

Communications

WELFARE REFORM COST ESTIMATES
and
THE CLINTON ADMINISTRATION'S WORK AND RESPONSIBILITY ACT

The Clinton Administration's welfare reform legislation has proposed unprecedented changes in the welfare system, including a two-year time limit on cash benefits, and some disagreement about cost estimates is to be expected. It is important to remember that:

- **CBO's numbers are preliminary, and subject to change.** Traditionally, CBO has been very conservative about predicting the savings that will come from changing behavior with new incentives to reward work and responsibility.
- **Successful state innovations provided the substantive basis of many of the Administration's estimates.** Working in close consultation with states, the Administration carefully examined a variety of state welfare reform efforts that have been effective in promoting self-sufficiency and in moving people from welfare to work.
- **While the Administration's estimates need to be reconciled with CBO, states have the most to fear from the House Republican plan (H.R. 3500).** Its financing will shift billions of dollars in costs to state and local governments through punitive cuts in services and burdensome financing mechanisms.

We look forward to working with CBO and the Administration and to fully analyzing their findings. We remain committed to seeing that meaningful, budget-neutral welfare reform legislation is passed in the coming year.

* * * * *

It is important to understand the scoring methodologies that resulted in the different cost estimates.

Financing. The difference on the revenue side is primarily due to one provision, which CBO could not score under its budget rules because the final language was not in the welfare reform legislation.¹ (At the time the Work and Responsibility Act was introduced, the language was part of another bill, which was in conference.) Other differences are due to technical disagreements, such as using different baselines for some sections of the bill.

Outlays. Most of the differences on the outlay side have to do with child care.

- Some of this difference is attributable to a difference of opinion about the cost of child care, particularly for school-age children. The Administration made what it believes is a reasonable assumption: that states will try to arrange mothers' training and work

¹ This is the SSI DA&A provision, scored at \$800 million.

schedules around the typical school day whenever possible. This would be in the best interests of states, mothers, and children.

- A smaller part of the differential is due to varying estimates of the expected demand for child care by single mothers with young children. The Administration's estimates were based on very carefully evaluated studies and we believe they are solid.
- There were other, smaller differences in the estimates, and we look forward to working with CBO and the Administration to understand the technical disagreements that caused them. The Administration took what it felt to be a realistic approach to cost estimates. In general, its assumptions were based on the actual experiences of program managers in the field who are implementing JOBS and welfare-to-work programs. It carefully examined a variety of state welfare reform efforts that have been very successful, and we believe these estimates are reliable.

JOBS/WORK Costs. CBO has traditionally been very conservative about predicting the savings that will come from changing behavior with new incentives to reward work and responsibility. Before preparing its own estimates, the Administration carefully examined a variety of state welfare reform efforts that have been very successful. It relied primarily on one very carefully evaluated demonstration, the Saturation Work Initiative Model (SWIM) in San Diego.

Like the Work and Responsibility Act, SWIM emphasizes job search activities, work, education and training, and sanctions for those who do not follow the rules. Some important facts about SWIM:

- Over a five-year period, the program increased participant earnings by an average of \$2,076 per single-parent family.
- About 75 percent of the single-parent participants were employed at some time during the evaluation period, and for welfare recipients who would not have worked at all in absence of the program, SWIM led to a significant 20 percent increase in employment.
- For every dollar spent, SWIM returned more than \$1.80 per participant in terms of reduced AFDC costs. Reductions in AFDC payments totaled almost \$2,000 over five years for each family -- savings that were almost twice the program's net costs.

HHS NEWS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

June 1994

FACTS RELATED TO WELFARE REFORM

Job Opportunities and Basic Skills (JOBS)

Existing JOBS Program

Created by the Family Support Act of 1988 and championed by then-Governor Clinton, the Job Opportunities and Basic Skills (JOBS) program helps AFDC recipients become job-ready and enter the workplace. JOBS offers education, training, and job placement, as well as guaranteed child care and other support services. But unfortunately, it reaches few poor families.

To support local flexibility, the Family Support Act gave state welfare agencies primary administrative responsibility for JOBS. The law encouraged welfare agencies to form collaborative relationships with other community institutions--such as schools, non-profit organizations, and business groups--so that JOBS programs would fit local circumstances and needs.

The Family Support Act represented a fundamental rethinking of welfare incentives and obligations. Through JOBS, it set in place expectations that welfare should be only a transitional preparation for self-sufficiency, and that training and support services are as vital as cash benefits. However, the law exempted about half of AFDC recipients, including mothers under age 16, mothers in school, and mothers with children under age three (or one, at state option). Most significantly, in 1994, states were required to have only 15 percent of non-exempt recipients participate in JOBS.

Funding constraints have also limited the program's reach. During the past five years, AFDC caseloads mushroomed and a weak economy put additional demands on state budgets. As a result, states drew down only 69 percent of the federal funds available for JOBS in 1992, and only 12 states were able to draw down their full allocation.

Changes Under Welfare Reform

Under President Clinton's welfare reform plan, an enhanced JOBS program becomes the core of the transitional assistance approach. Our proposal would expand and improve the current program to include:

A personal employability plan. From the very first day, the new system will focus on making young mothers self-sufficient. Working with a caseworker, each woman will develop an employability plan identifying the education, training, and job placement services needed to move into the workplace. Because 70 percent of welfare recipients already leave the rolls within 24

months, and most applicants are job-ready, many plans will aim for employment well within two years.

A two-year time limit. Time limits will restrict most AFDC recipients to a lifetime maximum of 24 months of cash assistance.

Limited exemptions and deferrals. Our plan will reduce existing exemptions and ensure that from day one, even those who can't work must meet certain expectations. Mothers with disabilities and those caring for disabled children will initially be exempt from the two-year time limit, but will be required to develop employability plans that lead to work. Another exemption allowed under current JOBS rules will be significantly narrowed: mothers of infants will receive only short-term deferrals (12 months for the first child, three months for the second). At state discretion, a very limited number of young mothers completing education programs may receive appropriate extensions.

Job search first. Participants who are job-ready will immediately be oriented to the workplace. Anyone offered a job will be required to take it.

Integration with mainstream education and training programs. JOBS will be linked with job training programs offered under the Jobs Training Partnership Act, the new School-to-Work initiative, Pell Grants, and other mainstream programs.

Tough sanctions. Parents who refuse to stay in school, look for work, or attend job training programs will be sanctioned, generally by losing their share of the AFDC grant. For most families, simply the threat of this financial loss will be enough to ensure compliance, but those who fail to comply will face real cuts in benefits.

A phase-in focusing on young recipients first. Initial resources are targeted to women born after December 31, 1971. Phasing in the new system will direct limited resources to young, single mothers with the most at risk; send a strong message to teenagers that welfare as we know it has ended; most effectively change the culture of the welfare office to focus on work; and allow states to develop effective service capacity. As welfare reform is phased in, a larger percentage of the caseload will be covered.

Flexibility for states. States that want to accelerate the phase in will be able to use federal matching funds to do so. States may define the phased-in group more broadly, require older women to participate in certain JOBS activities, or provide increased resources to volunteers under current JOBS rules.

Guaranteed child care for those in education and training. An expanded investment in child care will help eliminate a primary barrier to work preparation for young parents.

Additional federal funding. To ease state fiscal constraints and ensure that JOBS really works, our proposal raises the federal match rate and provides additional funding. The federal JOBS match will increase further in states with high unemployment.

TO: Bruce Reed
David Ellwood
Mary Jo Bane
Kathi Way
Wendell Primus
Rich Tarplin
John Monahan
Emily Bromberg

FROM: Melissa Skolfield *ms*

DATE: 9/30/94

Here are the revised statements for your review; they incorporate, to the extent possible, the comments you gave me this week. If you see anything inaccurate, please give me or Amy a call. I'll certainly let you know before I use them. Thanks.

CBO2

Draft Talking Points

GENERAL: Our welfare reform legislation has proposed unprecedented changes in the welfare system, including a two-year time limit on cash benefits, and some disagreement about cost estimates is to be expected. CBO's numbers are preliminary, and subject to change. Traditionally, CBO has been very conservative about predicting the savings that will come from changing behavior with new incentives to reward work and responsibility. Before preparing our own estimates, we carefully examined a variety of state welfare reform efforts that have been very successful. We look forward to working with CBO, and to fully analyzing their findings. We remain committed to passing welfare reform legislation that is meaningful, bold and budget-neutral.

IF ASKED/FINANCING: The difference on the revenue side is primarily due to one provision, which CBO could not score under its budget rules because the final language was not in the welfare reform legislation.¹ (At the time the Work and Responsibility Act was introduced, the language was part of another bill, which was in conference.) Other differences are due to technical disagreements, such as using different baselines. We remain committed to passing welfare reform legislation that is meaningful, bold and budget-neutral.

IF ASKED/OUTLAYS: Most of the difference on the outlay side have to do with child care. Some of this difference is attributable to a difference of opinion about the cost of child care, particularly for school-age children. We made what we believe is a reasonable assumption: that states will try to arrange mothers' training and work schedules around the typical school day whenever possible. This would be in the best interests of states, mothers, and children. A smaller part of the differential is due to varying estimates of the expected demand for child care by single mothers with young children. Our estimates were based on very carefully evaluated studies and we believe they are solid.

There were other, smaller differences in our estimates, and we look forward to working with CBO to understand the technical disagreements that caused them. The Administration took what we felt to be a realistic approach to cost estimates. In general, our assumptions were based on the actual experiences of program managers in the field who are implementing JOBS and welfare-to-work programs. We carefully examined a variety of state welfare reform efforts that have been very successful, and we believe our estimates are solid.

IF ASKED/JOBS/WORK DIFFERENCES: CBO has traditionally been very conservative about predicting the savings that will come from changing behavior with new incentives to reward work and responsibility. Before preparing our own estimates, we carefully examined a variety of state welfare reform efforts that have been

very successful. We relied primarily on one very carefully evaluated demonstration, the Saturation Work Initiative Model (SWIM) in San Diego.

Like our plan, SWIM emphasizes job search activities, work, education and training, and sanctions for those who do not follow the rules. Over a five-year period, the program increased participant earnings by an average of \$2,076 per single-parent family. About 75 percent of the single-parent participants were employed at some time during the evaluation period, and for welfare recipients who would not have worked at all in absence of the program, SWIM led to a significant 20 percent increase in employment. For every dollar spent, SWIM returned more than \$2.30 per participant in terms of reduced welfare costs. Reductions in AFDC payments totaled almost \$2,000 over five years for each family -- savings that were almost twice the program's net costs.

1. This is the SSI DA&A provision, scored at \$800 million.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

ROUTE SLIP

TO <u>Bruce</u>	Take necessary action ☐
<u>Katzi</u>	Approval or signature ☐
	Comment ☐
	Prepare reply ☐
	Discuss with me ☐
	For your information ☐
	See remarks below ☐
FROM <u>Belle</u>	DATE <u>5-11</u>

REMARKS

FYI

TALKING POINTS: WELFARE REFORM

Time Limits on WORK

- Currently, there is no time limit. (There are some sanctions for failure to take a job and for poor performance but they are relatively weak and likely to be infrequently imposed.)

This is a mistake, both politically and substantively.

- Several Democratic governors have said that they could not support a plan without limits. The Mainstream Forum has a three year limit with a state option to extend. The House Republican bill also has a state option to impose a three year limit. We can't pass welfare reform without the support of the Governors and moderate Democrats in Congress.
- Substantively, it won't work. Without any discipline in the system, there will be lots of cases of people being paid for doing very little. Welfare recipients with guaranteed jobs won't have much incentive to perform well or move off the program. Employers will be hard to recruit. Caseloads will grow.
- It isn't fair. Playing by the rules means taking an unsubsidized job as soon as one is available. Over a five year period, economies improve and young people have opportunities to prepare for and move to where the jobs are. Anyone who is genuinely not employable will be put into the exempt category ("Jobs-prep"). People not on welfare don't have guaranteed jobs. They will resent the idea of a guarantee for this reason.

Other Options

- Reassessment. Our original compromise -- to do a reassessment at the end of 2 years -- was a great idea but because it provides a lot of discretion to caseworkers, it might run into problems in the courts.
- Establish criteria/safeguards. In response we could set objective criteria (e.g. local unemployment rate, work experience) for terminating people, and/or provide enough procedural safeguards to satisfy the courts.
- State option. Give states the option to set a hard time limit or to develop their own objective criteria.

- Do outside of AFDC. Set up a WORK program as a capped entitlement under DOL auspices (fewer legal problems here), make it available to a wider group (e.g., the fathers of children on welfare), guarantee former welfare recipients an initial slot but not a guaranteed job for life.

Other Issues in Brief

- Family Cap. Should it be a state option?
- Earnback policy. Should people who have exhausted their 2 years be permitted to earn one month of additional AFDC for every four months worked (up to some limit)? Wouldn't it be better to provide some sort of emergency assistance to those who really need it but not have it be viewed as an entitlement?
- Part-time work. Should those working 30 hours a week (or 20 hours at state option) be able to stay on welfare indefinitely? Wouldn't it be better to supplement their earnings with an EITC if they can't find full-time work? Or have this policy apply only to those with very young children? (Note: using AFDC as the means to supplement people's earnings means that levels of assistance will continue to depend heavily on state of residence.)
- Match rates. Whatever the size of our investment, shouldn't the federal share of program costs decline over time in order to give the states an incentive to get people off of the program? What better way is there to encourage good performance?
- Program priorities. As we scrub the numbers, additional trade-offs will need to be made between different parts of the program. As this exercise moves forward, how much emphasis should be given to the various pieces (prevention, transitional assistance, WORK, working poor child care, two parent families, demos, improving gov't assistance)?
- Timing. We can meet a June 7 target for submission if we have received the whole bill for clearance by May 16. Otherwise, it will not be possible to do a complete review and clearance process.



DEPARTMENT OF HEALTH & HUMAN SERVICES

A fax message from:

Melissa T. Skolfield

Deputy Assistant Secretary for Public Affairs

Phone: (202) 690-6853

Fax: (202) 690-5673

To: Kathy MaysFax: 456-7431 Phone: _____

Date: _____ Total number of pages sent: _____

Comments:

As discussed, this was brought over to Carol and Bruce by an HHS driver earlier today.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Assistant Secretary
for Public Affairs

Washington, D.C. 20201

May 23, 1994

MEMORANDUM

TO: Carol Rasco
Assistant to the President for Domestic Policy

FROM: Avis LaVelle *AL*
Assistant Secretary for Public Affairs

Melissa Skolfield *MS*
Deputy Assistant Secretary for Public Affairs

SUBJECT: Welfare Reform Communications

Attached for your consideration is a preliminary communications rollout plan for welfare reform, assuming an introduction date of June 14. We have discussed this rollout strategy with Rahm Emmanuel and Bruce Reed; with David Ellwood and Mary Jo Bane; and with the legislative and intergovernmental team working on welfare reform here at the department. However, while this document incorporates many of the legislative activities discussed in a separate memo to Susan Brophy, it has not been formally reviewed by the White House legislative affairs, public liaison, or intergovernmental affairs offices. We look forward to discussing these recommendations in more detail at your convenience.

ATTACHMENTS:
Talking Points
Suggested Rollout Schedule

Welfare Reform Working Group
Talking Points: OVERALL PLAN
May 4, 1994

"It's time to honor and reward people who work hard and play by the rules. That means ending welfare as we know it--not by punishing the poor or preaching to them, but by empowering Americans to take care of their children and improve their lives. No one who works full-time and has children at home should be poor anymore. No one who can work should be able to stay on welfare forever. We can provide opportunity, demand responsibility, and end welfare as we know it." President Clinton, Putting People First, p. 164.

Welfare reform is based on two simple principles: work and responsibility. Unfortunately, the current welfare system undermines these values by making welfare more attractive than work, and allowing parents to avoid responsibility for supporting their children. The President's plan would restore the basic values of work and responsibility, provide opportunity, and promote the family.

Under the President's plan, welfare will be about a paycheck, not a welfare check. To reinforce and reward work, our approach is based on a simple compact. Support, job training, and child care will be provided to help people move from dependence to independence. But after two years, anyone who can work, must work--in the private sector if possible, in a public service job if necessary.

Reform will make welfare a transitional system leading to work: a second chance, not a way of life. From the very first day, the new system will focus on making young mothers self-sufficient. With child care and job search assistance, many people will move into the workforce well before the two-year time limit. And from the very first day, teenage mothers will be required to live with their parents, stay in school, and attend job training or parenting classes. Everyone will be moving toward work.

Our approach also correctly focuses on young parents--those who have the most to gain and the most at risk. By initially focusing our resources on mothers under age 25, we will send a strong signal to teenagers that welfare as we know it has ended. They must get the message that staying in school, postponing pregnancy, preparing to work, and supporting their children are the right things to do. As welfare reform is phased in, a larger percentage of the caseload will be covered; and states which want to move even faster will be able to use federal matching funds to do so.

To support work and responsibility, work must pay. Already, 70 percent of welfare recipients leave the welfare rolls within two years--but most will eventually return. That's why we must use the Earned Income Tax Credit, guaranteed health care at work, and child care to make any job more attractive than welfare. The EITC alone will effectively make a minimum wage job pay \$6.00 an hour, helping

to lift millions of people who work out of poverty.

To reinforce personal responsibility, the plan will take new steps to require full payment of child support. It sets up a new system of paternity establishment to enforce the responsibility of both parents from the moment the child is born. It involves the IRS in tracking delinquent parents from the moment they start a new job to the point that child support is delivered to the family. And it sets up a computer system to be sure that parents don't avoid their responsibilities by crossing state lines.

Responsibility and accountability must also extend to the welfare office itself. Unfortunately, the current system focuses too often on simply sending out welfare checks. We must change the welfare office to a place that is fundamentally about moving people into the workforce. To do that, we must reward performance, not process, and change the culture of the welfare office.

Our approach builds on the successful philosophy of the Family Support Act, championed by then governor Clinton in 1988. More federal funding will help states provide increased job opportunities and basic skills training to mothers over age 25, even before the plan is fully phased in.

INTRODUCTION AND SUMMARY SUGGESTED WELFARE REFORM ROLLOUT SCHEDULE

Several assumptions underlie the recommendations made in this communications plan, which covers the next eight weeks. First, we assume that the "rollout" of welfare reform should be relatively low-key, especially in the first few weeks, as the Administration keeps the spotlight on health care reform. For that reason, we have relied mainly on surrogates (Cabinet secretaries and the Welfare Reform Working Group co-chairs) to carry the message during most of the period covered by this rollout document.

Second, the communications plan is designed to reinforce the three central elements of our plan: work, responsibility, and a focus on young parents. These three themes are reflected in the attached talking points; have been discussed with key congressional staff as a thematic focus for the early congressional hearings; and also provide what we believe is the best overall message to head off any attack from the right. Because the plan is likely to face continued and unfounded attacks for being "scaled back" or "not tough enough," it is particularly crucial to aggressively communicate our approach to teen pregnancy and to phasing in the plan early and visibly. We believe this is best accomplished by initially focusing attention on the young teen mothers who have the most at risk in the welfare reform debate.

We are suggesting a three-step process to build up to the announcement of welfare reform: stage-setting interviews by the President; a visible series of events focusing on child support enforcement, the most widely supported yet often overlooked part of the plan; and a series of media briefings by the co-chairs in the days immediately preceding the announcement.

We have also assumed that the announcement itself will be in Washington, D.C., and we are strongly recommending that welfare recipients be a visible part of the announcement event. As you know, the President has expressed interest in visiting one or more local welfare-to-work programs with members of Congress, and we are suggesting that one such event be scheduled for the week the plan is unveiled. But however the public rollout is structured, we believe it is important that the first Presidential activities on this issue convey that the Clinton Administration is "ending welfare as we know it - not by punishing the poor or preaching to them, but by empowering Americans to take care of their children and improve their lives."

Finally, we have suggested a number of events in June and July designed to show continued momentum of the welfare reform legislation. Because this latter part of the rollout schedule is the most difficult to plan in advance, this document shows only a relatively low-profile series of events keyed to a tentative congressional hearing schedule. We want to point out, however, that there are many exciting welfare-to-work, child support enforcement, and teen pregnancy prevention programs across the country which could easily be added to the travel schedules of the President, Vice President, and Cabinet secretaries.

WEEK OF MAY 23**FOCUS**

Given the constraints of the President's schedule and the continued focus on health reform, we recognize that any welfare reform activities should be relatively low profile during this first week. However, we believe it is important for the President to accept interview requests from the four news magazines that are now preparing major cover stories on welfare reform. If possible, we are suggesting that he also do interviews with the major dailies.

The White House and HHS intergovernmental affairs team also suggests that the appropriate Administration officials meet with the leadership of the National Governors' Association, which is meeting in Washington, D.C. this week.

SUGGESTED ACTIVITIES**POTUS:**

Media interviews with Time, U.S. News, Newsweek, Business Week.
Media interviews with major dailies: Washington Post, New York Times, Los Angeles Times, USA Today, Wall Street Journal.
Private meeting with the NGA, if appropriate.

SHALALA/CO-CHAIRS:

If the NGA meeting is added to the presidential schedule, the Welfare Reform Working Group co-chairs, Secretary Shalala, and other Cabinet Secretaries should attend. We might also follow the meeting with a press briefing about how welfare reform will build on successful state efforts. If the NGA meeting is not placed on the President's schedule, no media activities of this kind seem necessary.

WEEK OF MAY 30

Congressional Recess - POTUS in Europe

FOCUS

With Congress in recess, we suggest using this week to focus attention on the child support enforcement provisions of the welfare reform plan, which are unlikely to receive media attention the day of the plan's announcement. There is wide agreement on the value of increasing parents' responsibility for their children, and a public event with members of the Congressional Caucus on Women's Issues could help increase their support for the overall plan. A background paper on child support enforcement has been prepared by HHS, and would be released this week as well.

Subject to the health reform schedule, district town hall meetings with members of Congress might also be arranged for the Welfare Reform Working Group co-chairs and for Secretary Shalala. Briefings for key staff (including House and Senate Democratic press secretaries) might also be arranged this week as well.

SUGGESTED ACTIVITIES**SHALALA:**

Child support event with members of the Congressional Caucus on Women's Issues. (Although Congress is in recess, a number of local-area members of Congress could be invited to attend.)

CO-CHAIRS:

Release of child support background paper/press release.
Small background briefing on our child support enforcement plan.

NOTE: During the Welfare Reform Working Group's hearings around the country, several divorced and single mothers testified compellingly about the need for improvements in the child support system. Interviews with these single parents would be arranged for television and radio outlets. We may also want to develop features on programs which provide noncustodial fathers with job training to help them meet their child support obligations.

WEEK OF JUNE 6

Congressional recess ends June 7
POTUS in Europe through June 9

FOCUS

In the week immediately preceding the plan's announcement, we suggest taking advantage of the recess lull to hold a series of briefings for key Washington reporters. In addition, Secretary Shalala's previously scheduled speech to the U.S. Conference of Mayors would be used to preview the broad outlines of the plan. (The USCM will be voting on a welfare reform resolution during their conference.) While in Portland, Secretary Shalala and David Ellwood might also do a welfare reform site visit with members of the Oregon delegation and/or some of the mayors in attendance.

Secretary Shalala might also attend a welfare reform event with Rep. Lynn Woolsey (a former welfare recipient) or other members of the California delegation while she is on the west coast. If the schedule permits, she and David Ellwood might also plan to attend a Los Angeles Times editorial board meeting.

SUGGESTED ACTIVITIES**SHALALA:**

Welfare reform event with selected members of the California delegation, June 10.

U.S. Conference of Mayors speech in Oregon, June 12.

CO-CHAIRS:

Washington Post editorial board meeting; possible Washington Times editorial board meeting.

Embargoed background briefings for columnists; major dailies; White House press corps; Capitol Hill press corps; minority press. Features pitched to print and broadcast media on local "programs that work."

Briefings for Hill; intergovernmental groups; relevant interest groups.

NOTE: Ellwood in Portland for the USCM conference.

WEEK OF JUNE 13**INTRODUCTION WEEK****FOCUS**

If the schedule permits, we are suggesting several events that focus attention on the basic philosophy of the Administration's plan: work and responsibility. As discussed in the introduction, we believe it is important for welfare recipients to be visibly involved in some way in the suggested events. Subject to their mark-up schedule for health reform, the Senate Finance Committee and the House Ways and Means Committee have also expressed interest in holding hearings shortly after the plan's announcement.

SUGGESTED ACTIVITIES**POTUS:**

JUNE 13: Announcement speech at Georgetown University, where the President first spoke of welfare reform as part of the "new covenant." The President would be introduced by a former welfare recipient; other young mothers who testified at the working group's hearings should be present and acknowledged in some way. Members of the Working Group invited to attend.

JUNE 14: President tours a local welfare-to-work program with the congressional leadership, the Vice President, and Secretaries Shalala, Reich and Riley. One possible location for this site visit is Jubilee Jobs.*

JUNE 15: In a separate memo, HHS has suggested that the President provide pre-taped remarks for a previously scheduled welfare-to-work teleconference with businesses in eleven cities across the United States. (The conference is jointly sponsored by HHS, the Department of Labor, the Department of Education, and the National Alliance of Business.) This would provide a third day of regional press, and might also be of interest to the television networks.

SHALALA/CO-CHAIRS:

Attend above, plus;

JUNE 13: Shalala/Bane/Ellwood/Reed: morning shows, satellite media tours, radio interviews.
Ellwood on MacNeil/Lehrer (pending request).

JUNE 15: Testify at kickoff House Ways and Means Committee hearing (subject to committee schedule).
Participate in HHS welfare-to-work conference, possibly with Secretary Reich and Secretary Riley.

JUNE 16: Testify at kickoff Senate Finance Committee hearing (subject to committee schedule).

WEEK OF JUNE 13, cont.

JUNE 16: Shalala at National Press Club. (pending request)

JUNE 17: To provide a transition to the next week's focus on young teen mothers, Secretary Shalala is planning a visit to a teen pregnancy prevention program she helped found in New York City while at Hunter College. While there, she could also meet with the New York Times editorial board and do a media roundtable with reporters and editors from women's magazines.

JUNE 19: Shalala on Sunday public affairs shows.

* Founded in 1981, Washington, D.C.'s Jubilee Jobs operates on the premise that the best step for a person ready and able to work is to be placed in a job as quickly as possible. Jubilee Jobs places over 500 applicants in entry-level jobs annually; no fees are charged. As part of its assessment process Jubilee Jobs runs Cana Industries, a bulk mailing service that is its main work-training program for the long-term unemployed. In addition, Jubilee Jobs runs the Barnabus Self-Employment Fund, a micro-enterprise development fund designed to provide training and small loans to prospective business owners.

WEEK OF JUNE 20**FOCUS**

This week would be the first of three weeks of activities spotlighting teen pregnancy prevention, work, and responsibility. As discussed in the introduction, we are suggesting a "theme a week" approach to continue the momentum of the President's announcement. Ideally, each week would be anchored by a congressional hearing.

SUGGESTED ACTIVITIES**POTUS:**

Visit to a local teen pregnancy prevention program with members of the Maryland or Virginia congressional delegation. One possible location for this site visit is the Paquin School in Baltimore.*

CO-CHAIRS:

One of the co-chairs should testify at a Congressional hearing focusing on our "carrots and sticks" approach to teen pregnancy prevention: case management, pregnancy prevention grants, sanctions for failure to live at home and stay in school, and a phased-in approach to time limits that starts with young women under age 25.

As discussed in the introduction, we are suggesting a strong, early defense of our approach to teen pregnancy prevention and the phase-in to help pre-empt expected attacks from the right.

* The Laurence G. Paquin School, a Baltimore City Public Alternative School, serves expectant and parenting middle and secondary school adolescents. Approximately 300 students between the ages of 12 and 19 are enrolled, and the curriculum is a comprehensive program for grades 7-12. Support services include a health center, career counseling, and an on-site day care program. Special programs include 'Young Sensations,' a vocational entrepreneur program which designs and manufactures clothes for infants and toddlers; 'For Dads Only,' a counseling program for young fathers; and 'Pair and Share,' an inter-generational education program to help the students' mothers return to school and learn marketable skills.

WEEK OF JUNE 27**FOCUS**

The second week after the announcement focuses on work, and the fundamental transformation of welfare into a transitional system designed to move young mothers quickly from dependence to independence. While it is extremely difficult to predict the congressional workload four weeks from now, we are again assuming that one of the relevant committees would be interested in a thematic hearing focused on the core of the President's plan.

It might be possible to add other events to the schedule, depending on interest groups' endorsement of the plan. These events might be structured press conferences, or friendly groups might simply testify at congressional hearings.

SUGGESTED ACTIVITIES**CO-CHAIRS:**

Reed or Bane testify at Congressional hearing focusing on moving welfare recipients from welfare to work. The hearing would focus on the promise of education and training; the new time limits and work requirements; local flexibility in designing the work program; and the involvement of the private sector.

WEEK OF JULY 4**Congressional recess****FOCUS**

By early July, we should be able to make a good assessment of the legislative status of both health reform and welfare reform, and perhaps schedule the Welfare Reform Working Group co-chairs for a more ambitious set of district town hall meetings with members of Congress. Additional momentum could be generated by a Presidential (or Secretarial) address to the NAACP during their Chicago convention.

If the President's schedule permits a trip to Chicago, we would suggest adding a stop at Chicago's Project Match, one of the most successful and well-known welfare-to-work programs in the country.*

SUGGESTED ACTIVITIES**POTUS:**

Speech to NAACP July 9 in Chicago/site visit to Project Match.

SHALALA/CO-CHAIRS:

District town hall meetings with members of Congress.

* Project Match has worked with more than 740 residents of the Cabrini-Green community in Chicago. After receiving an initial assessment, participants are placed in one or more of a range of activities, including education, training, employment, and volunteer work. The program has been demonstrably successful in increasing labor force participation and wages.

WEEK OF JULY 11

During this week, we would continue our thematic congressional hearings with a hearing focusing on responsibility, particularly child support enforcement. We might also want to arrange a fourth hearing on accountability and responsibility within the welfare system itself; the focus of that hearing would be the anti-fraud provisions, the new performance standards, and other measures to "change the culture" of the welfare office.

As noted in the introduction, more high-profile events or site visits could easily be added to the schedule.

Welfare Reform Rollout Schedule

Week 1: June 6 - June 11, 1994

DATE	EVENT/BRIEFING	ADMINISTRATION REPRESENTATION
Tuesday, June 7 10:00 a.m.	Democratic Governors (DE, NY, OK, VT, IN, GA)	Mason, Monahan, Way, Pugh
Tuesday, June 7 4:00 p.m.	NGA - Barry Van Lare, Julie Strawn, Liz Ryan, LeeAnn Redick	Mason, Monahan, Way, Pugh
Wednesday, June 8 8:00 a.m.	NCSL - Sheri Steisel	Mason, Monahan, Way, Pugh
Wednesday, June 8 10:00 a.m.	Bipartisan Senate Finance Committee Staff	Primus
Wednesday, June 8 11:00 a.m.	NACo - Marilina Sanz	Mason, Monahan, Way, Garrison
Wednesday, June 8 12:00 p.m.	U.S. Conference of Mayors - Laura Waxman	Mason, Monahan, Way, Garrison
Wednesday, June 8 1:30 p.m.	NLC - Doug Peterson, Barri Tobin	Mason, Monahan, Way, Garrison
Thursday, June 9 8:00 a.m.	APWA - Sid Johnson, Elaine Ryan, Rick Ferreira	Mason, Monahan, Way, Pugh
Thursday, June 9 9:30 a.m.	Representatives Gibbons (D-FL), Chair, House Ways and Means Committee	Secretary Shalala, Bane, Ellwood, Reed
Thursday, June 9 10:15 a.m.	Representative William Ford, (D-MI) Chair, House Education and Labor Committee	Secretary Shalala, Bane, Ellwood, Reed
Thursday, June 9 12:00 p.m.	Leadership - Senator Mitchell (D-ME)	Secretary Shalala, Bane, Ellwood, Reed
Thursday, June 9 1:00 p.m.	Senate Democratic Policy Committee	Secretary Shalala, Bane, Ellwood, Reed

As of June 15, 1994

Welfare Reform Rollout Schedule
Week 1 - Continued

DATE	EVENT/BRIEFING	ADMINISTRATION REPRESENTATION
Thursday, June 9 2:00 p.m.	Republican Members of the House Ways and Means Committee	Bane, Ellwood, Reed
Thursday, June 9 5:00 p.m.	Representative Ford (D-TN), Chair, Subcmte. on Human Resources, House Ways and Means Committee	Bane, Ellwood, Reed
Friday, June 10 11:00 a.m.	Senator Breaux (D-LA), Chair, Subcmte. on Social Security and Family Policy, Senate Finance Committee	Bane, Ellwood, Reed
Friday, June 10 (Note: Continued beginning of Week 2)	Phone Calls to Key Advocacy Groups (e.g. -Bob Greenstein, Mark Greenberg, Marian Wright Edelman, Will Marshall)	Bane, Ellwood, Reed

As of June 15, 1994

Welfare Reform Rollout Schedule

Week 2: June 12 - June 18, 1994

DATE	EVENT/BRIEFING	ADMINISTRATION REPRESENTATION
Sunday, June 12	U.S. Conference of Mayors Conference - Portland, OR	Secretary Shalala, Ellwood
Monday, June 13 10:00 a.m.	House Education and Labor Committee Staff	Bane, Ellwood, Reed
Monday, June 13 1:30 p.m.	Representative Martinez (D-CA), Chair, Subcommittee on Human Resources, House Education and Labor Committee	Bane, Ellwood
Monday, June 13 3:00 p.m.	Senate Democratic Press Secretaries	Skolfield
Tuesday, June 14	Good Morning America	Reed
Tuesday, June 14	Today Show	Ellwood
Tuesday, June 14	Introduction - Kansas City, MO	POTUS
Tuesday, June 14 and throughout the week	Press - Various Outlets	Secretary Shalala, Bane, Ellwood, Reed
Wednesday, June 15 1:00 p.m.	Congressional Black Caucus	Secretary Shalala, Bane, Ellwood, Reed, Lavelle, Klepner
Wednesday, June 15 2:30 p.m.	Senate Labor Committee Bipartisan Staff	Ellwood
Wednesday, June 15 2:30 p.m.	NGA, Representatives of Governors' Washington, D.C. Offices, APWA	Bane, Mason, Monahan, Way
Wednesday, June 15 4:00 p.m.	House Ways and Means Committee Bipartisan Staff	Bane, Ellwood, Sawhill

As of June 15, 1994

Welfare Reform Rollout Schedule
Week 2 - Continued

DATE	EVENT/BRIEFING	ADMINISTRATION REPRESENTATION
Thursday, June 16	Senate Finance Committee Bipartisan Staff	Bane, Ellwood, Sawhill
Thursday, June 16	Representative Clay (D-MO)	Secretary Shalala, Bane, Ellwood
Thursday, June 16	Local (City and County) Organizations - National League of Cities	Primus, Monahan, Pugh
Friday, June 17	Advocacy Groups	Ellwood, Lavelle, Rosewater
Unspecified	Congressional Hispanic Caucus	Secretary Shalala, Bane, Ellwood, Reed, Sosa
Unspecified	Leadership - Representative Gephardt (D-MO)	Secretary Shalala, Bane, Ellwood, Reed
Unspecified	Senator Moynihan (D-NY), Chair, Senate Finance Committee	Secretary Shalala, Bane, Ellwood, Reed
Unspecified	House Ways and Means Committee Staff	Bane, Ellwood, Reed (2)
Unspecified	House Appropriations Committee Staff	Bane, Ellwood, Reed (2)
Unspecified	Senate Appropriations Committee Staff	Bane, Ellwood, Reed (2)

As of June 15, 1994

Welfare Reform Rollout Schedule

Week 3: June 19 - June 25, 1994

DATE	EVENT/BRIEFING	ADMINISTRATION REPRESENTATION
Thursday, June 23	Congressional Caucus on Women's Issues	Secretary Shalala, Bane, Ellwood, Reed
Unspecified	Organized Labor - AFSCME, AFL-CIO, SEIU	Ellwood, Reed, Velasquez, Sosa
Unspecified	General Advocacy Groups 2	Ellwood, Primus, Lavelle
Unspecified	Women's Advocacy Groups	Secretary Shalala, Bane, Lavelle, Nussbaum, Katz, Primus, Sosa
Unspecified	Education Organizations	Ellwood, Bane, Kapner, Cantu, Wurtzel
Unspecified	House Democratic Party Effectiveness Group	Secretary Shalala, Bane, Ellwood, Reed
Unspecified	House Democratic Study Group	Secretary Shalala, Bane, Ellwood, Reed
Unspecified	Republican Senator's Wednesday Group	Secretary Shalala, Bane, Ellwood, Reed
Unspecified	Mainstream Forum	Secretary Shalala, Bane, Ellwood, Reed
Unspecified	Progressive Caucus	Secretary Shalala, Bane, Ellwood, Reed
Unspecified	Senate Legislative Assistants	Bane, Ellwood, Reed
Unspecified	House Legislative Assistants	Bane, Ellwood, Reed
Unspecified	IGA groups - to be determined	Mason, Monahan, Way

As of June 15, 1994

WELFARE REFORM

MORNING REPORT

Wednesday, June 15, 1994

INFORMATION WANTED

For this report to be as helpful as possible, we need to know your meetings, to get reports, and to get copies of any clippings you see on welfare. Please forward all information to Toby Graff at 401-9258; fax 205-9688.

CONTENTS

Part I June Calendar

Part II. Press Clips

Part III

President's Speech
Kansas C. ty, MO

June 1994

Welfare Reform Schedule

SUNDAY 12	
US Conf. of Mayors in OR - DES, Ellwood	
MONDAY 13	
Council on Social Work Education - Ellwood House Ed.& Labor Cmte. Staff- Bane, Ellwood, Reed Sen. Dem. Press Secretaries - Skolfield Rep. Martinez - Bane, Ellwood, Reed Gvs.&Mayors of Territories-Shelbourne,Sosa,Ivery	
TUESDAY 14	Press - Secretary Shalala, Bane, Ellwood, Reed
Introduction of Welfare Reform Plan - Kansas City APWA Press Briefing Today Show - Ellwood Good Morning America (tent.) - Reed Nightline (focus on welform)	
WEDNESDAY 15	House Ways&Means Bipart.Staff-Bane,Ellwood,Sawhill
NGA,Gvs'DC Reps,NCSL,APWA-Bane,Mason, Monahan,Way JOBS video-conf (sponsored by NAB)-DES, Rosewater Senate Labor Cmte. Bipartisan Staff- Ellwood Cong. Black Caucus - DES, MJB, DTE, BR, AL, JK	
THURSDAY 16	Sen. Bradley - Reed Sen. Democratic Women-DES, Bane, Ellwood, Lavelle
Local Orgs.(NLC, Mayors, NACo)-Monahan,Primus,Way Sen.Finance Cmte.Bipart Staff-Bane,Ellwood,Sawhill Rep. William Clay - DES, Bane, Ellwood House Democratic Caucus - DES, Ellwood, Bane Sen. Packwood - Bane, Ellwood	
FRIDAY 17	
United Way Public Policy Cmte. Mtg.-Primus Advocacy Groups - Ellwood, Lavelle, Rosewater	
SATURDAY 18	

June						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

July						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Note: Additional Briefings TBD

6/15/1994

NY TIMES 6.15.94
**PRESIDENT OFFERS
DELAYED PROPOSAL
TO REDO WELFARE**

PASSAGE UNLIKELY IN '94

**Clinton Tries to Bolster Party
for Fall Elections With Plan
Appealing to the Right**

By DOUGLAS JEHL
Special to The New York Times

KANSAS CITY, Mo., June 14 — President Clinton sought today to give a harder edge to his domestic policy agenda by putting forward a long-postponed proposal to toughen the rules for millions of Americans on the welfare rolls.

The plan that Mr. Clinton announced would expand training to young welfare recipients but require those still on the rolls after two years to join a work program or risk losing their benefits. That would represent the first time limit imposed on welfare payments, and it would be reinforced with the most aggressive effort ever to extract child-support payments from delinquent fathers.

While a pledge to overhaul the welfare system was a central feature of Mr. Clinton's 1992 campaign for President, aides say he has no intention of pushing hard for the passage of legislation this year. The White House and

most Congressional Democrats are determined to focus their energy first on a health care overhaul.

Today's announcement was instead in no small part an effort to insulate a President facing sharp criticism from the right as he and his party look apprehensively toward the mid-term elections in November.

Nearly all of the details of the five-year, \$9.3 billion welfare plan have already been made public during wrangling within the Administration in which the White House trimmed the plan's scope to limit Congressional fights over its financing. And while Mr. Clinton kicked off his campaign to overhaul health care last fall in an address to a joint session of Congress, he chose to introduce the welfare plan today to an audience of 250 people in the lobby of a downtown bank here.

Adopting the phrase of a former welfare mother who joined him on the stage, Mr. Clinton said the program should be "a stepping stone, not a way of life."

The proposal to require welfare recipients to move on to paying jobs, some subsidized by the Government, would affect only Americans born

after 1971, or about one-third of the five million families who now receive welfare. But the plan has other sweeping aspects, including a plan to establish paternity of all children at birth and to force absentee fathers to make regular payments for child support.

Some Congressional Democrats have expressed concern that a Clinton decision to offer a welfare bill this year might detract from efforts to pass health care legislation. But Republicans and a rump group of Democrats have been more vocal in accusing the President of dragging his feet, and aides to the President have said Mr. Clinton felt bound by the promise he made in this year's State of the Union Message to present a welfare proposal by "this spring."

Mr. Clinton nevertheless waited until less than a week before summer begins. And because any welfare plan must travel through the same Congressional committees now enmeshed in battles over health care, senior Presidential aides said they expected no real legislative attention to welfare until next year.

Republican Criticism

Republicans immediately criticized Mr. Clinton's proposal as inadequate, in part because it includes a loophole that would let those who make a good-faith effort to find a job receive government benefits even after two years. At a press conference in Washington, about a dozen Republicans said the plan would lock recipients into poverty and did not discourage illegitimate births.

"Why did it take 18 months to come up with something as minimal as this?" asked Representative Rick Santorum of Pennsylvania.

On the other hand, the proposal won general praise from the leaders of both parties of the National Governors' Association. And with elections now less than five months away, it serves at least to add a more conservative plank to a White House platform that some Democratic candidates have appeared hesitant to run upon.

Along with the two-year lifetime limit on welfare benefits, Mr. Clinton would provide training and job-search programs to help indigent mothers move on to work. His plan would reduce benefits for people who did not enroll in the programs and after two years would cut off payments altogether to those who refused to look for a job or who turned down one that was offered. Mothers with a child under the age of 1 would be exempted.

Slow Progress Is Seen

Mr. Clinton did not call for new taxes to pay the \$9.3 billion for education, job subsidies, child care for participants and other programs over the next five years. Instead, he said the money would largely come from reductions in other social programs. The heaviest axe would fall on those giving benefits to immigrants, and that has made the plan unpopular with some city and state governments who fear that they will have to make up the difference.

A study released today by the White House underscores that

Little hoopla for a plan and little Congressional action expected this year.

progress will be slow even if Mr. Clinton's plan is adopted. By the year 2000, the study says, only one in seven of parents under age 29 who would otherwise have remained on welfare will have left it.

But with many more people working in part-time or government-subsidized jobs, Mr. Clinton said the changes he proposed would move one million adults into a work program of some kind or off welfare altogether by the turn of the century.

"We know what the problems are," he told the invited gathering of community leaders and welfare mothers, "and we know that they did not develop overnight. But we have to make a beginning. We owe it to the next generation."

Link to Health Care

Mr. Clinton has spent much of his public life as an advocate of change in the welfare system, and he reminded the audience of that today, saying he believed "we have a chance finally to replace dependence with independence, welfare with work."

Still, his appearance at the Commerce Bank here, in a lobby decorated with tacked-up signs bearing the words "work" and "responsibility" conveyed little of the zeal he has previously brought to the issue. That may have been because his announcement represented such a clear payment on the debt Mr. Clinton owes to Senator Daniel Patrick Moynihan, the New York Democrat who heads the Senate Finance Committee and who threatened earlier this year to hold health care "hostage" if Mr. Clinton did not produce a welfare plan this year.

Some White House officials said they held out hope this week that a welfare plan might win passage along

with a health care overhaul in a legislative flurry this fall. They also said the White House believed that the country could not succeed in moving people off welfare without universal health care, since many people stayed on welfare because it provided them with health insurance.

At the press conference in Washington, about a dozen Republicans, including Senator Bob Dole of Kansas, the minority leader; Representative Newt Gingrich of Georgia, the House minority whip, and Gov. George Allen of Virginia accused the President of promising conservatives a plan they could endorse while pro-

ducing instead an liberal project.

"The President is brilliant at describing a Ferrari," Mr. Gingrich said, "but his staff continues to produce a Yugo."

The White House said it chose the bank as the setting for Mr. Clinton's speech in part because Commerce Bank has hired participants in a Missouri welfare-to-work program admired by aides to the President. In addition, Harry S. Truman got his first job at the bank, and the President said he had wanted to come "to the heart of America" to talk about the importance of moving Americans from welfare to work.

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 one
- Lets recipients earn additional money without losing welfare benefits

CHILD SUPPORT

- Requires hospitals to establish paternity
- Creates national clearinghouse, to track interstate cases
- Denies occupational 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 additional children
- Creates experimental program for Government-guaranteed child support payments

Source. The White House

NY TIMES 6.15.94

An End to Welfare?

President's Proposal May Not Satisfy Expectation of Fundamental Change

By JASON DePARLE

Special to The New York Times

WASHINGTON, June 14 — For all its complexity, the welfare plan that President Clinton put forward today will be judged by one, seemingly simple standard: Does it deliver on his famous pledge "to end welfare as we know it"?

He has reasons to argue that it does. The President has proposed a set of work requirements far stricter than those advocated by his predecessors, and penalties that are far more severe. When his program is fully in place, women who refuse to join a work program will get no more money. Period.

But it is less certain whether Mr. Clinton's program will satisfy the expectation of fundamental change that his own, insistently bold language has helped create, and that his political opponents are eager to exploit.

Republicans moved quickly today to denounce the plan, with its slow phase-in, as tepid and small, a defense of welfare rather than an end to it. "Tinkering," said Gov. Tommy G. Thompson of Wisconsin. "Exactly wrong," said Representative Newt Gingrich of Georgia, the House minority whip.

Stealing the Welfare Issue

But their fervor may reflect a fear that the President is stealing the issue by proposing a stricter plan than any Republican President has proposed. Though Congress is unlikely to act in the short legislative season that remains this year, Mr. Clinton's plan would bring the most significant change since the program began in the New Deal.

"This plan is a step toward ending the current welfare system," said Judith Gueron, president of the Manpower Demonstration Research Corporation, a New York firm that evaluates welfare programs. "It's not as large a step as was promised, or as the public anticipates. But greater change would require spending a lot more money."

Mr. Clinton's plan would primarily affect women and children, the 14.3 million who receive monthly checks from Aid to Families with Dependent Children, the main Federal welfare program. Its rules would not apply to the mix of state welfare programs that cover single men and women or people with disabilities.

The President's plan would give recipients additional training, but would require those still on the rolls after two years to join a work program. For those who had not found jobs on their own, the programs would offer subsidized jobs at the minimum wage, whether with private employers, governments or nonprofit groups. For the public, the first surprise may be that the Clinton plan, like all work programs, would cost more than the status quo.

Expensive Phase-In Program

It would spend \$9.3 billion over five years on training, child care and job subsidies, and even that sum buys a phase-in so gradual that by 1999, only about 8 percent of the nation's welfare recipients will be working for their benefits.

And that is when the costs really begin to rise. Although the documents made public today do not say so, the plan is expected to cost more than twice as much in the second five years. If the Government does not have the money to create the subsidized jobs, it could not enforce the two-year limit. An impatient public, recognizing little change, might balk at the bill before the program ever hits its stride.

Beyond the pace at which it takes effect, Mr. Clinton's plan raises a more fundamental question: just how many of the nation's five million welfare families can really support themselves in the private economy?

The President took pains today to highlight success stories, standing beside a woman who had left public assistance for a clerk's job in the same Kansas City bank that once employed Harry S. Truman.

Marginal Impact of Training

Mr. Clinton is betting that he can create more successes, especially if health care passes, since many women stay on welfare simply to get medical care for their children. "We ought to be able to do this in every community in the country," he said.

But many welfare mothers have woefully few skills, and research literature shows that even the best training programs only marginally trim the welfare rolls. If Mr. Clinton intends to make all welfare recipients work he may have to place many more of them in a subsidized work program than he has acknowledged, and endure the criticisms of cost and waste that government job programs attract.

With all the talk of "ending welfare," there has been little discussion of a related issue: ending poverty. The two are not necessarily synonymous.

The President hopes to tackle both problems, in part by providing health care and expanded tax credits to welfare mothers who go to work. He is also trying to collect more child support payments from absent fathers, so that one parent will not have to do the financial work of two.

And he is trying to fight poverty by deterring the soaring rate of out-of-wedlock births. The time limit is meant to supply one deterrent, by making welfare less attractive.

And Mr. Clinton is supplementing that effort with a crusade against teen-age pregnancy that features grants to 1,000 schools and his own, invocations to form stable families. "Governments don't raise children, people do," he said.

Praise From Moynihan

Indeed, Mr. Clinton's strong remarks today about out-of-wedlock births pleased one of his critics, Senator Daniel Patrick Moynihan, the New York Democrat who chastised the President earlier this year for dragging his feet.

"He's the first President in our history to have the courage and nobility to address the problem of out-of-wedlock birth," Mr. Moynihan said. The Senator has expressed reservations about time limits and other aspects of the Clinton welfare plan. But he was so pleased to hear the President talk about family breakdown that he vowed to co-sponsor the bill in the Senate.

Still, it is possible that the plan would leave the nation with more poor people, rather than fewer. The average mother with two children now receives cash payments of about \$380 a month. Mr. Clinton's proposal does not raise that amount, and for some families it could lessen it.

For example, he would allow states to deny increased payments to families that have additional children. The difference is about \$60 a month — not much to many Americans, but a lot to those facing hunger or eviction.

The work program that Mr. Clinton would create pays the minimum wage, and would leave some families with no more money than they have on welfare. And he would impose tough penalties on women who refuse to join the program: cutting off all cash to the family for at least six months.

Some may be willfully noncompliant; others might have problems with a particular boss. But what will happen to their children?

In a confidential memorandum last March, Mr. Clinton's aides acknowledged "the danger that in rare circumstances families will find themselves homeless or unable to care for their children."

While many Republicans were accusing Mr. Clinton today of sham reform, the differences between their proposals is less dramatic than their rhetoric. A bill sponsored by 163 House Republicans would also impose a two-year limit on benefits and then place recipients in a work program.

Important details differ. The Republicans would implement their program faster, exempt fewer people, and finance it by cutting deeper into programs for immigrants. And after welfare recipients had spent three years in the work program, the Republicans would allow states to drop them altogether, leaving some families with neither benefits nor a subsidized job, on the optimistic assumption that they will somehow manage.

Mr. Clinton, by contrast, has guaranteed a work program spot for all recipients, as long as they demonstrate they are genuinely seeking private work.

As it happened, Mr. Clinton made his announcement on the same day that Ms. Gueron made public a new study of what is often described as the nation's most successful welfare training program, in Riverside, Calif.

Three years after joining the program, participants were earning 40 percent more than a similar group of women who received no training. Still, their average earnings remained quite low — less than \$3,600 a year. And 41 percent of those who had entered the program were still on the rolls three years later.

What does that suggest for Mr. Clinton's two-year limit? "You'd have to have a very large, expensive work program at the end," Ms. Gueron said.

Clinton Outlines Plan to Break Welfare Cycle

By Ruth Marcus and Dan Balz
Washington Post Staff Writers

6/5/94

President Clinton called yesterday for a welfare overhaul that will begin to require recipients to go to work, but Republicans immediately lambasted the plan for falling far short of his pledge to "end welfare as we know it."

Clinton delivered his long-promised plan in Kansas City, Mo. At this late date it has virtually no chance of

passage in Congress this year, but the president hopes that it will help redeem his image as a "New Democrat" and put his stamp on an issue that Democrats are trying to make their own.

"We propose to offer people on welfare a simple contract," Clinton said. "We will help you get the skills you need, but after two years anyone who can go to work must go to work—in the private sector if possible, in a subsidized job if necessary.

But work is preferable to welfare. And it must be enforced."

The president faced criticism from both the left and right yesterday as a long-simmering political debate broke into public view. But liberal critics were drowned out by a Republican chorus that portrayed Clinton's plan as not what it seems.

In denouncing the proposal, Republicans signaled both their differences over the specifics of what

Clinton proposed and their fears that he may be stealing a potent issue from them.

The plan "is timid, it is weak, it does not address the central issue," said William J. Bennett, a leading conservative who advocates a far more radical approach.

In unveiling the plan, expected to cost \$9.3 billion over five years and to be paid for in part by cuts in other social programs, Clinton stressed themes of personal responsibility and moral values that resonated with voters during the presidential campaign and that he has been trying to return to as president.

The overhaul falls short of Clinton's pledge, but White House officials are betting it is enough to satisfy, as a first step at least, the public's desire to overhaul a system widely seen as broken.

"The president's plan reflects the public mood, which is not to abolish welfare as the right would do, but replace it with a social policy based on work," said Will Marshall, president of the Progressive Policy Institute.

Clinton emphasized that one of the keys to fixing welfare is to discourage teenage pregnancies that are propelling a growing number of young mothers onto the welfare rolls.

"We cannot permit millions and millions and millions of American children to be trapped in a cycle of dependency with people who are not responsible for bringing them into the world, with parents who are trapped in a system that doesn't develop their human capacity to live up to the fullest of their God-given abilities and to succeed as both workers and parents," Clinton said. "We must break this cycle."

Clinton spoke in the somewhat unlikely setting of the lobby of a bank here, where Harry S. Truman had his first job as a clerk. The bank now helps welfare recipients enter the job market as part of a state welfare-to-work program.

The plan, which would be implemented in 1996, is an effort to transform the Aid to Families with Dependent Children program, the main federal welfare program, which primarily assists single mothers. Clinton ruled out new taxes to pay for reform and decided to fund it by reducing benefits to legal immigrants and making other cuts in existing programs.

The program is designed to spur recipients to get off welfare by requiring them to participate in job training and placement programs.

cutting off cash benefits to some welfare mothers after two years, and providing subsidized jobs for those who are unable to find other work after that time.

But because of financial constraints and political realities, it was scaled back dramatically from the larger program originally envisioned by Clinton's advisers, who originally had proposed a \$15 billion plan.

"The president is brilliant at describing a Ferrari, but his staff continues to deliver a Yugo," said House Minority Whip Newt Gingrich (R-Ga.).

"The president's proposal is both intellectually and substantively behind the curve," William Kristol, a conservative theoretician, wrote in a memo sent to Republicans and the media this week. He added, "We

should make plain what this welfare proposal amounts to: marginal tinkering. . . ."

The tougher restrictions in Clinton's plan would apply only to recipients born after 1971—meaning that only one-third of those projected to be on the welfare rolls in 1996, when the program is implemented, would be affected by the two-year lifetime limit. By the year 2000, half of those on welfare would be covered and by 2004, two-thirds would be covered.

The Clinton program envisions creating 400,000 community service or subsidized private sector jobs by the year 2000—far fewer than many welfare reform advocates believe is necessary to end dependence on the welfare system and a fraction of the 1.5 million jobs that Clinton advisers discussed during the transition. A rival Republican plan would provide at least 700,000 jobs.

In addition to the high cost of maintaining a large jobs program, one obstacle the administration encountered while designing its program was opposition from public employee unions concerned about creating jobs at the cost of union members.

Clinton's plan also is less stringent than some reform advocates have proposed. Under the administration proposal, those who are unable to find work on their own could remain in government-subsidized jobs indefinitely so long as they make the required efforts to locate employment. Clinton also would leave it up to states to penalize mothers who have an additional child while on welfare by refusing to increase their allotment.

Clinton aides predict the plan would reduce the welfare rolls by emphasizing teenage pregnancy prevention, cracking down on delinquent

child support payments, improving job training and placement services, and guaranteeing child care during job training and placement and for one year after recipients leave for private sector jobs.

Most of the funding in the new program—\$7 billion—would go for education, training and placement (\$2.8 billion) and for child care (\$4.2 billion). Only \$1.2 billion would go to the subsidized programs for participants who reach the two-year limit and are still unable to find jobs.

Despite their criticism of Clinton's plan, Republicans are divided about how far welfare reform should go.

Conservatives like Bennett and author Charles Murray say radical reforms to cut off welfare benefits after a fixed time period and other tough measures are needed to reduce out-of-wedlock births, particularly among teenagers, which they argue is the central issue.

Defenders of Clinton's plan argued that it is disingenuous of Republicans like Bennett to try to change the terms of the debate now that the president is coming forward with a reform plan.

"I think it's a shame that some on the far right who spent their entire political careers saying that the way to end welfare was to require work are now trying to change their tune for what appear to be purely political reasons," said Bruce Reed, a White House domestic policy adviser who was one of the principal architects of the Clinton plan.

Other Republicans favor something more like Clinton's plan, but said yesterday his proposal does not go far enough to move welfare recipients from dependency to work.

"Why did it take 18 months to come up with something as minimal as this?" asked Rep. Rick Santorum (Pa.), a leader of the Republican welfare reform task force in the House.

But Geoffrey Garin, a Democratic pollster, said Clinton's plan, with its emphasis on work, meets the public's definition of reform.

"Would people like it to happen quicker and on a larger scale?" Garin asked. "Sure they would. But if the question is whether this proposal is a step in the right direction, the answer is very decisively yes."

Clinton's plan faces opposition from liberals within his own party and from advocacy groups like the American Civil Liberties Union, who argue that some elements are unnecessarily punitive. "The advocacy groups and liberals really have a problem with time limits," said Rep. Robert T. Matsui (D-Calif.).

But Rep. Barney Frank (D-Mass.), a prominent House liberal, said Clinton, by softening some aspects of the plan, has avoided real problems

within the Democratic Party. "There are still liberals who will be against this policy," Frank said. "But I don't think it threatens [to create a] fissure."

Marcus reported from Kansas City, Balz from Washington.

OVERHAULING WELFARE

President Clinton announced yesterday a \$9.3 billion plan to change welfare. A look at welfare and the specifics of his plan:

TODAY'S WELFARE SYSTEM

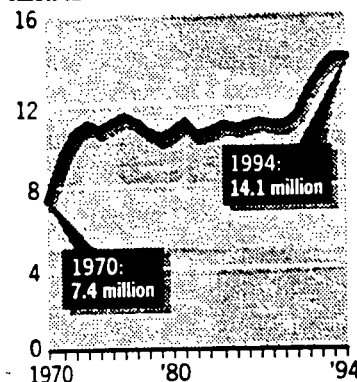


Fourteen million people receive Aid to Families with Dependent Children, nearly double the number in 1970...

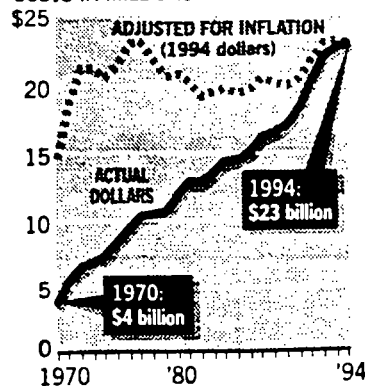


...and \$23 billion in benefits will be paid out this year. Even accounting for inflation, costs have risen since 1982.

RECIPIENTS IN MILLIONS



COSTS IN MILLIONS



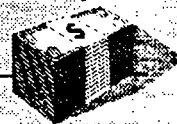
CLINTON'S PROPOSED CHANGES

The plan targets parents born after 1971 and includes:

- A requirement that each woman, working with a caseworker, develop an employability plan identifying the education, training and job placement services she needs to move into the work force.
- A 24-month, lifetime limit on cash benefits for anyone over the age of 18.
- Loss of benefits for parents who refuse to stay in school, look for work or attend job-training programs.
- Enrollment in a subsidized private-sector job or community service for mothers who exhaust their cash benefits and have not found a job on their own.
- A \$300 million campaign against teenage pregnancy.
- An improved child support system that requires hospitals and mothers to help establish paternity, imposes penalties on those who refuse to pay and uses a national clearing-house to track payments and find parents who flee across state lines.

FINANCING THE NEW PLAN

Total Cost:	\$10.8 billion over five years.
Savings from reductions in cases and fraud:	— \$1.5 billion
Net Cost:	\$9.3 billion



Where money will come from:

- \$7 billion from reduced entitlements, including:
 - Tightened welfare eligibility for noncitizens
 - Caps on state emergency welfare programs
 - Limits on disability payments for drug and alcohol addicts

\$1.6 billion from extended corporate Superfund tax

Remainder from extending customs fees and other expiring provisions and denying Earned Income Tax Credit to nonresident immigrants.

SOURCES: House Ways and Means Committee, Associated Press

L.A. TIMES 1-15-94 Polarization Politics Seen as Key Obstacle to Plan

■ **Welfare:** Despite gaining consensus for his reform proposal outside capital, Clinton faces stiff test in trying to overcome assaults from liberals, conservatives.

By RONALD BROWNSTEIN
TIMES POLITICAL WRITER

WASHINGTON—The welfare reform plan that President Clinton released Tuesday sits squarely in the center of public opinion on this historically divisive issue, according to several recent polls. But that may not be enough to guarantee the proposal a majority in Congress.

Indeed, the coming debate over welfare reform—which will remain muted until Congress finishes action on health care—is likely to illuminate the difficulties of translating a consensus outside the capital into a consensus among the interest groups, elected officials and political strategists who shape the legislative process inside the Washington Beltway.

Within hours of its release, Clinton's plan was under intense assault from liberals as too harsh and from conservatives as too soft. "This is a pretty conservative plan," said Roberta M. Ikemi, a staff attorney at the California Women's Law Center in Los Angeles. "I have some grave worries about whether this is a disguised way of punishing women."

Meanwhile, William J. Bennett, education secretary under Ronald Reagan and an unimpeachable

conservative, dismissed the plan as "a joke, a half fraud . . . marginal tinkering." Only the rare voice in the middle praised the program: Will Marshall, president of the Progressive Policy Institute, a centrist think tank, hailed it as "radical, yet constructive change."

Overcoming these impulses toward polarization will make welfare reform the sternest test of Clinton's capacity—and willingness—to forge a new centrist coalition for change that transcends what he has called "the brain-dead politics in both parties."

"The problem is you now go into a congressional process that is driven by political factions . . . that are not connected to what is happening in the country," said Stanley B. Greenberg, Clinton's pollster.

Over the last 30 years, few issues in American politics have been more divisive than welfare. Conservatives, like Reagan, have routinely disparaged recipients as greedy, indolent "welfare queens," while many liberals have reflexively labeled all critics of the system as uncaring and racist.

The premise of Clinton's presidential campaign—influenced heavily by ideas in journalist E.J. Dionne's book, "Why Americans Hate Politics"—was that the "false choices" in that ritualistic debate alienated most Americans. The promise of Clinton's approach to welfare was that by fusing traditionally liberal ideas of increasing spending on education and training with the conservative demand for

work (embodied in his call for a two-year limit on benefits) he would build a new consensus for reform.

In fact, that consensus already glimmers from surveys of public

opinion. Clinton's proposed two-year limit—coupled with a promise of public service employment if private jobs cannot be found—won support from an overwhelming 90% of those polled in an April Los Angeles Times survey. Opinion varied hardly at all by race or party affiliation.

Other core ideas in Clinton's plan also draw substantial majorities. Two-thirds of those surveyed in The Times Poll supported his proposal to require teen-agers receiving welfare to live with their parents or another responsible adult; two-thirds also supported denying additional benefits to women who have children while already on welfare, as Clinton's plan would allow states to do. Another recent poll found more

than 90% of Americans back Clinton's call for cracking down on absent parents who owe child support.

By contrast, in The Times Poll just one in four of those surveyed supported the idea that has rallied conservatives: cutting off all welfare benefits for women who bear children out-of-wedlock.

But it remains uncertain that the political system can deliver change that reflects the broad consensus in public opinion. If there is any lesson in Clinton's first 17 months in office, it is that Washington actively resists consensus. On issues from health care to deficit reduction to crime, polarization has appeared to be the oxygen of the political system—equally indispensable as an organizing tool for liberals and conservatives alike.

To many observers, Clinton has exacerbated this problem by vacillating in his legislative and political strategy. On the crime bill now moving toward conclusion and the

North American Free Trade Agreement, Clinton did seek bipartisan centrist coalitions. But on his top priorities, last year's economic plan and now his health care reform, his proposals have been aimed almost entirely at Democrats.

"There is a conceptual Rubicon that this Administration hasn't yet crossed toward a strategy that builds coalitions across the center of the spectrum rather than from the left in," said Marshall.

That hesitancy is reflected in some compromises in the welfare plan, critics said. Republicans, for instance, complained that Clinton has undermined his two years-and-out pledge by allowing welfare recipients to remain on public employment indefinitely if they cannot find private sector work. "I think people want some real time limits here," said Rep. Rick Santorum (R-Pa.), who led a task force that produced the principal GOP welfare proposal.

And Republicans, along with some moderate Democrats, complained that, by imposing the new two-year work requirement only on recipients born after 1971, Clinton has eviscerated his promise to "end welfare as we know it." Intended partly to defuse opposition on the left, that cautious approach means that only about two-thirds of the caseload will face the work requirement by 2004, the Administration estimates.

These, however, are the kind of tactical differences that legislators are paid to resolve, and Santorum acknowledged that the Clinton work proposals could be the basis

for a center-right congressional agreement. "There are problems there," he said, "but they are not insurmountable problems as far as we're concerned."

Paying for the plan will pose another significant hurdle. Clinton's call for funding the reform mostly through cuts in other social programs reinforces resistance on the left. But Clinton's biggest problem may be that, by delaying the plan's introduction for so long, he allowed the centrifugal forces in the welfare debate to gain strength. "They lost a lot of momentum," said Rep. Dave McCurdy (D-Okla.).

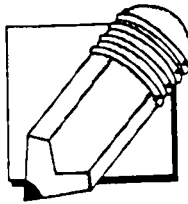
While moderate Democrats led by McCurdy have put forward a plan similar to Clinton's, congressional liberals have camped out in staunch opposition to his two-year "limit" and "family cap" provisions.

Republicans likewise are fractured on the issue. Last fall almost all House Republicans signed onto Santorum's bill—which approaches Clinton's in many respects. But that support has eroded under a withering conservative counterattack which contends that the legislation costs too much, does too little to deter illegitimate births and does not draw a sharp enough contrast with Clinton.

Clinton's plan has positioned him firmly in the center of the welfare debate—ordinarily the most prized real estate in politics. But in the perplexing geography of welfare reform, the center may prove too narrow a strip of ground to control the battle. The test for Clinton now is to demonstrate that his promise of ending the "false choice" of political polarization on welfare is not itself a false hope.

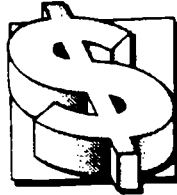
The Plan at Work

If passed, the President's plan to overhaul the nation's welfare system will require:



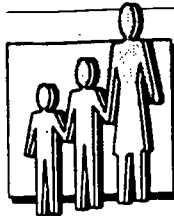
TRAINING

A welfare recipient, working with a caseworker, would be required to develop an employment plan. This plan would identify the education, training and job placement services the recipient needs to move into the work force.



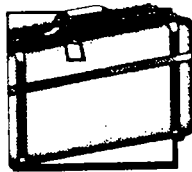
LIMIT ON BENEFITS

- 1 Recipients over 18 face a 24-month, lifetime limit on cash benefits.
- 2 Mothers who exhaust their cash benefits and have not found a job on their own would be enrolled in a subsidized, private-sector job or community service paying the minimum wage for 15 to 35 hours a week. Parents who refuse to take a private sector job would be kicked out, but those who are unable to find such a job would be allowed to remain in the program indefinitely.



CHILD SUPPORT CRACKDOWN

The child support system would include regular updating of child support awards, new penalties for those who refuse to pay and a national child support clearinghouse to track payments and catch parents who flee across state lines to avoid paying.



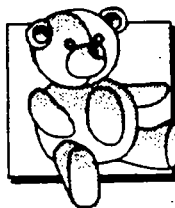
NEW RULES FOR IMMIGRANTS

New restrictions on welfare benefits for legal immigrants whose relatives can afford to support them.



ANTI-FRAUD MEASURES

A national public assistance clearinghouse would track recipients, monitor earnings and check compliance with time limits and work requirements.



CAMPAIGN AGAINST TEEN-AGE PREGNANCY

A \$400-million campaign against teen-age pregnancy.

The Price Tag

The five-year cost summary of President Clinton's welfare reform plan:

THE COST

	In billions
More money for education, training and job placement.	\$ 2.8
Jobs for participants who reach the two-year time limit.	1.2
More child-care spending for people in the mandatory education and training program and in the jobs slots.	2.7
More child care for the working poor.	1.5
Initial investments to improve collection of child support payments.	0.6
Teen-age pregnancy prevention.	0.3
Miscellaneous, including an option for states to eliminate bias against two-parent families; investments in automation; and incentives to work and save.	1.7
Total Cost:	10.8

SAVINGS

From reductions in cases and fraud:	\$1.5
Net Cost:	\$9.3

Sources: White House, Associated Press

Los Angeles Times

NY TIMES 6.15.94

Message to Teen-Age Mothers

Set against his campaign pledge to "end welfare as we know it," President Clinton's reform plan comes up short — covering about half of all recipients by the year 2000. Even so, Mr. Clinton can be credited with keeping the spirit of his promise by offering a measured attack on a social pathology: 10 million children raised in poverty, mostly by single parents. Mr. Clinton's bill should deliver a stark message to teen-age parents that welfare will no longer substitute for work.

His proposal calls for spending a bit more money (\$9.3 billion over five years) and toughening the reciprocal obligation of recipients. It would require recipients to commit themselves to training and education, then seek work or, if need be, take a government-subsidized job within two years of entering the system.

The plan would also go after absentee fathers for child support and fight teen-age pregnancy. And the President resolved a crucial internal battle just right: Recipients could stay in subsidized jobs indefinitely as long as they searched for, and did not turn down, unsubsidized job offers.

The two-year limit on welfare is the plan's major novelty. But it raises problems. First, the work program will preoccupy state and local governments, which must carry out the new program. That will detract attention from the training and job

search programs that were begun under a 1988 law.

Judith Gueron, head of the Manpower Demonstration Research Corporation, which evaluates welfare-reform experiments, points out another problem. It lies in Mr. Clinton's decision to target young mothers (born after 1971) to keep teen-age mothers from entering under the old rules.

That is asking for trouble. Current welfare-to-work programs do not function well for this group. Had Mr. Clinton targeted older mothers, he could have built on the success of existing programs such as one in California.

There are missteps. The program raises too much money by cutting back other poverty programs. It provides too little money to pay for child care for the working poor — a good way to make sure that working beats welfare for low-paid parents. Mr. Clinton would allow states to cut off extra benefits to mothers who give birth while on welfare — a punitive response to a nearly nonexistent problem. Congress can correct these wrongs.

Mr. Clinton does not intend to push hard to pass welfare reform this year, fearing that it would get in the way of his health-care bill. That is a sensible choice. Health care might not survive the wait. But welfare reform has no pressing political deadline. Congress could use next year to make the President's good start even better.

President sees 1 million off welfare

By Frank J. Murray
THE WASHINGTON TIMES

6/16/94

KANSAS CITY, Mo. — President Clinton said yesterday his plan to "end welfare as we know it" would put more than 1 million welfare mothers off the public dole and into jobs by the year 2000.

"We must break this cycle," Mr. Clinton said, going public with his widely leaked welfare-to-work plan, although it will take weeks at least to hammer the language into shape to file in Congress.

"We will help you get the skills you need but, after two years, any-

Plan sets target for jobs by 2000

body who can go to work must go to work — in the private sector if possible, in a subsidized job if necessary," he said in the lobby of Commerce Bank, which has been a local leader in hiring former welfare mothers.

Mr. Clinton's \$9.3 billion plan includes a proposal to spend \$300 million over five years on programs intended to prevent teen-age pregnancy, including those ad-

vocating abstinence from sexual relations.

"It will help to eliminate teen pregnancy," said Health and Human Services Secretary Donna Shalala, who emphasized the abstinence aspect.

About \$7 billion of the \$9.3 billion would be spent over five years on education, training and day care, with \$1.2 billion targeted directly for work programs.

In Washington, reaction ranged from tepid support to open denunciation.

see JOBS, page A10

JOBS

From page A1

"It's a step in the right direction," said Rep. Dave McCurdy, Oklahoma Democrat and leader of a welfare reform bill proposed by the Mainstream Forum, a group of 90 moderate Democrats.

"It's a start," agreed Sen. Paul Simon, Illinois Democrat.

Rep. Lynn Woolsey, California Democrat and the first former welfare mother to serve in Congress, applauded the president for providing a "blueprint for action." However, she noted, his plan doesn't go far enough to increase child support collections nor will his job training requirements help welfare recipients get jobs that pay a family wage.

Republicans were even less enchanted with the plan.

The Clinton plan "may be the end of welfare reform as we know it," said Sen. Bob Dole, Kansas Republican.

"Never before has a president offered to spend so much on so few," said Rep. E. Clay Shaw Jr., Florida Republican.

Sen. Daniel Patrick Moynihan, New York Democrat, has made the bill's introduction a condition to moving health care legislation out of the Senate Finance Committee, which he chairs, although he said yesterday there are not enough votes now to give any health plan a majority.

In a letter signed by two Republicans and two Democrats, the National Governors Association supported the principles in Mr. Clinton's plan, particularly its emphasis on work and flexibility to states in implementing it.

Kansas City Mayor Emanuel Cleaver, who chairs the National Mayors Conference committee on crime and social justice, said, "We think the president is headed in the right direction."

The bill would apply at first only to those mothers over age 18 and under 23, those born since Dec. 31, 1971. Older women would never become subject to its requirement that aid be cut off for those who don't take a job after two years.

The plan would nominally restrict Aid to Families With Dependent Children (AFDC) to 24 months of cash benefits in a lifetime, while offering training and incentives for recipients to take private jobs.

About 4.5 million families, involving about 9.5 million children, now receive AFDC payments.

Those who refuse work would lose their share of the checks, but not the child's share. Mothers who become pregnant while receiving AFDC could be denied further benefits, although there are so many loopholes few would be entirely cut off unless a violation was flagrant.

Mr. Clinton said the plan would encourage teen-age parents to stay at home and stay in school.

"We have to change the signals we are sending here," he said, renewing his new emphasis on preventing single-parent births.

The president addressed an audience of about 250 in the banking hall, where Harry Truman worked as a teller in 1904. "Work is the best social program this country has ever devised," Mr. Clinton said.

Officials who briefed reporters, all on the basis of anonymity, said they made no claim they will reduce the overall number of women receiving AFDC, but said it would level off by the year 2000.

"That's what we're looking for," said one official who served on the commission that drew up the proposal.

Mr. Clinton's estimate that 1 million women would leave AFDC rolls by 2000 is based on estimates that 331,000 would drop off for various reasons and the remainder would take jobs.

Some would be dissuaded from applying by the new rules. The 1-million figure includes mothers who obtain child support under new federal collection initiatives and those who take jobs providing child care or health insurance.

"Under the president's reform plan, welfare will be about a paycheck, not a welfare check," according to a summary of the plan given to reporters.

The plan would reduce eligibility of noncitizens, even legal immigrants, for food stamps, AFDC and Social Security's supplemental security income, or SSI (\$3.7 billion); cap the growth of state emergency homelessness programs (\$1.6 billion); limit meals to family day care homes (\$500 million); and restrict SSI for drug addicts and alcoholics (\$800 million).

The president said new procedures would increase the amount of child support collections from \$9 billion to \$20 billion. That would not finance the plan directly, but would reduce the number of eligible applicants.

The proposal would require identification of both parents at the birth of a child and require women applying for aid to identify the child's father; assign national identification numbers in support cases; track employment records nationwide; and garnishee wages and suspend licenses, including driver's licenses, of those who do not pay.

Republicans criticized the administration for not producing an actual bill and not explaining how the \$9.3 billion proposal would be funded.

"It's half-joke and half-fraud," William Bennett, director of Empower America and former education secretary, said at a news conference on behalf of a GOP welfare reform bill by Rep. James M. Talent of Missouri and Sen. Lauch Faircloth of North Carolina.

• Cheryl Wetzstein in Washington contributed to this report.

THE PRESIDENT'S PLAN

Five-year cost summary of President Clinton's welfare reform plan:

■ More money for education, training and job placement:	\$2.8 billion.
■ Jobs for participants who reach the two-year time limit:	\$1.2 billion.
■ More child care spending for people in the mandatory education-and-training program and in the job slots:	\$2.7 billion.
■ More child care for the working poor:	\$1.5 billion.
■ Initial investments to improve collection of child support payments:	\$600 million.
■ Teen-age-pregnancy prevention:	\$300 million.
■ Miscellaneous, including an option for states to eliminate bias against two-parent families; investments in automation; and incentives to work and save:	\$1.7 billion.
Total cost:	\$10.8 billion.
Savings from reductions in cases and fraud:	\$1.5 billion.
Net cost:	\$9.3 billion.

The Washington Times

ECONOMY

Clinton Unveils Welfare-Reform Plan That Is Limited by Budget Austerity

By RON SUSKIND

Staff Reporter of THE WALL STREET JOURNAL

KANSAS CITY, Mo. — President Clinton's welfare-reform plan, unveiled here after nearly a year of preparation, illustrates how lofty rhetoric can be throttled in an era of budget austerity.

"None of this will be easy to accomplish," Mr. Clinton said at a Kansas City bank where Harry Truman once worked, striking a more cautious tone on welfare reform than during his presidential campaign. "But we have to make a beginning. We can't let millions continue in a cycle of dependency."

Mr. Clinton's plan, which wraps an array of programs around a maximum of two years of welfare benefits without work, is already being attacked as being too slow in completion and too gentle in design to repair a flawed welfare system that most agree is causing more damage than good. The attacks are mostly coming from the political right, which saw one of its natural "get tough" issues seized by Mr. Clinton with his dramatic campaign pledge to "end welfare as we know it."

With more money, he might have come closer to delivering on that bold promise — and winning an outright political victory. But the president's desire to avoid new taxes and rely on politically acceptable cuts in other antipoverty programs to pay for his proposals has resulted in a program that will at best gradually change the lives of a record 14 million Americans on welfare.

The Clinton welfare plan — the legislation for which will be sent to Congress in a few weeks — will involve less than half of all recipients by the year 2000, and leave

thinly funded a variety of hoped-for provisions such as support of two-parent families and child care for the working poor.

Still, as the congressional battle over welfare commences, Mr. Clinton appears to be assured of getting credit for offering a basic package that will most likely be passed — probably by next year's Congress rather than the current one — in some recognizable form.

A reform proposal by House Democrats and another by moderate Republicans are both built around a two-year limit similar to one in the Clinton plan. But both would be phased in faster by relying on sharp cuts in programs to immigrants that could yield nearly \$20 billion for new programs. The administration also proposed cuts in benefits to immigrants, but only at one-fifth the level of congressional proposals.

In Washington news conferences and news releases, congressional Republicans were chiefly critical of the president's plan as a "jobs program," though a House GOP alternative would provide many more such public-service jobs to beneficiaries forced from the welfare rolls. They also complained that the president's proposal doesn't cut off additional benefits to mothers who have children while on welfare, or cut off payments entirely to alcohol and drug addicts and legal aliens.

Mr. Clinton also drew criticism from his own party. Iowa Sen. Tom Harkin, typically a liberal, attacked the administration plan as too liberal for not seeking to force people off welfare before two years.

The Clinton plan, which would cost \$9.3 billion over five years, would include only

Please Turn to Page A8, Column 1

Clinton Proposes Welfare Reform Constrained by Budget Austerity

Continued From Page A2

those born after 1971 — about 2.4 million adults by the year 2000, or about half of the total projected case load. The remaining recipients would mostly receive what they are getting now: continuing benefits with training and placement programs that would get some additional funding. While politicians have attacked the slow phasing, most welfare experts are more forgiving about the reason: No one is quite sure what works in moving recipients from welfare to independence.

Though nearly 30 states have requested federal waivers to launch their own welfare experiments, the few that have begun are showing results that are either modest or inconclusive. The largest of them is in California, which conducted a three-year study on the effects of a job training and placement program much like that in the Clinton plan and involving 33,000 welfare recipients. Though the program lacks the bite of a two-year time limit, the results released yesterday showed that only 3% more escape welfare from the group receiving intensive training, education and job placement compared with a group that receives no special treatment. For those

who did find work, however, earnings were 22% higher for those in the education and job-search program.

In the welfare debate, often overlooked is how burgeoning welfare rolls are linked to problems in the low rung of the U.S. economy. In fact, 70% of recipients escape from the welfare system within two years of entering it, though most end up eventually returning to the rolls. While this group is now assisted by the earned-income tax credit, which essentially makes low wages tax-exempt, and would be greatly helped if universal health-care coverage becomes law, a hoped-for boost — child care for the working poor — was sharply cut back in final revisions of the Clinton plan.

Much discussed, but difficult to attack, is another force driving growth in the welfare rolls: out-of-wedlock births, which will increase to 50% of all births, if current trends continue over the next decade, the president said in his speech. This trend, especially concerning teen pregnancies, "will not be turned around overnight," he said, "but be sure of this: No government edict will do it."

The Clinton plan offers little to directly prevent out-of-wedlock births, relying instead on cracking down on fathers. In his speech, the president called his program for child-support enforcement the toughest in the country's history: starting with establishing paternity in the delivery room, tracking deadbeat fathers across state lines, and, in some cases, making them work off what they owe.

But on some controversial measures that might attack the problem head on, Mr. Clinton backed off. Notable among them is the "family cap," which would halt the current practice of giving welfare recipients increases for each additional child. After vigorous debate in the administration over the past few weeks, the president decided to allow the states an option of whether to institute such a change.

Jackie Calmes in Washington contributed to this article.

Premdor to Pay Fines Totaling \$6 Million In Price-Fixing Case

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — One of the nation's largest residential-door makers agreed to pay \$6 million in criminal fines for price fixing in a case the Justice Department said was the first to result from a continuing inquiry into collusive practices in the industry.

Premdor Corp., a Tampa, Fla.-based subsidiary of Premdor Inc. of Toronto, pleaded guilty in federal court in Florida to a charge of agreeing with co-conspirators to increase residential door prices in 1993 and not to offer certain customers lower prices. The continuing investigation is expected to result in related cases, according to the department.

Harry Ulster, vice president of corporate affairs for Premdor, said the company began negotiating with the Justice Department after the department questioned company employees last December and the company did an internal investigation. Mr. Ulster said the company has adopted a more rigorous monitoring and reporting system and is requiring all employees to attend compliance seminars.

Clinton Unveils Welfare Reform

L.A. TIMES 6-15-94

■ **Legislation:** His \$9.3-billion plan stresses work, imposing 2-year limit on benefits for younger recipients. Initiative seeks to curb teen-age pregnancy, illegitimacy.

By ELIZABETH SHOGREN, TIMES STAFF WRITER

KANSAS CITY, Mo.—Decrying the "cycle of dependency" that keeps millions of Americans on welfare rolls for years, President Clinton on Tuesday unveiled a \$9.3-billion reform initiative that would impose a two-year limit on cash benefits and require younger recipients to find work themselves or take a government job.

"We propose to offer people on welfare a simple contract," Clinton said during an address in the lobby of a Kansas City bank where Harry S. Truman once worked and where former welfare recipients have become productive wage earners.

"We will help you get the skills you need," Clinton said. "But after two years, anyone who can go to work must go to work, in the private sector, if possible, in a subsidized job, if necessary. But work is preferable to welfare and it must be enforced."

If his package is enacted, the President said, 1 million people who would otherwise be unemployed and receiving welfare benefits will hold jobs by the year 2000. That would represent roughly one of every five adults who now receive Aid to Families With Dependent Children. Clinton's plan applies only to AFDC and not to food stamps or other programs for the needy.

The initiative is designed to flesh out Clinton's campaign promise to "end welfare as we know it" by addressing some of the factors that tend to make public assistance more attractive than gainful employment to recipients, particularly single mothers. Welfare reform is considered a central element of Clinton's "new Democrat" agenda, which attempts to find common ground between traditional liberal and conservative approaches to social policy.

"Work," the President declared in the lobby of Commerce Bank here, "is the best social program our country has ever devised."

But White House officials acknowledged that the initiative probably will languish until the

Please see WELFARE, A5

WELFARE: Clinton Unveils His \$9.3-Billion Proposal for Reform

Continued from A1

fate of Clinton's health care reform campaign is resolved. Moreover, concerns about the cost of the welfare package and the eventual scope of its public employment provisions could endanger passage in an era of tight budgets and public skepticism about big social programs.

The welfare initiative attempts to discourage long-term dependency by extending both a carrot and a stick: welfare recipients would be provided with additional education, training, job placement services and child care to help them become self-sufficient. But if they failed to play by the new rules, they could see their benefits reduced or cut off.

But in taking a "tough love" approach to dependency, Clinton's proposals must overcome a significant obstacle that has blocked past reform efforts: In most cases, it costs the government less money to simply send checks to unemployed welfare beneficiaries than to provide the kind of training, subsidies and public sector jobs needed to turn them into wage earners.

Under the Clinton plan, public sector jobs would be provided to participants who hit the two-year limit without finding work in the private sector. Commerce Bank, for example, is active in a city program that trains and places Missouri welfare recipients in private jobs.

Clinton said that his plan makes it clear that both parents will be held responsible for the welfare of their children. It would emphasize establishment of paternity and crack down on fathers who fail to provide mandated child support. It includes measures to discourage teen-age pregnancy and illegitimacy, which Clinton says have contributed to welfare dependency.

"Children should not be born until parents are married and fully capable of taking care of them," the President said.

Most of the plan's provisions would apply only to adult recipients born after 1971, who represent the youngest one-third of the total adult AFDC population of 5 million. The age threshold is intended to reduce the total cost and lighten the administrative burden imposed on states, which would be required to create hundreds of thousands of education, training and subsidized work slots.

The President said that he would introduce his legislation in the next few days. It already faces competition from several congressional proposals that represent different visions of welfare reform. Liberals tend to oppose the proposed two-year limit as too severe, while conservatives argue that the Clinton plan does not do enough to discourage illegitimacy.

Members of Congress and welfare specialists differed sharply in their initial assessments of the President's plan.

"It's a step in the right direction," said Rep. Dave McCurdy (D-Okla.), chairman of the centrist Democratic Leadership Council and sponsor of a moderate welfare reform bill.

Clinton's plan, McCurdy said, shares core elements with both the moderate Democratic proposal and a leading Republican alternative. "It puts us all in the ballpark now," he said. "Our bill, the Republican bill and the Clinton bill are in a range now."

"For those of us who have worked on welfare reform, the President's bill is a great disappointment," countered Sen. Hank Brown (R-Colo.), co-sponsor of a Republican reform measure in the Senate. "He gets an A-plus for his rhetoric; he gets

a flat F for the content of the bill."

In unveiling his proposal, Clinton stressed that it must be accompanied by health care reform. Without universal health coverage, he said, welfare recipients will continue to be faced with an unacceptable trade-off: If they leave welfare for a low-wage job, they probably will have to give up the medical coverage the government provides them and their children.

"Until we fix that, we will never close the circle and have a truly work-based [welfare] system," Clinton said.

Reforming welfare, he said, is a key part of the challenge to restore faith "in certain basic principles that our forebears took for granted—the bonds of family, the virtue of community, the dignity of work."

The plan calls for no tax increases to finance welfare reform. Instead, the President proposed to offset its costs largely through reductions in entitlement programs targeted at the poor. The largest portion, an estimated \$3.7 billion over five years, would come from denial of public assistance to noncitizens. Immigrants whose sponsors earn more the median income, now about \$40,000, would not qualify for such benefits unless they become citizens.

Another \$1.6 billion would come from capping AFDC's emergency assistance program, which states use at their own discretion to help poor people. The remainder would come in offsets from an assortment of programs, including an extension of the corporate Superfund tax, a limit on benefits paid to drug addicts and alcoholics, reduced crop support payments for affluent farmers and changes in a federally subsidized day care food program.

The Clinton plan would require hospitals

to devise procedures to establish paternity when possible. Tougher child support regulations, including a national clearinghouse to track fathers who fail to make their payments, would cause government child support collections to more than double. Clinton said. New teen-age pregnancy prevention programs would be established in 1,000 middle schools and high schools in disadvantaged neighborhoods.

The age threshold would focus most of the changes on younger participants. By the year 2000, an estimated 14% of potential recipients under 29 would have left the rolls, while another 26% would be working in subsidized, or part-time, jobs, according to Administration estimates.

To discourage recipients from having babies, mothers of infants would be exempt from work requirements for only 12 months after their first babies were born and just three months for subsequent births. Under current law, the grace period is three years.

States would be allowed to impose restrictions to prevent parents from receiving additional benefits by having more children. That concept is opposed by liberals, who argue that it will punish children without really discouraging women from having more.

"With this proposal, he is exposing some of America's most vulnerable children to deprivation and poverty," said Deborah Lewis, legislative counsel for the American Civil Liberties Union.

Conservatives, however, argued that the President's initiative does not go far enough to have an impact on the problem of welfare dependency.

Robert Rector, a welfare specialist at the conservative Heritage Institute, said that

the plan reflects the President's "complete avoidance of the central problem—that one-third of children are born out of wedlock. He's paralyzed."

One of the central issues driving welfare reform is concern about the dramatic increase in out-of-wedlock births. The Clinton plan would require teen-age mothers to live with their parents, except in extreme circumstances, as a condition of receiving benefits. It calls for a national campaign to discourage teen-age pregnancy, involving schools, churches and communities.

The plan gives teen-age mothers special consideration. The clock on the two-year limit would not begin running until they reach the age of 18. States would be given the option to use monetary rewards and sanctions to encourage young parents to remain in school.

"The proposal would make what are probably the most substantial changes in the welfare program in decades—perhaps since AFDC was created in 1935," said Robert Greenstein, executive director of the Center on Budget and Policy Priorities.

"The notion of changing welfare from largely a check-writing system to an employment and work system is a radical change."

Yolanda Magee, a 21-year-old single mother with a 2-year-old son who left welfare for a retail job, applauded the President's plan as she introduced him to the audience in Kansas City. "The welfare system should be geared toward helping single parents get into the job force," she said.

Times staff writers Ronald Brownstein and Jeff Leeds in Washington contributed to this story.

Clinton's welfare-reform proposal

President Clinton announced his welfare-reform plan Tuesday. It's a 5-year program of \$9.3 billion¹ in spending on education and child care. It would be paid for by \$9.3 billion

in savings through cuts and limits on long-time recipients, plus funds from other assistance programs. Clinton's proposal and how he plans to pay for it:

What Clinton would fund

Education, training and placement	\$2.8 billion
Child care for unemployed in education/training programs	\$2.7 billion
Added child care for working poor	\$1.5 billion
Employment subsidies for people without jobs for two years	\$1.2 billion
Child-support enforcement	\$.6 billion
Teen pregnancy prevention	\$.3 billion
Other ²	\$1.7 billion

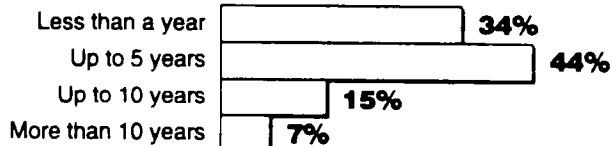
1 - The White House projects spending \$10.8 billion, but then saving \$1.5 billion from reductions in current welfare cases and fraud.

2 - Includes investments in automation; incentives to work and save; state option to eliminate bias against two-parent families.

3 - Includes tightening food-stamp controls, increasing customs and railroad-safety fees and denying earned-income tax credits to some immigrants.

Goal: Cut long-time recipients

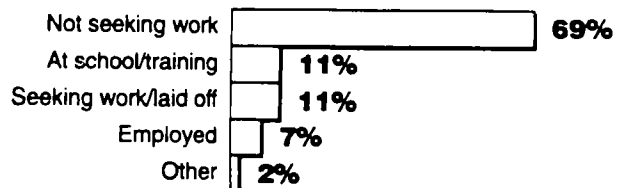
One of the goals of the Clinton proposal is to limit AFDC cash assistance to two years. How long families currently on AFDC have received benefits:



... and how he would pay for it

Tighten Social Security, Aid to Families with Dependent Children and food-stamp rules for non-citizens	\$3.7 billion
Cap each state's spending in the AFDC Emergency Assistance Program, which helps the homeless	\$1.6 billion
Use excess savings from extension of corporate Superfund tax	\$1.6 billion
Limit Social Security eligibility for drug- and alcohol-addicted recipients	\$.8 billion
End subsidies for farmers with more than \$100,000 in non-farm income	\$.5 billion
Tighten meal reimbursements to family day-care homes	\$.5 billion
Other ³	\$.6 billion

Job status of household head of AFDC recipients



Sources: Office of Management and Budget, Department of Health and Human Services

By Stephen Conley, USA TODAY

Clinton unveils new plan to close 'gap' in welfare

By Bill Nichols
USA TODAY

KANSAS CITY, Mo. — President Clinton followed through on one of his most popular campaign promises Tuesday, proposing a \$9.3 billion welfare reform plan he says meets his pledge to "end welfare as we know it."

Speaking at Commerce Bank, where former president Harry Truman was a teller, Clinton said the plan to impose a two-year limit on cash benefits and move recipients into public or private-funded jobs harks back to values of Truman's generation.

"There's no greater gap between our good intentions and our misguided consequences than you see in the welfare system," Clinton said.

"We have to restore faith... in certain basic principles that our forebears took for granted — the bond of family, the virtue of community, the dignity of work."

Clinton's long-awaited announcement got wide criticism — from the right for not going far enough, and from the left for threatening the social safety net and failing to provide enough jobs as an alternative.

"This is a joke — half joke, half fraud," said William Bennett, a Republican former secretary of Education.

"There's a lot less here than they want to claim," said Republican National Chairman Haley Barbour. "This is hardly an end to welfare as we know it."

Senate Majority Leader Robert Dole, R-Kan., quipped the plan would "end welfare reform as we know it."

Even Democrats weighed in.

Sen. Tom Harkin, D-Iowa, a liberal sponsoring his own reform bill, called Clinton's plan "too liberal" and said it fails to cover enough families: "A lot of nice words, but there's no action."

The head of the Congressional Black Caucus, Rep. Kweisi Mfume, D-Md., called it "more punitive than progressive" and said Clinton didn't provide enough money or jobs.

Scaled back to control costs, Clinton would phase in new work requirements over a generation by covering only the youngest welfare parents — those born since 1971.

Fewer than one-third of the 5 million families in the main welfare program, Aid to Families With Dependent Children, would be included initially.

By 2000, the administration estimates 2.4 million welfare parents would be covered.

Financing, since Clinton decided against any tax increase, comes almost totally from cuts in

social programs. The largest chunk — \$3.7 billion — is from limiting benefits to legal non-citizens, although Clinton did not go as far as rival plans.

After two years of benefits, recipients would get a minimum-wage public or subsidized private job if they cannot find a job on their own. They could stay in the work program indefinitely, as long as they make a good-faith effort to find a job — a provision opposed by conservatives.

White House officials clearly understand the potential danger of proposing reforms congressional leaders say will see no action this session. Some key Clinton aides and allies wanted the proposal delayed, so as not to blur focus on health-care reform.

But political experts from both parties, however, say Clinton had to act. Not only did he promise in his State of the Union address to submit a welfare bill by spring, but this is an issue on which an overwhelming majority of voters want attention paid.

"Welfare reform is one of those issues that probably 70% of the country believes is important," says political analyst Charles Cook. "They don't necessarily believe it's going to happen this year but they want to see the president working on it."

Contributing: William M. Welch

California's Welfare-to-Work Program Shows Success

L.A. TIMES 6-15-94

■ **Survey:** Large number of recipients are found employed, offering savings to government. Still, many cannot find jobs and are unemployed after 2 years.

By VIRGINIA ELLIS
TIMES STAFF WRITER

SACRAMENTO—In findings that are expected to help shape reform of the nation's welfare system, new research in California released today shows that large-scale welfare-to-work programs can move a substantial number of recipients into the work force and provide savings to government.

Yet the same examination demonstrates that, even with the most successful jobs program, not all recipients would find work and a significant number still would be unemployed after two years, the welfare time limit being proposed by President Clinton.

Concluding three years of study on California's welfare-to-work program, called Greater Avenues for Independence, a national research organization found that while the success of the program varied widely among counties, overall the results were positive, particularly for a program that attempted to serve the nation's largest welfare population.

California Health and Welfare Secretary Sandra Smoley said that the study of the program, commonly called GAIN, was "the most exhaustive evaluation of this type that there's been," noting that the result likely will have nationwide impact as Congress weighs Clinton's welfare proposals and state

legislatures consider various other reform options.

For those proposing time limits on welfare, for example, the California study shows that welfare-to-work programs can move substantial number of recipients into private sector jobs within two years.

In contrast, however, the study also demonstrates that at the end of two years a large number of recipients still will need some form of government help to support their families.

"There are two key findings," said Mark Greenberg, an attorney for the Washington-based Center for Law and Social Policy. "The first is that a well run welfare employment program can raise the employment rates and earnings of affected families. The second is that even the best welfare employment program does not end the need for welfare."

The study, scheduled to be released today in New York, was conducted by the nonprofit Manpower Development Research Corp. under contract with the California Department of Social Services. The findings were based on an examination of 33,000 recipients in six counties—Los Angeles, Riverside, San Diego, Alameda, Tulare and Butte.

GAIN, which serves 191,000 poor families, is a statewide program designed in the mid-1980s to help the mostly single mothers who

receive Aid to Families With Dependent Children get jobs through education, training and help in job finding.

Researchers measured GAIN's impact in each county by comparing earnings and employment records of a group enrolled in the program with those of another group which was not.

As in earlier studies, the researchers said that the Riverside program produced "the most impressive results ever found for a large-scale welfare-to-work program." Over the three-year period, the study found that single mothers with school-age children who participated in the Riverside GAIN program earned 49% more and collected 15% less in welfare than those who did not.

The averages for all six counties combined was much lower than Riverside County but still showed positive results. During the three-year period, the average recipient in the program earned 22% more and collected 6% less in welfare payments than those who were not in the program.

The Riverside program placed its greatest emphasis on moving recipients into jobs quickly. Other programs, like those in Alameda and Los Angeles counties, placed more emphasis on education and training.

Alameda County, which targeted a more difficult population of long-term inner-city welfare recipients, showed that it took several years for its education-oriented program to produce strong results. In the third year of its program, however, it demonstrated a marked increase in both earnings and employment.

The Los Angeles program, which also focuses on long-term recipients, showed only modest earnings by recipients, although it did produce small savings for government. "Los Angeles demonstrates the challenge of working with an inner-city population where poverty is concentrated, where transportation to labor opportunities is limited and where a substantial portion of the state's welfare population is located," said John Wallace, a Manpower Development vice president and regional director.

The study attempted for the first time to measure the cost benefit of GAIN to government with mixed results. Here, too, Riverside County scored high, showing that for every dollar spent it produced \$2.84 in savings. Overall for all six counties, however, the return was a more modest 76 cents on the dollar.

And despite the high number of GAIN recipients who moved into jobs, the study showed that the program only moved a small percentage—3%—entirely off welfare.

By the last quarter of the third year, about 19% of those participating in the program had left the welfare rolls for full-time employment as compared to 16% of those who were not in the program.

The study period ended before new work incentives went into effect that allow recipients who get jobs to keep more of their income.

Smoley predicted that when that period is examined, it will show even higher numbers of recipients

who have obtained jobs.

However, Casey McKeever, directing attorney for the Northern California office of the Western Center for Law and Poverty, argued that many recipients still will be unemployed and in need of aid.

"The study does reveal how important it is to have a safety net," he said. "Even if you have a program that is the most successful that has ever been measured at getting jobs for people, there are still barriers to employment that prevent everyone from working at every moment."

We fare in America

The main target of the Clinton plan—Aid to Families With Dependent Children (AFDC)—is a \$23-billion state-federal welfare program that supports more than 5 million families with children, most of them headed by single mothers.

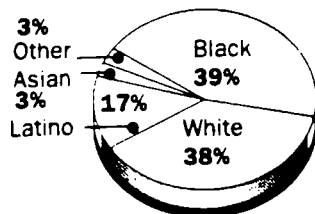
■ **AVERAGE MONTHLY PAYMENT:** \$379

■ **TOTAL NUMBER OF FAMILIES:** 4.4 million

■ **% OF RECIPIENTS ALSO GETTING FOOD STAMPS:** 87% (Food Stamps are a separate program, administered by the Agriculture Department. It is not affected by the Clinton initiative)

WHO GETS AFDC

■ RACE



■ MARITAL STATUS

Single	40 %
Divorced	20
Separated	32
Married	13
Widowed	5

■ AGE

Under 22	36 %
22 to 30	42
31 to 40	9
Over 40	13

Poll Finds Public Support

A Los Angeles Times Poll taken in April found:

■ **91% of Americans favor training/work programs such as the one Clinton proposes**

■ **7% oppose such a plan**

■ REASONS FOR JOINING AFDC

Divorce/separation	45 %
Unmarried woman becomes female head of household	30
Earnings of female head of household fall	12
Earning of others fall	3

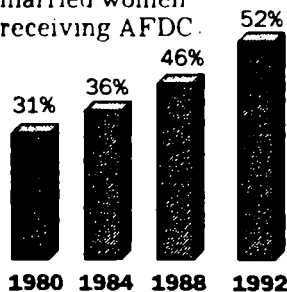
■ REASONS FOR ENDING AFDC

Marriage	35 %
Children leave home	11
Earnings of female head of household rise	21
Earnings of others rise	5
Other benefits rise	14

Categories do not add up to 100% because "other answers" are not included

TROUBLING TREND

Proportion of never-married women receiving AFDC:



Sources: Congressional Budget Office; Congressional "Green Book," a statistical overview of entitlement programs; American Public Welfare Assn.; Los Angeles Times Poll

Clinton's welfare plan hit from right and left

Debut is today, but critics already buzzing

By Bob Dart

WASHINGTON BUREAU

Washington — President Clinton presents his long-promised plan "to end welfare as we know it" today, and it's already being attacked by both Democrats and Republicans.

House Minority Whip Newt Gingrich (R-Ga.) called the \$9.3 billion plan "a step in the right direction" and pledged bipartisanship.

But Congress, preoccupied with health care reform, will be hard-pressed to deal with the welfare plan before the fall elections, and there was sniping from right and left.

Clinton's plan would require young mothers to work, discourage teenagers from having babies and force absentee fathers to pay more of the cost of raising their children. The central theme is that welfare should offer only temporary assistance until an adult can find a job.

To underline that point, Clinton will announce his proposal in a noontime speech in the monumental marble lobby of the Commerce Bank of Kansas City,

Mo. The bank is the setting of a successful welfare-to-work program that has trained three former welfare recipients for clerical positions at the bank.

In a preview of Clinton's plan Sunday, Health and Human Services Secretary Donna Shalala told big-city mayors that the Work and Responsibility Act of 1994 is intended to "prepare people for paychecks instead of welfare eligibility."

The plan also includes a national campaign against teenage pregnancy that would tout programs such as Atlanta's Postponing Sexual Involvement Program, which includes talks by high school students that encourage abstinence from sexual activity.

But even before he could make his program official, Clinton's plans for financing the plan came under fire.

At the U.S. Conference of Mayors meeting in Portland, Ore., objections were raised to proposed cuts in social

Please see WELFARE, A4 ►

■
Grady sexual abstinence plan praised A4

Welfare: Gingrich vows cooperation

► Continued from A1

spending.

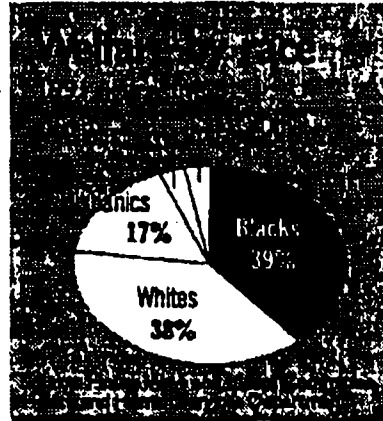
"It hurts a vulnerable segment of our population," complained Seattle Mayor Norm Rice, a Democrat.

Clinton responded by challenging critics to find a better way, saying he had "looked with a fine-tooth comb through the federal budget" for alternatives.

Targeted for reductions are a homelessness prevention program and health and welfare benefits for legal immigrants whose relatives can afford to support them.

While Gingrich pledged cooperation from the GOP, he and other conservatives said the Clinton program doesn't go far enough to reform the nation's \$22-billion-a-year welfare program.

"It's a major step backwards," said Robert Rector, a welfare expert at the Heritage Foundation, a conservative research group, who complained



GREY BLACKWELL / Staff

that the plan would not do enough to reduce the out-of-wedlock birthrate or require welfare recipients to work.

Rep. Ron Wyden (D-Ore) said the president's decision to scale back spending on child care for the working poor is the "Achilles' heel of the plan."

Clinton, delivering on a campaign promise to reform welfare, seemed to be running the risk of

trying to please both sides and ending up pleasing no one.

"They're on the yellow stripe in the middle of the highway, and they're going to get hit by both sides," said Rep. Rick Santorum (R-Pa.).

Many states are going ahead with welfare reform without waiting for Clinton. The state of Georgia already plans to begin withholding in 1996 additional payments to families who have more children if they have been on welfare for more than two years.

Gov. Zell Miller last made the controversial measure the centerpiece of his welfare reform package. He also pushed through legislation that would require certain able-bodied parents to work and allow teenage parents to receive welfare for their children only if they live at their parents' home.

Staff writer Frances Schwartzkopf and our news services contributed to this article.

Minimum wage hikes benefit the poor least

By Richard B. Berman

The nation's unemployment rate has declined to its lowest level this year — 6.0 percent in May. As a result, Secretary of Labor Robert Reich may soon renew his push to raise the minimum wage.

Last May, when we were experiencing what Mr. Reich described as an "employment problem," he backed away from a wage hike because it "might inadvertently dampen employment growth." By July, Mr. Reich was ready to go, until the White House counseled restraint.

With last month's unemployment figures indicating an end to the "employment problem," Mr. Reich must be chomping at the bit to get on with the increase. Does it make sense? Not to the minimum wage workers. They don't get it. The increase, that is.

Two new studies analyzing who benefits from new minimum wage increases have found the working poor do not. If Congress raised the wage, wealthy households would receive most of the benefit. Low-income families would likely find themselves no better off than they are now.

Researchers know the minimum wage is inefficient as an anti-poverty tool. Even Secretary Reich acknowledges that "most minimum wage workers are not poor." But do those minimum wage dollars that actually reach poor families make a difference?

University of South Carolina labor economists John Addison and McKinley Blackburn have uncovered a surprising result. The economists find that, even after account-

ing for the recession, the 1990 minimum wage hike was not favorable to those groups most likely to be affected (teenagers, twenty-somethings, junior high dropouts, and black females who didn't finish high school). "The evidence," they write, "does not suggest a strong impact in either lowering or increasing poverty."

Why didn't the minimum wage reduce poverty? Because the most

If Congress raised the wage, wealthy households would receive most of the benefit. Low-income families would likely find themselves no better off than they are now.

important determinants of poverty — family size, other family members' earnings, and the number of hours worked — all fall outside the reach of the minimum wage.

When the Fair Labor Standards Act of 1938 came into effect, 31 percent of low-wage workers were heads of poor households. By 1989, the number had fallen to 8 percent. Today a low-wage worker is usually the second or third income earner in a household. Of the 4.7 million minimum wage workers nationwide, just over 1 percent (53,000) are single parents with three or more children. And most of them don't work full-time.

If the minimum wage no longer works, do we have a more effective tool to help the poor?

One of the most significant

pieces of social legislation passed by the Clinton administration is the expansion of the earned income tax credit (EITC). As Mr. Clinton said, "We can expand the earned income tax credit... and far more efficiently than raising the minimum wage, lift the working poor out of poverty." The EITC rewards work effort with a refundable tax credit, "making work pay" for poor families.

But how much more efficient than the minimum wage is the EITC? That question has recently been answered by Richard Burkhauser of Syracuse University and Andrew Glenn of Vanderbilt University. Their findings: The main beneficiaries of the last minimum wage increase were upper income households. That's right. Richer households received more income for the minimum wage than did poor and near-poor households combined. With most of the gains going to upper income households, it's no wonder poverty rates were not reduced by the wage hike. For every dollar going to a poor black worker living in poverty, more than five dollars went to upper income non-black households. On income distribution grounds alone, the EITC program is clearly superior to further increases in the minimum wage.

Given these facts, why would Mr. Reich want to push for yet another minimum wage hike when it's really a middle class benefit that also reduces job opportunities for others?

The predicament now faced by France is instructive. In hopes of alleviating record 12.2 percent unemployment, the government recently proposed that employers could pay a slightly lower minimum wage to young workers in exchange for job training. This literally caused youth riots in the streets. It seems that university students view France's escalating minimum wage as a middle class entitlement rather than a tool to help the working poor.

Whatever Mr. Reich's reasoning, pushing for a hike will only succeed in raising labor costs and depressing job growth at the entry level. But for what gain? The intended beneficiaries just don't get it.

Richard B. Berman is executive director of the Employment Policies Institute, a non-profit research organization based in Washington.

THE WHITE HOUSE

Office of the Press Secretary
(Kansas City, Missouri)

For Immediate Release

June 14, 1994

REMARKS BY THE PRESIDENT
TO OFFICIALS OF MISSOURI AND
PARTICIPANTS OF THE FUTURE NOW PROGRAM

Commerce Bank
Kansas City, Missouri

1:12 P.M. CDT

THE PRESIDENT: Thank you very much. Thank you, ladies and gentlemen, for that warm introduction and welcome. And thank you, Yolanda Magee, for presenting me today, and far more importantly, for presenting such a good example of a young American determined to be a good parent and a good worker and a successful citizen.

Thank you, Mr. Kamper, for giving her a chance to be all that. Thank you, Congressman Wheat, for your leadership on welfare reform. And thank you, Mayor Cleaver, for your leadership on this issue.

Thank you, Governor Carnahan, for proving once again that the states, just as James Madison and Thomas Jefferson intended, are still the laboratories of democracy, still capable of leading the way to change things that don't work in this country, and to unleash the potential of our citizens. This is a remarkable welfare reform plan that you have put together.

I'd like to thank also Secretary Shalala for her work here. Many people in the White House and in the Department of Health and Human Services worked with people all over America in putting this welfare reform plan together today. I thank them all.

Ladies and gentlemen, this is an important day for me because I have worked on this issue for about 14 years and I care a great deal about it. I came out here to the heart of America, to a bank where Harry Truman had his first job, to talk about the values that sustain us all as citizens and as Americans: faith and family, work and responsibility, community and opportunity.

Last week, on behalf of all Americans, I took a journey of remembrance -- many of you at least took it, too, through the television -- to honor the sacrifices of the people who led our invasions at D-Day and on the Italian peninsula. I came home from Normandy with a renewed sense, which I hope all of you share, of the work that we have to do in this time to be worthy of the sacrifices of that generation and to preserve this country for generations still to come.

The people who won World War II and rebuilt our country afterward were driven by certain bedrock values that have made our country the strongest in history. Facing the dawn of a new century, it is up to us to take those same values to meet a new set of challenges.

Our challenge is different. Today we have to restore faith in the beginning in certain basic principles that our forebears took for granted -- the bond of family, the virtue of community, the dignity of work. That is really what I ran for

MORE

president to try to do -- to restore our economy, to empower individuals and strengthen our communities, to make our government work for ordinary citizens again.

I think we've made a good beginning. In the last year and a half, we have reversed an economic trend that was leading us into deeper and deeper debt, less investment and a weaker economy. The Congress, as Congresswoman Danner and Congressman Wheat will attest, is about to put the finishing touches on a new budget which will give us three years of declining deficits in the federal accounts for the first time since Harry Truman was president. (Applause.)

We worked to expand trade and the frontiers of technology, to have tax incentives for small businesses and for working families on modest wages to keep them moving ahead. And the results are pretty clear. Our economy has produced about 3.4 million jobs in the first 17 months of this administration. So we're moving ahead.

We're trying to empower people with new systems for job training and community service and other options for young people to rebuild their communities and go to college. We're trying to make this government work again for ordinary citizens by reforming the way it works with our Reinventing Government Program that will lead us within five years to the smallest federal bureaucracy since John Kennedy was president -- doing more work than ever done before by the federal government that will lead the Congress, I hope, in just a couple of weeks to pass the most comprehensive anticrime bill in the history of the country; that is helping all of us to restore that bond that has to exist between a government and its people.

But I have to tell you that the challenge of the welfare system poses these issues, all of them in stark terms -- how to make the economy work, how to make the government work for ordinary citizens, how to empower individuals and strengthen communities. These difficulties are all present in the challenges presented by the current welfare system. There's no greater gap between our good intentions and our misguided consequences than you see in the welfare system.

It started for the right common purpose of helping people who fall by the wayside. And believe it or not, it still works that way for some -- people who just hit a rough spot in their lives and have to go on public assistance for awhile, and then they get themselves off and they do just fine. But for many the system has worked to undermine the very values that people need to put themselves and their lives back on track.

We have to repair the damaged bond between our people and their government, manifested in the way the welfare system works. We have to end welfare as we know it.

In a few days, as has already been said, I will send to Congress my plan to change the welfare system -- to change it from a system based on dependence to a system that works toward independence -- (applause) -- thank you -- to change it so that the focus is clearly on work.

I also want to say that I developed a phrase over the last few years that would end welfare as we know it by saying welfare ought to be a second chance, not a way of life. One young woman I met a few moments ago said it ought to be a stepping stone, not a way of life. Maybe that's even better. But you have the idea.

Long before I became President, as I said, I worked with other governors and members of Congress of both parties. I worked on it with people who were on welfare, a lot of them. And let me say first of all to all those whom I invite to join this great national debate, if you really want to know what's wrong

MORE

- 3 -

with the welfare system, talk to the people who are stuck in it or who have been on it. They want to change it more than most people you know. And if you give them half a chance, they will. (Applause.)

Before I came down to see you, I met with Yolanda Magee, and she told me her story. I also met with several other people who are now working in this area, who used to be on welfare -- people who get up every morning and go to work in factories or small businesses or banks, who do their best to take care of their children and to advance their capacity to succeed in our complex, modern society.

And I want to introduce them all to you and ask them to stand, so that when you look at them you'll know what this whole deal is about. And let me just -- they're over here -- Cathy Romero, who works at Lutheran Trinity Hospital. Stand up. (Applause.) Arlenda Moffitt, who works at Pitney Bowes Management Services. (Applause.) Vicki Phelps who works at Continuum Vantage Research. (Applause.) Birdella Smith at HOK Sports Facilities. (Applause.) Christine McDonald who works for Pepsi Cola. (Applause.) Mimi Fluker who works at Payless Cashways. (Applause.) Audrey Williams who works at Allied Security. (Applause.) Judy Sutton, a teacher in the Kansas City School District. (Applause.) And Tracy Varron, a home health registered nurse at Excelsior Spring City Hospital. (Applause.)

Now, every one of those American citizens at one point in her life was on welfare. Everyone now, thanks to programs and incentives and help with medical coverage and child care and training, and just helping people put their lives back together through the initiatives that have already been discussed here, is now a working American. And I say to you, if these American citizens can do this here in Kansas City, we ought to be able to do this in every community in the country. And we ought to be able to change the system -- (applause.)

How shall we change this system? Let me say first, I think we have to begin with responsibility -- with the elemental proposition that governments do not raise children; people do. (Applause.) And among other things, an awful lot of people are trapped in welfare because they are raising children on their own when the other parent of the child has refused to pay child support that is due, payable and -- (applause.)

This plan includes the toughest child support enforcement measures in the history of this country -- (applause) -- that go after the \$34 -- listen to this -- the \$34-billion gap in this country. That is, it is estimated that there are \$34 billion worth of ordered but uncollected child support today in America -- \$34 billion.

How are we going to do that? First, by requiring both parents to be identified at a hospital when a baby's born. Second, by saying, if you don't provide for your children, you should have your wages garnished, your license suspended, you should be tracked across state lines. (Applause.) If necessary, you should have to work off what you owe. This is a very serious thing. We can no longer say that the business of bringing a child into the world carries no responsibility with it and that someone can walk away from it.

The second thing that responsibility means is not just going after people who aren't fulfilling it, but rewarding those who are being responsible. The system now does just the opposite. Just for example -- the welfare system will pay teen parents more to move out of their home than to stay there. In my opinion, that is wrong. We should encourage teen parents to live at home, stay in school, take responsibility for their own futures and their children's futures. And the financial incentives of the welfare system ought to do that instead of just

MORE

the reverse. We have to change the signals we are sending here.

We also have to face the fact that we have a big welfare problem because the rate of children born out of wedlock, where there was no marriage, is going up dramatically. The rate of illegitimacy has literally quadrupled since Daniel Patrick Moynihan, now a Senator from New York, first called it to our attention 30 years ago. At the rate we're going, unless we reverse it, within 10 years more than half of our children will be born in homes where there has never been a marriage.

We must keep people from the need to go on welfare in the first place by emphasizing a national campaign against teen pregnancy, to send a powerful message that it is wrong to continue this trend, that children should not be born until parents are married and fully capable of taking care of them. (Applause.) And this trend did not develop overnight. There are many reasons for it. It will not be turned around overnight. But be sure of this: no government edict can do it.

This is a free country with hundreds of millions of people making their decisions, billions of them every day. To change a country on a profound issue like this requires the efforts of millions and millions and millions of you talking openly and honestly and freely about these things; talking to people who have lived through these experiences, and many of them doing the very best they can to be honorable and good parents; talking about what we can do to involve churches and civic clubs and groups of all kinds in this endeavor -- not to point the finger at people to drive them down or embarrass them, but to lift them up so that they can make the most of their lives, and so they can be good parents when the time comes to do that. (Applause.)

But let us be clear on this: No nation has ever found a substitute for the family. And over the course of human history, several have tried. No country has ever devised any sort of program that would substitute for the consistent, loving devotion and dedication and role-modeling of caring parents. We must do this work. This is not a government mission, this is an American mission. But we must do it if we want to succeed over the long run.

And let me say finally that if you strengthen the families, we still can't change the welfare system unless it is rooted in getting people back to work. You can lecture people, you can encourage people, you can do whatever you want, but there has to be something at the end of the road for people who work hard and play by the rules. Work is the best social program this country ever devised. It gives hope and structure and meaning to our lives. All of us here who have our jobs would be lost without them.

Just stop for a moment sometime today and think about how much of your life is organized around your work -- how much of your family life, how much of your social life, not to mention your work life. Think about the extent to which you are defined by the friends you have at work, by the sense that you do a good job, by the regularity of the paycheck.

One of these fine women who's agreed to come here today said that one of the best things about being off welfare was getting the check and being able to go buy her own groceries every two weeks. That's a big deal. (Applause.)

So I say to you, we propose to offer people on welfare a simple contract. We will help you get the skills you need, but after two years, anyone who can go to work must go to work -- in the private sector, if possible; in a subsidized job, if necessary. But work is preferable to welfare. And it must be enforced.

MORE

Now, this plan will let communities do what's best for them. States can design their own programs, communities can design their own programs. This will support initiatives like the WSN program here, not take things away from them and substitute government programs.

We want to give communities a chance to put their people to work in child care, home care and other fields that are desperately needed. We want every community to do what you've done here in Kansas City -- to bring together business and civic and church leaders together to find out how you can make lasting jobs and lasting independence.

Let me say just a couple of other things. If you wish people to go to work, you also have to reward them for doing so. Now, a popular misconception is that a lot of people stay on welfare because the welfare check is so big. In fact, when you adjust it for inflation -- (laughter) -- right? When you adjust it for inflation, welfare checks are smaller than they were 20 years ago.

But there are things that do keep people on welfare. One is the tax burden of low wage work; another is the cost of child care; another is the cost of medical care. Now, a few years ago, I was active as a governor in helping to rewrite the welfare laws so that states were given the opportunity to offer some people the chance to get child care and medical care continued when they got off welfare and went to work for a period of transition. Several of these women have taken advantage of that. And they talked about it. (Applause.)

But we must do more. Last year when the Congress passed our economic program, they expanded the earned income tax credit dramatically, which lowered taxes on one in six working Americans working for modest wages so that there would never again be an incentive to stay on welfare instead of going to work. Instead of using the tax system to hold people in poverty, we want to use the tax system to lift workers out of poverty.

That was one of the least known aspects of the economic program last year, but more than 10 times as many Missourians, for example, got an income tax cut as the 1.2 percent of the wealthiest people got an income tax increase. Why? Because you want to reward people who are out there working who are hovering just above the poverty line.

What's the next issue? In our bill, we provide some more transitional funds for child support to help people deal with that. That's important.

But thirdly, one of the most important reasons we should pass a health care reform bill that makes America join the ranks of every other advanced country in the world that provides health insurance to all its people is that today you have this bizarre situation where people on welfare, if they take a job in a place which doesn't offer health insurance, are asked to give up their children's health care, and go to work, earning money, paying taxes to pay for the health care of the children of people who didn't make the decision to go to work and stayed on welfare while they made the decision to go to work and gave up their children's health care coverage. That does not make any sense. And until we fix that, we will never close the circle and have a truly work-based system. (Applause.)

If we do the things we propose in this welfare reform program, even by the most conservative estimates, these changes together will move one million adults who would otherwise be on welfare into work or off welfare altogether by the year 2000.

And if we can change the whole value system, which has got us into the fix we're in today, the full savings over the

MORE

long haul are more than we will ever be able to imagine, because the true issue on welfare, as Senator Moynihan said so many years ago, is not what it cost the taxpayers, it's what it cost the recipients. We should be worried about that.

And let me say, one of the most rewarding things that happened today in our little meeting before I came down was I asked all these fine ladies who are here, I said, now, if we were able to provide these services, do you believe that it should be mandatory to participate in this program? Every one of them said, absolutely. Absolutely. (Applause.)

So I ask you all here -- let us be honest. None of this will be easy to accomplish. We know what the problems are. And we know they did not develop overnight. But we have to make a beginning. We owe it to the next generation. We cannot permit millions and millions and millions of American children to be trapped in a cycle of dependency with people who are not responsible for bringing them into the world, with parents who are trapped in a system that doesn't develop their human capacity to live up to the fullest of their God-given abilities and to succeed as both workers and parents. We must break this cycle.

For this reason, this ought to be a bipartisan issue. Over the last 30 years, poor folks in this country have seen about all the political posturing they can stand -- one way or the other. (Applause.) Now, there are serious people in both political parties in Congress who have advanced proposals to change the welfare system. And I really believe that we have a chance finally to replace dependence with independence, welfare with work.

I don't care who gets the credit for this if we can rebuild the American family; if we can strengthen our communities; if we can give every person on welfare the dignity, the pride, the direction, the strength, the sheer person power I felt coming out of these ladies that I spoke with today; if we can give people the pride that I sense from Yolanda's coworkers when she stood up here to introduce me today. This is not a partisan issue, this an American issue.

Let me tell you, several years ago when I was a governor of my state, I brought in governors from all over the country to a meeting in Washington, and then I brought in people from all over America who had been on welfare to talk to them. We had most of the governors there, and they were shocked. Most of them had never met anybody who'd been on welfare before. And there was a woman from my state who was asked a question. I had no idea what she was going to answer. She was asked about her job, and she talked about her job and how she got on the job. And she said -- and then she was asked by a governor, well, do you think enrollment in these programs ought to be mandatory? She said, I sure do.

And then a governor said, well, can you tell us what the best thing about being in a full-time job is? She said, yes, sir; when my boy goes to school, and they ask him, what does your mama do for a living, he can give an answer. (Applause.)

Ladies and gentlemen, I thank you for proving today that we can give every child in America a chance to give an answer. Let's go do it. Thank you. (Applause.)

END

1:39 P.M. CDT