
Clinton Presidential Records Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a publication.

Publications have not been scanned in their entirety for the purpose of digitization. To see the full publication please search online or visit the Clinton Presidential Library's Research Room.

Hudson Briefing Paper

July 1996

SHAPING THE FUTURE

Number 192

Brue
F.H.
D.
and
D.

Replacing Welfare in Wisconsin

By Andrew Bush

- Completely rethinking a state's welfare system was the formidable task undertaken in Wisconsin two and a half years ago, when the state legislature deauthorized Aid to Families with Dependent Children (AFDC) in the state and directed the governor to design a replacement. With help from Hudson Institute, Wisconsin Governor Tommy Thompson and his staff set out to find an alternative that would help people work their way out of poverty rather than trapping them in a cycle of dependency as AFDC tended to do.
- That program is "Wisconsin Works" (W-2), a work-based system of public aid providing services, subsidies, and opportunities to help parents establish their own means of support, primarily through work, and then help them maintain long-term self-support. Instead of operating exclusively government-administered welfare offices, the state will contract on a competitive basis with public and private organizations. The program will begin operation in 1997.

W-2's relatively narrow mission and ambitious goals have won it praise from left and right alike as a workable alternative to "welfare as we know it." It is designed to be a crucial part of a broad community of services through which families can find economic opportunity and take better control of their lives.

Introduction

If welfare suddenly did not exist and we could start over, what would we want to do for those who now receive Aid to Families with Dependent Children (AFDC)?

Two winters ago, this provocative question was raised before the Wisconsin state legislature. The question was serious, posed in the form of legislation to deauthorize AFDC in the state and direct the governor to design a replacement. Although initiated as a political challenge to Governor Tommy Thompson (R), the legislation raised an important point.

Wisconsin had developed a national reputation for reform designed to curb welfare dependency, requiring recipients to assume responsibility for their families and prepare for self-sufficiency. In addition, the state was building experience and administrative skill through its Job Opportunities and Basic Skills Training Program (JOBS) to be more effective at moving recipients off the welfare rolls and into jobs.

While caseloads skyrocketed nationwide, Wisconsin's fell. Benefits reductions and the state's relatively strong economy probably contributed, but they could not explain everything. These results, and the state's continued development of new welfare reform innovations, helped change the way the nation looks at welfare.

Yet these efforts also produced a degree of frustration. Those who had opposed Wisconsin's initiatives—even many who conceded that welfare had serious problems—viewed many of these reforms as doing little but deterring some low-income families from taking or staying on welfare, and precious little to help them with the serious problems of securing nonwelfare



9to5, National Association of Working Women
238 West Wisconsin Avenue, Suite 700, Milwaukee, Wisconsin 53203-2308
■ (414) 274-0925

***Open Letter to President Clinton
From
9to5's Poverty Network Initiative***

Dear President Clinton and Vice President Al Gore:

We urge you NOT to sign the waivers for Wisconsin Works (W-2) unless these points are changed:

1. President Clinton said he supports the dignity of a paycheck, not a welfare check. Most of the women in Wisconsin's W-2 plan will work for a grant at sub-minimum wage, with no access to earned income tax credit.
2. President Clinton noted that Wisconsin says it will provide ample child care and health care. The child care allowed for is unregulated and inadequate. Many women will not be able to afford child care or health care because of the required co-payments.
3. President Clinton has always emphasized the importance of education and training. There is no realistic training component in W-2.
4. President Clinton signed the Family and Medical Leave Act. W-2 makes no provision for family leave.
5. W-2 allows for no fair hearing process for women who lose a job because of discriminatory treatment.
6. W-2 allows for no safety net.

Please, say NO to waivers for Wisconsin's W-2 legislation unless these points are changed.

9to5's Poverty Network Initiative
223 Maple Avenue, Waukesha, WI 53186 - (800) 920-9925/(414) 574-9925



Can
W-2 Be
Reformed?

12 Steps to a Better Bill— CHAPTER ONE

Welfare reform is a complicated issue that deserves careful public scrutiny. *Wisconsin Works* (W-2) is a plan for a new system of jobs and support which would replace Aid to Families With Dependent Children. The plan focuses on attaining self-sufficiency through work. The goals are admirable, but specific proposals for implementation need revision. Listed here are a series of amendments which would improve W-2. This is not an exhaustive list of amendments, it is Chapter One... a starting point for change.

1. Everyone who meets the W-2 criteria should be allowed to participate in a W-2 work program, and receive child care and health care.

W-2 Bill: A person who is eligible to participate in a work program or receive W-2 services apparently may be denied participation or services if insufficient funds are allocated.

Eligible poor families, with family heads who want to work and who follow the rules, may be forced out of the program because suitable Community Service Jobs or subsidized jobs are unavailable. Also, if child care funds run out, workers may lose their jobs and, therefore, all cash support.

2. W-2 should provide a monthly Earning Supplement which will bring all families to 90% of poverty when food stamps, child support, and EITC are included. (This should include making 80% of the EITC refundable monthly.)

W-2 Bill: The earnings of W-2 recipients, other than those for unsubsidized jobs, are all set at minimum wage or below, regardless of family size.

An Earnings Supplement and refundable EITC would keep workers and their children out of abject poverty.

3. All W-2 workers should receive the minimum wage, the EITC, and be required to work no more than 30 hours per week to allow for job search, education, and training activities.

W-2 Bill: Community Service Job workers are paid 75% of minimum wage, required to work up to 40 hours per week, and may not be eligible for EITC.

This cost neutral change would more closely replicate real work by providing real pay and the other benefits of work.

4. All W-2 workers should have recourse in the event of discrimination, harassment, and/or firing without cause and should be eligible to receive Unemployment Compensation and other standard employee rights.

W-2 Bill: There are no provisions in this bill regarding employer/worker relations.

W-2 workers should have the same rights as other people in the work force.

5. The Job Access Loans (formally, Bridge Loans) should be modified to be a three month temporary crisis grant. A micro-loan program should be added for participants with skills and motivation to become self-employed.

W-2 Bill: Bridge loans are intended to assist people in financial crisis so they can obtain a job. Rules will be set on interest and repayment. Micro-loans are not in the bill.

Crisis funds should be a grant because a loan will be too difficult for workers to repay at a minimum wage. Micro-loans work.

6. A parent should be able to choose to stay home with a child under age two. Child care subsidies should be provided for children through age 12.

W-2 Bill: Parents of children over 12 weeks are required to work. No child care is provided for children ages 10-12.

Less than 40 percent of Wisconsin women who have children work full-time for a full year. Young children, especially, need parental nurturing and parents may need time off from work to provide that nurturing. Some children under age 13 may be too immature to stay home alone.

7. Child care subsidies should be based on parents' ability to pay for child care at the current local market rate. Current standards for low-income child care should not be weakened.

W-2 Bill: The bill weakens the standards for low-income child care by providing that Provisional Certified Child Care, with reduced requirements and less supervision, may be a permanent child care choice. Proposed reimbursement rates for provisional care provide a strong incentive for parents to choose this care.

A co-payment system which causes low-income parents to seek the cheapest care creates a two-tiered system, one for parents who can afford more expensive care and one for those parents who cannot. All children need the protection of high standards of child care.

8. Health Care Benefits for all W-2 groups (including those in state-subsidized, employer health care plans) should be the same as those in the present Wisconsin Medical Assistance Program. Family contributions should be based on a sliding-fee scale and should begin when family income reaches the poverty level.

W-2 Bill: It is unclear what health benefits will be provided, but it appears they will be closer to Wisconsin statutory insurance minimums than to current Wisconsin Medical Assistance coverage. Also, it is now

unclear whether there will be any state subsidies for employer health insurance and, if there are, whether they will be time-limited.

At the level and terms proposed, children and parents will not receive adequate health care, nor mental health and AODA services.

9. All contract requirements for private agencies should go through the regular rule-making process; government oversight of all agencies and performance incentives should be defined and made public.

W-2 Bill: Many issues in W-2 are left up to the Emergency Administrative Rule process.

This means less legislative oversight and opportunity for public comment.

10. Counties should have the right of first refusal to be the contract agency for W-2.

W-2 Bill: Counties and private agencies compete for the contract. Also, it is unclear who will be responsible for child placement decisions and the resulting placement costs.

Counties should have the option to refuse the program. Counties have the expertise to deal with the many problems involving children in the child welfare system. It is unclear who will be in charge.

11. Learnfare sanctions should be removed from the W-2 plan.

W-2 Bill: W-2 workers will be sanctioned if their children do not attend school.

Sanctioning for non-attendance, as well as sanctioning for hours of work missed, will be oppressive to parents trying to work their way off dependency. This is not a "real world" standard.

12. Any W-2 applicants who are attending education programs at the time W-2 is implemented should be allowed to complete their programs with the help of cash assistance and child care. Such programs should be available to others, as well, who are unable to find appropriate work within a reasonable time.

W-2 Bill: The bill is largely silent regarding education and training.

As one of the best ways for low-income families to reach self-sufficiency, education and training should be part of any welfare reform bill.

WISCONSIN COUNCIL ON CHILDREN AND FAMILIES, INC.

16 North Carroll Street, Room 420

Madison, WI 53703 Phone: (608) 284-0580 Fax: (608) 284-0583



Who Will
Mind the
Children?

Child Care or Child Care-less?

Child Care Facts Today in Wisconsin:

- According to Department of Health and Social Services data, approximately 29,500 children of low-income working parents received child care subsidies in 1994. (This includes about 4,000 children of parents involved in educational programs.)
- 4-5,000 children are on waiting lists each month for child care subsidies.
- The UW-M Employment and Training Center has identified a shortage of child care for 22,000 children in two low-income Milwaukee neighborhoods!
- According to 1995 figures from the Wisconsin Office of Child Care, Certified Family Child Care costs \$100.83/week (\$5,200/year) for infants and \$89.83/week (\$4,670/year) for children over age two. These figures, although they are calculated at the 75th percentile, underestimate the average cost of care because Certified Family Child Care is the least expensive type of child care.
- Parents pay a child care fee based on a sliding-scale calculated according to income.
- According to recent legislation, parents and other caretakers of children are required to participate in the JOBS program when a child is one year of age.
- Currently, children up to age 13 are eligible for a child care subsidy.

Child Care Facts Under W-2:

- WCCF estimates that approximately 70,000 children currently on the AFDC rolls will need child care subsidies under W-2.
- There will be no subsidy for the child care costs of children ages 10 through 12.
- A parent will be required to work when an infant is twelve weeks old.
- The W-2 co-payment system requires parents earning even the lowest wages (75% of the minimum wage for those involved in Community Service Jobs) to contribute to child care costs. The co-payment is determined on a sliding-fee scale based on the parents' income *and* the cost of care, creating an incentive for parents to utilize the least expensive care. (LRB 4118/P2 & April 1 Draft Plan)
 - For W-2 parents earning 75% of poverty-level income, the co-pay will be 10% of costs; for every 1% increase in income, child care co-pays will increase by 1%.
 - Parents at 100% of poverty (\$12,590 for a family of three) will pay 35% of child care costs.
- Education and/or training child care subsidies are available primarily for on-the-job education and training.

■ Child care reimbursements paid to providers for W-2 participants may be set lower than the maximum child care costs in the local market. According to the April 1 Draft Plan, for providers that meet current licensing requirements, reimbursement cannot exceed 75% of the maximum local costs. For example, the maximum rate for a licensed child care center in Dane County is \$170 per week for children under age two and \$156 per week for children over age two. Under W-2 reimbursement levels, licensed child care centers can be reimbursed \$127.50 per week for children under two and \$117 for children over age two. These providers will have no economic incentive to accept children in the W-2 system.

■ **Provisional Certified Family Child Care**

- W-2 adds a new, less-restrictive category, "Provisional Certified Family Child Care." Wisconsin has a provisional child care category, but that status is temporary and intended for Certified Family Child Care providers who will complete the required training and become certified within six months. The new category may be a permanent status with no training requirements.
- The requirements for "Provisional Certified Family Child Care" are: 1) an initial home visit with simpler health/safety requirements than under certified family child care and 2) a criminal background check, both within 60 days. Children may be cared for in homes for weeks before it will be determined if operating requirements are being met. (April 1 Draft Plan)
- More affluent parents will continue to have access to the more strictly licensed child care with trained providers, creating a two-tiered care system based on the economic status of parents.

- The "Provisional Certified Family Child Care" category has a maximum reimbursement that is *one-half* the current reimbursement amount for licensed family child care. Maximum reimbursement amounts will be based on local market surveys. According to figures from Wisconsin Office of Child Care, the average state reimbursement is likely to be no more than \$54/week/infant. Food, toys, self-employment taxes, and other expenses will be deducted from this amount. Reimbursement amounts will be less for children over the age of two. (April 1 Draft Plan)

Categories of Care

Licensed Group Centers—Licensing requirements include 40–160 hours of staff training and annual continuing education, depending on position and age of children cared for; health and building safety requirements; space minimums; specific child-staff ratios; and criminal record checks. Licensed centers are permitted to care for 9+ children.

Licensed Family Child Care—Licensing requirements include 40 hours of early childhood training and complete 15 hours annually; health and building safety requirements; space minimums; and criminal record checks. Licensed family child care providers are permitted to care for 4–8 children depending on age of children. Maximum number of children under age two is four.

Certified Family Child Care—Certification requirements include 20 hours of education prior to certification and have easier health and building safety requirements. They are certified to care for three or fewer children, other than their own children.

Make Wisconsin Work for Children, too—an amendment to W-2:

- ✓ a parent may stay at home with a child under age two.
 - ✓ child care subsidies will be provided for children aged 10–13.
 - ✓ child care subsidies will be based solely on parental income.
 - ✓ current standards for child care licensing and certification will be maintained.
-

WISCONSIN COUNCIL ON CHILDREN AND FAMILIES, INC.

16 North Carroll Street, Room 420

Madison, WI 53703 Phone: (608) 284-0580 Fax: (608) 284-0583



Who Will
Care for the
Children?

Cracks in the Health Care Plan

W-2 Health Care Basics

A seamless health care system for low income working families and their children through age 18—this appears to be the intent of the W-2 health care plan which will be delivered through managed care providers (HMOs).

- The benefit package will be similar to that offered "state employees or private sector employees in medium and large corporations" (fiscal note).
- Families with income at, or below, 165% of poverty and assets of less than \$2,500 (excluding autos valued up to \$10,000 and the first home) are eligible **unless** the employee has an unsubsidized job that includes a health care plan (see below).
- All families will be expected to pay a portion of the premium (estimated to be about \$360/month): \$20/month for incomes up to 159% of poverty; premiums increase to \$143/month at 200% of poverty.
- Families who are eligible to enroll in the W-2 health care plan can remain in the plan until their income reaches 200% of poverty.

A family health care plan for low income working families in Wisconsin—a grand idea, BUT the Devil is in the Details...

AFDC Medicaid

Currently, AFDC Medical Assistance provides health services for AFDC recipients.

Under W-2, Medicaid will be replaced by the W-2 health plan which will provide health care services for all participants in Trial jobs, Community Service jobs, and Transitional jobs. The W-2 health plan will be available to some employees in unsubsidized jobs (see below).

Currently, AFDC recipients are eligible for comprehensive health care services, including virtually all optional services identified under federal law.

Under W-2, the benefit package for participants is uncertain, but the legislation (AB 591/SB 359) states that eyeglasses and hearing aids as well as private duty nursing services beyond 40 hours are excluded; treatment of nervous or mental disorders and alcoholism or other drug abuse problems will not exceed the minimum coverage under Wisconsin insurance statutes. Other optional services may be excluded as well.

QUESTIONS:

1. Will the W-2 health plan offer **comprehensive services** for participants; which optional services will be eliminated?
2. What will families do if a member of the family needs **glasses** or a **hearing aid**; will children with **chronic health conditions** be forced to go without essential care because they have exhausted the 40 hour limit on private duty nursing services?
3. Will employment opportunities/retention be jeopardized because of the limit on mental health and drug abuse treatment.

Unsubsidized Jobs/Healthy Start

Currently, pregnant women and children up to age 6 with family income below 185% of poverty have access to comprehensive health care under Healthy Start. Children up to age 12 are eligible if family income is at, or below, 100% of poverty; this coverage was to be extended each year until children were covered up to age 19 by 2002.

(over, please)

Healthy Start is eliminated; pregnant women and children will have no guaranteed health care.

If an employer offers health insurance, but pays less than 50% of the premium, the worker may stay in the W-2 plan for 12 months. Then s/he becomes ineligible for W-2 and must pay the premium to have health insurance; premiums could be higher than those for the W-2 plan—\$360/month.

If an employee is offered an employer-subsidized health care plan (employer pays more than 50% of the premium), the family is ineligible for W-2. Therefore, the family must pay the remaining premium and any associated co-pays and/or deductibles. The premium could be at least \$180/mo. (take-home pay for a \$6/hr. job is about \$970/mo.; \$680/mo. for a minimum wage job).

QUESTIONS:

1. How will poor working families afford the premiums, deductibles, and/or co-pays for private sector health insurance?

2. Will there be a health care safety net for parents, pregnant women, and children who cannot afford health insurance or whose plan provides inadequate benefits?

3. Will emergency room use increase because families don't have health insurance?

4. Will families with incomes between 165% and 185% of poverty who are using Healthy Start services be grandfathered into the W-2 health plan when W-2 begins?

Eligibility

In addition to meeting the income eligibility requirements, W-2 applicants must also meet the asset requirement—a family cannot have assets valued at more than \$2,500, excluding automobiles valued up to \$10,000 and a first home.

QUESTION:

If a farm family or a self-employed family, i.e., shoe repair business, has income under 165% of poverty, but assets (farm or self-employment property assets) in excess of \$2,500, will they be ineligible for the W-2 health plan? If so, how will the family afford health care?

Glaring Inequities

Under W-2, a) employees in unsubsidized employment (which is the goal for W-2 participants) may be treated less favorably than workers in subsidized jobs; b) workers in private sector jobs which offer no health insurance may be better off than workers who have access to employer-subsidized or employer-offered health insurance.

- A family with a W-2 worker, who will earn minimum wage or less, in a subsidized Trial, Community Service, or Transitional job will pay \$20/mo. for W-2 health care. However, a family with a worker in an unsubsidized job earning the minimum wage will pay a health care premium ranging from zero (if the employer pays the full premium) to \$360 or more, if the employer pays nothing.
- A family in a W-2 subsidized job may have access to a better benefit package under W-2 health care than a worker in an unsubsidized job who is paying more for insurance.
- A family with a worker in a job which does not offer health insurance will pay only \$20/month for W-2 health care until their income reaches 160% of poverty (\$1,328/mo.—family of two; \$1,668/mo.—family of three; \$2,087/mo.—family of four; \$2,347/mo.—family of five). By contrast, a worker in a minimum wage job (\$737/mo.—70% of poverty for a family of three) may pay as much as \$180/month, if the employer offers subsidized insurance or as much as \$360/month (after 12 months), if the employer offers unsubsidized insurance.

Health Care / Insurance Facts

- Medicaid provides primary financial coverage for 38.3% (25,382) of all live births. (1993)
- Approximately 486 pregnant women and 3,422 children with family incomes between 165% and 185% of poverty are eligible for Healthy Start. (1995)
- Uninsured employed adults (ages 18-29) by occupation group: 26% of laborers, 19% of service workers, 18% of sales employees, and 19% of clerical workers. (1993)
- 70% of uninsured adults (ages 18-64) are employed. (1993)
- 83% of uninsured children (birth to age 17) live with one or more employed adults. (1993)
- 27% of Healthy Start recipients have private insurance. (1995)

Make Wisconsin Work for Children, too—an amendment to W-2:

- ✓ the state will subsidize health insurance premiums for employees in all W-2 jobs, subsidized and unsubsidized, until family income exceeds 185% of poverty.
- ✓ Healthy Start will be maintained for pregnant women and children.
- ✓ families will not be ineligible for W-2 health care because of work-related and/or other essential assets.

WISCONSIN COUNCIL ON CHILDREN AND FAMILIES, INC.

16 North Carroll Street, Room 420, Madison, WI 53703

Phone: (608) 284-0580 Fax: (608) 284-0583

Can 53,700
People
Find Work?

W-2 WATCH

WISCONSIN COUNCIL ON
CHILDREN AND FAMILIES

Report #5 • December 1995

"The new system will be called W-2—Wisconsin Works, and it is based squarely on work. Rather than offering welfare checks to those who do not work, as AFDC does now, W-2 offers participants the opportunity to earn wages and learn how to increase their value to employers."

It is clear that "work" is the heart and soul of welfare reform in Wisconsin—the challenge is to *make work pay* for the W-2 participants.

Trial Jobs will pay an 80% subsidy to employers who hire W-2 participants at the minimum wage (\$4.25/hr.). Subsidies will not be available for any jobs above the minimum wage. Experience in the two Work-Not-Welfare Counties (Fond du Lac and Pierce), has led their personnel to conclude that this subsidy: 1. will be an incentive for employers to create and maintain minimum wage jobs; 2. will act as a disincentive for the employers to raise the minimum wage because they will lose the entire subsidy; 3. places no obligation on the employer to retain the employee; 4. will eliminate, as potential employers, those who pay starting salaries above the minimum wage.

- ✓ W-2 agencies should be allowed to pay wage subsidies up to \$400/mo. (current maximum) to employers who pay wages that match the prevailing rates in their area. (It has been reported in the press that Republican legislators are considering a \$300/mo. subsidy.)

Currently, in Dane County, the average wage at placement is \$7.67/hr., retention in permanent employment is 77%, the average length of subsidy is six months (maximum allowed is nine months), and subsidies are as little as \$250/mo.

- ✓ employers should be required, by contract with the W-2 agency, to guarantee employment after successful completion of the Trial Job at, or above, the placement wage.
- ✓ W-2 agencies should be allowed to determine the amount and length of the wage supplement.

How do statistics from the JOBS program (1993) compare with expectations for W-2?

- about 50% of the AFDC caseload was in JOBS—average monthly caseload in JOBS was 39,321.
- ✓ 21% of JOBS enrollees (10.5% of the entire AFDC caseload) entered employment, but only 13.2% entered full-time employment; after six months only 7.5% had left AFDC. 26% of those who entered full-time employment had **no** earnings after six months.

Through W-2, Wisconsin intends to move 53,700 former AFDC recipients into the world of work (Fiscal Estimate). In addition, 2,000 new W-2 enrollees will look for employment each month for the foreseeable future.

Using the Wisconsin Council on Children and Families report, *A Profile of the AFDC Caseload in Wisconsin: Implications for a Work-Based Welfare Reform Strategy*, the testimony of personnel from the Work, Not Welfare

counties, and the JOBS data reported above, it is apparent that a substantial portion of this caseload will have significant barriers to work.

- ✓ W-2 agencies should have the flexibility to design activities outside of the four prescribed work categories. Both Work, Not Welfare (WNW) counties support greater flexibility.

"WNW recognizes that there are people who have employment potential, but lack basic skills . . . W-2 limits our ability to provide programs designed to prepare people for work, to motivate them to take control of their lives, or to provide basic education needed to function in the workplace."

Pierce County

"Marathon County AFDC recipients are there for a variety of reasons; we tried to tailor their employment training services to meet their individual needs. We believed it was fiscally wise to spend a few more training dollars on participants to see that they acquired skills to enter the labor market in jobs which would last, and at which they could earn enough to support their family. We tried to help participants achieve permanent self-sufficiency, rather than being trapped in the revolving door in and out of poverty. In employment and training language, we used the 'human capital investment model' rather than the 'rapid labor force attachment model.'"

Phyllis Birmingham

Marathon Co. JOBS Program

- ✓ Post placement follow-up to support job retention should be built into W-2.

Fond du Lac Co. WNW personnel are concerned about their "inability to provide the post placement follow-up that has proven necessary to keep people on the job."

Wisconsin's continuing low unemployment (3.1% in August) is a harbinger of good economic times, but:

- between 1991 and 1994, 276 companies that provided 4,217 jobs moved from Milwaukee to the suburbs.
- during this same time period, Milwaukee lost 4,549 jobs.
- last December, DILHR Secretary Carol Skornicka stated that individuals are unemployed because of a "skills mismatch," meaning that jobs are in one location and workers are in another, or job seekers are in the right place, but have the wrong skills. In Milwaukee, 13.4 persons applied for every job listed by Job Service. Statewide, 3.5 persons applied for each job listed.

- although the state unemployment rate was 3.1% in August, unemployment in Milwaukee was 4.5%; African-American unemployment was 14%.
- productivity among Milwaukee-area industrial workers has exploded: output is 7% higher than in 1979, but the number of hours worked has declined 18%.
- during the 1980s, manufacturing employment declined by 31,000 jobs in southeastern Wisconsin; jobs in the business service sector (finance, insurance, real estate, and other professional jobs—white collar) grew by 60% or 27,217 new jobs; 7,545 personal service jobs—hotels, retail trade, restaurants, hairstyling—were added.

1989 wages: manufacturing—\$30,970
business service—\$33,474
personal service—\$19,121

- the Labor Market Study Project showed that during the week of May 22, 1995, there were 7,338 jobs available in the four-county Milwaukee area which required no experience and a high school education or less; only seven percent of the jobs without education or experience requirements paid wages and benefits that would support a family of four above the poverty level; only 33 percent of the jobs requiring a high school diploma did the same.
- The Marquette/MMAC Index of Leading Indicators for the Milwaukee area showed that employment in September was down nearly 3000 jobs from the peak in April.

Jobs are of particular importance in Milwaukee where more than 50 percent of the AFDC caseload is found - 30,000 adults will be seeking employment. plus, according to DHSS/OPB's fiscal estimate, another 1000 individuals each month for the foreseeable future. On November 13, 1995, Steven E. Crane, Professor of Economics and Director of Marquette University's Center for Applied Economic Analysis, was quoted as saying, with respect to Milwaukee's Index of Leading Economic Indicators, "With a little luck, we'll have a repeat of the 1984-85 experience, where the index fell for an extended stretch, employment growth all but stopped, but we avoided a recession."

- ✓ Direct DILJD to design and implement, with the City of Milwaukee and Milwaukee County, an economic development plan that will create permanent, accessible, family-supporting jobs in Milwaukee.
- ✓ Provide transportation assistance to workers who can be employed in the suburban job market.
- ✓ Include part-time employment options for single parents who have to travel long distances to jobs while caring for a family.

WISCONSIN COUNCIL ON CHILDREN AND FAMILIES, INC.

16 North Carroll Street, Room 420

Madison, WI 53703 Phone: (608) 284-0580 Fax: (608) 284-0583



*Climbing the
Career Ladder—
Does W-2 Work?*

Low Wage Dependency

Report #6 • December 1995

As Governor Thompson has stated, "Wisconsin Works is based squarely on work." State officials have described W-2 as a "Self-Sufficiency Ladder" that will allow former welfare recipients to move up the wage scale toward economic prosperity. W-2 earners compare well with AFDC clients. However, within the W-2 plan, participants are penalized as they earn more. The system of co-payments and subsidies creates inequities for wage earners on different rungs of the ladder. Here is the story of the typical welfare recipient who is likely to move into the W-2 program.

Amanda's Story

Without adequate financial support and services, many domestic violence victims and their children face a choice of continued violence or assured poverty. Public assistance has offered a third choice—a guaranteed family-supporting income—while the women seek self-sufficiency.

Amanda is a twenty-three year old mother of two children, ages three and two years. She married her husband, Dan, four years ago following her freshman year in college. When her first child was born a year later, Amanda dropped out of school. Dan was abusive to Amanda throughout their marriage. Last year Amanda realized that she needed to get her children and herself out of that situation. She went to the battered women's shelter and has been receiving AFDC for the last year. Amanda lives in La Crosse County, which the Fiscal Bureau has identified as a low-cost child care area. She begins W-2 participation in a minimum-wage job.

	CURRENT STATUS—AFDC		\$4.25/HOUR	
	Month	Year	Month	Year
Gross Income	\$517	\$6,204	\$737	\$8,840
Net Income	517	6,204	680	8,164
Benefits				
food stamps	213	2,556	265	3,180
federal EITC	0		100	3,536
state EITC	0		0	495
Homestead	0		0	725
housing subsidy	195	2,340	0	0
TOTAL	\$925	\$11,100	\$1,045	\$16,100
Expenses				
child care	\$ 0	\$ 0	\$ 58	\$ 702
health care	0	0	144	1,728
food, rent, utilities	746	8,952	746	8,952
work costs	0	0	50	600
TOTAL	746	8,952	998	11,982
DISCRETIONARY INCOME	\$179	\$2,148	\$ 47	\$ 4,118

NOTE: The comparison is based on the following: 1) Amanda's employer pays 64% of health insurance costs (\$399/month total—OHSS Fiscal Estimate); 2) rent/utility costs are \$436/month (Fiscal Bureau); 3) she uses certified family child care (Fiscal Bureau); 4) work-associated costs, i.e., travel, clothes are \$50/month?

Monthly take-home pay is quite different from year-end, post-tax income for low-wage workers. The majority of the Federal EITC and all of the state EITC as well as the state Homestead credit are only available at the end of the year as refundable credits after filing both state and federal income tax returns. In addition, federal and state EITC estimates used above are based on current law; significant cuts are included in federal budget proposals.

In this scenario, Amanda's situation is tenuous. Her monthly spendable income is greater with AFDC than it is with a \$4.25/hour job. However, her year-end tax credits boost her total disposable income significantly—if she can maintain her family until that time. Amanda's real challenge will begin as she moves up the wage scale. At \$8.00, \$10.00, and \$12.00 per hour, she will do less well than she does at \$6.00/hour. And she will do less well if she moves to an area with high-cost child care (Milwaukee) rather than staying in her hometown of La Crosse (low-cost child care).

	\$6/HOUR		\$8/HOUR		\$10/HOUR		\$12/HOUR	
	La Crosse	Milwaukee						
Gross Income	\$12,480	\$12,480	\$16,640	\$16,640	\$20,800	\$20,800	\$24,960	\$24,960
Net Income	11,398	11,398	14,923	14,923	18,423	18,423	21,279	21,279
Benefits								
food stamps	2,541	2,799	0	0	0	0	0	0
federal EITC	3,378	3,378	2,502	2,502	1,626	1,626	749	749
state EITC	473	473	350	350	228	228	105	105
Homestead	346	346	0	0	0	0	0	0
TOTAL	\$18,136	\$18,394	\$17,775	\$17,775	\$20,277	\$20,277	\$22,133	\$22,133
Expenses								
child care	\$ 2,192	\$ 2,766	\$ 4,444	\$ 5,606	\$ 6,695	\$ 8,446	\$ 7,018	\$ 8,853
health care	1,728	1,728	1,728	1,728	1,728	1,728	1,728	1,728
food, rent, utilities	8,952	8,952	8,952	8,952	8,952	8,952	8,952	8,952
work costs	600	600	600	600	600	600	600	600
TOTAL	\$13,427	\$14,046	\$15,724	\$16,886	\$17,975	\$19,726	\$18,298	\$20,133
DISCRETIONARY INCOME	\$ 4,664	\$ 4,348	\$ 2,051	\$ 889	\$ 2,302	\$ 551	\$ 3,835	\$ 2,000

Additional Facts:

1. Rent and utility estimates (\$435/month) used by the Fiscal Bureau for these projections are very conservative. 1996 fair market rent costs (including utilities), as published by HUD, indicate that housing costs in Dane County for two bedroom units will be \$617/mo., three bedrooms—\$857; Milwaukee County: two bedrooms—\$564, three bedrooms—\$706; Brown County: two bedrooms—\$459, three bedrooms—\$638; La Crosse County: two bedrooms—\$433, three bedrooms—\$578.
2. Food cost estimates of \$310/month for a family of three also are conservative.
3. Work costs of \$50/month are very conservative; depending upon the type and location of employment, they could be significantly higher.

Major Problems with W-2 Income Supports

1. Workers are better off in low paying jobs

- the dollar amount of net income plus benefits is less for an \$8/hour job than for a \$6/hour, while expenses are 17 to 20 percent higher!
- the interplay of decreasing food stamp benefits and increasing child care co-payments punish workers in jobs paying more than \$6/hour. The worker does not do better, financially, until s/he makes \$13/hour in a low-cost area or \$15/hour in a high-cost area.
- supports which are designed to make work pay (EITC, food stamps, Homestead) decline as income tax and health and child care co-pays increase. These factors, in combination, provide a disincentive for workers to seek either salary increases or higher paying jobs.
- the financial benefits of low-wage jobs will perpetuate taxpayer subsidies (EITC, food stamps, Homestead, child and health care co-payments) of the low-wage job market in a manner at least as perverse as currently exists in the welfare system.

2. Some income supports are not available to workers on a timely basis.

- most of the federal EITC and all of the state EIT and Homestead credits are only available at the end of the year.

—workers making \$8 and \$10 per hour will not have enough take-home pay to meet their expenses: the situation is particularly desperate for families in areas with high-cost child care—monthly income is \$100–\$150 less than expenses. (Faced with expenses that exceed monthly income, these families may choose to drop health care coverage or choose child care that costs less than that which they could afford with a \$6/hour job.)

3. The status of some income supports are uncertain.

- federal and state EITCs are slated for major reductions in current federal budget discussions (state EITC is indexed to the federal EITC).

—while the budget conference committee proposal has improved the changes to the federal EITC, the U.S. Department of the Treasury estimates that 3.3 million low-income families with children will be worse off with the cuts in the EITC, the new child tax credit, and standard deduction increase.

—the families most affected will be those in the higher income brackets, above \$17,000 year—those who are already most affected by decreases in other income supports.

The financial prospects for Amanda and her children are bleak!

Make Wisconsin Work for Families, too—an amendment to W-2:

✓ state income supports must be an incentive for workers to seek salary increases and/or better jobs.

- allow working families to use W-2 health care up to 185% of poverty.
- return child care co-payment structure to current law.
- improve the state EITC for families with one or two children.

WISCONSIN COUNCIL ON CHILDREN AND FAMILIES, INC.

16 North Carroll Street, Room 420

Madison, WI 53703 Phone: (608) 284-0580 Fax: (608) 284-0583



Report #7 • January 1996

Who Can Live At Home?

Children with Disabilities

Under current law, families on AFDC who have a child with a disability or who is medically fragile may care for the preschool or school-aged child at home. W-2, which requires everyone to work, is vague about the work expectations for families who are caring for a child with a disability. Many questions need to be answered so that these children can avoid expensive institutionalization and continue to live at home.

Under W-2, a person can be assigned to the "Transitional" program due to illness or incapacity of a family member. There is no criteria or definition of "incapacity," nor does the bill address the length of time one can remain in this status. Furthermore, incapacity is not a term that applies to children who have a disability or are medically fragile. *W-2 is silent about caring for these children.*

Children with Disabilities— *Birth to Six*

Currently, counties provide services to infants and toddlers with disabilities through a family-focused program, delivered in the home, which is based on the knowledge that early intervention can make an enormous difference for these children. Through these programs parents and professionals work together to develop the child's assets.

W-2 raises some serious issues for this established program.

• How can the program be provided when parents are required to work 35-40 hours a week?

- Parents have trouble finding child care for children with disabilities due to costs, lack of trained providers, and discrimination. Will these parents have to pay more for expensive child care? What if no care is available? If parents have a medically fragile child will they be required to work? For example, will a parent with a two year old with chronic asthma (medically fragile) be required to put that child in day care? Who will decide and what are the rules?
- Under W-2, parents must return to work when the baby is 12 weeks old. What happens when a child is premature, medically fragile, or is still in the hospital after 12 weeks? Does this qualify as "incapacitated?" Will the mother receive a grant? What are the rules for exceptions? How long can an exception be extended?

Children with Disabilities— School Aged

Many children with disabilities are over 13 years of age and will not qualify for child care under W-2. In addition, it is difficult to find child care if the child is sick or even to find after-school child care with personnel capable of caring for children with severe disabilities.

- Will W-2 agencies provide extra funds for afterschool day care assuming it can be found?
- What happens if a parent can't find suitable after school care? Will the work requirement be adjusted? What are the rules and who makes the exceptions?
- Will W-2 parents of a child with disabilities be sanctioned if they have to stay home to care for a sick child because suitable day care is not available, specialized transportation falls through, or it is vacation time?

Children With Disabilities Living at Home Under W-2.

Health Care

Currently children with disabilities who are not eligible for SSI are covered by Medicaid through AFDC. Under W-2, these clients may be required to be part of an employer's health care plan that may not accept preexisting conditions or may not pay for special medications and therapies needed for children with disabilities.

- How will the health of children with disabilities be protected under W-2?

Work Requirements

Providing child care for a child with a disability may be far more expensive than providing a grant to a parent to stay at home to care for the child. If the W-2 agency can make this determination, some questions need to be answered.

- Who makes the decision? What training does the decision maker have? What is the criteria or standard for the decision? What is the appeal process?
- Can a parent be excused from the job training, search and placement requirements? For how long?
- Transitional grant payments are made for working. If a parent is excused from work how will the grant level be determined? If there are other children in the family will the grant level be adjusted? Will the grant cover the expenses of caring for a disabled child?

Cost of Care

Families who care for a child with a disability often have additional costs for special items such as a wheel chair ramp, special clothing, or equipment. The Family Support Program which provides some assistance has a long waiting list, and W-2 has no provisions for serving these families.

- What is the safety net for a family whose costs of caring for a child at home exceed their ability to pay?
- Could a child be sent to a foster care placement because of the lack of family income to meet their special needs?

Make Wisconsin Work for All Children—an amendment to W-2:

- ✓ allow families that have children with disabilities or who are medically fragile to remain in the W-2 health plan if the employer-subsidized plan does not meet the medical treatment and needs of the child.
 - ✓ provide a clear definition of "incapacitated" and make provisions for long-term, in-home care.
 - ✓ define reasonable criteria under which a parent of a child with a serious medical condition or a disability could stay at home to care for the child.
-

WISCONSIN COUNCIL ON CHILDREN AND FAMILIES, INC.

16 North Carroll Street, Room 420

Madison, WI 53703 Phone: (608) 284-0580 Fax: (608) 284-0583



When Can Kin Care?

Children Who Live With Relatives

Report #8 • January 1996

Sometimes a parent/s on Aid to Families with Dependent Children may decide their children would be better off living with a relative. The reasons are varied: the parent has a physical or mental disability or an AODA problem; it is impossible to work enough to support the family and care for the children; the teenager is uncontrollable; a parent is incarcerated or deceased. Under AFDC a parent may voluntarily place the child with a relative—a responsibility many relatives cannot accept without financial support.

Current Practice: When Relatives Help Out

• Non Legally Responsible Relatives:

Relatives may care for a child in their home without being licensed and receive the child's AFDC payment. They are called Non Legally Responsible Relatives (NLRR) meaning that, unlike the parent, they have no legal responsibility for the child. This type of placement occurs when a child's legally responsible parent *voluntarily* places the child with a relative. There is no child welfare intervention unless there are allegations of abuse or neglect.

Payments range from \$248 a month for one child to \$617 for four children. However, if a child's relative is on AFDC, the grant is only increased by an amount that reflects the increase in family size (usually about \$60–\$100/child). If the relatives have no children, but are very poor, they may apply for AFDC when they become an NLRR.

- 5,600 Wisconsin AFDC cases are headed by NLRRs. (DHSS Fiscal Estimate)
- On average, NLRR payments are made for 9,700 children per month (DHSS Fiscal Estimate).

KINSHIP CARE: W-2

Under W-2, the NLRR program is eliminated. It is replaced with Kinship Care, a system which puts the children who live with relatives under the jurisdiction of the county child welfare system. Counties make payments for each child placed with a relative *within the limits of funding received through Community Aids for this purpose*.

Benefit Amount and Health Care

The fiscal note on Kinship Care assumes a monthly benefit of \$215 per child. Children will be eligible for Medical Assistance in the absence of private insurance coverage.

Qualifying for Kinship Care

The following steps must be taken for a relative to receive a kinship care payment.

1. The relative applies for the payment and the County determines that the child needs to be placed (see #3), the placement will benefit the child, and the child will be safe.
2. The relative cooperates with the county in the application process and applies for any other assistance for which they may be eligible.
3. The county child welfare department determines that the child meets one or more of the criteria for "Children in Need of Protection and Services" (CHIPS) or would be at risk of meeting one or more if left with the parent.

What is CHIPS?

Statutory CHIPS criteria ordinarily form the basis for juvenile court jurisdiction over children and include: 1) children who have been abandoned, abused or neglected; 2) habitual truants; 3) those whose parents refuse or are unable, for reasons other than poverty, to provide necessary food, shelter, clothing, medical or dental care so as to seriously endanger the physical health of the child; and 4) children under age 10 who commit delinquent acts.

4. The county department conducts a background investigation of the relative (and any other adult in the home) to determine if they have any convictions for violating certain laws.* Persons denied can petition for review. Anyone who has resided outside the state within the last five years would be photographed and fingerprinted and the FBI could be contacted for further investigation.

Kinship care placements would be reviewed at least every twelve months to determine that the placement criteria are being met. Relatives are required to notify the county if another adult moves into the household so a background check can be made.

Issues With Kinship Care

• W-2 Kinship Care creates the potential for a major expansion of the child welfare system. Currently, children living with NLRs are only part of the child welfare caseload if they have been abused or neglected. Under W-2, county child welfare workers must investigate the relatives and their home, undertake a substantial CHIPS evaluation of the parent/s, and assist the Department of Justice with a background investigation, in the absence of any suspicion or allegation of child abuse or neglect. As a result children are put in the formal child welfare system whether they need it or not.

- The responsibility of the county for the welfare of the child is unclear in the W-2 plan. Currently, only children who have been abused or neglected are in ongoing supervision by the county. But are all W-2 children to be followed or reviewed?

- There are no standards for determining whether a relative's home is acceptable: must there be adequate space? —a separate bedroom? What are the standards for deciding if a home is safe and healthy? What about children with special needs?

- There is no court jurisdiction in these cases, but what if a parent wants to place a child with a relative in a home that meets minimum standards? And what is the liability for the county if a home fails? Are they to provide ongoing supervision?

- The initial evaluations and yearly reviews add substantial costs to the program. Counties may be vulnerable for extra costs for this evaluation. The state estimates the evaluation to take three hours, but counties have questioned the adequacy of this estimate as well as a proposed reimbursement of \$75 an hour. Will the state pay more?

- The lower payment to relatives, the required CHIPS findings, the background check and involvement of the child in the child welfare system may either discourage a parent from placing a child or dissuade a relative from taking the child, thereby resulting in more foster care placement at greater expense to the state and more disruption to families.

- The Kinship Care payment is not set by statute, yet payments for AFDC, foster care, SSI benefits and W-2 wages are statutory. There is no assurance the state will maintain the payment through Community Aids and a sum certain may not meet the need if caseloads increase or investigations require more time than estimated.

- Qualifying as a kinship care relative is less permissive than current practice. It requires a good cause determination for a child to be placed with a relative, and the child must meet the CHIPS criteria of being at risk of abuse. The new requirements have been created with no evidence that there are substantial problems with the current system.

- Meeting the "at risk of abuse or neglect" requirement of CHIPS means that families who want to voluntarily place a child with a relative under a variety of circumstances (non of which are related to child abuse or neglect) are given the same status as a parent who has been reported for abuse or neglect.

Make Wisconsin Work for Families—an amendment to W-2:

- ✓ provide sufficient funds to the county child welfare agencies to administer the program.
- ✓ set the \$215 payment per child by statute; make funding for Kinship Care sum sufficient, or provide a method to return to the legislature for authorization or review if funds are depleted.
- ✓ remove requirements for background checks and CHIPS investigation.
- ✓ allow Kinship Care relatives to be eligible for W-2 if they meet the financial eligibility requirements.

*The background investigation will determine if the relative has ever been convicted of violating felony drug laws, habitual criminal statutes, certain domestic abuse offenses, laws against dangerous weapons, laws against use of a bulletproof garment or concealing identity while committing a crime, hate crimes, certain crimes against life, bodily security and sexual morality, certain crimes against children, and certain crimes related to prostitution, patronizing prostitutions, and pandering (these last are limited to violations within the previous 20 years).

WISCONSIN COUNCIL ON CHILDREN AND FAMILIES, INC.

16 North Carroll Street, Room 420

Madison, WI 53703 Phone: (608) 284-0580 Fax: (608) 284-0583



Which Women Will Work?

Women and Work in Wisconsin

Report #9 • February 1996

"W-2 means the end of the automatic welfare check. We believe that everyone is capable of some level of work, and W-2 will help participants move directly into work at the earliest possible time." Governor Thompson, August 1995

Wisconsin Works (W-2) proposes that all women currently receiving welfare be placed in jobs. To determine if this is a realistic, or affordable goal, one must know two things: the characteristics of women on welfare and the characteristics of employability. The Wisconsin Council on Children and Families (WCCF) commissioned the Institute for Research on Poverty (IRP) at the UW-Madison to look at the characteristics of Wisconsin women now on AFDC, how the profile has changed over the past decade, and which Wisconsin women work. In their Special Report "A Profile of the AFDC Caseload in Wisconsin: Implications for a Work-Based Welfare Reform Strategy," released in September 1995, researchers Maria Cancian and Daniel R. Meyer examined state AFDC cases from 1983 to 1993. Their findings suggest that W-2's employment strategy may be unworkable.

Which Women Work?

Working full time, full year is the work effort that will be required of current AFDC recipients by W-2. Full time, full year work is defined by W-2 as an average of at least 35 hours a week for at least 48 weeks a year.

Table 1: Characteristics of Wisconsin Women on AFDC, 1984-1993

Age of Youngest Child	Less than HS Diploma	% of AFDC cases
Under 2	7%	27%
2 to 3	14%	30%
4 to 5	22%	31%
6 to 12	28%	33%
No child	29%	35%

The majority of Wisconsin women do not work full time throughout the year. While almost three-fourths of the state's women are in the paid labor force, only 34% of women with children work full time, all year. Women's full time participation in the work force drops significantly when they lack a high school degree or have young children.

One would assume that those with higher educational levels would be more likely to work if wages were high. However, Wisconsin women who work do not make that much: 26%

earned less than \$6 an hour. Of those with less than a high school education, the median wage was \$6 an hour, and half earned less than that.

Which Wisconsin Women Are on Welfare: 1984-1993 Trends

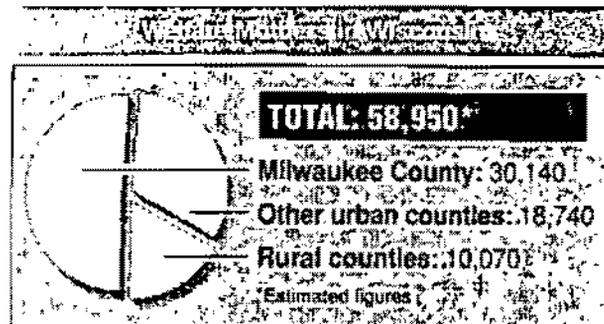
During the past decade, Wisconsin's caseload declined when many other states experienced increases. This is attributed to two trends: a strong economy that has enabled recipients most prepared for the work force to find jobs, and a reduction in eligibility for benefits. During this period, 12 to 20 percent of Wisconsin mothers worked while receiving AFDC, as compared to a national average of 6 to 8 percent—their earnings alone were not sufficient to keep them out of poverty.

To understand current recipient characteristics, a ten percent sample of cases active in AFDC Regular at any time between January 1990 and December 1993 was reviewed.

In looking at characteristics of women who receive welfare over the period examined, the significant trends are toward lower levels of education, larger families and younger children—all trends that negatively impact the employability of these women and lead to longer periods of dependency on AFDC.

	1983		1993	
	WI	U.S.	WI	U.S.
Race				
White	71%	42%	49%	38%
Black	11%	14%	41%	37%
Hispanic	1%	10%	1%	10%
Education*				
< H.S.	35%	15%	42%	15%
< H.S.	40%	36	39%	36
> H.S.	15%	10%	16%	12%
Number of Children				
1	50%	43%	36%	43%
2	23%	25%	30%	26%
3 or more	22%	32%	31%	31%
Age of Youngest Child				
0 to 1	14%	12	13%	11
2 to 5	13%	12	13%	12
6 to 11	22%	19	21%	19
12 or older	14%	19	11%	13

- Recipients in Milwaukee are substantially more likely to never exit AFDC (45%) compared to cases in other urban counties (21%) or rural counties (16%);
- Milwaukee County recipients have lower levels of education: only 45% report having at least a high school degree, and about one in four have a tenth grade education or less;
- Milwaukee County recipients have larger families. Only 34% have one child, as compared to about 45% in other counties. Thirty-six percent have three or more children, compared to 25% in the other counties.



Child Care Costs Under W-2

Only 6% of all women receiving AFDC have at least a high school degree and no need for child care, a crude estimate of the percentage of the current caseload that is most ready to work.

In the urban areas of Wisconsin like Milwaukee, which have been identified by the Legislative Fiscal Bureau as having high-cost child care, W-2 workers will find that their take-home pay declines as their wages increase. Higher taxes and W-2 child care co-pays combine with decreasing income supports (EITC, food stamps) to cause take-home pay to drop from \$15,544 at \$5 per hour to only \$11,543 at \$11 per hour. In fact, at \$11 per hour, child care costs consume 43% of the disposable income for a family of three with two children in full time child care.

The Milwaukee Experience

Of the almost 59,000 active AFDC-Regular cases in Wisconsin, almost half are in Milwaukee County. Women on welfare in Milwaukee County have longer spells on AFDC. Some of this difference is due to the larger proportion of Milwaukee recipients with low education or high child care costs:

What's a Better Strategy for W-2?

If only 8.72% of non-welfare recipient Wisconsin mothers with preschool aged children and less than a high school diploma are in the paid workforce full time, full year, is this a realistic expectation of mothers on welfare, who face many more barriers to employment?

If child care costs will amount to almost half their earnings: even if they make \$11 an hour, then is it realistic to expect employment to move these families out of poverty?

Given the strong economy in Wisconsin, those most prepared for the labor force have been able to exit welfare. In some areas of Wisconsin there are labor shortages and even "good" jobs for low skilled workers are not filled. Is it realistic to expect that those least skilled, least educated, least prepared for the workforce in terms of child care responsibilities will fill these jobs?

Sources of Data:

- National Integrated Quality Control System of the U.S. Department of Health and Human Services 1983-1993, taken from a sample of case records in each state, drawn randomly from each month's caseload.
- Wisconsin's computerized Reporting Network administrative database, 1983-1993. A random sample of one in ten of the AFDC-Regular cases headed by women and active at any time between January 1990 and December 1993.
- Public Use Microdata sample from the 1990 census to consider patterns of work and earnings in Wisconsin.
- Piechart courtesy of the Wisconsin State Journal, Laura Sparks, graphic artist.

Make Wisconsin Work for Women—An Amendment to W-2:

- ✓ women with a child aged 1 or less should be exempt from work requirements;
- ✓ child care co-payments should be adjusted to make work pay;
- ✓ community service jobs should pay at least minimum wage and require no more than 30 hours week;
- ✓ because of significant variety in recipient characteristics, policies must address diversity (e.g., age and health of children, family size and education level) when planning to move a family out of poverty. Education and training programs should fulfill the work requirement.

WISCONSIN COUNCIL ON CHILDREN AND FAMILIES, INC.

16 North Carroll Street, Room 420

Madison, WI 53703 Phone: (608) 284-0580 Fax: (608) 284-0583



Twenty Questions for W-2

Is the "Devil in the Details?"

Wisconsin's effort to create a welfare system that promotes jobs for recipients and enables self-sufficiency is taking shape with the release of a plan, W-2, to replace the current AFDC system. Any plan is going to be complex since the needs and circumstances of individuals can be enormously varied. Therefore, while the concepts of a plan find ready acceptance, the details are the core of the program and as such can be very controversial. To judge any plan the details need to be known and understood. Presented here are "twenty questions" to deal with the devil in the details.

1 Will the state provide additional resources to counties or to charitable agencies to meet basic needs of children for food, shelter and clothing, if W-2 incomes are inadequate?

2 What happens to the children when the parent has used up the maximum limit of 60 months of participation in W-2?

3 Since a parent with three or more children will receive less for working than they do on AFDC is there any provision for the children's needs and "out of pocket" expenses like transportation and clothing for the parents to work?

4 Will parents who refuse to be in the program or do not make enough in W-2 to support their children be charged with neglect and have their children placed in foster care at county expense?

5 Will the state pay for the operation of sheltered workshops for W-2 transition clients?

6 How will the state provide for children now on AFDC whose parents or caretakers are not able to work because they are on SSI due to a permanent disability, or they are in jail or treatment and the child lives with relatives who aren't legally responsible for the child?

7 Who will supervise the 9 to 13 year old children who are no longer eligible for after school day care?

8 What percent of a person's income will be required for child care and health care co-payments in W-2? And will it be less for the more expensive infant care? (Mothers will now be required to be in a work site after a baby is 12 weeks old.)

9 Will W-2 participants have any right to an independent review of decisions of the contractor?

10 How do the benefits provided for children in the Health Care package compare with the current Medicaid benefits?

11 Will the health benefits available provide pregnant women at risk of having a low birth weight baby the special prenatal case coordination services now available to ensure the birth of a healthy baby?

12 Are HMOs required to provide AODA treatment and mental health services and at what level of service?

13 What is the criteria for demonstrating a "consistent commitment to work" in order to be eligible for education and training activities with subsidized child care?

14 What legal obligations will non-governmental agencies be required to assume to operate W-2?

15 What are the qualifications of the financial planners and what performance standards are required for an entity to operate the program?

16 How does the W-2 initiative, which places total emphasis on job placement over training, relate to Governor Thompson's work force development policies and business demands for an increasingly skilled and competitive work force?

17 Since bridge loans are repaid by working them off if a client cannot afford to repay out of his/her income, are there limitations on the number of hours a parent can work past the required 40 hours a week?

18 What is the plan to help parents keep a job?

19 What is the plan for job development in inner city neighborhoods or transportation out of the inner city?

20 Will the state Earned Income Tax Credit be available on a monthly basis?

10 REASONS WHY WISCONSIN'S W-2 PLAN IS BAD FOR CHILDREN

- 1. Children in families where parents cannot find jobs despite their best efforts will be poorer because of W-2.**
Families only get help when parents are participating in work activities, but there is no assurance that sufficient placements will be available for parents. Moreover, at the end of the 60-month time limit, if a parent cannot find work, the whole family—including the children—loses all cash aid.
- 2. Children in families where parents are complying fully with work placement requirements will be poorer because W-2 requires them to pay much more for child care and Medicaid.**
In Milwaukee County, the minimum health and child care co-payments for a mother with two children would be \$904 a year, or \$75 a month, even for a family receiving only \$518 a month (52 percent of the federal poverty line). Taking all forms of aid into account, that family would be \$57 worse off each month compared to current AFDC families.
- 3. Child care will not be assured for needy families even though parents of children as young as twelve weeks will be required to work.**
Although Wisconsin has invested more dollars in child care, they have dramatically increased the demand and eliminated the guarantee that families trying to leave welfare for work will get needed child care help. Child care shortages are expected to be especially intense for the youngest babies. The Planning Council of Milwaukee says there are only six child care providers for every 100 infants. 28 percent of all licensed child care centers in Milwaukee County do not accept infants under age one.
- 4. Children will be forced into low-quality child care at higher cost.**
In Milwaukee County, parents with incomes just above the poverty line would have to pay up to 10 times as much as they do now for licensed care, and about four times as much for a new category of unlicensed, untrained child care.
- 5. All guarantees of health coverage for children and families under the W-2 waiver would be repealed.**
According to the Wisconsin state statute, the new program is "in lieu of" Medicaid. The statute states: "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." The waiver would convert Wisconsin's Medicaid program into a block grant. (Emphasis added).
- 6. Many children and parents guaranteed Medicaid under current law will 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).
- 7. The waiver would deny necessary health care to children.**
Wisconsin would be the only state exempt from the requirements under Medicaid's Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program that children receiving Medicaid must be covered for the range of medically necessary health care they need. The state could deny coverage of a particular prescription drug, for example, even if no other service would cure a child's illness.
- 8. Infants and their teen parents will not receive any cash assistance even when they live at home or in a supervised setting.**
Teen parents and their children who cannot live safely at home will get no help unless already overburdened child protection agencies agree to take them into care.
- 9. Assistance for children of disabled parents will be slashed.**
When the parent receives SSI, assistance will be cut to \$77 per child, about a 28 percent reduction in total assistance for a family with two children.
- 10. An estimated 2,200 children currently living with grandparents or other caretaker relatives will be cut off from assistance.**

For more information, contact the Children's Defense Fund. (Deborah Weinstein, (202) 662-3565.)

National Just say NO! To Wisconsin's W2 Waivers *Campaign*

Fifth Wave
Urgent-Act Now

This week, the US Congress (with Mark Newman's bill) will attempt to decal all federal waivers procedures and public comment period in order to force Clinton into granting broad waivers for Wisconsin's W2, a welfare bill that would end welfare as an entitlement, impose time limits; impose a flat grant regardless of family size; and force persons to work off that flat grant at 40 hours for no paycheck, no Social Security credit, no EITC credit, and no dignity. W2 is every large corporation's dream: unpaid temporary workers! W2 would severely harm single mother families, disabled people, poor two-parent families, recent immigrants, the workforce, and the morale of our nation.

Call or Fax President Clinton, and tell him to block the WAIVERS for Wisconsin's W-2 because it :

- * Violates the minimum wage laws by forcing family heads to work off a flat grant of \$518 or \$535 (no variation for family size) at a rate of \$2.99 or \$3.20 an hour (instead of a salary). 75% of W2 participants would not be eligible for EITC or Social Security credits for old age.
- * Forces mothers of 12 wk. old infants to leave their infants for Job Search or Unpaid work
- * Requires unpaid workers to pay large co-payments for health insurance and child care out of their sub-minimum wage welfare grants
- * W2 is a harsher continuation of the existing, failed, welfare grant system as we know it. But W2 includes one major change: it will force single mothers and other unfortunate families into permanent poverty, rather than providing temporary assistance. By requiring 52 weeks of continuous, 40 hr unpaid work weeks, W2 would deny victims of poverty any opportunity to seek PAID employment OR supplement their tiny welfare grant which would be paid by the taxpayers instead of the employer at the W2 participants' sub-minimum wage "jobs."

Fifth Wave
Urgent-Act Now

WEEK OF JUNE 4 - JUNE 11

Say NO to Wisconsin's W2 waivers which would seriously endanger
the federal safety net for the poorest Americans

Fifth Wave
Urgent-Act Now

CALL THE WHITE HOUSE 202-456-1111 or fax 202-456-2461 and YOUR CONGRESSMEMBER AT 202-224-3121

This campaign is being coordinated by the Welfare Warriors of Wisconsin, California, and New York with the Welfare Reform Network of New York (WRNY). For more information, please contact Welfare Warriors 2711 W. Michigan, Milw, WI 53208; 414-342-6662, or fax 414-342-6667. Contact Welfare Reform Network, Tom Clancy 211 Park Ave South, New York, 10010; 212-777-4800 ext. 357. Fax 212-933-8792 or Liz Aschke 212-344-0195.

*OK of W-2 waivers expected by mid-July

MJS
P-3A
6/19/96

Concerns on Medicaid can be worked out, top White House aide says

By FRANK A. AUKOFER
of the Journal Sentinel staff

Washington — The Clinton administration is prepared to act positively on Wisconsin's welfare reform waiver requests by mid-July, White House Chief of Staff Leon Panetta said Tuesday.

Meeting with a group of reporters at the White House, Panetta said, "The welfare side of it is obviously the one that we think we can make the most progress with, and we feel the most comfortable with."

He said there continued to be some concerns about Medicaid issues. However, he said, "we think we can work with the state to work through those in order to ensure that the guarantee for health care is protected."

Last May 18, Clinton endorsed Wisconsin's reform plan, which would abolish the current system of welfare starting in September 1997 and replace it with a work-based program.

However, in order to implement Wisconsin Works, or W-2, the state needs a series of waivers from current federal welfare law. Gov. Tommy G. Thompson personally delivered the requests for waivers to the White House.

Under the law, the requests must be held open for public comment for 30 days. Because



Panetta

the waiver requests were officially published in the Federal Register on June 10, the comment period runs out on July 10.

Panetta said he thought a decision on the waivers would be announced "within a few days of that."

Clinton himself said Tuesday that he planned to approve waivers soon for the "intriguing" reform proposal advanced by Thompson, a Republican.

Clinton's statements Tuesday in an address before the American Nurses Association were his clearest endorsement yet of the plan, which contains elements of a much-lambasted national program that Clinton recently proposed.

Panetta also said welfare reform was closely linked to Medicaid, both in the Wisconsin plan and in national welfare reform legislation being considered in Congress.

Feingold says errors could delay approval

Associated Press

Madison — Mistakes in documents submitted to the federal government on Wisconsin's welfare-to-work experiment make blanket federal approval unlikely, Sen. Russ Feingold says.

The state's request to put Wisconsin Works participants in jobs that could reduce the hours and promotion possibilities for currently employed workers also could delay federal action, said Feingold (D-Wis.).

Gov. Tommy Thompson previously said a clerical error caused the state to seek permission for W-2 placements that would affect existing workers.

MJS
6/19/96
p. 3A

Clinton's orders called nothing new

Much of what is included in them already exists in state, two experts say

By JOEL DRESANG
of the Journal Sentinel staff

President Clinton's new orders on child support for welfare recipients strike Loretta Williams as nothing innovative.

"It's not new. It's already in place. It's been on the application for years," Williams said of the government's attempt to identify fathers of children receiving welfare.

A former steel mill worker and labor organizer, Williams is one of two women organizing the statewide Women and Poverty Public Education Initiative. She also was a welfare recipient briefly while bringing up seven children.

"There's nothing new there," Jean Rogers said of Clinton's Tuesday directives.

Clinton also signed a directive that would establish a database for tracking deadbeat parents across state lines.

Rogers runs welfare programs for the Wisconsin De-

partment of Health and Social Services.

"Both of those issues have long been a part of what we have supported in Wisconsin," Rogers said, and both are contained in Republican legislation that would overhaul welfare nationally by converting federal funding into state block grants.

Clinton's orders, part of a welfare proposal he made June 14, do not go as far as child support provisions in the Wisconsin Works (W-2) welfare plan now being reviewed by the U.S. Department of Health and Human Services.

Under W-2, which would take effect late next year pending federal approval, applicants and their families could be denied all benefits if they fail three times to cooperate in establishing the paternity of children born out of wedlock.

As an incentive, W-2 would have child support money go fully and directly to families. Now, the money offsets state welfare costs with \$50 per payment going to families.

Statewide, as of Dec. 31, about 140,000 non-custodial par-

ents were at least \$500 delinquent in court-ordered child support, according to the state, which ranks high nationally in collecting support. Delinquent support totaled about \$1 billion. More than 70% of the cases involved families receiving welfare.

Wisconsin counties already are among the first in the country implementing a statewide computerized child support and enforcement system, giving the state a leg up in participating in a national system such as the one Clinton wants to establish.

MJS
6/19/96

IN MY OPINION

P 11A

W-2 must put children first

Federal review is critical to discovering and fixing flaws in Wisconsin's welfare reform

By JOHN A. HUEBSCHER

The argument by Joseph Lekan, secretary of the state Department of Health and Social Services, for quick approval of Wisconsin Works, or W-2, without any change or modification is to be expected, given his principled and tireless advocacy for it. However, his arguments warrant a response.

First, insofar as I know, no one is asking President Clinton to extend the timetable for approving W-2 beyond the normal review process applied to requests for waivers of federal regulations that are not ensnared in presidential politics.

As is the case with abortion, the Wisconsin Catholic Conference approaches the issue of an entitlement to AFDC from the standpoint of the vulnerable party — the child. The entitlement we want to protect does not reward adults. It meets the basic needs of children.

Since children constitute two-thirds of America's AFDC recipients, their interests should be paramount as welfare reforms are considered.

Just as it is unwise to suggest that adults are not accountable for their choices, so is it ill-advised to suggest that children are responsible for choosing their parents. This is why grounding a child's eligibility for a safety net in adult behavior is unjust.

One must also take exception to Lekan's contention that welfare is a trap that keeps people mired in poverty. Other features of our society are more deserving of that description.

One trap that keeps people from working are fiscal and monetary policies that prefer higher unemployment to higher inflation. So long as the Federal Reserve Board's definition of "full employment" includes a national jobless rate of about 5% of the work force, some people will be trapped outside the work force.

Another trap is the lingering legacy of racism.

AFDC is not the reason unemployment among African-American men has been well above that of white men since the late 1950s. AFDC is not the reason African-Americans who play by the rules and finish high school are three times as likely to need the help of welfare to support their families.

Until we deal more directly with these traps, the goals of W-2 will go unmet.

Lekan asserts that a welfare parent in an entry-level job, coupled with W-2 services, will be better off than on AFDC.



Huebscher

He fails to say that his department's own projections assume that 75% of the families now on welfare will not be in such jobs, but in community service jobs or transitional placements that provide help at less than the minimum wage.

So long as the purchasing power of the minimum wage remains at a 40-year low, people who want to work will be trapped in jobs that won't allow them to feed their families. That is why W-2's treatment of those in community service jobs and transitional placements must be modified so those in such slots earn wages, not grants, and that these wages trigger eligibility for the Earned Income Tax Credit.

Lekan cites the decline in caseloads since 1987. He fails to note the 76% increase in visits to Milwaukee's food pantries and meal programs in the same period. Until policy-makers accept that there is more to welfare reform than cutting the caseload, the problems we face will continue.

As the Wisconsin Catholic Conference testified in hearings on W-2, the proposal contains many positive features that warrant implementation.

But the program is not without its flaws.

Neither Wisconsin's poor children nor the rest of us will be well-served by presenting the president and Congress with a "take it or leave it" approach to W-2.

John A. Huebscher is executive director of the Wisconsin Catholic Conference.

**FAX COVER SHEET**

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

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

NUMBER OF PAGES BEING SENT (INCLUDING COVER SHEET): 15

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

MESSAGE:

Bruce--

Attached is a letter Mayor Norquist just sent to the President concerning the W-2 waiver.

The press accounts of flaws in W-2--flaws now acknowledged by Gov. Thompson--should make it much easier for the President to approve the waiver with conditions.

The Mayor continues to believe it vital that the conditions imposed by the President must fix W-2's three most serious flaws. It is not enough just to remedy the worker displacement problem and some of the other errors reported in the press. The President should use the opportunity he now has to impose conditions to correct W-2's three major structural problems:

* Doling out welfare grants to able-bodied adults, instead of offering them minimum wage jobs with paychecks;

* Punishing work effort by imposing continuing real tax rates in excess of 100%, instead of making work pay in most cases;

* Providing the working poor a dramatically worse health care plan, instead of offering them a decent plan.

Also attached are recent Milwaukee Journal/Sentinel press clippings on the W-2 waiver. For the last few days, there has been a steady stream of press.

I've moved (as planned) from the Mayor's Office to head up the Department of Administration. My new phone number is 414/286-3928. My new FAX number here is 414/286-8547.

I'll be calling you later to see what the latest developments are in Washington. The Mayor continues to suggest that I return to Washington to help draft the waiver conditions. What's your advice?

David

June 17, 1996

John O. Norquist
Mayor



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

Dear President Clinton:

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

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

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

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

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

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

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

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

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

Page 2
June 17, 1996

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

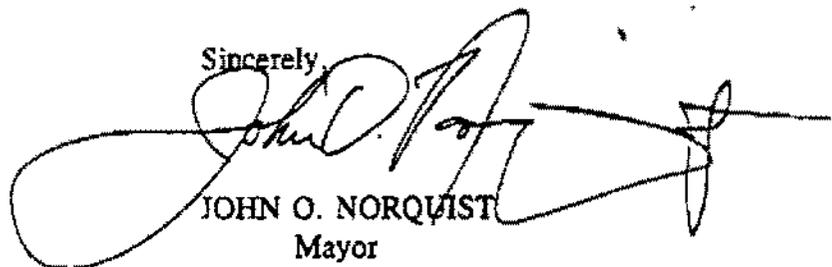
• Second, W-2's welfare-like policy of making work not pay must be eliminated. Because of W-2's irrational escalation of child care co-payments, as family incomes rise above the federal poverty line, many workers end up with dramatically lower net incomes. W-2's negative impact on income is not occasional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

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

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

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

Sincerely,



JOHN O. NORQUIST
Mayor

Milwaukee Journal Sentinel Sat. June 15, 1996

CLINTON HAD ENDORSED PROPOSAL

White House now shows concerns over W-2

Officials raise questions about several of plan's key provisions

By ROBERT FEAR
New York Times

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

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

But federal officials have many questions and concerns about the proposal and they said they could not approve it until their concerns were addressed.

A basic premise of the plan, known as Wisconsin Works, or W-2, is that aid should be provided only in return for work. But the plan would not guarantee jobs for

WORKING ON Welfare

Continuing coverage of welfare reform in Wisconsin and the nation

anyone and would eliminate the right to a "fair hearing" for many families denied Medicaid or welfare benefits.

The measure was proved by the Wisconsin legislature on March 14 and signed April 25 by Gov. Tommy Thompson.

Clinton gave it his blessing

Please see W-2 page 7

Wisconsin lawmakers sent outside firm to evaluate Wisconsin Works

W-2/White House has doubts about plan

From page 1

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

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

Wisconsin needs federal waivers because its welfare plan would violate many federal laws and rules intended to protect poor people. Melissa T. Skolfield, an assistant secretary of health and human services, said Friday, "This is the most complicated waiver request we have received to date."

On important questions, she said, it contains unclear statements and contradictions that must be resolved.

Some elements of the Wis-

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

Only Part of Plan

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

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

■ While Thompson says he will spend more money on child care and health care for low-income people, the Wisconsin law does not actually guarantee jobs, child care or health care

for anyone. The new state law says that even a person who meets all the eligibility requirements "is not entitled to services or benefits." Clinton has fought to preserve the entitlement to health care for welfare recipients and others on Medicaid, and no state has received a waiver to eliminate this guarantee.

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

■ Poor people will not become eligible for cash assistance or state-subsidized jobs until they have lived in Wisconsin for 60 days. The Supreme Court has

struck down such residence requirements on the ground that they interfere with the freedom to travel and improperly discriminate between old and new residents.

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

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

W-2 waiver applicants lunches as AT income

By Tom [unclear] of the [unclear] School lunch program...

...for mothers and youngsters would count income in fighting families...

...for the Wisconsin W-2 waiver plan, according to documents filed in...

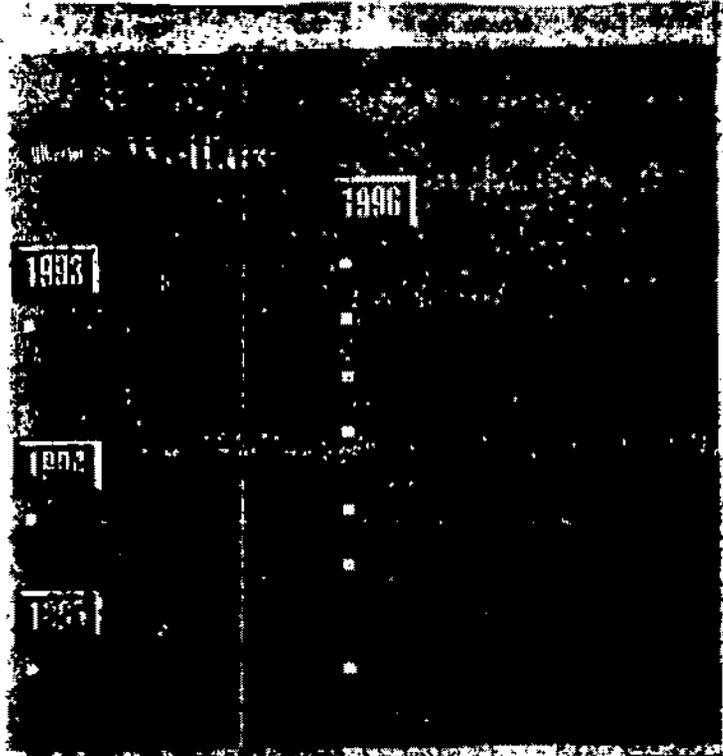
...such benefits administered make it hard for some families to qualify...

...the work-based welfare program and could raise fam-

...who runs the program in Wisconsin...

...also runs the program in Wisconsin...

Milwaukee Journal Sentinel
Metro + State News
Sunday June 16, 1996



Waiver/W-2 Request says lunch is income

Contrary to the wording of the W-2 law, sent by exemption from food stamp work requirements for certain adults enrolled at least 180 days in recognized education or training programs.

Some details have even surprised the Thompson administration, which modified its waiver request late Tuesday after the Journal Sentinel reported that one provider 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, unfillable job vacancies. The mistake prompted welfare advocates to request their pleas for deliberate scrutiny of the W-2 waiver application, to set aside politics to consider the plan's effects.

and the would-be know which items would be counted until they're negotiating a waiver. The department's position is that the law is not clear on this point, and they're looking to make their own interpretation.

Who Has the Authority?

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 partici-

...not going to catch the mistakes, and we're not going to preserve the health and safety of the children of Wisconsin," said Carol Madala, project lobbyist for the Wisconsin Council on Children and Families.

Madala 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 payments and eligibility for the W-2 health plan.

Broadly defined in state law and subject to the federal provisions, Madala said, the state is not sure it can control the definition of income.

Madala 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 payments and eligibility for the W-2 health plan.

Madala 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 payments and eligibility for the W-2 health plan.

Madala 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 payments and eligibility for the W-2 health plan.

To qualify for W-2, a person's income must be less than 115% of the federal poverty level, which is \$2,000 for a family of three.

"I think that provision is particularly troubling," Madala said, "because it includes things like child care benefits, which are counted, if not as income, for any other welfare program."

Of the document's references 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 W-2 Rogers said, is to learn from federal officials which items can be included when setting applications and their sources of income. She

...children who are deemed physically or mentally unable to care for themselves.

Madala 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 payments and eligibility for the W-2 health plan.

Madala 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 payments and eligibility for the W-2 health plan.

Madala 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 payments and eligibility for the W-2 health plan.

Madala 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 payments and eligibility for the W-2 health plan.

Madala 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 payments and eligibility for the W-2 health plan.

Madala 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 payments and eligibility for the W-2 health plan.

Madala 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 payments and eligibility for the W-2 health plan.

Madala 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 payments and eligibility for the W-2 health plan.

Madala 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 payments and eligibility for the W-2 health plan.

Madala 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 payments and eligibility for the W-2 health plan.

EDITORIAL PAGE

THE MILWAUKEE SENTINEL
SCHOMON BUREAU
FOUNDER 1837

SUNDAY, JUNE 16, 1996

OWNER

JO MESSNER

MANAGING EDITOR

MARTIN KASER

DEPUTY MANAGING EDITOR

DAE RYON

OUR VIEWS

W-2 waiver request needs careful scrutiny

As it turns out, Wisconsin's 400-page request for federal welfare waivers has at least one controversial provision that top state officials themselves now concede shouldn't be there. That admission underscores the need for federal officials to carefully review the entire request before approving it.

Unfortunately, the waivers being sought to implement Wisconsin Works — a radical revision of the welfare system — have gotten caught up in presidential politics. The U.S. House has foolishly passed a bill that would approve the state's waiver request practically right unseen.

Also worrisomely, the White House has been signaling that it might go along with the House folly and OK the request without a careful review.

But the snafu that came to light just the other day should give the Washington politicians pause. To the apparent surprise of even the architects of W-2, as Wisconsin Works is called, the waiver document included a request for federal permission to allow employers to displace regular workers with W-2 workers in some cases.

Of course, under no circumstances must a government employment program give a job to one person by taking it from somebody else. State officials say they weren't really trying to do that. The displacement request got into the petition by mistake, they say.

The feds should comb the document for other such mistakes. They should also weigh the merits of the many huge reversals of present welfare policy the state is seeking.

In our judgment, the thrust of Wisconsin Works — assisting poor parents by putting them to work — is on target. But the program has several flaws.

The program demands the full responsibility of work, but does not necessarily bestow the minimal rewards of work. In contrast to real jobs, workers under W-2 can make less than the minimum wage, and many will be denied the earned income tax credit.

Also under the program, the state refuses to ensure a job or any kind of help to an eligible parent who's desperately willing and able to work — a huge hole in the social safety net that any civilized society must have.

And these flaws are only for starters.

Wisconsin's sweeping waiver request demands careful federal review.

JUN - 19 96 (WED) 10:51 DDA INT. GOV. RELATION

TEL: 9 414 286-8547

P. 009



ASSOCIATED PRESS

Investigators inspect damage at the Hills Chapel Baptist Church in Rocky Point, N.C., after it was destroyed by fire early Monday. There have been more than 30 fires at mostly black churches in the South since January 1995.

Membership of about 35, valued for \$200,000, said agent Gene Jordan. The congregation was founded in 1880 and the building that Monday was erected in 1920.

Charges of arson investigated also were used Monday in the case of a church in Stone Mountain, Ga., 10 miles from Atlanta, where fire gutted a sanctuary of Pine Lake Baptist Church.

The church appeared to be suspicious although there was no evidence of arson, said Detective Brown, DeKalb County public safety commissioner. It apparently began on the front porch, authorities said.

Pine Lake Baptist's congregation is mostly white, with about a dozen blacks out of 1,000 members. In another case involving church fires in the South, a small storage shed was destroyed late Monday morning in a fire at Life Christian Assembly Church just outside North Charleston, S.C. The Pentecostal church has a congregation of 120, evenly divided between black and white members.

David Opitz noted that Shalala told The Associated Press during the weekend that she had recused herself from the Clinton administration's decision on the W-2 waivers because of her ties to the UW-Madison campus. Shalala resigned as chancellor to join the Clinton administration, but still has ties to the state as a faculty member on leave and a participant in the state pension plan.

determined."

Health and Human Services spokesman Victor Zonana de-

waivers," he said. "Anything other than across-the-board approval would be back pedaling."

Shalala urged to cut ties to UW in order to act on state W-2 plan

By RICHARD P. JONES
of the Journal Sentinel staff

Madison — The chairman of the Wisconsin Republican Party demanded Monday that Health and Human Services Secretary Donna Shalala sever her ties with the University of Wisconsin-Madison and act on Wisconsin's W-2 waiver request.

David Opitz noted that Shalala told The Associated Press during the weekend that she had recused herself from the Clinton administration's decision on the W-2 waivers because of her ties to the UW-Madison campus.

Shalala resigned as chancellor to join the Clinton administration, but still has ties to the state as a faculty member on leave and a participant in the state pension plan.

Shalala returned to Wisconsin during the weekend to ad-

dress the state Democratic convention.

"If President Clinton really supports W-2, then he needs a welfare secretary who is effective in implementing the plan and granting the waivers," Opitz said.

"If her ties to the UW prevent her from doing her job, which is ending welfare as we know it, then she should completely resign from the UW or quit as secretary," he said.

Shalala spokesman Victor Zonana said the department already had granted Wisconsin three waivers under authority delegated by Shalala.

"The department is quite capable of doing its job on this issue and is moving forward," Zonana said. He said that as a faculty member with tenure and a pension fund participant, Shalala must recuse herself.

"It is not only appropriate behavior, it is legally mandated behavior," Zonana said. "Mr. Opitz would undoubtedly be screaming conflict of interest if Secretary Shalala participated in the decision-making process."



Shalala

10 added to endangered sites list

to make repair loans and assist in finding people and other technical help for the congregations. Making the most-enlisted this year: Broad Top Railroad, on County, Pa. Antworth by the Sea, New Castle, N.H. Fort End Historic District, Albany, N.Y. Central High School, Little Rock, Ark.

- Harry S. Truman Historic District, Independence, Mo.
- The village of Petoskey, Mich.
- Uptown Theater, Chicago.
- Historic structures of Glacier National Park.
- Sotterley Plantation, Hollywood, Md.
- Adobe churches of New Mexico.
- Knight Foundry, Sutter Creek, Calif.

U.S. set for launch on life-sciences mission

Associated Press
Cape Canaveral, Fla. — The space shuttle Columbia is ready to be launched on an extended mission to launch a life-sciences space mission

Thursday morning. But Florida's cantankerous summer weather and other schedule pressures, including the launch of a spy satellite, may force a delay until July 5, NASA officials said Monday.

ACT students can use calculators

Associated Press

Washington — Students taking the ACT college entrance test this fall will be permitted to use calculators, which have become as common as pencils in many high school classrooms. Calculators will be allowed, but not required, for students

who take the American College Testing mathematics exam on or after Sept. 1.

"Surveys indicate that calculators are now embedded in the curriculum in the vast majority of high school math courses across the country," said Richard L. Ferguson, president of ACT, based in Iowa City, Iowa.

Milwaukee Journal Sentinel
Tuesday, June 18, 1996

Arches in South destroyed by fire



CAPITOL HILL

Republicans pressure Clinton to back W-2

**House GOP leaders say
president should grant
waivers for state plan**

Associated Press

Washington — Saying White House credibility was at stake, Republicans pressed President Clinton on Monday to fully grant Wisconsin's request for federal waivers so the state can carry out an innovative welfare-to-work program.

House Speaker Newt Gingrich (R-Ga.), Majority Leader Dick Armey (R-Texas) and other GOP leaders sent a letter to Clinton saying they were "dismayed" to read a New York Times article during the weekend reporting that the administration would not accept the Wisconsin welfare waivers without several changes.

The Republicans urged Clinton to make clear, before a 30-day review period is up on June 28, his full support for the waivers "so that your credibility on this important issue is not undermined."

ried any hitch in the waiver approval process. "We expect and hope to approve the waiver after we complete our normal review process. ... We are already in discussion with Wisconsin and we are going to get this done."

Clinton, in a radio address on May 18, praised the Wisconsin plan that requires welfare recipients to get jobs and provides subsidies to businesses and community service to help get people working. He said it "has the makings of a solid, bold welfare reform plan."

Republicans accused the president of trying to steal credit for Republican welfare reform initiatives, and on June 6 the House passed a bill giving legislative approval to the waivers.

"We want to see the president go forward and deliver on what he said," Rep. Clay Shaw (R-Fla.), head of the Ways and Means Committee panel on welfare and one of the signers of the letter, said at a news conference. "He deliberately led the American people to believe that he was going to approve these waivers," he said. "Anything

Milwaukee Journal Sentinel
 Wednesday, June 19, 1996

• • MILWAUKEE JOURNAL

Clinton order targets deadbeat

Rules require mothers to give detailed data on fathers of children

Washington Post

Washington — President Clinton said Tuesday that he was directing the states to implement new rules that would require mothers to provide detailed information about who fathered their children before they would be eligible for welfare.

The announcement came in a speech devoted to showing that Clinton had used his executive powers to be a tough-minded innovator on welfare, even though he vetoed two reform proposals sent to him by Congress that he said were too severe.

The announcement was followed immediately by Republican complaints that Clinton's vetoes show his promise to "end welfare as we know it" in the 1992 campaign was just talk.

The initiative announced Tuesday is actually a refashioning of current rules for establishing paternity rather than a dramatic new policy. Under the law now, mothers are required to cooperate in efforts to identify the father. But as a practical matter, administration officials

WORKING ON Welfare

Continuing coverage of welfare reform in Wisconsin and the nation.

say, the rules about what qualifies as "cooperation" are vague and efforts to establish paternity often do not occur until long after a person is receiving benefits.

The Department of Health and Human Services will devise more precise rules about what information a mother must provide — both a name and some other piece of identifying information, such as address or place of employment — and states will be instructed not to send checks until the information about the father is supplied.

In a speech to the American Nurses Association, Clinton also vowed to improve national efforts at hunting down so-called deadbeat dads — fathers who do not pay child support — when they cross state lines.

Half the states have programs requiring or encouraging employers to supply the names of new hires to a state agency as a way of tracking down parents who are delinquent in their child support.

Under the new program, these 25 states are being encouraged to send their computer data to Health and Human Ser-

vices Federal Parent Locator Service, which keeps track of records of delinquent parents from all 50 states.

The lists will be compared against one another. When there is a match, the state where the delinquent parent is working will be notified so it can begin the process of ordering the parent's wages garnisheed.

"Our system should say to mothers: If you want our help, help us to identify and locate the fathers so he can be held accountable," Clinton said.

"And it should say to fathers: We're not going to just let you walk away from your children and stick the taxpayers with the tab. The government did not bring the child into the world, you did," he added.

On Capitol Hill, Rep. Bill Archer (R-Texas), the chairman of the House Ways and Means Committee, and Rep. Clay Shaw (R-Fla.), who heads that panel's subcommittee on human resources, dismissed Clinton's speech as posturing.

They said in a statement that only legislation can fix a loophole that allows "many mothers (to) provide just enough information to qualify for benefits but not enough to locate the father, and the president doesn't have the authority to correct this through executive action."

OK of expected

Concerns on Medicaid can be worked out, White House aide

By FRANK A. AUKO of the Journal Sentinel

Washington — The administration is preparing to act positively on Wisconsin welfare reform waiver by mid-July, White House of Staff Leon Panetta said today.

Meeting with a group of reporters at the White House, Panetta said, "The welfare side of it is obviously the one that we think we can make the most progress with and we feel the most comfortable with."

He said there continue some concerns about

Waukegan Journal
Sentinel
Wednesday, June 19, 1996

tailed information about who fathered their children before they would be eligible for welfare.

The announcement came in a speech devoted to showing that Clinton had used his executive powers to be a tough-minded innovator on welfare, even though he vetoed two reform proposals sent to him by Congress that he said were too severe.

The announcement was followed immediately by Republican complaints that Clinton's vetoes show his promise to "end welfare as we know it" in the 1992 campaign was just talk.

The initiative announced Tuesday is actually a refashioning of current rules for establishing paternity rather than a dramatic new policy. Under the law, now mothers are required to cooperate in efforts to identify the father. But as a practical matter, administration officials

and human services will devise more precise rules about what information a mother must provide — both a name and some other piece of identifying information, such as address or place of employment — and states will be instructed not to send checks until the information about the father is supplied.

In a speech to the American Nurses Association, Clinton also vowed to improve national efforts at hunting down so-called deadbeat dads — fathers who do not pay child support — when they cross state lines.

Half the states have programs requiring or encouraging employers to supply the names of new hires to a state agency as a way of tracking down parents who are delinquent in their child support.

Under the new program, these 25 states are being encouraged to send their computer data to Health and Human Ser-

help us to identify and locate the fathers so he can be held accountable," Clinton said.

"And it should say to fathers: We're not going to just let you walk away from your children and stick the taxpayers with the tab. The government did not bring the child into the world, you did," he added.

On Capitol Hill, Rep. Bill Archer (R-Texas), the chairman of the House Ways and Means Committee, and Rep. Clay Shaw (R-Fla.), who heads that panel's subcommittee on human resources, dismissed Clinton's speech as posturing.

They said in a statement that only legislation can fix a loophole that allows "many mothers (to) provide just enough information to qualify for benefits but not enough to locate the father and the secretary doesn't have the authority to correct this through executive action."

Clinton's orders called 'nothing new'

Much of what is included in them already exists in state, two experts say

By Loretta Williams
of the Journal Sentinel

President Clinton's new orders on child support for welfare recipients strike Loretta Williams as nothing innovative.

"It's not new. It's already in place. It's been on the application for years," Williams said of the government's attempt to identify fathers of children receiving welfare.

A former steel mill worker and labor organizer, Williams is one of two women organizing the statewide Women and Poverty Public Education Initiative. She also was a welfare recipient briefly while bringing up seven children.

"There's nothing new there," Williams said of Clinton's orders.

Clinton also signed a directive that would establish a database for tracking deadbeat parents across state lines.

Rogers runs welfare programs for the Wisconsin De-

partment of Health and Social Services.

Both of those issues have long been a part of what Williams has supported in Wisconsin, Rogers said, and both are contained in Republican legislation that would overhaul welfare nationally by converting federal funding into state block grants.

Clinton's orders, part of a welfare proposal he made June 14, do not go as far as child support provisions in the Wisconsin Works (W-2) welfare plan now being reviewed by the U.S. Department of Health and Human Services.

Under W-2, which would take effect late next year pending federal approval, applicants and their families could be denied all benefits if they fail three times to cooperate in establishing the paternity of children born out of wedlock.

As an incentive, W-2 would have child support money go fully and directly to families. Now, the money offsets state welfare costs with \$50 per payment going to families.

Statewide, as of Dec. 31, about 140,000 non-custodial par-

ents were at least \$500 delinquent in court-ordered child support according to the state, which ranks high nationally in collecting support. Delinquent support totaled about \$1 billion. More than 70% of the cases involved families receiving wel-

fare. Wisconsin counties already are among the first in the country implementing a statewide computerized child support and enforcement system, giving the state a leg up in participating in a national system such as the one Clinton wants to establish.

SID RUSSELL'S RICE
5 DAYS ONLY

Milwaukee Journal Sentinel
Wednesday, June 19, 1996

deadbeat parents

OK of W-2 waivers expected by mid-July

Concerns on Medicaid can be worked out, top White House aide says

By FRANK A. AUKOPF
of the Journal Sentinel staff

Washington — The Clinton administration is prepared to act positively on Wisconsin's welfare reform waiver requests by mid-July, White House Chief of Staff Leon Panetta said Tuesday.

Meeting with a group of reporters at the White House, Panetta said, "The welfare side of it is obviously the one that we think we can make the most progress with and we feel the most comfortable with."

He said there continued to be some concerns about Medicaid issues. However, he said, "we think we can work with the state to work through those in order to ensure that the guarantee for health care is protected."

Last May 18, Clinton endorsed Wisconsin's reform plan, which would abolish the current system of welfare starting in September 1997 and replace it with a work-based program.

However, in order to implement Wisconsin Works, or W-2, the state needs a set of waivers from current federal welfare law. Gov. Tommy G. Thompson personally delivered the requests for waivers to the White House.

Under the law, the requests must be held open for public comment for 30 days. Because

the waiver requests were officially published in the Federal Register on June 10, the comment period runs out on July 10.

Panetta said he thought a decision on the waivers would be announced "within a few days of that."

Clinton himself said Tuesday that he planned to approve waivers soon for the "inbrugging" reform proposal advanced by Thompson, a Republican.

Clinton's statements Tuesday in an address before the American Nurses Association were his clearest endorsement yet of the plan, which contains elements of a much-lambasted national program that Clinton recently proposed.

Panetta also said welfare reform was closely linked to Medicaid, both in the Wisconsin plan and in national welfare reform legislation being considered in Congress.



Panetta

Feingold says errors could delay approval

Associated Press

Madison — Mistakes in documents submitted to the federal government on Wisconsin's welfare-to-work experiment make blanket federal approval unlikely, Sen. Russ Feingold says.

The state's request to put Wisconsin Works participants in jobs that could reduce the hours and promotion possibilities for currently employed workers also could delay federal action, said Feingold (D-Wis.).

Gov. Tommy Thompson previously said a clerical error caused the state to seek permission for W-2 placements that would affect existing workers.

Locator
of re-
parents

pared
When
where
work-
can be
ing the
d.

say to
r help,
locate
eld ac-

athers:
let you
ildren
th the
d not
world.

Bill Ar-
nan of
Means
Shaw
panel's
an re-
nton's

nt that
loop-
others
infor-
ing the
fa-
oesn't
ct this

delin-
child
state,
ly in
quent
billion.

es in-
wel-

ready
oun-
pwide
rt and
ng the
ing in
s the
fish.

Usually a person with mental illness will seem fine for many years, only to have the illness appear in the prime of life, frequently between the ages of 18 and 25.

For any family whose children are struck with major depression, bipolar disease or schizophrenia, among others, when they are just starting college career, becoming independent of parents and showing

promise for the future, this is a devastating event. It certainly is not something by which to find humor.

While I realize that words such as "wacko" are unfortunate common terms in the American language, making light of them in this way is inhumane. People with mental illness who suffer greatly from feel-

every five people, will be affected by mental illness at some point in their lives, according to the National Institute of Mental Health, you are most likely of-fending a great number of your staff as well as subscribers. I urge you to use more compassion in the cartoons you run.

Shelene Borders, Executive Director Alliance for the Mentally Ill of Greater Milwaukee

Milwaukee Journal Sentinel, Wednesday, June 19, 1996 Editorial Page

IN MY OPINION

W-2 must put children first

Federal review is critical to discovering and fixing flaws in Wisconsin's welfare reform

By JOHN A. HUBSCHER

The argument by Joseph Lekan, secretary of the state Department of Health and Social Services, for quick approval of Wisconsin Works, or W-2, without any change or modification is to be expected, given his principled and tireless advocacy for it. However, his arguments warrant a response.

First, insofar as I know, no one is asking President Clinton to extend the timetable for approving W-2 beyond the normal review process applied to requests for waivers of federal regulations that are not ensnared in presidential politics.

As is the case with abortion, the Wisconsin Catholic Conference approaches the issue of an entitlement to AFDC from the standpoint of the vulnerable party — the child. The entitlement we need to protect does not reward adults. It meets the basic needs of children.

Since children constitute two-thirds of America's AFDC recipients, their interests should be paramount as welfare reforms are considered.

Just as it is unwise to suggest that adults are not accountable for their choices, so is it ill-advised to suggest that children are responsible for choosing their parents. This is why grounding a child's eligibility for a safety net in adult behavior is unjust.

One must also take exception to Lekan's contention that welfare is a trap that keeps people mired in poverty. Other features of our society are more deserving of that description.

One trap that keeps people from working are fiscal and monetary policies that prefer higher unemployment to higher inflation. So long as the Federal Reserve Board's definition of "full employment" includes a national jobless rate of about 5% of the work force, some people will be

AFDC is not the reason unemployment among African-American men has been well above that of white men since the late 1950s. AFDC is not the reason African-Americans who play by the rules and finish high school are three times as likely to need the help of welfare to support their families.

Until we deal more directly with these traps, the goals of W-2 will go unmet.

Lekan asserts that a welfare parent in an entry-level job, coupled with W-2 services, will be better off than on AFDC.



Hubscher

He fails to say that his department's own projections assume that 75% of the families now on welfare will not be in such jobs, but in community service jobs or transitional placements that provide help at less than the minimum wage.

So long as the purchasing power of the minimum wage remains at a 40-year low, people who want to work will be trapped in jobs that won't allow them to feed their families. That is why W-2's treatment of those in community service jobs and transitional placements must be modified so those in such slots earn wages, not grants, and that these wages trigger eligibility for the Earned Income Tax Credit.

Lekan cites the decline in caseloads since 1987. He fails to note the 76% increase in visits to Milwaukee's food pantries and meal programs in the same period. Until policy-makers accept that there is more to welfare reform than cutting the caseload, the problems we face will continue.

As the Wisconsin Catholic Conference testified in hearings on W-2, the proposal contains many positive features that warrant implementation. But the program is not without its flaws. Neither Wisconsin's poor children nor the rest of us will be well-served by presenting the president and Congress with a "take it or leave it" approach to W-2.

Summer Garden Great Family Fun

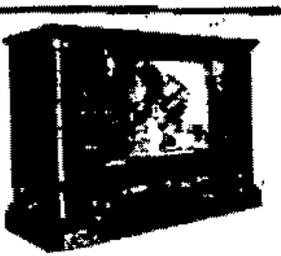
MR. MAZER COMPETITOR CROQUET SET Fun and easy to play. Includes 8 hardwood mallets with soft rubber tips, 8 polymer balls, 2 goal stakes, 8 wire wickets, Court Compass set and storage rack with wheels.

\$84.50 We also have Bocce & Horseshoe and Volleyball

Jack & Jill MILWAUKEE 1400 N. W. 10-6 Tues, Wed, 10-4 THURS, FRI, SAT, 10-4 SUNDAY 10-4. MILWAUKEE, WI. 53001. CREDIT CARDS: VISA or American Express

MILWAU NEW RCA, ZENITH BIG SCREEN COLOR For Wednesday Free TV Delivery and Setup In Your Home Tonight

FEDDERS Made in USA \$299 7,500 BTU 115 Volts 8.8 Amps \$34 9,000 BTU 115 Volts 12 Amps Other Sizes Up To 16,000 BTU/HR At Your Will & Savor Casamenti also



SR2723BW Remote ZENITH 27" COLOR TV Spatial Equalization Audio MTS Stereo with SAP ZDG High Contrast Picture Channel Labeling 5-Track Audio/Video

AM-WI--W-2, Bjt,380
W-2 Medical Program Seen As Bad Precedent
capfones-raejvc

*to Bremer lead
from #211/216*

MADISON, Wis. (AP) A family-advocacy group says Gov. Tommy Thompson's 'W-2' welfare replacement plan could set a bad precedent by allowing millions of Medicaid dollars to be spent on non-medical items.

However, a spokesman for Wisconsin's welfare agency said it intends to spend Medicaid savings under W-2 on medical care just not for the medical care of women and their children.

W-2 is Thompson's plan to replace Aid to Families with Dependent Children with a job program for able-bodied welfare recipients. Passed by the Legislature this spring, it has been forwarded to the federal government for approval of waivers from AFDC and Medicaid requirements.

The plan includes health coverage and child care for former AFDC recipients who would be placed in community service jobs, subsidized trial jobs or regular unsubsidized jobs.

Families USA, a Washington-based advocacy group, said if the federal government gives its permission, the program would allow an estimated \$18 million in Medicaid money to be spent on other W-2 programs, including child care and job training.

'Granting this waiver of federal law could open the floodgates to requests from other states to use Medicaid dollars for other purposes, such as the building of roads or stadiums,' the group said in a report.

Carol Huber, a spokeswoman for the Wisconsin Nutrition Project, said Wednesday that her group worries that the W-2 medical plan, with benefits reduced somewhat from what Medicaid covers, would leave some families without coverage.

'We're very concerned about what is going to happen to kids with special health needs,' Huber said. 'This is a step backwards.'

W-2's health plan would cost the taxpayers less than Medicaid for an estimated 55,000 people because of reduced benefits and the requirement that W-2 participants pay premiums toward their coverage just like most workers.

John Tuohy, a spokesman for the Department of Health and Social Services, said Medicaid money would not be shifted to other W-2 programs, though it could go to other Medicaid recipients, like elderly people in nursing homes.

'The only thing we would use the Medicaid dollars for is the W-2 health program,' Tuohy said.

**** filed by:APW-(WI) on 06/19/96 at 19:28EDT ****
**** printed by:WHPR(161) on 06/20/96 at 12:05EDT ****

OFFICE OF INTERGOVERNMENTAL AFFAIRS
DEPARTMENT OF HEALTH AND HUMAN SERVICES
200 Independence Avenue, SW
Room 630F
Washington, DC 20201



F A X C O V E R S H E E T

DATE: 6/21/96

TO: Bruce Reed

PHONE:
FAX:

FROM: John Monahan
Director

PHONE: (202) 690-6060
FAX: (202) 690-5672

RE:
CC:

Number of pages including cover sheet: 10

Message:

RETURN

DEPARTMENT OF HEALTH & HUMAN SERVICES



Memo from John Monahan

Director for Intergovernmental Affairs

Date: 6/20/96

To: Melissa S.
Rick T.
MS Board

Woodell P. Diana F.
Peter E. Kevin T.
Bruce Reed

For necessary action

For your information

Date due: _____

Comments/Recommendations

Please see me

Remarks:

Here ~~are~~ ^{are some} quotes from
uncovered, as well as excerpts
from an analysis by the US
Legislative Ref. Bureau (non-partisan)
identifying the differences between
the legislation + the waiver.

Some quotes from Wisconsin Press by and for Thompson on W-2

August 15, 1995 The Capital Times

Jean Rogers, welfare reform spokesperson for Thompson, said exceptions to the mandatory work provision, for example, would be for a mother whose severely handicapped child would be institutionalized if the mother didn't remain at home.

September, 1995 Corporate Report Wisconsin

Thompson: "That's why we have put so much emphasis on education, on school-to-work and apprenticeship programs, and on getting people off welfare through programs such as my new W-2 proposal" (education is NOT part of W-2)

November 16, 1995 Cap Times

Headline: "W-2 cuts health care aid, Governor's Reform Plan trims \$128.5 million

November 28, 1995 Cap Times

Rep. John Gard, Assembly author of W-2 addressed the issue of the high of W-2, "Even so, he said he expects the plan to be "cost neutral by its second or third year.

December 3, 1995 Milwaukee Journal Sentinel

Mark Bugher, Thompson's Secretary of Revenue: "There's a definite relationship between encouraging people to work and getting people off welfare" He continues to talk about the importance of EITC.

January 3, 1996 Milwaukee Journal

Joe Lekan, Secretary of Health and Human Services: "The fact that the EITC and Food Stamps drop out at some point is not W-2's fault"

January 18, 1996 Milwaukee Journal

Stier, spokesperson for Thompson's W-2: If Congress does not act to permit the state to pay W-2 workers less than minimum wage by the time W-2 would be implemented now expected to be mid-1997, the state would have to reassess its position.

February 1, 1996 Milwaukee Journal

Thompson: "We're done experimenting. We're replacing the welfare check with a paycheck, creating an entirely new system for helping families in trouble."

January 31, 1996 Cap Times

Thompson: It would require able-bodied people to work, but it also would end coverage of health care needs of thousands of children. "The jobs are there," Thompson said, also contending that children "will be covered by health insurance."

February 4, 1996 Milwaukee Journal

Gov. Thompson is considering whether a key part of his welfare reform plan should be changed to allow the minimum wage for welfare recipients whose employment options are limited to

community service jobs. "There may be changes" in the current plan, Thompson told editors... Thompson made a careful distinction on grant recipients. Grant should be paid to those who are being trained to work, because they've had little or no previous work experience. But he said it would be difficult to argue that people who take a community service job until finding other employment should be paid less than the minimum wage.

min wage

February 9, 1996 Milwaukee Journal

Thompson conceded that the area of health insurance may be one part of W-2 in which "we may have to make some modifications"

XX

March 1, 1996 Milwaukee Journal

Shalala: To win the Administration's support, the governor's plan would have to be changed to require states to contribute more of their own money for welfare, provide more guaranteed protection for children, and provide vouchers for in-kind services to families cut off welfare, among other things.

??

March 18, 1996 Milwaukee Journal

Thompson: "He has rubbed salt in our wounds twice" said T, adding that a Republican president would make it easier for the state to launch the governor's sweeping W-2 welfare overhaul...

April 4, 1996 Milwaukee Journal

At the recent National Education Summit in Palisades, NY, Gov. Thompson said, "We want to bring education to the forefront" he provides no resources for W-2 participants in school, and makes them leave school to work

April 25, 1996 Cap Times

Thompson eliminated a requirement that the state keep records on homelessness among W-2 recipients. Thompson said the reports "would not shed any light on the W-2 program".

April 29, 1996 Milwaukee Journal

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

May 21, 1996 Cap Times

Senator Gwen Moore: "I think that when he (Clinton) negotiates the waivers, he's not going to let Thompson get away with forcing people to work for subminimum wages. I think he's going to have major problems with the health care component, and with substandard child care."

May 25, 1996 Cap Times

Diana Mutz, a UW Professor of Poli Sci: "There's certainly a lot of research showing that increased press attention usually brings with it greater scrutiny. That means not only more good press, but also more bad press, so more people are more aware of more sides of an issue. And that's a good thing."

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

1. Application

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

2. Act

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

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

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

B. 60-DAY RESIDENCY REQUIREMENT

1. Application

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

2. Act

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

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

C. ELIMINATION OF CHILD CARE DISREGARD

1. Application

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

2. Act

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

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

D. FRAUD PENALTIES: INTENTIONAL PROGRAM VIOLATIONS

1. Application

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

2. Act

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

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

E. MINOR PARENTS REQUIRED TO LIVE AT HOME

1. Application

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

2. Act

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

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

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

1. Application

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

2. Act

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

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

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

1. Application

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

2. Act

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

H. FOOD STAMP EMPLOYMENT AND TRAINING EXEMPTIONS

1. Application

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

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

b. Age 60 or older.

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

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

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

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

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

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

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

2. Act

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

1. FOOD STAMP CASH OUT

1. Application

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

2. Act

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

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

RJC:lah:kja

06/20/96 11:20 5

To: *Spanner*
From: David Miller

Other Welfare Waiver Issues:

Health Care:

W-2 Health care is denied to individuals who have had access to employer-subsidized health care anytime within 18 months prior to applying for W-2 health care. [see Act 289 section (49.153 (3)(e))]

The statute states that dependent children (defined as under age 18) are eligible for health care even under the above circumstance.

The waiver request, on page V-4, states that eligibility only applies to children under 12 years of age.

The waiver request provides health care to fewer children than the statute.

Then,

Individuals who are offered employer-subsidized health care are not eligible for W-2 health care.

The waiver request says this does not apply to (all) children under 12.

The statute says that children between ages 6-12 above 100% of poverty would be not be eligible. 49.153 (3)(f)(1)(c).

In this case the statute provides fewer children with health care than the waiver request indicates.

In this case could the Dept. be writing the waiver to appear better than the actual statute?

The confusion is about which version will become the policy when a waiver is signed?