THE WHITE HOUSE

WASHINGTON

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Indian and Native American Employment and Training Coalition

should we spend some time on issues specifically related to Native American

A Draft Position Paper

Welfare Reform and Indian Country

Welfare reform will work in Indian Country only if it is adapted to the unique circumstances of American Indian and Alaska Native institutions, communities and people.

This paper is intended to describe a number of these circumstances. It also proposes features which should be incorporated into any program of welfare reform. The recommendations are organized around four major themes:

- Tribal governments are central to the successful reduction of dependency on Indian reservations and in Alaska Native communities.
- Program resources must be adequate to the task of building self-sufficiency for Native families.
- Economic development leading to the creation of private sector jobs must be a major component of welfare reform in Indian Country.
- Current programs, especially the tribal Job Opportunities and Basic Skills (JOBS) program, must be streamlined and obstacles to their success removed.

The analysis and recommendations in this paper draw largely on the experiences of tribal JOBS programs. At present, they are the only programs operated by tribes throughout the United States which are an integral part of the AFDC system.

Direct funding under the JOBS program was authorized for Indian tribal governments and Alaska Native organizations under the special Indian provisions of the Family Support Act of 1988. In a number of states, tribes were the first agencies to implement the JOBS program. Currently, over 75 tribes, inter-tribal consortia and Alaska Native groups are directly funded by HHS to provide JOBS services in their areas. The funding level for tribal JOBS programs varies between $6 and $7 million a year.

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These programs have proven to be a successful effort in improving the education and work skills of thousands of Native AFDC recipients in reservation and Alaska Native areas, enabling many to enter the work force.

This paper focuses largely on the employment and training components of welfare reform. It does not address other elements of the Administration's strategy which are also very important in Indian Country, such as child support enforcement. Indian recommendations in these areas must also become an important part of the welfare reform discussion.

Indian Country as a Unique Setting

There must be special Indian provisions in any legislation related to the AFDC system.

- When the government of the United States took the land of Indian people – sometimes by negotiation, sometimes by fraud, sometimes by force -- it assumed a unique responsibility to Indian tribes and their members. This responsibility is embodied in the Constitution, numerous treaties and statutes.

- Indian tribes and institutions represent a unique level of government within the American intergovernmental system and have a unique government-to-government relationship with the federal government.

- Indian reservation areas, though very diverse, are frequently characterized by severely underdeveloped economies and geographic isolation. Private sector jobs are rare, and poverty rates exceed 50% of the entire Indian population.

- In addition to programs designed for the general American population, such as AFDC, Native areas are also served by programs unique to Indians, such as the General Assistance program operated by the Bureau of Indian Affairs (BIA).

- Indian programs operate on a totally different scale than do state government-based programs. Indian programs work with economically disadvantaged clients on a person-to-person, face-to-face basis, not through the several levels of administrative structures that characterize state-administered programs.

A welfare reform program which ignores any of these unique aspects of Indian Country will simply not work there.

Tribal Governments Must Play the Central Role

Tribal governments are the level of government with the most direct impact on the lives of Indian people living within their jurisdiction. Tribal governments exercise civil and criminal authority over their citizens. They are the primary service providers for a wide range of human development services.

Indian people expect to receive services from their own governments. They frequently have problems in dealing with programs operated by state, county or other non-Indian governmental agencies.

To make tribal governments effective participants in welfare reform, welfare reform initiatives must include:

- The right of tribes to fundamentally redesign the way in which all services intended to strengthen self-sufficiency for Indian families are operated in reservation communities. Experience with the EARN demonstration project, administered in conjunction with BIA's General Assistance program, showed that the commitment of tribal government is the most important factor in program success.

- There must be direct funding relationships between the federal government and tribal governments and Alaska Native entities covering all the services related to welfare reform. These services include:

    - JOBS. Direct funding provisions exist in current law. However, only tribes that applied for it between October, 1988 and April, 1989 -- before the rules for the program were even written -- can receive JOBS funds. The law should be amended to give all tribes that wish to do so the right to participate in JOBS.

    - Child Care. Currently, all funding for child care for tribal JOBS participants goes to state governments. In most states, serious problems exist in delivering needed, timely child care services to tribal JOBS participants through this state-funded service. Participants suffer. Child care services for JOBS participants must be funded by grants directly to tribes.

- Transitional Services. The same problems that exist with respect to child care also affect transitional services. For example, in one state, if a tribal JOBS participant going to work and off AFDC does not apply for transitional services within a 15-day period, she is denied all such services. Funding for all transitional services, like child care, should go directly to tribes rather than through state agencies.

- WORK. The Administration's latest proposal refers to community service jobs for AFDC recipients that have exhausted their AFDC eligibility as the "WORK" initiative. Funding for such jobs of last resort must also go directly to tribal governments. Tribes operated similar Public Service Employment programs in the mid to late 1970's and still do under BIA's Tribal Work Experience Program (TWEP).

Adequate Resources Are Crucial

Support for self-sufficiency among Native families involves many services. Education and skills gaps are wide. Self-esteem, an essential factor for success in employment and training programs as well as on the job, is very low among most tribal JOBS participants. Many, including those who are now custodial parents themselves, come from households with no working adults to instill a "work ethic." Substance abuse treatment and prevention services are important.

Despite their unusually high level of need, tribal JOBS participants now receive as little as half the support, per capita, that is provided for participants in state-administered JOBS programs.

State governments must match federal JOBS funds, resulting in higher dollar amounts for services. Congress understandably exempted tribal governments from the match requirement. There is no source of tribal revenue to generate such a match. However, the end result is a substantially lower level of resources, per capita, for those JOBS participants with the greatest need.

The JOBS authorization legislation must be amended to close this funding gap. Tribal programs should be provided with the same effective level of resources, per capita, that is available for all other JOBS participants.

Other statutory changes are also needed in the tribal JOBS allocation formula.

Currently, tribal allocations are subtracted from the amounts given to states, a source of tribal-state friction over the counts which go into the fund allocation formula.

Moreover, a tribe receives funds only for those Indian AFDC recipients in the tribe's service area who are enrolled members of that particular tribe. Funding for all other Indians on AFDC in a tribe's service area, a significant number on some reservations, goes to the state, not the tribe.

This is operationally inappropriate, either creating two programs on the same reservation or resulting in no services for non-tribal members on AFDC. It also puts JOBS at odds with nearly every other federally-funded Indian education and training program. JTPA and BIA programs require tribes to serve all Indians meeting eligibility guidelines, regardless of the tribe in which they are enrolled.

Two amendments to the law are desirable. One would follow the precedents in child care, JTPA and other legislation and provide funding for tribal programs on a special national set-aside basis, rather than taking the funds out of state allotments. The other amendment would provide each tribe with funding on the basis of the total number of adult Indian persons on AFDC, regardless of the tribe in which they are enrolled.

Economic Development as a Component of Tribal JOBS Programs

JOBS is about preparing people for work. Welfare reform is about insuring that work replaces dependency.

Where there are no jobs, there is no work. On most reservations private sector jobs are largely non-existent, and even public sector employment opportunities are scarce. Unemployment rates, and consequently poverty rates are higher in reservation areas than anywhere else in the country.

Economic development initiatives and funding to support them must be built into tribal JOBS programs. Microenterprise and similar entrepreneurial initiatives have worked, even on some of the most economically depressed reservations in the country.

Assistance for such efforts should be provided through the JOBS program, at least on a demonstration basis. The use of JOBS funds for job creation in reservation and Alaska Native communities should be explicitly permitted under the JOBS legislation.

Such private sector job creation is particularly important in order to orient JOBS participants to the demands of competitive work environments. Tribal JOBS Directors report problems with the Community Work Experience Program (CWEP) component of JOBS, as it frequently does not develop work skills or habits in the same way that work experience in the private sector does.

It should be emphasized that the several worthwhile Indian economic development initiatives supported by other agencies are not sufficient to meet the need for job creation for JOBS participants. The on-reservation need is simply too great. Economic development support must be built directly into the tribal JOBS program.

Streamlining Program Operations and Administration

Currently, there are several serious barriers to the effective implementation of tribal JOBS programs. The most severe relates to the "no carryover" problem.

Citing statutory restrictions, HHS will not allow tribes to carry any unobligated tribal JOBS funds over from one Fiscal Year to use in covering obligations for the next year. Yet tribes never receive their JOBS funds at the beginning of a Fiscal Year, the result of late action on the Labor-HHS-Education appropriations bill and extended delays in the fund release process. It is often two to three months into a new Fiscal Year, or even longer, before a tribe receives the money it needed to operate its JOBS program starting on October 1st.

This leaves a tribe with few choices. It must either close down its JOBS program during each fall or early winter, or resort to fiscally irresponsible tactics, such as "borrowing" JOBS operating funds from other federal programs.

The law should be amended to permit tribes and Alaska Native organizations to use funds unobligated in one Fiscal Year to support approved JOBS activities in the subsequent year.

Existing law permits tribes, like states, to seek waivers of federal requirements to make programs for self-sufficiency more effective and to adapt them to local circumstances. Greater support for the use of this waiver authority from both the legislative and executive branches is desirable.

Another important streamlining initiative is authorized by the Indian Employment, Training and Related Services Demonstration Act of 1992 (PL 102-477). This legislation authorizes those tribes that wish to do so the opportunity to combine all their federally-funded employment and training programs into a single activity under a single plan and a single budget.

Greater support at the policy levels of the various Departments, including the Department of the Interior, is needed to insure the successful implementation of this initiative.

Additional Considerations

Insuring that welfare reform will work in Indian Country is a complex task.

Tribal JOBS Directors have serious concerns about the proposed two-year time limit on eligibility for AFDC benefits. The educational services required to take a person from a limited literacy level, through a GED and needed post-secondary training, can easily take longer than two years. Interruptions in services for uncontrollable reasons, such as problems with child care and transportation in remote rural areas, can also destroy the timetables in the best participant Employability Plans.

Exemptions from the two-year limit should be allowed to meet such special circumstances affecting AFDC recipients actively participating in tribal JOBS programs.

The Administration's welfare reform proposals rely heavily on the Earned Income Tax Credit (EITC) to "make work pay" and reduce dependency. There appears to be little evidence of whether this approach has proven effective with low income Indian wage earners in reservation communities. Research should be launched to explore whether EITC is working in Indian Country.

Technical assistance and training for program staff are important ingredients of all Indian programs. Many tribes are small and must rely on staff without extensive professional training to administer their programs and deliver services. Technical assistance and training should be provided on an ongoing basis. Further, such efforts should be "customer-driven," not the products of a design developed by non-tribal staff and implemented solely by consulting firms operating at the national level.

To make welfare reform work in Indian Country, it must fit Indian circumstances. Incorporating the recommendations in this paper into any legislation in this area will go a long way toward this highly desirable end.

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SUMMARY AND WORKING GROUP RECOMMENDATIONS

Everyone is frustrated with the welfare system. Welfare reform is designed to give people back the dignity and control that comes from work and independence. It is about reinforcing work and family and opportunity and responsibility.

The current welfare system provides cash support and a set of rules and expectations focused on verifying eligibility rather than on moving people to self-support. We propose a new vision aimed at helping people regain the means of supporting themselves and at holding people responsible for themselves and their families. The proposal emphasizes that work is valued by making work pay. It indicates that people should not have children until they are able to support them. It signals that parents--*both parents*--have responsibilities to support their children. It gives people access to the training they need, but also expects work in return. It limits cash assistance to two years, and then requires work, preferably in the private sector, but in community service jobs if necessary. Most importantly, it changes the culture of welfare offices, getting them out of the check-writing business and into the training and job-placement business.

Ultimately, this plan requires changing almost everything about the way in which we provide support to struggling families. To achieve this vision, the plan has four main elements.

MAJOR THEMES

Transitional Assistance Followed by Work

- Full participation. Everyone who receives cash support is expected to do something to help themselves and their community. The requirement applies to those who are preparing themselves for work and to those who are currently not ready to work. Those who are unable to work due to disability or other reasons will be expected to do something for themselves or their community, but will not be subject to time limits until they are ready to engage in training, education or job placement services.

- Training, education and job placement services (the JOBS program). As soon as people begin receiving public assistance, they will sign a personal responsibility contract and develop an employability plan to move them into work as quickly as possible. Many will get jobs quickly--in weeks or months--after assistance with job search and job preparation. Others will spend time in education and training services as needed. The program will be closely coordinated with existing mainstream education and training programs including current and new Labor Department programs (the Job Training Partnership Act and the Workforce Security Act), School-to-Work programs, vocational and post-secondary education.

- Time limits. People who are able to work will be limited to two years of cash assistance. Most people are expected to enter employment well before the two years are up. Extensions to complete an education program expected to enhance self-sufficiency will be granted in a limited number of cases.

- Work for those who exhaust their time limit (the WORK program). Those people who are still unable to find work at the end of two years will be required to work in a private sector, community service or public sector job. These are intended to be real, work-for-wages jobs. The program will be designed to favor unsubsidized work and to ensure that subsidized jobs are short-term and non-displacing.

Making Work Pay

- Health care reform. An essential part of moving people from welfare to work is ensuring that working people get health protection. The current system keeps people from leaving welfare for fear of losing their health insurance.

- Advance payment of the Earned Income Tax Credit (EITC). The expanded EITC makes it possible for low-wage workers to support their families above poverty. Efforts will be made to help families receive the EITC on a regular basis.

- Child care for the working poor. In addition to ensuring child care for participants in the transitional assistance program and for those who transition off welfare, child care subsidies will be made available to low-income working families who have never been on welfare but for whom assistance is essential to enable them to remain in the workforce and off welfare.

Parental Responsibility

- Child support enforcement. The child support enforcement system will be strengthened to ensure that awards are established in every case, that fair award levels are maintained and that awards that are owed are in fact collected. Demonstrations of child support assurance and of programs for noncustodial parents will be conducted.

- Efforts aimed at minor mothers, responsible family planning and prevention. Minor mothers will receive special case management services and will be required to live at home and stay in school to receive income support. Access to family planning will be ensured. A strategy for investing in and learning from programs to prevent high-risk behavior and teen pregnancy will be pursued.

- Efforts to promote two-parent families. We will provide better support for two-parent families by eliminating or reducing the current bias in the welfare system in which two-parent families are subject to more stringent eligibility rules than single-parent families.

Reinventing Government Assistance

- Coordination, simplification and improved incentives in income support programs. The administrative and regulatory program structures of AFDC and Food Stamps will be redesigned to simplify and coordinate rules and to encourage work, family formation and asset accumulation.

- A performance-based system. In addition to incentives for clients, incentives will be designed to bring about change in the culture of welfare offices with an emphasis on work and performance.

POLICY ISSUES TO BE RESOLVED

The attached paper lays out the major issues that need to be addressed. It is organized around each of the first three broad elements listed above. In each case, a description of the proposed policy is provided and remaining issues discussed. (The details of the fourth element--Reinventing Government Assistance--will be addressed later in a separate paper. We anticipate that changes will be cost neutral for that part of the proposal, so they will not affect cost estimates or financing needs.)

The Welfare Reform Working Group met on Saturday February 26 and discussed the issues that were identified as the most important in the paper. There are five particularly significant sets of issues that need to be resolved:

The scale and phase-in of the reformed welfare system

Should we seek to bring everyone on the caseload into the new system quickly, or should we initially target our resources to sub-groups, such as new applicants or the youngest third of the caseload?

Immediate implementation of the new program would severely strain the ability of federal and state governments to implement the new system.

> The Working Group agreed that a phased-in approach was necessary.

A phase-in strategy could start with new applicants, or it could start with young applicants and recipients. Starting with young people avoids any incentives to stay on welfare and any "rewards" to having children and coming on welfare early. It also allows for investments in families who have the most hope of being helped.

> The Working Group agreed that an initial focus on the youngest third of the caseload was their preferred phase-in strategy.

Extensions to and exemptions from the time limit

Should any groups of recipients have the time limit extended? Should any be exempted from the requirements of the time limit?

The issue of extensions arises because some recipients, especially those with language difficulties, education deficits and no work experience, may not be able to appropriately prepare themselves for work in a two-year period.

> The Working Group agreed that a limited number of extensions for such purposes as completing a high school, school to work or job training program, or for completing a program of postsecondary education combined with work, were appropriate.

The issue of exemptions from the time limit arises because not all recipients are able to work, even if they are not severely enough disabled to qualify for SSI. A second type of exemption issue arises because requiring participation from mothers of infants or very young children may interfere with healthy child development and require substantial expenditures on infant day care. Under current law, over half the caseload, including mothers of children under three, is exempted from participation.

> The Working Group agreed that exemptions should be limited, and that participation in some activities should be expected even of those who are exempted. The Working Group agreed that states should be permitted to exempt up to a fixed percentage of the caseload for disabilities, care of a disabled child and other serious barriers to work.

> The Working Group split over the issue of whether exemptions for mothers of infants should be for one year (i.e., until the baby's first birthday) or for twelve weeks (Twelve weeks is the mandated leave time in the Parental Leave Act.) Most members agreed on a one year exemption for infants who were not conceived on welfare and a twelve week exemption for those conceived on welfare, with a state option to lower the exemption period to twelve weeks for all children.

The structure and requirements of the WORK program for people who come to the time limit without having found unsubsidized work

After a person hits the time limit, should we mandate States to provide a job which pays an hourly wage, or should we allow States to continue paying a welfare check while requiring work as a condition of receipt? What methods should we use to minimize long-term participation in this work program? How many hours of work should be required?

Work for wages versus work for welfare. Despite a focus on getting everyone into unsubsidized employment as quickly as possible, a small percentage of those who start on welfare will hit the time limit without having found work. After a period of job search, the state may be required to provide a subsidized or community service job for some. One issue is whether states should be permitted to offer "workfare" slots, as opposed to subsidized private sector work or community service jobs in which the participant works for wages. Workfare is somewhat easier to administer than work for wages, but does not provide either the dignity or the discipline of a job that pays wages.

> The Working Group agreed that an emphasis on work for wages is a defining feature of the Administration's welfare reform proposal.

Discouraging extended participation in subsidized or community service work. The WORK program of subsidized and community service jobs is designed to be a short term supplement to unsubsidized work in the private sector, not a replacement for it. A number of steps can be taken to ensure this.

> The Working Group agreed that subsidized job slots would last for a defined period of time, after which the person would again be expected to look for unsubsidized work.

> The Working Group agreed that the availability of the EITC as a supplement to private sector work would provide a powerful incentive for participants to move from the WORK program into unsubsidized work.

> The Working Group also agreed that federal reimbursement to states should decline the longer people were on the rolls, in order to provide serious incentives to move people into employment.

> The Working Group also agreed that refusal to accept a private sector job should result in termination of benefits.

An issue arises around what is expected to be a relatively small number of people who continue to be unable to find unsubsidized employment after placement in a job slot and private sector job search despite being willing and able to work. (Refusing a job would be grounds for being cut off, and a work for wages model would already provide sanctions because not showing up for work would mean no paycheck.) Some argue that they should be placed in community service slots for as long as they need them. Others argue that this policy would lead to permanent guaranteed jobs that might be expensive and perceived as simply another welfare program. Instead, people who have not found employment might return to a deferred status, might have their welfare benefits reduced or might be cut off entirely.

The Working Group agreed that a serious reassessment should be done of everyone who comes to the end of two or three years in work assignments without having found private sector work. Those found at that point to be unable to work could be returned to deferred status with full benefits. Those found to be able to work and unwilling to take an unsubsidized job would have assistance terminated. In situations where jobs were not available for people who conscientiously played by the rules and tried to find work, assistance would be continued through another job slot, a workfare assignment, or training linked with work.

Minimum work expectations: part time or full time. Everyone agrees that independence is the ultimate goal of the system. But two related questions arise in thinking about people working less than full time. The first issue is whether someone who is working at least half time in a private unsubsidized job can continue to receive supplementary welfare benefits after two years if they live in a state where half time work at the minimum wage would leave them below the income level for welfare receipt in that state. Proponents of allowing benefit receipt in these situations argue that half time work allows parents time to nurture their children as well as to support them financially--a task which is especially difficult for single parents. They also argue that getting someone to work part time is a big success and should be rewarded. Opponents argue that full time work and an end to welfare receipt should be the expectation. They argue that continuing AFDC as a work supplement for long periods of time is counter to the basic philosophy of the new program.

The Working Group was split on this issue. About half the group felt that part time workers should continue to be eligible for supplementary benefits after the time limit. Others felt that the time limit should apply, but with many arguing for a slowing of the clock for part time workers. Some members suggested a compromise that said that supplementary welfare benefits would be provided for part time workers (at least twenty hours) who had pre-school children, and at state option to other part time workers.

A related issue arises around the number of hours of work that states would be required to provide through subsidized or community service jobs, and around the supplemental welfare benefits that would need to be paid if the required hours of work did not generate pay at least as high as the welfare benefits received by non-working welfare recipients in the state. Because of wide variations in state welfare benefit levels, the number of hours of work at the minimum wage required to earn the equivalent of the welfare benefit level for a family of three ranges from about 7 to about 47 hours per week. For larger families, work hours would have to be higher to reach the welfare benefit levels. It is obviously hard to structure a real job of eight or ten hours per week. At the other extreme, it is unreasonable to require more than the conventional definition of full time work.

The Working Group agreed that states could vary the number of work hours they required, but that they could go no lower than 15 nor higher than 35. There was also agreement that the wage paid must be at least the minimum wage and could be higher.

We assume that most states could and would require work hours that would produce earnings roughly equivalent to welfare benefits; some states might do this by paying more than the minimum wage. In the median state this would be about 26 hours a week at the minimum wage for a family of three. Some higher benefit states might choose, however, to structure jobs with fewer hours, and some very high benefit states might choose not to raise the wage to a level sufficient to pay the equivalent of the welfare benefit. Should they be allowed to do this and required to provide a supplementary benefit to bring family income up to the level of welfare benefits for recipients who don't work? The argument for doing so is people who are playing by the rules and working, even if they have not been able to find an unsubsidized job, should not be penalized by receiving lower benefits. The argument against doing so is that this too would continue welfare as a work supplement.

The Working Group was split on this issue. The discussion tended to parallel the discussion on the acceptability of part time work. There was some sentiment in favor of varying the expectation for parents of pre-school children.

The level and focus of child care for the working poor

What level of resources should we devote to child care for the working poor? How should limited resources be targeted?

Child care for the working poor is a potentially costly addition to a welfare reform package. The argument for including it, however, is to ensure that low income working families are encouraged to stay off welfare, and that equity is maintained between those who have and have not been on welfare.

The Working Group agreed that child care for the working poor is an integral part of a welfare reform effort. The Working Group also expressed a preference, however, that working poor child care be paid for through mechanisms other than cuts in programs for the poor. There is a strategic decision to be made, therefore, about the financing and packaging of this aspect of welfare reform.

Parental responsibility and prevention

Should demonstrations of child support assurance and programs for non-custodial parents be included in the welfare reform package? Should states be allowed or required to reduce benefits for children conceived on welfare?

The Working Group agreed that demonstrations of both Child Support Assurance and programs for non-custodial parents should be included. Enthusiasm for child support assurance varied.

The Working Group did not discuss family caps or other prevention issues, which will be taken up at the next meeting.

COSTS AND FINANCING

The attached paper does not include a discussion of financing options. The Working Group recognized that decisions about the overall welfare reform package that have serious cost implications need to made in the context of available financing possibilities. Issues of balancing costs and financing were not discussed at the February 26 meeting, but will be the focus of the next meeting.

To provide a sense of the scale of a program and the cost of particular elements, we have created a hypothetical proposal, which served to guide the Working Group's discussions of the costs of various policy choices. The actual cost of the program will differ depending on what decisions are made about the issues identified above. In the attached document, we refer to this hypothetical proposal and indicate where different programmatic decisions would have led to a larger or smaller program. The table which follows is provided only as a basis of discussion--not as an indication that policy decisions have been made.

TABLE 1.--PRELIMINARY COST ESTIMATES (FEDERAL AND STATE) FOR A HYPOTHETICAL WELFARE REFORM PROPOSAL
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5-Year Total
PARENTAL RESPONSIBILITY						
Minor Mothers	0	(45)	(50)	(50)	(50)	(195)
Comprehensive Demonstration Grants	0	50	50	50	50	200
Two-Parent Provisions	0	0	440	680	945	2,065
No Additional Benefits for Additional Children	(35)	(100)	(110)	(140)	(150)	(535)
Child Support Enforcment						
Paternity Establishment (Net)	5	20	(110)	(165)	(215)	(465)
Enforcement (Net)	(10)	(20)	(65)	(80)	(320)	(495)
Computer Costs	15	35	95	160	160	465
Non-Custodial Parent Provisions	0	25	80	110	175	390
Access Grants and Parenting Demonstrations	20	25	30	30	30	135
Child Support Assurance Demonstrations	0	0	100	200	250	550
SUBTOTAL, CSE	30	85	130	255	80	580
TRANSITIONAL ASSISTANCE FOLLOWED BY WORK						
JOBS-Prep	0	15	50	60	70	195
Additional JOBS Spending	0	210	750	920	1,000	2,880
WORK Program	0	0	0	130	690	820
Additional Child Care for JOBS/WORK	0	190	630	745	900	2,465
Transitional Child Care	0	70	230	280	360	940
Enhanced Teen Case Management	0	30	90	105	110	335
Economic Development	0	0	100	100	100	300
Savings - Caseload Reduction	0	0	(30)	(60)	(80)	(170)
SUBTOTAL, JOBS/WORK	0	515	1,820	2,280	3,150	7,765
MAKING WORK PAY						
Working Poor Child Care	0	500	1,000	1,500	2,000	5,000
Advance EITC	0	0	0	0	0	0
GRAND TOTAL	(5)	1,005	3,280	4,575	6,025	14,880

Note: Parentheses denote savings.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group co-chairs.

SEE APPENDIX FOR ENDNOTES TO TABLE

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APPENDIX: ENDNOTES TO TABLE 1

Two-Parent Estimates

1. The costs for eliminating the special eligibility requirements for two-parent families is based upon estimates from the food stamp quality control data file. These estimates were then adjusted for increased participation based on estimates from the MATH model employed by Mathematica Policy Research, Inc.

Child Support Enforcement Estimates

1. The costs for the noncustodial parent provisions are 10 percent of the JOBS and WORK program costs.

Caseload Numbers and JOBS and WORK Estimates

The caseload numbers and the JOBS and WORK cost estimates are based on the following policies, assumptions and sources of data:

1. Adult recipients (including teen custodial parents) born after 1972 are subject to the time limit beginning in October 1996 (FY 1997). The cost estimates assume about one third of the States, representing 40 percent of the caseload, will implement the policy a year earlier than required. This follows the pattern of State implementation under the Family Support Act. JOBS spending on other portions of the caseload would continue as per current law.

2. Non-parental caretaker relatives are not subject to the new rules and are not phased-in.

3. Parents who have a child under one (or under 3 months, if conceived after the initial welfare receipt), are caring for a severely disabled child, report a work limitation or who are 60 years of age and older are deferred from participation in the JOBS and WORK programs. As of FY 1999, about 25 percent of the phased-in caseload is deferred.

4. The caseload numbers include modest treatment effects as a result of the new rules.

5. Cost per JOBS participant figures are taken from the FY 1993 JOBS data (adjusted for inflation using the projected CPI).

6. The cost estimate assumes that all non-deferred phased-in recipients are engaged in activities. We assume that at a given point in time, 50 percent of the phased-in recipients are engaged in activities which have cost. For recipients with extensions, it is assumed that everyone is participating in a JOBS activity which costs the program money.

7. The cost of developing and maintaining a WORK assignment is calculated using CWEP data from JOBS and from the welfare-to-work demonstrations of the 1980s (again, adjusted for inflation using the projected CPI). Approximately 25,000 and 130,000 WORK slots would be required in 1998 and 1999, respectively.

8. The figures for JOBS participants and JOBS spending under current law are taken from the baseline in the FY 1995 budget for the HHS Administration for Children and Families

9. The JOBS and WORK cost estimates do not consider the potential impact of child support on the size of the caseload.

Teen Case Management and JOBS-Prep Cost Estimates

1. The case management cost estimate presumes that at full implementation, enhanced case management services would be provided to all teen parents under the age of 19 and receiving assistance. The percentage of teen parents receiving comprehensive case management services is predicted to rise from 70 percent in FY 1996 to 80 percent in FY 1997, 90 percent in FYs 1998 and 1999 and to 100 percent in FY 2004.

   The cost per teen figure for enhanced case management is drawn from Teen Parent Demonstration data. There is no data available on the current level of case management expenditures in the JOBS program. Consequently, the estimate employs, as a proxy for a JOBS case management cost per participant number, a figure calculated using data from the welfare-to-work demonstrations of the 1980s (San Diego I and Baltimore Options).

   The additional cost of comprehensive case management for teens is the difference between the cost of providing enhanced case management to teen parents under 19 and the cost of delivering standard case management to the same population. The difference is roughly $560 per participant per year, in 1993 dollars.

2. The JOBS-Prep cost estimate presumes that JOBS-Prep services will be provided to 20 percent of those in the JOBS-Prep program. As States currently serve only 16 percent of the non-exempt caseload in the JOBS program, it is plausible to suppose that States will not serve a significantly higher percentage of persons in the JOBS-Prep program. We do not know what services States will provide during the JOBS-Prep program (candidates include parenting skills classes, life skills training and substance abuse treatment), so arriving at a cost per participant figure for the program is difficult.

   For purposes of the estimate, we assume that States will not provide services such as vocational rehabilitation in the JOBS-Prep program. JOBS-Prep services will consist primarily of case management and referral to external service providers. Many persons in the JOBS-Prep program have disabilities, although most mothers of children under one do not. The cost estimates assume that a fairly intensive level of case management would be required for a small percentage of persons in this program.

   The cost per JOBS-Prep participant figure represents a level of case management more intensive than that in the current JOBS program but not as intensive as the level provided in the Teen Parent Demonstration. The number is arrived at by multiplying the Teen Parent Demonstration case management figure by .75.

Child Care Estimates

1. These estimates reflect the child care costs associated with the phase-in assumptions described above under JOBS and WORK.

2. This estimate is based upon baseline spending for the Head Start program and therefore does not account for the additional children who will be served by Head Start when it expands. This follows conventional CBO scoring rules.

3. There is no sliding scale fee for services included in this estimate.

4. We assume that approximately 40 percent of all AFDC families participating in JOBS and WORK will use paid child care.

5. We assume that Transitional Child Care eligibles will have average utilization rates of 40 percent.

6. Our working poor estimate represents a phase-in of a capped entitlement to cover children whose families are below 130 percent of poverty but do not receive AFDC. By 1999, we will approach full implementation with $2 billion in net funding. We assume that there are approximately 8 million non-AFDC children below 130 percent of poverty, 40 percent of whom will potentially need child care because of their parents' work status, and that 40 percent of these families will use paid child care.

No Additional Benefits for Additional Children

1. This cost estimate is based upon an estimate by the Congressional Budget Office. The estimate assumes a State option policy where States representing 33 percent of the effected caseload adopt a cap for benefits for new children.

2. It is assumed that States would reduce the monthly benefit by $63 for each child (after the first) born while the mother was receiving AFDC. It is also assumed that States would have little success identifying children born on AFDC during previous spells of welfare receipt.

MERCED COUNTY 1855

HUMAN SERVICES AGENCY

2115 WEST WARDROBE AVENUE
MAILING ADDRESS P.O. BOX 112
TELEPHONE (AREA CODE 209) 385-3000
MERCED, CALIFORNIA 95341-0112

Eligibility Services
Social Services
Administrative Services
Project Planning
Refugee Services
Public Conservator

JOHN CULLEN
Director

December 8, 1993

Kathi Way
White House Domestic Policy Council
1600 Pennsylvania Ave., NW
Washington, D.C. 20500

Dear Ms. Way:

John Monahan, Director of Intergovernmental Affairs at Health and Human Services, and I served on a couple of "welfare reform" panels over the past few months. He suggested that I contact you with some materials that may be helpful to you in your efforts on welfare reform, as well as re-inventing government projects.

First, as Legislative Chairperson of the County Welfare Directors Association of California, I've worked with other colleagues to develop the attached outline entitled, "The End of Welfare: The Beginning of Family Independence." This publication advocates for many of the components that our Association believes must be a part of any fundamental welfare reform. We presented some of these points to members of the President's Task Force in San Francisco on October 7 - perhaps you were there?

Secondly, Merced County, California, with the assistance of federal and state agencies and the vendor community, has developed a "first-of-its-kind" automated system in our public assistance/welfare programs. The system, known as MAGIC, is unique in public sector welfare administration, as it utilizes personal computers supported by expert systems, mini and main frame technologies in a distributed client-server architecture. The system was developed in support of a re-engineered welfare service delivery system. Specific business objectives were identified and are now being realized. Some of our performance outcomes are listed on the attached documents. Bottom line is that the MAGIC system has improved service delivery to clients, empowered workers with the tools for success, lowered our administrative costs, and results in a $5 million net annual savings to federal, state, and county governments. Our re-engineering and automation efforts were recently reviewed by Bill Dickens of the Council of Economic Advisors. I believe he was quite impressed with our ideas and felt our experiences could advantage future national welfare reform and business re-engineering efforts.

AN AFFIRMATIVE ACTION/EQUAL OPPORTUNITY EMPLOYER

I'd be very happy to provide you with any additional information. If you have any questions, please do not hesitate to call me at (209) 385-3000, extension 5300.

Sincerely,

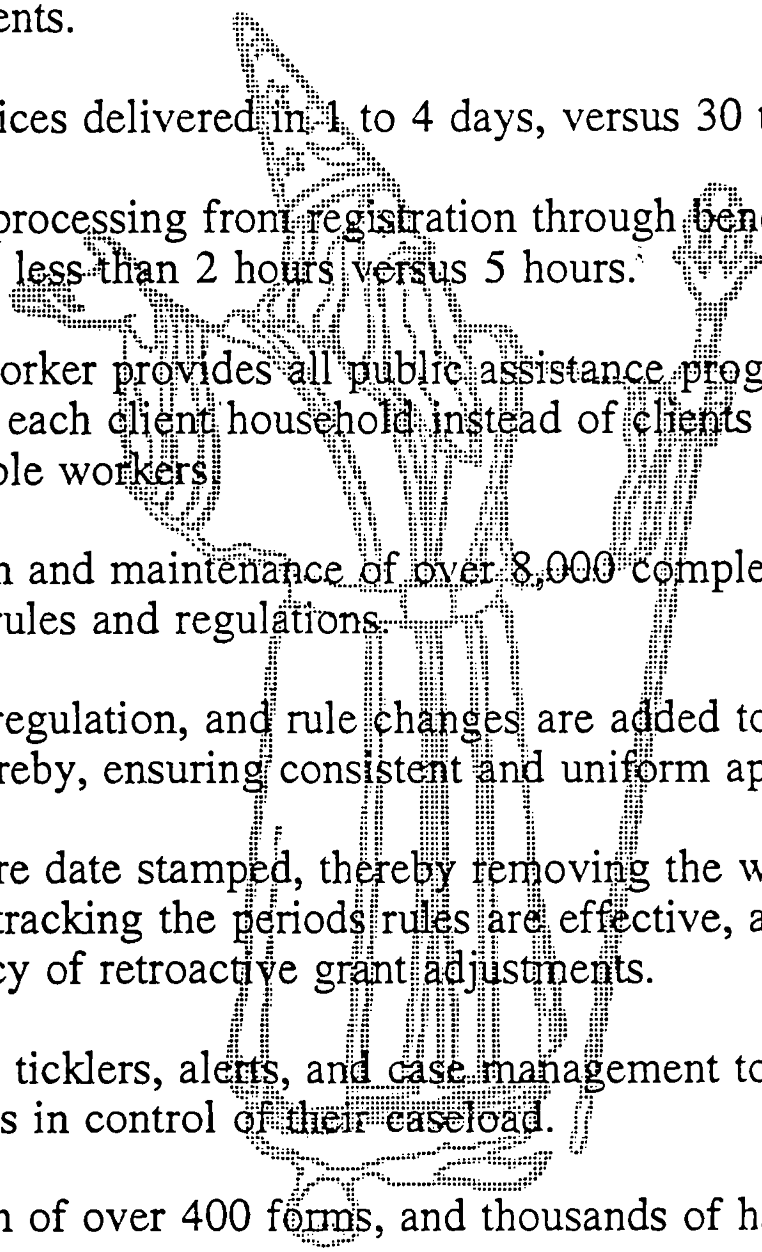
John Cullen

John B. Cullen
Director

cmp

Attachments

It's MAGIC



Equitable and consistent service delivery guaranteed to all eligible clients.

Client services delivered in 1 to 4 days, versus 30 to 45 days.

New case processing from registration through benefit issuance in less than 2 hours versus 5 hours.

A single worker provides all public assistance program services to each client household instead of clients dealing with multiple workers.

Automation and maintenance of over 8,000 complex eligibility rules and regulations.

New law, regulation, and rule changes are added to the system timely, thereby, ensuring consistent and uniform application.

All rules are date stamped, thereby removing the worker burden of tracking the periods rules are effective, and ensuring the accuracy of retroactive grant adjustments.

Automated ticklers, alerts, and case management tools put workers in control of their caseload.

Elimination of over 400 forms, and thousands of hard-copy case files.

MAGIC

A Business Approach for the 90s

It's MAGIC

28 percent reduction in associated staff achieved through attrition.

Training time reduced from 4 to 6 months to 4 to 6 weeks.

Turnover decreased from 30 to 8 percent.

63 percent increase in caseload has been managed with a 9 percentdecrease in staff.

Record-setting performance gains being achieved with a 148 percent increase in average daily production in the last 10 months alone.

Significant improvements in fraud identification and collections activity.

70 percent of case processing off loaded from mainframe to lower cost of personal computers.

Flexibility in system design, hardware, and software allows continued utilization of the latest technologies and provides affordable upgrade paths.

To date, just 10 months following system acceptance, the County, State, and Federal governments are beginning to realize over $5 million in net annual savings due to MAGIC.

MAGIC

A Business Approach for the 90s

NATIONAL
EMPLOYMENT
OPPORTUNITIES
NETWORK

1850 K Street, N.W., Suite 450, Washington, D.C. 20006

(202) 778-8136 FAX (202) 778-8087 INFO LINE (800) 669-6161

December 9, 1993

Kathi Way
Special Assistant to the President
for Domestic Policy
OEOB
17th St. & Pennsylvania Ave, NW
Washington, DC 20500

Dear Ms. Way:

As a member of the Working Group on Welfare Reform, I thought that you might find this news clip interesting. As part of their plan to reform welfare, the State of Virginia is offering incentives to employers to hire people receiving AFDC. In addition to the state subsidy the businesses involved are taking "a federal tax credit". This is just another example of the Targeted Jobs Tax Credit (TJTC) assisting in the placement of the structurally unemployed.

At NEON, we are pleased that states like Virginia and Wisconsin are taking the initiative to reform welfare and assist those who face barriers to mainstream employment. It is through federal programs such as the Targeted Jobs Tax Credit that the structurally unemployed will be able to break free of dependence on the government. We believe that programs like TJTC, as part of the reform of the welfare system will be helpful in getting people off of welfare and into the workforce.

Sincerely,

Joseph E. Dennison

Joseph E. Dennison
Executive Director

enclosure

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THE WASHINGTON POST

Alexandria Hospital Takes Lead

5 Jobs Start Va. Program to Move Mothers From Welfare to Work

By Steve Bates
Washington Post Staff Writer

Alexandria Hospital has agreed to provide the first five jobs in an experimental program that could take as many as 1,000 Virginians off welfare by giving them full-time work, Gov. L. Douglas Wilder announced yesterday.

Wilder challenged other Virginia businesses to provide jobs to single mothers and allow them to break free of poverty and dependence on the government. The salaries will range from $15,000 to $18,000 a year.

"We want all of Virginia's children to grow up in families where having a decent job is the norm, not the exception," the governor said at a news conference in Alexandria. "Many of our social problems—school failure, crime and poverty—are reduced when people have jobs."

The initiative, approved last month by the U.S. Department of Health and Human Services, places Virginia among the growing number of states that are testing methods to curb welfare costs and joblessness. Wisconsin officials hope to eliminate existing welfare programs this decade, and President Clinton has pledged to push a similar effort nationwide.

Wilder, a Democrat, said he hopes that Republican Gov.-elect George F. Allen will continue the four-year project when he takes office next month. However, Allen spokesman Ken Stroupe said the governor-elect is not committed to do so.

Allen "is going to be taking a close look at every aspect" of human services, Stroupe said. "I'm not going to comment on any specifics of Wilder's plan." Allen campaigned on a platform of requiring most welfare recipients to work and eliminating their benefits after two years.

State officials said the program may not reduce the number of people on welfare because of the impact of the recession. About 74,000 Virginia families receive Aid to Families With Dependent Children. If the program is successful, officials said, they will ask the federal government to authorize its expansion.

The program, which will be voluntary for welfare recipients, will begin immediately. Unlike many existing job training programs, officials said, this one will train people for whom jobs already have been identified. Participants must be paid at least $7 an hour.

Alexandria Hospital officials said the five jobs they are providing will be clerical positions in admissions, nursing and a clinic. Lt. Gov. Donald S. Beyer Jr. said yesterday that his Falls Church Volvo dealership also will participate in the program, and Wilder said he expects some of the state's "leading corporations, Fortune 500 companies," to offer jobs.

"I think that within 100 days we'll have 1,000 jobs available," said Howard M. Cullum, Wilder's secretary of health and human services.

Participating businesses will gain a federal tax credit, and the state will use some of its welfare saving to subsidize 20 percent of each worker's salary for the first year of employment and 10 percent in the second year. The program is open only to women who have received Aid to Families With Dependent Children for at least two years, whose children are school-aged, and who have a high school diploma or the equivalent.

FSA

December 10, 1993

Family Service America, Inc.

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

Kathi Way
Special Assistant to the President
Domestic Policy Council
Old Executive Office Building, Room 218
Washington, DC 20500

Dear Ms. Way:

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

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

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

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

Sincerely,

Ronald H. Field
Senior Vice President
Public Policy

Office of Public Policy
1319 F Street NW Suite 204 Washington, D.C. 20004 (202) 347-1124 Fax (202) 393-4517
Families Strengthen America
Milwaukee

FSA

WELFARE REFORM

Family Service America, Inc. (FSA), founded in 1911, is an international nonprofit organization dedicated to strengthening families and family life through services, education, and advocacy. It is the oldest and largest network of family and children's counseling and support service providers in North America, serving over 4 million people annually in over 1,000 communities with 11,000 professionals and 10,000 volunteers. Because two-thirds of the families served by family service agencies are low-income, FSA is directly aware of the need to have governmental policies that encourage and enhance the ability of families to be self-sufficient caregivers who can aspire to expanding opportunities for the betterment of their lives and their children's future.

Families come in many forms today, but that has not changed their significance as the social foundation of our society. The key difference between families who can make it on their own and those whose lives are defined by welfare dependency is that the latter are often without the means, the educational and employment skills, the occupational opportunities, and the information that would enable them to be the providers and caregivers to assure self-sufficiency.

During the past twenty years, the American economy has undergone important changes that have resulted in the reduction and elimination of many of the employment opportunities once available to families and workers without a college education. In addition, the economic well-being of these families has further deteriorated due to changes in family structure. Increasing divorce, separation with lack of adequate child support, and births to single women and teenagers have created especially serious problems for single-parent families. Together with tax and other public policies that discourage families from staying together to work out their economic problems, a large number of them find themselves in vulnerable positions and in need of public assistance, at least for a year or two.

Most "welfare" families, however, are not permanently dependent on public assistance. About 70 percent find their own way off welfare within two years, having utilized the system to see them through a particularly perilous time due to loss of employment and unemployment insurance, the death of a wage-earner, separation or divorce with loss of child support. Also, as poverty rates continue to climb and "living wage" job opportunities lessen, more families every year are in jeopardy of moving onto welfare. This situation has been exacerbated by the inflationary erosion of the purchasing power of the minimum wage, which directly affects the earning capability of low-skill workers. According to the U.S. Department of Labor, today's minimum wage, after accounting for inflation, is 30 percent below its level of 1968. Full-time minimum-wage jobs do not support a family above the poverty line in today's economy.

In addition to the minimum wage, there are other critical elements--both systemic and programmatic--that must be addressed in any national effort to help families become and remain self-sufficient. One of them, expansion of the Earned Income Tax Credit (EITC), has recently been accomplished and should prove to be of assistance to low-income working families. EITC, coupled with minimum wage adjustments, would provide a clear message that work can and does pay.

Another vital element is health care reform that would provide health and mental health care security in the least restrictive setting for all children and adults, which is now being addressed by federal and state governments. Together, health care and above-poverty earnings would contribute much to helping welfare families move off and stay off public assistance.

If, however, we are going to help make work pay for families that have become dependent on public welfare, many other things need to be in place. First, there needs to be a sufficiency of jobs, especially in the private sector. Economic policies that generate the number of jobs that pay sufficiently above today's poverty level and on which families can be supported may be the best remedy of all. The economic system must be able to reasonably absorb and support people who want to, or are being pressured to move out of welfare dependency, otherwise we are only dealing with unreasonable expectations that can further hurt people that are already hurting.

Second, there needs to be a community-based system of ongoing support services that include

(a) expansion of developmentally appropriate child care, full-funding of Head Start and of the Child Care Development Block Grant;
(b) before- and after-placement employment and training information and counseling aimed at helping both parents explore and attain appropriate education and training that not only leads to entry-level jobs, but offers portable skills that lead to opportunities for continued self-improvement, including higher education, and subsequent advancement into higher-skilled, higher-wage careers;
(c) an AFDC system that promotes, not penalizes, work effort;
(d) ongoing case management and community-based counseling and mental health services that help overcome personal and family problems related to parenting, employability, finances, drug and alcohol abuse, and domestic violence;
(e) a safety net of support and special assistance for families who find self-sufficiency especially difficult to attain.

In addition, federal and state governments should adopt policies that would

(f) index the dependent tax exemption or a per-dependent tax credit to better reflect current costs of child rearing and elder care;
(g) strengthen policies and regulations to assure two-parent child support across state lines or a program of child support assurance;
(h) minimize the need for welfare by addressing the family-support and retraining needs of workers displaced for structural or technological reasons; and
(i) increase collaboration between business and industry, schools, JTPA and JOBS programs, public agencies, and the nonprofit human service sector to increase the development of local resources and innovations to meet the education, training, employment and critical human needs of poor and low-income families.

Family Service America believes the key to helping currently dependent or potentially dependent families become and remain self-sufficient is to assure family economic viability with structural supports that reward work, support children and family well-being and stability, protect the most vulnerable, and assist those on their way to a more productive life.

***** ***** ***** ***** *****

Contact: Ronald H. Field, Senior Vice President for Public Policy, Family Service America, Office of Public Policy, 1319 F Street, N.W., Suite 204, Washington, D.C. 20004 (202) 347-1124 Fax: (202) 393-4517

Adopted 10/93

218

cc: Belle
Kathi
Bonnie
(I need this back)

HARVARD UNIVERSITY

JOHN F. KENNEDY SCHOOL OF GOVERNMENT
CAMBRIDGE, MASSACHUSETTS 02138

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24 January 1994

To: Mary Jo Bane, David Ellwood, Bruce Reed

From: Larry Mead LMM

Subject: Comments on Draft Discussion Paper by Working Group on Welfare Reform, Family Support and Independence.

Here are some comments on each main section of the paper. See also my paper on "Reforming Welfare Through Half-Time Work."

<u>Promote Parental Responsibility and Prevent Teen Pregnancy</u>

Note that "more than 100 hours a month" on p. 8 should read "more than 99 hours a month." The idea of ending the 100-hour rule and the 6-month limit on AFDC-UP is good. However, the labor force attachment rules for UP ought to be kept. That is, a welfare father should have to have a work history.

Alternatively, one could substitute a work requirement for the father. At present, he merely has to look for work. The Family Support Act (FSA) mandated that high shares of UP fathers have to enter workfare jobs, but this is only now being implemented. It would be better to obligate the father to work in the private sector along the same lines as the mother, but he should have to work sooner (that is, not be eligible for an extension) and nearer to full-time.

Mentoring by older welfare mothers strikes me as hard to sell. Are mothers who have lived on welfare good role models for younger women who we hope to steer away from welfare? This could look like legitimizing welfare as an alternative lifestyle.

The community-oriented measures (p. 9) look soft and send a mixed message. They suggest that society assumes responsibility for unwed parenthood, when we want individuals to do that.

Raising the family planning issue is risky, as the abortion controversy might flair up and sink reform. Better to shift the issue to the health area and let that reform proposal deal with it.

<u>Make Work Pay</u>

I was surprised how little you proposed here. The reason must be that a lot has already been done . EITC and the minimum wage have already been raised, and health reform is on another track. Transitional child and heath care is already available under FSA.

The argument for further steps is weak. Although anecdotes say the Medicaid notch is serious, research says it isn't except for families with serious health problems, in which the adults would probably not be expected to work anyway. There is little evidence of a child care shortage at present work levels. A lack might develop if JOBS were expanded, but higher funding under JOBS and the welfare will make sure you look for work and go to work within 90 days. If you don't do that, you will face tougher treatment from the child support system, including mandatory work.

Reinvent Government Assistance

I share the skepticism about this section voiced by others at the meeting. I agree that welfare administration typically ignores the work mission now. But I don't see this as a reason to try to change the focus of the eligibility/claims payment operation. That bureaucracy has been built up over decades around the mission of avoiding payment errors, in part because of federal incentives and sanctions. It would be difficult and impolitic to change that direction now.

Rather, build a comparable bureaucracy around the work mission, driven by its own incentives and penalties. If the political and funding payoffs are clear, top management will give it priority.

While there is no general need to reorient claims payment, it does have to be reconciled with a higher incidence of work by people on welfare. According to anecdotal accounts, the current system doesn't take kindly to adjusting grants to reflect work by people who remain on the rolls. One approach, which I got from Mike Wiseman, would be to give out grants at the end of the month, not the beginning. Recipients would appear in person, present pay stubs to evidence earnings in the last month (also hours if work levels were enforced), get incentives like EITC, and then receive a check of the appropriate amount. Sort of like UI claimants queuing up to get their checks.

I'm also skeptical of the need to streamline eligibility processes and combine rules for different programs. I think the programs appear more separate in Washington than they really operate at the local level, where the same agency usually runs AFDC, Food Stamps, Medicaid, etc. The main problem in welfare isn't that needy people can't figure out where to apply for aid, it's that many stay on it too long without working.

The question of performance measures (p. 31) is crucial but subordinate to the goals of the program. The desire to measure "results" and not "inputs" or "processes" is orthodox. But some of the results reform should seek are matters of process, such as higher participation rates in JOBS and higher rates of employment from people on welfare. Above all, the performance measures cannot be as client-oriented as those used in evaluations tend to be, aimed mainly at earnings and employment gains for the recipients. The goals of a mandatory work policy are to satisfy society first, then serve the clients. Welfare savings and, above all, work levels have to be paramount, or the reform will not be seen as "ending welfare as we know it."

Four other administrative problems raised by reform are not discussed and should be:

o How to develop the case management systems that seem necessary to make high-intensity welfare work programs effective. Close follow-up of clients is what keeps them in programs.

o How to reconcile welfare payment systems with a higher level of part-time work (see above).

o How to monitor the working hours of clients as well as earnings, as would be required by any work test couched in terms of hours. As with earnings, this might be done through an end-of-the-month reckoning.

o How to give JOBS appropriate credit for the welfare savings it generates. Requires estimating the share of grant reductions attributable to the program, using evaluation findings as a guide. Without such credit, JOBS appears to localities not as a worthwhile investment but as a cost levied on them by Washington. That is one reason, I think, why states have underfunded it.

IVA entitlement should take care of that. Why eliminate the state match just for child care when it is all of a piece with the rest of JOBS?

I don't see a reason to make the Dependent Care credit refundable or do other things do improve child care, at least not as part of welfare reform. That would eat up money you need to fund an expanded JOBS. It really serves the agenda of advocates for "quality" child care and Head Start. While they may have a case, it should be dealt with separately and not hold welfare reform hostage.

Work fails to pay more than welfare mainly when one does not work full-time. The expectations you set about work levels seem to me a bit low. You suggest that families with one full-time worker should not be poor. That is fine for a single parent. But in the case of an intact family it would be reasonable to expect the other spouse to work at least half-time, since that is what most people not on welfare do today. You also suggest that a single mother working half- or three-quarter-time should be able to get off welfare and out of poverty (p. 14). I'd accept that, but to justify it politically, the bulk of employable welfare mothers would have to work this hard, not just a few.

I agree that the working mother should do better than a nonworking recipient, but one can assure that simply by denying support to the nonworking mother. I'd also give the working mother a bonus on welfare. There is no need to construct a new set of income supports for her.

The most important proposal in this section is to make EITC regularly payable in more cases. That means tackling the whole work supplementation problem, which is tough. It will probably be difficult to get many employers to serve as conduits for government aid. It's probably best simply to pay EITC through welfare in the case of working poor who remain on AFDC or Food Stamps.

You also suggest demonstrations in the area of income support for working families. I don't see a need for special "work support offices," since the programs in question already serve many working poor families, nor for front-end emergency assistance, which might revive the welfare fraud problems of twenty years ago.

But I do see an argument for liberalizing the work history rules in UI so that more people with short job histories can get UI. This is also the best nonwelfare way to help the working poor. Unlike some other proposals--children's allowances, assured child support--it doesn't require creating new entitlements, only expanding an old one.

Provide Access to Education and Training, Impose Time Limits, and Expect Work

For a more detailed response to the JOBS aspects of the plan, see my separate paper on "Reforming Welfare Through Half-Time Work." My approach, like yours, is to keep as many recipients as possible from hitting the two-year limit on cash assistance that the President has proposed. However, I think that to do that one must mandate work search at the outset, condition eligibility on half-time work, and permit extensions only to two years, not beyond it. The current plan is vague about how and when work would actually be expected.

Your most important recommendation in the whole paper is to move JOBS to full participation. I strongly support that. To implement that policy, you need to define new participation floors for years beyond FY95. You would also need a set of ceilings to bring down the share of clients allowed extensions over time.

In addition, the emphasis within JOBS has to be shifted away from remediation and towards job search. The document is vague about this . Job search is specified only at the end of the two-year period. Up-front job search should be mandated, not left to state option.

The two-year transition period should not universally be allowed. I'd limit it to people who had tried to get a job at the outset and failed. To allow it generally contradicts the message that welfare eligibility is to be based on work. Rather, I'd make all the employable look for work at the outset and then limit extensions to two years.

Exemption criteria are too vague. You probably need to take a stand on the age of youngest child question. I'd lower the age of exemption to two. Even better, define mothers with children of any age as employable, but give those with children under two an extension of up to two years.

Work is too long postponed. It shouldn't take 90 days just to get into JOBS (p. 18) You allow everyone two years to go to work and then allow further extensions for some percentage of the caseload. I'd require up-front job search, give a two-year extension to a fixed percentage of the caseload, and allow no extensions beyond that--unless one was working half-time.

Rather than allow people to "earn" months of future welfare by working (p. 21), I'd let them earn eligibility for UI by working, like other people.

More federal funding for JOBS is needed, but I would not raise the federal matching rate above 75 percent. Without an important state share, localities won't "own" their JOBS programs, and they will wither. In WIN, the predecessor of JOBS, FFP was 90 percent, and the programs were ignored at the state level. Rather than cut the state share, I'd promote awareness of how much well-run work programs save government at all levels, according to the evaluations. This connects to the question of accounting for welfare savings (see below).

Public jobs as a way of guaranteeing work strike me as a morass. If WORK jobs were promised as an entitlement, they would only be given to a small share of the caseload, other cases would go on a waiting list, and any idea of a time limit on aid without work would go by the board. WORK should be provided only as a non-entitlement, as CETA was. Alternatively clients should have to meet tough work-search requirements to demand a WORK slot on pain of remaining on aid without working. If private jobs are scarce, it would be better to allow more extensions, during which people would have to look for work.

Public jobs, if provided, should not be described as work for wages, as conservatives regard this as setting up a separate job empire within government; nor as work for welfare, because liberals regard that as punitive. Rather, call them "work experience," a term that was anodyne in WIN.

The economic development proposals (p. 24) strike me as soft and unpersuasive, given the small impact of such programs in the past. And like child care investments, they threaten to soak up funds that you need to expand JOBS, which is the really critical reform.

<u>Child Support Enforcement</u>

While the proposed bureaucratic improvements are useful, they don't get to the heart of the child support problem, which is failure to establish paternity. The $50 incentive now given the mother to cooperate obviously isn't enough. I'd require her to name the father to get any aid at all, with no "good cause" exemptions. If the father hassles her, prosecute him. She could name more than one man if unsure. If the name, or names, did not result in a child support judgment, the case would be closed.

Child support assurance is presently impolitic, as suggested at the meeting, although experiments with it should go forward. The main limitation I see is that it doesn't cause very many welfare mothers to go to work.

The idea of "mandatory work programs" for noncustodial fathers (p. 28) is worth exploring. I think you'd see more support for using government jobs for this purpose than within JOBS. This discussion again brings up the question of work tests for fathers. I'd combine this discussion with the earlier treatment of AFDC-UP into a separate section on work arrangements for the fathers. This would parallel the section on JOBS and time limits aimed mostly at mothers.

The message would be that the fathers of welfare families face three choices, in order of preference: Work full-time and support your family off welfare. If you can't do that, join UP, and

REFORMING WELFARE THROUGH HALF-TIME WORK

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24 January 1994
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The following paper develops an approach to welfare reform based on half-time employment.[1] In part, the plan is a reaction to the initial reform ideas produced by the Clinton Administration's Working Group on Welfare Reform.[2] Below I discuss the general approach and its rationale, a number of the details--such as exemptions, extensions, and the role of government jobs--and implementation. I have not attempted to estimate caseloads or costs.

General Approach

Reform should primarily require that AFDC recipients, if employable, work serious hours as a condition of aid. Welfare adults would have to get a job within 90 days of going on the rolls and would have to keep working as long as they were on welfare. However, in most cases recipients would have to work only half time, and they would face no time limit on aid provided they kept working. A minority of the caseload would be allowed aid without work beyond 90 days, but limited to two years.

These expectations are chosen to be simple and straightforward, and to match those faced by women not on welfare. The hope is to make the rules broadly communicable and legitimate, so that the work test becomes known and established in poor communities, the way other obligations, such as paying taxes of sending children to school, already are. A reason to define the work requirement as half-time is that this is already the participation standard in JOBS. A reason to limit extensions to two years is that this is the limit President Clinton has publicized for aid without work (although the current Administration plan would permit some extensions beyond this), and experts often use two years to demarcate short-term welfare cases from long.

This strategy differs from standard liberal and conservative approaches to reform in that the immediate goal is not to get the mothers *off* welfare or cut the rolls. It is simply to put the mothers

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[2] Working Group on Welfare Reform, Family Support and Independence, "Draft Discussion Paper," November 1993.

to work while *on* welfare. A significant proportion of the recipients probably would leave welfare once required to work at all, and grant money would certainly be saved, but this is not the immediate objective. My plan agrees with the President's notion in part. I judge that it is not possible currently to cut welfare eligibility or benefits much, as some conservatives want, without causing unacceptable hardship. Nor could one set an absolute time limit to benefits. One can set a two-year limit to benefits without work. However, to do that one must demand work much sooner, of more of the employable, than suggested in the current Working Group plan.

One might finally be able to cut welfare or set strict time limits to it, but only after a much higher percentage of the caseload was routinely employed than now. Until then, to take such steps would not be humane or credible, as they would simply throw a lot of needy families on the street.

The core of reform is to raise work levels on AFDC, but some clients should also shift to other programs that are less controversial. Some mothers now on AFDC would be exempted from work as disabled and go on SSI. Those who left AFDC for work and then lost jobs would be supported on Unemployment Insurance (UI) and Food Stamps by preference rather than returning to AFDC. It is more politic to "mainstream" welfare families on these existing benefits than on new ones that have been proposed (e.g., children's allowances, assured child support).

Rationale

I cannot give a detailed rationale for this approach here,[3] but my reading of the research and policy experience related to welfare supports these conclusions: The main reason the working-age poor and their families go on welfare is that the adults do not work regularly; family breakup is secondary. The main reason for nonwork is not that the poor do not want to work, or that barriers such as lack of jobs or low wages keep them from working, although those factors contribute. Rather, it is that welfare and other institutions do not enforce work. Public authority motivates the seriously poor to work more strongly than do the incentives surrounding work and welfare.

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[3] For supporting arguments and documentation, see Lawrence M. Mead, The New Politics of Poverty: The Nonworking Poor in America (New York: Basic Books, 1992), chs. 3-8; "The Potential for Work Enforcement: A Study of WIN," Journal of Policy Analysis and Management 7, no. 2 (Winter 1988): 264-88; and "Should Workfare Be Mandatory? What Research Says," Journal of Policy Analysis and Management 9, no. 3 (Summer 1990): 400-4.

Welfare reform is an administrative problem, not a problem in social reform. While measures to "make work pay" such as a higher EITC or minimum wage would help people already working, they would not cause many more nonworking poor to go to work. Thus, such steps may be desirable in their own terms, but they do not constitute a reform of welfare. Nor would radical cuts in welfare benefits or eligibility have much effect, other than to make needy people worse-off. In contrast, requirements to enter work programs do show some power to shift the welfare caseload toward constructive activity. While welfare employment programs have not cut dependency or raised earnings much to date, they have expanded by two or three times the share of the employable clients doing something to help themselves, if only to join training activities or look for work.

Welfare work programs need money for support services such as child care, but the key to their impact is their authority. The share of the employable caseload that goes to work is proportional to the share that is obligated to participate in a work program. It also reflects the share of the participants who go into actual work or job search as against education or training. Participation and job entries are high in programs that communicate strong work expectations and follow up on clients closely to prevent them dropping out. Remediation should play some role, but it seems to do more good after recipients are working than before.

But if many recipients can work, it is hard to get a great many entirely off welfare, at least in the short run. That is partly because they typically earn low wages, compared to what they can "earn" on welfare, and partly because they have trouble working full-time, due to personal difficulties and the burdens of childrearing. While the majority could get off welfare with full-time work, government cannot feasibly require that. What it can and should do is to get the mothers organized for employment and working part-time. That should enable a fair number to get off the rolls over time. More important, it would transform welfare for those staying on the rolls.

A half-time work standard also fits the politics of reform. At a policymaking level, both liberals and conservatives would like to raise work levels among the poor, but disagree about how to do this. Liberals want to do it through new benefits, conservatives through cutting back welfare and its disincentives. That difference becomes unbridgeable if one insists on getting people entirely off welfare. To do that, liberals have to recommend expensive steps to "make work pay," such as government jobs, while conservatives have to demand large cuts in eligibility and benefits that reduce welfare's ability to support the needy. Each side then prefers to leave the mothers idle rather than promote work on the other's terms, and reform is defeated. However, both sides can agree on part-time work, because it is relatively cheap and does not put the principle of aid in question.

At the level of public opinion, a half-time standard is also politic. Most voters do not oppose welfare as such, only the "abuses," such as nonwork, that are linked to welfare. While Americans would like to get people off welfare, their main demand is that the adult recipients work alongside the taxpayers to help support their families. If work were seriously required and sustained, even half-time, public concern would be allayed, and the climatefor a more generous antipoverty policy would improve.

The Work Test

Eligibility for AFDC should normally require working at least half-time. To keep aid, an employable recipient would have to be in a job requiring half time or more within 90 days of going on the rolls, and would have to keep working at this rate as long as he or she stayed on AFDC. "Employable" here would normally include all adults aged at least 16 covered by a case unless they were elderly, disabled, or teenagers in school. Mothers with children under two would be classed as employable but not required to work immediately (see below). Those meeting the work test would face no time limits on benefits, although they would still have to satisfy other eligibility rules for AFDC, such as being needy and having a child under 18.

In the Clinton plan, everyone has two years to go to work, and some recipients are allowed extensions beyond that. This does not make the work test immediate enough to be compelling to many recipients, for whom work would remain a distant prospect at the time they applied for aid. In this plan, recipients have 90 days to go to work, and the extensions are limited to two years (see below). Virtually no nonworking recipients would be kept on the rolls beyond this. While dependency would not be strictly time-limited, it would be conditioned on half-time work.

The test generally would be 20 hours work regardless of the wage earned. The point of the work test is to satisfy a social expectation and not to "work off" the benefit in a literal way. Recipients working at low wages would not have to work more hours, nor would those in high-wage jobs have to work fewer, unless their earnings would take them entirely off welfare (see below). Hours might vary per week but would have to average 80 per month. The work test would not demand more than half-time work, to give the mother time for childrearing and also to train for a better job, provided she kept working half-time (see below).

Of course, welfare has the power to require work only if recipients stay on the rolls. They usually would stay on while working half-time in states with high benefits, typically in the North. They would not stay on in states with low benefits, typically in the South. Thus, work could be enforced in these states only at a lower level. The requirement might be to work enough to defray half or two-thirds of the need standard *or* for 20 hours a week, which was lower. For the bulk of the caseload, which is in high-benefit states, the half-time standard would apply.

New recipients, if employable, would enroll in JOBS and would remain in it as long as they stayed on welfare. They could be given child care and job search assistance, and could look for work for as long as 90 days. For the less job-ready recipients, the first week or two would be spent in job clubs learning job search skills. The employable would have to look for work at least half-time until they got a job. Adults would enter job search as soon as they had applied for welfare, in hopes of forestalling a need for aid. JOBS would have to certify that they had begun job search before their applications could be approved, if support services were available. The 90-day clock would start running after they were on the rolls

Two groups would be treated specially. Welfare fathers, in AFDC-UP cases, would face a work test of the same kind as the mothers's, but somewhat more stringent. A father would have 90 days to get a job, and would have to be working at least half-time at that point. He could then have a two-year extension to get up to full-time work (defined as 35 hours a week). Fathers would be ineligible for nonworking extensions.

For teen mothers still of school age, the obligation would be to stay in school. These mothers would have to maintain normal progress and live with their parents. On graduation, they could establish their own households but would become subject to the regular work test. Those who failed to maintain normal progress or dropped out would also face the regular work test. "School" here means ordinary school pursued full-time. Alternative programs such as GED or training would not be allowed except for mothers already working half-time (see below). Mothers who cannot handle regular school do not seem to learn much in the classroom, at least not before going to work.

Exemptions

Outright exemptions from the work test within AFDC should be avoided. The Family Support Act normally exempts mothers with children under 3. I would reduce that age to two. And rather than exempt these mothers totally, I would define them as employable but include them in the clients to be given extensions of up to two years. During that time, they would enter the JOBS program and face some service or work-readiness obligation, but for less than half-time. Their children would then be at least two when the extensions ended and they faced the regular work requirement.

Disability has traditionally been a grounds for exemption and should remain one, but not within AFDC. Much of the controversy over AFDC results from mothers who are not narrowly disabled yet are treated as unable to work. AFDC intake workers should refer clients who might be disabled to SSI, where they would face SSI's eligibility tests. Some expansion of SSI would result. All other applicants should be referred to JOBS and face the regular work test.

Most often, recipients now referred to SSI are older mothers, long out of the labor force, who are too old to adjust to employment when their youngest child turns 18. It is important that the number of younger mothers, and the number with mental as against physical impairments, who go on SSI be limited. The fact that a mother is disorganized should be grounds for an extension, not total exemption. Otherwise, work controversies will continue in AFDC, or will arise in SSI. The battle over Disability Insurance reviews in the Reagan Administration is a precedent.

Work Incentives

In this conception, the work obligation is mostly separate from how much money a family gets. The former is an obligation owed by any employable recipient, while the latter depends on the need standard set by the state. Traditionally, welfare reformers have tried to assure that a working mother gained a higher income by working by allowing her to keep some of her earnings net of any reduction in her grant. However, research and experience show that work incentives cause few welfare recipients to go to work. Administrative stipulations have more effect. Hence, the work requirement would be presented to clients as a moral obligation and enforced as an eligibility rule.

However, work incentives might well be used to recognize and reward work once it occurs. I would raise the present $30 earnings disregard to perhaps $60 and describe it as a work bonus. I would keep the 33% work incentive and make it open-ended rather than limited to four months, but would apply it only to earnings from hours above 20. Given the large savings welfare would realize from clients going to work at all, sizable bonuses and incentives may be affordable. However, such benefits should be limited to what could be paid out of the savings produced by JOBS (see below).

In addition, EITC could be paid to working recipients on a routine basis through the welfare system provided they stayed on the rolls (see below). The same could be done for working families off AFDC but still on Food Stamps.

Support Services

Could a mother, as now, demand child care, transportation, etc., as a condition of participating in JOBS? I'd leave transportation as an entitlement, as it is not a crucial problem in the big cities. One can reasonably expect that recipients take public transportation to jobs provided that commuting times are not excessive.

The big issue is child care. One wants to be sure children are taken care of, but at the same time make child care less of an "out" than it sometimes is now. I'd continue to provide child care as an entitlement, but I'd also allow work bonuses or incentives only to mothers who arranged their own care--as mothers outside welfare have to do--and financed it out of their $175 child care disregard. Such care would typically be cheaper than care JOBS paid for in child care centers, and awarding the bonuses or incentives recognizes this. 7

Extensions

Not all nondisabled mothers can get ready to work within 90 days. Some proportion of those who did not get jobs in that time would be given extensions, but limited to a minority of the mandatory caseload. This limit is essential to be sure that both clients and welfare departments take the initial job search seriously. Whom to extend would be up to the locality, but the choice would presumably favor the more disadvantaged clients.

Those given extensions would still have to participate in JOBS at least half-time. Within JOBS, most of the extended clients would continue in job search, and would remain there until they got a job fulfilling the work test. The more disadvantaged would combine some community service obligation analogous to a job, such as volunteer work of an approved kind, with work-readiness activities decided on by staff, the total to equal half time or better. Work-readiness activities would be limited to the remediation needed to hold the most unskilled jobs, such as drug rehabilitation or English-language instruction. Except for teen mothers making normal progress in school, other education of even the most basic sort--GED, adult basic education--would be postponed until the work test was satisfied (see below).

Except for the teen mothers still in school, no one could stay on AFDC past two years without meeting the work test. The nonworkers could get no further aid except by qualifying for SSI, relying solely on Food Stamps, or giving up their children to foster care and seeking general assistance.

Furthermore, an extension would be allowed only once. The second time a mother applied for AFDC, she would have to satisfy the work test within 90 days and would be ineligible for an extension. The third time, she would to satisfy the test even to apply for aid.

<u>Sanctions</u>

At any stage, clients could be sanctioned for noncooperation. A sanction could occur within the first 90 days if a mother did not look seriously for work. It could also be applied to former recipients who left work without good cause and returned to AFDC.

The sanction should end the entire grant and not, as now, only the noncooperator's share of it. Whole grants are closed for other rule infringements. Failure to comply with the work test should be no different. Unless their families are at risk, some recipients will decline to take employment seriously.

However, sanctions are administratively cumbersome and unpopular with clients and staff alike. They would play a lesser rule in enforcing work under this scheme than up-front job search, the limit set on the share of caseload given extensions, and the two-year time limit on extensions.

Assessment

Many states now assess clients and draw up employability plans or "social contracts" when people first enter welfare. But the initial job search cannot be tailor-made if it is to apply immediately and widely enough to change the face of welfare. Early assessment is also often a waste, because many clients do not know their interests or potential at the outset, and it it is difficult to predict what they can do. Requiring work or at least job search provides a lot more information.

Beyond adjudicating claims to disability, the initial assessment should be confined to what is necessary for job search--recording the client's work history, if any, and referring him or her to appropriate job openings. Clients should be appraised in more depth and employability plans drawn up only after they are working half-time or have failed to get jobs and been given extensions. Subsequent training or work-readiness activities, if funded by JOBS, would have to be approved by staff as consistent with the plan.

Training

Training prior to work would be confined to the school obligation of the teen mothers and the limited job-readiness preparation given to the extended clients. Other education and training would be funded, but would be limited to clients already fulfilling the work requirement and would have to be approved by staff as consistent with employability plans. That is, training would be conditioned on work and not, as it often is now, a substitute for work. The Family Support Act's preferences for education in advance of work for much of the caseload would have to be altered.

Many mothers now undertake postsecondary education programs on their own while they are exempt from JOBS due to young children. Then they seek to continue their studies rather than work once they become mandatory. That has proven to be a big "out" from the work test in New York. It is an abuse, since AFDC is not supposed to be a college scholarship program. JOBS needs these more motivated clients available for job placement in order to generate case closures and fund services for the more disadvantaged clients.

When the new rules took effect, I would include mothers already in self-initiated programs among those given extensions. But from that point, newly mandatory recipients could not normally pursue training without working half-time. They could if they wished undertake training or education prior to becoming mandatory and could continue these programs after entering JOBS, but only if they also went to work half-time. Work-study assignments in support of postsecondary education would qualify if they were at least half-time.

Job Availability

The greatest question facing this plan is whether there would be enough jobs to absorb all the employable mothers. When implementation began, job availability would probably be sufficient. Many mothers already have jobs, but do not report them. The new policies--as well as the incentive to get EITC--would act to force these jobs onto the books, or the recipients off welfare. Also, if work levels rose in poverty areas, so would incomes, and enough additional jobs might be created so that there was little displacement.

However, as the numbers of mothers seeking work rose, job availability could prove inadequate, or it might be reduced due to a recession. I would prefer to deal with that problem without abandoning the work test or allowing indefinite aid without work. Instead, extend the period of job search permitted at the outset of welfare, or allow a higher proportion of recipients to get extensions. Those extended, however, would have to keep looking for work, as the regular jobless have to do. To be a meaningful work test, job search would have to be more closely monitored than it is in UI (see below). I would not extend the two-year length of extensions.

If working recipients lost jobs, they would be referred first to UI, then Food Stamps if necessary. UI benefits are normally limited to six months, but Congress usually extends them during recessions, making them more welfare-like. UI following a part-time job might well pay too little to support a family, but families if still needy would apply to Food Stamps. Only as a last resort would they return to AFDC, where they would face the same work test as before.

One of the great attractions of an up-front, half-time work test is that recidivism on welfare is no longer problematic. The fact that some recipients lose jobs and return to the rolls does not defeat reform, since the initial goal is not to get people off welfare. It is simply to be sure that the employable work whenever they are on welfare.

Support from UI and Food Stamps is to be preferred since these programs are more adequate and/or less stigmatizing than AFDC. UI's work connection rules might be slightly eased to raise the share of the unemployed receiving benefits, which is currently only half. But the change could not be great without seeming to turn UI into a welfare program and damaging its respectability.

The three programs would present a hierarchy where the more sensitive a benefit, the tougher the work test.. UI is the least sensitive, as these benefits are earned and time-limited; accordingly, UI's requirement that claimants look for work is not generally enforced. Food Stamps is noncontributory and open-ended, but the benefits are in-kind, and the caseload includes many intact and working families; accordingly, it has a job-search requirement.only somewhat more serious than UI's. AFDC is the most sensitive, as it is open-ended and in cash, and goes to the most troubled families. So its work test should be the most stringently enforced. That is one thing that should motivate recipients to live on UI and Food Stamps if they can and get out of AFDC.

Government Jobs

I would minimize guaranteed jobs as a backup to work-conditioned AFDC. If offered as an entitlement, huge numbers of slots would be required. To provide them would be prohibitively costly as well as a nightmare to administer. I would allow localities to create some backup jobs with a federal match for part of the cost. But recipients could not demand such jobs as a right, so that those who did not receive them stayed on welfare without working. Jobless recipients who did not get a slot would still go off the rolls at the end of two years.

Alternatively, one could provide the jobs as an entitlement but set demanding preconditions. No one could get such a job without first undergoing the up-front job search, failing to get a job, qualifying for an extension, and then fulfilling his or assignment during the extension with no trouble. For the more job-ready, that assignment would be to look for work steadily; for the less job-ready, it would be to complete community service and remediation assignments. Presumably, the number that would fulfill these conditions and still not get a regular job would be small.

The jobs, if provided, would be designed to satisfy the regular work test and nothing more. They would be half-time and pay the minimum wage. They would offer no raises and no promotion ladder. I would not describe them as either work for wages or work for welfare. To conservatives the first formulation suggests an attempt to create a haven from the private sector, while liberals reject the latter as punitive. Rather, call the jobs work experience, designed to fulfill the work test until the recipients got regular work.

Implementation

Implementation would primarily involve expanding JOBS and shifting its focus from remediation to job search. The expansion would have to occur over several years to avoid swamping the program and, perhaps, the labor market.

The new legislation should set an ascending series of floors for participation in JOBS, rising from the 20% in FY95 in current law to something well over 50%. Simultaneously, it would set a descending series of ceilings for the proportion of new cases given extensions. The more new applicants that were given child care and job search by a growing JOBS, the fewer would have to wait to work.

For existing nonworking cases, the two-year limit would be phased in gradually, with appropriate warnings given to the clients. The longest cases would go to work or be terminated first, then shorter ones, until no one remained on AFDC longer than two years without working.. Again, those ousted from AFDC would not necessarily be denied all aid, but they would have to get it from SSI, UI, Food Stamps, or other programs.

The proposed version of welfare reform is cheaper than some others, because it does not involve large spending on training or government jobs. However, the new administration required would still involve substantial costs. As JOBS is expanded, it is crucial that sizable numbers of job entries and case closures be achieved early on. To generate those is one of the reasons for up-front job search. Although the goal is more to transform welfare than cut the rolls, implementers have to realize some savings from their labors to sustain the will to reform welfare. Reform cannot seem to be simply the addition of a new program to the old, as FSA has appeared to be. To be sure that reform saved money overall, any new benefits such as work incentives would be limited to what could be financed out of the savings.

Besides building up the scale of JOBS, five key problems would have to be solved:

1. *Case management.* Work enforcement is paternalist. It requires providing needy families support, but also enforcing norms, in this case work. The current welfare bureaucracy is oriented to

eligibility determination, grant payment, and--within JOBS--the provision of job search and support services. To those operations must be added a corps of case managers who would monitor the mandatory adults and keep them involved in their assigned activities. Such administrators have been essential to the success of the best welfare employment programs to date.

2. *Integrating grant payment and part-time work*: Currently, payment systems are good at recording large earnings gains that close cases, typically due to full-time work. They are less good at adjusting grants for earnings that leave a case open, typically due to part-time or intermittent work. Some clients have been discouraged from working part-time because of the paperwork involved. Part-time work would vastly increase under this reform, so the adjustment of grants for earnings must become more routine. The best solution is probably to combine the reporting of earnings with grant payment. At the end of the month, recipients would visit the welfare agency and present pay stubs and other evidence of earnings. With this information, computers could make adjustments for work incentives, add in EITC, and print out a welfare check for the amount necessary to meet the need standard.[4] To combine earnings with aid through the welfare system is probably easier than through grant diversion or work supplementation schemes involving the employer.

3. *Monitoring work effort*. Work enforcement requires tracking employment status as well as earnings. To do this through the UI reporting system, as evaluators do, is inadequate, as that system records only earnings and quarters of employment, not working hours, and it tolerates considerable lag time. Again, the solution is probably to have recipients deliver evidence of employment to welfare and then receive their grants. They would have to show employment to stay on welfare, and this would give them an incentive to report earnings, as well as hours, honestly.

4. *Accounting for welfare saving*. Evaluations demonstrate that a work program of the proposed kind would save large sums for government overall. But the savings would show up in lower grant payments and, over time, smaller welfare rolls. JOBS itself will still appear costly unless it is credited with some of these savings. One cannot attribute any specific case closure or grant reduction to the program, the way one can child support payments to child support enforcement, because many clients leave welfare for work voluntarily. Rather, some fair share of the

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[4] I am indebted for this suggestion to Michael L. Wiseman.

savings must be imputed to JOBS, on the basis of evaluations, and then used to fund it. One approach would be to estimate JOBS's impact on welfare reductions in each fiscal year, then use that money to fund the program in the next cycle.

5. *Performance measures*. JOBS will need performance criteria to drive it through the implementation of the new work rules and then to guide it on an ongoing basis. Designing such measures should be easier for the proposed reform than for some others, since the main purpose is simply to get clients working half-time. Monitoring that goal should be possible with a modification of the current system for measuring JOBS participation rates. However, it would be desirable to track as well the quality of jobs clients get--their wages and duration. JOBS programs should primarily put people to work in available positions, but they should get some credit for obtaining "good" jobs.

An additional issue that could well arise during implementation is immigration. One of the reasons to think that jobs would be available to welfare recipients if required to work is that there is little evidence to date that immigrants, either legal or illegal, are displacing jobless Americans from employment. But immigration continues at high levels while job creation in the current recovery is below recent experience. There is thus reason to fear that competition for jobs could develop among welfare jobseekers and immigrants, particularly the illegal migrants who now do many unskilled jobs in cities. One part of a work-oriented welfare reform package, therefore, should be new proposals to restrict illegal immigration.

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February 22, 1994

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

Dear Member of Working Group:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sincerely,

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

JoAnn Kane
McAuley Institute

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

Rita Greenwald
National Council of Catholic Women

Margaret Cafferty, PBVM
Leadership Conference of Women Religious

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

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

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

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

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

Kathy Thornton, RFM
NETWORK

Edna Jane Nolte
Catholic Daughters of the Americas

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

United States Catholic Conference
Office of Domestic Social Development
3211 Fourth Street, NE
Washington, D.C. 20017

LCWR
Leadership Conference of Women Religious
8808 Cameron Street
Silver Spring, MD. 20910

Catholic Daughters of the Americas
10 West 71st Street
New York, NY 10023

Catholic Charities USA
1731 King Street, Suite 200
Alexandra, Virginia 22314

Conference of Major Superiors of Men
8808 Cameron Street
Silver Spring, MD. 20910

Columban Fathers Justice & Peace Office
P O Box 29151
Washington, DC 20017

National Council of Catholic Women
1275 K Street, NW Suite 975
Washington, D.C. 20005

U.S. Jesuit Conference
Office of Social Ministries
1424 16th Street, NW Suite 300
Washington, D.C. 20036

McAuley Institute
8300 Colesville Rd. Suite 310
Silver Spring, Md. 20910

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

United States Catholic Conference
Migration and Refugee Services
3211 Fourth Street, NE
Washington, D.C. 20017

SOCIAL JUSTICE: An Agenda for Change

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

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

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

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

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

Economic Security

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

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

Housing

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

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

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

Hunger

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

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

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

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

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

FEBRUARY 1994

THE WHITE HOUSE
OFFICE OF DOMESTIC POLICY

CAROL H. RASCO
Assistant to the President for Domestic Policy

To: Reed
Way

Draft response for POTUS and forward to CHR by:

Draft response for CHR by:

Please reply directly to the writer (copy to CHR) by:

Please advise by:

Let's discuss:

For your information: ✓

Reply using form code:

File:

Send copy to (original to CHR):

Schedule ? : ☐ Accept ☐ Pending ☐ Regret

Designee to attend:

Remarks:

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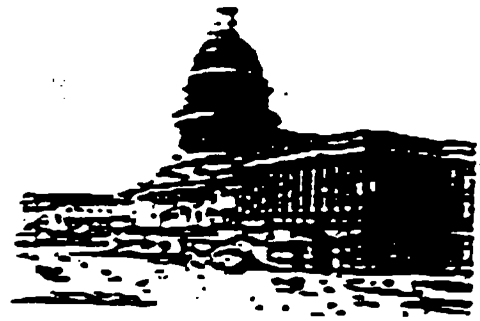

• COUNCIL OF JEWISH FEDERATIONS • WASHINGTON ACTION OFFICE •
1640 Rhode Island Avenue, N.W., #500, Washington, D.C., 20036
202/785-5900(o) 202/785-4937 (f)

FACSIMILE COVER SHEET

TO: Carol Rasco, Assistant to the President for Domestic Policy

FROM: See attached list

DATE: 2/25/94

■ If there is some problem with the transmission of these 3 pages, please contact us at the above phone number. ■

February 25, 1994

President William J. Clinton
The White House
Washington, D.C.

Dear Mr. President:

We are writing to express our profound concern that the Administration's task force on welfare reform is considering cutting the availability of SSI and possibly other essential benefits to immigrants legally in the United States in order to finance its welfare reform initiative. This proposal severely threatens the health and well being of the most vulnerable members of our communities, particularly the elderly, blind and disabled immigrant family members of U.S. citizens. It is unacceptable to finance a legitimate public policy aimed at reducing poverty in the United States by creating and exacerbating poverty in major U.S. ethnic communities.

Sensationalized media coverage has suggested that recent increases in the number of immigrants receiving SSI benefits are an indication of "SSI abuse" by citizens who allegedly bring in their elderly parents with the intention of dumping their support onto the U.S. taxpayers as soon as possible. Such reports make a mockery of the struggles of immigrant and refugee families, many of whom are among the working poor who legitimately need assistance in supporting their households. Increases in SSI use among immigrants reflect increases in the overall immigrant population; a wide body of research shows that immigrant use of public services is in fact lower than that of the general U.S. population.

Family reunification is the cornerstone of the nation's immigration policy; studies conducted by the Department of Labor as well as a wide range of credible academic institutions are nearly unanimous in showing that immigrants pay more in taxes than they use in benefits. The nation enriches itself economically and culturally by reuniting immigrant families. By proposing to cut essential benefits to elderly, blind and disabled immigrants, the Administration will put many families in the untenable position of having to choose between family reunification and poverty. Such a choice offends the basic values of this nation and the broad array of ethnic communities which make it strong.

The suggestion that immigrants are taking advantage of the system at best does a great disservice to hard working members of U.S. ethnic communities, and at worst panders to xenophobia by perpetuating an "us versus them" dichotomy between U.S. citizens and newcomers. We were appalled by proposals to cut benefits to legal immigrants, which were supported by Republican members of Congress in an unscrupulous attempt to link immigration control with welfare reform. We are alarmed that the Administration -- which has thus far engaged the immigration debate constructively -- would perpetuate an atmosphere which can only be interpreted by our communities as a threat to legal immigrants and Americans alike. We urge you in the strongest possible terms to reject any proposal which would finance welfare reform by cutting benefits to legal immigrants.

Sincerely,

American Jewish Committee

Asian American Legal Defense and Education Fund

Asian Law Caucus

Asian Pacific American Labor Alliance, AFL-CIO

Asian Pacific American Legal Center of Southern California

Catholic Charities USA

Chinese for Affirmative Action

Council of Jewish Federations

Hebrew Immigrant Aid Society

International Ladies Garment Workers Union

Japanese American Citizens League

Jewish Community Federation of San Francisco, Peninsula, Marin, and Sonoma Counties

Jewish Federation of Metropolitan Chicago

Mexican American Legal Defense and Educational Fund

National Asian Pacific American Legal Consortium

National Asian Pacific Center on Aging

National Association for the Education and Advancement of Cambodian, Laotian, and Vietnamese Americans

National Council of La Raza

National Jewish Community Relations Advisory Council

Organization of Chinese Americans

United Jewish Appeal - Federation of Jewish Philanthropies of New York

United States Catholic Conference, Migration and Refugee Service

orig: CHR - meeting file 3/2 4pm
xc: Reed } fyi
Way

February 28, 1994

MEMORANDUM

TO: Secretary Donna Shalala
Secretary Robert Reich
Secretary Richard Reilly
Secretary Henry Cisneros
Carol Rasco
Melanne Verveer

FR: Marian Wright Edelman

RE: Absolute time limits on AFDC eligibility

It is my understanding that on Wednesday the Cabinet may consider a proposal developed by the Administration's working group on welfare reform that would eliminate AFDC eligibility for at least some families who have participated for two years in and met all the requirements of a publicly-funded work program.

I strongly urge you to speak out against any proposal that may cut off AFDC benefits without providing an assured job. A sweeping "two years and out" approach would destroy the safety net that now protects poor children from severe deprivation and lead to sharp increases in homelessness, foster care placements and other tragic and costly outcomes. Even a more limited provision that allows but does not require welfare agencies to end eligibility after a reassessment at the two-year point is fraught with perils. Given that parents who reach the two-year limit will have been in full compliance with JOBS and WORK program requirements all the way up to the point of reassessment, what objective criteria could possibly serve as the basis for decisions to end AFDC eligibility even in selected cases?

The President's pledge to provide and require work after two years of AFDC receipt can attract broad support. **However, it is inconceivable to me that this Administration would turn its back on poor children and families by embracing any form of arbitrary time limits on AFDC benefits.** By eliminating AFDC benefits in instances where jobs or alternative means of support are not otherwise available, either mandatory or discretionary time limits would violate every standard of fairness and decency. I deeply hope that you will push for a more sensible and humane course in this critical area.

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON D.C. 20201

FEB 24 1994

MEMORANDUM FOR MACK MCLARTY, THE WHITE HOUSE

FROM: DONNA SHALALA Donna E Shalala

SUBJECT: Weekly Report for February 28 - March 6

THE WEEK AHEAD

I will meet with Puerto Rico's Governor Pedro Rossello Friday, February 25 to discuss health care reform.

The Department anticipates decisions in the next week on welfare reform waiver requests for demonstrations in California and South Dakota. The California project would include provisions to require pregnant and parenting teens to participate in Cal Learn, a program which includes cash incentives and sanctions to encourage teens to remain in school and obtain passing grades. The project would also increase the AFDC resource limit from $1000 to $2000 and the vehicle asset limit from $1500 to $4500. Further recipients could establish restricted savings accounts of up to $5000 to provide for a child's post-secondary education or training, start a business or purchase a home.

The South Dakota project would time-limit AFDC benefits by assigning adult recipients to either an employment track of up to 24 months or an education and training track of up to 60 months. Individuals who have not found employment by the end of the time limit must participate in approved volunteer service activities or have their AFDC benefits reduced.

Next week, the Department will release the first national survey of hospital emergency departments which will show that most visits are not for emergency treatment. According to the survey, prepared by the National Center for Health Statistics, Americans made almost 90 million visits to hospital emergency departments in 1992, and 55 percent of those visits were non-urgent.

The CDC Advisory Committee on the Prevention of HIV Infection will meet in Atlanta from February 28 - March 2. The committee will consider the recommendations of an external review that focused on the different programs CDC employs toward prevention.

I will visit an alternative school for adolescents in honor of the Brady Bill becoming law February 28.

Also on February 28, I will meet with the National Association of Community Health Centers to discuss health care reform. I will also meet with the National Advisory Council on Migrant Health.

I will meet with Frank Oldham, the new director of Washington D.C.'s Agency for HIV/AIDS on March 1.

CONGRESS

IHS & Health Care Reform: On February 28, the Natural Resources Subcommittee on Native American Affairs will hold a hearing on H.R. 3600, Health Security Act, that will focus on American Indians and Alaskan Native communities. Michael Lincoln, Acting Director, IHS, will testify.

Supplemental Security Income (SSI) Modernization: On March 1, the Ways and Means Subcommittee on Human Resources will hold a hearing on SSI modernization, focusing on the mechanics of the actual payment system and how to simplify the process. Shirley Chater will testify.

PRESS

On February 24-25, the Board of Tea Experts will discuss and select tea standards used by FDA examiners in inspecting imported tea. Since this is one of the advisory committees that the Clinton Administration announced it plans to eliminate, this meeting may attract media attention.

On March 2, the Department plans to release new guidelines calling for more aggressive treatment of cancer pain. These guidelines, developed under the Agency for Health Care Policy and Research, are part of a series aimed at improving health care for all and giving greater return on every health care dollar spent.

The Department will release a special surveillance report on March 3, showing that teen pregnancy is rising in most states. The report, prepared by CDC and with a forward by the Surgeon General, examines patterns of pregnancy in teenagers ages 15-19. In the years 1980 and 1990, birth rates for teens were up in 23 states and the District of Columbia and down in only 9 states.

On ABC's "Day One", scheduled to be aired February 28, the network claims to have uncovered new evidence that demonstrates the extent to which the tobacco industry is capable of, and does in fact, manipulate the amount and even the presence of nicotine in cigarettes. It may be suggested that FDA has the authority and responsibility to regulate cigarettes.

On February 28, the suit by Margaret F. Jensvold, MD, alleging sexual harassment by superiors at NIMH, goes to court in Baltimore. The National Organization of Women held a small demonstration in front of HHS' main building today, to protest "sexual harassment and racial discrimination."

Dr. David Kessler, Commissioner of FDA will conduct a background briefing on March 2 on the new food label which will be on most packaged foods this May. Dr. Kessler will explain the ongoing educational campaign, which includes public service announcements that will air in May.

ABC's "Day One" is scheduled to air a story on March 7 about an impoverished family from Texas who have suffered many medical hardships but still do not qualify for Medicaid.

CBS's "60 Minutes", and other major news outlets, are preparing stories on TennCare, the Tennessee state health reform program. These news organizations may be exploring the deaths of two TennCare enrollees and Rep. John Dingell has asked the General Accounting Office to do an investigation of TennCare.

WEEK IN REVIEW

The first confirmed case of Hantavirus Pulmonary Syndrome (HPS) in the Northeast was confirmed by New York, Rhode Island, and CDC health officials Wednesday afternoon. CDC is working closely with local officials to identify the source of the infection.

According to preliminary results of a trial sponsored by the NIH, AZT therapy reduced by two-thirds the risk of HIV transmission from infected pregnant mothers to their babies. Because long term effects of therapy on the infants are currently unknown, no recommendations about treatment to prevent transmission of HIV during pregnancy and delivery are being made until consensus can be reached on the balance between known benefit and unknown risk.

On Tuesday, February 22, the Secretary met with a delegation from the California state legislature led by Speaker of the House Willie Brown. Chief among the group's concerns raised during the half-hour meeting was health care reform and its financial impact on California. Also of interest to the state legislators were the Administration's welfare reform efforts and possible financing methods; immigration and the fiscal burdens placed on the State for their health care and other social service benefits; and the reformulation of the Maternal and Child Health allocation proposed by GAO in a recent report.

On Friday, February 18, HHS released $300 million in Low Income Home Energy Assistance Program (LIHEAP) contingency funds to states hit by unusually harsh winter weather, pursuant to an emergency declaration by the President.

PRESIDENTIAL INITIATIVES

On March 7 HCFA plans to issue regulations to reduce the paperwork burden on physicians by eliminating the need for doctors to file an annual statement with hospitals where they admit Medicare patients. Physicians will no longer file the statement annually but only when they are originally granted admitting privileges at a hospital. I will announce this regulation at a meeting of the Practicing Physicians Advisory Committee on March 7.

On March 11, I will speak on domestic violence to the National Coalition of Physicians Against Family Violence of the American Medical Association.

I will attend a town hall meeting in Bloomington, Indiana with Representative McCloskey on March 13. Governor Bayh has also been invited.

The following senior HHS officials will be travelling on behalf of the health care reform effort:

- February 25 -- Assistant Secretary for Aging Fernando Torres-Gil will travel to Norfolk, Virginia to address a public symposium on health care reform, as it affects the elderly and the disabled.

- February 28 -- Health Care Financing Administrator Bruce Vladeck will participate in a town meeting on health care reform, held at St. Vincent's Hospital in New York City and sponsored by Rep. Jerome Nadler (D-NY).

- February 28 -- Dr. Elaine M. Johnson, Acting Administrator of the Substance Abuse and Mental Health Services Administration will speak in Greenville, South Carolina at a forum sponsored by the SC Department of Mental Health.

- March 1 -- Dr. Phil Lee, the Assistant Secretary for Health will address the Dean's Seminar at Georgetown University on health care reform.

- March 1 -- Bruce Vladeck will address the annual policy and issues forum of the National Association of Community Health Centers Inc., in Washington, DC on "Health Centers and Health Care Reform."

DEAR LORD BE GOOD TO ME THE SEA IS SO WIDE AND MY BOAT IS SO SMALL

Children's Defense Fund

February 17, 1994

Kathi Way
Special Assistant to the President for
Domestic Policy
Old Executive Office Building, Room 218
The White House
Washington, DC 20500

Dear Kathi:

I thought you would be interested in this letter, which went to Mary Jo Bane, David Ellwood and Bruce Reed.

Best,

Nancy

Nancy Ebb
Senior Staff Attorney

25 E Street, NW
Washington, DC 20001
Telephone 202 628 8787
Fax 202 662 3510

February 10, 1994

The Honorable Mary Jo Bane
Assistant Secretary of the Administration
for Children and Families
Department of Health & Human Services
Aerospace Building - Suite 600
370 L'Enfant Promenade, SW
Washington, D.C. 20447

Dear Ms. Bane:

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

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

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

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

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

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

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

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

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

Sincerely,

Nancy Ebb
Children's Defense Fund

Nancy Duff Campbell
National Women's Law Center

Elisabeth Hirschhorn Donahue
National Women's Law Center

Paula Roberts
Center for Law & Social Policy

Joan Entmacher
Women's Legal Defense Fund

640

WASHINGTON
FEB 23 '93

218

Kathi Way
Special Assistant to the President for
Domestic Policy
Old Executive Office Building, Rm. 218
The White House
Washington, DC 20500

Children's Defense Fund
25 E Street, NW
Washington, DC 20001

PARAQUAD

Helping People Live Independently

5100 Oakland Ave., Suite 100
St. Louis, MO 63110-1426
314.534.5100
314.534.0044 TDD
314.534.0055 FAX

February 10, 1994

Stanley S. Herr
Kennedy Public Policy Fellow
The White House
Domestic Policy Council
224 Old Executive Office Building
Washington, D.C. 20500

Dear Stan:

I want to thank you and Kathi Way for taking the time to meet with David Newburger, Colleen and me regarding welfare reform and the impact it will have on people with disabilities. We were very interested to hear your and Kathi's points of view on these issues.

After 12 years of battling just to protect what we had accomplished, it is like a breath of fresh air to work with people like you and Kathi and the rest of the Administration. You really seem to recognize the importance of allowing people with disabilities the chance to use their abilities to become fully integrated, productive and tax paying citizens. Coupling that with the President's emphasis in his State of the Union message on breaking down the disincentives for those on welfare to becoming fully productive citizens, we are left with great confidence that you, and the President, and his Administration are on track for really improving the lots of people with disabilities and many other Americans. We wish to help you in that effort in any way we may.

We do see some problems in which we believe we can help. There is always the risk that nationally constructed policies will not reflect the real world needs and hopes of people they hope to serve. This is especially true for people with disabilities. As you know, there are countless stories of people with a variety of disabilities becoming victims of the system. Regardless of the fact that sometimes the policymakers have good intentions, a poorly designed system that fails to recognize people's ability flourish even though they have one or another or several disabilities can force people to waste their lives and forego their dreams.

We who work in independent living centers (ILCs) throughout the country see this occur day in and day out. We actually are a sort of focal point that brings many of these stories to the surface. We at our ILC in St. Louis, and our colleagues throughout the country, would be delighted to help serve as an information source, and maybe testing ground if you find the need. As we promised in our meeting, we are working up some summaries of cases in which the welfare system isolates and disenfranchises people with disabilities and will send them to you soon. I hope that you will be able to gather this information from numerous other ILCs around the country, centers such as; Access Living in Chicago, IL; Marin CIL in San Rafael, CA; Summit ILC in Missoula, MT; The Northeast IL Program in Lawrence, MA or New Vistas-ILC in Santa Fe, NM.

Obviously, much of our information is about the failures of SSI, Medicaid and state programs. Those teach cognate problems possible in AFUDC, and we are looking for AFUDC problems in particular. The AFUDC emphasis should be brought to the attention of the other ILCs.

I also think of another area in which we may be able to help. In our discussion with you and Kathi at the Executive Office Building, we were focused in on the welfare system and even more narrowly on a specific package the President is developing for presentation. We believe in his package and want to help its enactment in any way we can. But, we also suggest that in the real world of the needs of people with disabilities, the needs do not fit programmatic pigeonholes. Those individuals must solve the problems of welfare, personal care, health care and education just to get started on life. To become productive citizens, they must resolve housing, transportation and employment skills issues, among others.

From our point of view, each of these areas are intertwined. From the Federal Government's perspective each is a separate area of specialization--containing inconsistent policies and programs. It is only people like you on the Domestic Policy Council who can bring the whole together. We at the ILCs see the pieces of the whole everyday. As such our ILC staffs around the country may be able to point out bottlenecks in the system and opportunities for total issue coordination that may not be self-evident. Again, we would be delighted to help.

I shall follow up shortly with stories we can tell. In the meantime, thank you and Kathi again for your time and your insights.

Very truly yours,

Max J. Starkloff
President

cc:✓Kathi Way
David Newburger
Colleen Starkloff

PARAQUAD

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Live Independently

5100 Oakland Ave., Suite 100
St. Louis, MO 63110-1426

ST. LOUIS, MO 631
PM
10 FEB

Ms. Kathi Way
The White House
Domestic Policy Council
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Washington, DC 20500

A United Way Member