possible to ensure that child support payments go to those who deserve them. And it ought to be done. We've been working on it for 10, 15, 20 years. Started out a long time ago with Senator Long in the Senate Finance Committee, Senator Long, when he was chairman, from the great state of Louisiana.

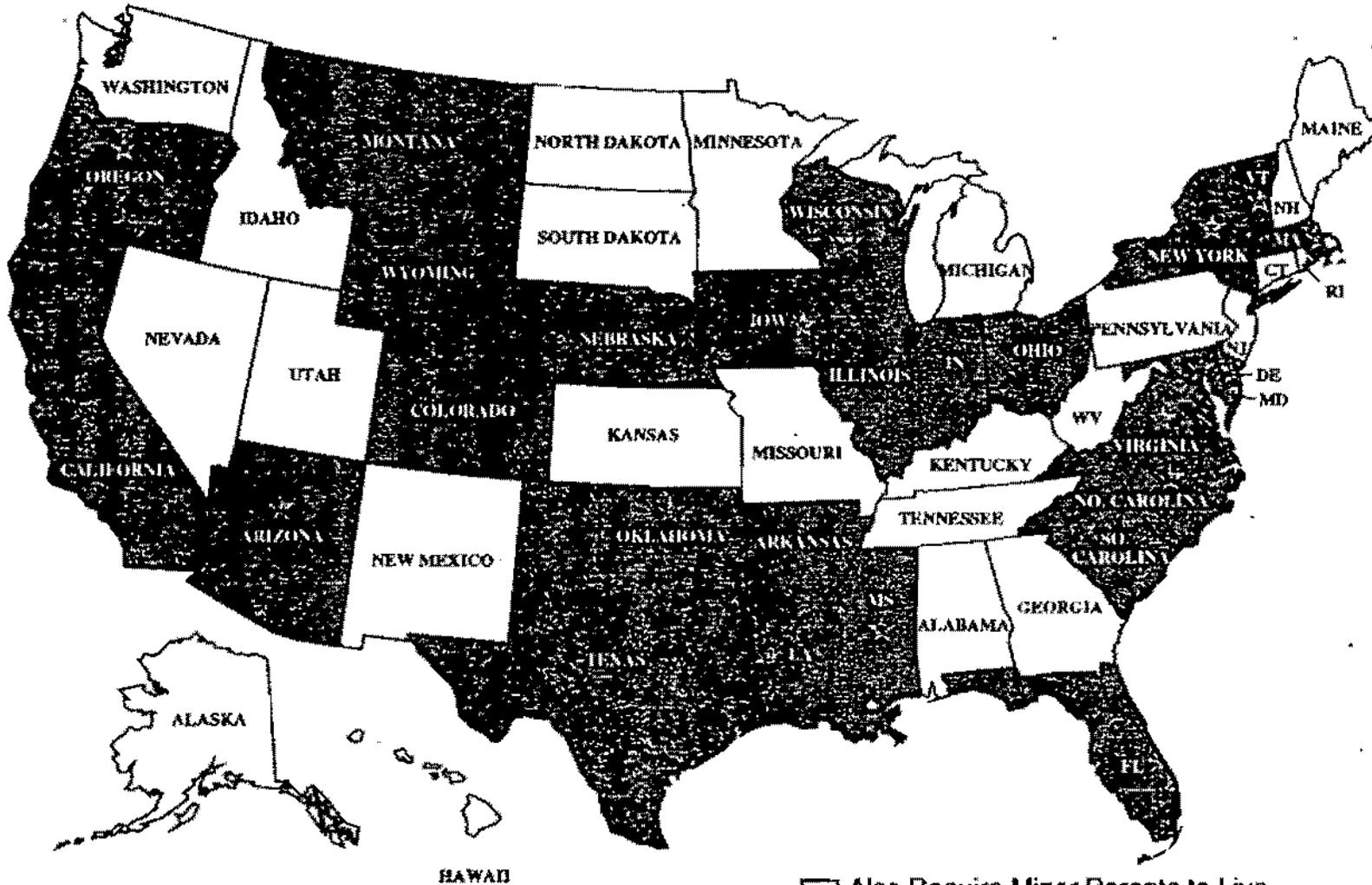
Let me just state one more fact. The ultimate issue at stake here in serious welfare is not just dollars, not how many dollars and cents we can save, but compassion. It is not compassionate to lead people into a life of drugs, dependency and despair. There's nothing compassionate about that, but we've been doing it for 30 or 40 years. Real compassion must sometimes take the form of "tough love". It's time to get people out of the destructive lifestyles of welfare once and for all. Children having children should stay at home and stay in school.

And, my friends, we know what happened this weekend. Again let me repeat, when President Clinton read I was coming to Wisconsin to discuss welfare reform, he suddenly decides he supports what Governor Thompson has done. If this keeps up, Bill Clinton won't have to make speeches anymore, all he'll have to do is to find out my stand on an issue and just stand up and say, "Oh, me, too. Me, too." (Laughter, applause.)

But too often, as I've found out many, many times, President Clinton's statements are like the tornadoes in the movie, "Twister." It looks like a lot is happening, but in reality, it's all just special effects. (Laughter, applause.)

But I've got to admit. ... is benefiting from the calculated

States With School Attendance/Performance Requirements



★ Also Require Minor Parents to Live in Home of Parents/Guardians

TO THE HOUSE OF REPRESENTATIVES:

I am returning herewith without my approval H.R. 4, the "Personal Responsibility and Work Opportunity Act of 1995." In disapproving H.R. 4, I am nevertheless determined to keep working with the Congress to enact real, bipartisan welfare reform. The current welfare system is broken and must be replaced, for the sake of the taxpayers who pay for it and the people who are trapped by it. But H.R. 4 does too little to move people from welfare to work. It is burdened with deep budget cuts and structural changes that fall short of real reform. I urge the Congress to work with me in good faith to produce a bipartisan welfare reform agreement that is tough on work and responsibility, but not tough on children and on parents who are responsible and who want to work.

The Congress and the Administration are engaged in serious negotiations toward a balanced budget that is consistent with our priorities -- one of which is to "reform welfare," as November's agreement between Republicans and Democrats made clear. Welfare reform must be considered in the context of other critical and related issues such as Medicaid and the Earned Income Tax Credit. Americans know we have to reform the broken welfare system, but they also know that welfare reform is about moving people from welfare to work, not playing budget politics.

The Administration has and will continue to set forth in detail our goals for reform and our objections to this legislation. The Administration strongly supported the Senate Democratic and House Democratic welfare reform bills, which ensured that States would have the resources and incentives to move people from welfare to work and that children would be protected. I strongly support time limits, work requirements, the toughest possible child support enforcement, and requiring minor mothers to live at home as a condition of assistance, and I am pleased that these central elements of my approach have been addressed in H.R. 4.

We remain ready at any moment to sit down in good faith with Republicans and Democrats in the Congress to work out an acceptable welfare reform plan that is motivated by the urgency of reform rather than by a budget plan that is contrary to America's values. There is a bipartisan consensus around the country on the fundamental elements of real welfare reform, and it would be a tragedy for this Congress to squander this historic opportunity to achieve it. It is essential for the Congress to address shortcomings in the legislation in the following areas:

- **Work and Child Care:** Welfare reform is first and foremost about work. H.R. 4 weakens several important work provisions that are vital to welfare reform's success. The final welfare reform legislation should provide sufficient child care to enable recipients to leave welfare for work; reward States for placing people in jobs; restore the guarantee of health coverage for poor families; require States to maintain their stake in moving people from welfare to work; and protect States and families in the event of economic downturn and population growth. In addition, the Congress should abandon efforts included in the budget reconciliation bill that would gut the Earned Income Tax Credit, a powerful work incentive that is enabling hundreds of thousands of families to choose work over welfare.
- **Deep Budget Cuts and Damaging Structural Changes:** H.R. 4 was designed to meet an arbitrary budget target rather than to achieve serious reform. The legislation makes damaging structural changes and deep budget cuts that would fall hardest on children and undermine States' ability to move people from welfare to work. We should work together to balance the budget and reform welfare, but the Congress should not use the words "welfare reform" as a cover to violate the Nation's values. Making \$60 billion in budget cuts and massive structural changes in a variety of programs,

including foster care and adoption assistance, help for disabled children, legal immigrants, food stamps, and school lunch is not welfare reform. The final welfare reform legislation should reduce the magnitude of these budget cuts and the sweep of structural changes that have little connection to the central goal of work-based reform. We must demand responsibility from young mothers and young fathers, not penalize children for their parents' mistakes.

I am deeply committed to working with the Congress to reach bipartisan agreement on an acceptable welfare reform bill that addresses these and other concerns. We owe it to the people who sent us here not to let this opportunity slip away by doing the wrong thing or failing to act at all.

William J. Clinton

THE WHITE HOUSE,

January 9, 1996.

John O. Norquist
Mayor

May 21, 1996

Milwaukee

150
1846 1996

President Bill Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

I am writing to ask you to approve Wisconsin's pending welfare plan, Wisconsin Works (W-2), on the condition that it be fundamentally changed to end welfare in this state.

Only if W-2 is modified to end welfare will it provide a workable model for the nation.

W-2 in its current form doesn't end welfare. It fails to end welfare in four ways.

First, W-2 fails to end welfare cash grants. Although Governor Thompson claims that W-2 ends welfare cash grants, it doesn't. For three-quarters of all ex-AFDC recipients, W-2 simply replaces AFDC with a new form of welfare cash grants. According to the Thompson administration's own estimates, 75% of ex-AFDC recipients will continue to get cash grants every month. As with the current welfare system's "workfare" program, they will have to "work off" their cash grants in two types of community service jobs. If they don't engage in either work or what is loosely described as "work-related activity," bureaucrats will attempt to "sanction" their cash grants. But these individuals won't have real jobs. They won't be paid wages. They won't get a paycheck. Therefore, they will not, as you recently stated they must, "have the dignity of earning a paycheck, not a welfare check." They won't pay taxes. They won't get W-2 forms. They won't qualify for the Earned Income Tax Credit (including Wisconsin's own supplemental Earned Income Tax Credit).

Second, like welfare, W-2 fails to make work pay. This is because for the relatively small percent (25%) of W-2 participants who stop getting monthly cash grants because they secure private-sector jobs, increases in earnings are more than wiped out by the W-2 plan's rapid escalation of child care co-payments. The independent Wisconsin Legislative Fiscal Bureau showed that in certain cases, as wages rose from \$4.25 an hour to \$12 an hour, total disposable income (taking wages, the EITC, Food Stamps, taxes and all co-pays into account) declined from over \$15,000 to under \$12,000.

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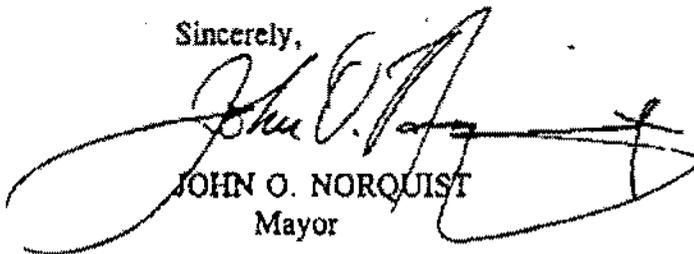
Third, like welfare, W-2 gives welfare recipients a better health plan than it offers unsubsidized workers. Under W-2, those who get monthly cash grants (75% of all participants) are automatically enrolled in a Medicaid-like health care plan. But the minority who move off welfare into private-sector jobs (25% of participants) will have trouble getting health care. This is because--for unsubsidized workers only--the W-2 health plan creates huge practical barriers to enrollment and cuts off thousands long before they're able to afford to join their employer-sponsored plan. Most observers have concluded that Wisconsin's uninsured population will increase sharply.

Fourth, because it doesn't end welfare, W-2 perpetuates the massive bureaucracy of the current welfare system. The policies Governor Thompson built into the program--such as doling out cash grants to most participants and then "sanctioning" their grants if work doesn't happen, and imposing mindbogglingly complex rules for health care coverage for the minority of people who get unsubsidized jobs--require a massive state bureaucracy to implement the program.

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

Unless W-2 is modified to end welfare as I have outlined, it will neither succeed in getting Wisconsin's grant recipients into the private sector nor provide a sound model for other states in replacing welfare with work.

Sincerely,



JOHN O. NORQUIST
Mayor

**Statement by President William Jefferson Clinton
on Welfare Reform
Wednesday May 22, 1996**

Yesterday, Senator Dole seemed to move away from some of the more extreme welfare reform proposals that have been suggested in Congress. He enunciated five basic elements of welfare reform. If the Republican Congress passes a bill such as Senator Dole outlined and leaves out any poison pills that might force a veto, I will sign it.

The Senator proposed that welfare recipients be required to work within two years or sooner if the state desires. I agree and I have always supported this step.

The Senator proposed a lifetime cap of five years on welfare. I agree and I have proposed this step already.

The Senator proposes that unmarried teen mothers not be permitted to receive benefits to set up separate households. I agree with this and I have required it in my executive order.

The Senator proposes that all welfare benefits to illegal immigrants be terminated except for emergency services. I have also endorsed this step.

And the Senator proposes that states be given the flexibility to be laboratories of democracy and to design their own welfare systems, presumably through block grants. As long as entitlements remain for food stamps, school lunches and other nutrition programs, and services aimed at disabled children, I agree.

I presume that the Senator would also support the same level of funding for child and foster care that he voted for in the Senate this year.

I say to the Republicans in Congress, and to Senator Dole: If you pass this bill, I will sign it and make it the law of the land.

Don't put in any poison pills, don't reduce the tax credit for working people, and don't link it to other legislation I don't agree with.

If you pass it, I will sign it.

Possible vehicles for the achievement of bipartisan welfare reform in the next few weeks would be the bipartisan legislation being sponsored in the Senate by Senators Breaux and Chafee or the bipartisan welfare reform proposal being sponsored by Representatives Castle and Tanner.

Let me also say, that I think that Senator Dole and I both approve of the Wisconsin Welfare Reform Plan, and I would propose to the Senator that we enact into federal law authorization for any state, at its option, to adopt a similar system to the one in place in Wisconsin.

So I say to Senator Dole: Stop making political speeches and pass this plan through a Republican controlled Congress. I will see that it becomes the law of the land.



STATE REPRESENTATIVE
ANTONIO R. RILEY
 18TH ASSEMBLY DISTRICT

W-2: Highlighted Democratic Amendments

The following are some of the key amendments offered by Assembly and Senate Democrats to the W-2 plan. All of the amendments were defeated by the Republicans.

Expand eligibility to all low-income workers

- The amendment would have made W-2 services available to all low-income people, including couples without children and General Assistance recipients.

Affordable child care and health care

- The amendment would allow families to keep more of the income they earn by restricting increases in co-payments as earned income increases.

Allow mothers to stay with their infants

- Democrats offered a variety of amendments that would exempt women with children from W-2 work requirements for varying amounts of time. One amendment would have allow women with newborn children to stay with them for two-years before being required to enter the workforce. Other amendments gave a 1 year exemption and a 6 month exemption. All failed.

Guarantee help to all who are eligible

- Amendments were offered to require W-2 Agencies to provide services or grants to all eligible participants if they played by the rules.

Preserve educational opportunities

- Democrats offered numerous amendments to incorporate on-going educational and training opportunities under W-2 as well as to "grandfather" those already in school to allow them to finish their education

Pay real wages for real work

- Democrats offered amendments to require that all W-2 participants be paid at least the minimum wage and be eligible for all the tax credits that other workers are eligible for, including state and federal earned income tax credits and the homestead tax credit.

Maintain a safety-net for children

- Democrats offered a variety of amendments that would maintain benefits for children of parents sanctioned under W-2.



WISCONSIN LEGISLATURE

P.O. Box 7882 • Madison, WI 53708

For immediate release
Thursday, March 7, 1996

For more information, contact:
Rep. Barbara Notestein @ 608-266-0650
Rep. Antonio Riley @ 608-266-0645
Rep. Rebecca Young @ 608-266-3784
Rep. Shirley Krug @ 608-266-5813

DEMS CHALLENGE GOP TO IMPROVE W-2 PLAN

MADISON -- Democrats structured their challenges to improve Governor Tommy Thompson's Wisconsin Works (W-2) plan around five broad themes during the Assembly debate Thursday.

1. Work, Not Welfare (Wages, not grants)

While supporters of W-2 have been touting the plan as a work program that ends cash-grant welfare, Democrats say that the plan in fact retains cash-grant welfare for 75% of the initial participants.

Under W-2, 50% of the caseload will be placed in Community Service Jobs, 25% in W-2 Transitional Jobs. According to the Democrats, that's not wages for work--that's cash grant welfare.

Democrats proposed an amendment to cut the amount of welfare as we know it in W-2 from 75% to 25%. The amendment would stipulate that CSJ participants be paid the minimum wage.

2. Making Work Pay (Child care copayments & marginal tax rates)

Democrats challenged Republicans to work with them to allow working families on W-2 to retain more of their income while they are getting help from the program.

Under W-2 the required copayments for child care will consume significant amounts of a family's disposable income. In some cases, the required copayments will mean that a family's disposable income will actually decline as its earnings rise.

(more)

Page 2

For example, the Democrats pointed to what could happen to a family in an area where child care costs are high. A mother with two children who earns \$8 an hour at a retail job, will earn \$16,640, but have only \$12,857 after health care and child care copayments. She loses nearly \$4000 in earned income. She's socked with a marginal tax rate 231.4%. The same mom earning \$4.25 per hour will take home \$15,179 per year. (Source: Table 10, page 177, March 4 LFB memo).

3. Workforce Readiness (Education and job training)

Democrats charged that at the same time that employers in Wisconsin are desperately seeking skilled workers, supposedly pro-business Republicans are proposing a plan that would yank thousands of students in vocational education out of school and force them into low-wage, low-skill jobs.

According to Legislative Fiscal Bureau, there are 13,175 students who could be forced to discontinue or delay their education under W-2.

A grandfather clause inserted into W-2 by Republicans applies only to 3,500 current JOBS program participants who are enrolled in school. That leaves 9,658 other students in the lurch. Is it fair, or just, or good public policy to force students to leave school in the middle of their education? asked Democrats.

Democrats proposed three education and training amendments:

1. Provide child care only to anyone who enrolls in post-secondary education. Student must be in good academic standing. The education must be part of an employability plan approved by a W-2 agency. Students would be exempt from work requirements, but would get only child care--not any other grants from W-2 agency.
2. Expand the grandfather clause to allow post-secondary education and vocational skill training for anyone who, as of December 1, 1995, was enrolled in post-secondary education to continue until graduation or until 2 years after the enactment of W-2.
3. Provide that W-2 participants be allowed to obtain customized training and that 25% of the training will be paid for by the employer. The organization providing the training will identify and secure other sources of funding.

(more)

Page 3

4. Playing by the Rules (Eligibility expansion & fairness)

Democrats criticized W-2's weak commitment to follow through with services for families that are income-eligible and willing to participate in the plan. Under W-2, low-income families who play by the rules may still get no help. Democrats proposed an amendment to strengthen the state's commitment to hold up its end of the bargain.

The amendment would require the department to prohibit W-2 agencies from denying services to eligible and willing participants due to lack of funds. Make current fair hearing process apply to W-2 participants.

5. Prevent cost-shifting (Hold county taxpayers harmless)

W-2 will potentially become the mother of all unfunded mandates on county government because the plan shifts responsibility for a basic safety net from the state to county taxpayers, Democrats warned.

A Democratic amendment would require the department to compile statistics on W-2 participants and former participants whose children enter the child welfare system. Require the state to reimburse counties for 100% of the cost of care of those children.

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Center for Law and Social Policy

CLASP

May 23, 1996

Wisconsin Works: Significant Experiment, Troubling Features

Wisconsin's recently enacted legislation would initiate a redesigned welfare system that, in significant ways, would differ from any other in the nation. Under the Wisconsin Works (W-2) legislation, instead of offering cash aid, a W-2 agency would offer eligible families a subsidized job or a position in a work program. Much initial attention has focused on the program's basic premise: aid would only be provided in return for work, with limited exceptions. For many people, the basic premise is very attractive. However, when one examines the Wisconsin Works (W-2) legislation, there are a number of very troubling features. Among the principal concerns about the W-2 Program:

W-2 would provide no assurance of work slots for unemployed parents or of needed child care assistance. Under the legislation, no family would be entitled to benefits or services. As a result, there would be no responsibility to offer a work slot to a parent who needed one. If program costs were higher than anticipated, or an economic downturn resulted in an unanticipated increase in the number of needy families, the state would have no responsibility to provide employment positions or guarantee the availability of child care assistance for W-2 participants or any other working family. Even if there is no funding shortfall, there is no assurance of employment positions or needed child care under the legislation.

Time limits may result in denial of aid to parents who are willing to work and unable to find a job. A family's access to an employment position could be terminated as a result of a two-year limit on participation in individual program components or a five-year limit on overall participation. The program would make no assurance of continued access to an employment position when a parent has fully complied with program rules but has been unable to attain unsubsidized employment despite her best efforts.

Many families in need of aid will be made poorer even though the parent is working and fully complying with all program requirements. For most program participants, W-2 would provide a flat grant (either \$555 or \$518) a month if the parent fully complied with program rules. The same grant amount would be paid regardless of family size. The result would be a reduction in the assistance level to all families with four or more members (currently about 28% of Wisconsin's AFDC families). Families with three members could also be poorer if they incur child care costs, since all families are required to contribute to the cost of child care under W-2.

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Many families in which a parent is working and earning minimum wage will be made poorer. Under current law, a parent earning minimum wage may qualify for AFDC as an income supplement; as an AFDC recipient, the family qualifies for child care assistance and Medicaid. Under W-2, the family will no longer qualify for an AFDC income supplement, and will face copayment requirements for child care and health care. As a result, one effect of W-2 is to make the poorest working poor families poorer.

Families with disabled parents will be poorer under W-2. Under current law, if a parent with two children is disabled and receiving Supplemental Security Income (SSI), the state makes a month assistance payment of \$440 for the children. Under W-2, that payment would be reduced to \$154.

W-2 reduces assistance to many families in which a parent or child is incapacitated. Under W-2, families in which a parent or other family member is incapacitated would receive a grant of \$518, subject to a 40-hour-a-week participation requirement and reduced by \$4.25 for each hour of nonparticipation without good cause. For any family with two or more children, the effect will be to reduce aid for those in full compliance with program rules. 56% of Wisconsin AFDC families have two or more children.

While W-2 significantly increases child care spending, it also sharply increases child care copayments in a way which may make licensed or regulated care unaffordable for working poor families. For a parent with gross income of \$1000 a month with one child in licensed child care in Milwaukee, the maximum monthly child care copayment would increase from \$35 to \$256. For a parent with gross income of \$1200 a month, the monthly child care copayment would increase from \$46 to \$446.

Taken together, the child care, health care, tax, and other assistance policies of W-2 result in a system where a family with a parent earning \$12 an hour may have less disposable income than a family where the parent earns \$4.25 an hour. Because the availability of subsidies phases out rapidly as a family's earnings increase, a parent will essentially be forced to choose between shifting to lower-cost child care or facing a reduction in disposable income as her earnings increase.

To a great extent, many of the problems in the W-2 design graphically illustrate the problems of attempting to move to a work-based system without adequate resources to meet the increased costs. The child care costs of a work-based system are substantial, and it appears that the state has sought to offset those costs through a broad range of direct and indirect reductions in eligibility and amount of assistance for poor families. It may be that much of the initial enthusiasm for W-2 stems from people who are not aware that a principal effect of the program is to deepen the poverty of participating families, the working poor, and families with disabled parents.

The remainder of this document briefly summarizes the key features of W-2 and discusses the above and other concerns in more detail.

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W-2: A Brief Summary

AFDC Terminated: Wisconsin Works (W-2) would replace the state's AFDC Program. Under W-2, a poor family needing assistance could apply for an employment position from the local W-2 agency (which might be the county or another entity). Despite meeting eligibility conditions, no individual would be entitled to services or benefits under W-2.

Employment Positions: For those unable to attain unsubsidized employment, the W-2 agency would provide three types of positions:

- **trial jobs**, in which the W-2 agency would provide a wage subsidy of up to \$300 a month for full-time employment for employers who employ the individual at a rate of pay no less than the minimum wage, and who agree to make good faith efforts to retain participant after the wage subsidy terminates;
- **community service jobs** designed to provide work experience and training. Individuals could be required to work up to 30 hours a week in a community service job (CSJ) and could be required to participate in education and training for up to 10 hours a week. The individual would be paid a monthly grant of \$555, with the amount reduced by \$4.25 for each hour that the participant fails to participate in a required activity without good cause;
- **transitional placements** for those who have been or will be incapacitated for at least 60 days, are needed in the home because of illness or incapacity of others, or are incapable of performing a trial job or CSJ. Individuals may be required to participate for up to 28 hours a week in work activities (such as a community rehabilitation program, a job similar to a CSJ, or a volunteer activity) and in other activities such as alcohol or drug evaluation, assessment and treatment; mental health activities; counseling or physical rehabilitation; or other activities consistent with individual's capabilities. Individuals may also be required to participate in education or training activities for up to 12 hours a week. Participants will receive \$518 a month, reduced by \$4.25 for each hour that participant fails to participate in a required activity without good cause.

Parents of Infants: Under W-2, the only exception to the requirement to participate in an employment position to receive a grant will be for families with a child less than 12 weeks old.

Time Limits: Participation in each W-2 component would generally be limited to 24 months, with case-by-case exceptions possible. After sixty months, an individual would be ineligible for any W-2 employment position, with case-by-case exceptions possible. Since there is no legislative requirement that eligible families receive an employment position, it is possible that assistance for an eligible family could be terminated before the family reached a 24-month or 60-month limit.

Child Care: As part of the overall W-2 design, child care subsidies would be made available to families with incomes below 165% of poverty, subject to available resources. All families

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receiving child care subsidies, including those in W-2 employment positions, would be required to make a sliding fee scale contribution to the cost of care. The amount of the sliding fee scale contribution would vary both with family income and with the cost of care; this would mean, for example, that families with a child in a licensed child care center would face a higher copayment than families with a child in a family day care home.

Health Care: The W-2 legislation would also replace the state's Medicaid Program with a new W-2 health program for W-2 participants as well as for children, pregnant women, and low income families not participating in W-2 employment positions. Under the new health program, some families would gain, and others would lose eligibility, and certain benefits would no longer be covered. All families would be required to make a sliding fee scale payment to qualify for W-2 Health Plan coverage.

Concerns about the W-2 Model

There are many unresolved questions about the feasibility and cost of the W-2 model. No state has attempted to implement a work program affecting virtually all families seeking assistance. The state's fiscal projections assume that the program will involve initial increased costs, but even those projections are based on what may be a set of highly optimistic assumptions.¹

A threshold question involves the wisdom of the basic approach of providing aid only in return for work on a near-universal basis. Many recent proposals involve a requirement to engage in immediate job search and to participate in a work program after some period of receiving cash aid, e.g., after reaching a two-year limit. The rationale for that approach is that when a family seeks aid, the state and family should initially make all efforts to place the family in an unsubsidized job, and limit the use of work program slots to those who cannot attain unsubsidized employment. The concern has been that operating a work program is potentially complex and costly, and may divert the resources of the state and the family away from job placement efforts.

A further concern is that restricting aid to slots in a work program may be inappropriate for families in the initial month or months of receipt of assistance. Many new applicants for aid come into the system with immediate emergency needs (such as unpaid rent and imminent homelessness) or under severe stress from crises such as domestic violence. Many new applicants ultimately only receive aid for very limited periods of time. For families where the parent has an extensive work history and an emergency need, a program of cash aid and job placement

¹ For example, the fiscal estimates assume that the average length of stay in a community service job will be 12 months, and that 90% of those exiting community service jobs will move forward to either trial jobs or unsubsidized employment. The state projects that transitional placements (which include incapacitated persons and those caring for incapacitated persons) will have an average length of stay of 18 months, with 95% of those exiting moving forward into community service, trial jobs, or unsubsidized jobs. The state projects that 90% of those in trial jobs will advance to unsubsidized jobs. The state projects that 95% of those who enter unsubsidized employment will move to self-sufficiency. If these assumptions turn out to be unduly optimistic, the program's costs will increase, its administrability will become more complex, and the availability of work slots and child care could be adversely affected.

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assistance may be a far more effective use of resources than the creation of a work slot. Under W-2, a family needing immediate cash assistance could seek a job access loan. However, numerous questions about how the loan system would work are not addressed in the state legislation.

There are also unresolved questions about how the state will operationalize the idea of providing aid only in return for work. Under the legislation, individuals will have their assistance reduced by \$4.25 for each hour of program participation missed without good cause. "Good cause" has not yet been defined. In practice, the process of determining "good cause" may involve both complexity and inequity. For example, is the illness of a parent or child "good cause?" What level of documentation will be required? Is the breakdown of a child care arrangement good cause? What about the unavailability or unaffordability of transportation? Will missing an hour of work to attend a job interview be good cause? There is a basic tension between the rules of the workplace (in which workers in jobs without sick pay or vacation policies may only be paid for hours of work) and the reality that families seeking welfare assistance often have few or no resources, often face multiple problems, and have sought aid from the program of last resort.

Accordingly, there are serious questions about the advisability of the basic approach of "aid only in return for work" with few or no exceptions. Unfortunately, though, the specific features of the W-2 plan create an additional set of concerns. The principal concerns that emerge from a review of the state legislation are:

In the W-2 legislation, the state has made no commitment to provide aid to families in need, to provide work slots for unemployed parents, or to provide needed child care assistance. The legislation explicitly provides that "Notwithstanding fulfillment of the eligibility requirements for any component of Wisconsin Works, an individual is not entitled to services or benefits under Wisconsin Works." This means that the state is making no commitment to provide employment positions or other assistance to parents who are willing to work. If program costs are higher than anticipated, or an economic downturn results in an unanticipated increase in the number of needy families and a decline in the number of available jobs, the W-2 agency would have no responsibility to provide employment positions for families in need under the legislation. Even if there were no funding shortfall, there would be no responsibility to provide employment slots to families in need. Similarly, the legislation makes no commitment to guarantee child care assistance for W-2 participants or any other working family.²

Time limits may result in denial of aid to parents who are willing to work and unable to find a job. Under the legislation, a family could lose eligibility due to a five-year lifetime limit on

² In addition, under W-2, families would have no right to a fair hearing when a parent believed aid had been wrongly denied or terminated. A family would have the right to "petition" the agency that had denied or reduced assistance for a "review" but there would be no right to a hearing before the agency or an independent entity. The state would have an obligation to receive appeals from a claim that aid was denied based on financial eligibility, but would have no responsibility to hear appeals in any other situation.

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overall eligibility, or due to a 24-month lifetime limit on eligibility for a particular component, e.g., community service job, transitional placement. While initial press accounts have noted the five-year limit, families reaching a 24-month limit in one component might not be provided a position in another program component, so that they would effectively face a 24-month limit. In granting waivers for time-limited programs, the Clinton Administration has insisted that states continue aid (or make available a work program position) when a parent has fully complied with program rules but has been unable to attain unsubsidized employment despite her best efforts. W-2 does not assure continuation of eligibility under such circumstances.

Families in which a parent is working will be left deep in poverty because they will not qualify for the federal Earned Income Tax Credit. Most participants in W-2 employment positions will be paid a grant rather than wages. Participants in trial jobs will receive wages, but the state estimates that most participants unable to find unsubsidized employment will be in community service jobs or transitional placements, where wages are not paid.³ These program participants will not qualify for the federal earned income tax credit. If a family of three was instead paid a wage of \$555 per month, the family would have gross annual earnings of \$6660, and qualify for a federal Earned Income Tax Credit of \$2664. However, since such a family will not not qualify for the EITC, the family will be left with earnings far below the poverty line of \$12,980 for a family of three.

Families in which a parent works all scheduled hours could be compensated at a rate below the minimum wage. Under the W-2 legislation, a parent in a community service job could be required to work up to 30 hours a week and participate in education or training for up to 10 hours a week as a condition of receiving a grant. While some parents may wish to participate in an additional 10 hours of education and training after 30 hours of work, others (such as parents of a 13-week-old infant) may find it difficult or impossible to do so. However, if the parent participates in every required hour of work but does not participate in required education and training, the grant would be reduced by \$4.25 for every hour she does not do so, i.e., a \$183 reduction in assistance. In such a case, the parent would be paid \$372, which would translate to \$2.88 per hour of work.

Needy families with four or more members will be poorer under W-2 when fully complying with program rules. In the AFDC Program, assistance payments vary by family size; states wishing to impose a family cap (in which no aid is paid for children conceived after the family begins receiving aid) are able to attain federal waivers to do so. However, for families not in trial jobs, the W-2 structure involves a single payment amount (either \$555 for community service jobs or \$518 for trial jobs) regardless of family size. Under Wisconsin's current AFDC benefit level, the state provides aid of \$517 to a family of three with no other income, \$617 for a family of four,

³ According to the Wisconsin Legislative Fiscal Bureau, the State Department of Health and Social Services projects that 88% of initial applicants who do not obtain unsubsidized employment will initially be placed in community service jobs or transitional placements, and that 86% of new applicants who do not obtain unsubsidized employment will initially be placed in community service jobs or transitional placements.

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and larger amounts for larger families. As a result of the flat assistance structure under W-2, all families with four or more members (including two-parent families with two or more children) will be poorer when participating in community service jobs or transitional placements, even when working every hour available to them under the program. In FY 93, 28% of Wisconsin AFDC families had four or more persons in the assistance unit.

Needy families with three members may be poorer under W-2 if the family incurs child care costs for the parent's participation in W-2. Under W-2, all families must make a minimum \$20 monthly payment to qualify for the W-2 Health Plan. In addition, families must contribute to the cost of child care; families with incomes below 75% of the poverty line must pay 7.5% of the cost of care. In Milwaukee, depending on the type of care chosen, a family participating in a community service job or transitional placement would face a copayment of \$20 (for provisionally certified care) to \$46 (for licensed center care) a month for one child in care, with a larger copayment for two children in care. If one child is in center-based care, a family of three in Milwaukee with a community service job would have disposable income of \$489 (below the current grant for three of \$517). If the parent was in a transitional placement and had two children in a licensed center, disposable income would be \$418, nearly \$100 below the current AFDC grant.⁴

Many families in which the parent is working and earning minimum wage will be poorer under W-2. Under current law, if a parent of two children is working and earning \$600 a month (about 33 hours a week at minimum wage), the family qualifies for AFDC of \$197 for the first four months on the job, and \$37 a month in subsequent months. The family also qualifies for child care assistance and Medicaid. Under W-2, the family will no longer qualify for an AFDC income supplement, and will face copayment requirements for child care and health care. As a result, a basic effect of W-2 is to make the poorest working poor families poorer.

Families with disabled parents will be poorer under W-2. A disabled parent may qualify to receive Supplemental Security Income (SSI), a program of assistance primarily funded by the federal government. Under current law, when a parent is receiving SSI, the children still may qualify for AFDC. An SSI parent with two children in Wisconsin may receive a \$440 AFDC payment for the children. Under the W-2 legislation, the parent would instead receive a payment of \$77 per child, structured as an SSI supplement. Effectively, the assistance for the children would be reduced from \$440 to \$154 per month. It has been estimated that in Milwaukee, 3652 cases with 7305 children would face an average monthly income loss of \$228 under this

⁴ For the family using center-based care in Milwaukee for one child, the grant for full-participation would be \$555, and the family's disposable income would be reduced by a \$20 Health Plan copayment and \$46 child care copayment, resulting in \$489 in disposable income. If the family was in a transitional placement and had two children in licensed care, the grant for full-participation would be \$518, reduced by a \$20 Health Plan copayment and \$80 for a child care copayment, resulting in \$418 in disposable income.

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provision.³

In many cases, children living with grandparents or other relatives would be made poorer under W-2. Under current law, when a child is residing with a non-legally responsible relative (e.g., grandparent, uncle, aunt), the relative may seek aid for the child and (if the relative meets financial need standards) the relative may receive aid for him or herself. Under the W-2 legislation, these families would not be eligible for W-2 employment positions. Instead, there would be a Kinship Care program under the administration of child welfare programs, in which authorized placements would be paid at the rate of \$215 per month per child. For families with two or fewer children, the amount paid would be less than the AFDC grant under current law (\$248 for one person receiving aid, \$440 for two.) For families with more than two children, the amounts paid would be higher than current law. However, an analysis of affected families in Milwaukee concluded that 87% of the families affected by this provision (2073 of 2396 families) would face a reduction in assistance as a result of the non-legally responsible relative provisions.⁴

W-2 provides its lowest level of assistance to families in which a parent or child is incapacitated. W-2 provides a \$555 grant for families in community service jobs and a lower, \$518 grant for families in transitional placements. Families in transitional placements are those in which a parent or other family member is incapacitated, or the parent is otherwise unable to meet the standards of a trial or community service job. Even for those families with an incapacitated parent or family member, there is still a 40-hour participation requirement, but a reduced grant level. In recent years, some states have developed welfare reform plans that provide less assistance for families with employable members, but no other state has proposed to provide less assistance for families with unemployable or nearly-unemployable members. The \$518 grant for full-participation, combined with health care and child care copayments, would mean that families with two or more children would be poorer, even though the incapacitated parent (or parent caring for an incapacitated family member) was fully complying with all program requirements. Most (56%) Wisconsin AFDC families have two or more children; the state projects that 25% of initial applicants and 10% of new applicants will be assigned to transitional placements.

Some categories of families that receive aid under AFDC are completely ineligible for W-2 employment positions. Groups that would be ineligible for W-2 employment positions include:

- **Parents under age 18:** Such parents could meet with a W-2 worker and receive information, and could receive a loan under very limited circumstances, but would be ineligible for an employment position or cash aid.
- **Children living with undocumented parents:** Under current law, when a citizen child is residing with an undocumented parent, the child can qualify for aid, though the parent is ineligible. Under W-2, no aid would be available for the children.

³ John Pawasarat, *Financial Impact of W-2 and Related Welfare Reform Initiatives on Milwaukee County AFDC Cases* (Employment and Training Institute, University of Wisconsin-Milwaukee, April 1996), at 6.

⁴ Pawasarat, *supra*, at 4.

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- Recent state entrants: Under W-2, a family would be ineligible for an employment position until the family had resided in the state for sixty consecutive days. No assistance would be available for families until that time.

W-2 significantly increases child care spending, but at the same time sharply increases child care copayments in a way which may make licensed or regulated care unaffordable for working poor families. Implementation of W-2 would result in a dramatic increase in spending for child care. In 1994, combined federal-state spending for child care in Wisconsin was approximately \$48.5 million. In 1997, under W-2, spending for child care is budgeted to increase to \$158.5 million. The increased child care spending is intended to both provide for child care subsidies for participants in W-2 employment positions and for other working families with incomes below 165% of poverty. Even with this large increase in child care spending, however, the W-2 model presents a serious problem: the expansion of child care subsidies is accompanied by a sliding fee scale in which families in poverty are required to make copayments, some parents now receiving child care assistance will face increased copayments of hundreds of dollars each month, and in which the required copayment sharply escalates as a family's income increase.

The impact of the W-2 sliding fee scale structure⁷ can be appreciated by considering its effects in Milwaukee, which contains a majority of the state's AFDC caseload. In Milwaukee:

- Many low-income families currently receiving subsidies will face sliding fee scale increases of hundreds of dollars. If a single parent with one child has gross monthly income of \$900 (representing 108% of the federal poverty level), her copayment for center-based care will increase from \$29 to \$162. If she has gross monthly income of \$1000, the maximum monthly copayment will increase from \$35 to \$256. If she has gross monthly income of \$1200, the maximum monthly copayment will increase from \$46 to \$446.
- Since the W-2 fee scale structure requires payment of a percentage of the cost of care, it creates a strong incentive for a parent to use the least regulated forms of care. A single parent with one child and gross monthly income of \$1000 will face a maximum copayment of \$256 for center-based care, but of only \$110 for provisionally certified providers. The incentive to shift to lower-cost providers increases as a parent's earnings increase. For a single parent with gross monthly income of \$1200, the maximum copayment for center-based care is \$446 while the copayment for provisionally certified care is \$191.
- The rapid escalation of a family's sliding fee obligation means that a very large share of any increased earnings will simply go to meeting the increased sliding fee scale obligation. For example, a single parent with a child in center-based care in Milwaukee will find that as her

⁷ The W-2 model will provide that families with incomes below 75% of poverty must make a copayment of 7.5% of the cost of care; families with incomes between 75% of poverty and 95% of poverty must make copayments of 10% of the cost of care; and thereafter the percentage copayment would increase by 1.2857% for each 1 percentage point increase in income as a percent of the federal poverty level.

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income increases \$800 to \$900, her sliding fee scale obligation increases by \$95. As her income increases by \$300 - from \$800 to \$1100 - her sliding fee obligation increases by \$284.

Taken together, the child care, health care, tax, and other assistance policies of W-2 result in a system where a family with a parent earning \$12 an hour may have less disposable income than a family where the parent earns \$4.25 an hour. The Wisconsin Legislative Fiscal Bureau conducted an analysis to determine how a family's disposable income changes as its earnings increase, taking into account the combined effects of tax policy, Food Stamp eligibility, child care subsidy phase-outs, and health care subsidy phase-outs. The Fiscal Bureau concluded that the net effect is that a parent of two children in Milwaukee would have lower disposable income when earning \$12 an hour (\$11,852) than when earnings \$4.25 an hour (\$15,179). Taking all of the policies together, such families would often face implicit marginal tax rates exceeding 100%. As a practical matter, many parents facing these implicit marginal tax rates would likely be forced to shift to lowest-cost, no-cost, or no child care as a way of managing under this structure.

Conclusion

There is broad support for work-based welfare, but W-2 raises serious concerns. Some of those concerns could readily be addressed in the waiver process if the Clinton Administration holds to the principles that have guided the waiver process so far: the federal government could insist that the state has a responsibility to provide assistance (which could be in the form of an employment position) to those who qualify, a responsibility to ensure that extensions are available for those in compliance with program rules, and a responsibility to ensure basic due process protections.

Other concerns involve circumstances in which the plan results in reduced or no assistance to categories of families currently receiving aid. Those concerns, too, could be addressed, although there would be a fiscal impact of doing so. To a great extent, many of the problems in the W-2 design graphically illustrate the problems of attempting to move to a work-based system while minimizing the increased costs. The child care costs of a work-based system are substantial, and it appears that the state has sought to offset those costs through a broad range of direct and indirect reductions in eligibility and amount of assistance for poor families. There is nothing inherent in the principle of a work-based system that would force the state to design rules under which a broad array of families in full compliance with program rules become poorer. It may be that much of the initial enthusiasm for W-2 stems from people who are not aware that a principal effect of the program is to deepen the poverty of participating families, the working poor, and families with disabled parents.

W-2 will pose a critical test for the Clinton Administration. There is much that sounds attractive in the principle of "aid only in return for work." However, once again, the devil is in the details, and amidst the pressures of an election year, it is essential to look at the details.

--- Mark Greenberg

W-2

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FAX COVER SHEET
May 28, 1996



TO: Bruce Reed
202/456-5557

FROM: David Riemer
Office of Mayor John O. Norquist

**THE FOLLOWING FAX TRANSMISSION CONTAINS 3 PAGES
INCLUDING THIS COVER SHEET.**

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

MESSAGE:

Bruce--

Gov. Thompson announced today that he's formally sending his W-2 waiver request to President Clinton. Attached is Gov.'s letter to the President and a proposed waiver form for the Pres. to sign.

At the press conference today, Gov. Thompson said: "Let's see if President Clinton is going to keep his word."

Gov. Engler stated: "The people of America can't trust President Clinton on welfare reform."

"Gov. Branstad said: "How many times will Bill Clinton shift on welfare? As often as he has to."

David



TOMMY G. THOMPSON

Governor
State of Wisconsin

1. Do it soon
2. Bureaucratic: welfare
- require that they have to
work to get a check

May 28, 1996

The Honorable William J. Clinton
The White House
1600 Pennsylvania Avenue
Washington DC 20500

Dear President Clinton:

Thank you for your endorsement of my "Wisconsin Works (W-2)" welfare replacement plan, which you featured on the May 18, 1996 Radio Address to the Nation. In the address, you stated you were encouraged by our sweeping reform plan, "... one of the boldest yet attempted in America."

You said, as it relates to Wisconsin's welfare reform plan, that "... we should get it done," and pledged your administration's help to make an effective transition to this new vision of welfare.

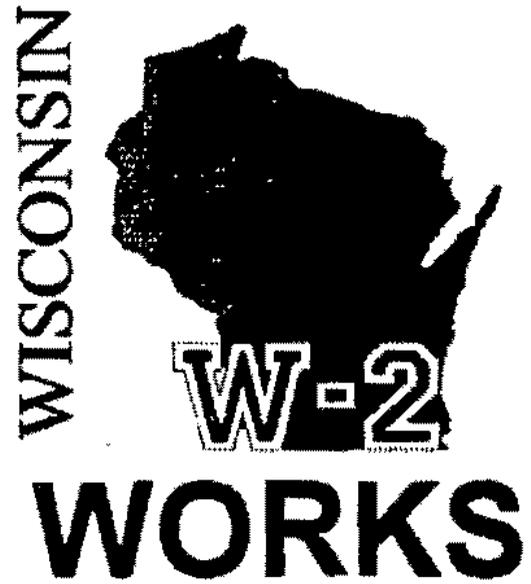
Mr. President, enclosed please find the waiver provisions necessary to carry out your pledge. We look forward to your earliest approval, so that Wisconsin can truly end welfare as we know it and ensure only work pays.

I know you share my belief that families and communities have suffered under today's broken welfare system, so I trust that you will avoid any delay or appearance of delay in allowing us to begin repairing the damage.

Your words of support for Wisconsin's plan are appreciated. Please sign the attached approval form and notify me as soon as we receive your authorization.

Sincerely,

Tommy G. Thompson
Governor



*Federal Approval
of the
"Wisconsin Works" (W-2) Program*

I hereby authorize approval of the "Wisconsin Works" (W-2) waiver application submitted by Governor Tommy G. Thompson on May 28, 1996.

Signed

Dated

Ending welfare as we know has been one of my highest priorities as President.

In urging the states and Congress to end welfare, I have consistently emphasized four principles.

First, able-bodied adults must work. It is no longer acceptable to allow people who can work to sit at home and live off the taxes paid by other Americans.

Second, we must replace welfare checks with paychecks. Able-bodied adults should be expected to work at jobs, and pay taxes, like everybody else.

Third, work must pay. The harder a person works and the higher the wages that person earns, the higher the worker's total income should be.

Fourth, people who play by the rules shouldn't end up worse off. Able-bodied adults who do the right thing by leaving welfare and finding private-sector employment should not be punished by losing their child care and health care.

Until today, the states have requested relatively minor waivers of the federal welfare law. Such requests accept the validity of the current welfare system. They ask only that the current welfare system be modified in one small way or another. I hate the current welfare system, but when states have asked me to make these small changes I have agreed. In fact, I have granted more welfare waivers than any President.

Wisconsin's waiver request stands apart from all the others. Wisconsin seeks--not to waive a few rules of the current system--but to set aside the current system entirely. Wisconsin wants to repeal AFDC altogether. Instead of welfare, Wisconsin wants to offer low-income able-bodied adults nothing but work. And Wisconsin wants to bring about the dramatic change throughout the state--not just in a few counties, as is often the case, but in every county.

Because of the breathtaking scope of Wisconsin's waiver request, what Wisconsin does will literally set the pattern for the nation. This is not a typical state waiver request, which other states will look at, a few will imitate, but most will ignore. Rather, I believe Wisconsin's plan will be the model for every other state.

It is therefore essential that the waiver I grant to Wisconsin fully reflect the four fundamental principles I have mentioned for ending welfare as we know it.

For the most part, Wisconsin's plan does incorporate those principles. I want to compliment and congratulate Governor Thompson and the Wisconsin Legislature--both Republicans and Democrats--for setting what is largely the right course.

But in three important areas, the Wisconsin plan falls short. It does not fully incorporate three of the fundamental principles that must be followed if we are to end

welfare as we know it.

First, the Wisconsin plan does not fully replace welfare checks with paychecks. Although Governor Thompson has claimed that the plan--known as Wisconsin Works, or W-2--ends welfare cash grants, it doesn't. For three quarters of all AFDC recipients, W-2 simply replaces AFDC with a new form of welfare cash grants. According to the Thompson administration's own estimates, 75% of ex-AFDC recipients won't have jobs, be paid wages, or get a paycheck. And they won't get W-2 forms, and pay taxes, like other working Americans.

To correct this deficiency, I am approving the Wisconsin waiver on the condition that the plan be changed to eliminate welfare cash grants for able-bodied adults and require them to work at jobs. The only thing that workers should be offered is a job, a wage, and a paycheck. And they should be required to pay taxes, like every other working American.

Second, the Wisconsin plan often fails to make work pay. Under the plan, according to the Thompson administration's estimates, roughly 25% of AFDC recipients will move into private-sector employment. Over time, the percentage in private jobs will be higher. For thousands of such workers, however, higher wages will mean a lower income. That's because, for many workers, wage increases will be more than wiped out by W-2's rapid escalation of child care co-payments. The independent non-partisan Wisconsin Legislative Fiscal Bureau showed that in certain cases, as wages rise from \$4.25 per hour to \$12 per hour, total disposable income (taking wages, the EITC, Food Stamps, taxes, and child care and health care co-pays into account) declines from over \$15,000 to under \$12,000. Killing the incentive to work like this has no place in welfare reform. No one should nearly triple their wage rate only to see their disposable income fall by thousands of dollars.

To correct this deficiency, I am approving the Wisconsin waiver on the condition that the plan be changed to modify its child care co-payments so that higher wages always produce higher income. Workers who work longer hours or who advance up the wage ladder should be expected to pay more for their child care, but they also have the right to expect a higher standard of living.

Third, the Wisconsin plan offers adults who move into private-sector jobs a much worse health insurance program. Under W-2, those who remain in subsidized jobs are automatically enrolled in a Medicaid-like health care plan. But those who do exactly what we ask them to do--work hard, move into unsubsidized private-sector jobs, and start to move ahead in the private labor market--lose that automatic health care coverage, and what's W-2 offers them instead is frankly lousy. They must overcome huge practical barriers--such as stuffing cash in an envelope and taking it down during work hours to a bureaucrat who may be miles away--if they want to keep up direct payment of their W-2 health insurance premiums. They can't have their own money withheld from their paychecks to pay for their W-2 insurance premiums unless their employer agrees. And thousands will simply be cut off from having even the

opportunity to enroll in the W-2 health insurance plan long before they're able to afford to join their employer-sponsored plan. Most observers have concluded that as a result Wisconsin's uninsured population will increase sharply. Increasing the number of people without health insurance like this has no place in welfare reform.

To correct this third and final major deficiency, I am approving the Wisconsin waiver on the condition that the W-2 health care plan is changed so that workers who play by the rules, by moving into private-sector jobs, are not penalized. Like workers in subsidized jobs, workers in unsubsidized private-sector employment should have easy access to health insurance until they're able to join an affordable employer-sponsored plan. Specifically, Wisconsin must establish a user-friendly system for automatically withholding from workers' wages the co-payments required for the W-2 health plan, and Wisconsin must allow low-income workers to remain in the W-2 plan until they have access to an employer-sponsored plan that pays at least 75% of the premium.

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Christy... S.L.C.

104TH CONGRESS
2D SESSION

S. 1816

Don Cost
Abraham
Ashcroft

(for himself
Mr. Coats
Abraham
Gramm
Ashcroft
Ortiz
Candell
Grassley
Gregg
Santorum
Faincloth, and
Nichols)

IN THE SENATE OF THE UNITED STATES

Mr. **RODD** introduced the following bill; which was read twice and referred to the Committee on FINANCE

Ortiz
Coats
Christy
Judd Gregg
Santorum
James
Don Nick

A BILL

To expedite waiver approval for the "Wisconsin Works" plan, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. FINDINGS.**

4 The Congress finds the following:

5 (1) The Aid to Families with Dependent Chil-
6 dren (AFDC) program under part A of title IV of
7 the Social Security Act has no time limits, and at
8 any given point in time, 65 percent of AFDC recipi-
9 ents are individuals who will spend 8 or more years
10 on welfare.

05/23/96 20:10

05/23/96 15:17 202 221 0567

LEG COUNSEL

SENATOR BOND

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S.L.C.

2

1 (2) The current AFDC cash payment is a
2 straight transfer of income, with no reciprocal obli-
3 gation.

4 (3) The JOBS program under part F of title
5 IV of such Act emphasizes training, not employ-
6 ment.

7 (4) AFDC Recipients are under no obligation to
8 leave welfare.

9 (5) The current AFDC program does not en-
10 courage businesses to help reduce welfare depend-
11 ency.

12 (6) Government becomes the other parent in
13 single parent households.

14 (7) The current AFDC program rewards so-
15 cially undesirable behavior, such as having children
16 without means of support.

17 (8) The "Wisconsin Works" proposed dem-
18 onstration project to replace the AFDC program in
19 Wisconsin shows significant promise in addressing
20 the issues set forth in the preceding paragraphs.

21 (9) The President has endorsed the "Wisconsin
22 Works" plan.

23 **SEC. 2. APPROVAL OF THE "WISCONSIN WORKS" PLAN.**

24 Notwithstanding the authority of the Secretary of
25 Health and Human Services under section 1115 of the

05/23/96 20:11

003

05/23/96 15:17 202 224 0567

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- 1 Social Security Act, upon submission of the application
- 2 for waivers to conduct a demonstration project, known as
- 3 "Wisconsin Works" under such section submitted by the
- 4 Wisconsin Department of Health and Social Services, such
- 5 application shall be deemed approved.

PRESIDENT MADE CLEAR THAT HE WAS "ENCOURAGED" THAT THE "REPUBLICANS ARE MOVING TOWARD THE POSITION THAT [HE] HAS ADVOCATED ALL ALONG." The President stressed that while he had vetoed the Republican welfare plan, he wanted to sign welfare reform and that he was encouraged to hear Senator Doles speech and his words about the Wisconsin speech because he felt that this showed that "the Republicans are moving toward the position that I have advocated all along, and I am encouraged to hear that."

PRESIDENT SINGLED OUT KEY ELEMENTS FROM THE WISCONSIN PLAN AND SENATOR DOLES SPEECH THAT WERE CONSISTENT WITH HIS POSITION:

The President stated that he was encouraged to hear that Senator Dole "said things which it seemed to me were very consistent which it seemed to me were very consistent with what I have said that I would support"

Specifically, the President singled out:

- the Wisconsin plan "says that you've got to work immediately, but we'll give you a job, and
- "we'll give you health care and child care.
- "he wanted a welfare plan that had tough work requirements"
- "that had a five year lifetime benefits"
- "no welfare benefits to illegal immigrants except in extreme circumstances."
- "that had tough child support enforcement and more responsibility for teen mothers"
- "and greater flexibility for states to reform welfare on their own."

THE PRESIDENT MADE CLEAR THAT IF SENATOR DOLE WAS WILLING TO SEND HIM A BILL THAT MADE GOOD ON THESE THINGS, "THE PRESIDENT WILL SIGN IT AND WE WILL PUT THIS BEHIND US."

IF SENATOR DOLE WANTS TO TAKE UP SEPARATELY A WELFARE BILL -- SO THAT WE CAN FIND A BILL THAT MEETS THE ELEMENTS THAT SENATOR DOLE AND PRESIDENT CLINTON SHARE -- THEN LET'S DO IT IMMEDIATELY WHEN CONGRESS RETURNS. THE PRESIDENT'S ATTITUDE IS LET'S TAKE WELFARE UP SEPARATELY, AND "LET'S LET HER RIP."

W-2: EFFECT OF COMMUNITY SERVICE JOBS EARNINGS PAID AS ACTUAL WAGES (\$4.25/HOUR)

Calculated for 1995

Assumptions: Dept. estimate of number of persons employed in CSJs: 26,850
 employment for 50 weeks/year (1,500 hours @ 30 hours/week)
 rent (for Homestead calculation) of \$350/month
 50% of workers with 1 child; 30% with 2 children; 20% with 3+ children
 no inclusion of savings in financial planner & ancillary administrative costs (eliminate sanctioning, recoupment, etc.)

@ 30 hours/week
 annual earnings: \$6,375

	FEDERAL EIC \$ GAINED	ADDITIONAL STATE COSTS INCURRED
--	------------------------------	--

<i>Per Participant</i>	TOTAL	TOTAL	W-2 Wages	W-2 FICA	EIC	Homestead
1 child	\$2,094	\$1,411	\$0	\$488	\$84	\$840
2 children	\$2,295	\$1,695	\$0	\$488	\$367	\$840
3+ children	\$2,295	\$2,475	\$0	\$488	\$1,148	\$840
<i>Program</i>	\$58,927,695	\$45,892,973	\$0	\$13,094,409	\$10,244,564	\$22,554,000

AFDC cases make biggest one-month dip in decade

Statewide caseload falls below 60,000 for first time ever, figures show

By DANIEL BICE
of the Journal Sentinel staff

Madison — The number of Wisconsin families enrolled in the country's primary welfare program recently recorded its largest one-month drop in nearly a decade, officials announced Monday.

Figures released by the state showed the statewide caseload for the Aid to Families with Dependent Children program fell by 2,925 — or 4.7% — between March and April.

The reduction pushed the overall number of Wisconsin families receiving benefits under the AFDC program to 59,963 in April — the first time ever the number has been below 60,000.

Kevin Keane, spokesman for Gov. Tommy Thompson, said a significant reduction in AFDC caseload may be because of the recent publicity over the Wisconsin Works (W-2) welfare plan.

The work-based plan, approved by state lawmakers in

March, will replace the current welfare system. President Clinton suggested this weekend that he may grant the waivers needed to begin W-2.

"In Wisconsin, we clearly know how to free people from the welfare trap and help families lead independent lives," Thompson said in a statement.

But a frequent critic of Thompson's welfare proposals said people should not read too much into the recent drop in AFDC caseload.

"There are a lot of ways to reduce caseload — you can have a zero caseload if you don't do anything," said Anne Arnesen, director of the Wisconsin Council on Children and Families.

"It just doesn't tell us much about poverty. The issue is getting children out of poverty and getting people so they are really self-sufficient."

Arnesen said she agreed that many may have been driven to find jobs by the publicity about the governor's latest welfare plan.

Unfortunately, she said, the state does not seem interested in finding out what kind of jobs are being taken by former welfare recipients.

Arnesen said she is worried

that many are taking jobs that force them to live at a subsistence level or that they are turning to illegal activity to help make ends meet.

Keane brushed aside these concerns, noting the high demand for workers in most Wisconsin occupations. He said there are few, if any, jobs in the state that pay the minimum wage.

"Taco Bell pays \$6 an hour to start," Keane said. "There's clearly some decent-paying jobs in Wisconsin."

As signed into law by Thompson last month, W-2 would replace a system of conditionally guaranteed benefits with one in which recipients must work to get assistance.

To get around rules to federal welfare funds, the new program still needs exemptions, either through federal block grants that would allow states to spend money as they please, or through waivers from the U.S. Department of Health and Hu-

man Services.

Clinton, who once promised to change welfare as we know it, has twice vetoed Republican-led welfare reform efforts that would allow block grants.

Some Wisconsin Republicans have said they believe Clinton may have outflanked Bob Dole, the soon-to-be GOP presidential nominee, on welfare reform by endorsing Thompson's W-2 plan.

The overall AFDC caseload dropped from 72,638 in April 1995 to 59,963 in April 1996, a 17% reduction.

The largest percentage decreases were in Waushara and Pierce counties, which recorded a 49% and 45% drop, respectively. The caseload in Milwaukee County fell by 10% in the past year.

Other counties and their caseload reductions in the past year were: Dane, 15%; Kenosha, 16%; Ozaukee, 29%; Racine, 19%; Washington, 27%; and Waukesha, 22%.

City's religious leaders want waivers delayed

Letter to Shalala urges hearings before W-2 gets federal go-ahead

By JOEL DRESANG
of the Journal Sentinel staff

Milwaukee's religious leaders are appealing to U.S. Health and Human Services Secretary Donna Shalala to delay federal waivers for Wisconsin's welfare overhaul until five "flaws" they see in the plan are corrected.

In a letter being sent today, the Interfaith Conference of Greater Milwaukee also is requesting public hearings in Milwaukee before the federal government considers the waivers, needed by the state to adopt the work-based welfare reform known as Wisconsin Works.

"With Wisconsin promising to serve as a model for the nation, we believe that it is only just that the people of Wisconsin be permitted to voice their concerns about and praises for Wisconsin Works," the Rev. Quentin Meraclé, chairman of Interfaith and Milwaukee district superintendent of the United Methodist Church, wrote in the letter.

W-2, which was signed into law Thursday by Gov. Tommy Thompson, requires federal waivers or law changes because it involves hundreds of millions of federal welfare dollars and includes more than 40 provisions that violate federal rules.

In a related matter, the eight area councils of Milwaukee's Social Development Commission have collected more than 10,000 signatures on petitions asking Shalala and President Clinton to deny any waivers for W-2.

Council members who will be attending the National Peoples' Action Conference in Washington, D.C. this weekend plan to present the petitions to a representative of Shalala, said SDC Commissioner Bobbie Finnie. The group also is seeking a meeting with Clinton.

A spokesman for Shalala said she is prohibited from acting on matters specific to Wisconsin because of her ties to the state as former chancellor at the University of Wisconsin-Madison. Shalala would forward any requests regarding W-2 to another department official, the spokesman said. He also said this was the first request for public hearings on welfare waivers.

Gary Kuhnén, state director for the Bureau of Welfare Initiatives, said Thursday that state officials had not begun the waiver process. With the signing, they now will analyze W-2 and identify the waivers that would be needed under existing federal requirements. Kuhnén said the analysis could take sev-

eral months and could involve multiple waiver requests. However, if Congress approves federal block grants, the waivers would not be needed.

Interfaith, representing more than 80% of the Milwaukee area's religious leadership, approved the letter at a cabinet meeting Thursday night. The group's concern springs from decades of providing food and shelter for the poor, and from concern that public policies could make poor people even more reliant on churches for material support.

Five specific areas Interfaith says it would like Shalala to address in the waiver process:

Flat grants: Monthly grants to W-2 work participants in community service and transitional jobs would amount to less than the federal minimum wage of \$4.25 an hour. The grants are not adjusted for recipients' family sizes and do not qualify recipients for the earned income tax credit.

"It is estimated that 75% of families currently receiving AFDC will receive such a grant," Meraclé says in the letter, referring to the Aid to Families With Dependent Children program. "If these families have more than one child and require child care they will find themselves with less money than in the current system. This is most troubling."

Entitlements: Benefits no longer would be guaranteed. Instead, W-2 would tie support to participation in work programs. Generally, benefits would be limited to five years.

"We believe that our nation, and each of its states, should guarantee a minimum level of support and health care for families struggling with poverty,"

Meraclé wrote.

Recourse: Now, AFDC recipients who dispute benefits are entitled to a fair hearing process with independent examiners. Under W-2, participants would be allowed only to petition the agency denying their request, with possible appeals to the state labor department.

"We believe this is a denial of a person's fundamental rights," the letter says.

Infants' mothers: W-2 would require participants to work as soon as their children are 12 weeks old. Interfaith seeks flexibility, noting that federal welfare-to-work programs let mothers stay home until their children are 1.

Co-payments: W-2 would require participants to pay in part

for medical insurance and child care. Child care co-payments start at 75% of the cost of care. Health care premiums begin at \$20 a month and rise depending on income and family size.

"Thousands of Wisconsin families will find themselves with less income than they receive with AFDC," because of the contribution levels, Meraclé wrote.

Mary Beth Murphy of the Journal Sentinel staff contributed to this report.



Shalala

Wisconsin Works at a glance

W-2 is expected to be in place by late 1997 and affect more than 53,000 women and their children. It will cost an estimated \$2.1 billion in its first two years — \$110 million more than projected costs of the current welfare system. Work requirements are at the core of W-2, but child care and health care benefits also are available to low-income families not participating in the job programs. Here's a look at who is affected and how.

WISCONSIN'S Welfare

Continuing coverage of welfare return in Wisconsin and the nation.



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 \$12,980 in annual income. Must be Wisconsin residents for at least 60 days, except for child care and health care assistance. Unless special extensions 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. Limits 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. Limits of 24 months and 6-9 months per job.
- ▶ **Transitional placements** — \$518-a-month grant for 28 hours a week of work and 12 hours a week of classes or training. Limit 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, amounts 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 Joel Dressner

Thompson signs W-2 into law

Getting federal OK is next step

BY AMY RINARD
of the Journal Sentinel staff

Fond du Lac — Gov. Tommy Thompson signed into law the W-2 welfare reform bill Thursday, making Wisconsin the first state in the nation to completely scrap its welfare system and replace it with a program requiring single mothers to work.

"This is the biggest change in social policy in Wisconsin, and in this country, for 60 years," Thompson said just before signing the Wisconsin

Works legislation.

Thompson chose this city as the setting for the bill-signing because, since January 1995, Fond du Lac County has been one of two counties in the state testing Thompson's Work Not Welfare program.

That pilot program, which requires welfare recipients to work and ends their cash grants after two years, was an important prototype for W-2.

Like Work Not Welfare, W-2 will require for its suc-

Please see WELFARE page 8

Welfare/Bill signed; federal action needed to put W-2 in place

From page 1

ness that private businesses agree to hire W-2 participants, Thompson said.

The bill-signing ceremony in a manufacturing area of the Brenner Tank Co. was intended to emphasize that private-public partnership.

Brenner is one of many Fond du Lac County employers that have helped make the Work Not Welfare experiment there a success by hiring and training welfare recipients.

During a speech leading up to the signing, Thompson singled out for recognition welder Lisa Meisner, who landed her job at Brenner under the Work Not Welfare program.

Meisner, 21, who has one child, eventually received advanced welding training at Brenner and no longer receives Aid to Families with Dependent Children.

W-2 will replace AFDC, which is paid for by the state and federal governments and is the largest welfare program in Wisconsin.

The state has 68,000 AFDC recipients, most of them poor, single women with children. About half of the state's AFDC recipients live in Milwaukee County. For various reasons, analysts predict the number of people participating in W-2 will be 53,000 when the program is put in place by the middle or



Gov. Tommy Thompson signed the landmark welfare reform bill Thursday in Fond du Lac, accompanied by state Sen. Carol Buettner (R-Oshkosh), the Senate author of the bill.

end of next year.

All W-2 participants will be required to work in some capacity to remain eligible for state-subsidized child care, health care, transportation and other benefits.

"The days of something for nothing are over," Thompson said. "The welfare check is history."

Critics of the W-2 program

say that although enough jobs might be available for program participants in a county such as Fond du Lac, finding jobs for 35,000 welfare recipients in Milwaukee County will be a serious problem.

"You're going to be putting thousands of people into the workplace and where are they going to go? It's mind boggling," said Anne Arnesen, ex-

ecutive director of the Wisconsin Council on Children and Families.

Implementation of W-2 depends on either congressional approval of welfare reform legislation that authorizes block grants to states or on a waiver from the Clinton administration to deviate from federal requirements on the use of federal welfare money.

The Clinton administration granted a waiver to allow the Work Not Welfare experiment.

Thompson said Thursday that he thought Congress still might pass legislation endorsed by the National Governors' Association that would authorize federal welfare funds to be issued in block grants to states.

"I'm still holding out a great deal of hope that Congress and the president of the United States can adopt what the national governors came up with," he said.

If that does not happen, Thompson said, he will make "a very concerted push" to receive the necessary federal waivers. He said there was good chance those waivers would be granted.

"No other state is anywhere close to what we have accomplished," he said.

Fond du Lac County officials said at least half of the other states have sent representatives to Fond du Lac to investigate the Work Not Welfare program, as have other nations including

Great Britain, New Zealand, Australia and Ukraine.

Partial Veto

Thompson made 28 partial vetoes in the W-2 bill he signed Thursday. Most of the changes were technical, but one pushed back by one month — to No-

Gov. Tommy Thompson:

"The days of something for

nothing are over. The welfare check

is history."

ember 1997 — the deadline for carrying out W-2. With other vetoes, Thompson eliminated some of the reports on certain aspects of the program that had been required by the Legislature.

Thompson admitted that in some respects the program is still a work in progress and that further legislation might be needed to fine-tune the program.

"This to me is visionary," he said of W-2. "But there will be

some bumps. We will have to go back and review it."

Arnesen said she was pleased Thompson had not vetoed an expansion of W-2 health care coverage that had been added by the Legislature.

The Legislature made many changes to the W-2 bill originally submitted by Thompson.

But Arnesen called the governor's decision to delete reports to the Legislature "perplexing," saying lawmakers need to know how the program is operating, especially if they will be asked to consider legislation that might change it.

"It sort of bypasses the Legislature, and that's unfortunate," she said.

Arnesen said many problems remain in the bill — including child welfare issues and the lack of a hearing process for participants to appeal sanctions.

She also hoped the Legislature would correct the "marginal tax rates" effect under which the actual spendable income for many W-2 participants will drop as their wages rise because of the effect of co-payments and income tax liabilities.

Many expected off rolls before W-2

But those who remain in welfare system may be the hardest to employ

By JOEL DRESANG
of the Journal Sentinel staff

Before the Wisconsin Works plan replaces the state's current welfare system late next year, more than half of Milwaukee County's current welfare recipients will have already been pushed off the system — leaving behind women with less education, younger children and larger families.

That is according to a new

Welfare

Continuing coverage of welfare reform in Wisconsin and the nation.

study by the Employment & Training Institute at the University of Wisconsin-Milwaukee, which says stricter sanctions and reduced benefits will push about 52% of the families to leave the welfare system before the plan known as W-2 fully takes effect.

The study projects what will become of the 33,521 county families with 79,064 children who were receiving Aid to Families with Dependent Children

as of December 1995.

The implications are that many of those families now availing themselves of AFDC benefits sometime within the next 17 months will be left without the support and that those who participate in the work-based W-2 plan will be among the most challenging to employ.

"Absent training or education in W-2, it becomes difficult to see how this is going to be a winner for people who have little education, no experience and small children," said John Pawasarat, director of the UW-M institute and author of the study.

W-2, signed into law last

month by Gov. Tommy Thompson, would replace a system of conditionally guaranteed benefits with requiring work for assistance. To get around rules tied to federal welfare funds, W-2 still needs exemptions, either through Congress or through waivers from the U.S. Department of Health and Human Services.

The upshot of the transition to W-2, according to the report, will be to hasten the exit of families from the welfare system and to discourage others from entering.

"We're looking at a lot of families that are going to have to be turning somewhere else

for help, and we don't know where that help's going to come from," said Marcus White, program coordinator for the latest faith Conference of Greater Milwaukee, representing the area's religious leadership.

Among the study's projections:

■ 6,048 AFDC recipients either providing family foster care or in which a parent receives Supplemental Security Income will be shifted to other assistance programs, many at reduced benefit levels. Those families include 13,721 children.

■ 11,597 will leave AFDC ei-

Please see A1D page 2

Aid/Study says W-2 will see fewer on rolls

From page 1

ther, because they're already working, they won't comply with stricter work rules or their benefits already are relatively small. Those families — most headed by someone with at least high school education — include 27,097 children.

■ Of the remaining 15,876 families likely to participate in W-2: 8,816 families with 23,573 children are considered the most difficult people to employ because of low education and many young children; 5,198 with 10,472 children are considered likely to work because they have better educations and few have young children; 1,862 are exempt from work requirements because of disabilities and pregnancy.

■ Because income through W-2 does not adjust for family size and because participants are required to pay for some of their child care and health care costs, families with three or more children generally will be worse off than under AFDC.

Milwaukee County officials worry that reduced welfare benefits will mean increased numbers of families financially incapable of taking care of their children.

"What the state seems to be in denial about is that there will be a child welfare system impact," said Jefferson Aikin, a spokesman for the Milwaukee County Department of Human Services. "We don't need many children to come into the system to overwhelm it."

Already, the county's child welfare system is "stressed," Aikin said, with about 4,000 children placed in licensed foster care homes and another 2,000 or so living with other relatives awaiting placements.

Last week, Thompson endorsed a new law that lets the state take over the county system in 1998.

Aikin noted that 2,396 AFDC cases involve 3,844 children who are cared for by a relative other

than their parents. To qualify for kinship care assistance under W-2, those families would need to meet new eligibility requirements based on assessments from the county.

"We don't have the staff to do that right now," Aikin said. "The state's not promising us any help." Without the assessments and with AFDC ending, Aikin said, those families would receive no aid.

"In a sense, we're putting kids in greater poverty, which is ironic in a time when we know poverty leads to bad outcomes," said Anne Arnesen, director of the Wisconsin Council on Children and Families.

Research suggests, Arnesen noted, that poverty is the truest predictor of child abuse, poor nutrition, low school achievement and juvenile delinquency.

Jean Rogers, who runs the state's welfare programs for the Department of Health and Social Services, took issue with Pawasarat's report and its premise that the explicit goal of welfare initiatives is to reduce caseloads.

"The goal of all our welfare reforms has been not to cut anybody off but to bring families living on welfare out of poverty and enable parents to provide for their children," Rogers said.

She faulted Pawasarat's study for failing to account for W-2's provisions to increase child support payments to families and to allow families to keep additional earnings without offsetting their grant amounts. She contended the study overestimates the number of families who will drop out of the welfare system for non-compliance.

"Mr. Pawasarat seems to have a very poor level of expectation," Rogers said.

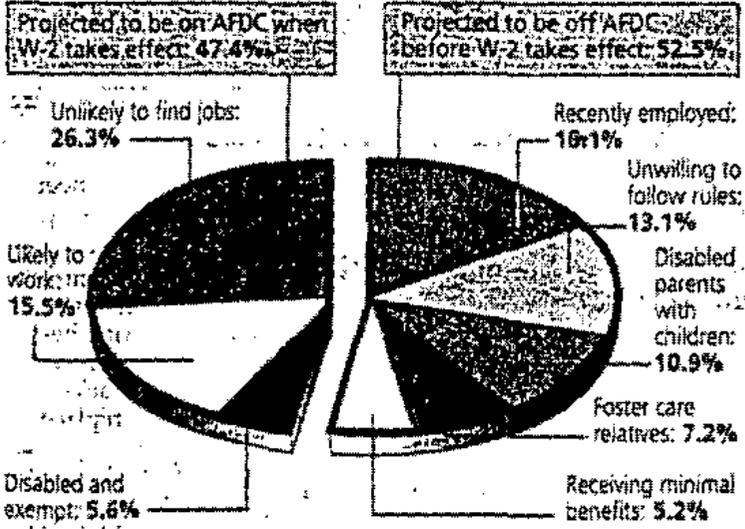
The study was financed in part by the U.S. Department of Housing and Urban Development and the Helen Bader Foundation.

A summary of the report is available on the internet at: <http://www.uwm.edu/DeptUETII>

Transition to new welfare system studied

Based on analysis of the 33,521 Milwaukee County families receiving Aid to Families with Dependent Children in December, more than half are projected to be off the rolls by the time the Wisconsin Works (W-2) plan takes over as the state's welfare system late next year.

Projected caseload impact prior to W-2
 (Milwaukee County caseload as of December '95)
 Figures have been rounded.



Sources: Employment & Training Institute, University of Wisconsin-Milwaukee

Journal Sentinel

WELFARE REFORM

Clinton's W-2 support has GOP up in arms

Wisconsin Works plan
is a top issue in U.S.
presidential politics

By ALAN J. BORSUK
of the Journal Sentinel staff

Some Republicans in Wisconsin expressed frustration Sunday that President Clinton may have outflanked Bob Dole on welfare reform by endorsing Wisconsin's W-2 welfare overhaul plan.

Political leaders also disagreed over whether Clinton should force changes in the W-2 plan or accept it as is.

And, House Speaker Newt Gingrich and other leading Republicans called on Clinton to give Republican welfare reform proposals in Congress the same support he is giving W-2.

The developments, coming a day after Clinton endorsed W-2 in his weekly radio address, made W-2 a hot issue in presidential politics Sunday. It was the lead story in the New York Times ("Clinton endorses the most radical of welfare trials," the headline said) and the talk of the Sunday morning network political

Please see W-2 page 9

W-2/BOB DOLE CONCERNED DOLE IS TOO LATE

From page 11, 11/17/81

programs.

In his radio address Saturday, Clinton said, "All in all, Wisconsin has the makings of a solid, bold welfare reform plan. We should get it done. I pledge that my administration will work with Wisconsin to make an effective transition to a new vision of welfare based on work that protects children and does right by working people and their families."

Although Clinton's comments were in support of W-2, the specifics of what he will do were left unclear. The program, which would require thousands of people now receiving Aid to Families with Dependent Children to take jobs, needs waivers from many federal regulations before it can be implemented.

Dole is expected to visit Wisconsin on Tuesday for a speech on welfare. He reacted to Clinton's comments by telling reporters aboard his plane late Saturday night, "We go to the states, like we go up to Wisconsin, to talk about welfare and then Clinton announces he may give Wisconsin a waiver. If we go to enough states, we may straighten out the country."

Newsweek magazine reported Sunday that Dole is expected in his Wisconsin visit to propose mandatory drug testing for welfare recipients. A Dole campaign spokesman said Sunday that no details were available about Dole's visit.

But state Rep. John Gard (R-Peshigo) said Sunday he was frustrated that Dole hadn't gotten involved in supporting W-2 before now. "Bob Dole should have been here before and he wasn't and it's his loss," Gard said. "He could have been here for the (W-2) bill signing."

Clinton's support "certainly

takes an issue away from Bob Dole in this state," Gard said. Gard said if Dole proposed drug tests, it would distract from the main point of getting people to work and support stereotypes about people on welfare.

Assembly Majority Leader Scott Jensen (R-Town of Brookfield) said, "Given the president's track record, I would remain skeptical until he signs every last waiver." But he also said that it is good if Wisconsin benefits from Clinton playing presidential politics and that Clinton's stand muddied Dole's message on welfare.

Robert Friebert, a Milwaukee attorney with a key role in Clinton's Wisconsin campaign, said he didn't see election-year maneuvering in Clinton's stand.

"I believe (Clinton) has given an exemption to everything that (Gov.) Tommy Thompson has asked for over the years," Friebert said.

State Rep. Walter Kunicki (D-Milwaukee), the Assembly minority leader, said that even though he voted against W-2, he felt Clinton's stand would help move welfare reform in Wisconsin forward. He said everyone has the same goals — getting people off of welfare and into jobs — and Clinton was helping move the ball forward. He also said that it was inevitable that more legislation would be needed after the election to implement W-2 and that Clinton should use his waiver powers to improve the plan.

Wisconsin officials disagreed over what Clinton should do with the power the waivers give him.

Thompson said, "Anything

short of a 100% approval of W-2 is unacceptable to Wisconsin.

"I hope the president is sincere this time about ending welfare and is not just making another cynical election-year promise."

But David Riemer, Milwaukee Mayor John Norquist's chief of staff, said, "This is the moment to get it right."

He said Clinton should take a plan that in reality only goes part way in ending welfare and push it into becoming a genuine national model.

Portraying the plan as not nearly as bold as others say it is, Riemer said, "W-2 was blown by Tommy Thompson, but it can be redeemed by Bill Clinton."

Rahm I. Emanuel, a White House aide who coordinates welfare policy for the president, said waivers would be approved for W-2. "They'll work out the details," Emanuel said.

Cingrich and three other top House Republicans — Majority Leader Dick Armey of Texas, Ways and Means Committee Chairman Bill Archer of Texas and E. Clay Shaw of Florida, who heads a key subcommittee on welfare — sent Clinton a letter Sunday that praised his remarks on W-2 but said that "because there are many differences between your current national welfare proposal and the position you seem to have taken (Saturday) concerning the Wisconsin proposal, there is ample ground to be confused about where you stand on national welfare reform."

"Nothing less than full approval of Wisconsin's waiver proposal in its entirety will

demonstrate your lasting commitment to welfare reform."

The letter also said Clinton hadn't supported strong positions on a time limit for benefits and that his own proposal had loopholes that would allow many people to avoid work.

Sen. John McCain (R-Ariz.) said Sunday on CBS, "Face the Nation" that Clinton's tactics were "shameless." The American people "expect the president to be a person of principle, and his whole campaign is based on the belief somehow that the American people are suckers and will suffer from some kind of amnesia."

Sen. Christopher Dodd (D-Conn.) defended Clinton, saying the president had helped bring welfare numbers down by issuing waivers to most states, including Wisconsin, allowing them to carry out experiments in welfare reform. "This has been very consistent as part of the president's program over the last several years," he said on CBS.

The New York Times and Associated Press contributed to this report.

WAIVERS NEEDED

Clinton calls W-2 'bold, solid'

He says he'll work with
state to put welfare
reform into effect

By JOEL DRESANG
of the Journal Sentinel Staff

Calling Wisconsin's radical plans to overhaul welfare "solid" and "bold," President Clinton fueled hopes Saturday that his administration would give the green light to the Wisconsin Works (W-2) plan.

The work-based plan needs waivers from or changes to federal laws to take effect. In his weekly radio address Saturday, Clinton suggested that either might be possible.

"All in all, Wisconsin has the makings of a solid, bold welfare reform plan," Clinton said. "We should get it done. I pledge that my administration will work with Wisconsin to make an effective transition to a new vision of welfare based on work, that protects children and does right by working people and their families."

Critics of W-2, who generally agree with the thrust of the plan but oppose many of its provisions, discount some of Clinton's remarks as politi-

Welfare/Clinton's praise for W-2 buoys Thompson, worries its critics

1 From page 1

ca rhetoric.

Clinton's plugs for Wisconsin's welfare initiatives come on the eve of his May 23 meeting in Milwaukee with German Chancellor Helmut Kohl. On Thursday, Republican presidential candidate Bob Dole announced that he too would visit Wisconsin this week, and he is expected to give a major address — on welfare reform.

"A lot of it is very political. There's no question about that," said Anne Arnesen, director of the Wisconsin Council on Children and Families. "We see both the Republicans and the Democrats as trying to outdo one another on welfare reform. One gets really worrisome that people will get caught in the crunch — especially the children."

As signed into law last month by Gov. Tommy Thompson, W-2 would replace a system of conditionally guaranteed benefits with one in which recipients must work to get assistance.

To get around rules tied to federal welfare funds, W-2 still needs exemptions, either through federal block grants that would let states spend the money as they please or through waivers from the U.S. Department of Health and Human Services.

Clinton has twice vetoed Republican-led welfare reforms that would allow block grants — a point that Dole has stressed in campaign appearances. When he first ran for president, Clinton promised to "end welfare as we know it."

After being preoccupied with health care policy in the first two years of his administration, Clinton lost the initiative on welfare when Republicans took control of Congress last year.

In an effort to reclaim the issue, Clinton now says he has launched a quiet revolution in welfare policy by letting the nation's governors experiment with reforms.

In his address Saturday, Clinton called on Congress to try again — with legislation that would "buffle welfare recipients to work, limit their time on welfare, toughen child support enforcement and protect children."

Thompson, in Milwaukee on Saturday to speak to the graduating class of the Medical College of Wisconsin, said he was "impressed" after seeing a copy of Clinton's statements.

"Obviously, President Clinton is trying to stave off the failure of his administration," said Thompson, who has been mentioned as a possible running mate for Dole. "He's coming to

Wisconsin and he knows how popular W-2 is... if that benefits Wisconsin, so be it."

Thompson also said "fantastic" to Clinton's stated support of federal legislation for welfare block grants. Until such grants are available, Wisconsin has to request waivers for W-2, which it has yet to do.

However, in what Arnesen called a "back-door approach," several key elements of W-2 are included in a request the state filed May 3 to modify programs it is now running.

"These are major provisions of the W-2 program and ought to be addressed in the larger context," Arnesen said. "We urge the governor to negotiate these waivers in good faith to ensure a workable program."

Among the W-2 provisions sought in the May 3 request are those that would:

- Require a parent to work for benefits as soon as the youngest child is 12 weeks old. Currently, the requirement begins after the child is 1 year old.
- Set a lifetime limit of 60 months for participation in the work-for-benefits programs.
- Expand eligibility for child care subsidies and raise co-payment costs.
- Establish work categories that would eliminate the requirement that participants re-

ceive the equivalent of minimum wage for every hour of education, training or work.

Short of the block grants, W-2 would need other waivers before it takes effect in late 1997. Critics of the plan see the waiver process as a chance to make the plan more to their liking.

Several groups — including the Wisconsin Catholic Conference, the Interfaith Conference of Greater Milwaukee, the Women and Poverty Public Education Initiative and the Child Abuse Prevention Network — have asked federal regulators to hold a public hearing in Milwaukee and to consider changes in W-2 before granting its waivers.

They say their concerns about W-2 include its elimination of guaranteed benefits; its sub-minimum wage grants for the least-employable participants, regardless of family size; its required co-payments for medical insurance and child care; its work requirements for mothers of young infants; and what they say is its lack of a fair hearing process for families denied benefits.

Marcus White, program coordinator for Interfaith and co-chair of the Milwaukee Coalition to Save Our Children, found hope in the wording of Clinton's address. The president

said his administration "will work with Wisconsin," White noted, which doesn't necessarily mean just giving the state an unconditional thumbs-up on W-2.

"Where we're encouraged is that the president is going to be negotiating with the state re-

garding W-2 waivers," White said. "And his reference to children and families makes us hopeful that the negotiations will keep the best interest of children in mind."

Arnesen agreed that "there's still time for negotiation," but questioned at what cost candi-

dates are posturing on welfare reform.

"The two sides are trying to upstage each other," Arnesen said, "and that's where the kids get lost — in the theater and the dramatics of it all."

Eldon Knoche of the Journal Sentinel staff contributed to this report.

Wisconsin Works at a glance

W-2 is expected to be in place by late 1997 and affect more than 53,000 women and their children. It will cost an estimated \$2.1 billion in its first two years — \$110 million more than projected costs of the current welfare system. Work requirements are at the core of W-2, but child care and health care benefits also are available to low-income families not participating in the job programs. Here's a look at who is affected and how.

Welfare

Continuing coverage of welfare reform in Wisconsin and the nation.



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 \$12,980 in annual income. Must be Wisconsin residents for at least 60 days, except for child care and health care assistance. Unless special extensions 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. Limits of 24 months in category and 3-6 months per job.
- ▶ **Community service jobs** — \$55-a-month grant for 30 hours a week of work and 10 hours a week of classes or training. Limits of 24 months and 6-9 months per job.
- ▶ **Transitional placements** — \$518-a-month grant for 28 hours a week of work and 12 hours a week of classes or training. Limit 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; amounts 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 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.

Source: Legislative Fiscal Bureau

ELIQUÉ RODRIGUEZ/Journal Sentinel

W-2 rolls through Assembly

Bids to alter welfare plan fail

By AMY RINARD
of the Journal Sentinel staff

Madison — A sweeping overhaul of the state's welfare system that would require participants to work in order to get subsidized child care, health care and other benefits was approved by the Assembly Thursday in a 73-25 vote.

"This is a historic vote,"

said Majority Leader Scott Jensen (R-Town of Brookfield), of action on the massive and complicated W-2 welfare reform legislation.

"We have set a national standard, a national example, that finally has changed the culture of dependency and changed it to the only thing

Please see W-2 page 12

WHAT'S NEXT

- ◆ W-2 now goes to the Republican-controlled Senate, which is expected to pass it and send it to Gov. Thompson.
- ◆ The bill requiring a 24-hour waiting period for abortions was sent back to the Assembly, which already passed it for action on a Senate amendment.

5-21-96

Dole seeks to grab lead on welfare during state visit

By JOEL DRESANO
of the Journal Sentinel staff

Seeking the upper hand on welfare reform, Republican presidential candidate Bob Dole takes his campaign today to Fond du Lac, where last month he missed a chance to take part in the his-

toric signing of Wisconsin's W-2 welfare reform.

The anticipated highlight of Dole's four-hour campaign visit this afternoon is a major policy address in which, according to aides, he likely will call for mandatory drug testing of welfare recipients, a five-year lifetime limit on

most welfare benefits, and tougher enforcement of statutory rape laws — meant as a deterrent to adults who impregnate teenage girls.

To one-up Dole's appearance in Wisconsin, President Clinton used his national radio address Saturday to praise Wisconsin's welfare

initiatives and to pledge that his administration will work with Wisconsin to make an effective transition to a new vision of welfare.

Sen. Dole (R-Kansas) will fire the latest salvo in the welfare reform war of words before nearly 200 Fond du Lac business and community

leaders at 2 p.m. at the Ramada Plaza Hotel.

"If welfare is ended in this country, it started in Wisconsin," said Kevin Keane, press

Please see DOLE page 5

State's AFDC caseload makes biggest monthly dip in a decade

John O. Norquist
Mayor

May 21, 1996

Milwaukee
150
1846. 1996



President Bill Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

I am writing to ask you to approve Wisconsin's pending welfare plan, Wisconsin Works (W-2), on the condition that it be fundamentally changed to end welfare in this state.

Only if W-2 is modified to end welfare will it provide a workable model for the nation.

W-2 in its current form doesn't end welfare. It fails to end welfare in four ways.

First, W-2 fails to end welfare cash grants. Although Governor Thompson claims that W-2 ends welfare cash grants, it doesn't. For three-quarters of all ex-AFDC recipients, W-2 simply replaces AFDC with a new form of welfare cash grants. According to the Thompson administration's own estimates, 75% of ex-AFDC recipients will continue to get cash grants every month. As with the current welfare system's "workfare" program, they will have to "work off" their cash grants in two types of community service jobs. If they don't engage in either work or what is loosely described as "work-related activity," bureaucrats will attempt to "sanction" their cash grants. But these individuals won't have real jobs. They won't be paid wages. They won't get a paycheck. Therefore, they will not, as you recently stated they must, "have the dignity of earning a paycheck, not a welfare check." They won't pay taxes. They won't get W-2 forms. They won't qualify for the Earned Income Tax Credit (including Wisconsin's own supplemental Earned Income Tax Credit).

Second, like welfare, W-2 fails to make work pay. This is because for the relatively small percent (25%) of W-2 participants who stop getting monthly cash grants because they secure private-sector jobs, increases in earnings are more than wiped out by the W-2 plan's rapid escalation of child care co-payments. The independent Wisconsin Legislative Fiscal Bureau showed that in certain cases, as wages rose from \$4.25 an hour to \$12 an hour, total disposable income (taking wages, the EITC, Food Stamps, taxes and all co-pays into account) declined from over \$15,000 to under \$12,000.

Office of the Mayor
City Hall
200 East Wells Street
Milwaukee,
Wisconsin
53202
(414) 286-2200

Page 2
May 21, 1996

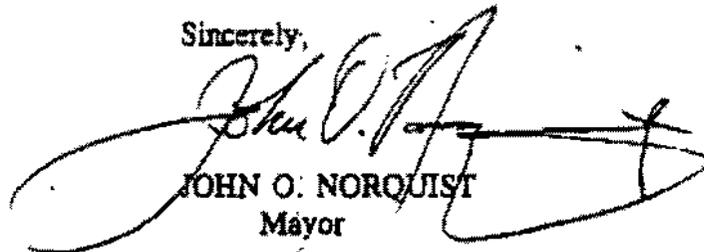
Third, like welfare, W-2 gives welfare recipients a better health plan than it offers unsubsidized workers. Under W-2, those who get monthly cash grants (75% of all participants) are automatically enrolled in a Medicaid-like health care plan. But the minority who move off welfare into private-sector jobs (25% of participants) will have trouble getting health care. This is because--for unsubsidized workers only--the W-2 health plan creates huge practical barriers to enrollment and cuts off thousands long before they're able to afford to join their employer-sponsored plan. Most observers have concluded that Wisconsin's uninsured population will increase sharply.

Fourth, because it doesn't end welfare, W-2 perpetuates the massive bureaucracy of the current welfare system. The policies Governor Thompson built into the program--such as doling out cash grants to most participants and then "sanctioning" their grants if work doesn't happen, and imposing mindbogglingly complex rules for health care coverage for the minority of people who get unsubsidized jobs--require a massive state bureaucracy to implement the program.

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

Unless W-2 is modified to end welfare as I have outlined, it will neither succeed in getting Wisconsin's grant recipients into the private sector nor provide a sound model for other states in replacing welfare with work.

Sincerely,



JOHN O. NORQUIST
Mayor

**OFFICE OF THE MAYOR
CITY OF MILWAUKEE**

FAX COVER SHEET



DATE: May 21, 1996

PLEASE DELIVER TO: Marcia Hale

FROM: David R. Riemer
Chief of Staff

NUMBER OF PAGES INCLUDING COVER SHEET: 3

**IF YOU HAVE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE
CALL (414) 286-3453.**

MAYOR'S OFFICE FAX NUMBER IS (414) 286-3191.

FAX COVER SHEET
June 3, 1996



TO: Bruce Reed
202/456-5557

FROM: David Riemer
Office of Mayor John O. Norquist

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

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

MESSAGE:
Bruce--

Attached is today's Milwaukee Journal/Sentinel story on the press conference that Mayor Norquist held yesterday (at the Wisconsin Workers' Memorial) on W-2.

Also attached is the text of the Mayor's comments.

David

• MILWAUKEE JOURNAL SENTINEL MONDAY, JUNE 3, 1996

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' (1) and later."

"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.

We need real welfare reform...not "welfare reform lite"

W-2 in its current form is "welfare reform lite".

And it's also "welfare reform late."

It's "welfare reform late" because it will take over a year to implement.

The W-2 waiver request calls for delaying implementation until the end of 1997....over a year from now.

We should welfare reform now.

And W-2 is "welfare reform lite" because it does not end welfare. According to the Governor's own estimates, 75% of welfare recipients:

- Will continue to get monthly welfare cash grants;
- Won't get paychecks;
- Won't be paid the minimum wage;
- Won't pay taxes; and
- Won't get the Earned Income Tax Credit.

As a result, W-2 will cost Wisconsin workers and the Wisconsin economy over \$50 in federal funds---money million
Wisconsin taxpayers sent to Washington--money that our workers and our economy deserve to have back--but money that will stay in Washington.

I want the W-2 waivers to be signed quickly.

But I ~~do~~ want President Clinton to make sure that W-2 does not become "welfare reform lite...and late."

First: W-2 should be implemented right away--by Labor Day of this year. We shouldn't wait over a year to end welfare in Wisconsin.

Second: W-2 should really END welfare. It should treat workers like...workers. It should:

- get rid of monthly welfare cash grants for tens of thousands of able-bodied adults;
- require that they work in jobs;
- require that they be paid a wage--the minimum wage;
- require them to pay taxes; and
- allow them to claim the EITC, thus bringing \$50 million of our tax dollars back to Wisconsin.

My question to Governor Thompson and the Republicans in Madison and Washington is this:

Why do you want to delay implementation of W-2?

Why do you want to want able-bodied workers to continue to get welfare checks...instead of paychecks?

Why do you want working people not to get the minimum wage?

Why do you want workers not to pay taxes?

And finally: Why do you want Wisconsin to lose out on over \$50 million of federal EITC payments...money our taxpayers sent to Washington, and which, if W-2 workers were paid wages, would automatically come back to Wisconsin?

WELFARE REFORM

MJS
6.13.96

Six Democrats ask Clinton to order W-2 audit

Program should have
rigorous evaluation,
state legislators say

By JOHN DRESANG
of the Journal Sentinel staff

Six Democrats from the Wisconsin Legislature petitioned President Clinton Friday to require the state to hire an outside firm to "conduct a comprehensive and objective evaluation" of the Wisconsin Works (W-2) welfare plan.

The work-based program — which includes assistance for child care and health care assistance but sets time limits on benefits — would be the most radical overhaul of any state's welfare system, so, the lawmakers reason, it warrants rigorous evaluation.

"Such an evaluation should study the effects on child support collections, the child welfare system, child poverty, health care availability, the impact on long-term family economic health and the impact on the low-wage job market, among others," the letter said.

The letter to Clinton was signed by Sens. Gwen Moore

Continuing coverage of Welfare

Continuing coverage of welfare reform in Wisconsin and the nation.

(D-Milwaukee) and Kimberly Plache (D-Racine) and Reps. Rebecca Young (D-Madison), Shirley Krug (D-Milwaukee), Antonio Riley (D-Milwaukee) and Barbara Notestein (D-Milwaukee).

The Clinton administration is now reviewing a 422-page request from the state seeking federal rule waivers needed for W-2 to take effect late next year.

Evaluations are a standard requirement of waiver applications, because a state welfare reform is considered a "research and demonstration project" under the Social Security Act, which governs the waiver process.

W-2's evaluation plan proposes a break from traditional experimental models, which require a randomly assigned control group that wouldn't participate in the new program.

The state has committed \$1 million for the first year of evaluation with another \$1

Please see WELFARE page 7

Welfare/Audit sought on W-2

From page 1

million expected to be raised from private foundations.

The Democrats contended the evaluation proposal is "severely inadequate" because it is limited to a financial and performance audit.

Instead, the lawmakers urged Clinton to compel the state to follow a plan outlined in 10 pages by John Witte, a professor of political science at the University of Wisconsin-Madison and an associate of the UW's Institute for Research on Poverty. Witte and other researchers have been critical of the lack of evaluation standards in W-2.

The legislators told Clinton they sought his help "because negative evaluations of the Wisconsin welfare reforms, such as Earnfare, have been dismissed by Wisconsin political leaders."

Earlier this month, Democrats asked Republican Gov. Tommy Thompson to drop the Earnfare program, which cuts welfare benefits to families whose teenagers skip school.

Preliminary reports from the Legislative Audit Bureau have suggested that the program has no significant effect on keeping the kids in school. It has cost about \$71 million since it started in 1988 and saved about \$12 million in withheld benefits.

The Thompson administration has defended Earnfare as a deterrent to truancy.

ON WISCONSIN NEWS

[On Wisconsin Main Page](#)

[On Wisconsin News Main Page](#)

W-2 waiver request counts lunches as 'income'

By Joel Dresang
of the Journal Sentinel staff

June 16, 1996

School lunches, student aid and food for mothers and their youngsters would count as income in figuring families' eligibility for the Wisconsin Works (W-2) welfare plan, according to documents filed in Washington.

Categorizing such benefits as income could make it harder for some families to qualify for the work-based welfare program and could raise families' child care payments. It also could make it more difficult for low-income pregnant women and their young children to qualify for health care assistance.

A 30-day public comment period on the Wisconsin Works (W-2) waiver request, now in the hands of the U.S. Department of Health and Human Services, began June 10. To submit comments, write to: Howard Rolston, Administration for Children and Families, 370 L'Enfant Promenade S.W., Aerospace Building, 7th Floor West, Washington, D.C. 20447.

That element is among those some analysts of W-2 are gleaning from the 422-page request that the state submitted May 29 seeking the federal waivers needed for W-2 to take effect. The request spells out for federal officials just how Gov. Tommy Thompson plans to carry out the country's most sweeping overhaul of welfare.

Details of the documents command greater attention now, especially as President Clinton's administration has qualified its once glowing praise of W-2, suggesting through news reports Saturday that it needs to resolve what it considers unclear statements and contradictions in Wisconsin's waiver request.

Jean Rogers, who runs the welfare programs for the Wisconsin Department of Health and Social Services, cautions that not all in the documents is as it appears. Bureaucrats have "shorthand techniques" of communicating to one another in the waiver process, Rogers said, and federal and state workers have begun discussions to clarify what the state is seeking and what the federal government is willing to allow.

"The intent is very clear in the law," Rogers said. "As we work through the negotiation process, we would straighten that out."

Still, an outsiders' look at the application shows that some details of the request contradict the wording of the W-2 law. The request also suggests that under W-2, the state would:

No longer provide child care assistance for poor parents required to work who have children 13 and older with special needs.

Contrary to the wording of the W-2 law, seek no exemption from food stamp work requirements for certain adults enrolled at least half-time in recognized education or training programs.

Some details have even surprised the Thompson administration, which modified its waiver request last Tuesday after the *Journal Sentinel* reported that one provision sought permission to displace existing workers with W-2 participants.

Citing a technical clerical error, the administration clarified that it wanted displacement rights only in cases of established, unfilled job vacancies. The mistake prompted welfare advocates to repeat their pleas for deliberate scrutiny of the W-2 waiver application, to set aside politics to consider the plan's effects.

"Without somebody now looking at it real carefully, we're not going to catch the mistakes, and we're not going to preserve the health and safety of the poor children of Wisconsin," said Carol Medaris, project attorney for the Wisconsin Council on Children and Families.

Medaris said she is especially concerned about all the benefits counted toward W-2 applicants' income for purposes of eligibility as well as for determining child care co-payments and eligibility for the W-2 health plan.

Broadly defined in state law and elsewhere in the waiver application, income -- for eligibility purposes -- includes "all earned and unearned income of the individual," except money received through the Earned Income Tax Credit and benefits from W-2 jobs.

But in the detailed waiver provisions, a list of legal citations specifies that the administration would count as income the value of benefits from an array of federal programs, including: technology-related assistance to disabled individuals, home energy assistance, payments to members of certain Indian tribes and nutrition programs for senior citizens.

All told, such benefits, including housing subsidies and food stamps -- which now count only partly toward income -- could add thousands to a family's annual income, Medaris said.

To qualify for W-2, a family's income has to total less than 115% of the federal poverty level, which is \$12,980 for a family of three.

"I think that provision is particularly troubling," Medaris said of what W-2 includes as income. "That has never been counted, as far as I know, for any other welfare program."

Of the document's reference to which sources of income W-2 would count, Rogers said: "Don't take that statement literally."

Some of the benefits listed may count as income, Rogers said; some may not. "The vast majority" of it, Rogers said, is to learn from federal officials which items can be left out when asking applicants about their sources of income. She said she wouldn't know which items would be counted until they're negotiated.

"There's no hidden package," Rogers said. "We're not looking to make things really different. We're looking to make things simplified."

In fact, Mark Greenberg, an attorney with the Center for Law and Social Policy, doubts that the U.S. Department of Health and Human Services -- which is reviewing the W-2 waiver application -- has

authority to grant permission to define income so broadly.

The department can grant most of the waivers Wisconsin seeks through a provision in the Social Security Act, explained Greenberg, who is studying W-2 for the liberal Washington-based group. Letting Wisconsin count various federal benefits as income, he said, may fall outside the department's authority.

In limiting child care assistance to children ages 12 and younger, the state apparently has overlooked federal requirements that job program participants receive care for all children who are deemed physically or mentally unable to care for themselves.

Nothing in the legislation or the waiver package says the state would provide such care.

"There wasn't any talk about that," said Rep. Barbara Notestein (D-Milwaukee), a member of the Assembly Welfare Reform Committee.

Rogers said W-2 addresses that issue by allowing the low-income parents of older children needing care to count the care they provide as part of their work requirements under the W-2 transitional placement category. The category provides a monthly grant of \$518 a month for 28 hours a week of work and 12 hours weekly in classes or training. With exceptions, the benefits are limited to 24 months.

"There was so much in this bill, that just so much slipped by," said Medaris, who followed W-2 through the Legislature. "That's one of the problems with this. It's just so massive."

The massive details of W-2 could help explain the apparent inconsistencies between the W-2 law and the waiver request. In requesting exemptions from work and training requirements for food stamp recipients, for instance, the state is seeking the flexibility to comply with federal welfare block grants, if Congress provides them, Rogers said. She said the state already is allowed to exempt students enrolled half-time or more, as provided by the W-2 law.

The massive nature of W-2 also means that the plan will need adjustments over time, said state Sen. Peggy Rosenzweig (R-Wauwatosa).

"As we move through implementation, we will make more modifications," Rosenzweig said of the Legislature. "W-2 makes dramatic changes in our welfare system. You're going to see a lot of details that in the future a lot of people are going to have to work through."

Congressman Dave Obey

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

Congressman Dave Obey

FACSIMILE COVER SHEET

DATE: _____

TO: Bruce Reed

LOCATION: _____

TELEPHONE: _____

TELECOPY: _____

NUMBER OF PAGES (including cover): 2

MESSAGE: FYI

FROM: John Deeken

W-2/Waiver could lead to displacement of workers

FEDERAL OK SOUGHT

Waiver could displace workers

Part of W-2 request surprises some officials

By JOEL DRESANI
of the Journal-Sentinel staff

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

From page 1

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.

"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-Peshigo), 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

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."

Please see W-2 page 13

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

Bruce,
FYI. Are we likely to make
changes in waiver on EPSDT?

*The proposed Wisconsin waiver would take away health care from women
and children.*

mail

- The waiver would convert Wisconsin's Medicaid program into a block grant, repealing all guarantees of health coverage. The key Wisconsin state statutory provision reads as follows:

"Notwithstanding fulfillment of the eligibility requirements for any component of Wisconsin works [i.e., including Medicaid], an individual is not entitled to services or benefits under Wisconsin works."¹

This statute further provides that the waived program is "in lieu of .. the medical assistance program under" the federal Medicaid Act,² making even clearer that the intent is to replace Medicaid with a block grant.

- Many children and parents guaranteed Medicaid under current law would lose health coverage if they work. Children age 12 and older and parents could no longer receive Medicaid if they are offered health coverage through work, even if they are never actually covered because they are asked to pay unaffordable premium amounts (including, in some cases, the entire premium).
- The waiver would deny necessary health care to children. Wisconsin would be the only state exempt from the requirement under Medicaid's Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program that children receiving Medicaid must be covered for the full range of medically necessary health care they require. The state could deny coverage of a particular prescription drug, for example, even if no other service would cure a child's illness. No other state has received such a Medicaid waiver applicable to children eligible for Medicaid under existing law.

Per CDF

¹ Wisconsin Statutes 49.141, Section (4) (emphasis added).

² Id., Section (1)(a) (emphasis added).

104th Congress
2d Session

H. RES. _____

H.R. 3562 -- The Wisconsin Works Waiver Approval Act

1. Modified closed rule.
2. Provides for the adoption of the amendment printed in Section 2 of the resolution.
3. Provides one hour of debate equally divided between the chairman and ranking minority member of the Committee on Ways and Means or their respective designees.
4. Provides for the consideration of an amendment offered by Representative *Kezsa* Obey of Wisconsin or his designee, which shall be considered as read and shall be debatable for one hour equally divided and controlled by the proponent and an opponent.
5. Provides one motion to recommit *w/ or w/out instructions*.

RESOLUTION

Resolved, That upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 3562) to authorize the State of Wisconsin to implement the demonstration project known as "Wisconsin Works." The amendment printed in section 2 of this resolution shall be considered as adopted. The previous question shall be considered as ordered on the bill, as amended, and on any further amendment thereto to final passage without intervening motion except (1) one hour of debate on the bill, as amended, which shall be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means or their respective designees; (2) one motion to amend by Representative Obey of Wisconsin or his designee, which shall be considered as read and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

Sec. 2. The amendment to the bill considered as adopted pursuant the first section of this resolution is as follows:

In section 1(d) of the bill, strike "subsection (b)(2) exceeds the amount described in subsection (b)(1)" and insert in lieu thereof "subsection (b)(1) exceeds the amount described in subsection (b)(2)".

HR 3562

1
2
3
4 An amendment offered by Mr. Kleczka, Mr. Obey, Mr. Barrett of Wisconsin.

5
6 Strike all after the enacting clause and insert:
7
8

9 **"SECTION 1. URGING IMPLEMENTATION OF WISCONSIN**
10 **WORKS DEMONSTRATION PROJECT.**

11 Upon presentation by the State of Wisconsin of the document
12 entitled "Wisconsin Works" as signed into state law by the Governor of
13 Wisconsin on April 26, 1996 to the appropriate Federal official with respect
14 to any Federal entitlement program specified in such document, such official
15 is urged to waive compliance with the requirements of Federal law with
16 respect to such program to the extent and for the period necessary to enable
17 the State of Wisconsin to carry out the demonstration described in the
18 document upon meeting these requirements:

19 (1) Such official shall publish a notice in the Federal Register
20 describing the proposed changes to Federal programs contained in the
21 document scheduled under Wisconsin law to go into effect in October, 1997,
22 and provide for a 30 day comment period to receive public comments from
23 the citizens of Wisconsin and interested parties.

24 (2) Such official shall provide for expedited consideration of the
25 demonstration project described in the document under the procedures
26 otherwise required by law, except that such official shall complete such

1 consideration not later than July 31, 1996, compatible with the State schedule
2 established in such document.

3 (3) Such official shall certify that the plan does in fact contain the
4 features described by the Governor of Wisconsin on page four of the
5 document entitled Wisconsin Works, March 1996 (publication number
6 PES893).

7 **SECTION 2. PROVIDING FUNDING AUTHORITY FOR**
8 **IMPLEMENTATION.**

9 (a) The costs of carrying out the demonstration project which would
10 not otherwise be included as expenditures under such program shall be
11 regarded as expenditures under such program.

12 (b) **LIMITATION OF COSTS** -- Subsection (a) shall not apply to the
13 extent that --

14 (1) the sum of such costs and the expenditures of the State of
15 Wisconsin under all programs to which Section 1 applies during any testing
16 period exceeds

17 (2) the total amount that would be expended under such
18 programs during such testing period in the absence of the demonstration
19 project.

20 (c) **TESTING PERIOD.** -- For purposes of subsection (b), the testing
21 periods are --

22 (1) the 5-year period that begins with the date of the
23 commencement of the demonstration project, and

24 (2) the period of the demonstration project.

1 —(d) RECAPTURE OF EXCESS.— If at the close of any testing period,
2 the Secretary of Health and Human Services determines that the amount
3 described in subsection (b)(~~2~~) exceeds the amount in subsection (b)(~~1~~)² for
4 such period, such Secretary shall withhold an amount equal to such excess
5 from amounts otherwise payable to the State of Wisconsin under section 403
6 of the Social Security Act (relating to the program of aid to families with
7 dependent children) for the first fiscal year beginning after the close of such
8 period. The preceding sentence shall not apply to the extent such Secretary
9 is otherwise paid such excess by the State of Wisconsin.

10 **SECTION 3. NO EFFECT ON CERTAIN OTHER WAIVERS**
11 **GRANTED TO THE STATE OF WISCONSIN.**

12 This Act shall not be construed to affect the terms or conditions of any
13 waiver granted before the date of the enactment of this Act to the State of
14 Wisconsin under section 1115 of the Social Security Act, including earned
15 waiver savings and conditions. The current waivers are considered a
16 precondition and can be subsumed as part of the Wisconsin Works
17 demonstration.

18 **SECTION 4. AUTHORITY TO PARTICIPATE UNDER**
19 **SUBSEQUENT LEGISLATION.**

20 If, after the date of enactment of this Act, any Federal law is enacted
21 which modifies the terms of, or the amounts of expenditures permitted under,
22 any program to which section 1 applies, the State of Wisconsin may elect to
23 participate in such program as so modified.

24 **SECTION 5. EFFECTIVE DATE.**

25 Sections 2, 3 and 4 of this Act shall become effective on the date that a
26 waiver is approved pursuant to the conditions stated in Section 1.

On Wisconsin Main Page
On Wisconsin News Main Page

FAX TO BRUCE

TRAHM

FROM MELISSA

W-2 waiver request counts lunches as 'income'

By Joel Dressang
of the Journal Sentinel staff

June 16, 1996

School lunches, student aid and food for mothers and their youngsters would count as income in figuring families' eligibility for the Wisconsin Works (W-2) welfare plan, according to documents filed in Washington.

Categorizing such benefits as income could make it harder for some families to qualify for the work-based welfare program and could raise families' child care payments. It also could make it more difficult for low-income pregnant women and their young children to qualify for health care assistance.

A 30-day public comment period on the Wisconsin Works (W-2) waiver request, now in the hands of the U.S. Department of Health and Human Services, began June 10. To submit comments, write to: Howard Robston, Administration for Children and Families, 370 L'Enfant Promenade S.W., Aerospace Building, 7th Floor West, Washington, D.C. 20447.

That element is among those some analysts of W-2 are gleaming from the 422-page request that the state submitted May 29 seeking the federal waivers needed for W-2 to take effect. The request spells out for federal officials just how Gov. Tommy Thompson plans to carry out the country's most sweeping overhaul of welfare.

Details of the documents command greater attention now, especially as President Clinton's administration has qualified its once glowing praise of W-2, suggesting through news reports Saturday that it needs to resolve what it considers unclear statements and contradictions in Wisconsin's waiver request.

Joan Rogers, who runs the welfare programs for the Wisconsin Department of Health and Social Services, cautions that not all in the documents is as it appears. Bureaucrats have "shorthand techniques" of communicating to one another in the waiver process, Rogers said, and federal and state workers have begun discussions to clarify what the state is seeking and what the federal government is willing to allow.

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W-2 waiver request court

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In fact, Mark Greenberg, an attorney with the Center for Law and Social Policy, doubts that the U.S. Department of Health and Human Services -- which is reviewing the W-2 waiver application -- has authority to grant permission to define income so broadly.

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Nothing in the legislation or the waiver package says the state would provide such care.

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"There was so much in this bill, that just so much slipped by," said Medaris, who followed W-2 through the Legislature. "That's one of the problems with this. It's just so massive."

The massive details of W-2 could help explain the apparent inconsistencies between the W-2 law and the waiver request. In requesting exemptions from work and training requirements for food stamp recipients, for instance, the state is seeking the flexibility to comply with federal welfare block grants, if Congress provides them, Rogers said. She said the state already is allowed to exempt students enrolled half-time or more, as provided by the W-2 law.

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Church is cool to Wisconsin

By PAMELA SCHAEFFER
NCR Staff

Catholic leaders in Wisconsin have expressed strong reservations about some aspects of that state's radical welfare plan, which ends cash payments to children. The "Wisconsin Works" plan replaces Aid to Families with Dependent Children with a requirement that parents work, preferably in the private sector, along with cash grants to supplement workers' pay.

The program provides assistance to employers who provide jobs and makes available cash grants for community service jobs for people unable to get jobs in the private sector.

In return for 40 hours of work or job training, a family, or "work unit," employed outside the public sector would receive a cash grant amounting to 70 to 75 percent of what they would earn if working for minimum wage.

People who are unable to hold steady jobs would be steered into provisional jobs or rehabilitation programs.

The plan, signed into law on April 25 and awaiting federal approval, has been praised for its shift from welfare to work and for its broad support to the working poor. Health and child-care subsidies are offered to all working families in the program, which is expected to cost about \$40 million a year, or 13 percent more than current welfare programs.

President Clinton has apparently endorsed the plan, which needs federal approval because it annuls some federal welfare guarantees.

Many child-welfare advocates have opposed the program as undercutting aid to needy children. Critics also cite a five-year limitation on job subsidies, pointing out that people who comply with the program but cannot find unsubsidized work could be let out.

John Heubscher, executive director of the Wisconsin Catholic Conference, said the plan has merits, but unless

amended will worsen conditions for the poor. The conference is the public policy arm of Wisconsin's Catholic bishops.

In a letter to Donna Shalala, secretary of the U.S. Department of Health and Human Services, Heubscher criticized the plan for its removal of all entitlements.

"Catholic social teaching holds that the poor, especially children, have a moral claim on the resources of the community needed to secure the necessities of life," he wrote, noting that Aid to Families with Dependent Children has served as the vehicle for honoring that claim.

The policy "replaces an imperfect attempt to help the poor with a calculated decision to abandon them," he

The policy 'replaces an imperfect attempt to help the poor with a calculated decision to abandon them.'

—John Heubscher

wrote. "It is not welfare reform, but welfare repeal."

Heubscher also criticized the program for undervaluing parenting by requiring mothers to work 12 weeks after a child is born and for undervaluing work by providing less than minimum wage for people in community service or transitional jobs.

Noting that opponents of a higher minimum wage describe it as a "training wage" for those who lack job experience or skills, Heubscher wrote, "It is patently unfair to argue on one hand that a minimum wage need not equal a family wage and then establish an even lower wage for parents of families on public assistance who lack work experience."

A strength of the proposal, Heubscher said, is that it does not discrimi-

welfare plan

nate against two-parent families. Currently welfare is weighted toward single parents.

The plan has been in operation as a pilot program in two Wisconsin counties since Jan. 1, 1995, with some success.

For example, Caroline Hanvelt, a divorced mother who had relied at times on food stamps to feed her large family, had always hoped to return to school. She was angry at first when told she'd have to enter the pilot program.

"I'd been out of school for 25 years," she said, "then I realized I could do it and I feel great about it." She went back to school and completed high school requirements. She is now working as a teacher's aide, earning more than \$7 an hour at the school where she formerly worked for less money as a custodian.

Her daughter, Kira, who wants to become a certified nursing assistant, voluntarily entered the program in order to speed up her training. She noted that day care can cost up to \$300 a week, \$100 more than the \$200-per-child allotment the program provides, especially if children are young.

Religious leaders in Wisconsin say many needs not covered by the program will have to be met by churches and charitable groups. Leaders estimate that each of the state's 4,000 Catholic and Protestant churches would have to raise \$30,750 a year in supplemental funds.

Although Clinton appeared to endorse the plan, saying he was encouraged by the state's "sweeping welfare reform... one of the boldest yet attempted in America," Huebscher said he is waiting to learn just what that means. "Our experience in dealing with Clinton is that you look for the fine print," he said. "He gave broad support but stopped short of saying he's going to approve it as is. That leaves the door open to the possibility that he will modify it by not granting some of the federal waivers."

Huebscher's letter strongly urges that waivers be disapproved. "At the very least, a denial of services should be based on a willful failure to comply with program requirements and not the state's unwillingness to provide funds for all who are eligible," he wrote. "Further, the state's denial of assistance must be accompanied by a plan to care for the children affected by a parent's willful failure to comply."

In the letter to Shalala, Huebscher also criticized the program for its "one-size-fits-all approach," in which families receive the same amount of funding regardless of size.

In a telephone interview, Huebscher said, "We are concerned about the impact on the Hmong population," where large families are common. About 43,000 Hmong live in Wisconsin, he said. ■

Joseph M. Winter of Hudson, Wis., contributed to this story.

WISCONSIN'S WELFARE WAIVERS: "MISTAKES" WERE MADE

Wisconsin recently-submitted its welfare waiver requests necessary to implement "Wisconsin Works," or "W-2," but the state's haste in submitting the waivers resulted in "mistakes" that Wisconsin later requested to change. In addition, close examination of the waiver request reveals various inconsistencies with its own Wisconsin Legislature-passed welfare reform law. According to Wisconsin's original waivers, its welfare reform plan would have:

ALLOWED COMPANIES TO FIRE CURRENT WORKERS AND HIRE WELFARE RECIPIENTS. Wisconsin's original, 400-page waiver request included hidden provisions that would allow companies, when placing welfare recipients in "W-2" jobs to:

- ▶ Displace current workers.
- ▶ Break existing union contracts and collective bargaining agreements.
- ▶ Infringe on promotional opportunities of current workers.

"Embarrassed Thompson administration" submitted waiver changes. According to a top state welfare official, "I'm not sure why it's in there. Our intent is not to interfere with any union contracts or to displace workers or to infringe upon promotional opportunities." An "embarrassed Thompson administration" later submitted changes to portions of the waiver request to remove the provisions. [Milwaukee Journal-Sentinel, 6/11/96; 6/16/96; Capital Times, 6/11/96]

Other provisions of the waiver request show that "W-2:"

IGNORES FEDERAL LAW IN ELIMINATING CARE FOR SPECIAL-NEEDS KIDS

The Milwaukee Journal-Sentinel reports that the waiver application "shows that some details of the request contradict the wording of the W-2 law." For instance, the "W-2" waiver would end child care assistance for parents with special-needs children older than 12 years old, and in doing so, "the state apparently has overlooked federal requirements that job program participants receive care for all children who are deemed physically or mentally unable to care for themselves Nothing in the legislation or the waiver package says the state would provide such care." [6/16/96]

COUNTS KIDS' LUNCHEAS AS FAMILY INCOME. Wisconsin's waiver request include provisions to count non-cash benefits -- including school lunches, elderly nutrition and home energy assistance -- as *income* to determine who is eligible for "W-2." If granted, the waivers would allow Wisconsin to count all federal non-cash benefits as income. By categorizing food as income, Wisconsin could:

- ▶ Make it harder for some families to qualify for the work-based reform proposal;
- ▶ Raise families' child care payments;
- ▶ Make it more difficult for low-income pregnant women and their children to qualify for health care assistance. [Milwaukee Journal-Sentinel, 6/16/96]

W-2 waiver could lead to displacement of workers

MJS
6/11/96

From page 1

P-13A

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."

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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.

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"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."

anted Sept. 15 by U.S. District Judge Thomas Curran. He faces up to five years in prison and fines of up to \$1.56 million. Vittek Supply Corp., partly owned by Doppenberg, could be fined up to \$500,000 on each of six counts and lesser amounts on the others.

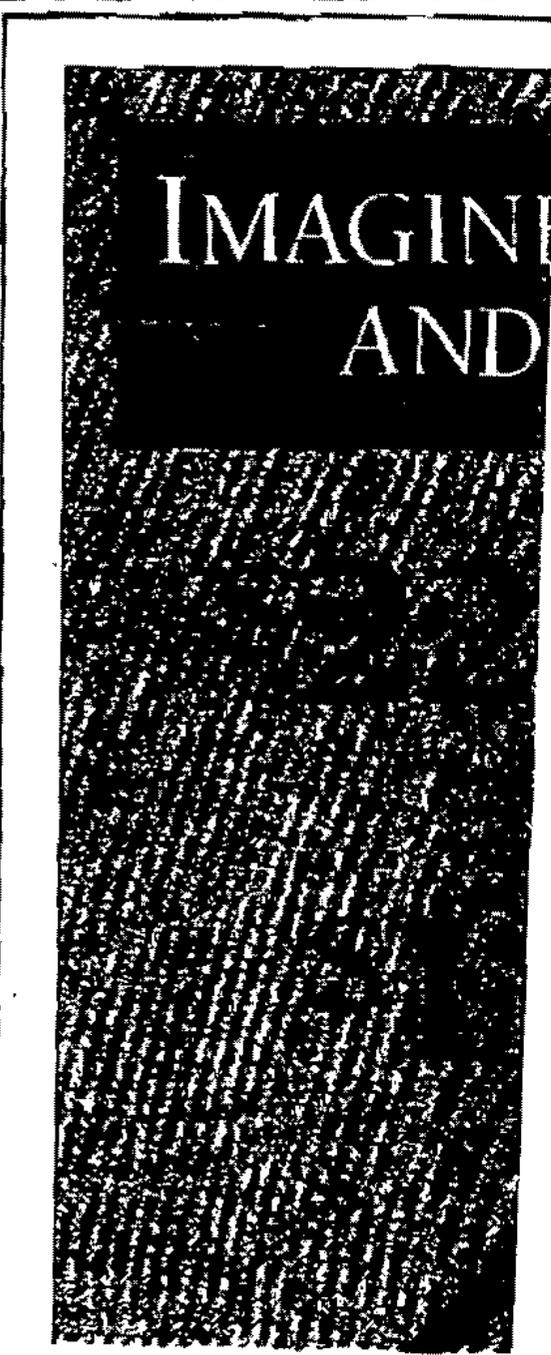
Schneider said the verdicts marked the first convictions in the nation where one of the smuggled drugs, Clenbuterol, was introduced wholesale into animals being raised solely for human consumption and not just used on show animals.

Assistant U.S. Attorney Eric Klumb, the chief prosecutor in the case, argued at the trial that Clenbuterol added as much as 25% more weight to growing

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Fire kills 10 falcons at Idaho center

Associated Press

Boise, Idaho — Fire swept through a barn at the World Center for Birds of Prey on the southern Idaho desert early Monday, killing 10 falcons important to conservation efforts.

The cause of the fire was believed to be electrical, said Peregrine Fund president Bill Burnham.

Milwaukee Journal-Sentinel
6/12/96

ON WISCONSIN MILWAUKEE NEWS

[On Wisconsin Main Page](#)

[On Wisconsin News Main Page](#)

State Admits Error On Waiver Request

By Joel Drezang
of the Journal Sentinel staff

June 12, 1996

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 vacancies.

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 Barren (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."

Mathews 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, Mathews said, and not in the narrative for the waivers.

"There probably should have been more proofreading," said Rep. John Dabyns (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.

Mathews stood by the waiver request as presented.

"We don't anticipate there are any other inconsistencies," he said.

-2

W-2/State to modify waiver request after glitch on jobs surfaces

U.S. Rep. Tom Barrett (D-Wis.):

"We're seeing what the difficulties are of rubber-stamping this document."

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The Capital Times

6/11/96

p. cover

Welfare waiver lets W-2 clients bump employees

Staff news service

An embarrassed Thompson administration scrambled today to explain a controversial W-2 welfare waiver request that could allow aid recipients to displace other workers.

"We are simply trying to clear up some technicalities in current labor law," said Jim Malone, a spokesman for the state Department of Health and Social Services.

"Existing state law prevents using W-2 participants as replacement workers and that law will stand," he said.

"The waivers seek more flexibility in finding training opportunities for W-2 participants who need them," Malone said.

Others weren't so sure about how the request ended up on President Clinton's desk.

"I'm not sure why it's in there," Gary Kuhnert, director of the state Bureau of Welfare Initiatives, was quoted by the Associated Press as saying.

His boss, Jean Rogers, was out of Madison and unavailable for com-

Continued on Page 6A

Welfare waiver

Continued from Page 1A

ment this morning.

The request was included in the waivers that the Republican-controlled U.S. House of Representatives approved last week.

Normally waiver requests provide for a 30-day period for comment and criticism of a state's plan. But the Republicans, apparently with one eye on the upcoming presidential elections, moved to bypass the comment and review period. Earlier, President Clinton had endorsed the concept of W-2.

Federal approval is needed because Washington funds 60 percent of Wisconsin's Medicaid and AFDC programs.

The waiver request, among 28 submitted for consideration, asks for permission to allow those on W-2 work assignments to partially displace current workers, according to the Milwaukee Journal Sentinel.

In addition, the waiver requests seek to impair existing contracts for services or collective bargaining agreements and infringe on promotional opportunities of cur-

rent workers, according to the Milwaukee Journal Sentinel.

The waivers are being sought so that the state can proceed with its Wisconsin Works, or W-2, plan to replace welfare with a job program.

The new program would require welfare recipients to find work or take job training to prepare for employment. The state could provide benefits to those starting out on private jobs.

David Newby, president of the state AFL-CIO, said he was surprised by the provision allowing displacement of current workers.

Rep. John Gard, R-Peshigo, said he thought the W-2 package included protections for workers against being displaced.

John Matthews, the governor's chief of staff, declined comment on specifics of the waiver request and the displacement matter.

"What I can say in general is that we need those workers to be treated as much as possible like general workers in the workplace," he said. "We can't have them discriminated against because they're W-2 workers."

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Milwaukee Journal Sentinel

June 16, 1996 Sunday Final

SECTION: News Pg. 1

LENGTH: 1301 words

HEADLINE: W-2 waiver request counts lunches as income'

BYLINE: JOEL DRESANG

SOURCE: Journal Sentinel staff

BODY:

School lunches, student aid and food for mothers and their youngsters would count as income in figuring families' eligibility for the Wisconsin Works (W-2) welfare plan, according to documents filed in Washington.

Categorizing such benefits as income could make it harder for some families to qualify for the work-based welfare program and could raise families' child care payments. It also could make it more difficult for low-income pregnant women and their young children to qualify for health care assistance.

That element is among those some analysts of W-2 are gleaning from the 422-page request that the state submitted May 29 seeking the federal waivers needed for W-2 to take effect. The request spells out for federal officials just how Gov. Tommy Thompson plans to carry out the country's most sweeping overhaul of welfare.

Details of the documents command greater attention now, especially as President Clinton's administration has qualified its once glowing praise of W-2, suggesting through news reports Saturday that it needs to resolve what it considers unclear statements and contradictions in Wisconsin's waiver request.

Jean Rogers, who runs the welfare programs for the Wisconsin Department of Health and Social Services, cautions that not all in the documents is as it appears. Bureaucrats have "shorthand techniques" of communicating to one another in the waiver process, Rogers said, and federal and state workers have begun discussions to clarify what the state is seeking and what the federal government is willing to allow.

"The intent is very clear in the law," Rogers said. "As we work through the negotiation process, we would straighten that out."

Still, an outsiders' look at the application shows that some details of the request contradict the wording of the W-2 law. The request also suggests that under W-2, the state would:

No longer provide child care assistance for poor parents required to work who have children 13 and older with special needs.

Contrary to the wording of the W-2 law, seek no exemption from food stamp work requirements for certain adults enrolled at least half-time in recognized education or training programs.

Some details have even surprised the Thompson administration, which modified its waiver request last Tuesday after the Journal Sentinel reported that one provision sought permission to displace existing workers with W-2 participants.

Citing a technical clerical error, the administration clarified that it wanted displacement rights only in cases of established, unfilled job vacancies. The mistake prompted welfare advocates to repeat their pleas for deliberate scrutiny of the W-2 waiver application, to set aside politics to consider the plan's effects.

"Without somebody now looking at it real carefully, we're not going to catch the mistakes, and we're not going to preserve the health and safety of the poor children of Wisconsin," said Carol Medaris, project attorney for the Wisconsin Council on Children and Families.

Medaris said she is especially concerned about all the benefits counted toward W-2 applicants' income for purposes of eligibility as well as for determining child care co-payments and eligibility for the W-2 health plan.

Broadly defined in state law and elsewhere in the waiver application, income for eligibility purposes includes "all earned and unearned income of the individual," except money received through the Earned Income Tax Credit and benefits from W-2 jobs.

But in the detailed waiver provisions, a list of legal citations specifies that the administration would count as income the value of benefits from an array of federal programs, including: technology-related assistance to disabled individuals, home energy assistance, payments to members of certain Indian tribes and nutrition programs for senior citizens.

All told, such benefits, including housing subsidies and food stamps which now count only partly toward income could add thousands to a family's annual income, Medaris said.

To qualify for W-2, a family's income has to total less than 115% of the federal poverty level, which is \$12,980 for a family of three.

"I think that provision is particularly troubling," Medaris said of what W-2 includes as income. "That has never been counted, as far as I know, for any other welfare program."

Of the document's reference to which sources of income W-2 would count, Rogers said: "Don't take that statement literally."

Some of the benefits listed may count as income, Rogers said; some may not.

"The vast majority" of it, Rogers said, is to learn from federal officials which items can be left out when asking applicants about their sources of income. She said she wouldn't know which items would be counted until they're negotiated.

"There's no hidden package," Rogers said. "We're not looking to make things really different. We're looking to make things simplified."

In fact, Mark Greenberg, an attorney with the Center for Law and Social Policy, doubts that the U.S. Department of Health and Human Services which is reviewing the W-2 waiver application has authority to grant permission to define income so broadly.

The department can grant most of the waivers Wisconsin seeks through a provision in the Social Security Act, explained Greenberg, who is studying W-2 for the liberal Washington-based group. Letting Wisconsin count various federal benefits as income, he said, may fall outside the department's authority.

In limiting child care assistance to children ages 12 and younger, the state apparently has overlooked federal requirements that job program participants receive care for all children who are deemed physically or mentally unable to care for themselves.

Nothing in the legislation or the waiver package says the state would provide such care.

"There wasn't any talk about that," said Rep. Barbara Notestein (D-Milwaukee), a member of the Assembly Welfare Reform Committee.

Rogers said W-2 addresses that issue by allowing the low-income parents of older children needing care to count the care they provide as part of their work requirements under the W-2 transitional placement category. The category provides a monthly grant of \$518 a month for 28 hours a week of work and 12 hours weekly in classes or training. With exceptions, the benefits are limited to 24 months.

"There was so much in this bill, that just so much slipped by," said Medaris, who followed W-2 through the Legislature. "That's one of the problems with this. It's just so massive."

The massive details of W-2 could help explain the apparent inconsistencies between the W-2 law and the waiver request. In requesting exemptions from work and training requirements for food stamp recipients, for instance, the state is seeking the flexibility to comply with federal welfare block grants, if Congress provides them, Rogers said. She said the state already is allowed to exempt students enrolled half-time or more, as provided by the W-2 law.

The massive nature of W-2 also means that the plan will need adjustments over time, said state Sen. Peggy Rosenzweig (R-Wauwatosa).

"As we move through implementation, we will make more modifications," Rosenzweig said of the Legislature. "W-2 makes dramatic changes in our welfare system. You're going to see a lot of details that in the future a lot of people are going to have to work through."

A 30-day public comment period on the Wisconsin Works (W-2) waiver request, now in the hands of the U.S. Department of Health and Human Services, began June 10. To submit comments, write to: Howard Rolston, Administration for Children and Families, 370 L'Enfant Promenade S.W., Aerospace Building, 7th Floor West, Washington, D.C. 20447.

GRAPHIC: Chart

Journal Sentinel, Journal Sentinel research

Key dates in W-2's history

1993: Oct. 26: Wisconsin legislature passes a Democratic proposal to end AFDC by 1999 on a 92-6 vote in the Assembly.

1994: Nov. 8: Republicans gain majority in both houses of Wisconsin Legislature.

1995: Aug. 3: Gov. Tommy Thompson introduces Wisconsin Works (W-2) plan.

1996: March 14: Legislature passes W-2 on 27-6 vote in the Senate.

April 25: Thompson signs W-2 into law.

May 18: Republican presidential candidate Bob Dole endorses W-2 in Fond du Lac address.

May 29: Thompson submits request for federal waivers needed for W-2.

June 6: U.S. House of Representatives vote 289-136 to grant W-2 waivers without federal review. Measure awaits Senate review.

A 30-day comment period on W-2 waivers begins with notice in Federal Register.

LOAD-DATE: June 17, 1996

FAX COVER SHEET

June 11, 1996



TO: Bruce Reed
202/456-5557

FROM: David Rierner
Office of Mayor John O. Norquist

THE FOLLOWING FAX TRANSMISSION CONTAINS 6 PAGES INCLUDING THIS COVER SHEET.

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

MESSAGE:

Bruce--

Attached is the memo I promised you showing you how the W-2 child care co-pay can be restructured to eliminate effective tax rates in excess of 100% (except for two "cliffs"), so that for the typical worker work will almost always pay. If you want the entire child care co-pay schedule, please contact Steve Holt at 414/286-5582 or me at 414/286-8577.

As the memo notes, this approach actually saves the state money. The savings could be used to remove one of the "cliffs."

Also attached is the latest W-2 story to appear in the Milwaukee Journal/Sentinel. It came out today...front page.

David

6/10/96

W-2 CHILD CARE CO-PAYMENT ALTERNATIVES

Governor's Proposed Co-Payment Schedule: Making Work Not Pay

Governor Thompson's veto message indicates the Department of Workforce Development will create administratively the same child care co-payment schedule vetoed in the legislation. In most cases, that schedule's sharp increase in co-payments means that, as family income rises above 95% of the federal poverty line (FPL), workers end up with lower incomes.

The negative impact of child care co-payments on income is not occasional or isolated. In fact, it affects almost every participant earning more than \$6.00 an hour. This is the entry wage level Governor Thompson touts for private sector placements; unfortunately, reaching this top rung of the W-2 "job ladder" will almost never pay.

Alternative

The President should require that the child care co-payment schedule assures that the average W-2 participant who earns a higher wage will typically have a higher net income.

Two "Cliff" Problems

Making work pay most of the time (*i.e.*, higher wages usually yielding higher net incomes) can be achieved within the W-2 framework, but making work pay *all* the time (*i.e.*, every wage increase resulting in higher income) cannot. Two "cliffs" -- points at which an additional \$1 triggers a full loss of benefits -- preclude making work pay in all cases.

Food Stamps recipients typically lose eligibility at a cliff point, and the amount of benefits lost far exceeds any accommodation W-2 can provide. Without changes in Food Stamps law (or state initiative of a waiver program), W-2 participants will see the same drop in net income experienced by all other Food Stamps recipients.

The second cliff involves child care subsidies. A more sensible phase-out would be graduated to at least 200% of FPL. However, the W-2 legislation provides a statutory eligibility cap of 165% of FPL. The only means of lowering the typical marginal effective tax rate below 100% within this constraint is to have a cliff point at 165% of FPL. The merit of this approach is that the potential burden on families is isolated to this income level while the pro-work incentives are provided to families over a broad range of incomes.

The proposed alternative will likely reduce state expenditures for child care subsidies. The President could condition continuation of the waiver beyond 1997 on a state statutory change that would direct these savings to increasing the income eligibility ceiling for W-2 child care (thus removing the cliff effect).

Variability in Impact

The actual impact of child care co-payment rates on individual families will vary considerably, because the co-pay varies based on both income and cost of care. Moreover, marginal effective tax rates will vary due to other factors (for example, Food Stamps benefit levels are affected by rent and utility expenses).

The largest variable will be cost of care. Variances will include:

- number of children (although some providers offer multiple enrollment discounts, costs rise sharply with the number of children requiring care)
- age of children (infant/toddler care is more expensive than preschool care; school-age children require fewer hours of care)
- county of residence (each county sets its own maximum reimbursement rates based on the local market)
- type of care (there is a five-tier reimbursement rate structure, with the highest tier (accredited center) more than twice the level of the lowest (provisional certified family))

Given these variations, the standard should be tied to the impact on typical W-2 participant. Based on case projections, reasonable assumptions can be made about an "average" family.

EFFECT OF ALTERNATIVE W-2 CHILD CARE CO-PAYMENT SCHEDULE

1 parent, 2 children

Hourly Wage	Yearly Earnings	Net Benefits & Taxes*	Net Income (w/o co-pays)	Governor's Child Care Co-Payment	Net Income (after both W-2 co-pays)	Marginal Effective Tax Rate**	Alternative Child Care Co-Payment	Net Income (after both W-2 co-pays)	Marginal Effective Tax Rate**
\$4.25	\$8,500	\$7,596	\$16,096	\$664	\$15,124	-19%	\$1,164	\$14,760	0%
\$5.00	\$10,000	\$7,362	\$17,362	\$885	\$16,087	72%	\$1,989	\$15,282	80%
\$6.00	\$12,000	\$6,627	\$18,627	\$885	\$17,197	59%	\$3,064	\$15,628	92%
\$7.00	\$14,000	\$5,463	\$19,463	\$2,368	\$16,636	138%	\$3,714	\$15,728	95%
\$8.00	\$16,000	\$4,252	\$20,252	\$4,124	\$15,872	138%	\$4,214	\$15,814	94%
\$9.00	\$18,000	\$745	\$18,745	\$5,881	\$12,624	128%	\$4,864	\$13,641	98%
\$10.00	\$20,000	(\$52)	\$19,948	\$7,637	\$12,071	128%	\$5,964	\$13,744	95%

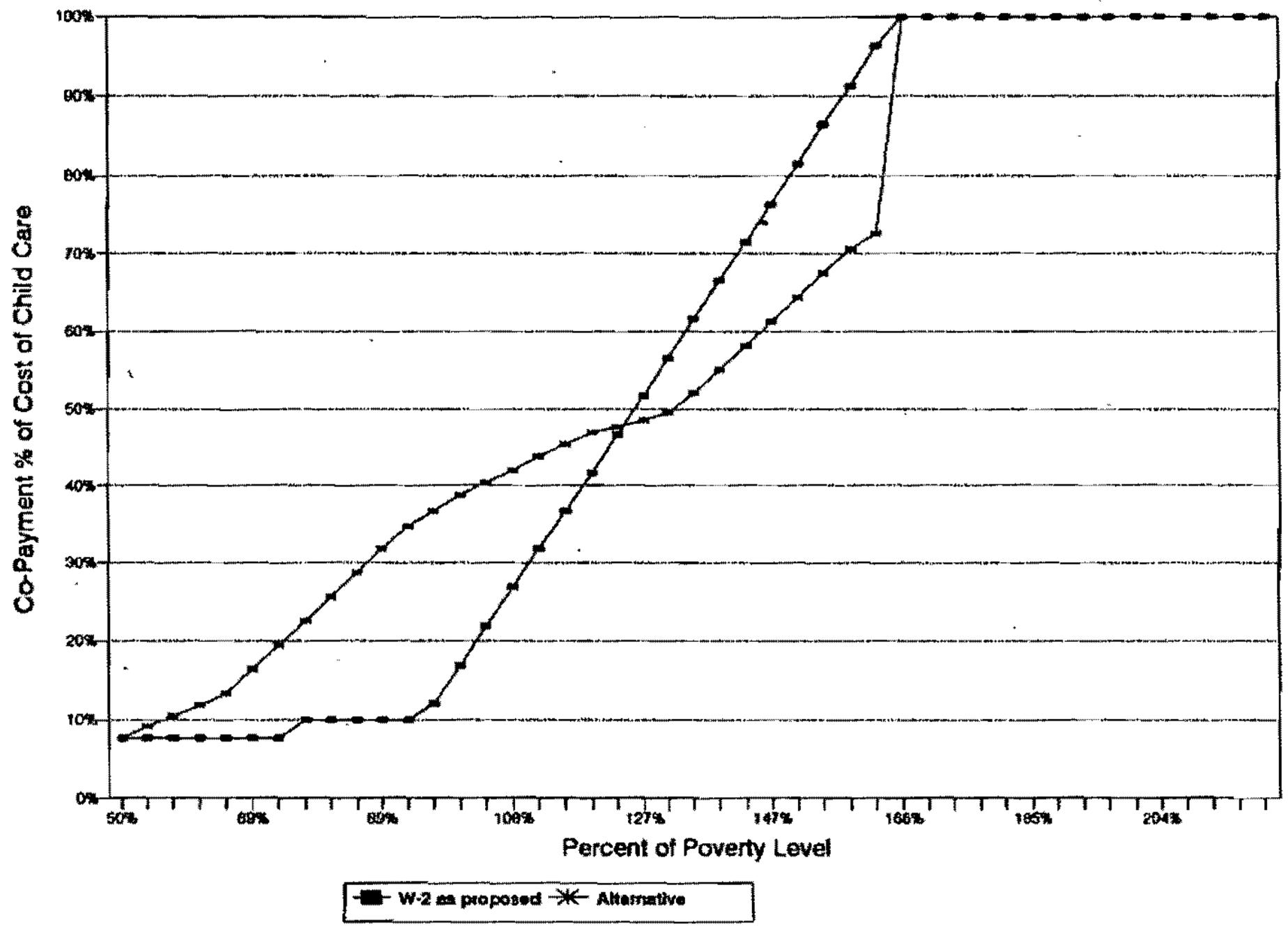
Child care at Milwaukee County certified family rate
(one infant/toddler & one preschool)

- * Food Stamps eligibility lost at approximately \$17,000
- ** marginal effective tax rate calculated for effect of \$500 increase in earnings

10 Jun 96

W-2 CHILD CARE CO-PAYMENT ALTERNATIVES

1 parent/2 child -- Milw Co (Certified)



Milwaukee Journal Sentinel
Tuesday, June 11, 1996

FEDERAL OK SOUGHT Waiver could displace workers

Part of W-2 request
surprises some officials.

By JOEL DRISANG
of the Journal Sentinel staff

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

Please see W-2 page 13

W-2/Waiver could lead to displacement of workers

From page 1

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.

"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-Peshigo), 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."

6/12/96

Draft Talking Points - Wisconsin

"Based on Governor Thompson's previous statements, we assume that he plans to provide Medicaid and child care to all single women who need it in order to get off welfare and go to work. He has said, and we agree, that there are several things you have to do get people off welfare, and the first one is medical coverage for children and for the mothers. That's number one. And you have to make sure that the mothers are covered by health insurance and their children are. The second impediment to getting people off welfare is child care. And you have to invest more money in child care if you expect mothers to go to work." (Remarks at the National Press Club, 6/29/96).

"There must be a guarantee of Medicaid coverage."

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

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

Off the Record points to make

We're not going to get the Wisconsin legislation passed in the House. It violates the Senate "pay go" rules as written, and will be subject to points of order and filibusters. And besides, Thompson now says he doesn't want the waiver exactly as submitted.

The state is still amending its waiver request, and has discovered that it inadvertently requested some displacement-related waivers it doesn't actually want. That's why HHS should go through its normal review process, and why Congress shouldn't pass ill-conceived and political legislation.

Let's remember what the President actually said in his radio address. The President said: "The state says it will also see to it that families have health care and child care, so that parents can go to work without worrying about what will happen to their children."

As a factual matter, the partial waiver request we got on May 8, before the President's radio address, did not eliminate the Medicaid entitlement (note: it mentioned the child care co-payment, but not the health care co-payment). The President made his radio address on May 18, the official waiver request came in on May 29, and the 30-day comment period started on June 10.

We want to approve the Medicaid waiver too, if we can, but that's not what the President had before him when he made the radio address. Here, as with welfare, we can get to a "yes" if Wisconsin keeps the Medicaid guarantee, and we think they will. We've already granted some pretty innovative waivers, including TennCare, which cuts costs and expand coverage. You don't need to end the Medicaid entitlement to achieve budget neutrality.

Budget neutrality

Medicaid waiver has complexities beyond guarantee -

premium
employe coverage

If there is back door way to cut coverage amount, we're against it
If state wants to expand coverage, they should have no probs w/ guarantee.

Factual answers

The time limit language in the submission seems to state that Wisconsin would like to take its already approved demonstration statewide. That time limit was approved on November 1, 1993, and states that extensions will be granted from the time limit for disabled adults, adults caring for a disabled dependent, and "persons who have made all appropriate efforts to find work and are unable to find employment because local labor market conditions preclude a reasonable job opportunity."

Wisconsin was granted a waiver in 1992 by the Bush Administration to allow them to provide lower benefits to recent residents of the state than to long-term residents. A similar demonstration granted to California by the Bush Administration was found unconstitutional by the U.S. Court of Appeals Ninth Circuit on July 13, 1994. Because of this ruling, we have not approved similar demonstrations. For example, on August 3, 1993, we denied Illinois' request to pay new residents the level of assistance they received in their former state for the first 12 months of Illinois residency. On September 1, 1993, we denied Wyoming's request to limit families' first-year level of assistance to the amount they received in their former state or to Wyoming's grant, whichever was lower. However, we later did approve other waivers for these states (two for Illinois, one for Wyoming).

(Note: We also denied provisions of California and Connecticut's waivers that would also have established the same two-tiered benefit system based on residency).

**Wisconsin Welfare Waiver
Health Care and Child Care Coverage**

Commitment to Child Care and Health Care Guarantee

Part 1

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

But, on page VIII-1: "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."

Part 2

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

But, on page 5: "There will be no entitlement."

Child Care

Part 1

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

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

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

But, on page IV-2: "Parents are responsible to pay a co-payment on a sliding scale based on their income, family size, and cost of care."

Part 2

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

But, also on page 13: "As with health care, all families will contribute toward the cost child care through a co-pay based on income, with the state paying the difference. All families will be a percentage of the cost of the care selected, with very low income families paying only a nominal percentage, with the percentage rising as income increases."

Health Care

Part 1

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

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

But, on page VIII-20: "There is no entitlement or categorical eligibility as under current provisions except that W-2 employment position participants are required to participate in the W-2 Health Plan."

Part 2

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

But, on page 85: "To participate in the Wisconsin Works health plan, all families would be required to pay a monthly premium based on income and family size."