AGENDA FOR CHANGE 1993

OFFICE OF GOVERNMENT RELATIONS
National Association of Social Workers
NASW
Barbara W. White, PhD, ACSW, *President* • Sheldon R. Goldstein, ACSW, LISW, *Executive Director*

The National Association of Social Workers (NASW) is the world's largest organization of professional social workers. NASW's 143,000 members reflect the wide range of specialized training that is available through social work education; they practice in health, mental health, child welfare, public welfare, family service, school, industry, justice and community-based settings. Professional social workers focus on populations with special needs, such as women, minorities, children, older people, individuals with developmental disabilities, people with HIV-related and other chronic health conditions, at-risk students, people with mental illness, and individuals with alcohol and other drug dependencies. With chapters in every state and members in every congressional district, NASW promotes both the professional interests of its membership and the profession's societal values.

In addition to the priorities described below, NASW supports (1) prevention policies--from prevention of poverty and disease to prevention of child abuse, teen pregnancy, and illiteracy; (2) effective social services for individuals and families at all socioeconomic levels; (3) increased public participation in the political process through campaign finance and voter registration reforms; and (4) policies to reduce violence--from promoting safety on our streets and in our neighborhoods to protecting social workers and other employees in the workplace and encouraging conflict resolution programs in our schools.

A new administration and the most diverse Congress in the nation's history present new challenges and opportunities for gaining enactment of NASW's policy goals.

INVESTING IN AMERICA

NASW will undertake efforts to redirect federal budget priorities to investment in domestic programs that empower individuals and families. NASW's funding priorities include Child Welfare Services and Training, Family Resource and Support, Maternal and Child Health, Child Care, Head Start, Clinical Training Grants, Title VII Public Health Service Training, AIDS, Older Americans, Community Mental Health Services Block Grant, Substance Abuse Treatment and Prevention, Title XX Social Services Block Grant, Homeless Assistance and Permanent Housing, Job Training Partnership Act, Community Services Block Grant, Education for Individuals with Disabilities, Chapter I Compensatory Education, Drop-Out Prevention, and Low-Income Energy Assistance, as well as Research to generate knowledge to design effective services and programs.

NASW supports efforts to reduce the deficit through progressive taxation and elimination of unnecessary military spending, but opposes measures such as a balanced budget amendment and entitlement reductions that will harm vulnerable populations. In addition, the association will monitor initiatives to stimulate economic recovery and growth including job creation, urban aid, and conversion to a peacetime economy. NASW will support initiatives for reeducation, retraining, and assistance to workers who become unemployed because of reductions in defense spending.

ACCESS TO QUALITY HEALTH, MENTAL HEALTH, AND LONG-TERM CARE SERVICES

NASW will continue its leadership role in advocating for meaningful reform of the nation's health care system that ensures universal access to quality health, mental health, and long-term care services. The association will pursue reintroduction of the National Health Care Act of 1992 in the first session of the 103d Congress and mobilize support on its behalf. Additionally, the association will use NASW policy as a guide to review and comment on other health care reform initiatives, such as the managed competition approach, that reflect the priorities of the Clinton administration and various health care interests. The association also will target efforts to increase access for traditionally underserved populations.

ACCESS TO SOCIAL WORK SERVICES IN HEALTH AND MENTAL HEALTH CARE PROGRAMS

NASW seeks to improve access to social work services in health and mental health care settings through measures to reform the health care system, improve managed care, and strengthen existing federal health programs. NASW will undertake concerted efforts to improve reimbursement for clinical social work services under Medicare Part B, increase training and research opportunities for social workers, and achieve greater legislative recognition of social work as a health profession.

ECONOMIC SECURITY

As a result of the recent economic recession and policies that have widened the income gap between rich and poor, more and more Americans are facing financial hardship or poverty. NASW supports strategies to improve and expand the JOBS program of the Family Support Act, to move the working poor into sustained economic self-sufficiency, to promote job and economic development, and to provide every family with adequate financial support. NASW opposes policies that are punitive or invasive in their treatment of public assistance recipients and people with low income.

SERVICES FOR HIGH-RISK CHILDREN AND FAMILIES

NASW supports enactment of child welfare and family preservation legislation designed to strengthen families imperiled by economic need, substance abuse or dependency, emotional disorders, or violence. NASW also supports proposed reforms designed to guarantee that custodial parents receive the child support they are owed.

EDUCATION

NASW supports educational reforms that recognize the diverse needs of students and enhance the opportunity for all students, particularly those at risk, to meet their highest potential. In conjunction with the reauthorization of the Elementary and Secondary Education Act, NASW continues to urge recognition of the critical role of school social workers and other pupil services personnel and the importance of school-linked health and social services.

CIVIL RIGHTS

NASW supports policies that promote equal opportunities for all individuals and the elimination of discrimination based on race, gender, age, ethnicity, religion, disability, or sexual orientation. NASW will promote improvements to the Civil Rights Act of 1991 such as the Equal Remedies Act, which would eliminate the cap on compensatory damages for non-racial minorities. In addition, NASW will support other initiatives to end discriminatory practices in housing, health care, voting, criminal sentencing, military service, and the workplace.

EQUITY IN NATIONAL FAMILY POLICY

National policy often fails to take into account the competing financial, caregiving, and other responsibilities individuals must juggle to adequately care for themselves and their families. NASW supports unimpeded choice regarding abortion, access to a full range of family planning services (including information about abortion), family and medical leave, pay equity, and reducing violence against women.

OFFICE OF GOVERNMENT RELATIONS

NASW

National Association of Social Workers
Ann A. Abbott, PhD, ACSW, *President* • Sheldon R. Goldstein, ACSW, LISW, *Executive Director*

WELFARE REFORM: SUMMARY OF POSITION

The current reexamination of the Aid to Families with Dependent Children (AFDC) program, and the emerging national welfare reform debate, provide a much-needed opportunity to significantly improve the lives of low-income Americans and the social and economic fabric of our country.

NASW's members have extensive experience both with low-income families and with the systems that serve them. The recommendations that follow are rooted in that experience.

Significantly reducing poverty is a complex and formidable task, but an urgent one. While some suggest simply reducing the availability of welfare, NASW is committed to reducing the ***need*** for welfare by instituting a continuum of opportunities and supports.

NASW proposes a comprehensive strategy to help people get out and stay out of poverty. Its major features include:

■ Lifelong Development Opportunities for All Americans

No one is expendable. The strength of our nation depends on the ability of every member to make a contribution. Reforms that single out those "on welfare" stigmatize recipients and are destined to have only a limited impact. The best reform is a serious investment in human capital--one that provides opportunities for all people to achieve excellence, provides the tools for all people to avoid poverty, and enhances the economic productivity and social functioning of the nation.

While the availability of universal supports may not be sufficient to keep all people out of poverty, they are a key ingredient in reducing the number who need public assistance and they will go a long way toward building a stronger nation.

NASW recommends that the United States increase its commitment to building a solid infrastructure of universally available programs and supports, including:

- ***Lifelong education, training, and retraining:*** President Clinton has articulated the goal of lifelong learning. A variety of quality educational opportunities should be available to all, throughout the life span, along with enhanced opportunities for financial aid, national service, and other financing options. Likewise, maximizing productivity requires that job training and retraining be a viable, ongoing option for all members of society, regardless of workforce status.

750 First Street, NE, Suite 700, Washington, DC 20002-4241 • (202) 336-8284 • (800) 638-8799 ext 284 • TTD: (202) 336-8396

- *Resources to strengthen families:* Strong families provide an essential source of support. However, not everyone is fortunate enough to have a nurturing, well-functioning family. Family resource and support programs that offer a wide range of preventive services to all families, not just those in crisis or those on welfare, should be expanded. Intensive family preservation services should be available for families with multiple barriers. Family planning services and parenting education should also be widely available.

- *Housing, health care, child care, and transportation:* Subsidies to cover these basic necessities should be provided to all who need them, with recipients paying according to their ability. Rather than simply being eligible or ineligible, a range of partial assistance options should be available.

- *Children's allowance:* Families should receive a financial contribution toward the care and support of their children. In the absence of a children's allowance, NASW recommends a refundable tax credit for all families with children.

■ Increased Economic Opportunity

No attempt to increase economic self-support can be successful without significant efforts to increase economic opportunity. NASW recommends, for example:

- *Job creation:* All of the education, training, and supportive services imaginable cannot lead to secure employment in the mainstream economy if there are no jobs to be filled. The United States must aggressively cultivate the creation of new jobs in the private sector, the creation of wage-paying jobs in the public sector, the establishment of new small businesses, and paid apprenticeships.

- *Meaningful training:* In order to maximize our economic strength and give prospective workers a sense of purpose, we must provide job training that is sensitive to the changing job market, preparing people both for existing, available jobs and for emerging job opportunities.

- *Adequate wages:* NASW recommends increasing and indexing the minimum wage and further expanding and indexing the earned income tax credit so that, combined, they bring a family of four with one full-time worker at least up to the poverty level.

- *Nondiscrimination:* True economic opportunity depends in part on the ability of any qualified individual to secure a job, be promoted, keep a job, and earn a decent wage. Discrimination based on race, sex, religion, disability, ethnicity, age, or sexual orientation should not be tolerated.

- *Neighborhood and community revitalization:* Strong and thriving local neighborhoods are essential to economic success. They provide ready opportunities for employment and have the potential to create a much-needed sense of community among their members.

Identification and Removal of Barriers to Long-Term Self-Support

While economic opportunities are necessary to self-support, they are not always sufficient. Some people will need additional assistance. A range of barriers may stand in the way; they must be accurately identified, attended to, and continually reassessed. NASW recommends, for example:

- *Individualized self-support plans:* Families and professionally trained agency staff should work together to develop a specific plan for maximizing self-support that identifies a realistic goal, specific activities designed to reach that goal, and projected timelines for interim achievements. The government must provide the services and supports necessary to make work possible for a particular family and to promote stable employment. Progress should be encouraged through the use of rewards and incentives, rather than through the application of sanctions that threaten the family's well-being.

- *Family and community choice:* NASW believes that the federal government has a responsibility to ensure that a suitable range of education, training, and support services are made available in every jurisdiction. Each community, however, should be at liberty to develop its own network of public and/or private providers. Families should be able to choose their own service providers from among those that meet quality standards.

- *Income and assets:* Work should be rewarded by increasing the amount of earnings permitted without a reduction in welfare benefits and allowing greater asset accumulation without penalty.

- *Effective child support:* Both parents have a responsibility to their children. Too often, however, support from absent parents in not forthcoming. A range of strategies should be undertaken to reinvolve absent parents in their children's lives, including: encouraging paternity establishment at time of birth, strengthening child support enforcement, implementing a national child support assurance program, and recognizing non-economic contributions by absent parents.

- *Alternatives to AFDC:* Families that experience a break in employment should be served by a reformulated unemployment insurance program, or by some form of immediate emergency assistance, to allow them to prepare for and secure new employment without returning to AFDC.

- *Accountability:* The welfare system should never lose sight of its goal, which is to help reduce poverty. We must build the system's capacity to meet that goal by increasing the number of qualified, properly-trained staff and capitalizing on available technology. We also must begin to measure success based on the number of families brought out of poverty, rather than on the number of families served or the number of job placements made.

A Foolproof Safety Net

Despite our best efforts to aid all people in becoming self-supporting, there will always be some segment of the population unable to achieve this goal. NASW believes that adequate financial resources should be provided for those who cannot provide for themselves; recipients of these resources should not be stigmatized.

In order to ensure that all Americans are adequately provided for, NASW recommends, for example:

- ***Minimum AFDC benefit standard:*** The current patchwork of state payment standards should be replaced by a system in which the federal government pays the equivalent of what is now the median state's AFDC benefit, indexed for inflation, and states supplement the payment at their option.

- ***Supplemental Security Income (SSI) reform:*** The definitions of disability under SSI must be updated to reflect current knowledge in the health and mental health fields. Outreach efforts should be significantly upgraded and efforts should be made to reduce processing delays.

- ***Obligations:*** All of us have an obligation to give something back to society. The obligations of those receiving public assistance should be no greater and no less than those of the rest of the population. Singling out those receiving public assistance for additional, often onerous, obligations (such as learnfare, workfare, healthfare, family size cap, etc.) is demeaning and counterproductive. A single set of obligations should be recognized and enforced for all. Truancy laws, for example, already require that youngsters attend school; we should uniformly enforce these laws instead of fashioning an additional set of requirements and sanctions that apply only to those on welfare.

- ***Contributions:*** Our definition of which activities satisfy the requirement to "give something back to society" must be broad. Work may be the preferred route in most cases, but will not be appropriate in all. The key should be making a contribution to the economic <u>or</u> <u>social</u> strength of the community. Each family's unique abilities, constraints, and circumstances must be taken into account in formulating goals and identifying allowable contributions.

NASW's vision for reform recognizes that the American people have a range of needs that require a flexible range of benefits, supports, and services. We must create opportunity, strengthen families, remove every possible obstacle for those moving toward self support, and ensure financial security for those who cannot support themselves.

January 1994

Conference of Chief Justices
Conference of State Court Administrators

OFFICE OF GOVERNMENT RELATIONS

National Center for State Courts
1110 North Glebe Road, Suite 1090
Arlington, VA 22201-4795
(703) 841-0200 / FAX: (703) 841-0206

March 18, 1994

Ms. Kathi Way
Special Assistant to the President for Domestic Policy
Old Executive Office Building
17th & Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Ms. Way:

At their recent midyear meetings, the Conference of Chief Justices (CCJ) and the Conference of State Court Administrators (COSCA) jointly adopted the enclosed *Policy Statement on Child Support and State Courts*. Within the context of our Policy Statement, CCJ also passed the enclosed *Resolution In Support of the Uniform Interstate Family Support Act*.

If you should have any comments or questions, please contact our Washington staff, Maria Schmidt at the Office of Government Relations of the National Center for State Courts (703) 841-0200.

Sincerely,

Chief Justice Michael F. Cavanagh
Michigan Supreme Court
Chair, Conference of Chief Justices
Courts and Children Committee

Lowell L. Groundland , Director
Delaware Administrative Office of the Courts
Chair, Conference of State Court
Administrators Courts Children and Families
Committee

Enclosures: *CCJ/COSCA Policy Statement On Child Support And State Courts*
CCJ Resolution in Support of the Uniform Interstate Family Support Act (UIFSA)

CONFERENCE OF CHIEF JUSTICES
CONFERENCE OF STATE COURT ADMINISTRATORS

POLICY STATEMENT
ON
CHILD SUPPORT AND STATE COURTS

Effective administration of child support is vital to children and families who depend on it, and by extension, to society at large. Achieving this goal requires a determined effort by government agencies, communities and courts who must work in an integrated manner and as equal partners. The Conference of Chief Justices and the Conference of State Court Administrators, as the leadership voice for state courts, are committed to participating in this mission.

Since the inception of the Title IV-D program, federal legislation and resulting regulations have not recognized the proper role of state courts in the child support system. While this role varies from state to state, there needs to be consistent recognition by Congress and federal regulatory agencies that the state judiciary is an important partner in the child support system.

Public policy, and funding to support the policy, must balance the needs of administrative and judicial entities and reflect the different service delivery methods that exist. Ideally, judicial involvement in child support ought to be focused on those functions where it will have the most impact in a cost and time efficient manner. Where administrative services are more effective, they ought to be used.

The Conference of Chief Justices and the Conference of State Court Administrators are committed to work for needed legislative and regulatory reforms, and support:

- federal policy recognizing state courts as partners in identifying problems and solutions in the child support area;

- realistic incentives, rather than unfunded mandates, designed to improve intrastate and interstate child support enforcement services; and

- the preservation and strengthening of state-based child support enforcement systems, supplemented, where appropriate, by services available through federal agencies.

The Conference of Chief Justices and the Conference of State Court Administrators call upon federal, state and local legislative bodies to: recognize the need for effective programs; to identify the appropriate roles of the various entities providing services; to distinguish between what does and does not work; and, to make resources available that complement effective service delivery to children and families in need.

Adopted February, 1994

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Conference of Chief Justices

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RESOLUTION XI

In Support of The Uniform Interstate Family Support Act

WHEREAS, in August 1991, the Conference of Chief Justices concluded that the support of children, one quarter of whom now live in single parent households, is basic to the health of our nation and that enforcement of child support orders is an area of law which must be viewed as a priority for judicial case management; and

WHEREAS, presently interstate child support enforcement cases, about 30% of cases nationally, are the most difficult and complex child support cases to resolve and have the poorest collection record, largely due to a lack of uniformity in multiple litigation of court orders across state lines; and

WHEREAS, in August 1992, the National Conference of Commissioners on Uniform State Laws approved and recommended to the states for enactment The Uniform Interstate Family Support Act (UIFSA), developed by the Uniform Law Commissioners and which provides for a clear efficient method of interstate case processing when parents live in different states; and

WHEREAS, the overriding principle of UIFSA is that only one valid child support order will be in existence at any one time, making the child's "home state" dominant in establishing priority for conflicting jurisdictions, a reasonable solution to long-standing interstate jurisdictional conflicts that have often been a refuge for those avoiding payment of court-ordered child support;

NOW, THEREFORE, BE IT RESOLVED that the Conference of Chief Justices approves the principles imbedded in the model Uniform Interstate Family Support Act; and

BE IT FURTHER RESOLVED that the Conference of Chief Justices urges each state legislature to approve, in its present or similar form, the Uniform Law Commissioners' Uniform Interstate Family Support Act.

Adopted by the Conference of Chief Justices at the Seventeenth Midyear Meeting in Sea Island, Georgia, on February 10, 1994.

18 APR 1994

AMERICA WORKS

April 13, 1994

Dear Colleague:

We are enclosing a copy of an article that will be published in the upcoming Spring issue of the Manhattan Institute's City Journal. The article, "Welfare-to-Work: Just the Facts", definitively puts to rest any questions that were raised about America Works in the New York Times article of March 1st.

For further information about America Works, we recommend that you watch a nationally televised special narrated by Walter Cronkite which profiles our company. The program is scheduled to air on PBS on May 6th at 9 p.m. EST.

America Works of New York, Inc.

enclosure

America Works of New York, Inc., 575 8th Avenue, 14th Floor, New York, NY 10018 (212) 244-JOBS (5627) FAX (212) 244-5628

WELFARE-TO-WORK: JUST THE FACTS

Jan Rosenberg

Three weeks after taking office, Mayor Rudolph Giuliani signed a contract with America Works, a for-profit company that places welfare recipients in private-sector jobs. In March, the *New York Times* published a critical front-page article about America Works by reporter Esther Fein. How accurate are the criticisms presented in her article?

Before we examine them, some background is in order. As Sol Stern and I reported in the Summer 1993 *City Journal*, America Works has been operating in New York City since 1988 under a contract with the state Department of Social Services. The company has placed 1,122 New Yorkers in jobs with major corporations, paying an average of $9.00 an hour plus full medical benefits. The state contract calls for America Works to find jobs for 250 clients each year, but many more people are trying to get into America Works than it can accommodate under its contract.

An America Works client attends a week-long pre-employment class, then goes out on interviews and, if hired, works at a company for a four-month probationary period. During that time, the employer pays the client's standard wage to America Works, which in turn pays the client at minimum wage and provides counseling services. The client continues to receive welfare for the four-month "supported work" period, though the size of the grant is diminished. America Works is paid $995 when the employee is initially hired. Only if the employee is permanently "rolled over" onto the employer's payroll at the end of the probationary period is America Works paid the bulk of its fee ($3,855) by the state. Three months later, if the worker is still on the job, America Works is paid a final $650.

America Works' most important selling point is that unlike conventional training and education programs, it is performance-based. Its fee structure ensures that America Works has a very strong incentive to get its clients off the welfare rolls permanently. Fein's *Times* article questions whether America Works lives up to this promise. Many of the criticisms she recounts, however, are misleading:

• ***America Works gets paid for enrolling clients whether they get jobs or not.*** This claim was immediately refuted by officials in each state where the company does business. It is true that America Works' New York contract allows the firm to be paid for "simply" enrolling people in their pre-employment class. But America Works never actually bills the state unless a client is placed in a

City Journal
The Manhattan Institute

This article will be published in the Spring 1994 issue of the Manhattan Institute's City Journal. This article has been reproduced with the permission of the Manhattan Institute.

job, according to both CEO Lee Bowes and state welfare officials. John Haley, New York State's contract manager for employment programs, explains that the enrollment-fee provision is standard in state employment contracts, because nonprofit providers said they could not afford to commit resources to recruiting and preparing people for work without "up front" money.

• *America Works "creams," selecting the most employable welfare recipients who would have found jobs on their own.* This seems unlikely, for three reasons. First, the average America Works client has been on welfare and out of the labor force for nearly five years.

Second, if the clients were able to find work on their own, they would have little reason to sit through a week-long pre-employment class, then work for four months at minimum wage ($4.35 an hour) in hopes of being hired permanently. As Sol Stern and I wrote, it is more likely that America Works is successful with those welfare recipients who are willing to work but lack the interpersonal skills, self-confidence, and personal contacts necessary to find jobs.

Third, and perhaps most telling, nearly half of the firm's New York clients are referred after failing to find a job through HRA's BEGIN (Begin Employment Gain Independence Now) program.

• *There has been no full-scale experimental study to prove the worth of America Works' program.* This is true, but several years ago America Works owners Lee Bowes and Peter Cove urged Michael Dowling, the state's commissioner of social services, to undertake such a study—and even offered to split the cost. But Dowling demurred because of the expense. (Dowling says he is now convinced that the state should do comparative research on all of its job training and placement contractors.)

In lieu of a controlled scientific study, America Works commissioned the accounting firm Ernst & Young to examine its outcomes. That study, completed in 1993, found 85 to 90 percent of workers still on the job a year after placement. By comparison, two recent studies of the city's job training and placement contractors, one conducted by the state comptroller and one by the Industrial Areas Foundation, concluded that these programs are so disorganized that a clear evaluation isn't even possible. New York City was unable to provide detailed records of the clients served, the services provided, and the actual outcomes of the programs—the bare essentials needed to assess these programs.

• *It costs too much to place a client through America Works.* Indeed, because the firm is paid from several different, unconnected sources—tax credits, diverted welfare grants, corporate wages for those in supported work, and the fee paid by the government entity with which it contracts—it is difficult to tell precisely how much the service actually costs. But any serious attempt to compare America Works with other training and placement providers will have to examine both costs and outcomes. The firm's waiting lists and satisfied customers suggest it has passed the latter test.

Efforts like America Works are particularly vital in New York City. If President Clinton makes good on his "two years and off" welfare reform promise, cities and states will have to find ways of securing jobs for hundreds of thousands of welfare recipients. Many cities are likely to establish "workfare" programs in which clients do government work. But New York does not really have that option. There are some 125,000 employable adults on AFDC in New York City, according to Richard Nathan, an expert on jobs and poverty at the Rockefeller Institute: "Finding that number of jobs in the public sector would be equivalent to a one-third increase in the city's municipal work force." Substantial numbers of unionized city workers will likely be laid off in the current budget crunch, and any large-scale effort to replace them with welfare recipients is sure to set off a political firestorm. Thus, New York will have to rely largely on the private sector to employ its welfare clients.

There are those in the welfare bureaucracy and the nonprofit sector who, whether for reasons of ideology or self-interest, do not want to see welfare rolls reduced. Few jurisdictions in the nation have been more resistant to welfare reform than New York City. But Giuliani's decision to contract with America Works is a sign that the tide may be turning. ■

THE WHITE HOUSE

WASHINGTON

October 18, 1994

Dear Ronay,

Thank you for John Fox's analysis of welfare versus work in New York. It demonstrates one of the real difficulties of welfare reform: the so-called "notch" or "slope" disincentives to work resulting from the phase-out of diverse entitlement benefits as a person goes to work compared to staying on welfare. Although the EITC does provide a substantial incentive to make work pay along some of these slopes and notches, John Fox's analysis is the sort of exercise that drives to the conclusion that some time limit coupled with much more effective support of the non-custodial parent is, ultimately, necessary if we are ever to get the incentives right for achieving self-sufficiency and independence.

As your letter cogently notes, the particular problem of lack of health coverage for the working poor presents a continuing challenge to welfare reform. This problem remains front and center because of the failure to date to achieve universal coverage. I am not yet sure, however, that the answer for health care or welfare reform lies in settling for expanding Medicaid to cover the working poor. As we continue to grapple with these issues, I would appreciate your insights and suggestions.

Very truly yours,

212/727.1639

BR|GS/SM

Phipps Houses

(1) copy to track
(2) Paul please draft RR resp.

Response under NEC | desta | Romay

TY

SM

October 10, 1994

Honorable Robert E. Rubin
Assistant to the President for Economic Policy
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Dear Bob:

It was good to see you at Judy's Playwrights Horizons party!

I mentioned the analysis one of our trustees, John L. Fox, made of the economic disincentives welfare recipients face in considering work and economic independence. I suggested that one major disincentive is the loss of Medicaid, and that this could be addressed by increasing the income eligibility limits for Medicaid.

I thought you or your staff might be interested in seeing Mr. Fox's analysis. It is enclosed. I bring to your attention in particular the summary page which is attached. You will see how the mathematics works for three levels of income; essentially, an individual (heading a family of three) in New York City does not cross the economic threshold that favors work until about $24,000 in compensation if no medical insurance is provided.

Presently, Medicaid stops (after a two year period) for an AFDC mother going to work if her income exceeds $9,408, and for her children if her income exceeds $16,380.

May I suggest that as you shape your welfare reform and health care agendas for next year that you look at increasing the limits on Medicaid to 200% of the poverty level, or approximately $24,000, for those employees not covered by an employer based program.

Another federally mandated cost that should also be examined is the Social Security tax. It is a regressive tax that climbs sharply for low income workers, taking a large bite out of their income.

I wish you well in your efforts to pursue a welfare reform agenda. In my opinion, even the commencement of the public dialogue on the subject, and the acknowledgement that a lifetime living on welfare is not an acceptable way of life, has had a salutary effect on attitudes surrounding this subject. As you know, we at Phipps have established as a priority in our work with residents on AFDC, assistance to encourage and enable recipients to gain education and training needed for work.

Sincerely,

Ronay

Ronay Menschel

RM/jl
Enclosure

(1)/(2)

SINGLE PARENT WITH TWO CHILDREN

Welfare Versus Work

		AFDC	A Domestic	B Clerk	C Nurse's Aid
Welfare -	Cash	$ 6,924			
	Food Stamps	3,540	$ 1,200		
Work	Compensation		13,000	$ 18,000	$ 22,550
	Taxes:				
	Federal		(77)	(829)	(1,504)
	Federal - EITC		2,174	1,290	486
	NYS/NYC		(71)	(470)	(951)
	Social Security		(995)	(1,377)	(1,725)
	Insurance - Medical	*	(2,500)**	(6,000)	(6,000)
	Rent (Section 8)	(3,432)	(3,900)	(5,400)	(6,765)
	Net	$ 7,032	$ 8,831	$ 5,214	$ 6,091

* Medicaid - Free for Family

** Medicaid - Free for Children Only

A, B, & C - Work Assumptions

Employment compensation does not include any fringe benefits.

AFDC, A, B, & C - Housing Assumptions

Occupy HUD assisted Section 8 housing. Rent amount is Shelter Welfare Allowance for AFDC and 30% of compensation for A, B and C.

WELFARE TO WORK -

JLF
9/30/94

A STEEP UPHILL SLOPE, AS EARNED INCOME IS OFFSET BY ENTITLEMENT DECREASES AND TAX INCREASES

WELFARE AND THE WORKING POOR

JOHN L. FOX
PHIPPS HOUSES
9/1/94

Phipps Houses

Welfare and the
Working Poor
A Very Personal View

The Big Picture

1. I am in favor of the Clinton reform, with the following changes:

   - Target the phase-in program to those most likely to successfully leave AFDC for work - those with high school educations, work experience and children in school. It is presently targeted to those most unlikely to succeed.

   - Change the start date to 1995, not 1998.

   - Change Medicaid limits for the working poor only from 133% to 200% of poverty level ($16,386 to $24,640 for family of three) - see page 7 of JLF memorandum of 9/1/94.

2. The AFDC underclass core of long-term participants (now more than 50%) will continue to increase, as new potential long-term welfare clients are born and grow up in the Inner Cities. Unless we become really serious about drugs, crime and education in the Inner Cities, nothing will change. While I am not suggesting that we adopt a "Singapore solution", we must explore practical alternatives to the status quo. I fully recognize that potential constituencies, with their own agendas, will vigorously resist any change.

3. The income mix in section 8 housing should be changed to help stabilize and build enduring communities. HUD, to the extent leadership exists, seemingly follows a short-term political agenda, which leads in an opposite direction.

JLF
9/1/94

WELFARE AND THE WORKING POOR

The Big Picture

The Heritage Foundation counts at least 79 federal welfare programs for the poor (excludes Social Security and Medicare), with costs - federal and state - exceeding $300 billion a year and growing at 10% a year.

The four major government programs for the poor - all means tested entitlements - make up 11% of all federal spending. The number of recipients and cost are as follows:

	Number of Recipients Millions	Cost Billions of Dollars
Medicaid Health care for poor and near-poor mothers, children	34.5	$152
Food Stamps Vouchers for low-income people and those on other welfare programs	27	25
Supplemental Security Income Cash payments to poor, aged, blind or disabled	5.9	23.6
Aid to Families with Dependent Children Cash payments to poor children and single parents	14.1	22.5

Welfare Reform

Welfare reform has focused on "Aid to Families with Dependent Children (AFDC)" and its 14 million recipients, who also automatically receive Medicaid and Food Stamps. The AFDC program embodies the public's perception of welfare, with the majority of long term recipients commonly characterized as the "undeserving poor" or the "underclass". The AFDC program began in 1935 as a federal cash grant program to enable states to aid needy children without fathers. Recipients in the past 33 years have grown from some 3 million in 1960 to

14 million today (4.8% compound growth rate). Debate over cause and effect has centered on the birth of children to single Black mothers (20% in 1960 to 68% in 1994) and the related decline of the two parent family. Predictions contained in the very controversial (at that time) report in 1965 by Daniel Patrick Moynihan entitled "The Negro Family: A Case for National Action" have seemingly come true.

Welfare reforms, past and present could best be described as "workfare" - training programs followed, hopefully, by work, too often at an unattractive pay level, offering little incentive to leave the security blanket of AFDC, a known factor - however unattractive in its unending entitlement checks. Anna Kondratas of the Hudson Institute states the problem very well, in her briefing paper of August 1993 entitled "Welfare Policy - Is There Common Ground?"

> " If going on welfare is a rational choice to begin with, policies clearly cannot make work appear attractive unless they provide significantly better labor-market opportunities for recipients. Without that attraction, welfare administrators must determine who is and is not employable, ensure compliance, assist in job searches, and provide job training. <u>Workfare systems invest in the human-capital potential of the mothers, trying to turn them into primary earners, while largely ignoring the role and employability of the fathers.</u> It is difficult to reduce either poverty or dependency under such conditions."

The Clinton Plan

The current House Ways and Means Committee hearings on welfare reform have been debating the Clinton plan, whose key features are as follows:

HIGHLIGHTS

The Clinton Welfare Plan

WORK AND TRAINING

- Provides expanded training and child care for families on welfare
- Requires recipients born after 1971 to join a work program after they have received benefits for two years
- Provides tougher penalties than current law, eliminating all cash to those who refuse to join work program
- Exempts women with children younger than age 1
- Lets recipients earn additional money without losing welfare benefits

CHILD SUPPORT

- Requires hospitals to establish paternity
- Creates national clearinghouse to track interstate cases
- Denies ocupational and drivers licenses to fathers who fail to pay
- Updates awards every three years to reflect fathers' earnings

TEEN PREGNANCY

- $400 million in grants to schools and neighborhoods

OTHER

- Removes restrictions on payments to two-parent families
- Allows states to deny additional benefits to women who have more children
- Creates experimental program for Government-guaranteed child-support payments

Source: The White House

The hearings have reflected the following positions:

1) Liberal Left - the present system best meets the needs of the poor, but is seriously underfunded. Some argue for a guaranteed annual income, a cornerstone in the 1972 presidential campaign of George McGovern.

2) The Middle - trying to seek a politically viable response to widespread public sentiment for radical changes in "costly" welfare programs that have done little to break the cycle of poverty and dependency.

3) The Conservative Right - represented by Charles Murray, a conservative researcher and advocate, who calls for abolition of the present welfare system, which he views as harmful to its recipients, and replacement by a system relying on individual initiatives.

The liberal left position (represented by Rep. Robert Mitsui of California and the Welfare Reform Network in New York City) faces a very serious problem of credibility. Previous programs beginning with a JFK 1962 program which dramatically increased the number of federally funded social workers, the LBJ War on Poverty (described by some as trickle down government), CETA, Workfare, JOBS and New Chance, have not come close to accomplishing their mission - ending or even slowing the growth of welfare as we know it.

The conservative position is well stated by Robert Rector of the Heritage Foundation:

" The problem with the welfare state is not the level of spending, it is that nearly all of this expenditure actively promotes self-destructive behavior among the poor. Current welfare may best be conceptualized as a system that offers each single mother a "paycheck" worth an average of between $8,500 and $15,000 a year (non-taxable) depending on the state. The mother has a contract with the government: She will continue to receive her "paycheck" as long as she fulfills two conditions: 1) she does not work; and 2) she does not marry an employed male. I call this the incentive system made in hell.."

Mr. Rector's 1992 article understates the welfare "cash flow" and services available today in 1994 for a New York based family of 3, which if we include Section 8 housing and the earned income tax credit would require a job paying $25,000 a year to replace.

However, the Middle and the Right struggle to address the fact that 2/3 of AFDC recipients are children. How do we deal with them, especially in an inner city school system where 50% graduate and the remaining 50% are lucky to read at an 8th grade level? Appendix B addresses the controversial aspects of the Clinton plan. Appendix C outlines the WRN's position on making welfare reform work for New York City, and, states the discussion areas for reform in a very concise manner.

Welfare Reform - State Initiatives

Regardless of the fate of the Clinton plan, there is a growing consensus that a significant reform of the welfare system is required - not just minor adjustments. Defenders of the status quo are very much on the defensive, having had their agendas for minor tinkering or "send more money" overwhelmed by various state initiatives for reform, some drastic (eliminate welfare entirely - Mississippi and Oregon), some imaginative (Iowa and Wisconsin), and some a seeming mirror of the Clinton plan (Massachusetts) . Nevertheless, the rules of the game are set by the federal government. While states have requested waivers from the US Department of Health and Human Services, this is a slow process and waiver authority is often too limited to permit significant changes. Furthermore, the advocates for the status quo, especially the Welfare Reform Network located in New York City and other advocate groups actively challenge the waiver process with lawsuits, which whether or not successful, slow the process of state initiated changes.

Enterprise Zones

Enterprise zones and other inner city revitalization concepts understate the crime and drugs culture centered there, major disincentives to the practicality of enterprise zones. Nicholas Lemann in his 1994 N.Y. Times Magazine article entitled "The Myth of Community Development" says of these problems:

> " Inner-city revitalization is a phrase so familiar that it's part of the unexamined background noise of society. In fact, it requires some explanation. Why has the Federal government consistently backed economic revitalization efforts in the ghettos? The answer to this question is not the one you'd expect - that these efforts have been successful. Ghettos aren't very attractive locations for businesses. The cost of doing business outweighs the tax incentives. So then why is inner-city revitalization attractive to policy makers? One reason is that politicians represent geographical areas and so naturally think of the welfare people in terms of the welfare of places. Schemes to revive places are always popular with politicians, and with politicians' lobbies like the United States Conference of Mayors."

The Role of Welfare

At the center of today's debate is the role of welfare - a temporary safety net or a way of life? Recent studies have indicated that a national average of 25% of welfare recipients will be on welfare more than 8 years, with 63% more than 2 years. New York City's growing underclass most likely has a higher and ever increasing percentage. In addition, the 1994 book "Welfare Realities" by David Ellwood and Mary Jo Bane (architects along with Donna Shalala and Bruce Reed of the Clinton welfare reform plan) indicates wide-spread "gaming of the system" by welfare recipients to achieve a survival level of cash flow, especially in states with lower welfare entitlement levels. The most common undeclared cash income additives come from working "off the books" and gifts from live in but unreported male companions. Other recent studies by Christopher Jencks, LaDonna Pavetti and others also confirm these Ellwood - Bane conclusions.

Today, President John F. Kennedy's 1962 special message to Congress continues to be relevant, but a politically attainable solution continues to be even more elusive:

> " Merely responding with a "relief check" to complicated social or personal problems - such as ill health, faulty education, domestic discord, racial discrimination, or inadequate skills - is not likely to provide a lasting solution. Such a check must be supplemented, or in some cases made unnecessary by positive services and solutions, offering the total resources of the community to meet the total needs of the family to help our less fortunate citizens help themselves."

Some observers believe that bureaucracy is confounding the problem. A January 1994 study by the Inspector General of the U.S. Dept. of Health and Human Services concluded that the cost of running welfare programs is rising twice as fast as the number of people on the rolls.

Public Job Training Programs

Recent studies question the effectiveness of public mandatory job training programs in moving people from welfare to work - especially if they are not targeted to recipients with the highest probability of success in achieving self-sufficiency.

The New York City Workforce Development Commission in its 1993 report concluded:

- Training works - if it is done right. Training offers benefits to both employers and workers, increasing productivity and wages. However, training for the entry-level worker in New York City is not always effective. Public sector training programs do not consistently teach the right skills and overall are not of sufficient quality.

- To be most successful, training programs also must respond to how participants learn best. Research shows that long-term public assistance recipients require intensive, long-term training. The city's Human Resources Administration (HRA, the welfare agency) has focused instead on short-term job assistance programs (job clubs) and education, which are less expensive but also less effective in getting people off welfare and into jobs. Similarly, many youth respond best to broad development programs that involve social responsibility and interaction, personal counseling, and education as well as job readiness. But very few public programs have adopted this approach.

- Public placement centers serve a limited population and each offers different services. Currently employed entry-level workers who want to advance their careers or change their jobs have no access to public placement services unless they are below the poverty line. Unemployed, dislocated, and laid-off workers are eligible for job search assistance from the State Employment Service, but only the economically disadvantaged can use JTPA and HRA. These programs have had limited success in matching workers to jobs. The State Employment Service currently places 10 percent of the 300,000 employment seekers it services each year and fills 40 percent of job orders from employers. An estimated 20 percent of the "job ready" welfare recipients sent to HRA "job clubs" get jobs.

New York City - The Demographics of AFDC

In the last five years, New York City's AFDC population has grown from 656,000 in 1989 to 838,000 today in 1994, an increase of 28%. While the economy is in its third year of recovery, elimination of corporate layers and entry level skill upgrades continues.

Work versus Welfare - The Bottom Line

Appendix A sets forth four examples - illustrating the economic choices between work and welfare. I have taken cases B and C from the Phipps employee or tenant universe. Both receive medical benefits, as part of non-taxed compensation. If B and C were changed to jobs without medical benefits, the bottom line comparisons would change in a perverse fashion:

AFDC	$16,464
A (domestic)	21,302
B (clerk)	16,607
C (nurses' aide)	18,856

Case A is somewhere between full welfare entitlement and none. Case A benefits from a full Federal earned income credit, while continuing to receive medicaid and some food stamp entitlement. Cases B and C suffer from the earned income entitlement "benefit slope". Note that Case C gets to keep only $2250 of her $4550 salary increment over Case B. The increment in earnings is taxed at a marginal rate of 50%.

The Medicaid financial entitlement level for 1994, for a family size of 3 is up to $16,386, (133% of federal poverty level). Food stamp benefits are available to a family of 3 up to $16,016 (130% of federal poverty level).

The federal poverty level for a family of 3 in 1994 is $12,320. Poverty levels are based on a basket of emergency food purchases set in 1969, with the further assumption that families spent one third of their after-tax income on food. The "poverty level" has been adjusted upward based on the CPI since 1972, and represents a "politically driven" index, whose main value is in measuring trends. Efforts to reform the index have failed mainly because of its long use in defining and limiting benefit entitlement levels.

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Appendix A-1

SINGLE PARENT WITH TWO CHILDREN

Welfare Versus Work

	AFDC	A Domestic $13,000	B Clerk $18,000	C Nurse's Aid $22,550
Welfare -				
Cash	$6,924			
Medicaid	6,000	$6,000		
Food Stamps	3,540	1,200 *		
Work**				
Compensation				
Base		$13,000	$18,000	$22,550
Medical Benefits			6,000	6,000
Taxes		1,102	(1,393)	(3,694)
	$16,464	$21,302	$22,607	$24,856

* Estimated

** Depending on individual circumstances, the work alternative could include a Section 8 subsidiary for housing and expenditures for day care and commuting.

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Appendix A-2

NEW YORK PUBLIC ASSISTANCE BENEFIT PACKAGE

AFDC FAMILY OF THREE (NYC)

August 1994

Type of Benefit	Amount of Benefit
Basic Grant	$238
HEA	30
SHEA	23
Shelter Allowance	286
TOTAL CASH GRANT	$577
Medicaid	500
Food Stamps	295
TOTAL PACKAGE	$1,372
ANNUAL VALUE	$16,464

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THE WORKING POOR

Three Scenarios

	Gross Income		
	A $13,000 $6.50 per hour Domestic	B $18,000 Clerk	C $22,550 Nurse's Aid
Federal Income Tax			
Gross Income	$13,000	$18,000	$22,550
Standard Deduction	(5,450)	(5,450)	(5,450)
Exemptions	(7,050)	(7,050)	(7,050)
	$ 500	$ 5,500	$10,650
Tax Payable	$ 77	$ 829	$ 1,504
Federal Earned Income Credit	$(2,174)	$(1,290)	$ (486)
NYS/NYC Income Tax			
Gross Income	$13,000	$18,000	$22,550
Standard Deduction	(7,000)	(7,000)	(7,000)
Dependent Deduction	(2,000)	(2,000)	(2,000)
	$ 4,000	$ 9,000	$13,550
NY State Tax	$ 161	$ 376	$ 627
NYS Household Credit	(90)	(90)	(70)
NYC Tax	101	229	394
NYC Household Credit	(101)	(45)	-0-
Tax Payable	$ 71	$ 470	$ 951
Social Tax at 7.65%	$ 995	$ 1,377	$ 1,725
Total Taxes Payable (Refund)	$ (1,031)	$ 1,386	$ 3,694
Effective Tax Rate	(7.9%)	7.7%	16.4%

APPENDIX B-1

THE CLINTON WELFARE REFORM PLAN
CONTROVERSIAL ELEMENTS

TIME LIMITS, JOBS PROGRAM AND WORKS PROGRAM

AFDC mothers born after 1971 must enroll in JOBS training for a maximum of 24 months, while continuing AFDC benefits. However, JOBS participants will be required to take a job if offered. Those persons unable to find employment in two years will be required to take a job in the Work program, which will include subsidized private sector jobs, as well as the public sector. Work would pay the minimum wage, but, deny participants the earned income tax credit. Work participants would continue to qualify for Medicaid. The work program would begin in 1998.

Tougher Child Support Enforcement

Paternity must be established as a condition to AFDC. The federal government will establish a national clearinghouse to track delinquent parents.

Responsible Behavior

Minor parents must live at home.

The Family Cap

States will be given the option to limit additional benefits for additional children conceived by mothers on AFDC.

Funding

Funding sources are primarily from cuts in the programs for legal immigrants and an emergency program for people at risk of eviction.

A MORE TARGETED APPROACH

(As noted in American Public Service Association)

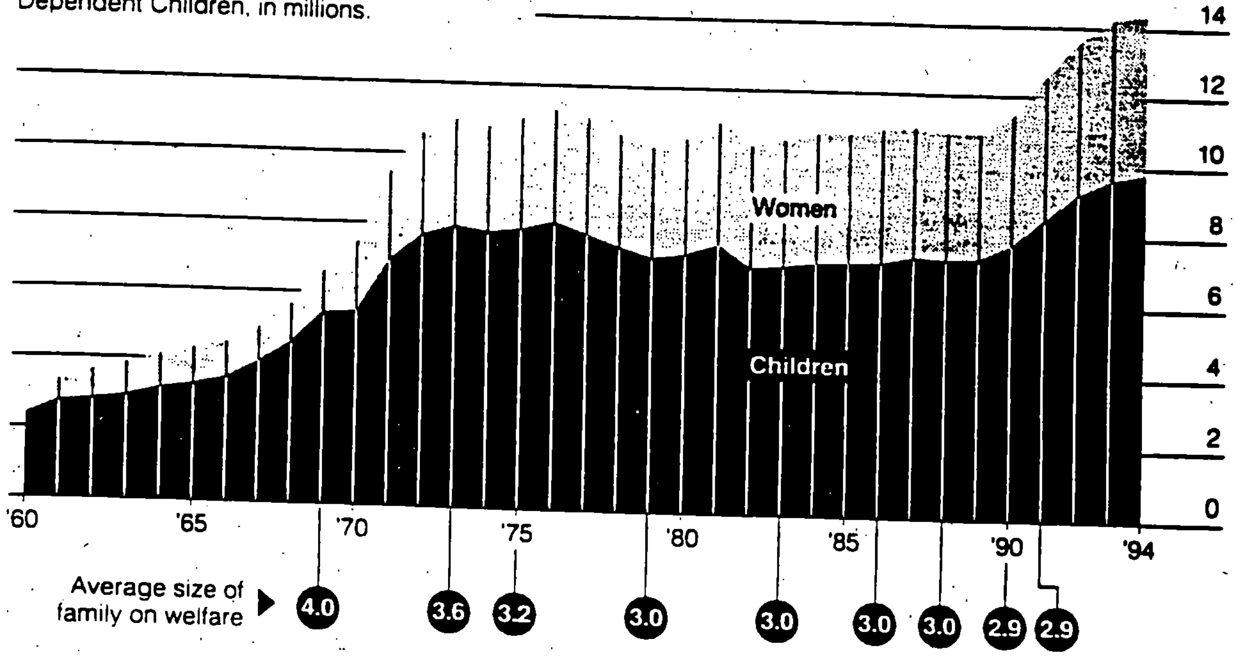
Rep. Patsy T. Mink (D-Hawaii) and 30 House Democrats announced welfare reform legislation that would provide cash assistance, food stamps, and housing assistance for two years to welfare recipients who obtain jobs and leave AFDC and whose income is less than 300% of poverty. The bill, the Job Start for America Act (JOB START), would target "the welfare population that has the greatest potential for success in the workplace"—welfare recipients who have at least three months of work experience and those who have never worked but have high school diplomas or the equivalent and who have children who are eligible for Head Start or are in school. Those in the target group would be guaranteed federally funded job training or education, job counseling, job search assistance, and childcare, including before- and after-school care. The bill does not call for time-limited benefits.

THE WELFARE ROLLS

A record 14.3 million people now receive benefits, a 31 percent increase since the recession that began in 1989. Mr. Clinton hopes to slow the rate of growth, but even his proposal predicts no actual declines in the immediate future.

Mr. Clinton would allow states to deny additional payments to families that have additional children while on the rolls. But contrary to popular perception, the size of the average welfare family is already shrinking. The average is now a mother with 1.9 children.

Total people receiving Aid to Families With Dependent Children, in millions.



Source: House Ways and Means Committee

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APPENDIX B-4

A national nonprofit bulletin supported by subscription, which reports impartially on federal social legislation and the activities of federal agencies affecting children, elderly, handicapped, delinquents, health, education, welfare, housing, employment, and other social welfare conditions. *The Bulletin takes no position for or against legislation.*

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THE WORK AND RESPONSIBILITY ACT OF 1994

On June 14th, the Clinton Administration unveiled its long-awaited welfare reform proposal, The Work and Responsibility Act of 1994. (For the Republican welfare reform proposal, see *Washington Social Legislation Bulletin*, Volume 33, Issue 22, November 22, 1993.) Billed as a transitional assistance program followed by work, the new program includes four key elements: a written compact; training, education and placement assistance to move people from welfare to work; a two-year time limit; and work requirements.

Phase-In: Recognizing many impediments to the success of the Family Support Act of 1988, such as a lengthy recession, the surge in Aid to Families with Dependent Children (AFDC) caseloads, and state budget shortfalls that hampered states' ability to draw down available federal matching funds, as well as the impossibility of immediate full scale implementation, the new program is designed to be phased in, beginning with all applicants and recipients born after December 31, 1971. This is roughly one-third of the caseload in 1996. By the year 2004, two-thirds of the adult caseload would be included. Older recipients would still be eligible for JOBS services but would not have to meet the new requirements.

Intake: The intake process would be changed. Each adult applicant for assistance would be required to enter into a written agreement to take responsibility for moving toward independence in return for assistance. Applicants would receive orientation services to explain the new system, its time-limited assistance, and how to maximize opportunities to obtain services. Following a needs assessment, the applicant and caseworker would design an individualized employability plan. The number of adults exempted from work requirements would be reduced to include only those with a disability or caring for a disabled child, mothers with infants under age one (under three months for a second child), and those living in remote areas. All recipients would be required to take some steps toward self-sufficiency such as completing employability plans and undertaking activities intended to prepare them for employment. States would be expected to meet much higher participation rate requirements.

JOBS Program: This Family Support Act training, education, job search and job placement program would be restructured with a phase-in of increased participation rates and additional federal resources for states. All new adult recipients in the phased-in group plus minor parents who have completed high school, and, at state option, all non-phased-in recipients would be required to do an up-front job search as soon as their applications are approved, and a family's entire AFDC benefit would be terminated for six months or until the adult accepts a job offer. In order to meet the special needs of teen parents, any custodial parent under age 20 would be provided case management services and would be required to finish high school and participate in the JOBS program.

To address the scarcity of JOBS dollars, the federal funding cap would be increased from $1 billion to $1.5 billion in FY 1996. To assist states in drawing down their full allotment, the federal match rate would be increased by five percentage points in 1996, rising to a level ten percentage points over the current rate by the year 2000, with a minimum federal match of 70 percent. Spending for direct program costs, administrative costs, and the costs of transportation and work-related supportive services would be matched at the single rate. In addition, a small fund would be created to reward states which have used their full allotment and are moving aggressively to implement the reforms. During periods of high state unemployment, the state match rate for JOBS, WORK (a new federal program to enable those without jobs after two years to support their families through subsidized employment), and At-Risk Child Care would be reduced by 10 percent. States would be required to maintain their 1994 level of spending for JOBS and child care.

In order to enable states to achieve full integration among programs, governors would have the option to operate the JOBS and WORK programs through an agency other than the agency currently administering welfare programs.

Two-Year Time Limit: The proposal would establish for adult recipients a lifetime limit of 24 months of AFDC benefits, followed by a work requirement, and recipients required

B-5 B

to participate in JOBS would be subject to that limit. Months in which an individual receives assistance in exempt status would not count against the 24-month time limit. In a two-parent family receiving aid through the AFDC-UP (unemployed parent) program, both parents would be subject to the time limit if the principal earner is in the phased in group. If one parent reaches the time limit while the other has not, the parent who reaches the time limit would be required to enter the WORK program. The family would continue to be eligible for benefits as long as at least one of the two parents has not reached the time limit for transitional assistance. Recipients unable to find employment by the end of two years of cash benefits could receive further support only through the WORK program.

Months in which an individual meets the minimum work standard would not be counted against the time limit. The minimum work standard would be set at an average of 20 hours per week, with a state option to require up to 30 hours per week. Individuals working part-time would be required to accept additional hours if available. Virtually all parents under age 20 would be required to participate in JOBS, but the 24-month time clock would not begin to run until they turned age 18. Persons who are within 45 days of reaching the time limit would be required to engage in supervised job search for those final days before taking a WORK assignment. States would be permitted to grant a limited number of extensions to the time limit for completion of a GED or other education or training program, including a school-to-work program or post-secondary education program expected to lead to employment or for those who are learning disabled, illiterate or face language barriers or other serious obstacles to employment.

Persons who exhaust or nearly exhaust their 24 months of time-limited assistance and who leave welfare for an extended period of time would be able to qualify for up to six additional months of assistance as a cushion should they lose their job and need temporary help again.

WORK: Each state would be required to operate a WORK program which makes paid work assignments available to recipients who have reached the time limit for cash assistance. Federal funds for the cost of operating the WORK program would be distributed to states according to the number of persons required to participate in JOBS and the number in the WORK program in a state relative to the total number in all states. These federal funds would be capped and states would be required to match by state funds at the same match rate as in the JOBS program—the current JOBS match rate plus seven percentage points in 1998, rising to ten additional percentage points by 2000. The capped entitlement for JOBS and WORK would be increased if the national unemployment rate equalled or exceeded seven percent, and the state match rate for JOBS, WORK, and At-Risk Child Care would be reduced by 10 percent during periods of high state unemployment. In addition, states would be reimbursed for wages paid to WORK program participants, including wage subsidies to private employers, at the Medicaid matching rate. States could reallocate up to 10 percent of the combined total of their JOBS and WORK allotments from JOBS to WORK or vice versa.

States would have a considerable flexibility in operating the WORK program and could pursue a wide range of gies including: subsidize private sector jobs; subsidize or create positions in the not-for-profit sector; offer employers other financial incentives to hire JOBS graduates; execute performance-based contracts with private firms or not-for-profit organizations to place WORK participants in unsubsidized jobs; create positions in public sector agencies; employ WORK participants as child care workers, child support workers, or home health aides; and support microenterprise and self-employment efforts.

Each state would be required to meet a participation standard for the WORK program, defined as the lower number of the following, such that: (1) the number of WORK n-ments the state is required to create based on the funding lo-cation are filled by individuals assigned to the WORK program; or (2) at least 80 percent of those who reach the e limit are assigned to a WORK slot or in another defined s.

If the number of people needing WORK positions exceeds the supply, the allocation of WORK assignments would be made in this order: individuals whose sanction period had just ended would be placed in a new WORK assignment as rapidly as possible; and persons new to the program would have priority over those who have previously held a position. States would then be permitted to allocate the remaining n-ments so as to maximize the chance of successful placements.

States would have the option of requiring persons ing WORK assignments to participate in other WORK program activities, such as individual or group job search. Child care and other supportive services would be provided needed. Persons in the WORK program but not in a WORK assignment would be eligible for cash benefits in the interim.

Both JOBS and WORK program participants would be required to accept any offer of an unsubsidized job, provided the job meets certain health and safety standards and does not make the family financially worse off. An individual who refuses such an offer would not be eligible for a WORK position, and the entire family would be ineligible for AFDC benefits for a period of six months.

Individuals would be limited to a maximum stay of 12 months in any single WORK assignment, after which they would be required to perform job search. States would be required to conduct a comprehensive assessment of any person who has completed two WORK assignments or who has spent at least two years in the WORK program, following which persons could be assigned to another WORK position, placed in deferred status, referred back to the JOBS program, or be removed from the rolls for refusing a job offer or failing to make a good faith effort to find unsubsidized work.

Participants would typically be paid the minimum wage. Each WORK assignment would be for a minimum of 15 hours per week and for no more than 35 hours per week. Wages from WORK would be treated as earned income with respect to federal and federal-state assistance programs other t AFDC. Participants in the WORK program and their families would be treated as AFDC recipients with respect to Medicaid eligibility.

Persons in WORK assignments would be subject to FICA taxes but would not be subject to the provisions of any federal or state unemployment compensation law. Workers' Compensation coverage would be provided. In order to encourage movement into jobs outside the WORK program, earnings from WORK positions would not be treated as earned income for purposes of calculating the Earned Income Tax Credit.

A family with an adult in a WORK position whose income, net of work expenses, is less than the AFDC benefit for a family of the same size in which no one is working will be eligible for supplemental cash benefits to make up the difference. An earnings supplement would be provided so that a family with an individual who is in a WORK assignment or an unsubsidized private sector job, would never be worse off than a family of the same size on assistance in which no one is working. The work expense disregard used for calculating the earnings supplement would be $120 per month, the standard AFDC work expense disregard. States which opt for more generous AFDC earnings disregards would be permitted, but not required, to apply these policies to WORK wages. Wages would be paid for hours worked. Individuals in the WORK program who quit an unsubsidized job that meets the minimum work standard would lose eligibility for the WORK program for a period of three months. States would be encouraged to place as many WORK participants as possible in subsidized private sector positions. Many of the WORK positions could also be in the not-for-profit sector.

Child Care: The proposal would increase federal child care funding for families on cash assistance and for working families not eligible for cash assistance. People on public assistance would continue to receive child care assistance while working or in education or training. Those who leave welfare would continue to receive a year of Transitional Child Care. The child care guarantee would be extended to the WORK program. Funding for the At-Risk Child Care program would be increased to $1 billion in 1999 with a set-aside to address quality improvement and supply. To address the low maximum monthly payment and cash-flow problems in the AFDC income disregard for child care, states would be required either to offer supplemental payments or to provide working families at least two options for payments of child care costs (the disregard and one other payment mechanism).

Earnings Disregards: The proposal would: disregard at least $120 in earnings, indexed for inflation, without regard to time on AFDC; allow states to establish their own policies on income above these amounts; allow states complete flexibility in determining which types of income should be considered in developing a "fill-the-gap" policy (i.e., income from earnings, child support or all forms of income); and mandate that the AFDC $50 pass-through of child support payments be indexed for inflation.

Preventing Teen Pregnancy and Promoting Parental Responsibility: A National Clearinghouse on Teen Pregnancy Prevention would be established for the collection and dissemination of information related to prevention programs. Under a Teen Pregnancy Prevention Grant Program, about 1,000 schools and community-based programs would be provided flexible grants to implement prevention programs. Comprehensive community-based demonstration grants would be authorized for high-poverty areas. Minor parents would be required to live in their parents' household except when the minor parent is married or there is a danger of abuse. School-age parents would be required to stay in school, states would be required to provide case management. Every school-age parent receiving AFDC (male or female) would be subject to JOBS participation requirements. States would have the option to limit additional benefits for additional children conceived on AFDC, and the option to use monetary incentives combined with sanctions to encourage young parents to remain in school or GED class.

Child Support Enforcement: The legal process for establishing paternity would be streamlined, and mothers applying for AFDC would be held to a stricter definition of cooperation in identifying and locating fathers. A new paternity measure would be implemented based on the number of paternities established in all cases, and states would be encouraged to improve establishment rates through performance-based incentives. Outreach and public education programs aimed voluntary paternity establishment would be greatly expanded.

State Child Support Enforcement agencies would have administrative authority to establish support awards in appropriate cases, based on state guidelines. Universal, periodic, administrative updating of support awards would be required for both AFDC and non-AFDC cases to ensure that awards accurately reflect the current ability to pay. For families who leave welfare for work, pre- and post-AFDC child support arrearages would be paid to the family first. Families who unite or reunite in marriage would have child support arrearages owed to the state forgiven under certain circumstances. States would have the option to pay current child support directly to families who are recipients. A National Guidelines Commission would study the guidelines issue and make recommendations on the desirability of uniform national guidelines or national parameters for state guidelines.

All states would maintain a central registry and centralized collection and disbursement capability. A National Clearinghouse would be established with: an expanded Federal Parent Locator Service, the National Support Registry, and the National Directory of New Hires. Procedures would be put in place to facilitate interstate collections. States would be required to use the threat of revoking professional, occupational, and drivers' licenses to make delinquent parents pay. Additional tools would include: universal wage withholding, improved use of income and asset information, easier reversal of fraudulent transfers of assets, interest and late penalties on arrearages, expanded use of credit reporting, easing bankruptcy-related obstacles, and authority to use wage garnishment procedures.

States would have the option of developing JOBS and/or WORK programs for noncustodial parents who have children receiving AFDC or who have child support arrearages. The entire financing and incentive scheme would be reconstructed, offering states new performance-based incentive payments.

The proposal calls for some new demonstration grant programs to test other approaches. *Child Support Enforcement and Assurance* demonstrations would attempt to link expanded efforts at child support collections to some level of guarantee that a child would receive a child support payment on a consistent basis. *Paternity and Parenting Demonstration* grants would be made to states and community-based organizations to develop and implement noncustodial parent components in conjunction with existing programs for high-risk families to promote responsible parenting, emphasize the importance of paternity establishment and develop parenting skills. *Access and Visitation Grants to States* would fund programs to reinforce the desirability of children having continued access to and visitation by both parents.

Additional Administrative Changes: States would be permitted to eliminate the special eligibility requirements for two-parent families Recipients would be permitted to accumulate savings in Individual Development Accounts (IDAs) for specific purposes such as post-secondary education and first-home purchases. Subsidized IDAs, in which savings by recipients would be matched by federal government dollars, would be tested on a demonstration basis. Non-recurring lump sum income would not be counted as a resource with respect to continuing eligibility to receive benefits in AFDC or Food Stamps if put into an IDA. Additional AFDC and Food Stamp program changes would coordinate rules to encourage work, family formation, and asset accumulation. The definition of "essential person" would be limited to those who provide child care that allows the caretaker relative to pursue work and education or provide care for an incapacitated AFDC family member in the home.

The proposal includes a self-employment/microenterprise demonstration program to explore the extent to which self-employment can serve as a route to self-sufficiency.

The proposal envisions use of new technology and a mation to develop an information infrastructure that allows state-level integration and interfacing of multiple systems (including AFDC, Food Stamps, work programs, child care, child support enforcement, and others) to strengthen fiscal accountability and program integrity and prevent fraud and abuse. A nationwide public assistance clearinghouse would be created to maintain at least the following data registries: the National Directory of New Hires, an expanded Parent Locator Service, the National Child Support Registry of data on noncustodial parents who have support orders, and the Nati l Welfare Receipt Registry.

Costs: Costs for the welfare reform plan are estimated at $9.3 billion over five years. Proposals for offsetting the costs include:

- Reductions in entitlement spending (tighten SSI, AFDC Food Stamp sponsorship rules for non-citizens, cap Emergency Assistance program spending, income test meal reimbursements to family day care homes, limit SSI eligibility for drug and alcohol addicted recipients, target agricultural support to full time farmers);

- Extensions of expiring provisions (hold constant the portion of Food Stamp overpayment recoveries states may retain; extend fees for passenger processing and other customs services and railroad safety inspections; and use excess savings from extension of corporate Superfund tax); and

- Revenue enforcement measures (deny the Earned Inco Tax Credit to non-resident aliens and require Department of Defense reporting for Defense personnel living abroad).

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WASHINGTON SOCIAL LEGISLATION BULLETIN

The Administration's Welfare Reform Plan

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Welfare Reform Network

APPENDIX C1

May, 1994

MAKING WELFARE REFORM WORK FOR NEW YORK CITY

The Welfare Reform Network (WRN), organized in June 1990 to monitor and influence welfare reform policy at the local, state and federal levels, is a coalition of over 300 organizations in New York City whose members include: social service providers, client groups, community-based organizations, Protestant, Catholic and Jewish organizations, labor, legal services, college and universities and some governmental groups. WRN agrees with President Clinton that our nation needs to improve the ways in which we help families move out of poverty. WRN believes that effort to reform welfare must be part of a broader anti-poverty strategy, informed by the condition of the labor market; the desperate need for job creation, quality education and training; the critical linkages between family and work responsibilities; and aimed at moving families out of poverty and not simply off of welfare. Central to welfare reform is the need to address the specific, yet diverse, needs of single women and children.

The following is a outline of WRN's positions on issues raised by the Clinton Administration's Working Group. Drawing from our expertise on the NYC's BEGIN program -- as advocates, clients, social workers, policymakers, community and religious leaders -- we based our recommendations on how welfare reform will impact on the lives of New York City's poor.

ADEQUATE INCOME SUPPORT: WRN recommends the establishment of a mandatory income support level, with annual adjustments for increases in the cost of living and federal law that requires that state need standards reflect the real costs of housing, food and transportation.

($1000)

INCREASE ASSET LIMITS: WRN recommends a dramatic increase in the asset limit for AFDC eligibility and that lump sums be treated as resources.

NO TIME-LIMITS: WRN considers time limits on AFDC absolutely unacceptable. Whether a family can even reach the poverty level through unsubsidized private sector employment will depend on their ability to obtain and accept work that is full-time and/or the wage rates set in that private market.

VOLUNTARY PARTICIPATION: WRN supports voluntary, not mandatory participation in work-related activities in exchange for income support. WRN maintains that if participation in work-related activities is required, policies must recognize parents caring for children is valuable work and that support services, such as high quality child care, is an absolute necessity for participants.

EDUCATION OPTIONS: WRN supports expansion of educational options. The JOBS program should provide more opportunities for meaningful education and training, including completion of post-secondary degrees. Programs should be targeted at filling long-term labor market needs. At the same time, WRN questions whether states can simultaneously achieve both "full participation" in JOBS and quality programs.

The Welfare Reform Network (WRN) was organized in June 1990 and includes the Task Force on The Family Support Act, the N York City T Force Working on Welfare, other interested groups individuals.

c/o Federation of Protestant Welfare Agencies, Inc.
281 Park Avenue South/New York, NY 10010/(212) 777-4800/FAX (212) 533-8792

C2

ADEQUATE INCOME FROM SUBSIDIZED EMPLOYMENT: WRN opposes any employment program that fails to guarantee a minimum adequate income. Cash assistance to supplement earnings is essential whenever earnings combined with other benefits do not meet basic needs. It is essential to guarantee that family incomes do not drop below inadequate AFDC levels because of involvement in subsidized employment. Income should not be jeopardized when a parent must miss work.

CHILD SUPPORT: Imposing a strict definition of "cooperation" with child support enforcement efforts as a condition of receiving AFDC is unreasonable, unnecessary, and likely to cause significant harm to families. Good cause exception to the cooperation requirement must be expanded to truly protect all AFDC mothers and their children from potential injury; any restrictions to these exceptions would have devastating effects. It is not correct to assume that state paternity establishment rates are so low because of mothers' failure to cooperate rather that states' failure to pursue claims. It is similarly incorrect to assume that all women know the identity and whereabouts of their male partners yet deliberately withhold the information from the state. Men in our society are not penalized for not knowing detailed information about their sexual partners.

CHILD SUPPORT ENFORCEMENT: WRN supports the goals of establishing awards in every case where the absent parent can be identified and located, ensuring fair award levels, and collecting amounts owed. WRN would increase child support distributions to families on public assistance as part of an anti-poverty strategy.

MINOR PARENTS: WRN is opposed to requiring minor parents seeking AFDC to live in the home of a parent, guardian. WRN opposes any program through which a family's benefits could be reduced based on a child's school attendance. WRN believes that case management can be an effective means of linking teen parents with needed services, but would support expansion of such programs only if worker-client ratios are sufficiently low. WRN supports wide expansion of family planning services as well as programs to prevent high-risk behavior and teen pregnancy.

FAMILY CAP/CHILD EXCLUSION PROVISIONS: WRN opposes denying aid to meet the needs of a child born after the family begins receiving AFDC. Depriving needy children of support based on a moralistic assumption that their parents behaved inappropriately is a heartless policy that will lead only to increased suffering. Contrary to myth, there is no evidence that availability of AFDC influences childbearing decisions.

TWO-PARENT FAMILIES: WRN supports extending AFDC coverage to all needy two-parent families. WRN believes that income support should be available to all those in need. Stringent eligibility rules for two-parent families are particularly arbitrary and should be eliminated.

MAKE WORK PAY AND CHILD CARE: WRN supports universal health care, advanced payment of EITC and universal child care for all working families.

WOMEN IN POVERTY: WRN believes that welfare reform will work only if policies address the specific concerns of women and children. Single women with dependent children are overrepresented among our nation's poor. Children are the majority of AFDC recipients. The job market offers few opportunities for stable work with adequate wages and health benefits. Gender and racial discrimination in the workforce and in our education system are linked with lack of employment opportunities and economic instability. Low-income women are often tracked into low-paying, gender-stereotyped occupations. Poor women are at-risk for domestic violence, and lack resources to move out of a dangerous home. Quality child care is expensive and scarce.

THE WHITE HOUSE
OFFICE OF DOMESTIC POLICY

CAROL H. RASCO
Assistant to the President for Domestic Policy

To: Reed Way
Galston

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: ____

OCT 19 1994

Children's Defense Fund

October 13, 1994

Ms. Carol H. Rasco
Assistant to the President
for Domestic Policy
Executive Office of the President
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Carol:

While I was pleased to see the guidelines on federal 1115 waivers issued by HHS a few weeks ago, I cannot imagine why the Administration is not requiring all states to assess the impact of their experiments on children.

I know the Administration is committed to state flexibility in this and other areas. Particularly if states are to be allowed to undertake more controversial experiments, however, we surely need to know whether and to what extent children are harmed by resulting reductions in AFDC benefits or other state modifications of welfare rules.

It is my understanding that, in a few cases, HHS already has required states to conduct child impact evaluations. In the future, I certainly hope this can be a part of all waivers approved by HHS.

Sincerely yours,

Marian Wright Edelman

MWE:cmj

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

Memorandum

To: Welfare Reform Group

From: Patricia Sosa and Toby Graff

Subject: United Way of America Position Statement on Welfare Reform

Date: October 27, 1994

Enclosed please find a copy of the United Way of America Position Statement and Summary on Welfare Reform. The United Way's Public Policy Committee drafted this document at a meeting on October 17, 1994. They will then present the statement to the Board of Governors for final approval, in January.

In general, the United Way support the goals and principles of the Administration's welfare reform initiative. However they oppose two provisions of the "Work and Responsibility Act", including:

- Oppose "arbitrary" time limits on cash assistance
- Oppose the family cap

The United Way has encouraged distribution of this working draft and would welcome any feedback you might have. Please submit any comments to Toby Graff, to be forwarded to the appropriate United Way representative.

Thank you.

United Way
of America

701 North Fairfax Street
Alexandria, Virginia 22314-2045
Phone: (703) 836-7100

MEMO

To: Interested Local and State United Way Staff
Other Interested Persons

From: Nancy Kennedy, Vice-President of Government Relations

Date: October 28, 1994

Subject: United Way of America Welfare Reform Position Statement -- Working Draft

Enclosed is a copy of the working draft of the United Way of America Welfare Reform Position Statement and Summary. These documents were adopted by the Public Policy Committee on October 17, 1994. They will be presented to the Board of Governors in January.

The recommended position statements were developed by the Welfare Reform Task Force based upon the seven principles in the Self-Sufficiency Statement and input from many of you in recent months. The Welfare Reform Task Force includes Harold Acres (Chairman), Ted Granger, Weldon Mikulik and Margy Waller.

We are working closely with the Administration's Welfare Reform Working Group to plan regional meetings on welfare reform for early 1995. You will hear more about these meetings soon. Also, plan to attend the UWA Public Policy Roundtable in New Orleans on March 9-11, 1995. We'll have a chance to talk more about these issues there.

If you have questions or comments about the draft, please contact Margy Waller at (703) 836-7112 (x280).

WORKING DRAFT

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UNITED WAY OF AMERICA
WELFARE REFORM POSITION STATEMENT

Preface

In 1993, the United Way of America Board of Governors adopted a revised Statement on Self-Sufficiency that was developed by the Public Policy Committee. Using this Statement, and the seven Cornerstone Principles that were reaffirmed in the Statement, the Public Policy Committee has adopted a Position Statement on each of eleven specific welfare reform issues. These issues are identified and the positions are summarized below. A copy of the full statement, including a problem definition, public policy issues, and United Way interest statement, is available from United Way of America upon request. The seven **Cornerstone Principles** are:

- Provide a wide availability of comprehensive social services designed to prevent dependency and avoid building into the system disincentives to self-sufficiency.
- Extend to recipients moving into the workforce sufficient benefits for a period of time to maximize the persons' potential success in becoming self-sufficient; i.e., transitional health benefits, access to housing, education or job training, transportation, and child care.
- Develop a strong, family focused, human services and case management system to help people overcome barriers to their employment.
- Provide for a contract between the recipient and the administering agency to develop an individualized service plan and define the obligations of both parties.
- Build in a feedback and evaluation component to assess the effectiveness of the program in helping people achieve self-sufficiency.
- Enact other policies essential to reducing poverty, including expansion of the earned income tax credit.
- Make self-sufficiency economically advantageous to the recipient.

While each of the positions adopted and listed below are relevant to the debate on welfare reform, some of the position statements are particularly important to United Way of America and local United Ways. These positions will be a high priority for advocacy.

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- Support adequate funding of the At-Risk Child Care Program to cover all children of poor working families in need.

- Encourage the implementation of legislation or adoption of regulations that eliminate the barriers to the use of private match for federal funding. Private funding should be treated like public match funds from schools and local governments.

- Oppose legislative provisions that penalize children.

- Oppose cuts in human/social service funding to finance federal welfare reform.

- Oppose full family sanctions (where the benefit to the children is eliminated along with the parent's) for failure to comply with program regulations.

- Support individualized education and training time limits, followed by work. Oppose arbitrary time limits.

WELFARE REFORM POSITION STATEMENTS

Summary

TEEN PARENTS: While teen parents make up a relatively small percentage of the current AFDC caseload (about 5% in 1992), current and former recipients represented 42% of the single women on AFDC in 1992.

1. Support funding for education and training about the responsibilities of being a parent, developing parenting skills and promoting responsible decision making.

2. Promote programs, policies and funding which prevent adolescent pregnancy, keep young people in school, prevent youth violence and substance abuse, and promòte economic opportunity.

3. Support legislative proposals that provide funding for mandatory and adequate case management to address needs of teen parents (particularly appropriate assessment of living arrangements), including appropriate caseload levels and staff training.

WORKING DRAFT

4. Oppose legislative provisions that penalize children born to unmarried parents.

5. Support demonstrations to test the effectiveness of targeting teen parents with education and training programs.

TIME LIMITS: During the 1992 presidential campaign, then-candidate Clinton promised to "end welfare as we know it," by limiting benefits, education and training programs to two years. Today, there are numerous legislative proposals that incorporate a time limit for welfare recipients.

1. Support moving recipients off welfare into self-sufficiency as expediently as possible with education, training, and work experience programs.

2. Encourage the development of legislative initiatives that recognize the diversity of needs in the AFDC recipient population by supporting individualized time-limits, in lieu of an arbitrary limit. The individualized time-limit should be based upon an assessment of education, training, social, and human service needs. A contract between the case manager and the recipient should state the time limit and the services to be provided.

3. Support proposals that provide a community service (or other subsidized) job to welfare recipients who reach their time limit and are unable to find an unsubsidized job. These jobs must leave the participants with at least as much household income as the receipt of AFDC. (See EITC position below.)

4. Extend to recipients moving into the workforce sufficient benefits for a period of time to maximize the persons' potential success in becoming self-sufficient; i.e., transitional health benefits, access to housing, education or job training, transportation, and child care.

5. Support training programs that are designed to lead to employment. Evaluation of education and training outcomes should be improved and funding should be based upon successful outcomes. Particular focus must be placed upon job readiness, on-the-job training, and job development.

CHILD CARE: The current system of inadequate public funding for child care forces policy makers to choose between funding for welfare recipients and those poor working families who need child care to continue working and avoid welfare.

1. Support adequate funding of the At-Risk Child Care Program to cover all children of poor working families in need.

WORKING DRAFT

2. Support legislative efforts to ensure seamless delivery of child care services.

COORDINATION OF SERVICES/FUNDING FLEXIBILITY: Simplification and streamlining of federal programs and funding sources would encourage and enable more accessible, appropriate services for welfare recipients moving to work and self-sufficiency.

1. Encourage the introduction of legislation or adoption of regulations that eliminate the barriers to use of private match for federal funding.

2. Support proposals that encourage comprehensive, accessible and collaborative services for children and families, and sufficient funding flexibility to meet local needs as well as the goals of federal legislation.

3. Support legislative efforts to ensure seamless delivery of child care services.

4. Encourage legislative support for the use of JOBS funding to create additional space in Adult Basic Education and basic skills training programs.

OUT-OF-WEDLOCK BIRTHS: Since the mid-1970s, the percentage of single mothers receiving AFDC who had never been married increased from 21 percent to about 52 percent. The growth in this population was the most dramatic change among AFDC recipients found by the General Accounting Office in a recent report.

1. Oppose legislative provisions that penalize children born to unmarried parents.

2. Oppose family cap proposals. These proposals deny benefits to families that conceive a child after beginning receipt of AFDC.

3. Support funding for education and training about the responsibilities of being a parent, developing parenting skills, and promoting responsible decision making.

FUNDING: Most welfare reform legislation proposes to finance additional costs with cuts to other human or social services programming.

1. Eliminate the barriers to use of private funds as match for federal dollars. Private match should be treated like public match from schools and local governments.

2. Oppose cuts in human/social service funding to finance federal welfare reform.

WORKING DRAFT

3. Support reductions in state matching requirements.

SANCTIONS: Many welfare reform proposals create significantly harsher sanctions for failure to comply than exist under current law.

1. Employment in the private sector is far preferable to subsidized, public sector jobs or continued public assistance. Job-ready participants who are ready for employment as prescribed by the employability plan should be required to accept any job offered to them, provided that supports such as transportation, child care, and health care are available. Jobs that are located beyond reasonable travel distances and/or take place during hours when child care is not available should not be considered appropriate.

2. Oppose full family sanctions.

EARNED INCOME TAX CREDIT (EITC): Many decision makers feel that is important to make a publicly funded job program less attractive than a private sector, unsubsidized minimum wage job. The WORK program denies the EITC to participants.

1. Support expansion of the EITC so that all families with a full time worker are lifted out of poverty.

2. Oppose denial of the EITC to participants in a publicly funded jobs program.

3. Support a publicly funded jobs program that encourages employers to invest in participants by providing training and supervision.

4. Support efforts to educate employers and employees about the benefits of the EITC and the availability of advance payment in paychecks.

TWO PARENT FAMILIES: Under current law there are special eligibility requirements for two-parent families in need of assistance.

1. Support elimination of the work history rule, and basing eligibility on the amount of earned income, not the number of hours worked. In this way the eligibility requirements will be the same for all families.

HEALTH CARE: The lack of health care coverage for most entry level workers is a barrier to self-sufficiency. Many welfare recipients are unable to leave welfare because of the lack of health care; others cannot stabilize in low wage jobs because of a family health problem.

WORKING DRAFT

1. Until comprehensive health care reform is adopted, support extending transitional health care to at least two years for all AFDC recipients.

CHILD SUPPORT: In 1990, absent parents paid only $14 billion in child support. If child support orders reflecting current ability to pay were established and enforced, single parents and their children would have received $48 billion: money for school, clothing, food, utilities, and child care.

1. Support improved child support enforcement by strengthening laws that require absent parents to fulfill child support obligations and health care coverage to children.

WORKING
DRAFT

United Way
of America

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UNITED WAY OF AMERICA WELFARE REFORM POSITION STATEMENT

TEEN PARENTS

Problem Definition:

While teen parents make up a relatively small percentage of the current AFDC caseload (about 5% in 1992), current and former recipients represented 42% of the single women on AFDC in 1992.

- Teenage parents on AFDC generally have characteristics associated with long stays on welfare: no high school diploma, no job, no recent work experience, children under the age of six.
- The birth rate to teens has dropped significantly in the last 40 years: in 1950, the birth rate to teens was 90.3 per 1000 females; by 1991, it had dropped to 62.1.
- The teen birth rate in the United States is higher than most other western industrialized countries.
- Research indicates that a majority of teen mothers suffered abuse at a young age.
- About 80% of teen parents on welfare live in an adult supervised living arrangement, often with their parents.
- About 51% of all teen mothers do NOT receive AFDC during the initial five years after the birth of their fist child.

Public Policy Issues:

- Many legislative proposals attempt to address the problem of teen pregnancy by requiring that minor parents live at home or with a responsible adult in order to receive AFDC. (Five states have this requirement now, as an option under federal law.) Some proposals deny benefits to teen mothers altogether, regardless of where they live.
- The Clinton Administration proposal also attempts to address this issue by targeting its proposal on young parents (born after 1971). This change would be implemented nationally; it is not a pilot or demonstration.

- Since young parents have little work experience, they are hard to place in non-subsidized jobs. They are likely to have young children (for whom child care is more expensive and generally less available).

WORKING DRAFT

- The requirement to target young parents may force states to reduce or eliminate service to older volunteers. While older recipients would be eligible, resources may not stretch far enough to serve these recipients.

- There is no research to support the theory that the residency requirement or a denial of benefits will reduce teen pregnancy.

- If this social issue is addressed by changes in the AFDC reform, at least half of the young parents will not be reached by the policy.

United Way Interest:

- The November 1993 Welfare Reform Assessment Survey found that of local United Ways (LUWs) responding, 75% are funding teen pregnancy and parenting counseling programs.

- If teen parents are denied assistance or older recipients are shut out of the education/training and WORK (subsidized job) program, LUWs and the programs they fund will be called upon to provide services. As with government funded services, agency resources are already stretched.

UWA Positions:

1. **Support funding for education and training about the responsibilities of being a parent, developing paren-ting skills and promoting responsible decision making.**

2. **Promote programs, policies and funding which prevent adolescent pregnancy, keep young people in school, prevent youth violence and substance abuse, and promote economic opportunity.**

3. **Support legislative proposals that provide funding for mandatory and adequate case management to address needs of teen parents (particularly appropriate assessment of living arrangements), including appropriate caseload levels and staff training.**

4. **Oppose legislative provisions that penalize children born to unmarried parents.**

5. **Support demonstrations to test the effectiveness of targeting teen parents with education and training programs.**

WORKING DRAFT

TIME LIMITS

WORKING DRAFT

Problem Definition:

During the 1992 presidential campaign, then-candidate Clinton promised to "end welfare as we know it," by limiting benefits, education and training programs to two years. Today, there are numerous legislative proposals that incorporate a time limit for welfare recipients.

- Although there has been a lot of discussion about time limits and several states have passed legislation and/or requested a federal waiver for time limits, no state has ever implemented a time limited welfare reform program. We have no national experience with the impact of a time limit.

- Estimates by the Administration indicate that 3 million households would be affected by the two year limit. There are currently 5 million families receiving AFDC. Since other proposals do not limit the new program to young recipients, many more households would be impacted by a national time limit that applies to all recipients.

- The three year impacts for a model JOBS program (not targeted to young recipients) show that while many recipients entered a job during that time, most remained eligible for AFDC. It appears that over a three year period, an effective, comprehensive JOBS program can raise employment and earnings. However, many of those recipients are earning such low wages that they may remain eligible for AFDC in a high benefit state, and may lose the job requiring a return to AFDC.

- It can take more than two years to acquire the education and training necessary to land and retain a private sector, unsubsidized job.

- Individual and regional differences within the recipient population, including employment opportunities for recipients in the community, are not recognized by a national time limit.

Public Policy Issues:

- A distinction should be made between the Administration's proposal and others with a lifetime limit on ALL benefits. While the Administration proposal contains a lifetime limit on education and training (two years, with a limited "earn back" of a maximum of six months), there is no limit on the amount of time that one may participate in the WORK (subsidized jobs) program.

- Other proposals (McCurdy and Michel) have a lifetime limit on both training AND subsidized work.

WORKING DRAFT

- Rep. Matsui has proposed a welfare reform package that would increase state minimum required participation rates and requires that at least half of the participants be engaged in a work activity (unsubsidized employment, on-the-job training, subsidized work, or public sector employment). The Matsui bill also requires states to spend a minimum of 10 percent of JOBS funding on job placement, job development, and job retention. The Matsui proposal increases funding and emphasis on education, training, and work experience, but does not create a time limit.

United Way Interest:

- The November 1993 Welfare Reform Assessment Survey found that of LUWs responding, training and employment programs were described as the most effective in assisting people in the community to become employed and self-sufficient. Fifty-five percent of those local UWs responding are currently funding such a program.

- LUW dollars have been used as private match to draw down federal dollars allocated to states for the JOBS program.

- If a lifetime limit is applied, or arbitrary limits on education and training become a part of the AFDC program, the impact on families will be felt at the local level. UW funded programs will be further strained to provide services.

- Recent polling indicates that the two year limit on benefits is one of the least popular welfare reform proposals. Eight in ten Americans say any limit should be applied on a case-by-case basis, rather than a fixed and arbitrary limit.

- Americans polled anticipate many negative consequences of such a limit: an increase in the number of homeless families, an insufficient number of jobs for recipients cut off at the end of the two years, an increase in the crime rate. Voters greatest concern about the two year time limit is that children will be hurt -- through no fault of their own.

UWA Positions:

1. **Support moving recipients off welfare into self-sufficiency as expediently as possible with education, training, and work experience programs.**

2. **Encourage the development of legislative initiatives that recognize the diversity of needs in the AFDC recipient population by supporting individualized time-limits, in lieu of an arbitrary limit. The individualized time-limit should be based upon an assessment of education, training, social, and human service needs. A contract between the case manager and the recipient should state the time limit and the services to be provided.**

WORKING DRAFT

3. Support proposals that provide a community service (or other subsidized) job to welfare recipients who reach their time limit and are unable to find an unsubsidized job. These jobs must leave the participants with at least as much household income as the receipt of AFDC. (See EITC position below.)

4. Extend to recipients moving into the workforce sufficient benefits for a period of time to maximize the persons' potential success in becoming self-sufficient; i.e., transitional health benefits, access to housing, education or job training, transportation, and child care.

5. Support training programs that are designed to lead to employment. Evaluation of education and training outcomes should be improved and funding should be based upon successful outcomes. Particular focus must be placed upon job readiness, on-the-job training, and job development.

WORKING DRAFT

CHILD CARE

Problem Definition:

The current system of inadequate public funding for child care forces policy makers to choose between funding for welfare recipients and those poor working families who need child care to continue working and avoid welfare.

- A recent survey found that lack of child care prevented 42% of parents from working full time. Nearly as many reported that lack of child care prevented them from going to school. Twenty percent had returned to welfare in part due to child care problems.

- Census data indicates that there are approximately 1 million employed single parents with children under 6 with household income at or below the poverty level. Assuming that only one child per household needs child care, at an average of $3000 per year, that is a cost of 3 billion -- double the administration's budget.

- A survey of the 50 states in 1993 by Children's Defense Fund indicated that there are waiting lists for child care assistance in 31 states and the District of Columbia.

- Many parents and providers complain that the different rules and funding sources for child care create confusion, gaps in funding and a need to move children from one provider to another. As parents move from welfare to self-sufficiency there are as many as four different federal funding programs for child care.

- These different rules and the need to move children in and out of day care also cause problems for child care providers.

Public Policy Issues:

- The Clinton Administration has previously acknowledged that child care for the working poor will cost at least $5 billion over the next five years. Nevertheless, the Administration's proposal only increases the program by $1.5 billion over the next five years.

- Many proposals take steps toward a seamless delivery system, which means a reduction of regulatory differences between the child care programs.

United Way Interest:

- The November 1993 Welfare Reform Assessment Survey found that of local United Ways (LUWs) responding, 83% are funding day care programs. Of those LUWs, day care was considered to be the second most effective program in assisting people in the community to become employed and self-sufficient.

WORKING DRAFT

- Some LUWs participate in funding collaboratives to draw down additional federal day care dollars allocated to their state.

- Child care programs received $198,145,877 of the $2.5 billion allocated by LUWs across the country in 1992.

- Child care was rated as a top priority issue by LUWs in a recent survey.

UWA Positions:

1. **Support adequate funding of the At-Risk Child Care Program to cover all children of poor working families in need.**

2. **Support legislative efforts to ensure seamless delivery of child care services.**

WORKING DRAFT

COORDINATION OF SERVICES/FUNDING FLEXIBILITY

Problem Definition:

Simplification and streamlining of federal programs and funding sources would encourage and enable more accessible, appropriate services for welfare recipients moving to work and self-sufficiency.

- The many different funding sources, state match rates, and regulations of the programs that serve welfare recipients create disincentives, confusion and difficulty for recipients, providers, and potential employers.

- State matching requirements and limitations on the use of private match limit the ability of states to use all federal dollars allocated.

- Currently, there are about 150 separate education and training programs operated by numerous different departments. This division of administration creates confusion for employers and participants, while creating significant overhead for operating costs and administration.

- Existing adult basic education and basic skills programs are unable to take referrals in many communities. More resources are needed to fill this need.

Public Policy Issues:

- Most of the proposals reduce state match percentages for education and training, while increasing funding for JOBS. However, there are no legislative proposals to reduce the barriers to the use of private match for JOBS.

- Many proposals take steps toward a seamless delivery system and reduction of regulatory differences between the child care programs.

- There are many competing proposals to integrate education and training programs.

United Way Interest:

- Many agencies that receive funding from LUWs, also receive federal funds. Increasing resources available and reducing administrative overhead will enable these agencies to better address community needs.

- Some LUWs are providing private match for federal funds that would otherwise be lost to the state for lack of the matching funds. These LUWs are involving volunteers in efforts to assist welfare recipients through their allocation process. This results in bringing local business to the table around welfare to work initiatives. LUWs bring this unique connection to this issue.

WORKING DRAFT

UWA Positions:

1. Encourage the introduction of legislation or adoption of regulations that eliminate the barriers to use of private match for federal funding.

2. Support proposals that encourage comprehensive, accessible and collaborative services for children and families, and sufficient funding flexibility to meet local needs as well as the goals of federal legislation.

3. Support legislative efforts to ensure seamless delivery of child care services.

4. Encourage legislative support for the use of JOBS funding to create additional space in Adult Basic Education and basic skills training programs.

WORKING DRAFT

OUT-OF-WEDLOCK BIRTHS

Problem Definition:

Since the mid-1970s, the percentage of single mothers receiving AFDC who had never been married increased from 21 percent to about 52 percent. The growth in this population was the most dramatic change among AFDC recipients found by the General Accounting Office in a recent report.

- The growth of single mothers who had never been married in the AFDC population mirrors a change that is occurring at all income and educational levels.

- Only one third of all women who give birth out-of-wedlock are poor.

- A research summary released in June by 79 poverty and family structure researchers, including most of the major researchers in the field, notes that "welfare has not played a major role in the rise of out-of-wedlock childbearing....Focusing on welfare as the primary cause of rising rates of out-of-wedlock childbearing vastly oversimplifies this complex phenomenon....While some signers of this statement believe that welfare has some modest impact on out-of-wedlock childbearing, we all agree that the damage done to children by denying assistance to their families would be far too great to justify eliminating the safety net for them."

- Research indicates that families do not have additional children in order to increase their benefits (an increase of about $60 per month for each additional child).

- Reducing benefits is not expected to result in a reduced birth rate.

- The birth rate in AFDC families is less than the rest of society. (One study shows that the birth rate of mothers on welfare was about 45.8 per 1000; across the country for all households, it is about 71.1).

- About 75% of the AFDC caseload are families with only one or two children.

- AFDC family size has continually decreased over the last 20 years.

- It has been reported that the average welfare family is smaller than the national average.

- The amount of the benefit increase for a child is small (average $50), and there is no evidence that a change in the benefit levels will reduce the already small numbers of parents who have additional children. Benefit levels are already well below the poverty level and the need standard in most states.

WORKING DRAFT

Public Policy Issues:

- The Administration proposal allows states to limit additional benefits for children conceived by women on welfare without requesting a waiver.

- The Administration has acknowledged that there is no research to support this provision.
- Other proposals require that benefits be denied to unmarried parents and parents who conceive a child after they begin receiving welfare.

United Way Interest:

- This approach penalizes children by depriving them of the means to meet their basic needs, and putting an additional burden on the private sector to meet the emergency needs of such families.

- LUWs have traditionally funded prevention and counseling programs. The November 1993 Welfare Reform Assessment Survey found that of local United Ways (LUWs) responding, 75% are funding teen pregnancy prevention/counseling programs.

UWA Positions:

1. **Oppose legislative provisions that penalize children born to unmarried parents.**

2. **Oppose family cap proposals. These proposals deny benefits to families that conceive a child after beginning receipt of AFDC.**

3. **Support funding for education and training about the responsibilities of being a parent, developing parenting skills, and promoting responsible decision making.**

WORKING DRAFT

FUNDING

Problem Definition:

Most welfare reform legislation proposes to finance additional costs with cuts to other human or social services programming.

Public Policy Issues:

- The Administration's proposal caps spending to states for the Family Emergency Assistance program.

- Many proposals provide financing by cutting or eliminating benefits to legal immigrants.

- Recent polling indicates that voters think that the welfare system is spending money in the wrong way, but not that too much is spent on welfare. By more than five to one, voters will support reforms that help move people off welfare -- even if those reforms cost more than is currently being spent at first.

- Elimination or limits on funding for human/social service programs will put an additional burden on the state and local governments, as well as non-profit service providers. Capping the Emergency Assistance Program will put family preservation programs at risk in the states, according to the National Conference of State Legislatures and others.

- Another option for increasing JOBS funding is the use of private match dollars, that count toward the state's match requirement. Many United Ways, and other private funders are willing to fund JOBS programs if they can participate in the community decision about which programs are needed.

- If the federal regulations limiting the use of private match were lifted, more resources would be available, pressure on state budgets would be reduced, and more services would be provided to participants.

United Way Interest:

- Many United Ways, and other private funders are willing to fund JOBS programs if they can participate in the community decision about which programs to fund.

- Agencies funded by LUWs use Emergency Assistance funds to provide services to clients.

- Loss of the Emergency Assistance funds would result in greater demand for services such as emergency shelter, rent assistance, utility assistance etc.

WORKING DRAFT

- Any loss of human/social service funding to finance welfare reform will put pressure on another part of the system. LUWs recognize that holistic, collaborative approaches to service delivery are necessary. The loss of funding for these services does not mean that families will no longer need the services.

UWA Positions:

1. **Eliminate the barriers to use of private funds as match for federal dollars. Private match should be treated like public match from schools and local governments.**

2. **Oppose cuts in human/social service funding to finance federal welfare reform.**

3. **Support reductions in state matching requirements.**

WORKING DRAFT

SANCTIONS

Problem Definition:

Many welfare reform proposals create significantly harsher sanctions for failure to comply than exist under current law.

- Some proposals eliminate benefits to the entire family. Sanctions would attempt to influence welfare recipients' job search/skills enhancement behavior.
- In many legislative proposals, anyone who turns down a job offer will be dropped from the rolls. The Administration bill states that the right of job refusal exists only for certain health and safety reasons.
- No evidence has been provided to indicate that such a sanction is necessary, or that such a severe sanction will be effective.
- These sanctions are much tougher than the current law which, at worst, reduces the parent's share of the grant.
- The Administration bill would require a full benefit sanction, including the benefit for the children. This would create the possibility of dependency actions, removing these children from the care of their parents -- at a greater cost to the child, family, and taxpayers.

United Way Interest:

- The impact of such severe sanctions will be to increase homelessness and the need for foster care placement of children. Again, state and local governments and the non-profit providers will be expected to provide the services that these families will need.

UWA Positions:

1. **Employment in the private sector is far preferable to subsidized, public sector jobs or continued public assistance. Job-ready participants who are ready for employment as prescribed by the employability plan should be required to accept any job offered to them, provided that supports such as transportation, child care, and health care are available. Jobs that are located beyond reasonable travel distances and/or take place during hours when child care is not available should not be considered appropriate.**
2. **Oppose full family sanctions.**

WORKING DRAFT

EARNED INCOME TAX CREDIT (EITC)

Problem Definition:

Many decision makers feel that is important to make a publicly funded job program less attractive than a private sector, unsubsidized minimum wage job. The WORK program denies the EITC to participants.

- A parent working full time at minimum wage will still be living in poverty, unless the EITC reaches the goal of lifting all families with a full time worker out of poverty.

- Since there has never been a work component of the welfare system like that proposed by the Administration, there is no evidence that there is a need to create an incentive. The lack of possibility for advancement in the WORK program may be enough of an incentive.

- States can create job search/intensive job placement options as alternatives to ensure that those who are employable in an unsubsidized job leave the WORK program.

- The denial of EITC means that participants can be expected to quit their WORK position at any time. This fact will make it extremely difficult to encourage employers to create WORK positions because they will not want to train and supervise a worker who may leave at the end of the day.

- Denial of the EITC to WORK participants seems to contrary to the stated goal of "making work pay," particularly when participants in the WORK program will still be living in poverty.

- Currently, with the advanced payment option, the EITC effectively raises the wages of a full time minimum wage worker to about $5.50.

United Way Interest:

- UWA has long been a promoter and supporter of the EITC.

- Non-profits are likely employers of WORK participants. LUWs and the agencies that they fund will be unenthusiastic about hiring WORK participants who will have to be treated substantially differently from other employees.

- Corporate partners to LUWs will also be reluctant to participate in the program if a WORK participant can be expected to leave at the end of any day.

WORKING DRAFT

Recommended UWA Positions:

1. Support expansion of the EITC so that all families with a full time worker are lifted out of poverty.

2. Oppose denial of the EITC to participants in a publicly funded jobs program.

3. Support a publicly funded jobs program that encourages employers to invest in participants by providing training and supervision.

4. Support efforts to educate employers and employees about the benefits of the EITC and the availability of advance payment in paychecks.

TWO PARENT FAMILIES

WORKING DRAFT

Problem Definition:

Under current law there are special eligibility requirements for two-parent families in need of assistance.

- The current AFDC program denies AFDC to two parent households based upon a lack of work history, or if one of the parents works more than 100 hours per month, regardless of the amount of earned income.

- These rules create a disincentive to marry, particularly in young families, where the parents may not have any work history.

- Many human services groups are encouraging Congress to make the elimination of special eligibility criteria a requirement for states, not just an option.

United Way Interest:

- These families seek assistance from United Way funded agencies because they are unable to provide for their basic needs, like food, shelter, and clothing. Other families choose to separate in order to be eligible for AFDC.

- In these cases, one or both of the parents will be deprived of the education and training, and job placement assistance that is part of the AFDC program since the passage of the Family Support Act. These services are often necessary for the transition to self sufficiency.

UWA Positions:

1. **Support elimination of the work history rule, and basing eligibility on the amount of earned income, not the number of hours worked. In this way the eligibility requirements will be the same for all families.**

WORKING DRAFT

HEALTH CARE

Problem Definition:

The lack of health care coverage for most entry level workers is a barrier to self-sufficiency. Many welfare recipients are unable to leave welfare because of the lack of health care; others cannot stabilize in low wage jobs because of a family health problem.

Public Policy Issues:

- Under current law, welfare recipients (who lose entitlement to benefits due to the amount of household earned income) are entitled to one year of transitional health care.

- Many people thought that health care reform would address the health insurance needs of low income working families. However, Congress appears unlikely to address this issue in 1994.

UWA Positions:

1. **Until comprehensive health care reform is adopted, support extending transitional health care to at least two years for all AFDC recipients.**

WORKING DRAFT

CHILD SUPPORT

Problem Definition:

In 1990, absent parents paid only $14 billion in child support. If child support orders reflecting current ability to pay were established and enforced, single parents and their children would have received $48 billion: money for school, clothing, food, utilities, and child care.

- The delinquency rate on child support was 49% in 1990. (On car payments for used cars, the default rate was only 3%.)

- In 1983, states made at least partial collection on about 15% of their child support enforcement cases. By 1992, the percentage was almost 19%. However, at that rate of increase, it will take over 180 years before every child served by a child support enforcement agency can be assured that at least some support will be collected in any given year.

Public Policy Issues:

- The major welfare reform bills contain strong, expanded child support enforcement measures.

- This item is referred to the Welfare Reform Task Force by the Mobilization for children Task Force because the administration's welfare reform proposals (and most other major proposals) include child support administration as part of the package. It is possible that child support enforcement will be taken up as part of welfare reform; or it may be developed as separate legislation.

UWA Positions:

1. **Support improved child support enforcement by strengthening laws that require absent parents to fulfill child support obligations and health care coverage to children.**