Eugenia Chough 12/14/99 01:13:34 PM

Record Type: Record

To: Ann O'Leary/OPD/EOP@EOP

cc: Andrea Kane/OPD/EOP@EOP

Subject: PLEASE REVIEW: Follow-up from today for Chap 5

Also, Andrea noticed that the CEA report quotes on page 34 that "Since 1993, child care subsidies for low-income families have gorwn by 80 percent", but our accomplishments document says "federal funding for child care has increased by 70%" -- which is correct?
Thanks.

--------------------- Forwarded by Eugenia Chough/OPD/EOP on 12/14/99 01:11 PM ---------------------------

Eugenia Chough 12/14/99 01:11:35 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP, Ann O'Leary/OPD/EOP@EOP

cc:

Subject: PLEASE REVIEW: Follow-up from today for Chap 5

Here's what I have so far to send to Audrey and Kathryn. Ann, please feel free to make additions and send back to me, and I'll send to them. Also, please make sure to review our suggestion for the child care bullet on page 29. Thanks!

Genie

(1) TEEN BIRTH DATA
I'll send you a package with (1) an internal fact sheet we did on teen birth and pregnancy data, (2) HHS press release, and (3) NCHS report from 10/25/1999 on teen birth rates.

(2) JUSTIFICATION FOR FOCUS ON TEEN MOMS
(a) Kids Having Kids Robinhood Foundation's Special Report on cost of Adolescent Childbearing, 1996, Rebecca Maynard.

Consequences for children of adolescent mothers:
- 50% more likely to be low birthweight (less than 5.5 lbs);
- Poorer health outcomes, needing 20% more child health care;
- Daughters of adol mothers are 33% more likely to become teen moms themselves;
- Teen sons of adolescent mothers are 2.7 times more likely be incarcerated than sons of mothers who delay pregnancy.

Consequences for mothers:

- about 30% of adolescent moms earn high school or GED by age 30, compared to 76% of mothers who delay chidbearing;
- more than 70% end up on welfare;
- adolescent mothers receive 50% more welfare than mothers who delay child birth.

(b) CBO 1990 Report, "Sources of support for Adolescent Mothers" (Based on National Longitudinal Survey of Youth from 1979-85) nearly 80% of teenage moms end up on welfare.

(3) PAGE 27 WELFARE REFORM DATA SOURCES

(a) HHS press release from 12/4 announcement showing findings for first 3 bullets

EMBARGOED UNTIL 10:06 a.m., EST
Saturday, Dec. 4, 1999
Contact: Michael Kharfen, (202) 401-9215

HHS AWARDS FIRST WELFARE HIGH PERFORMANCE BONUSES

HHS Secretary Donna E. Shalala announced today that 27 states have been awarded the first high performance bonuses created to reward superior results in reforming welfare. The $200 million in bonuses, authorized by the 1996 welfare reform legislation, was given to the states with the best records in moving parents on welfare into jobs and their success in the workforce. President Clinton made the announcement in his weekly radio address to the nation.

According to reports filed by the 46 states competing for the bonus, more than 1.3 million adults nationwide on welfare went to work in just the one year period, between October 1, 1997 and September 30, 1998. Retention rates were also promising: 80 percent of those who had jobs were still working three months later. The states also reported an average earnings increase of 23 percent for former welfare recipients from $2,088 in the first quarter of employment to $2,571 in the third quarter.

The high performance bonus rewards states for annual results in four categories: job placement, job success (measured by retention and earnings), biggest improvement in job placement, and biggest improvement in job success. The $200 million is allocated among the four categories, with the top 10 states in each category receiving an amount proportionate to their percentage of the Temporary Assistance for Needy Families (TANF) block grant.

The states ranked the highest in each category were Indiana (job placement), Minnesota (job retention and earnings), Washington (biggest improvement in job placement) and Florida (biggest improvement in job retention and earnings). The other states receiving bonuses are Arizona, California, Connecticut, Delaware, Hawaii, Illinois, Iowa, Louisiana, Massachusetts, Michigan, Nevada, New York, North Dakota, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, West Virginia, and Wyoming.

Eleven states received bonuses in two categories and one state, Minnesota, was successful in three.

"We've always been clear that changing the culture of welfare means requiring work and rewarding success," Secretary Shalala said. "I'm very pleased that these states have demonstrated results in helping welfare recipients enter the workforce, and succeed there," she said. "The job retention rates and earnings increases, in particular, show us that there are promising strategies for helping low-income parents make the transition from dependence to self-sufficiency. I hope all states will use the lessons learned to invest in efforts that will help even more welfare recipients obtain, keep and earn more in their jobs," Shalala added.

The Secretary also released new welfare caseload numbers showing 6.9 million recipients on welfare as of June 1999, a decrease of 7.2 million or 51 percent since 1993. The number of recipients as a proportion of the total U.S. population is now at 2.5%, the lowest since 1967.

The new regulation unveiled today proposes that new categories of awards be added for state performance beginning October 1, 2000. The proposed regulation issued by the department retains the four work measures, but adds new categories for family formation; enrollment in Medicaid and the Children's Health Insurance Program (CHIP); and enrollment in the Food Stamps program. These new measures will promote the goals of the 1996 welfare law to provide assistance to needy families, promote work, and encourage the formation and maintenance of two-parent families.

"It is critical that we continue to focus on rewarding work over welfare, and as more low-income parents obtain their first jobs, that also means providing the critical work supports they need to complete the transition to self-sufficiency," said Olivia A. Golden, HHS assistant secretary for children and families. "Health care and nutritional assistance can help low-income working parents succeed on the job and at home, and make the next generation healthier too. It's also important to reward state policies that strengthen and support two-parent families."

In addition to the high performance bonuses, the 1996 welfare law also subjects states that fail to meet minimum work participation rates to a penalty of at least 5 percent of their annual TANF block grant. HHS announced earlier this year that all 50 states and the District of Columbia met the overall work participation rates for all families in 1998 while 28 of the 41 states subject to a separate two-parent family rate met it. The percentage of adults still on welfare who were working, including employment, work experience and community service, reached 27 percent, a nearly fourfold increase over the 7 percent recorded in 1992.

The health insurance and Food Stamps measures will reward states for the biggest improvement in eligible low-income families receiving these supports. In particular, states will be encouraged to simplify enrollment procedures and application forms for these programs, in order to make it easier for parents juggling work and child care to apply. Under the new family formation measure, states will compete for the biggest improvement in the number of children below 200 percent of poverty residing in married couple families. A total of $60 million will be available for these three measures, with $140 million for the work measures.

Families with incomes up to 130 percent of poverty or $18,044 for a family of three can be eligible for Food Stamps. Medicaid and CHIP eligibility rules vary from state to state, but families are generally eligible up to 185 percent of poverty, which for a family of three is approximately $25,678.

An actuality of Olivia A. Golden, HHS assistant secretary for children and families, regarding the high performance bonus awards is available on the internet at: http://www.os.dhhs.gov/news/press/1999pres/hpb.wav.

###

Note: For other HHS press releases pertaining to the subject of this announcement, please visit our Press Release and Fact Sheet search engine at http://www.os.dhhs.gov/news/press/.

Print Version

(b) HHS press release from 8/2 showing welfare work participation rate data for 4th bullet

FOR IMMEDIATE RELEASE
Monday, August 2, 1999
Contact: Michael Kharfen, (202) 401-9215

HHS REPORTS ALL STATES MET WELFARE-TO-WORK PARTICIPATION RATES FOR ALL FAMILIES IN 1998
New Record Increase in Parents on Welfare Working

HHS Secretary Donna E. Shalala announced today that all 50 states and the District of Columbia met the overall work participation rates for all families in 1998, the first full year of the new welfare reform law. States also report a new record percentage of parents on welfare who are working.

"The welfare reform law made work the centerpiece of a new welfare program, and I'm pleased to report that states are well underway to helping parents turn welfare checks into pay checks," Secretary Shalala said. "However, our work is not finished yet. We need to ensure that supports - particularly child care -- are in place for families to achieve self-sufficiency."

In 1998, all states and the District of Columbia met the overall work participation rate while 28 of the 41 states subject to the two-parent rate met it. Not all states were subject to the participation rates for 1997 and those that were only had to report for the last quarter of the fiscal year. Thus, 1998 is the first full year that all states were subject to the work participation rates. Nationally, 35 percent of all welfare recipients were meeting the work requirements.

The percentage of employed recipients reached an all-time high at 23 percent, compared to less than 7 percent in 1992 and 13 percent in 1997. Similarly, the proportion of recipients who were working, including employment, work experience and community service, reached 27 percent, a nearly fourfold increase over the 7 percent recorded in 1992.

Under the Temporary Assistance for Needy Families (TANF) program established by the new welfare law, states are required to meet minimum participation rates of parents on welfare either working or engaged in work activities. The rates for all families started at 25 percent in 1997 and increase 5 percent each year to 50 percent in 2002. For two-parent families, the rates started at 75 percent and increase in 1999 to 90 percent. In 1998, states were required to meet 30 percent for all families and 75 percent for two-parent families with single parents working a minimum of 20 hours per week and two parents at 35 hours per week. States can receive a credit for reductions in their welfare caseloads for parents moving off welfare compared to 1995.

The credit adjusts the target in both rates for each state. Also, several states had adjustments to their rates because they continued waivers approved under the Clinton administration.

"Across the country, states are building new and innovative partnerships with businesses and community programs to help parents get jobs or the skills they need for employment," said Olivia A. Golden, HHS assistant secretary for children and families. "Along with this promising report of higher employment rates, we've learned from new working parents and employers that for families to succeed in the work place and at home, they need quality and reliable child care."

Under the welfare law, states that fail to meet the minimum participation rates are subject to a penalty of 5 percent of their annual federal block grant or 7 percent if they received a penalty in 1997. For failure to meet the two-parent participation rate, the penalty amount will be based on the percentage of two-parent families in the state's caseload. However, states can submit corrective compliance plans or appeal the penalty for a reasonable cause exception.

Not all states and territories have two-parent programs funded through TANF. The 14 states that failed to meet the two-parent participation rates are Alaska, Arkansas, Delaware, District of Columbia, Minnesota, Nebraska, New Mexico, North Carolina, Pennsylvania, Rhode Island, Texas, Virginia, Washington and West Virginia. In 1998, the territories were subject to penalties for the first time. Guam, Puerto Rico and the Virgin Islands did not meet the participation rate requirements. They can also submit corrective plans or appeal the penalty.

The participation rate tables are available on the World Wide Web at http://www.acf.dhhs.gov/news/98table.htm.

###

(4) PAGE 29, Graph beginning "Other Administration initiatives..."

(a) Please replace "problems" with "challenges".

(b) We suggest child care and medicaid/CHIP bullets go last, as they serve more broad populations.

(c) Child care should be its own bullet. Suggested language:
"THE 1996 WELFARE REFORM LAW INCREASED CHILD CARE FUNDING BY $4 BILLION OVER SIX YEARS TO PROVIDE CHILD CARE ASSISTANCE TO FAMILIES MOVING FROM WELFARE TO WORK."
Or, if you prefer not to cite a specific level of funding, you could just say "child care has greatly increased...".

(d) We suggest housing and transportation be combined into one bullet. Suggested language:
"HOUSING VOUCHERS AND TRANSPORTATION GRANTS HELP WELFARE RECIPIENTS GET TO JOBS. FAMILIES WILL USE HOUSING VOUCHERS TO MOVE CLOSER TO A NEW JOB, REDUCE A LONG COMMUTE, OR SECURE MORE STABLE HOUSING. IN ADDITION, FUNDS GO TO COMMUNITIES AND STATES WITH FLEXIBLE TRANSPORTATION ALTERNATIVES, SUCH AS VAN SERVICES FOR WELFARE RECIPIENTS AND OTHER LOW-INCOME WORKERS. NEW GUIDANCE ALSO MAKES IT EASIER FOR LOW-INCOME WORKING FAMILIES TO OWN A CAR AND STILL RECEIVE FOOD STAMPS."

(e) Welfare-to-Work bullet -- please insert "Welfare-to-Work" between "to" and "grants". Also, we suggest

as 2nd sentence:
"THESE GRANTS WILL HELP FATHERS IN HIGH POVERTY AREAS TO WORK AND SUPPORT THEIR FAMILIES."

Eugenia Chough 12/16/99 09:42:48 AM

Record Type: Record

To: Audrey Choi/CEA/EOP@EOP, Kathryn L. Shaw/CEA/EOP@EOP

cc: Andrea Kane/OPD/EOP@EOP, Ann O'Leary/OPD/EOP@EOP, Cynthia A. Rice/OPD/EOP@EOP
Subject: Follow up for Chapter 5

Per our conversation on Tuesday, here are our comments for the 2nd draft. Please let us know if you have any questions. Thanks!

(1) TEEN BIRTH DATA
I'll walk up a package with (1) an internal fact sheet we did on teen birth and pregnancy data, (2) HHS press release, and (3) NCHS report from 10/25/1999 on teen birth rates.

(2) JUSTIFICATION FOR FOCUS ON TEEN MOMS
(a) Kids Having Kids Robinhood Foundation's Special Report on cost of Adolescent Childbearing, 1996, Rebecca Maynard.

Consequences for children of adolescent mothers:
- 50% more likely to be low birthweight (less than 5.5 lbs);
- Poorer health outcomes, needing 20% more child health care;
- Daughters of adol mothers are 33% more likely to become teen moms themselves;
- Teen sons of adolescent mothers are 2.7 times more likely be incarcerated than sons of mothers who delay pregnancy.

Consequences for mothers:
- about 30% of adolescent moms earn high school or GED by age 30, compared to 76% of mothers who delay chidbearing;
- more than 70% end up on welfare;
- adolescent mothers receive 50% more welfare than mothers who delay child birth.

(b) CBO 1990 Report, "Sources of support for Adolescent Mothers" (Based on National Longitudinal Survey of Youth from 1979-85) nearly 80% of teenage moms end up on welfare.

(3) PAGE 27 WELFARE REFORM DATA SOURCES

(a) HHS press release from 12/4 announcement showing findings for first 3 bullets

EMBARGOED UNTIL 10:06 a.m., EST
Saturday, Dec. 4, 1999
Contact: Michael Kharfen, (202) 401-9215

HHS AWARDS FIRST WELFARE HIGH PERFORMANCE BONUSES

HHS Secretary Donna E. Shalala announced today that 27 states have been awarded the first high performance bonuses created to reward superior results in reforming welfare. The $200 million in bonuses, authorized by the 1996 welfare reform legislation, was given to the states with the best records in moving parents on welfare into jobs and their success in the workforce. President Clinton made the announcement in his weekly radio address to the nation.

According to reports filed by the 46 states competing for the bonus, more than 1.3 million adults nationwide on welfare went to work in just the one year period, between October 1, 1997 and September 30, 1998. Retention rates were also promising: 80 percent of those who had jobs were still working three months later. The states also reported an average earnings increase of 23 percent for former welfare recipients from $2,088 in the first quarter of employment to $2,571 in the third quarter.

The high performance bonus rewards states for annual results in four categories: job placement, job success (measured by retention and earnings), biggest improvement in job placement, and biggest improvement in job success. The $200 million is allocated among the four categories, with the top 10 states in each category receiving an amount proportionate to their percentage of the Temporary Assistance for Needy Families (TANF) block grant.

The states ranked the highest in each category were Indiana (job placement), Minnesota (job retention and earnings), Washington (biggest improvement in job placement) and Florida (biggest improvement in job retention and earnings). The other states receiving bonuses are Arizona, California, Connecticut, Delaware, Hawaii, Illinois, Iowa, Louisiana, Massachusetts, Michigan, Nevada, New York, North Dakota, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, West Virginia, and Wyoming.

Eleven states received bonuses in two categories and one state, Minnesota, was successful in three.

"We've always been clear that changing the culture of welfare means requiring work and rewarding success," Secretary Shalala said. "I'm very pleased that these states have demonstrated results in helping welfare recipients enter the workforce, and succeed there," she said. "The job retention rates and earnings increases, in particular, show us that there are promising strategies for helping low-income parents make the transition from dependence to self-sufficiency. I hope all states will use the lessons learned to invest in efforts that will help even more welfare recipients obtain, keep and earn more in their jobs," Shalala added.

The Secretary also released new welfare caseload numbers showing 6.9 million recipients on welfare as of June 1999, a decrease of 7.2 million or 51 percent since 1993. The number of recipients as a proportion of the total U.S. population is now at 2.5%, the lowest since 1967.

The new regulation unveiled today proposes that new categories of awards be added for state performance beginning October 1, 2000. The proposed regulation issued by the department retains the four work measures, but adds new categories for family formation; enrollment in Medicaid and the Children's Health Insurance Program (CHIP); and enrollment in the Food Stamps program. These new measures will promote the goals of the 1996 welfare law to provide assistance to needy families, promote work, and encourage the formation and maintenance of two-parent families.

"It is critical that we continue to focus on rewarding work over welfare, and as more low-income parents obtain their first jobs, that also means providing the critical work supports they need to complete the transition to self-sufficiency," said Olivia A.

Golden, HHS assistant secretary for children and families. "Health care and nutritional assistance can help low-income working parents succeed on the job and at home, and make the next generation healthier too. It's also important to reward state policies that strengthen and support two-parent families."

In addition to the high performance bonuses, the 1996 welfare law also subjects states that fail to meet minimum work participation rates to a penalty of at least 5 percent of their annual TANF block grant. HHS announced earlier this year that all 50 states and the District of Columbia met the overall work participation rates for all families in 1998 while 28 of the 41 states subject to a separate two-parent family rate met it. The percentage of adults still on welfare who were working, including employment, work experience and community service, reached 27 percent, a nearly fourfold increase over the 7 percent recorded in 1992.

The health insurance and Food Stamps measures will reward states for the biggest improvement in eligible low-income families receiving these supports. In particular, states will be encouraged to simplify enrollment procedures and application forms for these programs, in order to make it easier for parents juggling work and child care to apply. Under the new family formation measure, states will compete for the biggest improvement in the number of children below 200 percent of poverty residing in married couple families. A total of $60 million will be available for these three measures, with $140 million for the work measures.

Families with incomes up to 130 percent of poverty or $18,044 for a family of three can be eligible for Food Stamps. Medicaid and CHIP eligibility rules vary from state to state, but families are generally eligible up to 185 percent of poverty, which for a family of three is approximately $25,678.

An actuality of Olivia A. Golden, HHS assistant secretary for children and families, regarding the high performance bonus awards is available on the internet at: http://www.os.dhhs.gov/news/press/1999pres/hpb.wav.

###

Note: For other HHS press releases pertaining to the subject of this announcement, please visit our Press Release and Fact Sheet search engine at http://www.os.dhhs.gov/news/press/.

Print Version

(b) HHS press release from 8/2 showing welfare work participation rate data for 4th bullet

FOR IMMEDIATE RELEASE
Monday, August 2, 1999
Contact: Michael Kharfen, (202) 401-9215

HHS REPORTS ALL STATES MET WELFARE-TO-WORK PARTICIPATION RATES FOR ALL FAMILIES IN 1998
New Record Increase in Parents on Welfare Working

HHS Secretary Donna E. Shalala announced today that all 50 states and the District of Columbia met the overall work participation rates for all families in 1998, the first full year of the new welfare reform law. States also report a new record percentage of parents on welfare who are working.

"The welfare reform law made work the centerpiece of a new welfare program, and I'm pleased to report that states are well underway to helping parents turn welfare checks into pay checks," Secretary Shalala said. "However, our work is not finished yet. We need to ensure that supports - particularly child care -- are in place for families to achieve self-sufficiency."

In 1998, all states and the District of Columbia met the overall work participation rate while 28 of the 41 states subject to the two-parent rate met it. Not all states were subject to the participation rates for 1997 and those that were only had to report for the last quarter of the fiscal year. Thus, 1998 is the first full year that all states were subject to the work participation rates. Nationally, 35 percent of all welfare recipients were meeting the work requirements.

The percentage of employed recipients reached an all-time high at 23 percent, compared to less than 7 percent in 1992 and 13 percent in 1997. Similarly, the proportion of recipients who were working, including employment, work experience and community service, reached 27 percent, a nearly fourfold increase over the 7 percent recorded in 1992.

Under the Temporary Assistance for Needy Families (TANF) program established by the new welfare law, states are required to meet minimum participation rates of parents on welfare either working or engaged in work activities. The rates for all families started at 25 percent in 1997 and increase 5 percent each year to 50 percent in 2002. For two-parent families, the rates started at 75 percent and increase in 1999 to 90 percent. In 1998, states were required to meet 30 percent for all families and 75 percent for two-parent families with single parents working a minimum of 20 hours per week and two parents at 35 hours per week. States can receive a credit for reductions in their welfare caseloads for parents moving off welfare compared to 1995. The credit adjusts the target in both rates for each state. Also, several states had adjustments to their rates because they continued waivers approved under the Clinton administration.

"Across the country, states are building new and innovative partnerships with businesses and community programs to help parents get jobs or the skills they need for employment," said Olivia A. Golden, HHS assistant secretary for children and families. "Along with this promising report of higher employment rates, we've learned from new working parents and employers that for families to succeed in the work place and at home, they need quality and reliable child care."

Under the welfare law, states that fail to meet the minimum participation rates are subject to a penalty of 5 percent of their annual federal block grant or 7 percent if they received a penalty in 1997. For failure to meet the two-parent participation rate, the penalty amount will be based on the percentage of two-parent families in the state's caseload. However, states can submit corrective compliance plans or appeal the penalty for a reasonable cause exception.

Not all states and territories have two-parent programs funded through TANF. The 14 states that failed to meet the two-parent participation rates are Alaska, Arkansas, Delaware, District of Columbia, Minnesota, Nebraska, New Mexico, North Carolina, Pennsylvania, Rhode Island, Texas, Virginia, Washington and West Virginia. In 1998, the territories were subject to penalties for the first time. Guam, Puerto Rico and the

Virgin Islands did not meet the participation rate requirements. They can also submit corrective plans or appeal the penalty.

The participation rate tables are available on the World Wide Web at http://www.acf.dhhs.gov/news/98table.htm.

###

(4) PAGE 29, Graph beginning "Other Administration initiatives..."

(a) In 1st sentence, please move "low-income" from before "welfare to work" to before "working families" (since by defn those on welfare are low-income), replace "problems" with "challenges", and you need to add "include:" at the end of the sentence to lead in to the bullets.

(b) We suggest reordering bullets as follows: 1) welfare-to-work grants/tax credits, 2) housing vouchers/transportation, 3) child care, 4) CHIP/medicaid, 5) IDAs , with edits on bullets noted below

(c) Child care should be its own bullet. Suggested language:
"THE 1996 WELFARE REFORM LAW INVESTED ANY ADDITIONAL $4 BILLION OVER SIX YEARS TO PROVIDE MORE CHILD CARE ASSISTANCE FOR FAMILIES MOVING FROM WELFARE TO WORK AND OTHER LOW INCOME PARENTS. (ADDITIONAL DISCUSSION OF CHILD CARE CAN BE FOUND LATER IN THIS CHAPTER.) "
Or, if you prefer not to cite a specific level of funding, you could just say "The 1996 welfare reform law invested substantial new resources to provide ...".

(d) We suggest housing and transportation be combined into one bullet. Suggested language:
"MORE HOUSING VOUCHERS TO HELP FAMILIES MOVE CLOSER TO A NEW JOB, REDUCE A LONG COMMUTE OR SECURE MORE STABLE HOUSING, AND NEW TRANSPORTATION GRANTS TO HELP COMMUNITIES AND STATES DEVELOP FLEXIBLE TRANSPORTATION ALTERNATIVES FOR WELFARE RECIPIENTS AND OTHER LOW-INCOME WORKERS. NEW GUIDANCE ALSO MAKES IT EASIER FOR LOW-INCOME WORKING FAMILIES TO OWN A CAR AND STILL RECEIVE FOOD STAMPS."

(e) Revise 1st sentence of bullet that now begins "States and communities have access to grants to help move long-term..." , to read "Welfare-to-Work grants help move long-term welfare recipients in the poorest areas into lasting, unsubsidized jobs and help low-income fathers work and support their families."

Finally, here are some key facts about fatherhood that you could work in to highlight the responsible fatherhood theme. Also includes info on marriage trends similar to what I gave Kathryn in hard copy.

FATHERHOOD FACTSa.d

Nicole R. Rabner

12/16/99 09:08:57 AM

Record Type: Record

To: Ann O'Leary/OPD/EOP@EOP

cc:
Subject: Re: quote on working families

Since you've been working on the chapter, I defer to you to weigh in.

---------------------- Forwarded by Nicole R. Rabner/WHO/EOP on 12/16/99 09:08 AM ---------------------------

Andrea Kane 12/15/99 08:37:23 PM

Record Type: Record

To: Heather F. Hurlburt/WHO/EOP@EOP
cc: Cynthia A. Rice/OPD/EOP@EOP, Nicole R. Rabner/WHO/EOP@EOP, Anil Kakani/OMB/EOP@EOP
bcc:
Subject: Re: quote on working families

I think they're both OK. I've got a slight preference for the first one (with the two deletions I made below) since it's a little closer to the low-income working families that this budget chapter focuses on. If anyone else has a view, let Anil know by 10 a.m. Anil, I assume we'll have another shot at this as it goes through the editing process in case we find an even better quote.
Heather F. Hurlburt

Heather F. Hurlburt
12/15/99 05:24:01 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc:
Subject: quote on working families

here are two contenders. I have gone through quite a few other things and not found much that can be built around the phrase "working families" but will keep trolling.

Working families

"In this era of unprecedented prosperity, we still have some work ~~of our own~~ ... to do to make sure that we embrace all Americans in this prosperity and to give every American the chance to succeed at work and at home. . . ~~I ask you to stay at the job until. . .~~ America is a better place because our families are stronger, our children are growing up in more stable homes, and every adult American who is willing to work has a chance to do so."

From August 3, 1999 Chicago speech on welfare-to-work

"Here we are, on the edge of a new millennium with the first opportunity in our lifetime as a country to really shape the future of our dreams for our children. . . we ought to recognize that more and more parents are working and do more to help balance work and family. . . the most important job of any society is raising children It is still the most important job of any society, including ours, and we forget that at our peril."

From December 10, 1999 Little Rock speech

Andrea Kane 12/15/99 08:26:59 PM

Record Type: Record

To: Eugenia Chough/OPD/EOP@EOP
cc: ann o'leary/opd/eop@eop
bcc:
Subject: Re: PLEASE REVIEW: Follow-up from today for Chap 5

Genie, thanks for pulling this all together. I've reworked some sections (anything I changed significantly is in red for your info). Anne, take a look at the rewrite on child care bullet (edit 4c) - even though additional $ were put in to address the additional need created by welfare reform, I wanted to be clear that the funds are not just for welfare recipients -- OK? Genie, unless you have Qs about my changes, go ahead and send to CEA, w/ cc: to me.
Eugenia Chough 12/14/99 01:13:34 PM

- **Eugenia Chough** 12/14/99 01:13:34 PM

Record Type: Record

To: Ann O'Leary/OPD/EOP@EOP
cc: Andrea Kane/OPD/EOP@EOP
Subject: PLEASE REVIEW: Follow-up from today for Chap 5

Also, Andrea noticed that the CEA report quotes on page 34 that "Since 1993, child care subsidies for low-income families have gorwn by 80 percent", but our accomplishments document says "federal funding for child care has increased by 70%" -- which is correct?
Thanks.

--------------------- Forwarded by Eugenia Chough/OPD/EOP on 12/14/99 01:11 PM ---------------------------

- **Eugenia Chough** 12/14/99 01:11:35 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP, Ann O'Leary/OPD/EOP@EOP
cc:
Subject: PLEASE REVIEW: Follow-up from today for Chap 5

Here's what I have so far to send to Audrey and Kathryn. Ann, please feel free to make additions and send back to me, and I'll send to them. Also, please make sure to review our suggestion for the child care bullet on page 29. Thanks!

Genie

(1) TEEN BIRTH DATA
I'll send you a package with (1) an internal fact sheet we did on teen birth and pregnancy data, (2) HHS press release, and (3) NCHS report from 10/25/1999 on teen birth rates.

(2) JUSTIFICATION FOR FOCUS ON TEEN MOMS
(a) Kids Having Kids Robinhood Foundation's Special Report on cost of Adolescent Childbearing, 1996, Rebecca Maynard.

Consequences for children of adolescent mothers:
- 50% more likely to be low birthweight (less than 5.5 lbs);
- Poorer health outcomes, needing 20% more child health care;
- Daughters of adol mothers are 33% more likely to become teen moms themselves;
- Teen sons of adolescent mothers are 2.7 times more likely be incarcerated than sons of mothers who delay pregnancy.

Consequences for mothers:
- about 30% of adolescent moms earn high school or GED by age 30, compared to 76% of mothers who delay chidbearing;
- more than 70% end up on welfare;
- adolescent mothers receive 50% more welfare than mothers who delay child birth.

(b) CBO 1990 Report, "Sources of support for Adolescent Mothers" (Based on National Longitudinal Survey of Youth from 1979-85) nearly 80% of teenage moms end up on welfare.

(3) PAGE 27 WELFARE REFORM DATA SOURCES

(a) HHS press release from 12/4 announcement showing findings for first 3 bullets

EMBARGOED UNTIL 10:06 a.m., EST
Saturday, Dec. 4, 1999
Contact: Michael Kharfen, (202) 401-9215

HHS AWARDS FIRST WELFARE HIGH PERFORMANCE BONUSES

HHS Secretary Donna E. Shalala announced today that 27 states have been awarded the first high performance bonuses created to reward superior results in reforming welfare. The $200 million in bonuses, authorized by the 1996 welfare reform legislation, was given to the states with the best records in moving parents on welfare into jobs and their success in the workforce. President Clinton made the announcement in his weekly radio address to the nation.

According to reports filed by the 46 states competing for the bonus, more than 1.3 million adults nationwide on welfare went to work in just the one year period, between October 1, 1997 and September 30, 1998. Retention rates were also promising: 80 percent of those who had jobs were still working three months later. The states also reported an average earnings increase of 23 percent for former welfare recipients from $2,088 in the first quarter of employment to $2,571 in the third quarter.

The high performance bonus rewards states for annual results in four categories: job placement, job success (measured by retention and earnings), biggest improvement in job placement, and biggest improvement in job success. The $200 million is allocated among the four categories, with the top 10 states in each category receiving an amount proportionate to their percentage of the Temporary Assistance for Needy Families (TANF) block grant.

The states ranked the highest in each category were Indiana (job placement), Minnesota (job retention and earnings), Washington (biggest improvement in job placement) and Florida (biggest improvement in job retention and earnings). The other states receiving bonuses are Arizona, California, Connecticut, Delaware, Hawaii, Illinois, Iowa, Louisiana, Massachusetts, Michigan, Nevada, New York, North Dakota, Oklahoma, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, West Virginia, and Wyoming.

Eleven states received bonuses in two categories and one state, Minnesota, was successful in three.

"We've always been clear that changing the culture of welfare means requiring work and rewarding success," Secretary Shalala said. "I'm very pleased that these states have demonstrated results in helping welfare recipients enter the workforce, and succeed there," she said. "The job retention rates and earnings increases, in particular, show us that there are promising strategies for helping low-income parents make the transition from dependence to self-sufficiency. I hope all states will use the lessons learned to invest in efforts that will help even more welfare recipients obtain, keep and earn more in their jobs," Shalala added.

The Secretary also released new welfare caseload numbers showing 6.9 million recipients on welfare as of June 1999, a decrease of 7.2 million or 51 percent since 1993. The number of recipients as a proportion of the total U.S. population is now at 2.5%, the lowest since 1967.

The new regulation unveiled today proposes that new categories of awards be added for state performance beginning October 1, 2000. The proposed regulation issued by the department retains the four work measures, but adds new categories for family formation; enrollment in Medicaid and the Children's Health Insurance Program (CHIP); and enrollment in the Food Stamps program. These new measures will promote the goals of the 1996 welfare law to provide assistance to needy families, promote work, and encourage the formation and maintenance of two-parent families.

"It is critical that we continue to focus on rewarding work over welfare, and as more low-income parents obtain their first jobs, that also means providing the critical work supports they need to complete the transition to self-sufficiency," said Olivia A. Golden, HHS assistant secretary for children and families. "Health care and nutritional assistance can help low-income working parents succeed on the job and at home, and make the next generation healthier too. It's also important to reward state policies that strengthen and support two-parent families."

In addition to the high performance bonuses, the 1996 welfare law also subjects states that fail to meet minimum work participation rates to a penalty of at least 5 percent of their annual TANF block grant. HHS announced earlier this year that all 50 states and the District of Columbia met the overall work participation rates for all families in 1998 while 28 of the 41 states subject to a separate two-parent family rate met it. The percentage of adults still on welfare who were working, including employment, work experience and community service, reached 27 percent, a nearly fourfold increase over the 7 percent recorded in 1992.

The health insurance and Food Stamps measures will reward states for the biggest improvement in eligible low-income families receiving these supports. In particular, states will be encouraged to simplify enrollment procedures and application forms for these programs, in order to make it easier for parents juggling work and child care to apply. Under the new family formation measure, states will compete for the biggest improvement in the number of children below 200 percent of poverty residing in married couple families. A total of $60 million will be available for these three measures, with $140 million for the work measures.

Families with incomes up to 130 percent of poverty or $18,044 for a family of three can be eligible for Food Stamps. Medicaid and CHIP eligibility rules vary from state to state, but families are generally eligible up to 185 percent of poverty, which for a family of three is approximately $25,678.

An actuality of Olivia A. Golden, HHS assistant secretary for children and families, regarding the high performance bonus awards is available on the internet at: http://www.os.dhhs.gov/news/press/1999pres/hpb.wav.

###

Note: For other HHS press releases pertaining to the subject of this announcement, please visit our Press Release and Fact Sheet search engine at http://www.os.dhhs.gov/news/press/.

Print Version

(b) HHS press release from 8/2 showing welfare work participation rate data for 4th bullet

FOR IMMEDIATE RELEASE
Monday, August 2, 1999
Contact: Michael Kharfen, (202) 401-9215

HHS REPORTS ALL STATES MET WELFARE-TO-WORK PARTICIPATION RATES FOR ALL FAMILIES IN 1998
New Record Increase in Parents on Welfare Working

HHS Secretary Donna E. Shalala announced today that all 50 states and the District of Columbia met the overall work participation rates for all families in 1998, the first full year of the new welfare reform law. States also report a new record percentage of parents on welfare who are working.

"The welfare reform law made work the centerpiece of a new welfare program, and I'm pleased to report that states are well underway to helping parents turn welfare checks into pay checks," Secretary Shalala said. "However, our work is not finished yet. We need to ensure that supports - particularly child care -- are in place for families to achieve self-sufficiency."

In 1998, all states and the District of Columbia met the overall work participation rate while 28 of the 41 states subject to the two-parent rate met it. Not all states were subject to the participation rates for 1997 and those that were only had to report for the last quarter of the fiscal year. Thus, 1998 is the first full year that all states were subject to the work participation rates. Nationally, 35 percent of all welfare recipients were meeting the work requirements.

The percentage of employed recipients reached an all-time high at 23 percent, compared to less than 7 percent in 1992 and 13 percent in 1997. Similarly, the proportion of recipients who were working, including employment, work experience and community service, reached 27 percent, a nearly fourfold increase over the 7 percent recorded in 1992.

Under the Temporary Assistance for Needy Families (TANF) program established by the new welfare law, states are required to meet minimum participation rates of parents on welfare either working or engaged in work activities. The rates for all families started at 25 percent in 1997 and increase 5 percent each year to 50 percent in 2002. For two-parent families, the rates started at 75 percent and increase in 1999 to 90 percent. In 1998, states were required to meet 30 percent for all families and 75 percent for two-parent families with single parents working a minimum of 20 hours per week and two parents at 35 hours per week. States can receive a credit for reductions in their welfare caseloads for parents moving off welfare compared to 1995. The credit adjusts the target in both rates for each state. Also, several states had adjustments to their rates because they continued waivers approved under the Clinton administration.

"Across the country, states are building new and innovative partnerships with businesses and community programs to help parents get jobs or the skills they need for employment," said Olivia A. Golden, HHS assistant secretary for children and families. "Along with this promising report of higher employment rates, we've learned from new working parents and employers that for families to succeed in the work place and at home, they need quality and reliable child care."

Under the welfare law, states that fail to meet the minimum participation rates are subject to a penalty of 5 percent of their annual federal block grant or 7 percent if they received a penalty in 1997. For failure to meet the two-parent participation rate, the penalty amount will be based on the percentage of two-parent families in the state's caseload. However, states can submit corrective compliance plans or appeal the penalty for a reasonable cause exception.

Not all states and territories have two-parent programs funded through TANF. The 14 states that failed to meet the two-parent participation rates are Alaska, Arkansas, Delaware, District of Columbia, Minnesota, Nebraska, New Mexico, North Carolina, Pennsylvania, Rhode Island, Texas, Virginia, Washington and West Virginia. In 1998, the territories were subject to penalties for the first time. Guam, Puerto Rico and the Virgin Islands did not meet the participation rate requirements. They can also submit corrective plans or appeal the penalty.

The participation rate tables are available on the World Wide Web at http://www.acf.dhhs.gov/news/98table.htm.

###

(4) PAGE 29, Graph beginning "Other Administration initiatives..."

(a) In 1st sentence, please move "low-income" from before "welfare to work" to before "working families" (since by defn those on welfare are low-income), replace "problems" with "challenges", and you need to add "include:" at the end of the sentence to lead in to the bullets.

(b) We suggest reordering bullets as follows: 1) welfare-to-work grants/tax credits, 2) housing vouchers/transportation, 3) child care, 4) CHIP/medicaid, 5) IDAs , with edits on bullets noted below

(c) Child care should be its own bullet. Suggested language:
"THE 1996 WELFARE REFORM LAW INVESTED ANY ADDITIONAL $4 BILLION OVER SIX YEARS TO PROVIDE MORE CHILD CARE ASSISTANCE FOR FAMILIES MOVING FROM WELFARE TO WORK AND OTHER LOW INCOME PARENTS. (ADDITIONAL DISCUSSION OF CHILD CARE CAN BE FOUND LATER IN THIS CHAPTER.) "
Or, if you prefer not to cite a specific level of funding, you could just say "The 1996 welfare reform law invested substantial new resources to provide ...".

(d) We suggest housing and transportation be combined into one bullet. Suggested language:
"MORE HOUSING VOUCHERS TO HELP FAMILIES MOVE CLOSER TO A NEW JOB, REDUCE A LONG COMMUTE OR SECURE MORE STABLE HOUSING, AND NEW TRANSPORTATION GRANTS TO HELP COMMUNITIES AND STATES DEVELOP FLEXIBLE TRANSPORTATION ALTERNATIVES FOR WELFARE RECIPIENTS AND OTHER LOW-INCOME WORKERS. NEW GUIDANCE ALSO MAKES IT EASIER FOR LOW-INCOME WORKING FAMILIES TO OWN A CAR AND STILL RECEIVE FOOD STAMPS."

(e) Revise 1st sentence of bullet that now begins "States and communities have access to grants to help move long-term..." , to read "Welfare-to-Work grants help move long-term welfare recipients in the poorest areas into lasting, unsubsidized jobs and help low-income fathers work and support their families."

Finally, here are some key facts about fatherhood that you could work in to highlight the responsible fatherhood theme. Also includes info on marriage trends similar to what I gave Kathryn in hard copy.

FATHERHOOD FACTSa.d

Family form
-d.p.
-grandparents

adoption & foster care
long-term permanent adoption

adoption information
grandparents

Stephanie Ventura
CDC

Inter-racial
information

Eugenia Chough 12/10/99 04:16:40 PM

Record Type: Record

To: Andrea Kane/OPD/EOP@EOP

cc: Cynthia A. Rice/OPD/EOP@EOP, Ann O'Leary/OPD/EOP@EOP

Subject: PLEASE REVIEW: Round 2 of comments for Chap 5, families

It looks like they took most of our comments. Here are the ones they did not address. There were a few others that no longer applied, too. Let me know if you have any changes. Thanks.

Eugenia Chough 12/06/99 02:44:22 PM

Here are our second round of comments on the "The Changing American Family" chapter of the Econ Report. New language is in CAPS, and suggested deletions are struck out. Please let me know if you have questions. Thanks!

- Page 1, 1st paragraph -- What is the rest of the breakdown in families? You mention that nearly 1/2 live in "two-earner nonfarm families" and more than 1/4 live in "single parent families" -- does this mean that the remaining quarter live in a family situation like the 1900s' "two-parent rural family where the father [is] the breadwinner and the mother [is] a homemaker"?

- Page 5, 2nd graph, sentence 6: "As we approach...marriage remains a fairly universal experience..." and bottom of page 4, "Throughout the century over 90 percent of all women aged 55-64 have been married at some point, and in 1997, that proportion stood at 95.3%." While this is an interesting and longer-term way to look at this issue, doesn't it miss decrease in marriage among those currently under 55. It also seems to conflict with a nearly 4-fold increase in single parent families shown on p. 3, which is what most people focus on when they think about the decline in marriage. I think our credibility on this issue may be questioned if we lead with the statement that marriage remains fairly universal.

Andy Feldman

- Page 7, same section: The discussion of "individuals choosing to live together outside of formal marriage," does not appear to include information on domestic partners of the same sex. According to the Human Rights Campaign WorkNet, "From 1994 to 1998, the number of married couple households in the US increased by just 2 percent, while the number of unmarried partner households increased by 11 percent. In 1998, there were 5.9 million people in the US living with a domestic partner. Of these, approximately 28 percent, or 1.7 million people, were in same-sex relationships." It would be helpful to add in the changing patterns of recognized same-sex domestic partnerships.

- Page 9, 1st and 2nd graph: Given the increase in minority populations, we suggest including birth stats for Hispanics. For example, THE RATE FOR UNMARRIED HISPANIC WOMEN WAS 91.4 IN 1997, and THE HISPANIC TEEN BIRTH RATE was 75.2 in 1997.

- Page 9, 2nd graph, sentence 4: "group" should be "GROUPS".

- Page 9, 2nd graph, sentence 5: delete "younger" -- they're not really younger, just smaller subset.

- Page 13, 2nd graph, sentence 4: "Similarly, the median income of female-headed families has been nearly flat..." This statement appears to short shrift recent improvement such as 99 CPS numbers.

- Page 16, 1st graph, sentence 1: "Both rising non-marital child-bearing an drising divorce rates have increased the percent of children living in a family headed by a single parent, rising from even faster than the share of such families, which has risen from 11.9 percent in 1970 to 28 percent in 1997." This sentence is awkward.

- Page 16, 3rd graph, last sentence: "Overall, roughly half of all women who are single parents receive public assistance". Is this a point in time -- if so, when?

- Page 19, section on "Time Use and Parental Care" -- It might be helpful to add a discussion of the economic impact of long-term caregivers. In Monday's NYT (11/29) reported on a study released by the National Center for Women and Aging at Brandeis and the National Alliance for Caregivers, which reported that "two-thirds of those acting as caregivers for elderly relatives lose out at work by forgoing promotions, pay raises, and training opportunities."

- Page 29, 1st graph on other initiatives: Given the size and scope of the program, and its direct connection to welfare, we strongly recommend adding a bullet on the Welfare-to-Work program. For example:

"SINCE ITS CREATION IN 1997, WELFARE-TO-WORK GRANTS HAVE HELPED STATES AND COMMUNITIES MOVE LONG-TERM WELFARE RECIPIENTS AND CERTAIN NONCUSTODIAL PARENTS INTO LASTING, UNSUBSIDIZED JOBS. THESE FUNDS CAN BE USED FOR JOB CREATION, PLACEMENT AND RETENTION EFFORTS, INCLUDING WAGE SUBSIDIES TO PRIVATE EMPLOYERS AND OTHER CRITICAL POST-EMPLOYMENT SERVICES."

759
159
200
9
25
1142

Eugenia Chough 11/29/99 12:42:55 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: Cynthia A. Rice/OPD/EOP@EOP, J. Eric Gould/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP
Subject: CEA chapter for review

CEA is circulating its 2000 Economic Report of the President for our review. Chapter 5, "The Changing American Family" examines issues related to our teams. I'll send a hard copy to Ruby and Devorah. I'd be happy to consolidate our comments and send back to CEA if you can get edits to me by COB Wednesday. Thanks.

Genie

Message Sent To:

Ruby Shamir/OPD/EOP@EOP
Ann O'Leary/OPD/EOP@EOP
Nicole R. Rabner/WHO/EOP@EOP
Devorah R. Adler/OPD/EOP@EOP
Jeanne Lambrew/OPD/EOP@EOP

The Changing American Family

Much about the American family has changed over the course of the century. Most children in 1900 lived in a two-parent rural family where the father was the breadwinner and the mother was a homemaker. Today, by contrast, almost half live in two-earner nonfarm families and more than a quarter live in single-parent families. Families today enjoy a much higher standard of living than their 1900 counterparts and their members are living longer and healthier lives. Nevertheless, the rise of the two-earner couple and the single-parent family has created a new set of challenges for American families as they try to balance the need to work and the rewards from work against the needs and rewards of family life that are measured more in time than in money.

does this mean ½ still live in "traditional" families

This chapter examines these changes in the American family and the challenges these changes pose. It begins with an overview of a number of indicators of change over the century, paying particular attention to four key trends: increased female labor force participation, changes in marriage and divorce, increases in out-of-wedlock births, and increases in life expectancy and health. It then turns to the key challenge of balancing work and family. Notwithstanding substantial increases in living standards over the course of the century, American families continue to face substantial financial challenges. Most families are able to meet the basic needs of food, clothing, and shelter, but many find themselves strapped when it comes to meeting other needs like child care, education expenses, and, increasingly, care for older relatives. At the same time, families find themselves facing a "time crunch," as more family time is devoted to earning a living, leaving less for other family activities. For many single-parent households, the time crunch is compounded by a "money crunch" as they struggle to find the resources to meet even basic necessities. The chapter concludes with a discussion of policies that this Administration has pursued over the past several years in an effort to address the challenges families face as they try to balance work and family in the 21st century.

KEY TRENDS SHAPING THE AMERICAN FAMILY

The past century has seen a number of changes that have helped shape the American family (see box 5-1). In 1900, a woman began her married life young—entering her first marriage at age 22—and typically married a man who was four years her senior. Families also had greater numbers of children, as infant mortality was near 10%. Life expectancy at birth was low, about 48 years for women and 46 years for men. Divorce rates were also low (less than 2% among women aged 35-54), but over 8 percent of women aged 35-44 and 17 percent of women aged 45-54 were widowed. And families tended to stay put -- over three-fourths of individuals lived in the state in which they were born. As we approach the 21st century, marriage remains a fairly universal experience, but the median age at first marriage for women has risen to 25. Life expectancy at birth has increased substantially, in part due to declines in infant mortality, with women and men having life expectancies of 79 and 73 years, respectively. In contrast to the nearly 17 percent of women aged 45-54 who were widowed in 1900, that same percentage today is divorced.

Box 5-1 – Contrasting American Families Then and Now		
	1900	1999
Labor force participation rate of women, percent	20.0	60.2
Age at Marriage of Mother	21.9	25
Age at Marriage of Father	25.9	26.8
Reason for Marital Dissolution, women age 35-44	Death	Divorce
Infant Mortality Rate, percent	9.99[b]	2[d]
Life Expectancy of Women at birth	48.3	79.0[f]
Life Expectancy of Men at birth	46.3	73.0[f]
Life Expectancy of Women at age 65	12.2	18.9[f]
Life Expectancy of Men at age 65	11.5	15.7[f]
Number of polio cases, per 100,000	5.5[a]	0
% born in state of residence	78.2	61.8[e]
% born in region of residence	90.8	73.3[e]
Probability of being in a 7 or more person HH	20.4	5.1[d]
Probability of being in a one-parent family	7[c]	27
Median married Family Income (1998 $)		$54,180
Notes: (a) 1912; (b) 1915; (c) 1950; (d) 1970; (e) 1990; (f) 1996		

In addition to describing the four key trends that seem particularly important in shaping the American family over the course of the century, this section also suggests potential causes of these changes. It is important to recognize, however, that many of the underlying behaviors of these trends are interrelated and that there is often no simple direction of causation.

WOMEN IN THE WORK FORCE

The substantial increase in female labor force participation has been one of the most important economic changes to affect the American family over the past century. Marriage and work trends have combined so that a higher proportion of women than ever before experience a period of independent living and employment before marriage, leading to greater labor force attachments that could conflict with family obligations. These increases have been pervasive across racial and ethnic groups and both within and across cohorts of women.

Today the portion of women in the labor force is three times what it was at the beginning of the century (see Chart 5-1) Women's labor force participation rose sharply after World War II, but the movement of women into the labor market was well underway prior to that point. By 1998, female labor force participation had reached 59.8 percent. While married women and women with children participated in the paid labor force at somewhat lower rates, these groups experienced a parallel dramatic increase (see Chart 5-1). The rate for women with children increased from 47.3 percent in 1975 to 72.3 percent in 1998. A myriad of factors have contributed to this growth in women's attachment to the paid labor market, including increases in female wages and changes in family structure.

CHART 5-1: Female Labor Force Participation 1900-1998

grandparents raising children
info. on stay @ home dads?
on ext- parent telecommu
training for
where?

FAMILY FORMATION AND DISSOLUTION

A second major trend that has shaped the current state of American families is a change in family formation and dissolution. Today, individuals are spending a smaller fraction of their adult lives within marriage (Spain and Bianchi 1996, p. 25). This is not to suggest that marriage is less important or conveys fewer benefits to the participants than previously. Despite considerable changes in the institution over the past century and differences across racial and ethnic groups, marriage remains a fairly universal experience. Throughout the century, over 90 percent of all women aged 55-64 have been married at some point, and in 1997, that proportion stood at 95.3%. (computed based on Coontz). In addition, the median duration of marriage rose modestly in the last half of the century (chart 5-2). Marriage is correlated with higher wages for men, longer and healthier lives for both men and women, and a greater overall level of economic security (Waite 1995).

Nonetheless, the patterns of family formation and dissolution are different now than in 1900. A number of factors have contributed to this change. One factor is a change in the way marriages end; for younger and middle-aged couples, the relative importance of divorce has increased while that of the death of a spouse has declined. While there is some evidence that the fraction widowed may have been over-reported early in the century because of social stigmas associated with being either unmarried or divorced, it was much more common for younger women to be widowed than divorced. In 1900, about 1 percent of women aged 35-44 reported being divorced, while about 8 percent reported being widowed. The two rates were almost the same in 1950 (just under 4 percent), and by 1997 the relative magnitude of the two groups was completely reversed from 100 years before. Whatever the source, however, the end of marriage tends to be associated with large declines in economic well-being, particularly for women and children as described below.

CHART 5-2: Fraction of Women who are Widowed and Divorced

An examination of divorce rates provides further perspective. Particularly notable are the sharp spike in the divorce rate immediately after World War II and the prolonged and significant increase in the rate between the mid-1960s and the early 1980s (see Chart 5-3). Since the 1980s the divorce rate has declined slightly but remains historically high. Explanations for the rise in the divorce rate included the growing economic independence of women, as described in the previous section, which has both created tensions within marriage and made divorce economically possible. At the same time, however, the change in labor force participation may be a response to a greater chance of being divorced and having to survive on one's own. Another factor is changes in state divorce laws in the 1970s and 1980s, which include the famous movement from "fault" to "no-fault" divorce.

CHART 5-3: Divorce Rates and Median Marriage Duration

Two other changes in family formation are important. The first is an increase in the age at first marriage, which also contributes to individuals spending less time in marriage. In 1900 half of all women began their first marriage by age 22; by 1950 this had dropped to age 20 (chart 5-4). Starting in the 1950s and 1960s, however, the median age at first marriage for women increased and is now up to almost 25 years of age. Men have traditionally married at a later age than women but their median age at first marriage exhibits the same U-shaped pattern over the century.

CHART 5-4: Median Age at First Marriage for Males and Females

Second, the fraction of individuals choosing to live together outside of a formal marriage has risen dramatically in the latter half of this century. One study reports that only 3 percent of women born between 1940 and 1944 had ever lived in a nonmarital cohabitation by age 25, while for women born 20 years later, 37 percent had cohabited by that same age (Bumpass and Sweet 1989). Thus despite the decreases in marriage rates and the increases in the age of first marriage across cohorts, the evidence actually indicates that individuals are still forming coresidential relationships at about the same point in their lives (Bumpass, Sweet, and Cherlin 1991).

increase in same-sex domestic partners 1.7 mills

OUT-OF-WEDLOCK CHILDBEARING

Childbearing behavior and the increase in out-of-wedlock births represent a third set of changes that has shaped the American family over the century. Immediately after World War II the average number of children born to a woman over her lifetime began to increase – the start of the baby-boom. In 1945 , the number of live births per 1000 women between ages 15-44 was 85.9. This number peaked in 1957 at 122.9. In more recent years, the number of births is down and women are having them later in the life-cycle. These large changes in fertility behavior and the corresponding changes in population have important implications for the U.S. economy and policies such as Social Security and Medicare.

CHART 5-5: Births per 1000 women – 1940-1998 (from Farley, p. 118)

An equally important change is the rise in out-of-wedlock births. The number of births per 1,000 unmarried women aged 15-44 increased from 7.1 in 1940 to 46.9 in 1994 (see Chart 5-5). The rate for black women aged 15-44 increased from 35.6 to 89.9 from 1940 to 1970, dipped to 82.9 in 1980, was back up to 93.9 in 1990 and has recently seen a decline to 75.9 in 1995. The rate for white women aged 15-44 increased most precipitously after 1980, rising from 17.6 to 37.5 in 1995 (Blau, et. al). The percent of births to unmarried women of all ages increased eightfold, from 4 percent in 1950 to 32.6 in 1994. Similar trends are evident for very young women. The percent of births to unmarried teens rose from 31.9 percent to 75.5 percent over the period 1970-1994. From 1980 to 1990 the birth rate to teens aged 15-19 climbed from 53.0 to 59.9 (per 1,000 teens); the unmarried teen birth rate rose from 16.5 to 30.6 for whites and 87.9 to 106.0 for blacks over the same period (also per 1,000). While the rate of childbearing by young women may not have changed that dramatically prior to that point, the rate to unmarried teens had been increasing for decades. This is a particular problem since the resources of unwed teens is significantly less than those of other families. Administration efforts to address this problem are discussed later in this chapter.

Combined with the changes in family formation and dissolution already discussed, these trends in childbearing behavior have led to large increases in the percent of children growing up in single parent households. The share of one-parent families rose from 7 percent in 1950 to 27 percent in 1997 (Chart5-6). About half of all black children under age 18 live in single mother households, up from 30 percent in 1970. The fraction of white children living in single mother households rose from 8 percent in 1970 to 17 percent in 1990 **(update)**.

LIFE EXPECTANCY AND HEALTH

The health and life expectancy of Americans has increased dramatically over the century. Major public health initiatives and medical advances have led to the virtual eradication of numerous diseases that at one time killed or severely impaired large fractions of the population. As a result of improvements in maternal and infant health, the infant mortality rate dropped by more than 90 percent from 100 per 1,000 live births in 1915 to 7.2 per 1,000 in 1997. Technological innovations, better health and nutrition of mothers, greater access to prenatal care, and greater use of vaccines and antibiotics all contributed to these tremendous improvements. A similar success story is found in the area of maternal health. In 1915, 6-9 women died because of pregnancy-related complications for every 1,000 births. By 1997 this rate dropped to 0.1 deaths per 1,000 live births – a 99 percent decline. Advances also have been seen in other areas. The rate of death from coronary disease and stroke has declined by 51 percent since 1972, infectious diseases like typhoid and cholera have been greatly reduced because of improved sanitation and living conditions, and the widespread use of vaccines has eliminated diseases like smallpox and polio.

These improvements have meant a longer lifetime for most Americans. Over the century, the average lifespan in the U.S. increased by more than 30 years with five-sixths of that increase being attributed to improvements in public health (MMWR 4/2/99). Life expectancy at birth for a woman rose from 48.3 in 1900 to 79 by 1996. For men it rose from 46.3 to 73 in 1996. Older Americans now have longer life expectancies as well. The life expectancy of men at age 65 rose from 11.5 years in 1900 to 15.9 years in 1997. Combined with the changes in fertility behavior over the century, the changes in life expectancy have led to an increasing share of the population that is elderly – a trend that will continue as the baby boom becomes old.

An important implication of increased life expectancy is a change in the extended family. Over 70 percent of adults aged 30-54 in the early 1990s had relatives that spanned three or more generations; over 40 percent of adults aged 50-59 were in four-or-more-generation families. In addition, greater numbers of family members from different generations live together; nearly 2.4

million households are now multi-generational. Longer life expectancy has meant that more grandparents are able to watch their grandchildren grow to adulthood. For example, in 1969, 22.7 percent of women aged 60-61 had living elderly parents; by 1992 this had increased to 28.1 percent. These trends all point to an increasing need to balance work and family, as working individuals may face multiple caregiving responsibilities for elderly parents, infirm spouses, and grandchildren.

Stats on caregivers? (NYT article Monday or New study)

CHALLENGES FAMILIES FACE

Over this century, the American family has experienced many positive changes that have resulted in richer lives for parents and their children. In monetary terms, average family income has increased and poverty has decreased. In non-monetary terms, individuals live longer and are much healthier. However, while the average family has gained over this past century, the gains have not been evenly spread across all families. As the discussion of recent trends indicates, families that are single-headed households have risen dramatically (through out-of-wedlock births or divorce), and these families have benefited less from the overall economic growth of this century.

This section examines the ways in which the trends discussed above co-mingle to create challenges that families face today—we call these challenges the "money crunch" and the "time crunch." While most women are working more and thus contributing to family income, a money crunch is most pronounced in single-headed households and less-educated households. In the case of the time crunch, while women are working more and contributing more to family income, these same women have less time for child care and home-care. In addition, working people may need to spend more of their rising incomes on the costly care of their aging parents, or to use their non-employed hours for care of aging parents.

THE "MONEY CRUNCH"

In the post-war period, families have become wealthier—median family income rose from $21,000 in 1950 to $47,000 by 1998 in 1998 dollars. The ongoing expansion of the economy contributed significantly to this gain in recent years: median family income of $41,500 in 1993 was about equal to what it was in 1973, at $41,500, but by 1998 it had risen to $46,700. However, while the recent prosperous years have produced earnings gains that are widespread across demographic groups, some continue to lag behind. The individuals in these groups are the focus of the money crunch. From the policy perspective, it is also these individuals who are the intended beneficiaries of recent policies, such as the expanded Earned Income Tax Credit, that are discussed at the end of this chapter.

The money crunch—or inadequate income to cover basic family needs—is felt by different family types for different reasons. Median family income differs substantially as a function of female labor supply and family structure (chart 5-7). For married couples with a wife not in the paid labor force, median family income in 1996 is approximately the same as the median level in 1971, despite a recent increase. Similarly, the median income of female-headed families has been nearly flat since the early 1970s, despite signs of improvement in the current economic expansion. In contrast, the median income for married couples with an employed wife has grown markedly since the early 1970s, with pronounced growth in recent years. Note however that these measures of real income are computed using the historical CPIUX1 which can understate growth rates of income for all groups.

Chart 5-7: median family income by family structure

As we consider the earnings trends by family structure, we also must remember that more families are headed by single parents. Corresponding to the family groups in chart 5-7, the share of families that are headed by a single parent has increased very significantly over time—from xx percent in 1969 to 23 percent of all families (Census income book) in 1998 (see Chart 5-8). The share of all married couple families with an employed wife has risen from 20.5 to 52.3 from 1951 to 1998, while the share with a non-employed wife has declined from 69.2 to 28.8. Thus, though the overall share of families headed by couples has declined from 89.7 percent to 81.1 percent from 1951 to 1998, the composition within this group has shifted dramatically towards working women. Given these shifts in family composition and differential earnings patterns, each of these three demographic groups is considered in turn. But before doing so, we summarize two relevant issues— income distribution and family needs.

Chart 5-8: share of families by family structure

Income Distribution

After rising markedly in the 1970s and 1980s, income inequality has been declining since 1994, in the prosperous years of the current economic expansion; however, pronounced educational differences in wage levels remain. During the years of rising income inequality, wage levels for the well-educated rose substantially relative to those for the less-educated, as

Should explicitly mention
continuing wage differential
between men + women
[illegible]

discussed in Chapter 4. This widening wage gap continues to contribute to income disparities across demographic groups.

Rising Family "Needs"

As incomes have risen this century, consumption patterns have changed. In 1950, the typical family spent 30 percent of its income on food and 9 percent on clothing. By 1995, those percentages had fallen to 14 and 5 percent, respectively. Moreover, entirely new forms of consumption have taken their place. Over 80 percent of households have cars, up from roughly 50 percent in 1950, and the typical family has two cars and two television sets. As technological change has lowered the relative cost of food and made other expenditures feasible, consumers have turned to more attractive goods, such as CD players, VCRs, and personal computers. It is estimated that in 1997, more than 33 percent of households owned a personal computer, 61 percent had a cordless phone, and 88 percent had a VCR.

Thus, we may need to change our notion of family needs, from traditionally basic purchases to the additional acquisition of standard consumption goods like automobiles, cars, TVs, and computers. When families feel they do not have access to such standard goods, they too may feel a money crunch.

Finally, a rising need for the working mother is child care, and these costs can be substantial. It is estimated that from 1986 to 1993 direct expenditures on child care have risen from 6.3 to 7.3 percent of family income. **[add educational expenses?]**

Female-Headed Families

The share of families that are headed by a single parent has increased very significantly over time, yet the percent of children in single parent households has increased more dramatically, from xx percent in 1969 to 23 percent in 1998 (chart 5-8). These children live in families headed largely by women—only 19.1 percent of single-headed households in 1998 are families. As described in the section above, this increase has arisen from a combination of rising non-marital child-bearing and rising divorce rates.

Female-headed families are the most likely to suffer from inadequate financial resources. Despite rising median hours of work from 1969 to 1998 (chart 5-9), median income for this group has not grown on average over the last thirty years (chart 5-7). As discussed later in this chapter, helping this group had been a priority of this Administration, via the Earned Income Tax Credit and minimum wage increases.

Chart 5-9: hours of work of women heading families

The effects of divorce and bearing a child out of wedlock contribute directly to income losses for female-headed families. It is estimated that 22 percent of women who get divorced experience a 50 percent or more decline in family income. Also, never-married mothers are less likely to have a child support award than divorced (44 percent versus 73 percent in 1993) and, if they actually received support, the amount of the award is much smaller ($1,700 versus $3,600 per year – Greenbook). Overall, roughly half of all women who are single parents receive public assistance.

Uncovered expenses, including cost of child care not covered by child support ~~[illegible]~~ [illegible] [illegible] [illegible]

/

Reflecting these poor earnings, poverty rates for female-headed families are very high—the rate of poverty was 38.7 percent for this group in 1998, compared to a substantially lower 6.9 percent for married-couple families with children (though these poverty rates are based on income that does not include support from public assistance). Given the higher incidence of poverty and lower-earnings levels of female-headed households, elevating the economic status of these families has been of particular concern in the policy initiatives of the 1990s, and in recent years, this rate has begun to decline. These initiatives are discussed at the end of this chapter.

Married-Couple Families

Largely due to the entry of women into the labor force, there has been a substantial increase in the economic well-being of families, but not all families have experienced equal growth of well-being. Many of these families allude to an increasing money crunch, which occurs when the increasing hours of work of wives has not produced sufficient income to keep pace with the perceived rising costs of family needs. Thus, the families who are most likely to feel this money crunch are those in the lower quintile of the income distribution, where median family income has grown by only xx percent over the last thirty years, despite gains from the current economic expansion of the 1990s. In contrast, for those families in the upper quintile of the income distribution, average income has grown by xx percent, though their expenses have also risen with the purchase of higher-quality child care and education. **[get numbers]**

Among those families with non-working wives, median annual income is only slightly more than half that of families with working wives. Thus, the families with non-employed wives are not the wealthier families, but are instead families from across the income spectrum. These families are allocating the wife's time to child-care even though it can result in a "cash-poor" lifestyle. In contrast, the families with employed wives have considerably more disposable income on average, which in many cases is likely to remain higher even after subtracting the costs of working such as child care expenses.

THE "TIME CRUNCH"

Since 1950, female labor force participation rates have increased dramatically and wives' decisions to enter the labor market have resulted in a marked increase in median family incomes. While the choice to enter the labor market provides more material wealth for families, it also results in less home time. A 1995 national survey asked individuals whether they "always feel rushed, even to do the things you have to do," and 33 percent said yes, up from 24 percent in 1965. The increase in women in the labor force may have contributed to this feeling of time pressure. In this section, evidence on changes in parents' allocation of time is presented, to examine how patterns of family care have changed as women have entered the labor force.

The demands of maintaining a family while in the paid labor market can create tremendous strain on individuals' time—in both single-mother and married-couple families—which we refer to as the "time crunch." Because almost three-quarters of current caregivers in the home are women and because our data indicates that husbands have not increased their time in caregiving, the rise of women in the labor force has meant that the balance between work and family is especially pronounced for women. This section begins by looking at all working mothers before discussing special circumstances of female-headed families.

Time Use and Child Care

As women have shifted towards market work and contributed to rising family earnings, their rising hours of work have resulted in less time for home-based activities. Using data from the Current Population Survey of individuals, chart 5-10 shows the time parents potentially have available to spend with all their children, after subtracting time spent at paid work and allowing eight hours per day for sleep. All families experienced a decline from 1982 to 1995. Since the mean number of children in families has also declined over this time (from 2.78 in 1982 to 1.96 in 1995 for women aged 40-44), time per child may have declined less.

Chart 5-10: CPS derived residual time available for child care

Our best source of information on time use comes from a study that makes use of the Time-use Diaries that have been conducted from 1965 to 1995. These surveys ask individuals to keep a daily record of how they spend their time during a specific day. Though rich in detail on time use, these studies survey a fairly small number of individuals and thus cannot be used to examine trends for subgroups of the population.

This diary data can be used to illustrate the time crunch for working mothers. Employed women spend one-third less time on child care and household tasks than women do who are not in paid employment. The primary change in time use for this group is that their increase in employed hours has been nearly equally offset by a reduction in housework. Men have also increased their hours in housework by 5.0 hours per week (though the data does not separate fathers from all men). Nevertheless, despite the assistance of husbands and purchased inputs into home care, employed women still have 25 to 30 percent less free time today than in 1965.

This data also displays a modest reduction in home-based care for children. Employed women spend 6.7 hours per week for child care and women would do not work outside the home spend 12 hours per week. Within each of these two groups, the average weekly hours spent on child care has not changed from 1965 to 1995. [Similarly, the husband's weekly hours spent on child care has remained constant over the last thirty years at 2.6 per week.] But what has changed over time is the number of employed women, so as these numbers have risen the average amount of time spent on child care in the home among all families has fallen from approximately 10 to 8 hours per week. However, it should be noted that these numbers refer only time spent directly on child care—time spent on home activities that include the children is not counted here. shorten!

Undoubtedly the time crunch is worse for single-headed families. These families are lower-income and thus are less able to purchase substitutes for their time in the home, such as home-based child-care or cleaning services or products to ease home efforts. And finally, they lack the assistance that a spouse provides. Alternatively, they may rely more on intergenerational care, and this can be an important alternative for them. [see Box 5-2 on this.]

Time Use and Parental Care

Americans are now healthier and are living much longer lives, so the elderly are now a much more vital part of their families and are providing extensive assistance to their families (see Box 5-2). However, because the elderly are an increasing share of the population, it is also anticipated that there will be a greater demand for their care in the future. Already in 1996, more than 5 percent of households spent over 20 hours a week in caregiving for the elderly (DOL book). And since nearly two-thirds of family caregivers are working, the need to balance work and family will likely increase in the next century. The Families and Work Institute estimates that about 42 percent of workers will provide some form of elder care by 2002 (DOL book). In the discussion above, we have focused on the time costs and money costs of raising children and the stresses that families bear because of these costs. Layered on top of this is the generational crunch – the time and money costs of eldercare that arise when families are already maintaining a delicate balance between work and family. With parents living longer and their daughters who traditionally provide their care now in the paid labor force, the costs of parental care and the generational crunch are likely to become even more substantial in the 21st century.

Over the last ten years, there has been an explosion of home-based care for the elderly, and this care has been provided largely by women. From 1987 to 1996, the number of US households that provided unpaid care to elderly adults more than tripled, from 7 million to 22.4 million (National Survey of Caregivers). The average caregiver, then and now, is a married middle-class woman in her 40s with a high school education, and the average care recipient is most likely her mother or mother-in-law. However, while more women are providing in-home care, each is spending somewhat less time on that care. Today the average caregiver spends fewer hours per week, is less likely to be co-resident, and is more likely to use paid services. Impact on caregivers – NYT

While more families are providing in-home care for the elderly, the use of formal care has also increased substantially. From 1987 to 1996, the number of nursing homes increased 20 percent, and the size of the elderly nursing home population also increased 29 percent from 1980-1990. Rising life expectancies have placed more elderly in formal care and the formal care population is becoming older and increasingly frail; the proportion of nursing home residents over age 85 increased by about 14 percent and the percent of residents with 3 or more ADL (Activities of Daily Living) limitations rose from 72 percent in 1987 to 83 percent in 1996. It was estimated that the lifetime risk of institutionalization for those reaching age 65 in 1990 is 43 percent.

Thus, while life expectancy has risen and the elderly are far healthier today than in the past, they are also much sicker towards the end of their lives and require more extensive care. It is this care that often becomes the responsibility of their adult children.

The explosion in caregiving responsibility for parents is contributing to the overall "time-crunch" that the American family is facing; 43 percent of elderly caregivers say their caregiving has caused them to have less time for other family members. These changes surely arise in part because today's average caregiver is balancing work and family, with half of all caregivers working full-time outside the home. Another study noted that 40.8% of daughters and 29.6% of sons involved in caregiving had either quit their jobs or made work adjustments to accommodate care demands. Surveys of caregivers underestimate parental care needs, however, because they cannot measure the frequency with which employed potential caregivers choose not to provide care.

While the purchase of formal care may help to alleviate the time-crunch felt by families, it may instead contribute to a money-crunch. The average cost of a nursing home is now more than $40,000 per year, and of those admitted to a nursing home at age 65 or older, the average length of stay is 26 months for women and 19 months for men. In fact, nearly 50 percent of the costs of long-term care are paid out-of-pocket by nursing home patients and their families, and most of the remaining costs are borne by Medicaid. The Administration's long-term care initiative attempts to address this crunch.

In the future, the time and money commitments associated with parental care may become even more severe, given the trends we have identified above. The increase in the labor supply of women has raised their wages and thus raised the opportunity cost of their time. Thus, as employed women age and their parents require more care, women's higher wages may make them increasingly reluctant to curtail their market work—thus they will face a greater time crunch in the care of their parents. To the extent that these women have had children later in life, they also are stuck in the generation crunch of caring for both. And among those women who do not have children at home, they may instead have grandchildren to care for (see Box 5-2) — using data from 1992-94, it is estimated that over 40 percent of individuals aged 50-59 were members of families with at least four generations (this includes in-laws for married people). For the next century, the increasing cost of elderly care will also fall on fewer children--the declining fertility rates of the baby boom generation will result in half as many children available to take care of their elderly parents. This anticipated increasing "time crunch" may result in more substitution towards formal care, as the greater wealth of the baby boom generation and their children may make such care more affordable; however, if the cost of that care continue to rise at above-average rates, these same individuals are likely to experience an increasing "money crunch" as well.

Box 5-2: The Role of Grandparents

Over the last three decades, the share of children under age 18 living in a household headed by a grandparent has risen by more than 70 percent (see chart 5-11). The driving force in the 1990s has been an increase in the share of children living in households with neither parent present. Between 1980 and 1990, by contrast, the increase came from children living in grandparent-headed households with just a single parent present The share in such households with the father as the single parent present, while small, continues to grow in the 1990s.

The rise in female labor force participation has created a greater overall demand for grandchild care that extends beyond living arrangements. Of grandparents caring for grandchildren in a non-custodial relationship, over 60 percent cited the employment of the grandchild's parents and/or the desire to help the grandchild's parents financially as reasons for providing care. In addition, in a sample of working mothers aged 19-26 with a youngest child under 5 years old, nearly 25 percent utilized grandmothers as the principal caregiver (this share rises to almost 39 percent among full-time working mothers).

The preceding section documents that while the care of elderly parents may exacerbate the "time crunch" and "money crunch" that many families now experience, the increasing health and longevity of elderly also suggest that elderly may be a potential resource that can help families balance these other pressures. In recognition of the delicate balance that many American families are trying to maintain, the Administration has proposed a number of ways to help. Some of these are highlighted in the section below.

SUPPORTING FAMILIES IN THEIR EFFORTS TO BALANCE WORK AND FAMILY

Changes in American families and work patterns have created new opportunities as well as significant policy challenges for private employers and government. To the extent that today's workers demand more flexible work conditions or other non-wage-related benefits, employers may have to comply with these demands in order to attract and retain the kind of high-quality work force they desire. But real world labor markets do not always respond instantly to changing conditions. In addition to its responsibility for trying to maintain full employment, government can play a role in setting certain norms (such as the Family and Medical Leave Act) or providing an example (such as flextime, as discussed below).

INCREASING THE FINANCIAL RESOURCES OF FAMILIES

A strong economy is a critical prerequisite to the economic well-being of families. As discussed in Chapter 2, the labor market has performed excellently overall in recent years. Since 1993, families in each quintile of the income distribution have experienced solid and roughly equal percentage gains in income. Low-wage workers have also experienced steep declines in unemployment. In 1993, 11.1 percent of workers without a high school degree were unemployed; today that rate has fallen to 7.2 percent. Among high school graduates (with no college), the rate has fallen from 6.6 to 3.9 percent. Thus, the gains from this strong labor market are extending to low-wage workers, who must balance work and family on a modest paycheck. However, the long period of decline in average wages of less skilled workers from the 1970s to the early 1990s made it hard for many low-income families to make ends meet, and this Administration, besides pursuing sound macroeconomic and budget policies to foster the expansion, has pushed for policies that make work pay for lower wage working families facing a money crunch.

Expansions in the Earned Income Tax Credit

The Earned Income Tax Credit (EITC), a refundable tax credit for low-income workers, has been expanded substantially since 1993. The EITC is not currently included in the definition of money income used to compute the official poverty rate, but calculations based on an alternative income concept that does include the EITC show that it lifted more than 4.3 million Americans out of poverty in 1998—more than double the number in 1993. In 1998, the EITC lifted more than 2.2 million children out of poverty, and over half of the decline in child poverty between 1993 and 1997 can be explained by changes in tax relief, most importantly the EITC.

Increases in the Minimum Wage

The minimum wage was increased from $4.25 in 1993 to $5.15 in 1997, boosting the wages of 10 million workers. The combined effects of the minimum wage and the EITC have dramatically increased the returns to work for families with children. For example, between 1993 and 1998, families with one child and one earner who worked full-time at the minimum wage experienced a 14 percent ($1,303) increase in their income, after inflation, as a result of these two policies alone. Similar families with two children experienced a 27 percent ($2,699) increase in their income.

Welfare Reform

Legislation enacted in 1996 transformed the Nation's welfare system into one that is work-focused and time-limited. Although it may produce short term strains for some in balancing work and family, the new policy has the potential to increase the financial independence and long-term well-being of low-income families. The Administration's teen pregnancy initiative (box 5-2) could also play a supporting role by reducing the incidence of that particular source of strain.

Box 5-2 The National Strategy to Prevent Teen Pregnancy

Despite a consistent decline in the teen birth rate in recent years, teen pregnancy remains a significant problem. Each year, more than 900,000 pregnancies occur among American teenagers aged 15-19. The babies of these young women are often low birth weight and have disproportionately high infant mortality rates. On January 4, 1997, President Clinton announced a comprehensive effort to prevent teen pregnancy in this country. The new initiative, led by the Department of Health and Human Services, responded to a call from the President and Congress for a national strategy to prevent out-of-wedlock teen pregnancies and to a directive, under welfare reform, to assure that at least 25 percent of communities in this country have teen pregnancy prevention programs in place.

- **Implementing New Efforts Under Welfare Reform.** Under the welfare law signed by President Clinton on August 22, 1996, unmarried minor parents are required to stay in school and live at home, or in an adult-supervised setting, in order to receive assistance. The law supports the creation of Second Chance Homes, which provide teen parents with the skills they need to become good role models and providers for their children, giving them guidance in parenting and in avoiding repeat pregnancies. The welfare law also provides $50 million a year for five years in new funding for state abstinence education programs. The Balanced Budget Act of 1997 provides funding for a national evaluation of the program. Finally, the new welfare law includes tough child support enforcement measures which will send the strongest possible message to young girls and boys that they should not have children until they are ready to provide for them.

- **Supporting Promising Approaches.** The Clinton Administration continues to support innovative teen pregnancy prevention strategies tailored to the unique needs of communities. HHS-supported programs in this area already reach about 34 percent, or 1,616 communities in the United States.

- **Building Partnerships.** HHS has built partnerships with national, state, and local organizations.

- **Disseminating Information on Innovative and Effective Practices.** On October 25, 1999, Secretary Shalala unveiled a comprehensive guide, developed in partnership with the National Campaign to Prevent Teen Pregnancy, intended to help communities and non-profit organizations establish successful local teen pregnancy prevention programs.

- **Improving Data Collection, Research, and Evaluation.** The national strategy is working to improve data collection, research, and evaluation to further our understanding of the magnitude, trends, and causes of teen pregnancies and births; to develop targeted teen pregnancy prevention strategies; and to assess how well these strategies work.

- **Sending a Strong Abstinence Message.** The national strategy places a special emphasis on sending a strong abstinence message.

Recent policy changes designed to ease the welfare to work transition and support working low-wage families include a $4 billion increase over six years in child care assistance to families moving from welfare to work; the creation of the Children's Health Insurance Program (CHIP) to extend health care coverage to uninsured children; new rules that allow states to expand Medicaid to cover more low-income families who work, including more two-parent families; and 60,000 new housing vouchers in 2000 for low-income families. The Welfare-to-Work Tax Credit, enacted in 1997, provides a credit equal to 35 percent of the first $10,000 in wages in the first year of employment, and 50 percent of the first $10,000 in wages in the second year, to encourage the hiring and retention of long-term welfare recipients. The credit complements the Work Opportunity Tax Credit, which provides a credit of up to $2,400 for the first year of wages for eight groups of job seekers.

Social Security and Medicare

The President has proposed to use the benefits of fiscal discipline and debt reduction to strengthen Social Security, extending its solvency from 2034 to 2050. Social security is a key source of income for those over age 62—it was the major source of income for 63% of beneficiaries in 1992, representing over 90% of income for 26% of the beneficiaries and the sole source of income for 14%. These benefits are an especially important component of income for households in the lower income brackets and are the largest single source of income for all but the highest income quintile of the elderly.

Medicare is the main source of health insurance for the elderly, insuring nearly 99 percent of those aged 65 and older. Nevertheless, rising health care costs have meant that the percentage of enrollees' per capita income needed to cover such costs has increased. The Administration is exploring ways to ensure that Medicare continues to meet the needs of its beneficiaries.

Other Policies to Help Families

The Administration has addressed the money crunch facing middle class families as well. In 1999, 27 million families with 45 million children received the $500-per-child tax credit enacted in 1998. Tougher child support enforcement has helped to ease the economic burden on single mothers and enforce responsibility for economic support of children on both parents. In 1998, federal and state child support enforcement collected an estimated $14.3 billion from non-custodial parents, nearly an 80 percent increase since 1992. The number of families that are receiving child support has increased to 4.5 million in 1998, an increase of 59 percent since [illegible] 1992. There have also been substantial expansions in support for vocational education, community college, and skill development, including the creation of Hope Scholarships, increases in the maximum Pell Grant, and the passage of the Workforce Investment Act of 1998. These are discussed in detail in the next chapter on Learning and Skills.

INCREASING THE FLEXIBILITY OF PAID WORK

In shifting from work in the home to work in the market, many women find themselves with less flexibility in responding to family needs. This shift has also called upon men to take a greater role in childcare and in helping with other family needs. The result is that flexibility on the job is becoming increasingly important to families.

The Family and Medical Leave Act

The Family and Medical Leave Act (FMLA) of 1993 requires employers with 50 employees or more to provide up to 12 weeks of unpaid, job-protected leave a year to eligible employees to care for a newborn, newly-adopted or foster child, a child, spouse or parent with a serious health condition, or for the serious health condition of the employee, including maternity-related disability. The FMLA also requires employers to continue health benefits during leave. Employees are eligible to take leave if they have worked for a covered employer for at least one year, and for 1,250 hours over the previous 12 months. Since 1993, millions of workers have taken advantage of the FMLA to spend necessary time with their families.

The experiences of both employers and employees with the FMLA were documented in a national survey, sponsored by the Department of Labor. The survey found that a third of employers (and two-thirds of employers in larger worksites) believed that the FMLA had positive effects on employees' ability to care for their family members. Most employers also reported that compliance costs were small or negligible, and that there was no noticeable effect on either business or employee performance. Among employees, the survey found that the majority of those who took family or medical leave found it relatively easy to arrange, and few reported concerns about job-related consequences of taking leave. It also found that employees with family incomes under $30,000 per year were more likely to take leave than employees with higher incomes, highlighting the importance of FMLA to lower-income workers. Today, 91 million workers are covered by the FMLA. The Act has emerged as a significant step in helping a larger cross-section of working Americans meet their medical and family caregiving needs while still maintaining their jobs and their economic security. The President has proposed expanding the Act to cover businesses with 25 employees or less – extending coverage to an additional 10 million workers. He has also proposed allowing FMLA-

D add in paid leave/partial wage replacement issue?

covered workers to receive up to 24 hours per year for parent-teacher conferences or to accompany a child, spouse, or elderly parent for routine medical and dental care.

Work Arrangements that Promote Flexibility

The need for greater job flexibility by families is also leading to new work arrangements between private employers and their employees regarding when and where paid work is performed. An increasingly popular work arrangement is "flextime," which allows workers to vary the time they begin or end work. In 1997, 28 percent of full-time wage and salary workers had flexible work schedules. This was up sharply from 12 percent in 1985, the most recent prior year when data were collected. The Federal government has led by example by instituting flextime, allowing employees some discretion in when they work their allotted hours. The President has proposed a flextime initiative that would allow *all* workers to take "time-and-a-half" overtime compensation in the form of compensatory time for family and medical leave purposes or vacation instead of cash.

Another approach to allowing greater flexibility on the job is doing work at home for pay. This arrangement is used by a small but growing share of workers. In 1997, for example, 3.3 percent of all wage and salary workers were doing work at home for pay, up from 1.9 percent in 1991. Also, another way parents share child care is by working different shifts. In order for shift work to make combining paid work and child care easier, however, the choice of shifts must be voluntary. In 1997, 83 percent of full-time wage and salary workers were on regular daytime

¶ Should be related to the workforce [illegible] schedules, 4.6 percent were on evening shifts, 3.9 percent were on employer-arranged irregular schedules, 3.5 percent were on night shifts, and 2.9 percent were on rotating shifts.

IMPROVING ACCESS TO HIGH QUALITY, AFFORDABLE CHILD CARE

Most parents adjust to an increase in their paid work time by increasing their use of child care providers. The availability, cost, and quality of child care are crucial to the well-being of our children and the ability of parents to balance adequately the needs of work and family. The primary child care arrangements for preschool-age children of employed mothers in the fall of 1994 were divided roughly equally among care in the child's home (by a relative or nonrelative), care in another home (by a relative or nonrelative), and care in an organized child care facility. Since comparable data were first collected in 1986, the trend shows a slight increase in the proportion of children receiving care in their own homes, relatively fewer children receiving care in another home, and relatively more children receiving care in an organized facility.

The Administration has consistently emphasized the importance of child care availability and quality. Since 1993, child care subsidies for low-income families have grown by 80 percent. In addition, the Administration's budget proposal [**update**]for the fiscal year 2000 includes a variety of proposals to help make child care more affordable and improve its quality, including an investment of $7.5 billion over five years in the Child Care and Development Block Grant; combined with the funds provided in welfare reform, this new investment would enable the program to serve over one million additional children by fiscal 2004. Also, the President's budget includes $5.1 billion over five years to increase the Child and Dependent Care Tax Credit for three million families earning under $60,000 a year, and $3 billion over five years in a proposed Early Learning Fund to improve the quality of care children receive.

In addition, the Administration is addressing the need for after-school care for children. Since 1970 the percentage of married couples who work full time, year round and have school-age children has nearly doubled (from 18.7 percent in 1970 to 37.3 percent in 1997). Today, the parents of over 28 million school-age children work outside the home. This has led to a strong demand for quality programs to ensure that children are safe and learning in the hours in which they are not supervised by a parent. In fact, experts estimate that every day roughly 5 to 7 million children are left unattended at home. The Clinton Administration has responded to this demand by increasing its investment in after-school programs from $40 million to $200 million in the 1999 fiscal year, which is estimated to reach roughly 400,000 children this year. And the President's fiscal year 2000 budget [**update**] would triple the investment in these programs to $600 million.

$453 mil

[illegible]

update [illegible]

EASING THE BURDEN OF LONG-TERM CARE

Like Social Security and Medicare, long-term care will become a primary concern of baby-boomers as they approach retirement age. In 1994 an estimated 2.1 million elderly living in the community needed help because of problems with three or more activities of daily living (such as eating, bathing, dressing, or moving around) or because of a comparable cognitive impairment. That number will rise as the population ages, and the fast-growing population of the "oldest old," those 85 and older, is at greatest risk.

Much long-term care today is provided informally: about 65 percent of elderly persons living in the community and needing long-term care assistance rely exclusively on unpaid sources, most often family and friends. Surveys have found that 8 of every 10 caregivers provide unpaid assistance averaging 4 hours a day, 7 days a week. For many, such assistance competes with the demands of paid employment. In addition, home and community-based care requires substantial out-of-pocket expense, totaling over $5 billion in 1995.

The Administration has proposed four initiatives to help relieve the burden of families with members in need of long-term care:

- *A tax credit of up to $1,000 for people of all ages with three or more limitations in activities of daily living (or a comparable cognitive impairment).* Persons needing long-term care themselves, or their family members who care for and house them, can claim the credit, which phases out at incomes of $110,000 for couples and $75,000 for unmarried taxpayers. The credit would provide financial support for about 2 million Americans, broadly expanding an existing set of tax allowances.

- *The National Family Caregiver Support Program* . This would fund State initiatives establishing "one-stop shops" that assist families caring for elderly relatives through training, counseling, and arranging for respite care.

- *A national campaign to educate Medicare beneficiaries about the program's limited coverage of long-term care and help inform their care decisions.* The need for information is great: nearly 60 percent of Medicare beneficiaries are unaware that Medicare does not cover most long-term care.

- *A proposal that the Federal Government serve as a model employer*, by offering nonsubsidized, quality long-term care insurance to all Federal employees and using its market leverage to negotiate favorable group rates.

Millions of adults and a growing number of children have long-term care needs because of a health condition from birth or a chronic illness developed later in life. Moreover, with the number of Americans age 65 and older and 85 or older projected to double by 2030, long-term care is a need that will grow in the 21st Century. The Administration is addressing this need.

CONCLUSION

The American family in the 21st century faces a completely different world and a new set of challenges from its counterpart of a hundred years ago. It would probably be a mistake, however, to conclude that the general problems of too little time and too little resources are new. Families today enjoy a much higher standard of living than families did a hundred years ago, and families back then certainly had to work long hard hours. But expectations appear to be different today. Great changes in the economy have opened up great opportunities, and people aspire to take advantage of those opportunities.

Chart 5-1 **Labor Force Participation for Women**

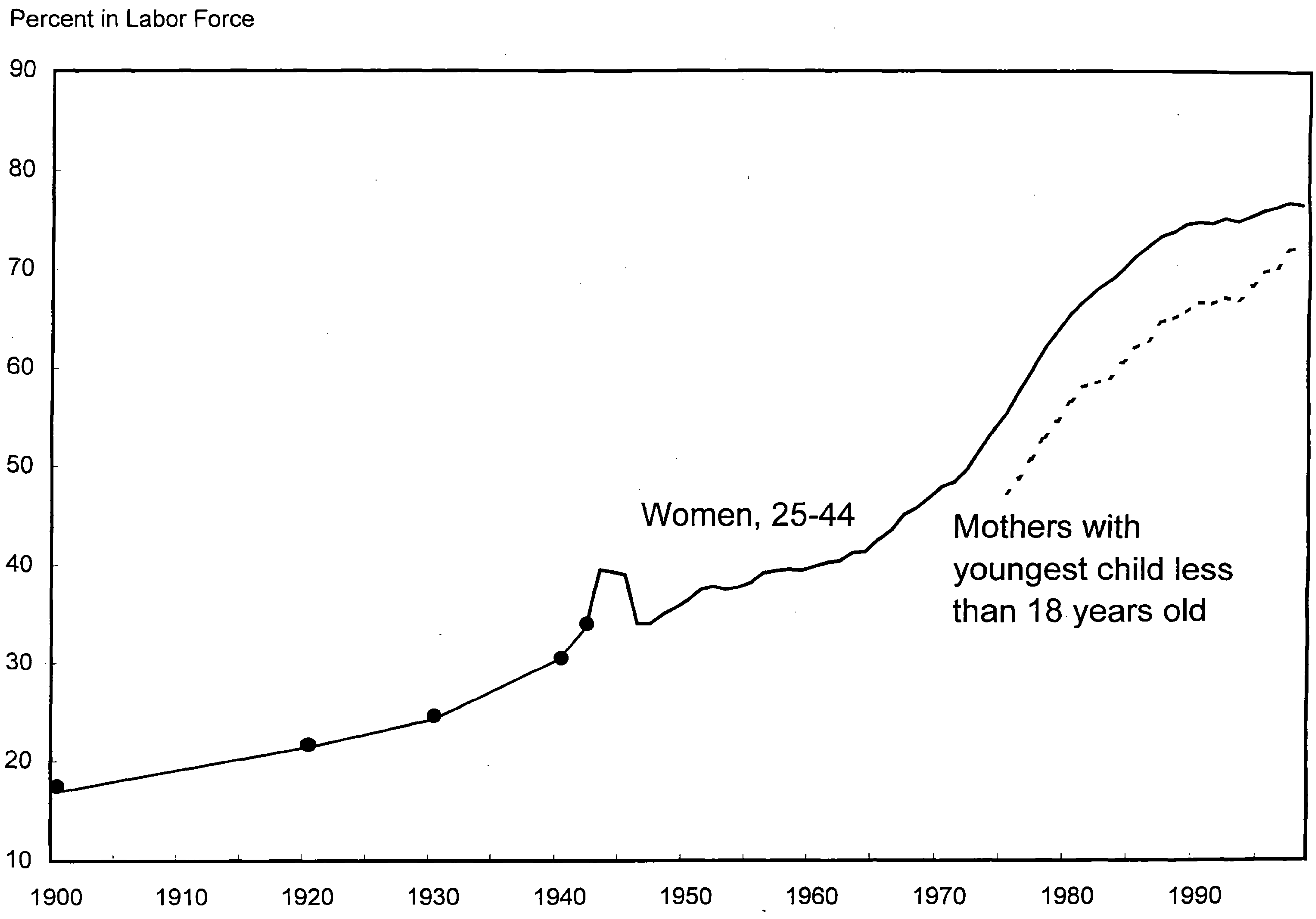


Chart 5-2 **Percent Widowed or Divorced by Age Range**

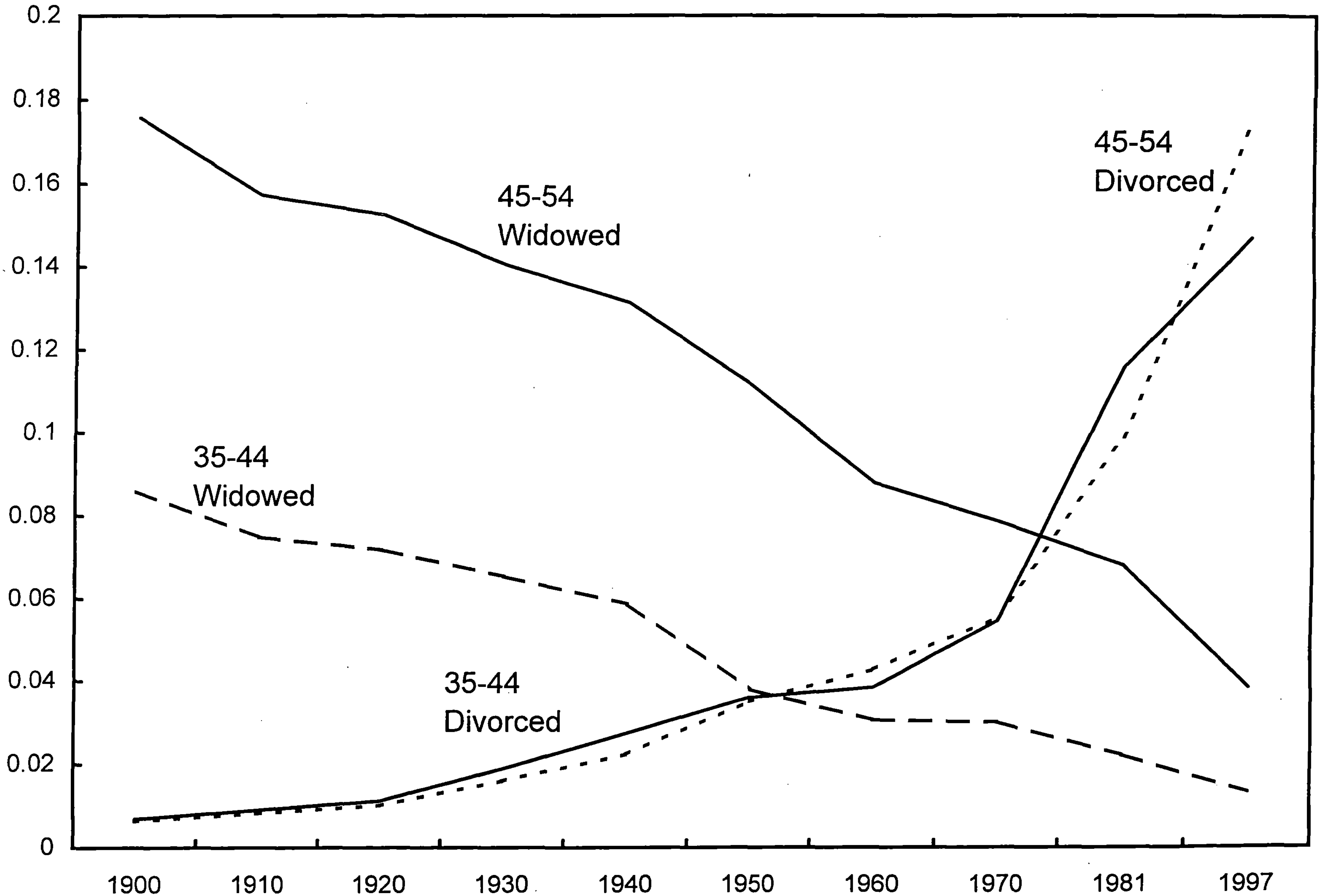


Chart 5-3 **Divorce Rates and Median Marriage Duration**

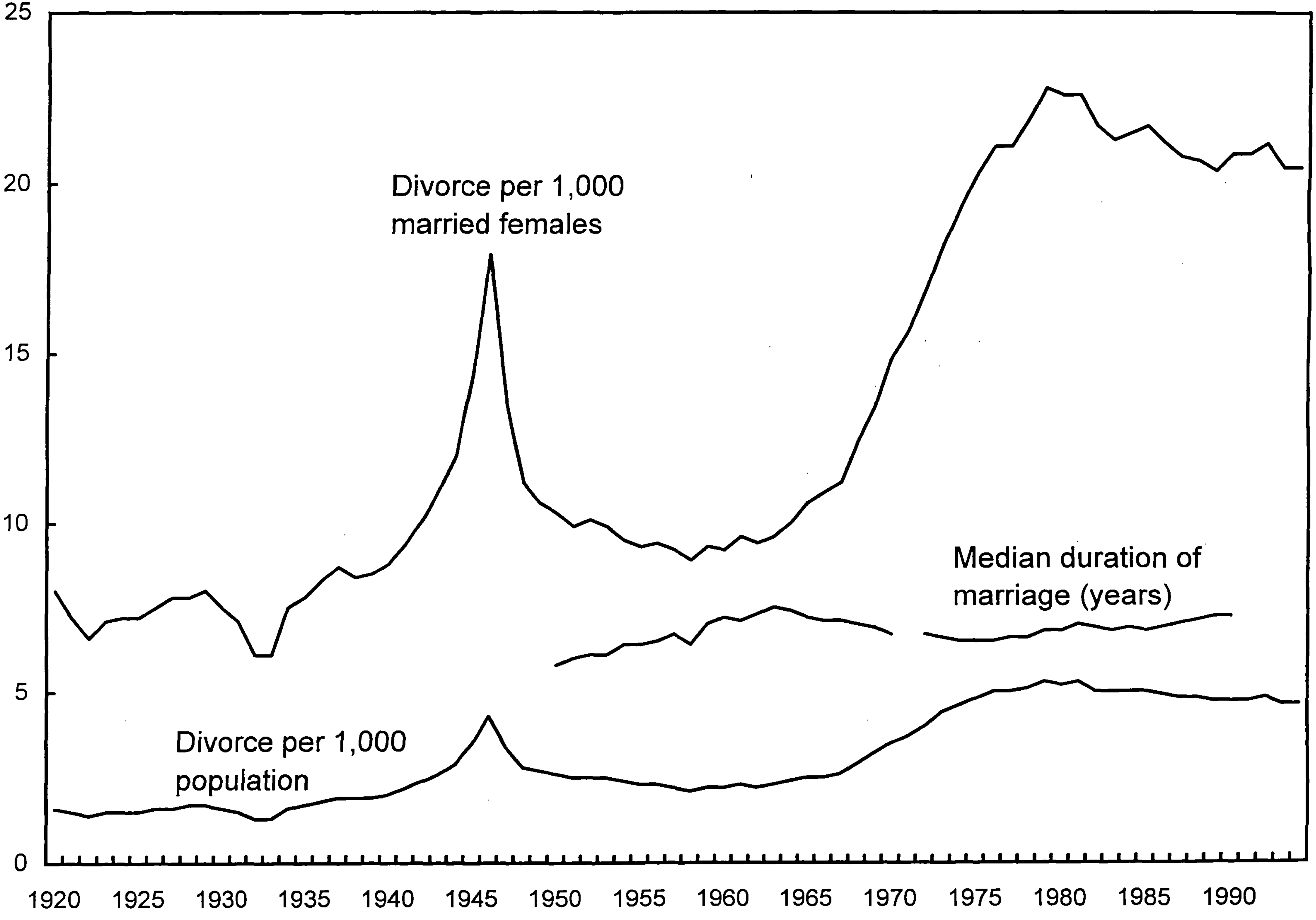


Chart 5-4 **Median Age at First Marriage, 1900-1998**

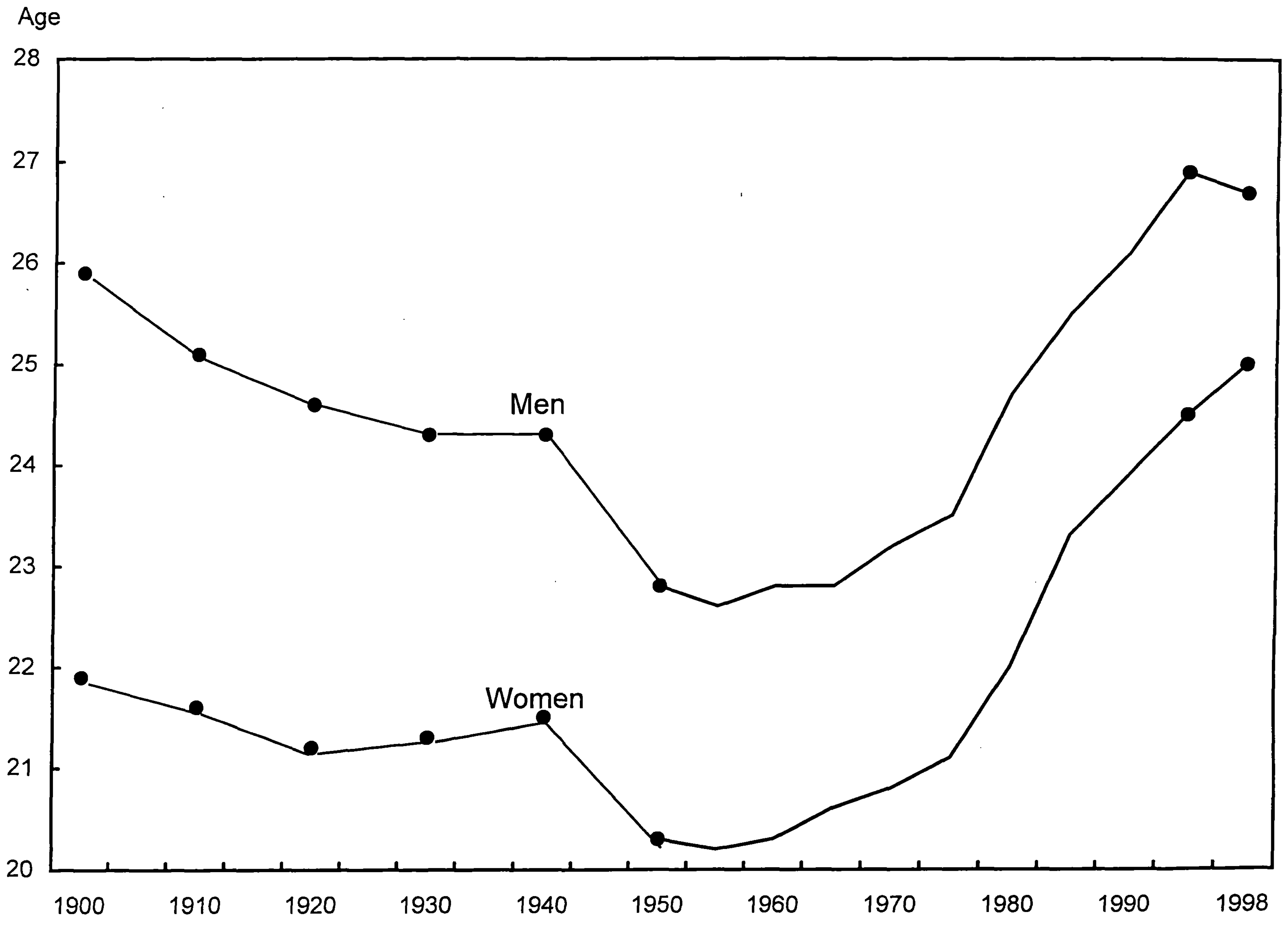


Chart 5-5 **Birth Rates and Percent of Births by Marital Status**

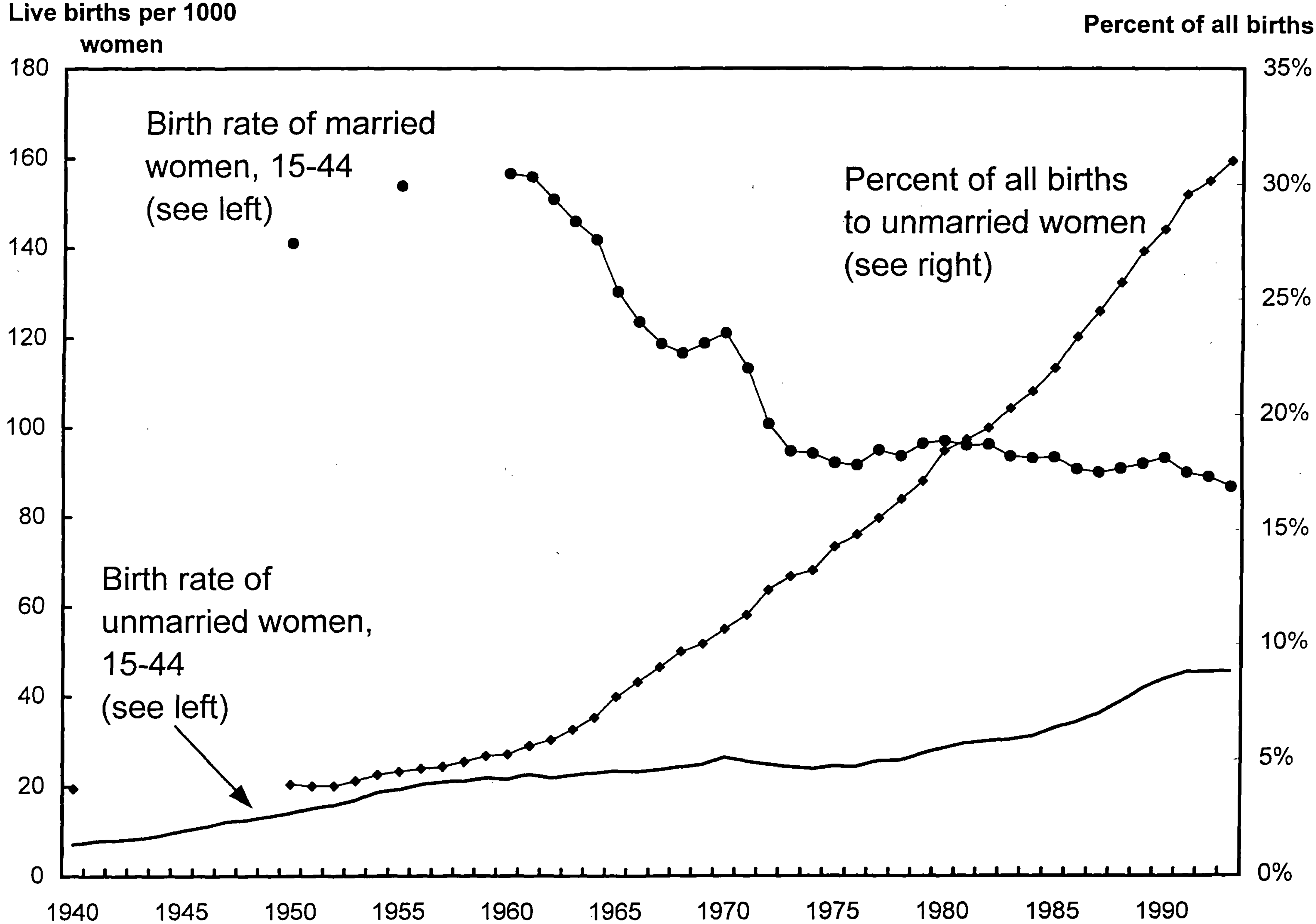


Chart 5-6 **Percent of Children in Various Living Arrangements, by Race**

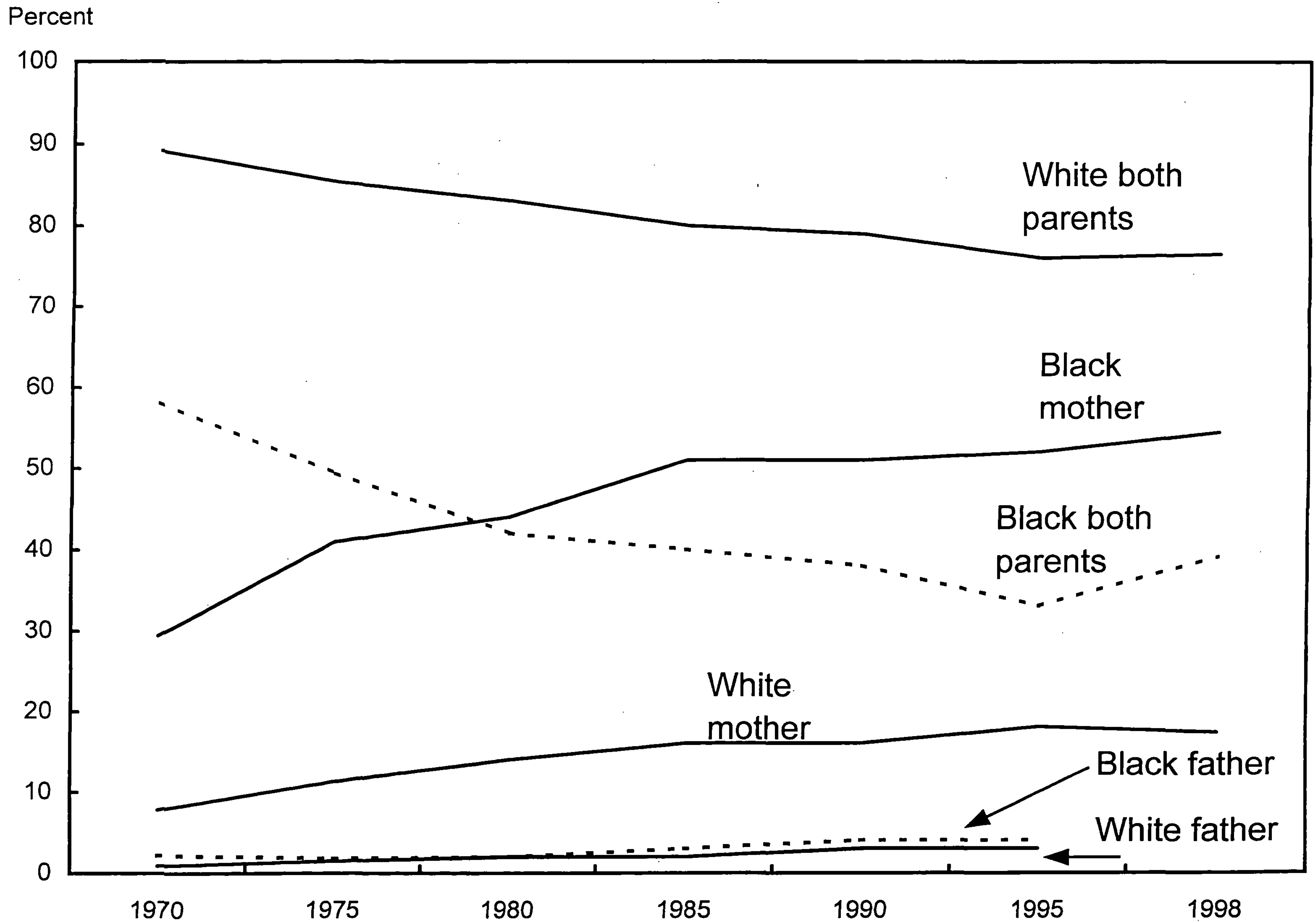


Chart 5-8 **Type of Family Structure**

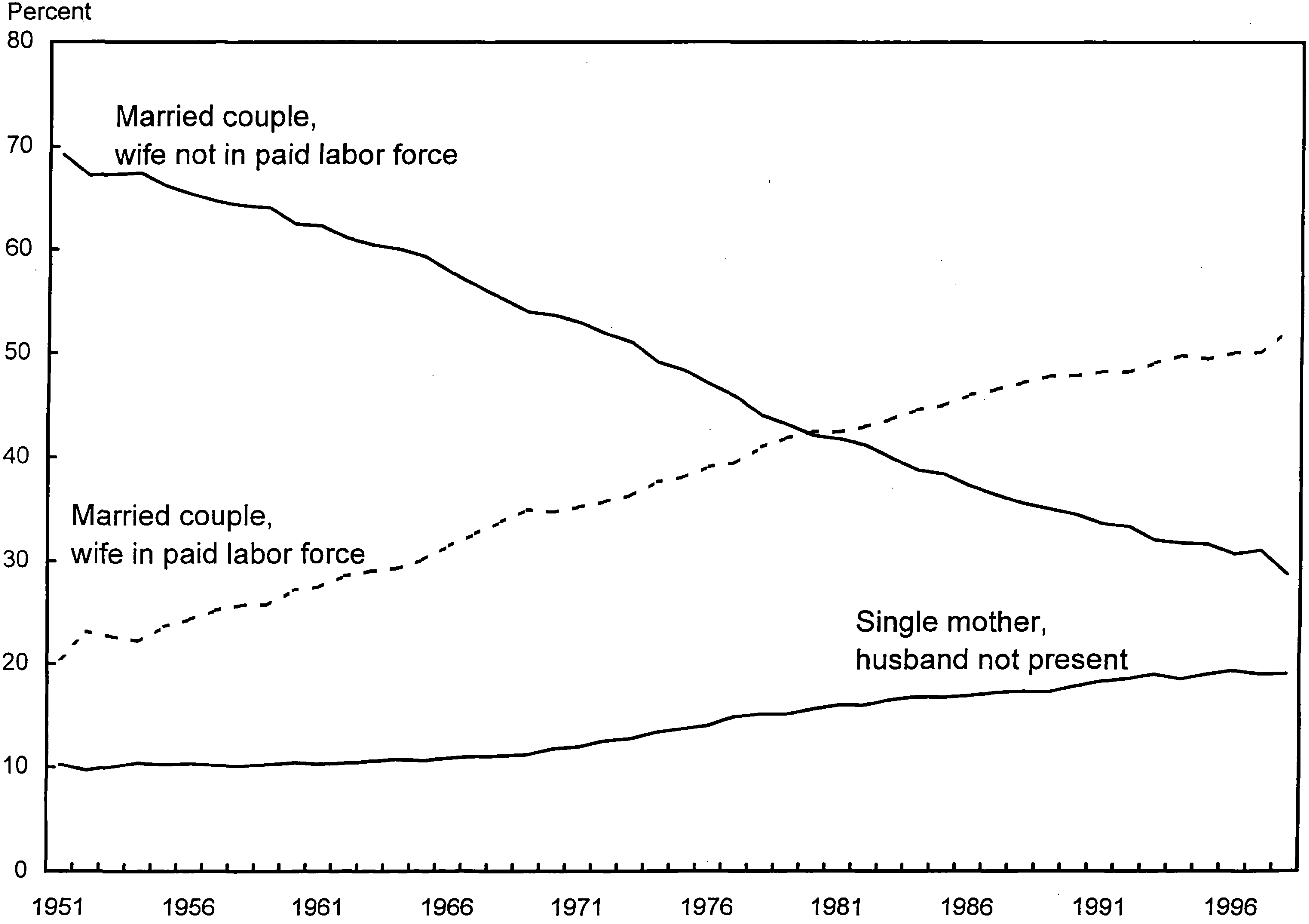


Chart 5-7 **Median Family Income by Family Structure**

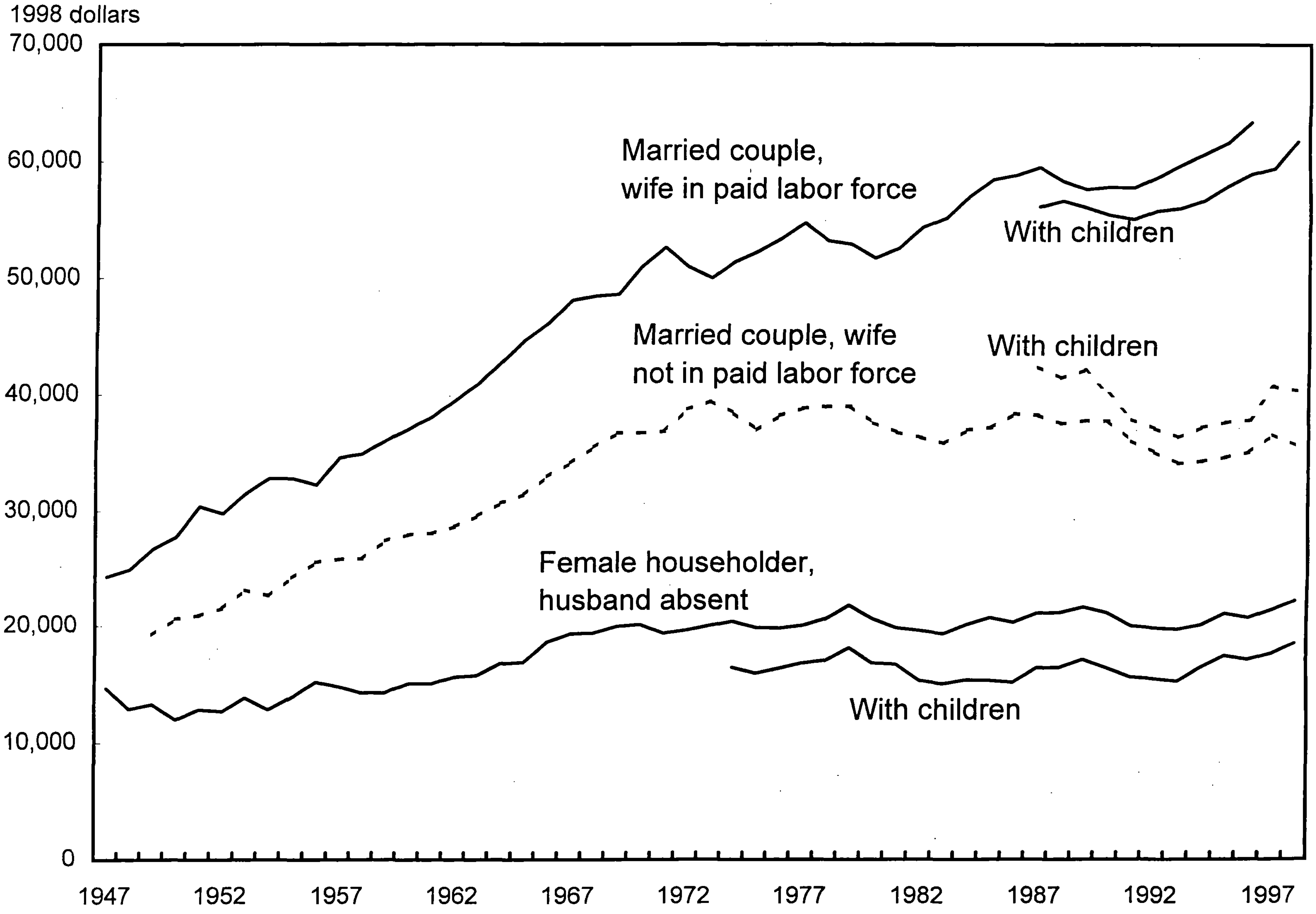


Chart 5-9 **Annual Hours of Work by Single Parents**

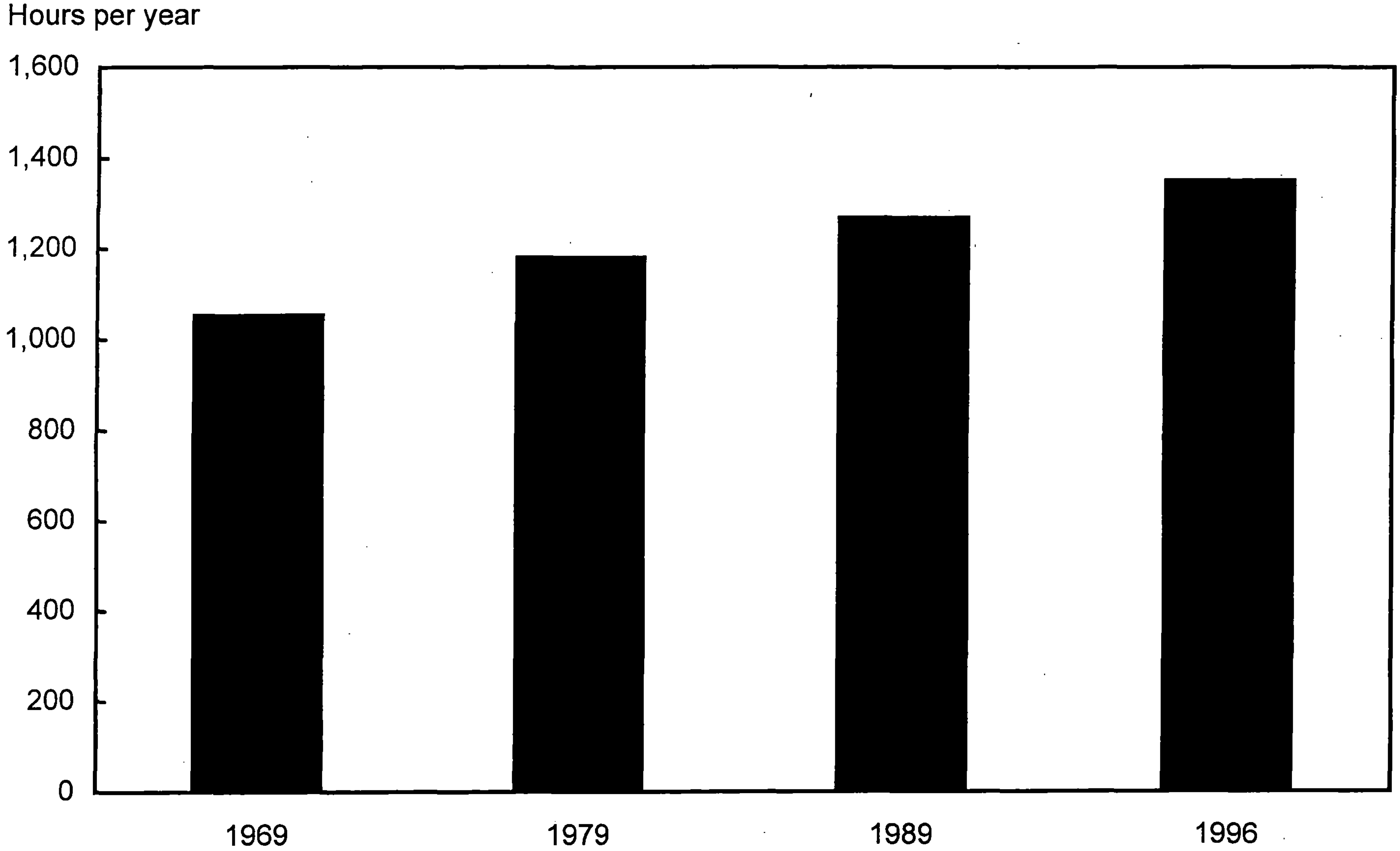


Chart 5-10 **Available Time of Custodial Parents Outside Paid Work and Sleep**

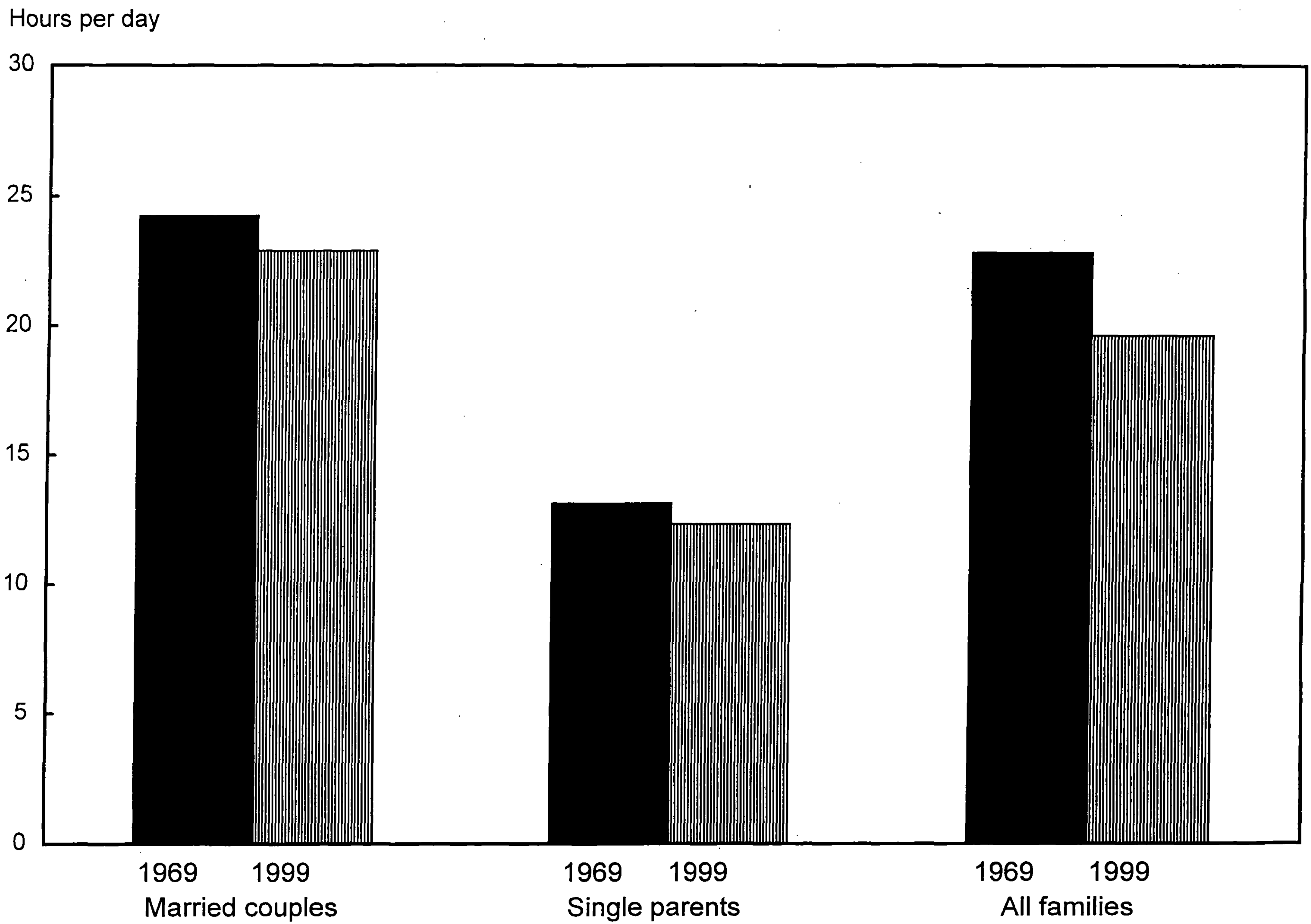
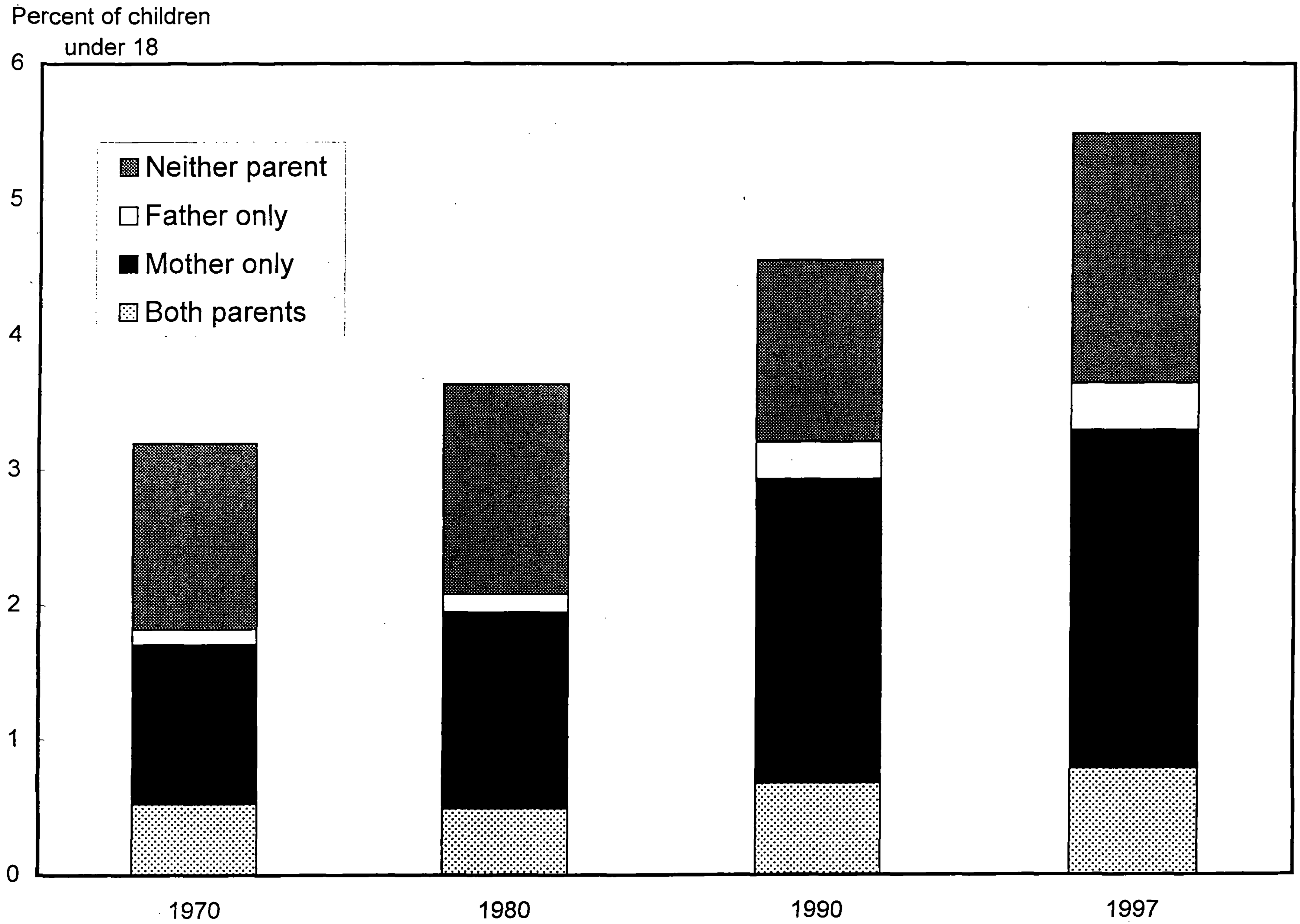


Chart 5-11 **Grandchildren in Grandparents' Homes by Presence of Parents**



Ann O'Leary

Eugenia Chough 12/09/99 10:36:06 AM

Record Type: Record

To: Ann O'Leary/OPD/EOP@EOP

cc: Ruby Shamir/OPD/EOP@EOP, Nicole R. Rabner/WHO/EOP@EOP, Cynthia A. Rice/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP

Subject: CEA Econ Report, Chap 5 -- 2nd draft

We just got the 2nd draft of the Families chapter -- I'll send over a copy for you. They need comments by 12/15. If you can get me your comments by 12/14, I'll consolidate like last time. Thanks!

Genie