

THE WHITE HOUSE  
WASHINGTON

February 22, 1994

Ms. Ann Lyon  
20 Clifton Road  
Camp Hill, Pennsylvania 17011

Dear Ms. Lyon:

Thank you for your letter of February 8 concerning welfare reform. I appreciate your taking the time to write and for sharing your concerns and ideas with us.

I am sending your letter to staff of the Working Group on Welfare Reform, Family Support, and Independence at the Department of Health and Human Services for review.

Sincerely,



Bruce Reed

Deputy Assistant to the President  
for Domestic Policy

# ANN LYON

20 Clifton Road, Camp Hill, PA 17011

Feb. 8, 1994

Mr. Bruce Reed  
Director, Welfare Reform  
White House  
1600 Pa Ave. NW  
Washington, D.C.

Dear Mr. Reed,

I have been following the WELFARE REFORM debate with great interest and I am pleased that the President has made it a priority. However, I am troubled that nowhere in the proposal or discussion is there an effort to help in the formation or stability of families. Why not target fathers for the same opportunities for training and education as mothers? We need families that raise kids not just mothers trying to get trained, work, and raise kids alone. They are expected to be superwomen.

In this day and age it takes two breadwinners to support a family economically, and it certainly takes two parents to raise kids especially when both parents work. The number of unmarried mothers has risen proportionately with the decrease in wages for men. It does not make sense to marry if you cannot support your family. It is smart to keep the mother on welfare when father's wages are barely enough to support himself. Besides if they marry various demands and restrictions are placed on him by the Welfare Dept. and the kids loose health care.

I have served many years on our local County Board of Assistance, and as a Community College professor. I've had welfare mothers as students trying to be successful while coping with sick kids, their own health problems, and boyfriends who beat them because "Now she thinks she's better than me". Often, she has poor study habits and poor high school preparation making her tasks even more difficult.

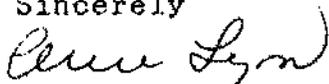
To make Welfare Reform work it has go to consider both parents, and empower both to succeed not just the mother. It seems that job training for the mother and jail for the young males is the direction public policy is moving and that is just crazy. Both need job training, jobs and parenting skills.

In my 20+ years of teaching, I have had male students miss classes to spend time in jail for nonpayment of support when they were in debt, living on a shoestring trying to make it through college. I've been told by male students how friends harass them when they study at night, pressuring them to "bag it-be cool". One unemployed father shot his wife on campus because she was spending too much time at school. Currently a male student is taking a year off from college to work at two jobs to earn money for school and pay debts. Next year he will not be eligible for a scholarship as he will make too much money 761-5518

The system is stacked against unskilled males, particularly inner city black males, and all the help is going to try to make superwomen out of welfare mothers. Welfare reform will not be successful until both parents are empowered to form families and be responsible for their kids and each other. Stop driving men out by Welfare regulations, low minimum wage, and poor job preparation. Build family centers in schools instead of more jails.

I hope you will take my concerns seriously and change the Welfare Reform package to include provisions for fathers so families can succeed.

Sincerely



Ann Lyon, Prof. Human Services  
Harrisburg Area Community College.

OFFICE OF DOMESTIC POLICY

THE WHITE HOUSE

CAROL H. BASCO  
ASSISTANT TO THE PRESIDENT  
FOR DOMESTIC POLICY

*Byrne*  
TO: *Reed* \_\_\_\_\_

DRAFT RESPONSE FOR POTUS AND  
FORWARD TO CHR BY: \_\_\_\_\_

DRAFT RESPONSE FOR CHR BY: \_\_\_\_\_

PLEASE REPLY DIRECTLY TO THE WRITER  
(COPY TO CHR) BY: \_\_\_\_\_

PLEASE ADVISE BY: \_\_\_\_\_

LET'S DISCUSS: \_\_\_\_\_

FOR YOUR INFORMATION:  \_\_\_\_\_

REPLY USING FORM CODE: \_\_\_\_\_

FILE: \_\_\_\_\_

SEND COPY TO (ORIGINAL TO CHR): \_\_\_\_\_

SCHEDULE 7 : ACCEPT          PENDING          SECRET

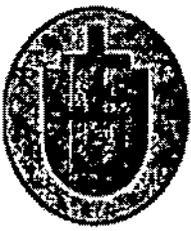
DESIGNEE TO ATTEND: \_\_\_\_\_

REMARKS:

*Share please w/ others  
on the team.*

*CC: Rdm Emmanuella*

Ben + Steve



# CNBC

**THE CONGRESS OF NATIONAL BLACK CHURCHES, INC.**  
1225 Eye Street, N.W. • Suite 750 • Washington, D.C. 20005-3914 • (202) 371-1091 • FAX (202) 371-0909

### BOARD OF DIRECTORS

- Bishop John Hurel Adams  
African Methodist Episcopal Church  
Founder - Chairman Emeritus
- Bishop William H. Graves  
Christian Methodist Episcopal Church  
Chairman
- Bishop Roy L. H. Winbush  
Church of God in Christ  
Vice-Chairman-at-Large
- Dr. Charles G. Adams  
Progressive National Baptist Convention, Inc.  
Vice Chairman
- Bishop Vernon R. Anderson  
African Methodist Episcopal Church  
Vice Chairman
- Dr. Wallace S. Hertzfield, Sr.  
National Baptist Convention of America, Inc.  
Vice Chairman
- Dr. E. J. Jernison  
National Baptist Convention, USA, Inc.  
Vice Chairman
- Edward Dixon, Esquire  
National Baptist Convention of America, Inc.  
Secretary
- Dr. Marshall L. Shepard, Jr.  
Progressive National Baptist Convention, Inc.  
Treasurer
- Dr. F. Benjamin Davis  
National Missionary Baptist Convention of America  
Parliamentarian
- Karen Hastie Williams, Esquire  
Crowell & Moring  
Counsel
- African Methodist Episcopal Church  
Bishop John R. Bryant
- Bishop Frank C. Cummings  
African Methodist Episcopal Zion Church
- Bishop Cecil Bishop  
Dr. Theodosius Garret
- Bishop J. Clinton Hoggart
- Bishop Milton A. Williams  
Christian Methodist Episcopal Church
- Bishop E. Lyon Brown  
Bishop Marshall Gilmore  
Bishop Othal H. Laley  
Church of God in Christ
- Dr. Robert Franklin  
Dr. A. Z. Hall  
Bishop Ted Thomas, Sr.  
National Baptist Convention of America, Inc.
- Dr. E. Edward Jones  
Dr. Henry T. Rahn  
National Baptist Convention, USA, Inc.
- Dr. A. Lincoln James, Sr.  
Dr. W. Franklin Richardson  
Dr. Manuel L. Scott, Sr.  
National Missionary Baptist Convention of America
- Dr. Wilbur N. Daniel  
Dr. H. J. Johnson  
Dr. S. M. Lockridge  
Progressive National Baptist Convention, Inc.
- Dr. Charles William Butler  
Dr. Fred C. Lofton  
Consultants
- Ms. Jacqui Barton  
Lily Endowment, Inc.
- Dr. James A. Forbes, Jr.  
Riverside Church
- Dr. Lawrence H. Jones  
Dean Emeritus  
Howard University Divinity School
- Dr. C. Eric Lincoln  
Duke University
- Reverend Calvin C. Pressley  
Interdenominational Theological Center
- Mr. C. Richard Reed  
National Media Center Foundation, Inc.
- Life Members
- Dr. Thomas Kilgore, Jr.  
Progressive National Baptist Convention, Inc.
- Bishop Chester A. Kirkendall  
Christian Methodist Episcopal Church
- Reverend H. Michael Lemmons  
Executive Director

February 3, 1994

Ms. Alexis Herman  
Office of Public Liaison  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

Carol Pasco

FYI  
Ben Johnson  
FEB - 7 1994

Dear Ms. Herman:

In December 1993 The Congress of National Black Churches, Inc. held its annual consultation in New Orleans, Louisiana. Approximately 250 key denominational leaders met to consider the theme of the consultation "Violence in America: The Black Church Responds".

One of the outcomes of the consultation was the adoption of the attached position paper on the crime bill. This statement is being shared with you and other key members of government in the hope it will assist your consideration of this bill as an instrument to not only reduce crime and violence in our society, but to also address some of the causes of these pathologies.

Peace, Power, and Progress,

H. Michael Lemmons  
Executive Director

HLM:wm

Enclosure

### MEMBER DENOMINATIONS

African Methodist Episcopal • African Methodist Episcopal Zion • Christian Methodist Episcopal • Church of God in Christ • National Baptist Convention of America, Inc. • National Baptist Convention, USA, Inc. • National Missionary Baptist Convention of America • Progressive National Baptist Convention, Inc.

# **The Congress of National Black Churches, Inc.**

## **Position Statement on the Crime Bill**

The Congress of National Black Churches, Inc. (CNBC), met in its Annual Consultation from December 6-9, 1993 in New Orleans, Louisiana, to address the subject of violence and other public health concerns. The conferees gathered under the theme "Violence in America: The Black Church Responds". Those gathered were enlightened about various facets of the subject presented by notable experts, scholars, public officials, religious leaders and incarcerated persons. Together these presentations provided a historic dimension to the deliberations.

After thoroughly considering the issues involved in street and domestic violence, CNBC's Board of Directors authorized the following statement as its official position in relation to the 1993 crime bill currently being considered by Congress:

CNBC, a coalition of eight national African American denominations representing 65,000 churches and over 19 million members, recognizes that crime and violence is an American problem, not solely an African American problem. CNBC, collectively and through the exercise of individual rights and privileges, calls upon the President of the United States, William Jefferson Clinton, and the members of the United States Congress to incorporate the premise that the crime bill under current consideration must implicitly acknowledge that the dilemma of violence and crime is an American problem rooted in moral decay. This problem contributes to the increase of many negative addictions and behaviors in our society. Legislation must address methods to reclaim our youth and save future generations of young people from inadequate education and vocational training, drug dependence, and an upbringing in a culture of poverty with little or no hope of escape.

To that end, CNBC strongly supports the treatment provisions and two prevention provisions contained in the crime bill, H.R. 3355, passed by the Senate. These "ounce of prevention" provisions acknowledge the significant role of prevention efforts in a national anti-crime strategy and authorize funds for after-school, weekend and summer academic and recreation programs. CNBC wholeheartedly endorses these programs for children ages five to eighteen years old who live in communities with significant poverty and juvenile delinquency rates.

CNBC insists that there is a moral imperative to temper punishment with prevention and treatment and to reduce weapons of destruction. This imperative must also include addressing the underlying causes of crime and violence such as inadequate education, poor housing, and unemployment. Any enacted legislation will be measured by its ability to help remedy these underlying causes and provide a positive, longstanding impact on African American communities, impoverished neighborhoods, and society at-large.

Finally, CNBC is united in its resolve to help alleviate wanton crime and destruction in America, and has accepted its responsibility to provide national and local leadership to this effort through its member denominations and their constituent churches. We urge the members of Congress to demonstrate their willingness to provide comparable leadership by supporting the prevention and treatment provisions of the crime bill with reduced emphasis on prison construction and punitive measures.

THE WHITE HOUSE  
WASHINGTON

March 8, 1994

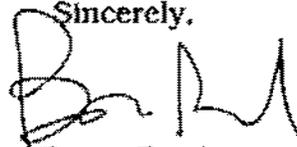
Mr. Henry T. Reath  
Duane, Morris & Heckscher  
One Liberty Place  
Philadelphia, PA 19103-7396

Dear Mr. Reath:

I have received a copy of your paper entitled, "A  
Statement of Values for a Liveable USA."

I am forwarding your paper to the Working Group on  
Welfare Reform, Family Support, and Independence  
at the Department of Health and Human Services for  
review.

Sincerely,

A handwritten signature in black ink, appearing to read 'B. Reed', written over the word 'Sincerely,'.

Bruce Reed

Deputy Assistant to the President  
for Domestic Policy



## THE NATIONAL HEALTH CARE CAMPAIGN

February 25, 1994

Marilyn Yeager  
Special Assistant to the President  
The White House  
Washington, DC 20500

Dear Ms. Yeager:

I work for the Democratic National Committee's National Health Care Campaign. Our mission is generating support for the President's Health Security Act. My base is the Philadelphia law firm of Duane, Morris & Heckscher. This last detail is central to my purpose here, for unlike many of my fellow DNC colleagues on this effort, I was immediately offered the best of office arrangements to work from. I owe this to the generosity of Henry T. Reath, Esquire, senior partner of counsel, here.

The accommodations Mr. Reath has extended to me and the DNC have made our work considerably easier. Mr. Reath has shown similar generosity to several other party initiatives. He recently lent his name and support to a highly successful fund raiser here for the DNC that featured the Vice President; and as you might expect, Mr. Reath was an early supporter of President Clinton.

For all these reasons, and for the quality of Mr. Reath's thought and work on welfare reform, I ask you to review the attached material. As you will see, this is the product of considerable labor by him and friends who share this interest. I know Mr. Reath would be particularly gratified to hear your reaction to his work. Such a gesture would certainly be of help to me, too.

Lastly, your friend, Mike Nardone, has been a great help to us with the Health Care Campaign. At several key points, as we've reached out to build our coalitions here, he's helped steer us in the right direction.

Sincerely,

Ed Dougherty  
PA Coordinator, The National  
Health Care Campaign  
c/o Duane, Morris & Heckscher  
3800 One Liberty Place  
Philadelphia, PA 19103-7396  
(215) 979-1993

ED:jl  
Enc.

THE WHITE HOUSE

WASHINGTON

March 4, 1994

TO: Bruce Reed

FROM: Marilyn Yager

---

Per the attachment, I have written to Henry Reath to indicate that I have forwarded his views to you at the White House Domestic Policy Council. A note of acknowledgement to Mr. Reath from you would be very much appreciated.

February 10, 1994

Bruce Reed  
Deputy Assistant to the President  
for Domestic Policy  
The White House  
216 - Old Executive Office Building  
Washington, D.C. 20500

Dear Mr. Reed:

As groups that have worked together for over a decade to improve our country's child support system, we have appreciated the opportunity to provide input on the child support aspects of welfare reform. We share your sense that a strong child support system is a key element of reforming welfare and helping to end child poverty.

We have been encouraged by the opportunity to meet with your staff and to hear the broad outlines of your child support recommendations. In general, your preliminary recommendations seem to take strong and heartening steps to improve child support.

We want to express our appreciation for your efforts to develop a comprehensive approach to the child support problem, and our hope that you retain the strengths of your preliminary recommendations in your final plan. We appreciate the hard work, thoughtfulness, and vision that have gone into the development of these recommendations.

We are looking forward to learning about the details of your proposal as it reaches its final stages of development. In particular, we are interested in providing additional comments that will strengthen your efforts to create a viable system for updating orders.

While your preliminary recommendations are generally encouraging, we are concerned about certain aspects of the plan. Your proposal would not federalize enforcement of support -- a step we ultimately believe will be necessary. Nor does it include a requirement that states establish and meet general staffing standards for ensuring that the existing system more swiftly and effectively serves the needs of children -- standards that we believe are important to make the current system work better. The lack of either a plan to federalize enforcement or staffing standards that ensure the existing system has the resources to do the job is a serious omission.

We also want to reiterate the importance of a child support assurance component to child support reform. We believe that child support assurance, coupled with aggressive efforts to collect child support, strengthens families, encourages work, and gives families a viable alternative to welfare.

Bruce Reed  
February 10, 1994

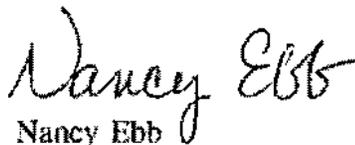
Page Two

Welfare reform should include a universal child support assurance program. At a minimum, it is important that a final proposal include **effective demonstrations of child support assurance**. These demonstrations should be of sufficient size to test out the program -- reaching, for example, ten states on a statewide or significant scale. They should include assured benefits that are large enough to make a difference in a child's life -- and adequate for families with more than one child (a \$3,000 minimum assured benefit for one child, for example, would have a modest but significant impact).

Demonstrations should be funded at a matching rate sufficient to encourage state participation, and should be allowed to continue on a long-term basis as success is demonstrated. We strongly urge that demonstrations be linked to state successes and improvements in child support enforcement, since assurance cannot work without strong, aggressive enforcement ensuring that noncustodial parents are held responsible for supporting their children to the maximum extent feasible. In addition, we hope that the final proposal will include opportunities for other states to establish a child support assurance program -- even if at a less favorable matching rate -- once demonstration programs show successful outcomes.

We look forward to receiving more details about your proposals and to continued, constructive work with you and your staff on this important issue.

Sincerely,



Nancy Ebb  
Children's Defense Fund



Elisabeth Hirschhorn Donahue  
National Women's Law Center



Nancy Duff Campbell  
National Women's Law Center



Paula Roberts  
Center for Law & Social Policy



Joan Entmacher  
Women's Legal Defense Fund

**WORKING GROUP ON WELFARE REFORM,  
FAMILY SUPPORT AND INDEPENDENCE**

---

JAN 25 1993

Fred Kammer, SJ  
President  
Catholic Charities USA  
1731 King Street, Suite 200  
Alexandria, VA 22314

FEB 5 RECD

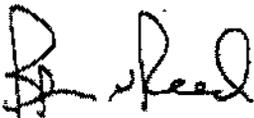
Dear Reverend Kammer:

Thank you for your recent letter and for sending a copy of your position paper, Transforming the Welfare System. We found the paper to be extremely thoughtful and forward-thinking.

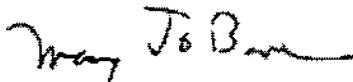
We believe that the basic values expressed in this position paper are the same values that inform our own efforts to develop a welfare proposal. While budget constraints will inevitably shape our proposal, we nevertheless believe that our proposal will embody principles of fairness supported by most Americans, and will improve the opportunities available to many families now trapped in a system that no one likes.

We very much appreciate your continuing contributions to the work of the Working Group on Welfare Reform, Family Support and Independence.

Sincerely,



Bruce Reed  
Deputy Assistant  
to the President  
for Domestic Policy



Mary Jo Bane  
Assistant Secretary  
for Children and Families



David T. Ellwood  
Assistant Secretary  
for Planning and Evaluation



Catholic  
Charities  
USA

To Carol Pasco  
PHE/pls ack.

December 20, 1993

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

Dear Bill:

As President of the nation's largest network of voluntary social service agencies, I am proud to submit for your review and serious consideration a copy of *Transforming the Welfare System*. On behalf of the Catholic Charities USA Board of Trustees, I ask that the issues and substantive recommendations outlined in the position paper be considered by you and the members of the Working Group on Welfare Reform, Family Support and Independence.

This position paper was prepared by a cross section of representatives from Catholic Charities USA member agencies and reflects the knowledge and experience of our organization. Throughout the nation Catholic Charities agencies are deeply involved in the lives of children, families and elders. In 1992 Catholic Charities agencies provided social services to over 14 million people, many of them the poorest of Americans. Of the individuals served, 10.2 million were in need of emergency assistance—many of whom struggled to support their families on Aid to Families with Dependent Children. We are deeply concerned that the outcomes of the Administration welfare reform efforts result in fair and just provisions to invest in the future of America and the children of this nation.

Key to our recommendations is our expectation that this timely review of public policy will move this nation forward to strengthen our capacity for promoting the well being of all America's citizens. Ultimately, the purpose of public policy is to enable all people to live with dignity.

Catholic Charities USA stands ready to work with you and the Working Group On Welfare Reform, Family Support and Independence to achieve its important goals.

Sincerely yours,

Fred Kammer, SJ  
President

Episcopal Liaison  
The Most Reverend  
Joseph M. Sullivan

Chair  
Mr. Bruce J. Kouba

Vice Chair  
Rev. Timothy A. Hogan

Secretary  
Ms. Lupe U. Macker

Treasurer  
Ms. Beatriz Diaz Taveras

President  
Rev. Fred Kammer, SJ

1731 King  
Street •  
Suite 200 •  
Alexandria  
Virginia  
22314 •  
Phone:  
(703) 549-1390  
Fax:  
(703) 549-1658

# Transforming the Welfare System

a position paper of  
**Catholic Charities USA<sup>1</sup>**

December 1993

## Introduction

Catholic Charities USA recommends that the American welfare system and, more specifically, Aid to Families with Dependent Children (AFDC), be transformed. These recommendations emanate from Catholic Charities USA's experience as the nation's largest private network of voluntary social service agencies<sup>2</sup> and its grounding in the Judeo-Christian tradition and Catholic social teaching<sup>3</sup>. Central to Catholic Charities USA's recommendations are its beliefs that:

- **The future of America is our children.** Investing in our children and their families is fundamental to the well-being of society and constitutes a basic obligation of each citizen and the state.
- **Responsibility and accountability** are key to transforming the welfare system. These qualities are expected of those who provide and those who receive public assistance and services.
- **All people should participate in our economic system.** The questions one must ask about an economy are: What does the economy do *for* people? What does it do *to* people? And how do people *participate* in it?<sup>4</sup>
- **Work is integral to the well-being of the nation and its families.** It is through productive work – growing food, building homes, raising children,

---

<sup>1</sup> Adopted by the Board of Trustees on December 5, 1993.

<sup>2</sup> Catholic Charities USA is the country's largest private network of voluntary social service agencies, with 1,400 local agencies and institutions and 265,000 volunteers and staff members.

<sup>3</sup> See Appendix A, The Biblical Challenge and Catholic Social Teaching.

<sup>4</sup> National Conference of Catholic Bishops. *Economic Justice For All*. Washington, DC: Author, 1986, p.1. Also see Appendix A.

distributing goods, healing the sick, writing stories, processing information, caring for the elderly – that each person contributes to the common good.

In 1992, one out of every seven Americans and more than one out of five children lived in poverty.<sup>5</sup> In the mid-1980s, 20 percent of our children lived in poverty. The comparable rate in Canada and Australia was approximately 9 percent; in the United Kingdom, 7.4 percent; France, 4.6 percent; the Netherlands, 3.8 percent; Germany, 2.8 percent; and Sweden, 1.6 percent.<sup>6</sup> No nation can have as many children in poverty as the United States does without harming those children and society itself.

From lengthy experience with hungry children and hungry adults, Catholic Charities USA knows that more and better bread lines are no substitute for effective social policies that reduce poverty and social injustice. From experience with homeless families, Catholic Charities USA knows that more and bigger shelters are no substitute for careful and skillful investments that allow poor families decent housing and a hope-filled future. The number of people seeking assistance from agencies and institutions in the Catholic Charities USA network has escalated dramatically. In 1992, more than 14 million people across the United States turned to Catholic Charities agencies for assistance, nearly four times as many people as a decade ago. Almost all of this growth can be attributed to the increase in the need for basic assistance: food and shelter.<sup>7</sup> This growth reflects the continuing persistence of poverty in our country.

Catholic Charities USA's experience of walking with children and families in persistent and growing poverty prompts us to speak out. This experience, seen in the light of our faith tradition, calls us to reflect on the social context of poverty, making work pay, and transforming AFDC. Our reflections lead us to make recommendations that protect and promote human dignity, the integrity and responsibility of family and community, and the future of our children.

---

<sup>5</sup> U.S. Census Bureau. *Population Reports Series P60*. Washington, DC: U.S. Government Printing Office, 1993.

<sup>6</sup> Committee on Ways and Means, U.S. House of Representatives. *Overview of Entitlement Programs: The 1993 Green Book*. Washington DC: U.S. Government Printing Office, July 7, 1993. See pages 1451-64 for international comparisons of the poverty of families, particularly the Luxembourg Income Study from which the data in the text are drawn (Table 75, p. 1453).

<sup>7</sup> In 1982, the total number of persons seeking services from Catholic Charities agencies was 3.8 million. By 1992, that number had increased to 14.3 million. Those seeking aid in 1992 included 10.6 million people facing a crisis (such as no food or no shelter) and another 3.7 million who received social services such as counseling, day care, and housing.

Human dignity is not merely an abstract concept. It is central to being human. Human dignity is manifested in a person's self-esteem and freedom and in his or her capacity for love, work, play, and contemplation. Human dignity is reflected in one's ability to live life manifesting a healthy balance between autonomy and interdependence. The purpose of public policy is to enable all people to live with dignity.

## I. AFDC Does Not Exist in a Vacuum

*Looking at AFDC as an isolated phenomenon is an invitation to failure.*

AFDC exists within a larger social context. The problem is not welfare, but poverty: economic poverty, educational poverty, health care poverty, social poverty. Transforming AFDC in a way that respects human dignity and attacks the country's widespread poverty requires constructive changes that go well beyond the bounds of the AFDC system.

- **A vibrant economy** must provide career employment opportunities for people who currently receive AFDC or might need such assistance in the future. A job that pays a living family wage offers a real and attractive alternative to welfare.
- **All workers need a level playing field.** For too long, the job market has discriminated against women and people of color. The accelerated implementation of fair employment practices and equal pay for equal work will contribute substantially to reducing sexism, racism, and poverty, and it will help people to get off welfare.
- **The educational system needs major changes** so that all children, especially those at risk, receive an education that prepares them for employment in a rapidly changing economy.<sup>8</sup>
- **Adequate health care** must be available on a continuing basis to people who leave the AFDC rolls; such care must extend beyond a year or two. All people are entitled to basic health care.

---

<sup>8</sup> Robert B. Reich. *The Work of Nations: Preparing Ourselves for 21st Century Capitalism*. Vintage Books: New York, 1991. Reich emphasizes that the education system must prepare its students for abstraction, systems thinking, experimentation, and collaboration. See Chapter 18.

- The supply of **affordable housing** in this country must be increased through a comprehensive approach, especially affordable rental housing for families and individuals living on poverty-level incomes. Families on AFDC frequently are forced to spend a large portion of their limited incomes on housing that is often substandard and inadequate.<sup>9</sup>
- Our society must provide **greater support for family life**. The family is the primary place where children are nurtured and adults experience the unique fulfillment that transmitting life can give. Counseling and support programs should be available to parents who may need help providing for the social, physical, psychological, and spiritual well-being of their children.
- **Quality, affordable child care** should be universally available, federally funded, and locally controlled. Such care should allow for parental choice and have a developmental focus similar to the best of the Head Start programs.<sup>10</sup>
- Our society must place **renewed emphasis on the value of marriage**. Programs that lay the basis for healthy marriages and help married couples to make their marriages work must be available. Many parents raising children alone do a heroic job and head families that include strong, contributing members of society. However, it is preferable for children to be raised by their mothers and fathers whenever possible.
- **Teen-agers and young adults** must have attractive life options in order to reduce the number of crisis pregnancies, which lead many to apply for AFDC. We must increase the availability of programs that help young parents raise their children.
- **Domestic violence** – physical, sexual, emotional, and psychological – scars adult and child alike. America must address both the societal roots and the individual episodes of domestic violence, for such violence weakens our nation and erodes the lives of too many people.

---

<sup>9</sup> In 1991, the Department of Housing and Urban Development estimated that the fair market rent for a two-bedroom apartment was 145 percent higher than the median AFDC payment in the United States. Under such circumstances, many families do not have enough money at the end of the month for food, food stamps notwithstanding. Pending an increase in the supply of affordable rental housing, it makes sense to provide a tax credit for housing expenses, equivalent to the value of a Section 8 certificate, for those who are working.

<sup>10</sup> If a fee is charged to partially offset the cost of the program, it should be on a sliding scale so that those who are poor are required to pay only a very modest amount.

Strengthening the economy, providing a level playing field in the workplace, revitalizing the educational system, providing adequate health care, increasing the supply of affordable housing, supporting the family as a social asset, furnishing child care, restoring the status of marriage, providing attractive life options to young people, and curbing domestic violence are all important to the transformation of AFDC. *To assume that these improvements are in place as we reshape AFDC, when in fact they are not, would lead us to expect more from welfare reform than such reform ever could deliver.* While these improvements are necessary, they are not sufficient by themselves to assure a politically and economically acceptable outcome that respects the dignity and meets the needs of people receiving AFDC. It is equally important to make work pay.

## II. Making Work Pay

Americans rightly place a high value on work. Each of us is expected to contribute to the common good through the work we do. Pope John Paul II describes human work as "a key, probably the essential key, to the whole social question, if we try to see that question really from the point of view of (human) good."<sup>11</sup> Ideally, work should contribute to human dignity, support the family, nourish the common good, invite creativity, and advance human solidarity.

Many welfare reform proposals, including the Family Support Act of 1988, are built around the notion of getting people off AFDC and into the work force. There has been significantly less progress in implementing these programs than was anticipated. Furthermore, the degree of success achieved to date can best be described as modest.<sup>12</sup> While the value of work is widely accepted in American society, there is a great difference

---

<sup>11</sup> Pope John Paul II. *Encyclical on Human Work (Laborem Exercens)*, 1981. John Paul II views work in terms of the personal dimension and human dignity, as a foundation for the formation of family life, and in its societal dimension for realizing the common good.

<sup>12</sup> Judith M. Gueron and Edward Pauly (*From Welfare to Work*. New York: Russell Sage Foundation, 1991) in their comprehensive review of pre-JOBS welfare-to-work programs, conclude that "A range of welfare to work programs ... can produce sustained increases in employment and earnings for single parents on welfare and a clear payoff on the public's investment" (p. 10). In a front-page article in the Oct. 25, 1993, *Wall Street Journal*, Paulette Thomas describes the difficulties in getting families off welfare and into jobs, noting that while some programs have seemingly been successful, we know much less than we should about the number of people who escape welfare only to return within three to five years. Welfare-to-work programs, including JOBS, have reached only a limited number of AFDC recipients to date.

between declaring that everyone should work and making certain that work pays. A single mother on AFDC may well decide that no matter how little she receives, she can better provide for her family by receiving AFDC than by taking a low-paying job, for out of her earnings she would have to pay for taxes, medical insurance, child care, transportation to and from work, and clothing for her job.

During the last decade, the great increase in jobs has been in two areas: the service sector, where positions for the most part do not pay well; and in professional, management and creative jobs, which do pay well.<sup>13</sup> The number of production jobs has decreased, especially those which provide substantial compensation. Most AFDC recipients are not prepared to take on jobs at the professional or management levels. The well-paying production jobs are seldom obtainable. If employment opportunities are available, they are likely to be low-paying service jobs and low-paying production jobs. These offer the family the least in terms of support and opportunity.

Work that does not provide a parent with sufficient income to support a family does not contribute to human dignity nor to the common good. Given the kind of economic change that is occurring today, how can we make these jobs pay?

- **An enhanced earned income tax credit (EITC), as recently enacted into law, is crucial.**<sup>14</sup> The EITC benefits working poor people and helps AFDC recipients make the transition to work. Future expansion of the EITC and indexing it to the cost of living, in order to prevent its erosion by inflation, are essential.
- **Health care insurance and quality, affordable child care are critical to making work pay.**

---

<sup>13</sup> See Reich, Chapter 14, for a discussion of this phenomenon in terms of his classification system; namely, in-person servers, routine producers, and symbolic analysts.

<sup>14</sup> The EITC should be paid on an ongoing basis by the employer (an optional arrangement at present) and then deducted by the employer from the withholding taxes the employer turns over to the federal government. Adjustments in the amount of EITC received by the employee can be made when a family files its income tax return. In this way, the low-income worker receives a supplement to his/her pay with every paycheck and not just a lump-sum payment upon filing the annual federal tax return. See Appendix B for a more detailed explanation of the EITC.

- An ongoing, refundable dependent-care tax credit (not just a tax deduction as at present), especially for families with children, is a promising approach to making work pay.<sup>15</sup>
- The existing national minimum wage should be indexed to the cost of living so that its real purchasing power is not eroded over time by inflation.

These proposals, if adopted, would aid low-income workers and help AFDC parents move from welfare to work.

### III. Transforming AFDC: Investing in Families

The entire welfare support and delivery system – including AFDC, general assistance, Supplemental Security Income, food stamps, Medicaid – requires transformation. Catholic Charities USA chose to focus on AFDC because it currently provides financial support for 9.2 million of the nation's poorest children and 4.4 million of their caretakers.<sup>16</sup> Thirteen percent of all children in this country are AFDC recipients.<sup>17</sup> In addition, AFDC has been the target of multiple recent assaults, driven in part by the recession and in part by federal and state budget crises.

- States have cut AFDC benefits, even though benefits have failed for years to keep up with inflation. In 1992, 44 states froze or reduced AFDC benefits, eight states cut general assistance programs, and four states cut or eliminated emergency assistance programs.<sup>18</sup>

- States have enacted restrictions designed to curb behavioral patterns deemed to perpetuate the welfare cycle. Many states added eligibility conditions that seek to regulate behavior and work or school attendance requirements.

---

<sup>15</sup> The current dependent-care tax credit provides "... a non-refundable credit against income tax liability ... for up to 30 percent of a limited amount of employment-related dependent-care expenses. ... The maximum amount of the credit is \$720 for one qualifying individual and \$1,140 for two or more qualifying individuals" (*The 1993 Green Book*, p. 989). If a family does not owe any federal income taxes against which to apply the credit, the dependent-care tax credit is of no benefit to them.

<sup>16</sup> *1993 Green Book*, Table 26, p. 688.

<sup>17</sup> *Ibid.*

<sup>18</sup> Iris J. Lav, Edward Lazere, Robert Greenstein, and Steven D. Gold. *The States and the Poor: How Budget Decisions Affected Low-Income People in 1992*. Washington, DC: Center on Budget and Policy Priorities, and Albany, NY: Center for the Study of the States, February 1993. See pages 91, 36, and 22, respectively.

- There is an increasing willingness to blame the victim, that is, to maintain that being poor is the family's own fault. Some states have decided to refuse to fund the needs of children conceived or born while a parent is receiving AFDC.<sup>19</sup>

A different approach is not only possible but essential. Sections I and II above stress the importance of creating an environment that is conducive to preventing families from falling into poverty and helps them escape it if they fall on hard times. The policy recommendations that follow focus specifically on transforming AFDC. They are grounded in a recognition that AFDC recipients are a heterogeneous population

AFDC recipients can be divided into recognizable groups.<sup>20</sup> Of those initiating their first entrance into AFDC, approximately 30 percent are short-term users of assistance, that is, less than three years. At the other end of the spectrum, about 30 percent are chronic or persistent users. Many of these long-term users have severe learning disabilities and/or serious health problems. Policies and programs of intervention must take into account the differences, for example, between the newly divorced young mother of two teen-age children who is a high school graduate and needs some assistance as she seeks employment and the 16-year-old unwed mother who has a learning disability, as does her 2-year-old child.

No one program works for all. Dividing this population according to their differing needs and focusing on investing in families are essential to transforming AFDC.

#### A. Improving AFDC

AFDC can be improved, especially if it is tailored to fit family needs.

1. **Tailor Investments to Families.** A significant shift in the philosophy underlying AFDC is critical: We must move from *maintaining families* at a subsistence level to *tailored investing in families*. This means moving from scrutinizing eligibility and qualification requirements to becoming partners with beneficiaries, and to providing

---

<sup>19</sup> Ibid., p. 29.

<sup>20</sup> See Thoms Corbett. "Child Poverty and Welfare Reform: Progress or Paralysis." *Focus*, Vol. 15, No. 1, Spring 1993, p.9.

appropriate means for them to attain or return to financial self-sufficiency so they may become self-supporting contributors to their communities.

Assistance providers must be retrained to become partners who respond to recipients in culturally appropriate ways. It must be possible to combine the resources available to an individual family, and then use them in a way that provides that family with the best opportunity to become self-supporting. A contract must be forged to specify the responsibilities of both the recipient and the agency providing assistance and make them both accountable for results.

In some cases a family may require intensive case management by a professionally trained, highly competent case manager. The family may need an individualized, long-term program in which the use of available financial resources is an integral part and funds are not distributed mechanically according to an inflexible, preordained formula. Expenditures become incentives and rewards. The community makes a fitting investment in a family. This says to a family: "We believe in you. We believe you can succeed and we are here to help you do so." In turn, the recipient says to the community, "Thank you for investing in me and my children. I will do all I can to make sure this investment pays off for us and for the community."

An investment could take many forms: a living allowance, substance abuse treatment, technical or job training, education, purchase of tools, or whatever might be appropriate to make the individualized program work. Entering employment might not be the initial goal, and even if it is, it would not be the end point of case management, but more likely a midpoint. The first steps may be learning some life skills and acquiring a degree of self-confidence and self-esteem.

It would be unrealistic to think that progress in every instance will be linear. The real world does not work that way: a job loss, the return of addictive behavior, the loss of a crucial relationship, an educational program failed. Such setbacks are not the death of the program or even the end of a family's opportunity to move forward. They are simply moments when an individualized plan needs to be reassessed and perhaps modified.

In some cases, all that may be required is short-term assistance, such as help in securing employment or access to an employment program, temporary financial aid, or a one-time

investment to secure housing or medical treatment. Again, a contract between recipient and agency, which makes both responsible and accountable, is appropriate.

The investing in families approach must put as much emphasis on helping families avoid the need for AFDC as it does on helping families who have been on AFDC for years to become self-sufficient. Facilitating early intervention and employing resources in a flexible manner will contribute significantly to reducing the number of new families becoming dependent on AFDC.

As part of this shift to investment in families, AFDC-UP (Unemployed Parent) families should be eligible for income support and case management services on the same basis as single-parent families. This means eliminating the possibility of states imposing the stringent six-month time limit and work rules. The present distinction discriminates against children in two-parent families when neither parent is able to work, and it discriminates against the institution of marriage.

2. **Set and meet outcomes in appropriate time frames.** Any good plan establishes appropriate goals and milestones for planning, implementation, and evaluation. However, no one time limit is right for all families.<sup>21</sup> Some families can and do exit AFDC in less than a year. Others will take longer. An investment approach is not a mechanical device that can be worked by the clock. The time limit for participation in the "investment program" needs to be based on the nature of the individualized plan and on the family's progress in achieving the goals of the plan. This may take two, three, or four years, depending on the plan. Furthermore, many custodial recipients and their dependent children, with only a little assistance, will be able to get off AFDC in three to 12 months. One particular situation that should be taken into account is that of the adult mother with an infant child or children: her most economically and socially valuable contribution to society for a period of time may be caring for her infant children.

3. **Secure child-support payments.**<sup>22</sup> No one should contribute to creating a child and then walk away from the responsibility for supporting that child. At a

---

<sup>21</sup> Mark Greenberg, *The Devil Is In The Details: Key Questions in the Effort to 'End Welfare as We Know It.'* Washington, DC: Center for Law and Social Policy, July 1993.

<sup>22</sup> See Appendix C for a brief description of the existing child-support payment system.

minimum, parents should bear financial responsibility.<sup>23</sup> The federal and/or state government should provide child-support assurance. The government should enforce payments from absent parents who are able to provide for their children, regardless of whether the couple is married and separated, divorced, or never married.<sup>24</sup> Programs offering life skills and job training for absent parents who have been unable to hold a position and therefore cannot contribute child support are showing promise in helping some parents meet their parental financial responsibilities.<sup>25</sup>

4. **Reward work.** Allowing working AFDC recipients to retain a larger share of their earnings will be a positive step toward recognizing their work effort and helping them live better. The current "disregard formula," which allows AFDC families to keep some earned income, should be substantially revised.<sup>26</sup> For example, we should exclude from countable unearned income such items as educational loans, grants and scholarships, and on-the-job training earnings, at least up to a specified limit. This would encourage AFDC participants to pursue education and training that should foster their self-sufficiency.

5. **Improve the assets standards for eligibility.** The assets families are allowed to retain should be increased substantially so families do not have to nearly impoverish themselves in order to enter the program. The family should be able to begin accumulating an asset base, an important ingredient in achieving self-support. First of all, a family should be allowed to retain an automobile that is safe and functions reasonably well. In many areas, a dependable automobile is essential to obtaining and retaining a job.

---

<sup>23</sup> Sometimes a parent or both parents walk away from a child, leaving the child to grandparents or another person to raise. Sometimes it is the state that must arrange for the care and nurturing of the child. The principle remains the same: at a minimum, the natural parents must contribute financially to the support of the child they have brought into the world.

<sup>24</sup> There is disagreement as to whether the child support payment that exceeds \$50, the present disregard, should be deducted from the AFDC allowance or paid to the custodial parent for the benefit of the AFDC child or children. We recommend that the child support disregard be increased to \$100 (and indexed to inflation thereafter) and the remainder be counted as earned income under the revised disregard formula recommended in point A 4 below.

<sup>25</sup> In July 1993, New Jersey fully enacted the Family Development Program which provides services, including job training, to absent parents.

<sup>26</sup> At present, in addition to the earnings disregards for dependent children on AFDC who are full- or part-time students, the basic disregard for work expenses for an AFDC family head is \$120 per month for the first 12 months. If the worker has child care expenses, the disregard is \$200 for children under 2 and \$175 for older children. The EITC is also to be disregarded in establishing AFDC eligibility and benefit levels. The new income disregard formula should allow a worker to retain \$200 per month of earned income (indexed to inflation) and 50 percent thereafter, up to the poverty level. The present 4- and 8-month limits on receiving portions of the disregard should be eliminated.

Second, the first \$12,000 in assets should be exempt in determining eligibility for AFDC.<sup>27</sup>

**6. Bring AFDC benefits up to poverty levels.** AFDC benefits have been woefully inadequate almost since the inception of the program, and especially in recent years. Payments have lagged far behind most states' own determination of family need.<sup>28</sup> Benefits have lagged even further behind increases in the cost of living. The maximum median monthly AFDC payment for a family of three, in constant 1992 dollars, was \$652 in 1970. Today it is \$372, a 43 percent drop in purchasing power.<sup>29</sup>

The federal government should set and fully fund a minimum AFDC benefit. This benefit, when added to the value of food stamps received, should equal 100 percent of the federal poverty line, adjusted for family size. The benefit level should be adjusted annually to reflect changes in the cost of living. Regional variations that reflect differences in the cost of living should be allowed. States that pay above the minimum level should be funded by the federal government according to the Medicaid Standard for Federal Financial Participation.

## **B. Taking groups out of AFDC**

Many families are now in the AFDC program because alternate programs do not exist. Moving some populations out of AFDC into other specialized programs may offer the flexibility needed to help them become self-sufficient and help eliminate the problems which create their need.

**1. Help children who have children.**<sup>30</sup> The present AFDC program often encourages a minor teen-age mother of a newborn infant to establish an independent

---

<sup>27</sup> President Clinton has recommended that an elderly family be allowed to retain \$12,000 in assets when seeking to qualify for Medicaid assistance.

<sup>28</sup> *1993 Green Book*, Section 7, Table 11, p. 657.

<sup>29</sup> Center for Law and Social Policy, *Selected Background Materials on Welfare Programs*, Washington, DC: Feb. 21, 1992, Table 2. See also Iris J. Lav et al., p. 7.

<sup>30</sup> Catholic Charities USA is currently conducting a three-year, intergenerational pilot program called the Children of Children Project. It is designed to help young teen families move out of poverty, become self-sufficient, and break the cycle of pregnancy that sometimes leads to welfare dependency, child abuse, and neglect. See Appendix D for a more complete description.

household. However, she may lack parenting skills or the skills necessary to establish and manage a household. She also may need help in dealing with her infant, completing her schooling, and developing life options for herself and her child (in some cases, children). Her infant needs adequate health care and a caring, nurturing family in which to develop. AFDC should not constitute a premature ticket to emancipation and independence for which neither the new adolescent mother nor her infant is prepared.

There should be a minimum legal age at which one becomes eligible to apply to participate in AFDC. Age 18 is recommended. A new assistance program for children having children should offer comprehensive services that are accessible; work with the entire family, including parents, child, and grandparents; and start "where the family is," taking care to be culturally sensitive.

Such a program might offer several options.

- Teens under 18 who parent their children could live with parent(s), other relatives, or foster parents. The relatives or foster parents would assume parental and financial custodial responsibilities (including receiving assistance funds as appropriate). Meanwhile, the teen-age parents receive preparation to assume parental and financial responsibilities upon reaching age 18.
- The mother and child could live in a guided-living group home in which the agency managing the home assumes parental and financial custodial responsibilities and, like the foster parents, prepares the teen-age parent(s) to become responsible, adult parents.
- Another option, all too often ignored or forgotten, is adoption, which can be a positive alternative for parents and the child. The face of adoption has changed over the last decade. Today, for example, the birth parents may participate in selecting the adoptive parents. Adoption allows a woman facing an unplanned pregnancy to focus on her own development while providing a loving and nurturing home for her baby.

2. **Establish an alternative for refugees.** An alternative, job-oriented assistance program for refugees should replace AFDC, which generally does not meet the special cultural and transitional needs of the approximately 120,000 refugees admitted to the United States each year. Such an alternative program, models of which are currently in

operation or have been successfully demonstrated,<sup>31</sup> should build on the efforts of private resettlement agencies that place incoming refugees and respond to the early employment goal of the federal refugee program. Such a program should integrate case management, employment assistance, and income support to help these new Americans achieve rapid self-sufficiency.

**3. Establish supportive programs for adults with learning disabilities and/or serious health problems.** We need supportive programs that assist adults who have difficulty finding and retaining work because of learning disabilities and/or serious health problems. One possibility is to provide a person who has a severe learning disability with equal access to bona fide community work placement programs (similar to those available to the developmentally disabled) and Supplemental Security Income. Learning disabilities should not keep people from being participating members of their communities, including the work force. Work programs that identify and redesign jobs for the disabled benefit both the worker and the community. SSI alone does not provide an adequate income for an adult, especially an adult parent. However, SSI could effectively supplement a work program salary.

**4. Establish an extended family alternative for parenting by grandparents or other relatives.** Five percent of the children under age 18 are living in the home of a grandparent or other relative.<sup>32</sup> When parents die or abandon their children, society needs to encourage nurturing by family care givers whenever feasible. This may mean providing family support as well as financial assistance when appropriate. Family care givers sometimes are denied the equivalent of a foster care benefit. This results in a greater benefit for non-family foster care givers than for family members. A new program for parenting by grandparents and other relatives would reduce the burgeoning foster care rolls and support extended families in caring for and nurturing their own.

---

<sup>31</sup> The Voluntary Agency Program (Matching Grant), funded by the U.S. Office of Refugee Resettlement, involves a match of private voluntary agency funds to federal funds to provide services that support early employment for new refugees entering the United States. The same office has funded two projects managed by Catholic Charities agencies in San Diego, CA, and Louisville, KY. The projects divert federal welfare funds from state systems to the private sector to support privately managed programs that combine income assistance and case management for newly arrived refugees. The Department of State funded an initiative in Chicago that placed principal case management and income support responsibility with private resettlement agencies that placed refugees in the Chicago area. All of these programs have achieved cost savings and substantially improved outcomes for clients compared to the state systems they replaced or from which they diverted refugees.

<sup>32</sup> U.S. Census Bureau, Washington, DC. U.S. Government Printing Office, 1990.

**5. Establish a fall-back program.** Some people will fail to make sufficient progress in their investment plan to justify their continuing participation in that plan. Some will be unwilling to participate in the tailored program. For these, a fall-back program could be organized around minimum-wage, public service jobs. Periodic review of each case could determine if a recipient is ready to enter a program and assume responsibility, together with the assisting agency, for implementing that program and being accountable for the outcome. Such a fall-back plan must be designed so dependent children would be helped even if their parent or parents refuse to cooperate or fail to uphold their part of the contract with the assisting agency.

A small number of people will refuse or fail to participate even in a program where a public service job is offered as employment of last resort, and some will be fired from such jobs for non-performance. What does society do when it offers a hierarchy of options, in a responsible and accountable manner, and every option is rejected by the intended beneficiary, for whatever reason? All society can do is protect and nurture the children, who are victims of their parents' choices; feed the parent at soup kitchens; and house that person in emergency shelters until he or she chooses other options, which society should encourage him or her to make.

**C. Encouraging collaboration and experimentation.** Collaboration and experimentation at the state level should be encouraged, particularly in the design, organization, and administration of programs that promote self-supporting families. However, the federal government has a responsibility to: (a) set standards consistent with the investment in families and related approaches cited in sections A and B above, or similar positive approaches; and (b) monitor implementation. Collaboration and experimentation must not provide an excuse for states to engage in punitive measures. The federal Department of Health and Human Services must require a sound, high-quality evaluation component in all collaborative and experimental programs it approves.

The opportunity for public-private partnerships is great. It is possible to create community-based approaches that allow people in a certain area to pool their resources and collaborate, not only in helping families but also in building community. Another possibility is creating

private, multi-service agencies in specific geographical areas to administer the family investment program.

#### IV. A Change for the Times

Many of the measures suggested in this paper go well beyond assisting only AFDC families. They are meant to help the working poor as well. An enhanced earned income tax credit, for example, may be the most efficient and equitable way to make our economy, with its increasing number of low-paying service jobs, function successfully in a competitive world. Low-paying jobs must yield sufficient income for a family to support itself, even as the nature of the economy and available jobs change.

The United States has an opportunity to transform the present AFDC system into programs that invest in people and where federal involvement aims to make families self-supporting and self-respecting. *The focus of the investment program is to respond flexibly to a diverse population, with a wide range of needs, strengths, and ethnic and cultural backgrounds, in order to help these people obtain an adequate level of financial and social stability in an interdependent society.* The heart of the investment program is the contract, which makes both the recipient and the assisting agency responsible for developing and implementing the individualized investment program. Both are accountable for the outcomes achieved.

What will it cost to implement our recommendations? Some recommendations, specific to AFDC (such as establishing minimum national benefit levels or making AFDC-UP (for unemployed parents) less restrictive), will lead to increased costs, at least in the short run. Others, such as improving the income disregard formula or raising the asset standard – again in the short run – may increase the number of people eligible for AFDC. But in the long run, a strategy of investing in families will lead to a reduction in the number of families receiving AFDC if simultaneous, substantial progress is made in implementing the recommendations relating to “making work pay.” Those recommendations are not cost-free, but their immediate benefits accrue only to those who work for wages.

What will be saved by implementing these recommendations? First of all, the number of people on the AFDC rolls will be reduced through successful implementation of the investment program, a separate program for refugees, and a fall-back program offering

last-resort employment. Second, attention to early intervention programs will help keep families off AFDC, or get them off more quickly. Third, getting people into the work force will contribute to increasing national productivity and, in time, an increase in tax revenues.

In the last analysis, the success of any program designed to move recipients from AFDC to work depends on the availability of jobs that pay a living family wage. Creating such jobs requires public policies that facilitate and encourage private investment, corporate policies that lead to making such investments, and successful operation of the enterprises in which those investments are made. Thus, the private sector is a critical partner in transforming the welfare system. The private sector, like government and the AFDC recipient, is responsible and accountable for the success achieved in transforming AFDC.

The problem, as stated earlier, is not welfare but poverty: economic poverty, educational poverty, health care poverty, social poverty. We have an opportunity to transform AFDC as part of a larger endeavor to vastly reduce poverty in this country. Thousands of people on AFDC can make a more significant contribution to the economic and social well-being of our nation if they have the opportunity to do so, if they are free from a system that provides too little, too late, too rigidly. We are paying a very high moral cost and a very high human cost for neglecting our families and our children, as the American bishops stated in *Putting Children and Families First*: "Real happiness and satisfaction come from who we are and how we care for one another rather than from what we have .... A decent society will not balance its budget on the backs of poor children."<sup>33</sup>

We cannot afford the costs of such neglect any longer. The recommendations in this paper are directed at decreasing the moral and human costs of our present AFDC policies.

We must be willing to invest in the children of America, for they are our future. We must be willing to build into our welfare system responsibility and accountability on the part of both the recipient and the giver of public assistance. We must insist, through public policy, that our economic system serve all the people. We must make work an integral part of our welfare system while simultaneously making certain that jobs that pay a living family wage are available to AFDC recipients moving from work to welfare.

---

<sup>33</sup> U.S. Catholic Conference. *Putting Children and Families First: A Challenge for Our Church, Nation, and World*. Washington, DC: November 1991. The quotations are from Section IV and Section VI B 4.

Realizing the vision put forth in this paper, we can express our concern and respect for the dignity of one another, sister and brother together, for we are all children of the same God. When this vision becomes our shared vision, then the transformation of the AFDC system will become a political reality. And each of us will be more fully human for having truly cared for one another.

## Appendices

### A. The Biblical Challenge and Catholic Social Teaching

Our scriptural tradition is deeply rooted in caring for the widow, the orphan, the stranger.

This, rather, is the fasting that I wish:  
 releasing those bound unjustly,  
 untying the thongs of the yoke;  
 Setting free the oppressed,  
 breaking every yoke;  
 Sharing your bread with the hungry,  
 sheltering the oppressed and homeless;  
 Clothing the naked when you see them,  
 and not turning your back on your own.  
 (Isaiah 58:6-7).

Speak out for those who cannot speak for themselves,  
 for the rights of the destitute, open your mouth,  
 decree what is just, defend the needy and the poor.  
 (Proverbs 31:8-9).

For I was hungry and you gave me food;  
 I was thirsty and you gave me drink;  
 I was a stranger and you made me welcome;  
 naked and you clothed me,  
 sick and you visited me,  
 in prison and you came to see me.  
 I tell you solemnly, insofar as you did this  
 to one of the least of these brothers and sisters of mine,  
 you did it to me.  
 (Matthew 25:35-38, 40).

In their 1986 pastoral letter, *Economic Justice For All*, the American Catholic bishops declared, "More than 33 million Americans – about one in every seven people in our nation – are poor by the government's official definition. The norms of human dignity and the preferential option for the poor compel us to confront this issue with a sense of urgency. Dealing with poverty is not a luxury to which our nation can attend when it finds the time and resources. Rather, it is a moral imperative of the highest priority."<sup>a</sup>

<sup>a</sup> Paragraph 170. In 1992 the comparable figure was almost 37 million people. In paragraph 176, the bishops state, "Perhaps most distressing is the growing number of children who are poor." In paragraphs 186 through 214, they offer specific guidelines for action, including: "The first line of attack against poverty must be to build and sustain a healthy economy that provides employment opportunities at just wages for all adults who are able to work" (196); "Vigorous action should be taken to remove barriers to full and equal employment for women and minorities" (199); "Self-help efforts among the poor should be fostered by programs and policies in both the private and public sectors" (200); "The tax system should be continually evaluated in terms of its impact on the poor" (202); "All of society should make a much stronger commitment to education for the poor" (203); "Policies and program at all levels should support the strength and stability of families, especially those adversely affected by the economy" (206); "A thorough reform of the nation's welfare and income-support programs should be undertaken" (210); "Public assistance programs should be designed to assist recipients, wherever possible, to become self-sufficient through gainful employment" (211); "Welfare programs should provide recipients with adequate levels of support" (212); "National eligibility standards and a national minimum benefit level for public assistance

Catholic Charities USA's 1991 *Policy Statement on the Family*, which particularly addressed the needs of vulnerable families, begins with these words: "In the Christian perspective, the family is the primary community in which the person is brought to full and integral development .... Families rear and nurture the next generation to be caring, productive members of society. Families provide protective care for disabled, frail and vulnerable members of all ages when they cannot fully care for themselves. Families provide economic support to meet their dependents' basic needs for food, shelter and clothing. These ideals not only constitute a vision of family, they also hold pivotal concerns for social policy."<sup>b</sup>

Pope John Paul II put the message this way: "In order to overcome today's widespread individualistic mentality, what is required is a concrete commitment to solidarity and charity, beginning in the family .... It is urgent therefore to promote not only family policies, but also those social policies which ... assist the family by providing adequate resources and efficient means of support, both for bringing up children and for looking after the elderly."<sup>c</sup>

In assessing the current realities, we draw upon this strong foundation of faith and belief in the dignity of every human person, children of the same God and sister and brother to each other, while at the same time reflecting on our experience as social service providers.

---

programs should be established" (213); and "Welfare programs should be available to two-parent as well as single-parent families" (214).

<sup>b</sup> Catholic Charities USA has a long history of speaking out on issues related to welfare. In 1976 the Charities Congress adopted a *Policy Statement on Income Security and Income Maintenance*. In part, it reflected earlier positions going back to the mid-1960s. This policy has been summarized, and continues to be incorporated into, the legislative programs of Catholic Charities USA. The 1976 statement shaped subsequent Catholic Charities USA positions on income maintenance and welfare reform. See in particular the 1982 Statement, *Public Policy and Meeting Human Needs*, the 1987 Statement, *Reaffirmation of Commitment* (Charities USA, January/February 1987), and the 1991 *Policy Statement on the Family*, noted above (Charities USA, First Quarter 1992).

<sup>c</sup> *Centesimus Annus*, no. 49.

**B. A Brief Explanation of the Earned Income Tax Credit <sup>d</sup>**

The earned income tax credit (EITC), initially enacted by the federal government in 1975, is designed to provide tax relief to parents who work but earn very low incomes. The tax relief is seen as an offset to the Social Security payroll tax as well as an incentive to work. The EITC is refundable. If the amount of the credit the taxpayer is entitled to exceeds the taxpayer's tax liability, the difference is paid directly to the taxpayer.

An advance payment system is available whereby taxpayers can receive the credit in their paychecks, but this is seldom used. Also available are a supplemental young-child credit (if the qualifying child has not attained age 1 by the end of the year) and a supplemental health insurance credit (to offset the premiums paid for medical insurance that included one or more qualifying children). As of January 1991, the EITC is not to be taken into account in determining eligibility for or the amount of benefits received from Aid to Families with Dependent Children, Medicaid, Supplemental Security Income, food stamps, or low-income housing. Until new legislation was enacted in 1993, the credit was available only to taxpayers with a "qualifying child," based on residency, relationship, and age. In tax year 1994, the EITC will be extended to workers without children for the first time.

Significant changes were made in the EITC in the 1993 Budget Reconciliation Act. These will be fully phased in over three years. By tax year 1996, a family with two or more children earning between \$8,425 and \$11,000 will receive a maximum EITC of \$3,370. The credit declines once income exceeds \$11,000 and phases out entirely at \$27,000. Under \$8,425, a family receives about \$4 through EITC for each \$10 it earns. In effect, at \$8,425 or below, EITC increases a family's gross income by 40 percent. According to the Center on Budget and Policy Priorities, a family of four, with a minimum-wage earner working full time, would be able to reach the poverty line if the family also received food stamps and if the minimum wage were indexed to the rate of inflation.

Families with one child receive an EITC of \$2,040 if they earn between \$6,000 and \$11,000. The credit then drops at the rate of \$16 for each additional \$100 earned, phasing out entirely at \$23,760. Under \$6,000 a family receives an additional \$34 for every \$100 earned, or an increase in gross family income of 34 percent. Families with one child received a much smaller increase than families with two children under the provisions of the 1993 Budget Reconciliation Act. One-child families with a minimum-wage-earning parent working full time were already at the poverty level if the family also received food stamps.

Workers without children receive a credit set at 7.65 percent of income up to \$4,000 of earnings. The maximum credit is \$306, which holds for workers with incomes between \$4,000 and \$5,000. It then begins decreasing, phasing out entirely at \$9,000.

---

<sup>d</sup> This appendix is based on Center on Budget and Policy Priorities. *The Earned Income Provisions of the New Budget Law*. Washington, DC, Aug. 11, 1993; and *The 1993 Green Book*, pp. 1052-62.

### C. A Brief Explanation of the Child Support Enforcement Program \*

The Child Support Enforcement (CSE) program, initiated in 1975, authorized the use of federal matching funds to establish and enforce support obligations, locate absent parents, and establish paternity. The Family Support Act of 1988 expanded the provisions and accessibility of CSE by requiring the establishment of paternity for all children under age 18 and setting paternity establishment standards for the states. In addition, the Family Support Act allows states to withhold wages from the non-custodial parent in all child-support enforcement program cases after 1990, thereby increasing the states' support enforcement capacity.

The state and federal governments work together to facilitate the CSE program. All state plans must be approved by the federal Office of Child Support Enforcement. While states have the primary responsibility for administering the program, the federal government plays a major role in funding, monitoring, and evaluating state programs, providing states with technical assistance in locating absent parents, and obtaining support payments from them.

Establishing paternity is the first step in the child-support enforcement process. Without established paternity, children have no legal claim on their fathers' incomes. States decide how to establish the paternity of children born out of wedlock, unless the state finds that paternity identification would not be in the best interest of the child. After paternity is established, the custodial parent must obtain a child-support order from the courts. The courts decide how much child support will be required of the non-custodial parent and how the obligation will be enforced.

Frequently, the non-custodial parent is not readily available and/or compliant with child-support responsibilities. States use a variety of measures to locate the non-custodial parent and ensure support payments. Techniques for enforcing payments include regular billings to the parent, delinquency notices, liens on property, seizure and sale of property, reporting arrears to credit agencies, garnishment of wages, and offsetting state and federal income taxes. In extreme cases, the non-custodial parent may be charged with a civil or criminal offense if he or she refuses to pay.

Every state that operates an AFDC program also must run a CSE program. AFDC recipients must assign their support rights to the state in order to receive AFDC. In addition, each applicant or recipient must cooperate with the state to: 1) establish the paternity of a child born outside of marriage; and 2) obtain child-support payments. AFDC recipients may refrain from compliance with these regulations, without losing their benefits, if it is found that there is "good cause" to do so. "Good cause" includes situations in which: 1) cooperation is reasonably anticipated to result in physical or emotional harm to the child or the relative caretaker, of such nature that it reduces the capacity to care for the child adequately; 2) the child was conceived as a result of incest or rape; and 3) legal procedures are under way for the child's adoption. Child support payments made on behalf of a child go directly to the CSE agency rather than the family. The agency notifies the AFDC recipient, at least once a year, of the amount of child support collected on behalf of that recipient. The AFDC recipient is allowed to retain \$50 per month of the child-support payment paid to the agency, in addition to the AFDC grant. Non-AFDC families, on the other hand, receive full and direct child-support payments.

---

\* Based on Section 8, Child Support Enforcement Program, in *The 1993 Green Book*.

#### D. The Children of Children Project

Catholic Charities USA advocates for the needs of young parents and their children. The Children of Children Project focuses on prevention of teen pregnancy among the next generation by advocating for the children of today's teen-age parents. The project involves a unique blend of comprehensive services: child care, health care, education and training, and assistance with developmental tasks, all coordinated through case management services. It focuses on three generations in one family system.

Children of Children seeks to:

- Develop a cost-effective model of comprehensive day care for children 3 months through 3 years of age whose parents are teen-agers.
- Provide a range of supportive assistance to meet the educational, economic, and emotional needs of the children's teen-age parents.
- Track the level of child care, financial assistance, and other supports needed by young families in relation to self-sufficiency and level of support in their family context.
- Provide existing programs with technical assistance about day care regulations and how to obtain federal monies at the local level.
- Advocate for local, state, and national policies for young families based on existing programs and the findings of this study so that eligibility for child care assistance can be assessed by need rather than arbitrary and bureaucratic cutoffs.
- Implement a network within the national Catholic Charities social service system to advocate for young families and children by working with other local, state, and national organizations that are engaged in similar efforts.

It is well documented that teen pregnancy is a national crisis. Teens and their children are in danger of failing to develop to their full potential and too often become dependent, rather than contributing, members of society. In the past decade, teen pregnancy in particular, and child care in general, have become key components of our national agenda.

Adolescents who have children are still children themselves.<sup>f</sup> Teen-age sexual activity and childbearing have increased in recent years, and a growing proportion of births to teen-agers take place outside marriage.<sup>g</sup> In 1989, more than 1 million U.S. babies were born to unwed women, and almost 350,000 of these babies were born to women under age 20.<sup>h</sup> Nearly three-fourths of American children growing up in single-parent families experience poverty for some period during their first 10 years.<sup>i</sup> Becoming a parent as a teen-ager increases the chances that a young mother will not complete high school, that she will fare poorly in the job market, and that she and her children will live in poverty.<sup>j</sup>

A key feature of the Children of Children Project is its support for the family system in an infant/toddler child care setting. Quality early child development programs often help children who are at risk of educational failure to develop basic intellectual and social skills

<sup>f</sup> S.K. Honcho, A.M. Kenney, D. Somberg, and J. Van Dort. *Teenage Pregnancy in the United States*, 1989.

<sup>g</sup> Child Trends Inc. *Facts at a Glance*, January 1992.

<sup>h</sup> National Center for Health Statistics. "Nativity Statistics," 1989.

<sup>i</sup> D.T. Ellwood. *Poor Support: Poverty in the American Family*, 1988.

<sup>j</sup> C.D. Hayes, ed.. *Risking the Future: Adolescent Sexuality, Pregnancy and Childbearing*, 1987.

and acquire the motivation to succeed in elementary school and beyond. An on-site case worker at the neighborhood child care center can be a supportive, guiding hand that knows each family's needs and where to get help. This case worker ensures that the children, the mother, the father, and the grandparents all work together to make the family viable. Studies show that teen parents with child care available are more likely to finish high school and find the kind of jobs that support their families than those for whom such care is not available.

Even in the best of circumstances, parenting skills do not magically appear during delivery. Because the Children of Children Project is offering one-stop, comprehensive services in a child day care setting, young families are receiving the supports they need to strengthen their family life, help them become self-sufficient, and give their infants and toddlers a sound start. This intensive approach, which also teaches the responsibilities of parenthood, should help prevent teen pregnancies in future generations and reduce welfare dependency among the participating families.

The Children of Children Project is initially being carried out in three cities – Newark, NJ, Albuquerque, NM, and Lansing, MI – under Catholic Charities USA auspices. The project may be replicated across the country in other suitable agencies with child day care programs. The project is being funded by the W.K. Kellogg Foundation, the Ford Foundation, the Prudential Foundation, and the MCJ Foundation.



**National Catholic Office for the Deaf**  
A Pastoral Service for Persons who are Deaf  
or Hard of Hearing  
814 Thayer Avenue  
Silver Spring, MD 20910



**Office of Domestic  
Social Development**  
3211 Fourth Street, NE  
Washington, D.C. 20017



**LEADERSHIP CONFERENCE  
OF WOMEN RELIGIOUS**  
8808 Carnation Street  
Silver Spring, MD. 20910



10 West 71st Street  
New York, NY 10023



**Catholic  
Charities  
USA**

1731 King Street, Suite 200  
Alexandria, Virginia 22314



8808 Carnation Street  
Silver Spring, MD. 20910

February 22, 1994

**Working Group on Welfare Reform, Family  
Support and Independence**  
370 L'Enfant Promenade, SW, Ste 600  
Washington, D.C. 20447

Dear Member of Working Group:

We are representatives of national Catholic Church affiliated organizations that advocate for poor and powerless people in our country. Our purpose in writing this letter is to inform you of the work of our organizations and to ask your help in providing for the needs of families and children at risk.

Our common mission is rooted in the Church's social teaching lifting up the moral and human dimensions of major public policy issues. We share basic beliefs about human life and human dignity, human rights and the need for a preferential option for poor and powerless people.

Collectively, we build houses, provide health care, sponsor soup kitchens and shelters, provide counseling and adoption services, and educate, organize and mobilize our constituents through legislative networks on social issues.

Our local contacts throughout the country include social service agency directors, women and men religious, staffs of Catholic dioceses, missionaries, social ministers, members of parish legislative networks and grassroots people committed to building a just society.

**Catholic Charities USA** - is the nation's largest private human service organization. The network of 1,400 agencies and institutions and thousands of concerned individuals works to reduce poverty, support families, and empower communities in the United States.

**Catholic Daughters of the Americas** - strives to embrace the principle of faith working through love in the promotion of justice, equality and the advancement of human rights and human dignity for all mankind. The purposes of the organization are to participate in the religious, charitable and educational Apostolates of the Church.

**Columban Justice and Peace Office** - educates and animates Columban missionaries, who are living and working in the United States, regarding social justice issues. The Office focus is to bring the voices of the poor to policy-making arenas.



**COLUMBAN FATHERS  
JUSTICE & PEACE OFFICE**  
P. O. Box 15181  
Washington, D.C. 20017



**NATIONAL COUNCIL  
OF CATHOLIC WOMEN**  
1275 K Street, NW Suite B75  
Washington, D.C. 20005



**U.S. JESUIT CONFERENCE**  
Office of Social Ministries  
1424 16th Street, NW Suite 300  
Washington, D.C. 20036



**VALUES INSTITUTE**  
8300 Colasville Rd, Suite 310  
Silver Spring, Md. 20910



808 Rhode Island Ave., NE  
Washington, D.C. 20018



**Migration and  
Refugee Services**  
3211 Fourth Street, NE  
Washington, D.C. 20017

**Conference of Major Superiors of Men's Institutes** - serves the leadership of the Roman Catholic orders and congregations of the 23,000 vowed religious priests and brothers of the United States. The Justice and Peace Office facilitates the social justice dimensions of the missions of these international religious communities.

**U.S. Jesuit Conference, Office of Social Ministries** - educates Jesuits and their associates in ministry around the country on social justice issues and coordinates legislative advocacy on these issues. It acts as a liaison for Jesuits in ministry to Native Americans, Hispanics, African Americans and those in prison.

**Leadership Conference of Women Religious** - a national organization of the leadership of women's religious congregations in the United States, includes among its 920 members the leaders of religious communities who sponsor hospitals and long term care facilities, educational institutions, and a host of social service agencies.

**Migration and Refugee Services** - speaks for the American bishops on matters pertaining to refugees and immigrants, advocates for the protection of refugees and immigrants and seeks to ensure that benefits and services are made available to them. Through its network of approximately 140 diocesan affiliates MRS directly assists the resettlement of refugees.

**McAuley Institute** - a national non profit organization sponsored by the Sisters of Mercy, works with low income, community-based organizations to provide a range of technical and financial services crucial to the process of local, nonprofit housing development.

**National Council of Catholic Women** - is a federation of over 7000 Catholic women's organizations in 123 Catholic dioceses. It acts through its affiliates to support, empower and educate all Catholic women in spirituality, leadership and service.

**National Catholic Office for the Deaf** - is a national nonprofit organization of pastoral workers with Catholic Deaf Communities. Its members advocate for the cultural rights of deaf persons within their Churches, their families, their work situations, and their communities.

**NETWORK** - a National Catholic Social Justice Lobby, is a registered lobby bringing the concerns of the poor and marginalized to the legislative debate determining public policy at the federal level.

**Office of Domestic Social Development, United States Catholic Conference** - assists the U.S. Catholic bishops in the areas of racial justice, hunger, health care, housing, income security, rural affairs and the federal budget. The Office also provides educational resources and consultation to social action offices in the 183 Catholic dioceses around the country.

We come together at this time around welfare reform, an issue we believe must be addressed by our elected representatives in 1994. The enclosed common advocacy agenda describes our positions in greater detail.

We look forward to working with you and your staff in the 103rd Congress on this and other issues of concern. Please do not hesitate to contact any of our organizations if you would like additional information.

Sincerely,

Rev. Fred Kammer, S.J.  
Catholic Charities USA

JoAnn Kane  
McAuley Institute

Rev. Peter J. Klink, S.J.  
U.S. Jesuit Conference

Rita Greenwald  
National Council of Catholic  
Women

Margaret Cafferty, PBVM  
Leadership Conference of  
Women Religious

Rev. Michael O'Loughlin  
SSC  
Columban Father's Justice  
and Peace Office

Rev. Richard Ryscavage,  
S.J.  
USCC Migration & Refugee  
Services

Bishop John H. Ricard, SSJ  
USCC Committee on  
Domestic Policy

Nora Letourneau, Ph.D.  
National Catholic Office for  
the Deaf

Rev. Gerald L. Brown, SS  
Conference of Major  
Superiors of Men

Kathy Thornton, RFM  
NETWORK

Edna Jane Nolte  
Catholic Daughters of the  
Americas



**National Catholic Office for the Deaf**  
A Pastoral Service for Persons who are Deaf  
or Hard of Hearing  
814 Thayer Avenue  
Silver Spring, MD 20910



**Office of Domestic  
Social Development**  
3211 Fourth Street, NE  
Washington, D.C. 20017



**LEADERSHIP CONFERENCE  
OF WOMEN RELIGIOUS**  
8808 Cameron Street  
Silver Spring, MD. 20910



10 West 71st Street  
New York, NY 10023



**Catholic  
Charities  
USA**  
1731 King Street, Suite 200  
Alexandria, Virginia 22314



8808 Cameron Street  
Silver Spring, MD. 20910

**SOCIAL JUSTICE: An Agenda for Change**

"The common good...is the sum total of all conditions which allow people, either as groups or as individuals, to reach their fulfillment more fully and more easily."  
(Constitution on the Church in the Modern World - Vatican II)

We represent major national, Catholic Church affiliated organizations that advocate for poor and powerless people in the United States. Our experience with working with the poor in direct service and advocacy leads us to work for significant reform of the welfare system.

We believe that the central problem is not welfare itself, but poverty. We note with deepening concern that other major areas of social policy are clearly related to the issues of welfare reform: economic security, housing and hunger. Many of our organizations have written to you separately about health care.

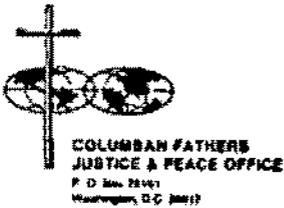
People accept government assistance because they are unable to meet basic needs in these areas. Real welfare reform should help people to meet their needs and support them in their responsibilities to family, work, and community. In order to do so they need economic security, safe and affordable housing, and freedom from hunger.

Two key values of Catholic social teaching are foundational to our positions on the issues involved in welfare reform: human dignity and the common good.

**Economic Security**

The only adequate approach to welfare reform is a thorough anti-poverty strategy which provides opportunity for economic security for every household. This will entail commitment to:

- Maintaining a full-employment economy;
- Implementing educational and rehabilitation reforms to provide the basic skills for workplace participation;
- Reforming and adequately funding the nation's job training programs;
- Increasing the federal minimum wage sufficiently to enable full time workers to live above the poverty level;
- Simplifying and coordinating assistance programs for populations requiring continued public support;
- Developing realistic and humane transition programs to enable parents to assume economic responsibility for themselves and their families;
- Guaranteeing access to credit for low-income communities working to improve their quality of life;



**COLUMBAN FATHERS  
JUSTICE & PEACE OFFICE**  
P. O. Box 28101  
Washington, D.C. 20017



**NATIONAL COUNCIL  
OF CATHOLIC WOMEN**  
1275 K Street, NW Suite 875  
Washington, D.C. 20005



**U.S. JESUIT CONFERENCE**  
Office of Social Ministries  
1424 16th Street, NW Suite 300  
Washington, D.C. 20036



**McELWEE INSTITUTE**  
8300 Calverville Rd. Suite 310  
Silver Spring, Md. 20910



806 Rhode Island Ave. NE  
Washington, D.C. 20018



**Migration and  
Refugee Services**  
3211 Fourth Street, NE  
Washington, D.C. 20017

## *Housing*

The stability of the family is crucial to the future of this country and a safe, decent home is the key to that stability.

Neither welfare payments nor the earnings of a person working full-time at minimum wage provide enough income to enable a family to afford decent housing. Federal housing assistance is available to only one-third of all who are eligible, and many participating private landlords discriminate against applicants who are on welfare. Stable housing is essential if one is to move from welfare to earned income. Specifically, we recommend that:

- AFDC benefits be raised to a level that more adequately addresses real market value rent and mortgage costs;
- Any time-limit on those receiving welfare assistance begin only after the recipient has secured decent and affordable housing.

## *Hunger*

Federal food assistance programs have become America's last protection against hunger. A record 27.4 million Americans enrolled in the Food Stamp Program in March 1993; more than 23.2 million (85 percent) of the recipients are children, women, and the elderly.

The 1993 U. S. Conference of Mayors survey of 26 major cities reports that emergency food assistance requests increased by an average of 13 percent. Yet city officials stated that 17 percent of the requests for emergency food assistance have gone unmet.

We believe that no one in America, especially children, should experience hunger. We believe that government food assistance programs in concert with the voluntary and business sectors must reinvest available resources to end hunger in this nation. As a part of overall welfare reform we specially support:

- Full funding for the Special Supplemental Food Programs for Women, Infants, and Children (WIC);
- Reauthorization of child nutrition programs which include the national school lunch program, school breakfast program, and the summer food service programs;
- Strengthening the Food Stamp Program by addressing the assets requirement and by responding to the increased service needs of children, families, and the elderly.

We urge Congress to adopt these policies as a means to ensure the dignity of every human person. We call on our constituents to join us in advocating for this social justice agenda.

FEBRUARY 1994

THE WHITE HOUSE  
WASHINGTON

February 14, 1994

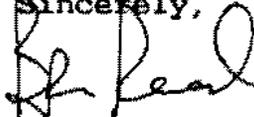
Mr. and Mrs. Rodney Roland  
5711 South 129th Sp. #1  
Seattle, Washington 98178

Dear Mr. and Mrs. Roland:

Thank you for your letter concerning welfare reform. I appreciate your taking the time to write and sharing your concerns and suggestions with me.

We are forwarding your letter to staff of the Working Group on Welfare Reform, Family Support, and Independence at the Department of Health and Human Services for review.

Sincerely,



Bruce Reed

Deputy Assistant to the President  
for Domestic Policy

Dear Bruce Reed,

I am writing to you with a problem I read about in the Seattle P.L.Rep. Harold Ford of Tennessee.

He was stated to say "He supports rules that require welfare recipients to work but that the job

should pay at least \$9.00 an hour." " We can't expect welfare recipients to flip hamburgers at \$5.00 an hour." Well I almost fell on the floor. To make ends meet for people who do not use the welfare system ,

Its O.K. for them to work as a couple to meet bills and work for minimum wage. Now they would love to go on welfare if they could get a \$9.00 an hour job. There aren't many places that pay that. My daughter has worked at the Boeing ARA Food plazas , she is a manager and has 7 years of service, she does not make

a \$9.00 an hour. The problem may be we need to increase minimum wage to \$9.00 an hour and everyone would be able to afford housing maybe buy a home, feed our kids good food, the possibilities are so staggering , every one would benefit from it and we'd be able to afford car insurance, oh can you imagine how it would lift your spirit to make a good wage. Children need good food , a warm safe place to lay there head, clean cloths, if a family could get a \$9.00 an hour job it would trickle down through every business in the land. We need money to support ourselves and those we love. The revenue it would generate sure would be something.

Thank you for your time,

*Mary*

Mr. & Mrs. Rodney Roland  
5711 South 129th Sp. #1  
Seattle, WA 98178

THE WHITE HOUSE  
WASHINGTON

February 14, 1994

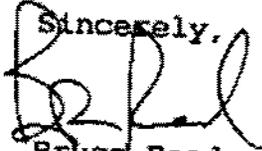
Mr. Joseph M. Dorn  
President  
FATHERS  
P.O. Box 15084  
Rio Rancho, New Mexico 87174

Dear Mr. Dorn:

Thank you for your letter to President Clinton of November 29. We appreciate your taking the time to write and offering your assistance to the Working Group.

We are forwarding your letter to staff of the Working Group on Welfare Reform, Family Support, and Independence at the Department of Health and Human Services for review.

Sincerely,

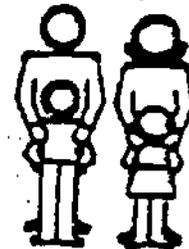


Bruce Reed

Deputy Assistant to the President  
for Domestic Policy

# F.A.T.H.E.R.S

FATHERS ATTEMPTING TO HAVE EQUAL RIGHTS



YOUR CHILDREN NEED  
BOTH OF YOU

~~AGLIAS~~

11/29/93

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

Dear President Clinton:

My name is Joseph Dorn. Enclosed please find a letter of support from Senator Bingaman and my resume.

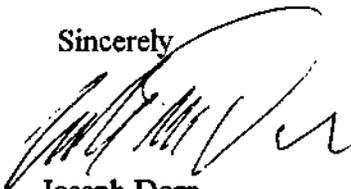
I would like to express my interest in participating in the Working Group on Welfare Reform, Family Support and Independence.

In addition please feel free to forward to me any information that you would like published in our newsletter, Los Ninos (The Children) and on FATHERS Online. FATHERS Online is an electronic bulletin board service for F.A.T.H.E.R.S members, other parents organizations, and interested public officials. FATHERS Online provides an online calendar of activities, electronic file transfer, message area, and other services.

Please fax any information to 505-891-1378 or mail to F.A.T.H.E.R.S P.O. BOX 15084, Rio Rancho, N.M. 87174-5084.

I thank you for your time and effort and look forward to working with you on these important issues.

Sincerely

  
Joseph Dorn  
President

# United States Senate

October 18, 1993

The President  
The White House  
Washington, D.C. 20500

Dear Mr. President:

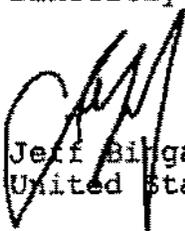
It is with great pleasure that I recommend Joseph M. Dorn to serve on the Youth and Family Welfare Commission. His resume will amply acquaint you with his outstanding career; it is my purpose to endorse him enthusiastically as a candidate worthy of your serious consideration.

You will learn from a study of his background that he is well qualified. His experience and skills are exceptional and make him ideally suited to bring a perspective to your administration that I suspect few others could offer.

I have the highest regard for his professional abilities, and know that he will bring to this position the strongest sense of integrity and honor. He is a fine person, possessed of great intelligence and common sense.

Best regards.

Sincerely,



Jeff Bingaman  
United States Senator

JB/dg  
Enclosure

THE WHITE HOUSE

WASHINGTON

February 3, 1994

Ms. Peggy Chausse  
1425 Springrock  
Houston, Texas 77055

Dear Ms. Chausse:

Thank you for your letter of January 10 concerning our welfare reform effort. I appreciate your taking the time to write and for sharing your concerns with me.

I am forwarding your letter to staff of the Working Group on Welfare Reform, Family Support, and Independence at the Department of Health and Human Services for review.

Sincerely,

A handwritten signature in dark ink, appearing to read 'BRUCE REED', written over a vertical line.

Bruce Reed

Deputy Assistant to the President  
for Domestic Policy

January 10, 1994  
1425 Springrock  
Houston, TX 77055

Mr. Bruce Reed  
Deputy Director of Domestic Policy  
The White House  
Washington, D. C. 20500

Dear Mr. Reed:

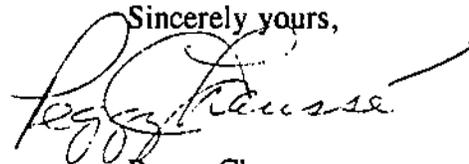
Please note the enclosed news articles I cut from the Houston Chronicle, because they have information that I support. These two articles report on some of our welfare scams. Welfare has not been good for people. It has helped them to become dishonest. I am especially furious about my tax dollars paying for one out of every 3 babies born to an unwed mother.

I am a mentor for a 16-year old, girl, potential high school drop-out. She wants to get pregnant and is able to name all the welfare programs to which she will be entitled. Her friends told her. I was shocked. When I had her brainstorm her goals, and things she would change if she could, head of her list was to get away from her parents. She told me how she could work the welfare system to do it.

Please go to work immediately, seriously, on welfare reform. Welfare has caused more social problems. We must stop the aspects of welfare that are stupid. It is unconscionable that fathers are allowed to ignore their paternal responsibilities, and it is discriminatory to the mothers. I endorse using every means available to stop this, even DNA tests and cutting off all welfare. When the young women learn that paternity establishment is non-negotiable and that tax dollars will not support them, they will change their behavior. It should also chill the potential fathers.

I am eagerly watching the progress of the task force that you co-chair.

Sincerely yours,



Peggy Chausse

Encl. copies of newspaper articles

THE WHITE HOUSE

WASHINGTON

February 3, 1994

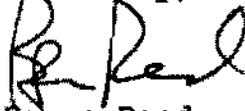
Mr. Garry L. Bales  
Trustee  
Affordable Housing Center  
403 Bluebonnet  
Devine, Texas 78016

Dear Mr. Bales:

Thank you for your letter of January 27 concerning the Affordable Housing Center's Community Development Plan. I appreciate your taking the time to write and for sharing your ideas with us.

I am forwarding your letter and plan to staff of the Working Group on Welfare Reform, Family Support, and Independence at the Department of Health and Human Services for review. You should receive a response from them in the near future.

Sincerely,



Bruce Reed

Deputy Assistant to the President  
for Domestic Policy

# Affordable Housing Center

God blesses those who are kind to the poor. He helps them out of their troubles. Psalm 41:1

January 27, 1994

Trustees:  
Fr. J. Willis Longline  
Maria Teresa Devlin  
Michael Dowling  
Garry L. Boles

President Bill Clinton  
Attn: Mr. Bruce Reed  
The White House  
c/o Task Force on Welfare Reform  
1600 Pennsylvania Avenue, NW  
Washington, D.C. 20500

Dear Mr. President, Mr. Reed:

We can provide a spectacular demonstration of "-- renewal, to create more and better jobs, guarantee health security (for all participants) and reward work over welfare." *And it can be started immediately without Congressional approval!*

This prototype demonstration supports other Administration goals to:

1. cut public housing construction and renovation funds,
2. get people out of public housing and off welfare,
3. and into a work for shelter and services received program,
4. provide a state of the art information access service,
5. and demonstrate the power of empowerment by virtually rebuilding approximately one-fourth of the City of San Antonio, Texas at net cost of approximately \$250 million.

This prototype demonstration is supported by a majority of the public housing residents in the targeted project(s). The net cost to tax payers is between 1/5 and 1/7 of the total cost which supports the Administration projection of \$6 billion compared to Representative Harold Ford's \$30 billion.

As you read this, remember that some of the best moments of the State of the Union speech came with the acknowledgement that government cannot accomplish (do) what the nation needs most. Almost everyone agrees the welfare system is broken, encouraging dependency rather than initiative. HUD and HEW agencies in San Antonio are working against most values and efforts of recipients to gain self sufficiency.

Temporary Office  
403 Bluebonnet • Devine, Texas 78016  
(210) 665-3226

President Bill Clinton  
Attn: Mr. Bruce Reed  
page 2

Our Center could renovate the Springview Apartments<sup>1</sup> for approximately \$33 million less than the San Antonio Housing Authority's budget of \$48 million. An objective feasibility study would show that this public housing project should be phased out, demolished, and redeveloped into single family housing (at 1/3 the cost).

The San Antonio Housing Authority claims that it will cost \$165 million to renovate all public housing in the City. The City has approximately \$38 million in unspent CDBG funds and Congressman Henry B. Gonzalez recently announced that an additional \$700 million would be available in July 1994. Only 40% of that \$738 million is enough money to renovate all of the public housing in San Antonio, build approximately 60,000 new affordable homes and create over 5,000 new jobs!

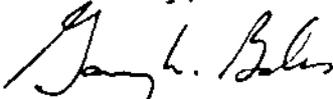
The health care insurance for Center workers is a "workman's compensation" rider for the worker, spouse and children and will be paid by the Center.

Administrative action required:

1. Since it costs more to maintain public housing units than they are worth, waive the requirement to build replacement units in San Antonio.
2. Arrange for up to \$250 million of the forthcoming CDBG grant to be designated for this program as a prototype demonstration and monitor it from the White House.

This is a win win, *quid pro quo*, something given for something received plan. It is not a part of any San Antonio empowerment initiative. It has been in the planning stages since October 1989. Please ask one of your aides get in touch with me as soon as possible.

Sincerely,



Garry L. Bales,  
Trustee  
Enclosures

---

<sup>1</sup> The 421 unit Springview Apartments (public housing) project in San Antonio is a violent, high crime neighborhood which had 4,153 police and private security calls in a two year period. Many of the residents are desperate to move out.

AFFORDABLE HOUSING CENTER'S  
COMMUNITY DEVELOPMENT PLAN  
(FOURTH DRAFT)

PREPARED FOR:

THE HONORABLE AL GORE, VICE PRESIDENT  
THE HONORABLE HENRY CISNEROS, SECRETARY HUD  
THE HONORABLE HENRY B. GONZALEZ  
THE MAYOR AND CITY COUNCIL OF SAN ANTONIO  
NEIGHBORHOOD HOUSING SERVICE OF SAN ANTONIO  
COMMUNITIES ORGANIZED FOR PUBLIC SERVICE  
PARTNERSHIP FOR HOPE  
FINANCIAL INSTITUTIONS

## I. EXECUTIVE SUMMARY

A program has been designed which will allow the maximum number of public housing residents to become self-sufficient once again and realize the dream of homeownership. Federal funds will be "recycled" in a way which will permit approximately 60,000 affordable homes to be built.

All seven of the principal activities AHC (Affordable Housing Center or Center) is engaged in were normally performed within extended families in the San Antonio area prior to World War II. As recently as the 1940's, each member of such an extended family in this area was expected to contribute to the well being of the family and community. Each program participant will be required to combat community deterioration and encouraged to provide some valuable service to others. This is simply *quid pro quo*, something given for something received.

AHC will initially be providing information and education to people wanting affordable housing or job training in how to build and remodel homes. After AHC has secured financing and building sites, training and construction will begin. Training in care for the very young and very old and other jobs will be done in ways similar to the way it was done by Americans at the turn of the century. One example of how it can be done: the Ready, Willing and Able projects for homeless men in New York City created by the Doe Fund have demonstrated the feasibility of work, shelter, services programs coordinated by non-profit organizations. However, it is not a workable role for government agencies. Despite accolades of city and federal officials, the successful model program in New York City has not yet been copied by any government agency. This is a clear example of a program whose efforts require the cooperation of several city, state and federal agencies can fall between the bureaucratic cracks.<sup>1</sup>

AHC plans to teach many unemployed and low income people how to renovate homes and apartments for which many job opportunities are available. Many single parent families headed by women will be introduced to and apprenticed in the home health care field which pays well and has flexible hours. Older women may be employed as caregivers in child care, care in assisted living and hospice activities. Even unstable homeless men and juvenile offenders can be put to work tearing down old houses and cleaning up vacant lots.

The classes of individuals that qualify for each of AHT's services are generally those who are unable to afford the basic necessities of life without undue hardship. Some of the individuals helped by AHT programs may be somewhat above 60 percent of median income but

---

<sup>1</sup> Celia W. Dugger, New York Times News Service.

because of other circumstances, may be in worse condition with respect to other necessities and therefore qualify as poor and distressed. Frequently encountered circumstances include high rents that can take over 50% of income and one or more wage earners is not permanently employed and subject to frequent interruptions to regular reliable income. All of AHT's participants will have at least two things in common: they are in a community which is physically deteriorating and in an atmosphere of increasing neighborhood tensions and violence.

AHC relies on the relief of the poor and distressed under section 1.501 (c)(3)-1(d)(2) of the Income Tax Regulations as the basis for its exemption. There are a significant number of persons who are not poor who live in the subject neighborhood but live in unsafe, unsanitary housing and crowded conditions. Most of the residents in "El Barrio" are distressed about the violence and deterioration of their neighborhood. AHC leadership believes that the inclusion of some people in its programs who are not poor or underprivileged will provide an improved degree of stability and can be incorporated into projects for resource and role model functions. Many of them may become community leaders and employers. All of AHT's business will be conducted in a charitable manner. When persons who are not poor are incidentally aided, it will be because the moderate-income persons aided could not otherwise secure housing that they could afford.

San Antonio does not have a qualified nonprofit organization adequately carrying out home ownership assistance activity for the poor and working poor. Moreover, San Antonio has not been able to expend its Community Development Block Grant funds in a timely manner. The city stands to lose a potential \$700 million in funds if it does not spend the previously allocated CDBG funds in a coordinated and comprehensive manner. The U.S. Department of Housing and Urban Development ("HUD") also has announced that \$48 million in federal funds has been designated to upgrade the Springview public housing project and \$117 million more is needed to upgrade other public housing projects in San Antonio. There are more than 86,000 poor households in San Antonio, 50,800 of which inhabit unaffordable housing. Simultaneously there is a shortage of skilled construction workers.

AHC was formed to help meet some of these needs. There are several obvious linkages between Wildlife Habitat Trust (WHT), the parent non-profit organization, and AHC. Some of the motivations for forming WHT were to combat rural community deterioration, improve the neighborhood economies and renovate run-down land. Renovators and rehabilitators have historically taken care of their immediate environment. Therefore involving the depressed and disillusioned inner city resident in renovation, building and community beautification projects will certainly be expected to combat and reverse community deterioration.

## II. HISTORY AND BACKGROUND

San Antonio has the highest percentage of poor homeowners living in over-crowded and physically deficient housing of any city its size. The number of households fitting this description was estimated to be 87,200 in San Antonio in 1990 and approximately 17,000 more individuals have been falling below the poverty level each year. Sixty-eight percent of poor families live in unaffordable housing. Almost half of poor home owners and 33% of poor renters live in physically deficient housing.

Almost equally pressing are the needs for affordable child care, job training, and employment opportunities. Indeed, the lack of affordable child care is one of the major barriers to poor women becoming self-sufficient.

### A. Other Recently Identified Needs

1. Congressman Henry B. Gonzalez has pointed out the fact that the City of San Antonio does not have a qualified nonprofit organization carrying out its homeownership assistance activity and did not restrict the activity to neighborhoods undergoing revitalization. The Affordable Housing Center can provide this service.
2. HUD's Office of the Inspector General, in its report to Congress, has found that the City is unable to expend their Community Development Block Grant (CDBG) funds in a timely manner and is violating a regulatory requirement to have no more than 1.5 times the most recent grant allotment in their reserve before they are allocated more funds. The City stands to lose a potential \$700 million in funds if it does not spend the previously allocated CDBG funds in a coordinated and comprehensive manner. The Affordable Housing Center can use all these surplus funds within the required time frame if HUD and the City act promptly.
3. HUD has announced that more than \$48 million in federal funds has been designated to upgrade the 421 unit Spring View public housing project. This is \$114,000 per unit, more than it would cost to replace the units completely and three times more than the Affordable Housing Center's estimated cost of a three bedroom, two bath single family residence. This HUD project fails to meet three tests:
  - a. The project does not meet the fundamental test of economic feasibility.

- b. The complexity of the low-income housing and the expense required to remedy the situation require that any meaningful intervention consist of adequate resources applied in a thoughtful manner.
- c. HUD's public housing rehabilitation plan contradicts the Clinton Administration's pledge to reform government in general and public assistance in particular. It lacks accountability which may eventually be challenged both politically and in the courts.

Thus, there is both a pressing need for a nonprofit organization to provide affordable housing, job training, and child care services, as well as utilize government funds available to fund such projects. AHC was formed to meet the above needs. A more concise outline of its activities follows.

### III. OVERVIEW OF AHC'S PROPOSED ACTIVITIES:

#### A. Construction of Low and Moderate Income Housing.

The first step in any construction project is securing the financing. At least 60,000 affordable homes need to be built in San Antonio within the next 10 to 15 years. It is not economically feasible to build these types of homes in San Antonio at this time. Poverty and the increasing demand for affordable housing is causing increasing frustration and neighborhood tensions. The estimated cost of between \$2.4 and \$2.5 billion is a budget breaker. The expense required to remedy this complex situation requires that any significant intervention consist of adequate resources applied in a thoughtful manner.

AHC intends to apply for up to \$250 million in government (CDBG) grants and use the money to buy building sites and build as many low and moderate income homes as possible. AHC would initially act as "prime contractor" and supervise the overall project to ensure the houses are built to meet required codes and standards, and as inexpensively as possible. At least 75% of the homes would be sold at or below cost to qualified affordable home buyers. The other 25% would be sold at appraised value. Both classes of buyers would be eligible to reduce the cost of their home with "sweat equities". This business must be performed in a manner which does not discriminate against the working poor in any way. When the grant funds are expended, the mortgages on the affordable homes will be pledged as security to borrow

CRA (Community Reinvestment Act) mandated funds which will be reinvested in low and modest income housing.

During construction, special emphasis will be placed on building safe, durable residences, many having floor plans designed for future expansion or designed to meet the needs of extended families living together. AHC would not perform the construction itself, but instead would hire the necessary subcontractors to build the homes at the lowest feasible cost. It is anticipated that three to four bedroom, two bath room homes can be built for as little as \$27,500-\$40,000, with monthly mortgage payments projected to be \$250.00-\$350.00. This low cost is due to the fact that subcontractors must agree to charge no more than their actual costs, plus 7-10% and a significant part of the labor will be free.

Land owners and several potential subcontractors have expressed an interest in foregoing a part of their typical (normal) entrepreneurial profit margin in exchange for an equal (in dollar terms) equity in first mortgages. This eliminates problems with the diminished value of second mortgages on residences purchased by minimally qualified buyers.

Home ownership may be achieved by:

1. Trading in an existing home with some equity is the most common way of acquiring a new home.
2. If the trade-in home is unfit to sell, it may be rented by the Center to recapture the down payment. The house would eventually be torn down and a new house built on the site.
3. "Sweat equity" for labor performed or services contracted for is less common but a viable way of earning a down payment. Services may even be performed to third parties, especially those involving the Center. The legality and taxation status of these transactions will be verified with a Private Letter Ruling to be submitted to the Internal Revenue Service.
4. Government grants (possibly a Community Development Block Grant) will be needed to make up the difference between building costs and selling price (at least in the beginning).
5. Shared equity appreciation arrangements with third parties, "soft second mortgages" and/or Limited Partners.

6. Excess costs (losses) may be shared with other non-profit organizations,
7. Fund raising activities will be held throughout the duration of the project. Funds raised will be focused on supporting child care, assisted living care, hospice care and job training.
8. In certain cases, there may be lease to purchase agreements and "soft second mortgages". "Soft second mortgages" may be retired with volunteer service.

B. AHC intends to follow the safeharbor guidelines of IRS Notice 93-1 pertaining to low income housing but does not rely exclusively on assistance being limited to the poor and distressed. Initially, at least 75% of the individuals eligible to purchase homes built by AHC must demonstrate that they are of low to moderate income (i.e., that they earn less than 60% of the median income for the community). There is reported to be a waiting list of approximately 25,000 qualified families for subsidized rental housing in San Antonio. Applicants not already on this list or prequalified by a lending institution will be screened and must prove to AHC to be qualified to purchase a home for less than market value. (However, a small percentage of medium income homes, but in no case more than 25%, will also be built and sold by AHC at a profit to those who are not in the lowest income bracket, [but who are nevertheless on the lower end of the economic spectrum.]) These latter sales will help fund AHC's operations. It should be noted that unemployed individuals would be used to construct these medium income homes as part of the job training program discussed below. The down payment for the low and moderate homes can be accomplished in a number of ways.

C. Renovation and Rental of Low and Moderate Income Housing

AHC may accept as a down payment on its new low income housing any existing home that the buyer may own. If a home that is traded in is unfit to sell, AHC would then repair the home and attempt to rent it, preferably to a low income family on the waiting list.

In addition to the above renovations, there is an existing public housing project in San Antonio, called the Springview Apartments housing project, which is in need of renovation. AHC hopes to be selected by the San Antonio Housing Authority to renovate that structure as

well, again using as many unemployed residents as possible through its job training program.

D. Job Training and Employment Opportunities.

In order to help reduce the high unemployment of unskilled workers in San Antonio and provide a means of steady income to the poor who will be purchasing AHC's housing, AHC intends to provide job training and employment opportunities in the following ways:

1. There is a shortage of semi-skilled construction workers in San Antonio. Therefore, subcontractors hired to build the low and moderate income housing must agree to hire and train a certain number of the unemployed from the community, including those who may be purchasing the low income homes. Thus, the unemployed will have an opportunity to learn carpentry, plumbing, electrical and other construction skills that will allow them to become self-sufficient.
2. AHC also plans to build child care centers and hire unemployed women to work in the centers. Some women who cannot afford a down payment on a low income home may also earn the down payment by providing "sweat equity" (i.e., by working in AHC's child care centers on a volunteer basis).
3. Eventually, AHC plans to construct and operate hospice centers and assisted living centers for the elderly. Again, the unemployed in the community can learn health care skills and earn a down payment on a low income home by volunteering to work in these facilities. Approximately 40% of the staff will be full time salaried and 60% will be part time volunteers who are earning "sweat equity" credit or providing services to offset mortgage payments. Salaried workers will be paid prevailing wages.

E. Child Care Centers

As noted above, AHC eventually plans to construct and operate child care centers for low income families. Any low income family in the neighborhood and any program participant will be eligible for child care services at approximately 50% of the prevailing child care rates. The operation of child care centers has long been recognized as a charitable activity. E.g., Rev. Rul. 68-166, 1968-1 C.B. \_\_\_\_\_. Fees will be set at operating costs i.e. management, labor, utilities and maintenance.

Priority eligibility is for low-income program participants. Volunteer time may be accepted in lieu of payment of fees. Middle-income parents may be eligible for services if space is available but on a market rate fee basis. As the need for middle-income, non-program users increases, child care workers will be encouraged to set up for-profit day care centers.

F. Assisted Living and Hospice Centers

There are a large number of elderly single women and homeless who have no families to turn to. Many elderly women may be willing and able to be volunteers in an Infant-Senior Sharing Project (ISSP) like the ISSP center in Englewood, New Jersey (see Family Circle Magazine, 12/21/93 page 18). The Englewood center is staffed by four regular volunteers and three full time paid workers--ranging in age from 62 to 87 and cares for from 20 to 30 infants and toddlers. Assisted Living and Hospice care could be arranged in a similar manner.

Compensation to the hospice center will be whatever the terminal person can afford. The difference between what Medicare/Medicaid pays and actual costs is planned to be covered by volunteer services and fundraiser sales of personal property donated and services. These centers will primarily serve the low income neighborhood residents.

G. Home Care Services and Assisted Living Centers

Home care services are projected to be the fastest growing employment field for the next decade. Women and some men with an aptitude and interest in entering this growing field in practical nursing will be encouraged to enter training programs already available. A limited number will be employed in neighborhood assisted living centers. Assisted living facilities will have a small salaried staff (paid at prevailing wages) and utilize volunteers and trainees. The assisted living facilities will be owned by the parent 501(c)(3) Trust and operated by AHC program participants. Entry into assisted living centers will be offered primarily to elderly AHC program participants.

H. Operation of a Community Voice Mail System

A user gets a phone number, records a personal message and receives a private access code to retrieve messages. The system can be accessed from any touchtone phone. According to an editorial in the San Antonio Express News, a pilot Community Voice Mail program in Seattle,

Washington produced solid results. Eighty-three percent found jobs and places to live in less than eight weeks. Initially AHC will need to utilize a voice mail system similar to this to coordinate job training, jobs available, available housing for sale and for rent to a large number of people who do not have a telephone. This service eventually will be upgraded into a relatively complete state-of-the-art package of information services which may include E-mail, bulletin boards, data bases and instructional programs. This kind of information service will enable program participants to be more competitive in the job market and the neighborhood economy will become more productive. Without access to an information service of this type, have-nots will descend to a lower level of inequality and dependency.

\* \* \*

Each of the seven activities outlined above furthers one or more of the following exempt charitable purposes: relief of poverty and suffering, the promotion of health, aiding of the elderly and disadvantaged, combating community deterioration, and lessening the burdens of government. See, e.g., Rev. Rul. 70-585, 1970-2 C.B. 115 (first example) (construction of low and moderate income housing is an exempt activity); Rev. Rul. 68-17, 1968-1 C.B. \_\_\_ (renovation of low income housing is an exempt activity); Rev. Rul. 68-166, 1968-1 C.B. \_\_\_ (operation of a child care center at nominal cost is an exempt activity).

The complexity of the root causes of poverty in San Antonio have created a trap from which many of the impoverished can not escape without intervention from outside of the community. This type of intervention is not a workable role for government agencies. Despite praises from government officials, successful model programs in New York City, Englewood, New Jersey and Seattle, Washington have not been copied by any government agency. Intervention by the Center can address six or seven problems simultaneously in ways that maximize assets from within the neighborhood. The participants must be encouraged to be involved in the whole process.

#### IV. BUSINESS OPERATIONS:

- A. Approximately 25% of the homes constructed will be sold at appraised value, estimated to be between \$27,500 and \$40,000 with a down payment of five percent (5%). This will establish market value and allow the working poor to participate in this market. It will also make pre-owned traded-in homes available to the very low income buyers.

Approximately 75% of the homes constructed will be sold at or below the cost of construction to qualifying low income buyers. A clause in the sales contract will provide for AHC's first option right to repurchase the home should the buyer attempt to sell the house. A second clause will provide for a shared equity in the house for the difference between the purchase price and the appraised value and provisions to recapture the shared part of the equity upon resale. These sales will require a minimum down payment of five percent or the equivalent in "sweat equity".

All older homes acquired by AHC will be renovated and sold to low income families, rented to low income families or torn down and the building site prepared for new construction.

- B. Renovation and rental of low and moderate income housing will be done primarily by AHC trainees under the supervision of AHC's professional construction workers and sold exclusively to low income buyers or rented for 30% of the family income but not more than \$250 per month. The typical low income renter in San Antonio spends 46% of their income on housing. The market rate for housing of this quality is \$325 to \$400 per month.

The San Antonio Housing Authority's plan to renovate the Springview Apartments has authorized funding for \$48 million. AHC estimates that it can accomplish the same physical results with better human development for \$20 million or less. The \$28 million savings could be used to build more than 5,000 affordable houses under this management plan.

- C. Job training and employment opportunities which may normally cost several thousand dollars will be provided at no cost to AHC program participants. The incentives for residents of public housing to get out and become self sufficient are threefold:

1. learn a marketable skill,
2. have good prospects for steady employment,
3. home ownership opportunities.

- D. Child care services for babies to 12 year olds typically cost \$225 per month per child. AHC sponsored child care services to program participants will probably be between \$50 and \$125 per month.

- E. Approximately 90% of the elderly and terminally ill in San Antonio die in their homes. The other 10% require some assisted living or institutional care. There is little or no cost to program participants for hospice care. Costs for non-profits is approximately \$90/day in a hospice facility. Medicare/Medicaid pays \$77.32/day and the balance of the cost to AHC will come from volunteer care givers. Hospice care is the most cost effective alternative to hospital care.
- F. Home care services and assisted living facilities for program participants and their relatives will be \$4.25/hour and \$8/hour plus transportation for nonparticipants. Costs for non-profits is approximately \$850/month for assisted living in centers. There are savings of approximately \$1,000/month in the cost of health care delivery in this type of service over the costs of a prolonged stay in a nursing home.
- G. The operation of the voice mail system will cost an estimated \$50,000 in startup costs and an estimated \$150,000 per year to operate. These costs should be part of the operating costs of the Affordable Housing Center and would be provided to program participants at no cost.

**V. NAME AND ORGANIZATIONAL AFFILIATION:**

AHC has some overlapping directors with the tax-exempt IRC § 501(c)(3) charitable trust called the Wildlife Habitat Trust. Specifically, three trustees of the Wildlife Habitat Trust will also be directors of AHC. Those three individuals are Garry Bales, Fr. J. Willis Langlinais of St. Mary's University and Mike Dowling, former owner of the National Yellow Pages advertising organization. The Wildlife Habitat Trust has been heavily involved in land reclamation and environmental cleanup projects. Because it frequently is in need of labor for such activities, it may employ some of the unemployed individuals participating in AHC's job training program. Additionally, it is anticipated that the Wildlife Habitat Trust will service the mortgages on the low and moderate income homes sold by AHC. Wildlife Habitat Trust was originally established as a non-profit real estate and natural resources stewardship entity to lessen the burdens of government. It is qualified to do this and is the logical choice over all the other possible mortgage servicers because it can provide the widest range of alternatives to foreclosure if the borrower were unable to make mortgage payments. The normal fee for this service is \$10 per month and paid out of mortgage payments.

## **VI. LOCATION:**

The first project is a prototype demonstration and will be in San Antonio, Texas. The Affordable Housing Center will cooperate with interested government and community leaders to establish similar programs wherever the need exists.

## **VII. SERVICES:**

Land development, construction of low and moderate income homes, rental of old homes taken in trade for equity in new homes, training selected neighborhood residents in building trades, construction and management of day care centers to be staffed primarily by home buyers desiring to earn a "sweat equity", assisted living facilities for the elderly and hospice care facilities for the terminally ill and a voice mail/information service.

## **VII. MARKET & COMPETITION:**

The primary market area is defined as being the south and central and west part of San Antonio. Secondary market areas would consist of other needy communities. The Center is a non-profit organization and will be working with non-profit organizations and appropriate city, state and federal agencies. Since there is little or no economic incentive for "for profit" development in the lower income neighborhoods at this time, there will be negligible competition to or from established real estate developers and builders and there should be little or no concern about unfair competition to established development activities in the target neighborhoods.

Opportunities can arise from adversity. The Affordable Housing Center will be creating job opportunities in the building trades, in child care, home medical care and hospice care. Participants will be encouraged, even required to get involved. This is a grass roots "give as much as you get" neighborhood self-help program.

## **VIII. DEVELOPMENT OBJECTIVES**

The primary objectives of the proposed program can be accomplished in four phases.

Phase I begin with organizational activities and fundraising. ACT will also establish of a network of offices to assist people in home ownership activities.

Phase IIa will include feasibility studies, property acquisition and preparation for the development of subdivisions. Phase IIb

will be involvement in the rehabilitation of public housing and will include training and employment of selected individuals from within public housing projects for single family residential construction. Phase II requires a commitment to finance the purchase and development of raw land. Options must be secured and feasibility studies conducted prior to any commitment to purchase the land. Subject to the findings of the feasibility study and available financing, the land can be purchased, surveyed and prepared for development. The pre-construction phase usually requires up to 12 weeks.

Phase III is planned to be the accelerated construction phase where from 10 to 100+ unit sites are developed as rapidly and efficiently as possible. Day care, assisted living residences for the elderly and hospice care facilities are also planned during this phase which will be approximately six to nine months into the program. Only a small part of the overall efforts during this phase will be tearing down old buildings and preparation of individual isolated building sites because it is not the most efficient use of resources at this stage of development.

Phase IV will be expansion of building capabilities to construct approximately 1,000 or more new homes per year and training personnel to duplicate this capability. By the end of the second year, the construction supervision/project management should be able to either redouble itself or field another large scale development effort in another area. Some time during Phase IV, there will be a surplus of qualified construction workers trained in the type of construction the Center will specialize in. At this time, selected construction workers will be encouraged to become independent contractors and work in collaboration with the Center or independently if they choose.

#### **IX. ORGANIZATION:**

The AHC (Center) is a recently formed subsidiary of an existing 501(c)(3) charitable trust organized and recognized by the Internal Revenue Service in 1982 as a qualifying non-profit charitable trust. At this time, the AHC is planned to be the developer and general contractor. Qualified subcontractors will be employed as needed with a strong emphasis on hiring people from within the neighborhood. The Center plans to network with local, state and federal government agencies as well as other non-profit organizations such as COPS, Metro Alliance, the Neighborhood Housing Service of San Antonio, Habitat for Humanity, Partnership for Hope.

## **X. HISTORY OF OPERATIONS**

Garry Bales and others formed the non-profit WILDLIFE HABITAT TRUST in 1982. Wildlife Habitat Trust is a network of more than 100 conservation specialists from all over the country who proposed to manage marginal and unmarketable farms owned by the U.S. Department of Agriculture (USDA). The objectives were to stabilize deteriorating rural communities and salvage important human and natural resources. The proposal was formally made to the Subcommittee on Conservation and Forestry of the Committee on Agriculture, Nutrition, and Forestry of the United States Senate on March 24, 1988. A revised proposal and business plan was presented to the Bush Administration on March 10, 1989.

Raymond Ruiz of Ruiz & Associates Surveying, Inc. has been conducting feasibility studies and surveying of properties for development. Robert Guajardo of Guajardo Associates is an architect and planner with whom both Bales and Ruiz have had discussions pertaining to affordable housing designs, some of which have built-in future expansion capability. Skip Summers is a highly qualified construction superintendent with 28 years of experience in development and construction of all kinds of residential, commercial and special purpose properties. He has been a construction supervisor for U.S. Homes, Lyda Construction Company and the CCC Group, a major construction company headquartered in San Antonio. He has supervised more than \$13,000,000 worth of new construction between 1991 and 1993 and has planned several affordable housing projects.

## **XI. MANAGEMENT PLAN**

The Center's management plan is to produce as many affordable housing units of average or better quality as are economically feasible. Preliminary projections indicate that monthly payments will range from approximately \$250 to \$350 which is more feasible than rent. Emphasis will be placed on building safe, durable residences. Many floorplans will be designed for future expansion. Other floorplans will recognize the special needs of families where three generations are living together. Not only will opportunities for home ownership and employment be maximized, the AHC also plans to maintain an employment guidance and reference office to help participants remain fully employed in an employment market which is relying more and more on temporary help. Simultaneously, a maximum number of opportunities for Community Reinvestment Act qualifying investment will be created. The Center plans to continue the Community Voice Mail project as a service to the Neighborhood.

A large number of child care centers will be constructed and partially staffed by people earning a "sweat equity" in a home. First priority for these child care centers will be to provide day care for families on the Center's fast tract to self-sufficiency

programs. Among these programs will be training for child care workers, home care workers, nurses aides and hospice care workers. Several special housing units will be constructed for elderly singles. Several hospice facilities will also be constructed. Trained workers may earn "sweat equity" credits toward home ownership by providing service in a Center operated facility.

## XII. FUNDING

- A. The Affordable Housing Center needs a substantial portion of the unspent CDBG funds to locate and conduct feasibility studies on properties soon to be disposed of by the Resolution Trust Corporation. Additional funds need to be available to acquire suitable properties where the Center's primary objectives can be accomplished.
- B. AHC will apply for grants up to \$250 million to build affordable housing in San Antonio. President Clinton announced on January 17, 1994, authorization of grants, tax incentives and the availability of tax-exempt bonds, all of which enhance the effectiveness of AHC's projects.
- C. HUD has announced that \$48 million has been designated to upgrade the 421 unit Spring View housing project and approximately \$165 million will be needed to rehab all of the public housing in San Antonio. The Affordable Housing Center will strive to be a major participant in any public housing renovation plans in San Antonio and elsewhere for the development of human resources and to use financial resources more effectively as required by President Clinton's reduced budget for public housing.
- D. Mortgages on single family residences will be serviced by Wildlife Habitat Trust but pledged as security for loans which will be reinvested in the construction of affordable housing which will be collateral for another tier of financing. An amount of money estimated to be 7.5 times the amount of the grant can probably be borrowed in this way.

Phase I startup costs should be approximately \$50,000 and be covered by a sponsoring agency or corporation.

Phase IIa will probably require approximately \$6,000 - \$7,500 per lot in pre-construction acquisition and development costs. Interim financing must be in place and draws for work completed must be available on a weekly basis. The costs of Phase II which are in excess of the sale price should probably be made up from CDBG grant funds. Phase II is estimated to cost between \$5 and \$10 million.

In Phase III, an estimated 85 percent of the costs of development can be recaptured from sales. Another five percent may eventually be recovered from contributions of cash and services donated. Over the entire duration of the project, a grant of probably five percent to 10 percent should cover the total costs. The Center's goal, however, is for neighborhood's inputs to eventually meet outputs or costs.

The project should begin breaking even sometime in Phase IV. Land development costs are expected to remain relatively constant but building costs will decline as worker efficiency and economies of scale reach optimum levels. The worst case scenario is for sale prices to be five to seven percent below building costs. This much shortfall should be anticipated and provided for in case the need materializes. In other words, the project may become self-supporting and self perpetuating with grants and contributions of \$250 million yet accomplish a development objective costing \$2.5 billion or more.

THE WHITE HOUSE

WASHINGTON

February 3, 1994

The Honorable Alan B. Mollohan  
House of Representatives  
Washington, D.C. 20515

Dear Congressman Mollohan:

Thank you for your letter of January 7 enclosing a copy of Mr. James Terango's interesting letter offering suggestions on jobs and welfare reform.

I have forwarded the letter to staff of the Working Group on Welfare Reform, Family Support, and Independence at the Department of Health and Human Services for review.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce Reed", written over the typed name.

Bruce Reed

Deputy Assistant to the President  
for Domestic Policy

APPROPRIATIONS  
COMMITTEE

SUBCOMMITTEE ON VA, HUD &  
INDEPENDENT AGENCIES

SUBCOMMITTEE ON COMMERCE, JUSTICE,  
STATE & JUDICIARY

BUDGET COMMITTEE

CONGRESSIONAL STEEL CAUCUS  
EXECUTIVE COMMITTEE

ALAN B. MOLLOHAN  
1ST DISTRICT, WEST VIRGINIA

Congress of the United States  
House of Representatives

January 7, 1994

2242 RAYBURN HOB  
WASHINGTON, D.C. 20515-4801  
(202) 225-4172  
FAX: (202) 225-7564

DISTRICT OFFICES:  
ROOM 209, POST OFFICE BUILDING  
P.O. BOX 1400  
CLARKSBURG, WV 26302-1400  
(304) 623-4422

ROOM 213, FEDERAL BUILDING  
P.O. BOX 720  
MORGANTOWN, WV 26507-0720  
(304) 292-3019

ROOM 1117, FEDERAL BUILDING  
P.O. BOX 145  
PARKERSBURG, WV 26102-0145  
(304) 428-0493

ROOM 316, FEDERAL BUILDING  
1125 CHAPLINE STREET  
WHEELING, WV 26003-2900  
(304) 232-5390

Mr. Bruce Reed  
Deputy Asst. To The President,  
Domestic Policy  
The White House  
Old Exec. Office Bldg., Rm. 216  
Washington, WV 20500

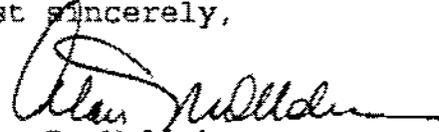
Dear Mr. Reed:

I have been contacted by Mr. James K. Terango, Magistrate, Harrison County Courthouse Annex, 306 Washington Avenue, Clarksburg, WV 26301, regarding his thoughts on reforming the Nation's welfare system. I am enclosing a copy of his correspondence for your reference.

As you will note, Mr. Terango has suggested the use of a 1970's-style CETA program to provide jobs for lower income persons. I would appreciate your office addressing the suggestions of my constituent.

Thank you for your attention to this matter.

Most sincerely,



Alan B. Mollohan

ABM:cl  
Enclosure

# Harrison County Magistrate Court

Harrison County Courthouse Annex  
306 Washington Avenue  
Clarksburg, West Virginia 26301

DONALD L. KOPP II, MAGISTRATE  
(304) 624-8561 Room 302

KENNETH L. CORBY, MAGISTRATE  
(304) 624-8562 Room 304



FRAY G. QUEEN, JR., MAGISTRATE  
(304) 624-8564 ROOM 306

JAMES K. TERANGO, MAGISTRATE  
(304) 624-8560 ROOM 303

MARION LANHAM, MAGISTRATE COURT CLERK

Courthouse, Room 203  
301 West Main Street, Clarksburg, West Virginia 26301  
(304) 624-8645

Dear Congressman Mollohan:

Season's Greetings to you and your family.

The purpose of this writing is to address welfare reform and to make you aware that I'm willing to testify on my ideas. It is my hope that the following will be considered by the President's 32 member overhauling group.

The general idea originates from an early 70's Federal program known as CETA. This is not a duplicate.

CETA provided jobs to lower income persons. Unlike today's Human Services CWEP, it did not pay if the person failed to show up for work. The CETA program also gave each employee medical insurance. Department of Human Services is currently providing this without any work requirement. Employees of CETA were assigned to their local State, County or City government agencies. These individuals were used as Police officers, Public Work's employees and clerical staff.

Basic ideas in order to get this to fit are as follows:

Prohibit the agency from reducing the size of the work force. This would avoid any chance of CETA workers being used as replacement workers. This would provide job security for present employees and would protect labor's concerns.

Fill all openings of the agency from the CETA pool.

Require the agency to maintain its number of employees. Fees and levies may have to be raised in order to maintain the work force, but will be expected in order to continue CETA.

Provide CETA workers with the same benefits as the agency's regular employees (i.e.: vacation, sick days, etc.).

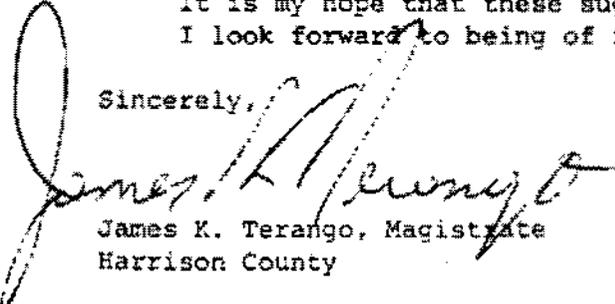
Being a past Mayor, our City had project after project that had been ignored due to the lack of manpower.

I presently serve by County as Magistrate. The flow of welfare recipients is consistent. Most violations alleged against them are minor though. Some of the persons have no interest in working, most would be productive if they had a place of employment.

It is my hope that these suggestions are forwarded to the proper authorities.

I look forward to being of further assistance.

Sincerely,

  
James K. Terango, Magistrate  
Harrison County

THE WHITE HOUSE

WASHINGTON

January 6, 1994

Ms. Claudia Strauss  
Assistant Professor  
Department of Cultural  
Anthropology  
Duke University  
Box 90091  
Durham, North Carolina 27708

Dear Professor Strauss:

Thank you for your letter of December 6 concerning your research on diversity in Americans' attitudes about welfare programs.

Information about your study and findings may well be useful to our Working Group on Welfare Reform, Family Support, and Independence. We would be interested in any research material you would like to send us.

I appreciate your taking the time to write and welcome your ideas.

Sincerely,



Bruce Reed

Deputy Assistant to the President  
for Domestic Policy

Duke University

DURHAM  
NORTH CAROLINA  
27708-0091

DEPARTMENT OF CULTURAL ANTHROPOLOGY  
114 SOCIAL SCIENCE BUILDING  
BOX 90091

TELEPHONE (919) 684-5012  
FAX NUMBER (919) 681-8483

December 6, 1993

*TM*  
*we could be interested  
in some research  
she would  
like to  
send us*

Bruce Reed  
Deputy Assistant to the President for Domestic Policy  
Old Executive Office Building, Room 216  
Washington, DC 20500

Dear Mr. Reed:

I am writing to see if my expertise as a cultural anthropologist specializing in American political attitudes could be of help in gaining support for the administration's proposals for welfare reform.

As the welfare task force finishes up the current phase of its work, you will face the critical problem of how best to communicate the President's proposals to the American public. That is where I may be of some help. My current research is a study of diversity in Americans' attitudes about welfare programs. My review of previous attitudinal research suggests that while a majority of Americans believe that the welfare system needs to be reformed, values and beliefs underlying that attitude are not shared among different segments of the population. This diversity in fundamental values is likely to cause considerable variation in the public's reception of any given package of reforms. Greater awareness by administration members of the complexity of public attitudes on this issue would help you in crafting messages likely to generate the greatest public support. I would be happy to present the results of my preliminary investigations if you think they would be useful.

I am on leave this semester; until December 20th I can be reached in the following ways:

Address: 98 Sefton Drive, Cranston, RI 02905

Phone: 401-941-6513

Fax: 401-863-2719

After January 1 I will be back in North Carolina:

Office Address: Department of Cultural Anthropology, Box 90091, Duke University,  
Durham, NC 27708-0091

Home Address: 907 W. Club Blvd, Durham, NC 27701

Office Phone: 919-684-5012

Home Phone: 919-682-9408

Fax: 919-861-8483

EMail: cstrauss@acpub.duke.edu.

I am enclosing my c.v. for your review. I look forward to hearing from you.

Sincerely,



Claudia Strauss  
Assistant Professor

THE WHITE HOUSE  
WASHINGTON

January 6, 1994

Mr. Ronald H. Field  
Senior Vice President  
Public Policy  
Family Service America, Inc.  
Suite 204  
1319 F Street, N.W.  
Washington D.C. 20004

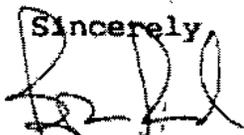
Dear Mr. Field:

Thank you for your letter of December 10 enclosing information about your organization and a copy of your welfare reform policy statement.

I am forwarding your letter to staff of the Working Group on Welfare Reform, Family Support, and Independence at the Department of Health and Human Services for review.

I appreciate your taking the time to write. We welcome your ideas.

Sincerely,



Bruce Reed

Deputy Assistant to the President  
for Domestic Policy



TM

December 10, 1993

**Family Service America, Inc.**

Jack R. Childs  
Chairman  
James B. Carson, Jr.  
Vice Chairman  
Glen M. Rosenthal  
Vice Chairman  
Jane R. Thomas, Ph.D.  
Vice Chairman  
Alloe E. Stokes  
Secretary  
Daniel A. Phillips  
Treasurer  
Geneva B. Johnson  
President and  
Chief Executive Officer

**Bruce Reed**  
Deputy Assistant to the President  
Domestic Policy Council  
Old Executive Office Building, Room 216  
Washington, DC 20500

Dear Mr. Reed:

For over 100 years, family service agencies have been providing counseling and social services to families, many of them low-income families that have to make use of government services and programs. Understanding that the issue of welfare reform is full of many complexities, the Public Policy Committee of Family Service America has developed a welfare reform policy that draws on the experience and knowledge of the family service providers we represent. We hope that this statement will be a useful tool to the Welfare Reform Working Group as you draft the President's Welfare Reform Plan.

Founded in 1911, Family Service America (FSA) is an international nonprofit organization dedicated to strengthening families in all their forms through services, education and advocacy. With our member agencies, we constitute the largest network of community-based, not-for-profit family and children's counseling and support services in North America, serving more than 4 million people annually in over 1,000 communities with 11,000 professionals and 10,000 volunteers.

FSA feels strongly that, as the nation struggles with the many difficult aspects of welfare dependency and self-sufficiency, we must keep in mind the children and families that the legislation was originally designed to support and protect. If policy is devised to somehow sanction and punish parents on welfare, the children of those parents are often the ones who ultimately suffer. We must concentrate on a welfare reform plan that supports instead of punishes parents, better assists them to gain the skills necessary to find jobs which pay a living wage, and provides them with the services, such as child care and health insurance, to ensure the well-being of their families. In addition, a comprehensive welfare reform package should include support services that assist families during the sometimes difficult and unfamiliar transition from welfare to work.

We look forward to continuing this work with you and urge you to contact Jennifer Amstutz on our staff at (202) 347-1124 for further information and assistance.

Sincerely,

Ronald H. Field  
Senior Vice President  
Public Policy

THE WHITE HOUSE  
WASHINGTON

January 6, 1994

Ms. Sharon R. Zeiden  
Phoenix  
Suite 190  
5472 Winnetka Avenue  
Woodland Hills, California 91364

Dear Ms. Zeiden:

Thank you for your letter of December 6 enclosing a copy of your proposal on the Phoenix Apprentice Program.

I am forwarding the proposal to staff of the Working Group on Welfare Reform, Family Support, and Independence at the Department of Health and Human Services for review.

Thanks for taking the time to write. We welcome your ideas.

Sincerely,

A handwritten signature in black ink, appearing to be "Bruce Reed", written over the typed name.

Bruce Reed

Deputy Assistant to the President  
for Domestic Policy



74

# PHOENIX

December 6, 1993

Mr. Bruce Reed  
Advisor to President Clinton  
c/o The White House  
1600 Pennsylvania Avenue N.W.  
Washington, D.C. 20500

Dear Mr. Reed:

Enclosed you will find a copy of a proposal that was initially created to solve the staggering unemployment problems in California. It could be easily adapted for welfare recipients and administrated through the AFDC offices.

The cash outlay would be spread over the length of the program, thereby eliminating the need for massive up-front money.

All parties need to participate equally for unemployment efforts to be successful--that includes the employer. There are no free rides or handouts in this program. Returning the underutilized to the work force can only bring positive results.

I would be pleased to discuss this plan with you at length.

Sincerely,

Sharon R. Zeiden

SRZ/lmm

Enclosures

cc: This proposal has been sent to Mayor Riordan, Governor Wilson and Senators Boxer and Feinstein for their review.

THE WHITE HOUSE

WASHINGTON

January 6, 1994

Mr. Harry E. Bennett, Jr.  
1804 N. Mount Street  
Baltimore, Maryland 21217-1705

Dear Mr. Bennett:

Thank you for your letter of December 6 offering your suggestions on unemployment and welfare reform.

I appreciate your taking the time write and welcome your ideas.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bruce Reed", written in a cursive style.

Bruce Reed  
Deputy Assistant to the President  
for Domestic Policy

December 6, 1993

79

Mr. Bruce Reed  
Co-chairman  
President Clinton's Task Force on Welfare Reform  
The White House  
Washington, DC

Sirs,

Two Baltimore newspapers, "The Sun", November 28, 1993 and "The Evening Sun", December 2, 1993, report on your committee's efforts to find jobs for welfare recipients.

It is rather hopeless for your group to be still another voice advocating putting welfare clients to work. There are 9 million persons unemployed and well over 300,000 being added to the rolls each week. These are people with histories of work experience. It is not likely that any employer would hire these welfare clients, many of whom have no training or experience. Some employers try to get off cheaply by hiring such persons at minimum wage. But it has been established statistically that a full-time minimum-wage job without benefits, puts one farther under the poverty-level line than minimum welfare payments with benefits. That's why some welfare clients, with a sense of responsibility to self and family, understandably refuse such minimum wage jobs. Nobody is on welfare because they want to be. Indeed, welfare is a mere poverty existence.

Over the past 30 or so years, pollsters, such as Gallup, have found dozens of things considered by the public to be the primary problems facing this country. But if anyone had asked me (and no one ever did) over these 30-some years, what was the country's most serious problem, I would have consistently said unemployment. I see unemployment as the major contributor to almost all of the nation's problems, and full employment, at good wages, as the ultimate solution.

Before you think of forcing welfare recipients to take jobs, you will have to find, i.e. create, jobs for them; do it in the midst of a severe unemployment crisis.

The only solution to the unemployment problem is an "Artificially-Created Manpower Shortage." It is my plan for the Federal Government to begin to absorb all the unemployed. This is not a 1930's "recession era" alphabet agency plan. Rather, this uses extra workers in existing Federal Government agencies, working at beginning level pay grades.

Take, for instance, an office that requires four people to shuffle the papers. Put seven people in there. Or a crew that requires seven people to push the brooms, use eleven. Though these extra people should be covered by the Federal Employees health care system, they would not be working as Civil Service employees nor toward Civil Service retirement. If they wanted to become Civil Service employees, they would have to pass the Civil Service Exam just like anyone else.

I have long been critical of both the Federal Government and the labor unions for accepting 5% unemployment as "full employment." To me, "full employment" is 0%; in fact I only accept zero minus (-0%). That, and only that, is truly a "manpower shortage;" when any warm body who can crawl past the door is snatched in and given a job at good pay. I am not satisfied as long as employers can be discriminating about who they hire. There will be no true "full employment" as long as employers can be so choosy. As long as we are discriminating in our choices, we shall have to support people for not working. Is that what we taxpayers want?

The plan I am proposing can be called a "trickle-up" theory. The Federal Government will not have to absorb all 9 million unemployed. Remember, Federal Government workers are taxpayers, and theoretically pay part of their own salaries. But more importantly, these specially-hired workers are consumers.

Before the Federal Government has hired all 9 million persons, the consumer demands of the first hires will begin to cause private industry to hire more help to satisfy those demands for goods and services; plus there will be a need for the creation of jobs in day care centers, to allow single parents to accept employment. The oncoming of a manpower shortage would cause private industry to offer pay scales exceeding that of the government special-hire pay. Hence, special-hire workers, with no equity in the Civil Service retirement system, would jump to the higher paying private industry jobs, before the Federal Government had found it necessary to absorb all 9 million of the currently unemployed. After not too long, all those special-hires would have left Federal Government service for the better-paying private sector, leaving the original-sized crews of Civil Service workers, continuing to build their equity in the retirement system.

For those locations in which there are not enough Federal Government agencies to absorb the area's unemployed, the Federal Government would subsidize State or Local Governments, to help absorb some of those persons. The subsidy would be set to cover the cost of paying these persons the same entry-level salary that the Federal Government would be paying its own special-hires.

There are several advantages to this plan, among them:

The good pay of the private sector may make some young, recently-hired, low grade Civil Service employees leave the Federal Government, thus helping in the effort to reduce the "permanent" Federal Government workforce.

This plan would totally eliminate welfare for all able-bodied persons; good for the persons, who would now have a better and more stable income; good for the Federal and State Governments, who would no longer be paying funds to non-working able-bodied people, who now would become taxpayers.

This plan would practically eliminate the need for unemployment compensation. No one would be unemployed long enough to need it.

This plan should eliminate underemployment and the discouraged. And it should make progress toward eliminating mis-employment.

This plan would possibly reduce crime. Obviously there are some greedy people who will steal regardless, and some lazy people who would rather steal than work for good pay. But for those basically honest persons who steal out of need, this would be a way out.

This plan could reduce drug dealing and related crimes, as some of the drug dealers decided to take legal, good-paying, and most importantly, much safer jobs.

This plan might even negate the need for a national health plan. If everyone had a good paying job, they could afford to pay premiums on private insurance. Or the present insurance through employers would be satisfactory since everyone would be employed; and even the smallest businesses would be profitable enough to insure their employees.

This plan would help cure some other social ills, such as out-of-wedlock births. Many young men, both responsible and irresponsible, who become fathers while unemployed, refuse to marry, knowing full well that they would be unable to provide adequately and that the child would actually be better off on minimum welfare. With a good paying job and hopes for the future, these young men just might be more willing and able to marry, and become a responsible family man.

For any plan your Task Force proposes, it must be remembered that the bulk of welfare payments are under the AFDC category; i.e., payments made for children. Unfortunately, you can't hand a welfare check to a one-year old and send him to the market. But criticism of the attitudes of the parents, to whom the payment must legally be given, is not a valid reason to advocate cutoff of welfare payments. Remember, it's the helpless child, not the incompetent parent, who is the intended recipient of welfare aid.

I admonish you not to consider the unemployment problem as solved solely because the alleged unemployment figures have recently been reported as lower than the previous months. One month does not establish a trend. Even more importantly, however, is that far, far, too many of the jobs obtained in recent months, are low-wage service jobs, which cannot sustain a demand for "big ticket" consumer products. There must be a major job stimulus.

But the problems would all be solved if we would fully implement the "Artificially-Created Manpower Shortage!" Remember, everybody should have a paying job, or we will have to take care of them for not working. Which will it be?



Harry E. Bennett, Jr.  
1804 N. Mount St.  
Baltimore, MD 21217-1705

Copies to:

President Bill Clinton  
Senator Robert J. Dole  
Sec. of Labor Robert Reich  
Mr. David T. Ellwood  
Ms. Mary Jo Bane

Incls:

Newspaper articles (copies) - all  
Letters - Pres. Clinton; Sen. Dole; Sec. Reich

Jan 28 (1993)

# Clinton floats welfare subsidy plan

Plan to trim rolls by new incentives has failed before

By Jason DeParle  
New York Times News Service

WASHINGTON — As part of its plan to revamp the welfare system, the Clinton administration is considering giving new federal subsidies to companies that hire or find jobs for welfare recipients.

One option is to have the government pay employers directly to sub-

sidize the wages of welfare recipients. Another is for the government to hire personnel firms that would receive a fee for each person placed in a job.

Previous efforts to use corporate subsidies have generally failed, and the discussion remains in a preliminary stage. But a confidential working paper circulated among administration officials last month proposed giving corporations up to \$5,000 for each welfare recipient they hire.

The options are under consideration by a 32-member working group of federal officials appointed by President Clinton to help overhaul the welfare system. The subsidy pro-

posal is among a dizzying array of choices that the group is trying to refine in the next few weeks, before presenting Mr. Clinton with a menu of options.

The issues range from what kind of computer system might enhance the collection of child-support payments, to whether Mr. Clinton should embark on a national crusade against teen-age pregnancy. Mr. Clinton, who prides himself on his grasp of welfare issues, is expected to immerse himself in many of the details.

Mr. Clinton campaigned on a pledge to "end welfare as we know it," by imposing a two-year limit on

benefits. After that, he said, welfare recipients will have to work or perform community service.

But he has not yet answered a paramount question: Where will the jobs come from? The discussion of subsidies gives new clues to the possible answer.

A record 5 million families receive Aid to Families with Dependent Children, the main cash welfare program. A disproportionate number of them are headed by single women with few skills who live in areas of high unemployment.

Some welfare experts have ar-

See WELFARE, 6A, Col. 3

# Clinton plan may add welfare subsidies

WELFARE, from 1A

and that the only way to enforce a strict work requirement is for the government to create many public jobs or part-time community-service positions.

But members of the group working on the president's proposal have led a large public-jobs plan costly and politically unpopular, especially among unionized public employees who fear losing jobs.

"The most important thing is to build bridges to the private sector," said one member of the working group, speaking on condition of anonymity. "We view public sector jobs as a last resort."

## Subsidies tried before

The subsidies have been tried in experiments that date back as far as the presidency of Lyndon B. Johnson, and some remain in effect. But they have largely been unsuccessful. Working-group members are debat-

ing whether the subsidies need to be expanded, or simply marketed more aggressively.

The potential problems with subsidies have been flagged in a background paper prepared for the working group. One problem, according to the confidential document, is that subsidies can "stigmatize" welfare recipients seeking jobs and actually "hurt their long-term employment prospects."

Another potential problem is that subsidies "could be a windfall to employers for hiring the exact same people they were going to hire anyway." A third problem, the paper said, is that the policy "could simply result in the displacement of equally disadvantaged persons."

Administration officials acknowledge these problems and say that the subsidies are only one potential part of a multipronged strategy. It would also include training programs, child care benefits and exhortations to social workers to change what working

group members call "the culture of the welfare office" from one that writes checks to one that places people in jobs.

Nonetheless, the talk of subsidies has prompted some skepticism from Congress. "I hope they're not assuming that a lot of people will find jobs with that," said one welfare expert on Capitol Hill, calling the subsidy efforts "one of the most outstanding failures of modern welfare policy."

Members of the working group concede that they will have to create some public jobs or community service positions for people unable to find private work. But it is unclear how many of those positions they will propose or what they will pay.

Presidents Richard Nixon and Jimmy Carter also tried to overhaul welfare policy, only to bog down in the political swamp surrounding race, class and even sexual morality.

Welfare rolls, which were stable for more than a decade, have grown by 25 percent in the past three years. The cost of the AFDC program has risen to about \$23 billion a year, split by the states and federal government, and related expenses of food stamps and Medicaid for welfare families adds about \$40 billion.

## Republicans have plan

Congressional Republicans have already put forward their own time-limit plan and are threatening to accuse Mr. Clinton of backpedaling from his campaign promises if his is less stringent.

Members of the working group are looking for ways to impose a time limit without damaging the 14 million people who receive AFDC, two-thirds of whom are children. At times, that tension has played out as a polite, though real, disagreement between the three leaders of the working group.

Bruce Reed, a White House domestic policy aide who weathered the campaign with Mr. Clinton, is said to be arguing for the toughest set of work requirements, with few exemptions and strict penalties.

The two other leaders, David T. Ellwood and Mary Jo Bane, are both assistant secretaries at the Department of Health and Human Services who once taught at Harvard. They have been quicker to voice concerns about preserving, or expanding, the social safety net.

Mr. Reed, for instance, said in a recent interview that the administration might place a time limit not only on welfare but also on the community-service program that people enter after leaving the welfare rolls. But Mr. Ellwood has called such an idea "extremely unlikely."

Mr. Ellwood, meanwhile, is pushing to establish a child-support insurance program. This would have the government make child support payments itself if it failed to collect the money from absent parents.

Such a program, he has said, would ensure that poor children get the money they are owed, and it would give the government a new incentive to track down parents who fail to make payments.

Current law provides tax credits and wage subsidies to employers who hire welfare recipients; but the subsidies are limited. Employers can get the wage subsidies only if they create jobs, for instance, as opposed to filling a job that becomes vacant.

THE WHITE HOUSE  
WASHINGTON

December 16, 1993

The Honorable Cardiss Collins  
House of Representatives  
Washington, D.C. 20515

Dear Congresswoman Cardiss:

Thank you for your letter of November 15 concerning H.R. 2308, the Micro-Enterprise Expansion Act. The expansion of micro-enterprises is a high priority for the Clinton Administration and we will consider this legislation in formulating our welfare reform effort.

I have forwarded a copy of your letter to Bonnie Deane of the National Economic Council and to the Welfare Reform Working Group at the Department of Health and Human Services for review.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bruce Reed", written over the typed name.

Bruce Reed  
Deputy Assistant to the President  
for Domestic Policy

SUBCOMMITTEE

CHAIRWOMAN

COMMERCE, CONSUMER PROTECTION  
AND COMPETITIVENESSOVERSIGHT AND  
INVESTIGATIONS

## Congress of the United States

## House of Representatives

CARDISS COLLINS

7TH DISTRICT, ILLINOIS

SUBCOMMITTEE

LEGISLATION AND  
NATIONAL SECURITY

November 15, 1993

CM-  
Nice reply

Mr. Bruce Reed  
Deputy Asst. to the President  
for Domestic Policy  
The White House  
OEGB - ROOM 216  
Washington, D.C. 20500

Dear Mr. Reed:

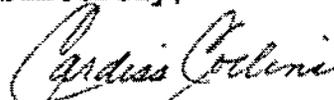
I am writing to commend you and the other members of the White House's Working Group on Welfare Reform for your efforts to tackle problems within the welfare system. I am pleased that this is such a high priority in the Clinton Administration.

In connection with your efforts in this area, I wish to draw your attention to success of micro-enterprises and their importance in any welfare reform effort. As you probably know, micro-enterprises are the smallest type of businesses with five or fewer employees, at least one of whom owns it. They have proven to be successful as an avenue out of welfare for individuals seeking self-sufficiency. Unfortunately, not only is capital to start such a business difficult to obtain, but once an individual who is on welfare does receive a loan, there are so many governmental roadblocks and penalties in the way that it is often impossible to persevere and succeed.

In May, I introduced H.R. 2308, the Micro-Enterprise Expansion Act, to expand the availability of micro-enterprises. Since micro-enterprises have a high rate of growth and an overall loan repayment rate of almost 95 percent in the U.S., removing government obstacles would be an enormous relief to the welfare system and a tremendous benefit to the women involved, to local economies and the economy as a whole.

I would appreciate your taking the time to consider the benefits of H.R. 2308 and any role that it could play in furthering the goals of the Working Group on Welfare Reform. I look forward to receiving your comments and views, and I encourage you to call on me for any additional assistance I may provide.

Sincerely,



CARDISS COLLINS  
Member of Congress

PLEASE SEND REPLY TO:

SUITE 3850  
230 SOUTH DEARBORN STREET  
CHICAGO, IL 60604-1686  
(312) 353-5764

308 LAKE STREET  
OAK PARK, IL 60302-2804  
(708) 363-1400

CC/sjw

THE WHITE HOUSE

WASHINGTON

December 14, 1993

Mr. Kevin M. Kelly  
Jay-K Independent Lumber Corporation  
P.O. Box 378  
New Hartford, New York 13413-0378

Dear Mr. Kelly:

Thank you for your letter of December 2 concerning the pilot employment program in the State of New York. I appreciate your taking the time to share the information with me.

I am forwarding your letter to the Working Group on Welfare, Reform, and Family Independence at the Department of Health and Human Services for review.

Sincerely,

A handwritten signature in dark ink, appearing to read "B. Reed", is written over the word "Sincerely,".

Bruce Reed

Deputy Assistant to the President  
for Domestic Policy

**JAY-K**



**INDEPENDENT LUMBER CORP.**

SENECA TURNPIKE  
P.O. BOX 378  
NEW HARTFORD, N.Y. 13413-0378

UTICA (315) 735-4475  
OTHER (800) USA WOOD

ACCOUNTING (315) 735-4441  
FAX (315) 735-0049

December 2, 1993

Mr. Bruce Reed  
The White House  
1600 Pennsylvania Avenue  
Washington, DC 20500

*Mr  
forward to  
Jeremy  
Ben Am.*

Dear Mr. Reed:

Re: Payments to hire welfare people.

It is not employment of people on welfare that is the problem, it's the government imposed obligations. Recognizing the need to solve this I designed a program that works.

A four year pilot program in New York State has enabled over 1000 people from targeted groups to gain employment at a total cost to the government of \$1,000 each (a net cost of less than \$500 considering that taxes are being paid on their wages) during the past four years. This program was designed to put targeted groups to work and it worked well. Please call anyone on the enclosed list for additional information.

Sincerely,

Kevin M. Kelly

Enclosures

THE WHITE HOUSE

WASHINGTON

December 14, 1993

Mr. Roger K. Shuart  
41 Ta'Agan Point Road  
Danbury, Connecticut 06811

Dear Mr. Shuart:

Thank you for your letter of December 2 offering your suggestions on welfare reform. I appreciate your taking the time to write.

I am forwarding your letter to the Working Group on Welfare, Reform, and Family Independence at the Department of Health and Human Services for review.

Sincerely,

A handwritten signature in black ink, appearing to read 'BRUCE REED', written over a horizontal line.

Bruce Reed  
Deputy Assistant to the President  
for Domestic Policy

Roger Shuart  
41 Ta'Agan Point Road  
Danbury, CT 06811

December 2, 1993

Mr. Bruce Reed  
Presidential Advisor  
The White House  
1000 Pennsylvania Ave.  
Washington, D.C.

Dear Mr. Reed:

Last week I read a summary of some of the proposals the White House task Force on welfare reform is studying, along with the ever present "obstacles to agreement". I want to put forth two suggestions that I, as an 11 year employee with a state welfare system, am convinced cannot be left out of any successful welfare reform effort.

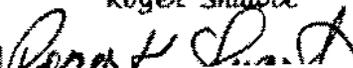
1) Do not make any final policy decisions until you have asked for the input of some experienced workers "in the field". I am not referring to the leagues of managers, commissioners, educators and directors that ordinarily are sought out for their opinions. Most are so far removed from the day to day realities of dealing with "warm bodies" that their decisions usually end up as theses. Seek out those whose days are spent in a welfare office, serving as that essential link between the recipient and the system.

2) Stop trying to "tiny-stitch" a problem that is so huge and so dynamic as well as so much a part of millions of Americans' lives. Most reform efforts get entangled in the web of trying to balance fairness with saving billions of dollars, or trying to educate, motivate and train literally several million people all the while expecting those same people to follow a beaurocratic path to self sufficiency. These approaches start at the wrong end of the problem. The emphasis must go to reducing the burden immediately by having a system set up for the truly needy, not one that allows a single mother to quit a \$400.00/week job so she can go to college for free, thanks to her new found eligibility for full financial aid! Not to that woman whose fondness for "free" love costs the working sector so much more than requiring her to work ever would.

In my state, welfare is a very serious business, but one that fosters dependency. Those of us assigned to providing training and educational opportunities to the recipients so they will gradually "work" themselves off the welfare merry-go-round, feel like the proverbial boy with his thumb in the dike. And it's raining harder. Don't fool yourselves into thinking that the private sector can provide the answers. A new design is needed. Welfare reform will be just another pretty phrase unless it leads to reduced case loads that result from fewer applicants being allowed room at an already overwhelmed table of social services.

Sincerely,

Roger Shuart



THE WHITE HOUSE

WASHINGTON

December 14, 1993

Ms. Helen Keith  
1401 North Taft Street, #115  
Arlington, Virginia 22201

Dear Ms Keith:

Thank you for your letter of November 29. I'm sorry you didn't have the opportunity to voice your concerns about welfare reform during the November 18 National Public Radio show. I appreciate your taking the time to write me about your concerns and welcome your suggestions.

I am forwarding your letter to the Working Group on Welfare, Reform, and Family Independence at the Department of Health and Human Services for review.

Sincerely,



Bruce Reed

Deputy Assistant to the President  
for Domestic Policy

November 29, 1993

Mr. Bruce Reed  
Special Assistant to the President  
for Welfare Reform  
The White House  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

Dear Mr. Reed,

On November 18th I happened to be working at home and had WAMU - National Public Radio tuned in while you and Diane Rehm were discussing welfare reform. I called to raise several concerns, but there was a waiting line of callers and no time left. Therefore I decided to write to you.

I am a former state child care administrator and currently work for ZERO TO THREE/National Center for Clinical Infant Programs.

The concerns I have are related to your statements on child care. In response to someone's questions on whether there would be enough support (child care) for people on welfare who will be going to work, you stated that there were enough federal child care programs, leaving the impression that child care is taken care of and therefore not a problem. This is not the impression of most state administrators or others knowledgeable about child care.

We know that there are current child care wait lists for both people waiting to get into JOBS and child care wait lists for very low income families who are not and may never have been on welfare. At least 31 states have waiting lists for financial assistance to families who are not on welfare. These waiting lists are growing as services to the welfare population for child care increase (and even so are not enough). Eating away at the ever shrinking child care services for non-AFDC working poor, at least 16 states are now using the Child Care and Development Block Grant to fund child care for AFDC recipients. This was a use never intended. In many states, regardless of whether all child care funds are administered together or separately, there is an unnecessary fight going on fed by federal policy and shrinking state dollars that has resulted in pitting non-AFDC low income working poor against AFDC poor in order to get child care. The dismal state of child care provider wages and benefits (and thus the lack of stable services that are necessary to help parents maintain their employment and assist children in their healthy development) are well known to parents and to the public. The severe lack of quality (including a regrettable fact that the most vulnerable children .. those whose families are on welfare.. have access to the least safe, least comprehensive services unless they are lucky enough to get into Head Start) is also well known.

What happens is: the welfare needs for state match monies, if they are administered from the same "pot" as the funding for non-AFDC child care (and sometimes it doesn't matter where the sources of funds are administered..these actions still happen), pull money previously available to non-AFDC very poor working families. This creates a long term unworkable situation where you have a theoretical (as well as real) "entitlement" that sucks up the funding that supports people who are

desperately trying to stay off welfare or never go on welfare. This message shouts: go on welfare to get your child care and stay on welfare to get your transitional services. Even after a year of Title IV-A Transitional Child Care, families are still poor but have a good chance that no financial assistance will be available to them and then may be forced back on welfare again. In a 1991 study of a child care wait list done in one state, after 90 days on a child care wait list, 16% of the families who had not been on welfare during the past 12 months "went on welfare" and got their child care through the Title IV-A side of the "system."

Related issues include the facts that: most state welfare systems are overwhelmed and many are doing a terrible job at identifying who is eligible for transitional child care services; federal regulations penalize those who want to voluntarily get off of welfare (by not allowing them to get 12 months of transitional child care); and, state welfare services do not often offer informed assistance to families in attempting to locate appropriate child care services for their child(ren).

Besides being a work enabling service for parents, child care is a service that due to its intensity and duration is key to the child's future development. When it is bad, it is very bad and when it is good it enhances a child's interest in learning as well as their confidence, curiosity, self control and cooperativeness. All of these characteristics in children evolve from their relationships with their families, their other primary caregivers and their environments. Why should some children and their families be able to receive comprehensive Head Start services and others get questionably safe, unstable care and still expect the same things from their parents.

Contradictions abound in the welfare, job training, education, social and child welfare services arenas. There seems to be no coherent policies, no thought through philosophy in supporting the development of children and families.

In my opinion, there needs to be a system of services that assists people to get out of poverty, that protects against recycling back into the system and that does not pit the employed poor not-on-welfare with the employed poor who are on welfare. The "system" needs to encompass a continuum of sliding scale financial support until decent health care and decent child care are universally accepted and proportionately financed for all families (including the availability of paid parental leave, regardless of welfare/income status). Meaningful welfare reform cannot be done without accessible quality child care services. These services are not now available.

Thanks for taking the time to read about some of the child care details..I believe it is important for you to get the HHS staff and the Children's Defense Fund and the Center for Law and Social Policy staff to brief you on child care and welfare reform before you get too far along.

Sincerely yours,



Helen Keith

C: Donna Shalala, HHS  
Mary Jo Bane, HHS  
Eleanor Szanton, Zero To Three

November 30, 1993

President Bill Clinton  
The Whitehouse  
1600 Pennsylvania Avenue  
Washington, D.C. 20500

Re: Welfare Reform

Dear President Clinton:

We, the under-signed members of St. Patrick's Catholic Church, Spokane, Washington RENEW program, write out of deep concern for the poor of our nation. We are called to compassionate social action for justice.

Your administration's proposals for Welfare Reform include a central idea of limiting the receipt of welfare to two years, before "public work" is imposed.

We urge you to remember that large numbers of welfare clients cannot read, are learning disabled, and that many are school drop outs.

These forgotten ones could not even begin to successfully complete most two-year job training programs.

We formally request that any two-year measurement of welfare receipt not "start to run" for functionally illiterate recipients, until those welfare clients receive appropriate remedial education and can read at the eighth level (set by Congress for the welfare JOBS program).

President Clinton, there are now 10,000,000 homeless people in this country. For all the other causes for poverty, lack of an adequate basic education for many welfare adults is certainly a leading cause. Please shape your Welfare Reform plan to eradicate illiteracy in the welfare population.

Our prayers are with you as you strive for justice on this critical issue of national well-being.

Most sincerely,

*Jeresa D'Connor McCann*  
*Sandra L. Armstrong*  
*Joseph A. Welch*  
*Bernadine Casey*  
*Betty J. Bennett*  
*Lorraine A. Alden*

Page Two  
President Bill Clinton  
Welfare Reform  
....eradicate illiteracy

<i>Anna Miller</i>	<i>Stephen H. Rogers</i>
<i>Claudia W. Melton</i>	<i>Jeane S. Rogers</i>
<i>Julia M. Wilson</i>	<i>Doris McDonald</i>
<i>Dennis L. Johnston</i>	<i>Jean Kiechel</i>
<i>Anna A. Johnston</i>	<i>Shirley Dubois</i>
<i>John L. Reed</i>	
<i>Betty J. Bennett</i>	
<i>Kathy Sharp</i>	

CC: Working Group on Welfare Reform, Chairs  
Bruce Reed, Deputy Assistant to the President for  
Domestic Policy  
David Ellwood, Assistant for Planning and Evaluation,  
Department of Health and Human Services (DHHS)  
  
Mary Jo Bane, Assistant Secretary, Administration for  
Children and Families, DHHS  
  
Diann Dawson, Acting Director, Office of Family  
Assistance, Administration for Children and Families,  
DHHS

November 10, 1993

To: Helen  
From: Lillian  
Re: Welfare

Reed-fiji  
From an LA  
Teacher this

a.m.

CR

Here's a scenario of what might occur in a typical day in the life of a welfare child at Ninth Street School in Skid Row.

On a 50 degree morning, Alberto comes to school, hair tousled, face dirty and without a sweater. His shirt is missing three buttons; he's not wearing socks.

He stops by the Nurse's office and walks straight to the bathroom to wash up. The Nurse has disposable toothbrushes and toothpaste for students to use. She asks him if he wants to change his shirt, he says yes, and she points to a cardboard chest of drawers from which he picks out a long-sleeved shirt. She reminds him that he's going to the dentist at 4:00 p.m.

Alex then walks over to the outdoor dining area to eat his federally funded breakfast. It's a half of a bagel pizza with milk and orange juice.

In class, Alex' appearance is neat--hair combed, face clean, and shirt buttoned. He's well behaved in class, shows an interest in learning, but is performing three years below grade level. He's somewhat restless, and has difficulty concentrating for long periods of time. He thrives on any praise from the teacher or his peers. This is the 4th school he's been to since kindergarten. He was previously enrolled at 9th St. for about 4 months and then returned after a year.

Last month, Alex suffered an anxiety attack and the Nurse contacted his mother at her nearby worksite. She came over to the school and the Nurse drove both of them to a health clinic about one mile away. Alex' family relies upon local agencies that provide free health care. Although the clinic is only a mile from the school, it's 1 3/4 miles from Alex' hotel and the family has no transportation. The route to the clinic from the hotel is lined with vagrants, prostitutes, and drug dealers, as well as small businesses and liquor stores.

Alex' little brother, Sam, started kindergarten this fall. He started school two weeks late because he didn't have the required vaccinations.

Alex is making progress in school. This is difficult to observe since he is so far below grade level. He works hard but has little

Mr. Bruce Reed  
Deputy Assistant to the President  
for Welfare Policy  
The White House  
Washington, DC. 20500

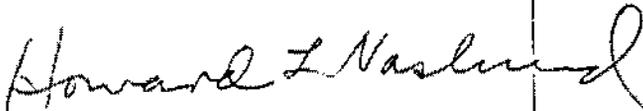
Oct. 6, 1993

Dear Mr. Reed:

Government policies and programs have exacerbated, intensified and prolonged the welfare crisis for three decades. In 1965 Daniel Patrick Moynihan predicted they would destroy the black family. The eminent economist E. C. Harwood concluded these policies would "produce a nation of barbarians."

The country has nothing to show for its efforts except a massive welfare budget, an unredeemable national debt, a broken health care system and an out of control crime epidemic, the last three largely due to the self-destructive behavior promoted, encouraged and subsidized by the government. Although billions have been squandered, no repair program has even made a dent in the problem. Only a prophylactic approach that will break the welfare/fatherless family cycle has any hope of success. The answer is mandatory birth control. What could be more humane than to prevent teenage school-dropouts from having their first babies and starting the cycle all over again?

Sincerely,



Howard L. Naslund  
7 Cove of Cork Lane  
Annapolis, MD 21401

incls

*Sent to  
HHS-WR*

Shelly J. Todd  
c/o Hon. J. Preston, Jr.  
House of Representatives, Commonwealth of Pennsylvania  
322 South Office Bldg. Harrisburg, PA 17120-0028 Phone: (717) 783-1017

C: Bruce

WR-LETTERS

September, 16, 1993

No Reply

The Honorable William J. Clinton  
President of the United States  
The White House

Dear Mr. President:

It is my humble opinion, that millions of Americans, particularly those of us, of African descent, share in your vision pertaining to Welfare Reform: It is [definitely] time to honor and reward people who work hard and play by the rules. That [certainly] means ending welfare as we know it... by empowering [all] Americans to take care of their children and improve their lives... [then] no one, who can work, will stay [or want to stay] on welfare..."<sup>1</sup> Whenever, visionaries and policy makers begin implementing change, they are undoubtedly confronted with division. As one social commentator put it. "...we are divided among ourselves, between irreconcilable visions of humanity and society, and radically different aspirations for our common future."<sup>2</sup> Put another way, everyone has a turf to protect, a turf perceived to be critical to the growth and well being of the country.

Any vision for Welfare Reform must necessarily encompass a total reorganization of each of the social and legal structures currently charged with the design, and or implementation of welfare. In that way, welfare can become a help in the time of need, or a bridge away from a "crooked path". Welfare in this letter means, any service paid for by public dollars, intended to enhance the well being of those on the receiving end. This includes, but is not limited to money, rehabilitation services, equipment, tax credits, food, education, and housing.

The issue of Welfare Reform has been discussed, ducked, debated, and debauched, for at least twenty years. The political and rhetorical methods implicit in our system of governing seem to breed conflict and contradiction, in any area that simultaneously touches moral, legal and practical concerns.<sup>3</sup> Welfare is such an entity, in that it reaches the moral issues of charity,

<sup>1</sup> President Bill Clinton, *Putting People First*

<sup>2</sup> Kennedy, *Form and Substance in Private Law Adjudication*, 89 Harv. L. Rev. (1976)

<sup>3</sup> *ibid*

(helping those in need); the legal issues of entitlements; and the practical issues of economics. Leadership responsible for implementing Welfare Reform, would be well advised to focus on processes and procedures that can weave unity among the myriad of interest and turfs currently existing within the institutional framework of welfare.

If the necessary prerequisite for establishing interagency partnerships have already been met, then legislation or executive order can be the unifying thread. On the other hand, if this critical step of human resource development has not been accomplished, then all of the legislative initiatives, public hearings, press releases, public meetings, television spots, press conferences, will amount to a publicly financed charade. It appears that several of the phases for establishing a viable interagency team are already in place. Your Welfare Reform Working Group appears to be an interagency linkage team in progress. Each of the represented agencies appear to have a stake in the outcome of Welfare Reform. ( Personally, I would like to see participation from the Small Business Administration, but then again I think the SBA should be a part of the Department of Commerce. Maybe that will happen under the reinvention of government process.)

As result of a meeting, I attended on August 25th, Chaired by David Elwood, it is unclear whether or not there is truly a willingness, on the part of ALL of the agencies, to agree to change the way welfare services are developed and delivered. **Has the working group jointly agreed on a set of common goals and directions? Have they agreed to share responsibility in attaining these goals?** The written material distributed at the meeting indicates that the Working Group "is guided by four principals":

1. Make Work Pay
2. Dramatically Improve Child Support Enforcement.
3. Provide Education, Training and Other Services to Help People Get Off and Staff Off Welfare.
4. Create a Time-Limited Transitional Support System Followed by Work.

These four principals actually sound like goals to me. As a result, I raise the following question: **Is each agency committed to determining how it can adjust its current process or structure to implement these goals or principals?** For example, **has the goal of making work pay precipitated a partnership among the Departments Labor, Education, Commerce, Small Business, Health and Human Resources and Justice?** This partnership has to do more than

initiate legislation.

Granted legislative initiation and passage is a critical building block for any reform. But legislation is words on paper, the spirit behind that legislation, and the subsequent regulations is the determinant factor of outcome. Take H.R. 741 to Amend Title four of the Social Security Act. When this bill is read in the context of the mean spirited, punitive, racist, reputations of certain of its sponsors, it gives cause for great pause, and concern. Granted it has room for changing regulations, that currently limit the kinds of public support that employed person can receive. But what difference does such a change make when there are not enough jobs to go around? Moreover the only self sufficiency, empowerment efforts in H. R. 741 appear to provide a tax supported labor force for that market that only has one job for every eleven people that want one.

The current economic trends still indicate a shift from goods to services and downsizing. These factors tend to combine together, to make temporary layoff permanent. This reality creates the necessity to reform the way we think about job creation and putting people to work. The fact is, in the year 2,000 we will still have eleven employable people for every one job. Refocusing the vision of Welfare Reform through the channel of self employment, and entrepreneurship can be the light at the end of the tunnel. Self employment is a sturdy bridge away from dependency into interdependency.

The idea of self employment, and entrepreneurship has been shunned by the current thinking pervading the social services industry. Programs and policies generated by the Departments, of Health and Human Resources, and Labor have traditional labeled attempts to implement self sufficiency models as "ineffective". These criticisms are not surprising, given the history and initial purpose of welfare services. The current social services delivery system appears not to be equipped, by training or philosophy, to design and implement programs that will result in self employment...but they can be. This kind of effort would require collaboration lead perhaps by Commerce or Education.

Your administration's Working Group can design and implement strategies that will enable more Americans to create their own jobs and/or jobs for others. Such an approach moves Welfare reform out of the divisive Public Works, WPA, Workfare quagmire. Instead it will positively refocus the kind of self empowerment, entrepreneurial, self motivation, energy that seems to have propelled the development of this Nation from 1776 to 1993.

Finally, but most importantly, Mr. President, the Welfare Reform Working Group Leadership would be well advised to look to the underlying spiritual principals embodied in the African, Judeo-Christian, and Native American concepts of change (transformation) and unity (at-one-ment) as a barometer for measuring the efficacy of the Group's meetings and tasks. The development of a viable plan, and strong follow through, will flow directly from this collaborative process. The vision will be focused, clarified and actualized.

I close with my continued prayer that all in leadership be blessed with Divine, Wisdom, Courage, and Grace.

Sincerely,

  
Shelly J. Todd

cc: A. Herman, Director  
Office of Public Liaison

✓ B. Reed,  
Deputy Assistant to the President for Domestic Policy

D. Elwood,  
Assistant Secretary, Health and Human Services

Hon. R Santorum, Member,  
U. S. House of Representatives, 18th District, PA

Hon. D. Richardson, Member,  
PA House of Representatives, Chair Health, & Welfare

Hon. J. Preston Jr., Member,  
24th PA House of Representatives

SHERWOOD BOEHLERT  
230 DISTRICT, NEW YORK

COMMITTEES:  
SCIENCE, SPACE, AND TECHNOLOGY  
RANKING REPUBLICAN SUBCOMMITTEE ON SCIENCE

PUBLIC WORKS AND TRANSPORTATION  
RANKING REPUBLICAN SUBCOMMITTEE ON WATER  
RESOURCES AND ENVIRONMENT  
SUBCOMMITTEE ON AVIATION  
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT

U.S. DELEGATION, NORTH ATLANTIC ASSEMBLY  
CHAIRMAN, NORTHEAST AGRICULTURE CAUCUS  
NORTHEAST MIDWEST CONGRESSIONAL COALITION



Congress of the United States  
House of Representatives

Washington, DC 20515-3223  
April 26, 1993

WASHINGTON OFFICE:  
1127 LONGWORTH HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-3223  
(202) 225-3555

CENTRAL OFFICE:  
ALEXANDER PIRNIE FEDERAL BUILDING  
10 BRAD STREET  
UTICA, NY 13501  
(315) 793-8146

TOLL FREE: 1-800-235-2525

*Will  
Letters*

Mr. Bruce Reed  
Domestic Policy Council  
Old Executive Office Building  
Washington, DC 20501

Dear Mr. Reed:

President Clinton deserves praise and support for his vision to reform America's welfare system, and I want to assist in this endeavor.

Recently, I received correspondence from Ms. Rosemary Thomas of Guilford, New York suggesting innovative changes in our Food Stamp Program to promote self-sufficiency for food stamp recipients.

For food stamp purposes, since individuals may not deduct the cost of an income-producing asset from their overall income, as they are allowed to do under IRS rules, they are effectively discouraged from starting their own businesses, increasing self-sufficiency, and creating jobs. Some self-employed individuals often take home only a meager sum, which would leave them eligible for benefits. But since they cannot deduct their costs of doing business for eligibility purposes, their gross incomes are often too high, and thus they lose out. In addition, many others are forced to remain on public benefits because they cannot afford to take the risk involved in starting a new business until a more consistent source of income is secured.

The same concept can be applied to AFDC asset limitations. These limitations, which require recipients to be almost destitute to receive welfare, must be reviewed. Strict asset limitations often encourage longer stays on the welfare rolls, since recipients cannot acquire income-producing assets without losing their benefits.

We need to implement policies which require welfare and food stamp recipients to work and break the cycle of long-term dependency on public assistance. I am heartened by President Clinton's commitment to welfare reform, and urge that the task force consider these proposals to assist the working poor. Hopefully, Congress and the administration can agree on a reform program, protect against fraud, and find a way to pay for it. We can improve the lives of millions of Americans through these empowerment strategies, and promote a strong work ethic, enterprise, responsibility, and initiative in individual action. I look forward to your ideas, suggestions, and proposals on these subjects.

Sincerely,

Sherwood Boehlert  
Member of Congress

SB:ddt/enc.

MAR 08 1993

February 16, 1993

200726  
\$38868

I am a self-employed person with a Word Processing Service in my home. I have some health limitations and circumstances which make it most feasible to work at home.

I am also widowed with 2 dependents.

I had counted on using depreciation to deduct the cost of starting my business from my gross receipts but I am told depreciation is not allowed on the cost of income producing real estate or equipment for the purposes of Food Stamp eligibility. Since the IRS allows for this deduction, why is there a conflict with the Federal Food Stamp law which our Congress has enacted. Under (XII-H-1.6) 9:d Food Stamp Law.

Doesn't it make more sense not to penalize (by taking away food stamp or medicaid benefits because of marginal increases in income) or deterring people (by not being able to use depreciations on the purchase of equipment as a deduction from gross receipts) that are struggling to make ends meet, who have started or would like to invest in a business thereby becoming self-reliant; thus creating jobs in the private sector rather than creating more jobs in the public sector by government means?

What hope is there for self-reliance in the inner cities or anywhere for that matter?

Please write me and tell me if this is a matter that concerns you and would you be willing to do something to change this law?

Sincerely,  
*Rosemary Thomas*  
Rosemary Thomas  
P.O. Box 101  
Guilford, NY 13780  
(607) 895-6594

SELF-EMPLOYMENT -  
OTHER THAN FARMING  
(Cont'd)

PAGE: XII-H-1.6

FSSB

DATE: 05/18/90

Example: If a building contained three units, two rented and one occupied by the applicant/recipient, two-thirds of the shared expense would be excluded. The one-third remaining expense is a shelter cost to the applicant/recipient.

9. DETERMINING NON-ALLOWABLE SELF-EMPLOYMENT INCOME ADJUSTMENTS - Local districts shall not allow the following items as the cost of business when determining a self-employed household's net income:

- a. Payments on the principal of the purchase price of income-producing real estate and capital assets, equipment, machinery, and other durable goods.
- b. Net losses from previous periods.
- c. Federal, State and local income taxes, money set aside for retirement purposes, and other work-related personal expenses (such as transportation to and from work), as these expenses are accounted for by the 20% earned income deduction specified in FSSB Section XI-C-2.1.
- d. Depreciation.
- \*\* e. Garnishments have no effect on the treatment of self-employment income, i.e., the total gross amount is counted as the income computation. The amount garnished is not an income exclusion. \*\*

POLICY ("All Commissioner" Letter 3/17/86) (May/June/July 1986 Consolidated Letter)

- W/A
1. ~~OFFSETTING LOSSES OF SELF-EMPLOYED FARMERS - When the cost of producing self-employment income exceeds the income derived from self-employment as a farmer, such losses shall be offset against any other countable income in the household. The same base shall be used in determining any net loss as is used to determine the income from the self-employed farm operations (previous year's tax return or current income). Losses shall be prorated over the year in a manner comparable to that used to prorate farm self-employment income. To be considered a self-employed farmer, the farmer must receive or anticipate receiving annual gross proceeds of \$1,000 or more from the farming enterprise.~~

NOTE: A household continues to qualify for the farm loss deduction for the remainder of the period that the self-employment income is annualized even when it is no longer engaged in a farming enterprise as long as the household meets the above definition of a self-employed farmer.