

REINVENTING WELFARE IN WISCONSIN

March 14, 1994

Hudson Institute

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A Proposal for Research by

Hudson Institute

BACKGROUND

Wisconsin is a state which has been in the forefront of welfare reform in recent years. The Family Support Act of 1988 expanded the leeway granted to states to reform their welfare systems by requesting waivers from the Federal government for various experiments. Critics have called such an approach "tinkering," because the basic premises and structure of AFDC are not altered. Changes come only at the margin. Regardless, Wisconsin's "tinkering" has been inspired and the results have been impressive.

Since 1987, when Governor Tommy Thompson took office, welfare caseloads have been reduced by over 15 percent, even though they have been rising nationally. Requiring AFDC teens to attend school regularly (Learnfare), extended health care for those leaving the AFDC rolls, comprehensive employment and training programs and other incentives to take jobs have all contributed to Wisconsin's success. Soon, Wisconsin will begin an experiment with time-limited welfare in several counties. While this concept is still at the discussion stage at the national level, able-bodied recipients in parts of Wisconsin will be required to work in exchange for their benefits and not allowed to collect benefits for longer than two years.

In addition to approving this program, called "Work, Not Welfare," Wisconsin's legislature proposed scrapping and replacing the current welfare system with an entirely new program by 1999. Governor Thompson accepted the challenge and signed this "sunset" provision into law. To fulfill this mandate, legislation creating the new system would have to be introduced in the state legislature in 1995. Consequently, Wisconsin's human services officials clearly have a major research and development effort ahead of them in the coming year. Moreover, the legislature has appropriated no money to help them do it.

THE HUDSON INSTITUTE STUDY

Shortly after the "sunset" provision became law, Hudson Institute wrote state officials, proposing to assist their efforts to design a new program. With the full cooperation of the state, Hudson would take an independent look at the Wisconsin welfare system and prospects for reform.

For over thirty years, Hudson has specialized in "hands-on" projects, taking ideas from theory into practice. It is experienced in dealing with implementation and financing issues, as well as developing research-driven ideas about what works. The goal of its efforts in Wisconsin would be to provide, within parameters determined in consultation with state officials, a feasible design for a new welfare system based on "state-of-the-art" research and grounded in political and economic realities. Financial support for this work would be sought from foundations, corporations, and other private sources.

The final product of the Hudson study would be a set of options for state officials. With the state and Hudson working independently, but closely, throughout the project, Hudson's contribution would complement the state's own efforts.

PROJECT TASKS AND SCHEDULE

Upon commencement of the project (May - June, 1994), Hudson researchers would work with designated state human resources officials and staff to analyze Wisconsin's caseload and the preliminary results of reforms to date. Concurrently, Hudson would begin intensive internal work to review the current literature, analyze the state of reform nationally, and lay the conceptual groundwork for Wisconsin's overhaul. This would include in-house "brainstorming" sessions with Hudson's full project team, as well as with other experts.

A variety of issues will be explored during this period. For example, we will take a close look at what has happened to former welfare recipients in states and cities that have curtailed, or substantially limited their public assistance programs. We will also examine the respective roles and records of the public and private sectors in job-training and job-creation programs, as well as in related social services, education, housing and transportation programs. For some time, welfare experts have emphasized the social, demographic, and geographic differences among welfare recipients; we will review this work with a view toward answering the question of whether or not it is useful to expect that one kind of program will "fit all." Not least important, we will seek to find workable solutions to the vexing challenges presented by teenage pregnancy (and single parenting generally), geared both toward reducing their incidence and helping those involved -- including the children -- achieve more fulfilling lives.

In the near future, state officials will begin a series of public meetings on welfare policy. Hudson will observe these closely to provide the state complementary information as soon as

possible. It will also analyze the record of all such public meetings throughout the life of the project to identify and evaluate common themes, concerns and original ideas. To facilitate ongoing interaction with state officials and other Wisconsin players, Hudson will establish a one-person Madison office during the duration of the project. The specific issues the project will address will grow out of this process, as well as from Hudson's research and surveys of national activities.

Based on our preliminary groundwork, Hudson would organize a two-to-three-day meeting with Wisconsin officials. At the meeting, we would present our analysis of Wisconsin's system and its potential, and a review of other relevant developments around the country, to bring to Wisconsin the best available information about welfare reform opportunities. We would leave significant time to receive reaction, information and guidance from Wisconsin participants at this meeting.

In addition to representation from the Wisconsin Department of Health and Social Services (which should include not only the Economic Support team, but also representatives from such areas as Community Services, Vocational Rehabilitation and the Adolescent Pregnancy Prevention Board), we would envision the participation of the Department of Public Instruction, Department of Industry, Labor, and Human Relations, Department of Transportation, and the Wisconsin Housing and Economic Development Authority. This list of participants is not necessarily comprehensive and would be developed in conjunction with the Department of Health and Social Services.

The reason for having such a wide group of agencies involved is to take advantage of the opportunity the "sunset" provision offers to think more broadly about the problems of welfare policy. Instead of confining ourselves to examining AFDC and related programs, we will look comprehensively at affecting the conditions that give rise to the growth in welfare rolls. Work programs and programs designed to change the lifestyles and expectations of those on welfare can only have limited results if persons are already on welfare before they commence.

Policymakers from both "liberal" and "conservative" backgrounds are increasingly finding common ground in recognizing the need to deal with the personal, social, and economic factors that help create welfare dependency. Some of the breakthroughs in local programs and national experiments have come about as a result of recognizing the importance of family and community support, of grass-roots activism and civic participation (fostering community-based solutions), and of "empowerment" strategies. While empowerment may be an imprecise term, the concept reflects the fact that self-sufficiency can only result when persons are both

motivated and have the necessary skills to enter the work force, and only when they are allowed to save and invest for the future. Hence, the recent policy emphasis on asset-based welfare reform (to use Michael Sherraden's term), microenterprise and other economic development approaches, on public-private partnerships including those with community and religious groups for service delivery, on more responsive service delivery through interagency cooperation (e.g., one-stop shopping), and other such innovations.

A major challenge of this project will be to take these concepts, examine their feasibility for conditions in Wisconsin, and determine how public policy might most usefully embrace them. Among other tasks, this will require addressing the incentives created by a wide range of existing welfare and human resources programs, the bureaucratic cultures to which they have given rise, and the kinds of responses they have produced among recipients, employers, and communities. With the opportunity to look at all this anew, in the light of today's circumstances, not those of 1935, when the first parts of our welfare system began to go into place, we can anticipate the possibility of identifying alternatives that are major breakthroughs, akin to those that are producing a restructuring of American industry and capable of obtaining widespread support. At the same time, these will have to be tempered by the realities of both the Wisconsin political and economic environment and the overlay of national rules and legal precedents governing welfare in the United States.

Outcomes of these meetings should include a meshing of Wisconsin and Hudson perspectives on welfare reform and the beginnings of a conceptualization of a post-welfare assistance system that would cut across current service structures and organizations. In operational terms, we will come from the meeting with a better definition of "what is on the table" and which specific avenues to explore further as the potential core of the future Wisconsin welfare system.

During the next period, the Hudson team will continue fact-finding, focussing on Wisconsin communities rather than the national scene. This would include meetings with legislators and local governments, as well as recipients and community organizations. In addition, further conceptualization of the new system would proceed apace, with frequent interaction with Wisconsin officials from all relevant state agencies as well as national welfare reform experts (primarily, but not exclusively, those in Washington, D.C. who are involved in policy development, implementation and program evaluation). Hudson would continue monitoring national developments, as well as participating in (and assessing the record of) public meetings held by the state.

During this period, the Hudson team would move from basic principles to analyzing details and fleshing them out, evaluating implications, and doing some preliminary costing. At this point, Hudson would prepare a progress report, describing the essential framework for a possible new system.

State officials would then review Draft I of the Hudson report and offer their comments and suggestions for changes or expansion. Afterwards, the Hudson team would review its activities underway or already completed, and repeat those parts of the process needed to move system development in the appropriate direction, as well as strengthen the analytic substance of the report. Draft II will result from this process.

Thereafter, the Hudson Institute would organize community outreach efforts, primarily through meetings and panel discussions in Madison, Milwaukee and in 4 - 6 other communities throughout the state. We would ask participants -- a mix of community leaders, welfare recipients and poor non-recipients, service providers and local experts -- to react to our preliminary proposal and recommendations. We would also solicit informal critiques by other welfare experts and administrators. Not least important, in order to assess the feasibility of getting federal waivers or legislation to implement the type of system we would recommend, we would ask for reactions from Washington policymakers.

Midway through this process, we would again meet formally with Wisconsin officials to make sure Hudson's developing options were consistent with the state's own program development efforts.

The final product, which we expect to deliver no later than June, 1995, would be a set of recommendations and options for the State of Wisconsin, with descriptive detail, costing, and feasibility analysis.

Finally, we would assist state officials in translating our combined efforts into legislative language, begin working on obtaining federal concurrence, and initiate the legislative process. During this phase, the Hudson Institute will provide supportive services as requested by state officials and will participate in the legislative process as needed.

HUDSON INSTITUTE PROJECT PARTICIPANTS

Anna Kondratas, Director -- Hudson Senior Fellow, former Assistant Secretary at the U.S. Department of Housing and Urban Development, and former Administrator of the Food and Nutrition Service of the U.S. Department of Agriculture. Expert on welfare reform, poverty, homelessness and community development.

Experience in program development, implementation and administration as well as in interagency and intergovernmental cooperative efforts.

Deborah Daniels -- Hudson Adjunct Fellow, former U.S. Attorney for Indiana and national director of the "Weed and Seed" program. Expert on child support enforcement and neighborhood development.

Wade Horn -- Hudson Adjunct Fellow, former Administrator, Bureau of Children, Youth and Families, U.S. Department of Health and Human Services and national director of Headstart program. Expert on child development and family services.

Sally Kilgore -- Hudson Senior Fellow, former Director of the Office of Research, U.S. Department of Education. Expert on education for the disadvantaged.

Leslie Lenkowsky -- President of Hudson Institute, former consultant to Senator Daniel Patrick Moynihan. Expert on welfare reform.

Arnold Packer -- Hudson Adjunct Fellow, former Assistant Secretary, U.S. Department of Labor and director of the SCANS Commission. Expert on employment and job-training programs for welfare recipients.

John Weicher -- Hudson Senior Fellow, former Assistant Secretary, U.S. Department of Housing and Urban Development, former Chief Economist, U.S. Office of Management and Budget. Expert on housing policy, urban poverty, social program expenditures and cost analysis.

David Weinschrott -- Hudson Research Fellow, former RAND staff member and consultant to state and local agencies. Expert on Medicaid, health economics and teen pregnancy.

Robert Woodson -- President, National Center for Neighborhood Enterprise. Expert on community empowerment, programs for welfare "fathers."

The above staff, in addition to participating in project conceptualization and design and interacting with their counterparts in Wisconsin organizations as needed, may also be requested to lead "cluster groups" for specific issues to the extent that the program design developed by Hudson will require detailed reform in the areas of their respective expertise. In addition to the core Hudson group, there will be research assistants and support staff, as well as a deputy in charge of the Madison office.

The project director and support staff will be based in Washington, D.C. Other key staff will be in Indianapolis and Madison.

WADE F. HORN
Adjunct Fellow
Hudson Institute

Wade F. Horn, Ph.D., is the Director of the National Fatherhood Initiative (NFI), a national non-profit, tax-exempt organization, the goal of which is to address the issue of fatherlessness in America and its impact on children by reconnecting men to the ideal of fatherhood and male responsibility.

From 1989-1993, Dr. Horn was the Commissioner for Children, Youth and Families and Chief of the Children's Bureau within the U.S. Department of Health and Human Services. Dr. Horn also served as a presidential appointee to the National Commission on Children from 1990 until 1993.

Prior to these appointments, Dr. Horn was the Director of Outpatient Psychological Services at Children's Hospital National Medical Center in Washington, D.C., and an Associate Professor of Psychiatry and Behavioral Sciences at George Washington University.

Dr. Horn is also currently an adjunct faculty member in the School of Public Policy at Georgetown University in Washington, D.C., an affiliate scholar with the Institute for American Values headquartered in New York City, and an Adjunct Fellow with the Hudson Institute in Indianapolis, Indiana.

Dr. Horn received his Ph.D. in child clinical psychology from Southern Illinois University in 1981.

SALLY B. KILGORE
Senior Research Fellow
Director, Education Policy Studies
Hudson Institute

Sally Kilgore is a senior research fellow at Hudson Institute in Indianapolis, where she serves as director of education policy studies. She is also co-director, with Denis P. Doyle, of The Modern Red Schoolhouse, Hudson's school-reform project for the New American Schools Development Corporation.

Dr. Kilgore has published extensively on the organization of schooling and achievement. Her recent work focuses on science and mathematics in secondary schools. Dr. Kilgore's work has appeared in leading scholarly journals, including the *American Sociological Review*, *Harvard Education Review*, and *Sociology of Education*. In the early 1980's, she co-authored the controversial work *High School Achievement* with Thomas Hoffer and the noted scholar James S. Coleman.

Dr. Kilgore currently serves on the editorial board of the *American Education Research Journal* and is co-editing a series on New Directions in Sociology for Ablex Publishing. She has served on numerous national advisory boards on education. Her current advisory board appointments include the Center for Urban Education Research at the University of Illinois at Chicago and the Center for Education Statistics at the U.S. Department of Education.

Between 1986 and 1988, Dr. Kilgore served as Director of the Office of Research for the U.S. Department of Education. Her other administrative roles have included co-principal investigator of a National Science Foundation study of mathematics and science achievement and associate vice-president for research and advanced studies at the University of Cincinnati where she served before coming to Hudson Institute.

Dr. Kilgore served on the faculties of Emory University, University of Cincinnati, and Huston-Tillotson College, where she was chairman of the sociology department.

Dr. Kilgore holds a Ph.D. in sociology from the University of Chicago, an M.A. in sociology from Tufts University, and a B.A. in sociology and history from Baylor University.

ANNA KONDRATAS

*Senior Fellow
Hudson Institute*

Anna Kondratas is a Senior Fellow at Hudson Institute's Washington, DC office. She contributes to the Hungarian-American Enterprise Fund's social welfare project, as well as to Baltic projects. She also works on poverty, welfare, and urban issues.

Before joining Hudson, Ms. Kondratas served as executive director of the National Commission on America's Urban Families at the U.S. Department of Health and Human Services. From 1989 to Spring 1992, she was assistant secretary for community planning and development at the U.S. Department of Housing and Urban Development. In that position she oversaw multi-billion dollar grant and loan guarantee programs to promote economic development and assist low- and moderate-income Americans in the states and communities. She was Secretary Jack Kemp's principal advisor on homelessness and poverty issues and represented the Department on the Domestic Policy Council's Economic Empowerment Task Force and the Interagency Council on the Homeless. She also represented Secretary Kemp on the Board of the Neighborhood Reinvestment Corporation. From 1986-89, Ms. Kondratas was with the U.S. Department of Agriculture's Food and Nutrition Service, where she served as administrator from 1987-1989, responsible for the food stamp, school lunch, and other federal nutrition programs.

She is co-author, with Stuart Butler, of *Out of the Poverty Trap*, published by Free Press/MacMillan in 1987, as well as numerous articles.

Ms. Kondratas received an M.B.A. in managerial economics from George Mason University and an M.A. in East European history from Boston University. She received her B.A. degree *magna cum laude* in Russian history at Harvard University, where she was elected to Phi Beta Kappa. She has attended Columbia University's School of International Affairs and Russian Institute on a National Defense Foreign Language fellowship and was a Fulbright Fellow in history at the University of Poznan, Poland.

LESLIE LENKOWSKY

*President
Hudson Institute*

Dr. Leslie Lenkowsky is President of Hudson Institute in Indianapolis.

For five years before joining Hudson Institute in August 1990, Dr. Lenkowsky was President of the Institute for Educational Affairs in Washington, D.C., a nonprofit organization devoted to encouraging innovative thinking in higher education, philanthropy, and public affairs. He was also an adjunct professor of public policy at Georgetown University.

From 1976 to 1983, Dr. Lenkowsky was director of research at the Smith Richardson Foundation. As chief program officer of the foundation, he was charged with developing, reviewing, and monitoring projects dealing with a wide range of public policy issues, both foreign and domestic. In 1983, Dr. Lenkowsky joined the United States Information Agency where, as deputy director, he was responsible for implementing the Administration's policies through oversight and direction of USIA operations, personnel, and facilities in the United States and abroad.

In 1985, Dr. Lenkowsky was a resident fellow of the American Enterprise Institute for Public Policy Research, where he was responsible for developing a major new project on identifying non-governmental ways of dealing with social policy problems. He has also served as a consultant to Senator Daniel Patrick Moynihan and as an assistant to the secretary of the Pennsylvania Department of Public Welfare.

Dr. Lenkowsky is a graduate of Franklin and Marshall College and holds a Ph.D. from Harvard University. He is the author of *Politics, Economics, and Welfare Reform: The Failure of the Negative Income Tax in Britain and the United States*, among numerous other publications. He is a regular contributor to *The Chronicle of Philanthropy*.

Dr. Lenkowsky is a member of the Board of Directors of the Commission on National and Community Service, an adjunct scholar of the American Enterprise Institute, and a director of the Foreign Policy Research Institute. He also serves on the Board of Advisors for the National Association of Scholars and is Vice Chairman of the Board and Chairman of the Executive Committee for the Madison Center for Educational Affairs. He is a member of the Advisory Board of the Dyslexia Institute of Indiana and a director of Park Tudor School, Indianapolis. He is a director of The Greater Indianapolis Progress Committee, a director of the Economics Club of Indianapolis, and a member of the Board of Trustees of the Bodman and Achelis Foundations in New York City.

JOHN C. WEICHER

*Senior Fellow
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Economist John C. Weicher specializes in housing, urban policy, and federal budget issues. Dr. Weicher, who is also a visiting economist at the Federal Reserve Bank of St. Louis, is based in Hudson's Washington, D.C., office.

From 1989 to 1993, he served as assistant secretary for policy development at the Department of Housing and Urban Development, where he was the principal policy advisor to HUD Secretary Jack Kemp. Dr. Weicher served as chief economist at the U.S. Office of Management and Budget during the Reagan Administration and as chief economist at HUD during the Ford Administration. He has participated in three national housing policy commissions.

Dr. Weicher has held the F. K. Weyerhaeuser Chair in Public Policy Research at the American Enterprise Institute. He is a past-president of the American Real Estate and Urban Economics Association, the major professional association for scholars in real estate, housing, and housing finance.

He is the author or editor of nine books, including *Maintaining the Safety Net: Income Redistribution Programs in the Reagan Administration*. He has also written more than 40 articles on public policy issues. He holds a Ph.D. in economics from the University of Chicago.