

**INVITATIONAL ROUNDTABLE DISCUSSION:
LESSONS FROM THE CARTER WELFARE REFORM EXPERIENCE**

Thursday, July 22, 1993
Fifth Floor Conference Room
The Urban Institute
2100 M Street, N.W.
Washington D.C. 20037

Agenda

6:30 pm Introduction

Demetra Nightingale, The Urban Institute, Moderator

Overview of the Clinton Welfare Reform Effort

David Ellwood, Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services

6:45 Insights from the Carter Years: Prospective and Retrospective

Henry Aaron, Senior Fellow, Brookings Institution

Arnold Packer, Senior Fellow, Johns Hopkins University

Bert Carp, Vice President for Government Affairs, Turner Broadcasting Systems

Chris Edley, Associate Director for Economics and Government, Office of Management and Budget

Robert Reischauer, Director, Congressional Budget Office

Reactions and Comments from other Carter officials

7:30-8:00 Break

8:00-9:30 Open Discussion

Possible topics:

- Incremental versus comprehensive reform.
- Safety net issues.
- Publicly-subsidized jobs--feasibility and related issues.
- Employer-oriented policies for regular employment.
- Interdepartmental responsibilities.
- Implementation and administrative issues.

Working Group on Welfare Reform, Family Support and Independence

Chairs

Bruce Reed	<i>Deputy Assistant to the President for Domestic Policy</i>
David Ellwood	<i>Assistant Secretary for Planning and Evaluation, Department of Health and Human Services</i>
Mary Jo Bane	<i>Assistant Secretary for the Administration for Children and Families, Department of Health and Human Services (Designee)</i>

Members

Ken Apfel	<i>Assistant Secretary for Management and Budget, Health and Human Services</i>
Walter Broadnax	<i>Deputy Secretary, Department of Health and Human Services</i>
Robert Carver	<i>Deputy Assistant Secretary for Returns Processing, Treasury Department</i>
Maurice Foley	<i>Office of Tax Policy, Treasury Department</i>
Thomas Glynn	<i>Deputy Secretary, Department of Labor</i>
Ellen Haas	<i>Assistant Secretary for Food and Consumer Services, Department of Agriculture</i>
Elaine Kamarck	<i>Office of the Vice President</i>
Madeleine Kunin	<i>Deputy Secretary, Department of Education</i>
Alicia Munnell	<i>Assistant Secretary for Economic Policy, Treasury Department</i>
Larry Parks	<i>Senior Advisor to the Secretary, Department of Commerce</i>
Wendell Primus	<i>Deputy Assistant Secretary for Human Services Policy, Department of Health and Human Services</i>
Julie Samuels	<i>Director, Office of Policy and Management Analysis, Department of Justice</i>
Isabel Sawhill	<i>Associate Director for Human Resources, Office of Management and Budget</i>
Eli Segal	<i>Assistant to the President for National Service</i>
Eugene Sperling	<i>Deputy Assistant to the President for Economic Policy</i>
Michael Stegman	<i>Assistant Secretary for Policy Development and Research, Department of Housing and Urban Development</i>
Joseph Stiglitz	<i>Council of Economic Advisors</i>
Fernando Torres-Gil	<i>Assistant Secretary for Aging, Department of Health and Human Services</i>
Jeff Watson	<i>Deputy Assistant to the President for Intergovernmental Affairs</i>
Kathi Way	<i>Special Assistant to the President for Domestic Policy</i>
	<i>Surgeon General</i>
	<i>Assistant Secretary for Intergovernmental and Interagency Affairs, Department of Education</i>
	<i>Assistant Attorney General for Policy Development, Department of Justice</i>
	<i>Assistant Secretary, Employment and Training Administration, Department of Labor</i>

**WELFARE REFORM ROUNDTABLE
JULY 22, 1993
THE URBAN INSTITUTE**

PARTICIPANTS FROM CARTER'S WELFARE REFORM

Henry Aaron

Jodie Allen

Burt Barnow

Michael Barth

Gary Burtless

Bert Carp

Chris Edley

Robert Greenstein

Robert Lerman

Charles Metcalf

Larry Orr

Arnold Packer

Franklin Raines

Robert Reischauer

Belle Sawhill

Charles Seagrave

William Spring

Suzanne Woolsey

WORKING GROUP ON WELFARE REFORM,
FAMILY SUPPORT AND INDEPENDENCE

July 21, 1993 Meeting

Agenda

Discussion of Welfare Reform Issues - Isabel Sawhill

1. What does a transitional welfare program look like? Who gets exempted from the time limit?
2. What kinds of post-transitional support/jobs should be available and for how long?
3. What can/should be done to prevent welfare in the first place?
4. Assuming limited budgetary resources for welfare reform, how much emphasis should be devoted to (a) prevention, (b) transitional support, and (c) post-transitional support?
5. What is the scope of welfare reform? How many existing programs (e.g., food stamps, housing assistance) should be reassessed as part of this effort?
6. How much flexibility should be allowed the states in answering all of the above questions?
7. How quickly should the new system be phased in (or who should it apply to)?

July 21, 1993

TO: MEMBERS OF THE WORKING GROUP ON
WELFARE REFORM, FAMILY SUPPORT, AND
INDEPENDENCE

SUBJECT: JULY 21 MEETING AGENDA

FROM: BRUCE REED
DAVID ELLWOOD
MARY JO BANE
WORKING GROUP CO-CHAIRS

The agenda for the Working Group meeting this afternoon at 4:00 in room 324 of the Old Executive Office Building is attached.

ADDRESSEES:

Ken Apfel
Eleanor Acheson
Walter Broadnax
Robert Carver
Ray Cortines
Joycelyn Elders, M.D.
Maurice Foley
Thomas Glynn
Ellen Haas
Elaine Kamarck
Madeline Kunin
Alicia Munnell
Wendell Primus
Doug Ross
Julie Samuels
Isabel Sawhill
Eli Segal
Eugene Sperling
Michael Stegman
Joseph Stiglitz
Fernando Torres-Gil
Jeff Watson
Kathi Way

cc: Working Group Staff contacts

~~CONFIDENTIAL~~

Wendell Primus
6/11/93
Revised 7/14/93

WELFARE REFORM PROPOSAL

The following describes the author's proposal for reforming the current welfare system. The proposal includes improved child support enforcement, child support assurance, amendments to the current AFDC program, and a time limit with corresponding education, training and CWEP.

The proposal definitely meets the charge to "end welfare as we know it". It institutionalizes male responsibility, it provides opportunities for both custodial and noncustodial parents to help support their children, and it promotes parental responsibility. Its primary focus is the child, and it is based on the assumption that child poverty should be reduced and income stabilized through a strong child support enforcement and assurance system.

Summary

Under the proposal, the programs providing cash or near-cash assistance are simplified, and a consistent time limit is applied across all programs. The custodial parent can receive AFDC, food stamps and housing benefits for a limited period during which intensive efforts through a variety of services, education, and training programs should enable the parent to move towards self-sufficiency. After this time period ends, the recipient is offered a minimum-wage 20-hour work slot. During this time period, the welfare office recomputes benefits under the three assistance programs assuming the recipient is working 20 hours at the job provided. Earnings are reduced proportionately for hours not worked, but any assistance benefits are not affected. Thus, there is a direct and immediate relationship between work and economic well-being.

At the end of one to two years, the job ends. The recipient is then assumed to be working in the private sector 3/4 time (30 hours per week) at minimum wage, and assistance benefits are determined accordingly. Depending upon state AFDC benefit levels, AFDC has probably ended. Food stamps and housing benefits would be reduced significantly but not eliminated. The incentive to take a part-time job at that point would be very strong, as benefits would be calculated assuming half-time work, and the recipient would actually receive the wages. At all points in time, there would be a large incentive to participate in the child support assurance system. The details of the proposal are described below.

Paternity Establishment

The paternity establishment component of the proposal is very similar to the design of the Downey/Hyde proposal, with the goal of developing a system which facilitates universal compliance. Under the proposal, Federal funding would be made available to each State to implement a paternity establishment program that meets certain Federal requirements and guidelines. The goal of the Federal requirements is to ensure that paternity is established for as many children born out of wedlock as possible, regardless of the parents' welfare or income status and as soon as possible following birth.

Under its paternity establishment program, each State would establish simple, nonadversarial procedures for the voluntary acknowledgement of paternity shortly after birth, preferably in the hospital through an administrative process. Each State would be required to establish a civil procedure to adjudicate contested paternity cases through a judicial or administrative process. In addition, each State would be required to improve efforts to locate absent parents by ensuring that the parent locate service has access to requisite State and private records, and that other State have direct access to the State data bases in order to process interstate cases.

The Federal government would reimburse States for seventy percent of the cost of establishing and operating the paternity establishment program. An increase in the reimbursement rate would be based on performance, relative to other States.

For children born after January 1, 1996, custodial parents who had not established paternity or who had not been granted a good cause exception would be unable to claim the personal tax exemption for each child for whom paternity had not been established.

Establishment of Child Support Orders

Under the proposal, States would establish all initial orders through an administrative procedure according to uniform, national guidelines indexed annually for inflation. Orders would be established on all noncustodial parents regarding of current ability to pay, by assuming they would work full time at minimum wage. The Federal government would establish and maintain a national, universal database of all existing orders with current information from the Federal income tax returns of all custodial and noncustodial parents including addresses, and States would be required to use this information to update orders every two years.

Collection and Enforcement of Child Support Orders

This section includes many recommendations from the report of the Interstate Commission on Child Support and existing

papers. It is similar to the new Federal-State model (option 3) described in the paper on child support enforcement restructuring options. Under the proposal, States would assume primary responsibility for the collection, disbursement and enforcement of child support payments. Employers would withhold support from wages based on information from the revised W-4 form and would forward all withholdings to the State office. The State office would forward child support payments to custodial parents on a monthly basis, and would include separately any child support assurance amounts.

In addition, all new employees would be required to notify their employer of their child support obligations by filing the Federal W-4 form, which would be revised to collect information regarding the employee's name, address, Social Security number, earnings per period, child support order and health insurance benefits. Employers would forward this information to the Federal government to be verified against the national database of orders.

Under the proposal, any child support owed by a noncustodial parent at the end of the year in excess of that withheld during the year would be due to the State office and collected via the annual income tax form. Child support payments would have precedent over Federal tax liabilities.

The State office, through its administrative law judges, would have the discretion to reduce child support arrearages on a case-by-case basis, but only if the office determines that such reduction will promote the payment of current child support obligations by the noncustodial parent. An ALJ could also reduce arrearages by reducing the present value of Social Security retirement benefits based upon changes in the earnings records of noncustodial parents.

The rules for distribution of arrearages would be simplified. The Federal government would retain any arrearages which resulted in the payment of the assured benefit. No monies would be distributed to States as a result of any change in welfare benefits. Arrearages would be cancelled working backwards from the date of the arrearage payment on an annual basis.

The entire system would be universal and proactive, as opposed to reactive. It would be fully automated, and noncustodial parents would be required to keep the child support office fully informed of any change in address and employer. The noncustodial parent would have various choices on how to pay his child support such as automatic withdrawal from a checking account, predated checks, wage withholding or other methods. The choice employed might dictate the necessity of one or two months of advance payments.

Assured Child Support Benefit

Under the proposal, the Federal government would provide (finance) an annual assured child support benefit on behalf of any child who has been awarded support, but whose noncustodial parent fails to pay. The benefit would be administered by the State and would be determined according to either of the following two options and indexed to inflation:

- a) The amount shown in the schedule below, less any private child support collected:

<u>Number of Children</u>	<u>Benefit</u>
1	\$2,000
2	3,000
3	3,500
4 or more	4,000

This option may also be accompanied by allowing the non-custodial parent to receive EITC. The details of this must still be worked out so as to not encourage family break-up, and in order to be fairly easy to understand and be limited by the amount of child support actually paid.

- b) Fifty percent of the child support order, plus a bonus payment of 40 cents per dollar paid by the noncustodial parent up to a maximum of \$100 per month. This option may be phased out according to the size of the order.

States must disregard up to \$1,000 of child support and assured benefit payments before calculating the AFDC payment if the State's AFDC payment level was less than or equal to 40 percent of the Federal poverty level. Child support payments and the assured benefit would be treated as income to the custodial parent for tax purposes.

Advance Payment of the Earned Income Tax Credit

Certain low-income custodial parents who are eligible for the earned income tax credit (EITC) could request to receive payment of the credit on a regular basis along with their child support payment. The EITC would be administered by the State child support agency.

Amendments to the AFDC Program

Under the proposal, changes would be made to the AFDC program as follows:

- a) Rules for determining eligibility and benefit levels would be simplified and standardized to facilitate coordination among other assistance programs such as food stamps and housing;

- b) Under current law, when food stamps are calculated, AFDC benefits are taken into account. The AFDC benefit is assumed to be 50 percent for housing and 50 percent for other needs, and housing benefits are calculated assuming one-half of the AFDC check as income. The other one-half reduces the housing subsidy dollar for dollar. Unlike current rules, under the proposal, food stamps would be treated as income for housing subsidy purposes. Calculation of the food stamp benefit would not count the amount of housing assistance received. The fair market rent would be set at 30 percentile, and housing benefits would not vary with actual rents;
- c) The 100-hour rule (which specifies that a parent must work fewer than 100 hours in a month to be classified as unemployed) would be eliminated;
- d) The quarters of work rule (which specifies that to be eligible for AFDC-UP the principal earner must have worked 6 or more quarters prior to one year before application) would be eliminated;
- e) In place of the current \$50 per month passthrough of child support, States would be required to increase AFDC benefit levels by \$70 per month for families with a child support order;
- f) The standard disregard would be raised from \$90 to \$100 per month (with State option to increase up to \$250), the child care disregard would remain the same (20 percent of earnings to a maximum of \$175 per month per child), and an additional disregard of 20 percent of earnings (with State flexibility up to 40 percent) would be added. All benefits (including AFDC, housing, food stamps and the assured benefit, as well as child support payments) would be taxable to the custodial parent; and
- g) Treatment of children in the welfare system must be consistent with treatment of children in the tax system.

Time Limit

Under the proposal, welfare receipt (including AFDC, food stamps, and housing) would be limited to 12 months. Exemption from the time limit would apply to a caretaker of an AFDC child who meets one or more of the following conditions. He or she:

- a) is not a natural or adoptive parent;
- b) is working more than 20 hours per week (40 hours for both parents). (States could opt to increase to 30 and 60 hours, respectively);
- c) has care of a child under age 2. (This could be limited to one child, and States could opt to decrease qualifying age to 6 months);
- d) has care of a disabled child or relative;
- e) is making satisfactory progress in secondary school or GED program;

- f) is participating and making satisfactory progress in a rehabilitation, training or parenting program (including Head Start);
- g) has a functional disability or impairment that significantly reduces employability;
- h) has insufficient child care arrangements; or
- i) has three or more children. However, birth of an additional child on welfare would eliminate the exemption, and the birth of a third child would not reinstate the exemption.

Education and Training

Under the proposal, Federal funding for the JOBS program would increase by \$3 billion. The Federal matching rate would be raised from the current level to 75 percent. Countercyclical assistance would be provided through an enhanced Federal match of 90 percent if the unemployment rate in a State rises above 7 percent.

This proposal envisions the continuation of current State JOBS programs. As under current law, States would be given considerable flexibility as to how recipients move through the system. States would be required to properly inform all recipients of the implications of the time limit, including opportunities and obligations at various points in time. States must limit the length of time for which participation in education or training activities would qualify as an exemption from the time limit.

All individuals under age 20 and those under age 25 without previous work experience must be mandatory participants. These individuals would have first priority to JOBS services and would be required to participate immediately.

Post-transitional Assistance

All other individuals not exempt from the time limit would be offered a 20-hour work slot after the time-limit expires. Work slots must be designed to improve the employability of participants through actual work experience and training in order to enable individuals to move into regular employment as soon as possible. The cost of providing these job slots would be funded at a Federal matching rate of 75 percent. A total of 500,000 half-time (20 hours per week) work slots would be created for single parents, 200,000 of which would be for non-custodial parents. In addition, 100,000 full-time (40 hours per week) jobs for intact families would be created. If a work slot is unavailable at the time an individual is expected to work, regular benefits would continue until a work slot becomes available. States who wish to provide additional work slots or hours per week above the minimum requirements could receive Federal funds at a matching rate of 50 percent.

Individuals would be required to work 20 hours per week (30 hours at State option) at the Federal minimum wage. Participants would be paid an hourly wage equal to the minimum wage, and for purposes of benefit calculation, the welfare department would assume that the participant is being paid for the hours specified. Wages under the work slots would be counted as earnings. For any required hours that the participant failed to work, wages would be reduced accordingly.

Earnings would not be counted as income for purposes of calculating the earned income tax credit, and no unemployment benefits would be paid. Child care would be guaranteed. Current law rules for the workmen's compensation program and the Social Security program (including payment of the FICA tax) would apply. All benefits would be calculated according to existing rules. This implies that individuals would leave the AFDC program first, the food stamp program second, and the housing program third.

Participation in these job slots would be limited, after which individuals would be expected to move into a full-time minimum wage job. The maximum length of time in a work slot would be one year if unemployment is less than 6 percent, 18 months if unemployment is between 6 and 8 percent, and two years if unemployment is greater than 8 percent. For every year off of AFDC, housing benefits, and CWEP, individuals would be able to earn two months of 'credit' in the welfare system for future use.

After the period of transitional assistance and after the end of the work slot, individuals are assumed to be working in the private sector 3/4 time (30 hours per week) at the minimum wage. All assistance benefits are calculated assuming earnings equal to 30 hours at minimum wage, regardless of whether the individuals are actually working or not.

Teenage Pregnancy and Out-of-Wedlock Births

It is necessary to develop a proposal to address the issue of teenage pregnancy and out-of-wedlock childbearing. The author would recommend a program which would encourage the voluntary use of Norplant for birth control purposes. The teen parent demonstration project has shown that mothers often desire to prevent the birth of additional children, but they do not often have the means or the knowledge.

Work and Training Requirements for Noncustodial Parents

Under the proposal, the JOBS program would be modified and expanded to accommodate participation by noncustodial parents who have failed to, or are unable to, pay child support. One billion dollars would be allocated to non-custodial parents. A State administrative law judge (ALJ) could require mandatory participation in job search activities under the JOBS program for noncustodial parents who willingly fail to pay child support.

Noncustodial parents who are unable to pay child support but are not more than two months delinquent would have an opportunity to volunteer for participation in the JOBS program or other specified activities, during which time the current child support order would be waived. Certain noncustodial parents would be eligible for the 20-hour work slots.

Tax Treatment of Child Support and Benefits

Under the proposal, the household standard deduction would be increased to the level of the joint standard deduction. For 1993, this implies an increase of \$750. Child support payments and the assured benefit would be taxable to the custodial parent, and tax deductible to the noncustodial parent, if the custodial parent receives the personal exemption for the child. If the noncustodial parent receives the personal exemption, child support payments would continue to not be included in gross income to the custodial parent. AFDC benefits, food stamps, SSI and housing benefits would all be counted as taxable income to the custodial parent.

Demonstrations, Research and Evaluation

A thorough evaluation of all aspects of the program would be conducted after the CWEP program and the time limit had been fully implemented. If it was determined that harm was being done to children, the President would have the authority to modify or eliminate the time limit. Demonstrations and research projects will be determined at a later date.

IMPACTS

- o Reduced child poverty
- o Paternities established on 400,000 additional children each year
- o Increased parental responsibility
- o Transfer of an additional \$20 billion in child support
- o Reduction in AFDC caseload
- o Increased ability for parents to support their children
- o Improved child outcomes

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

No child support award established

ALABAMA

	Current-Law			Work-Pays-Plan			CWEP	After CWEP
Hours worked	0	20	40	0	20	40	20	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$4,420	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0
AFDC (net cost to government)	1,968	0	0	1,968	0	0	0	0
Food Stamps	3,504	3,252	2,196	3,528	3,276	2,220	3,276	2,748
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	-	-
Fed Income Tax	0	0	0	0	0	0	0	-
Fed Payroll Tax	0	338	676	0	338	676	338	-
Work Expense	0	442	884	0	442	884	442	-
Child Care Expense	0	0	0	0	0	0	0	-
"Disposable" Income	\$5,472	\$7,997	\$11,471	\$5,496	\$8,671	\$12,875	\$6,916	\$2,748

CALIFORNIA

	Current-Law			Work-Pays-Plan			CWEP	After CWEP
Hours worked	0	20	40	0	20	40	20	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$4,420	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0
AFDC (net cost to government)	7,488	4,500	0	7,488	4,908	1,368	4,908	3,144
Food Stamps	2,064	1,908	2,196	2,088	1,812	1,812	1,812	1,800
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	-	-
Fed Income Tax	0	0	0	0	0	0	0	-
Fed Payroll Tax	0	338	676	0	338	676	338	-
Work Expense	0	442	884	0	442	884	442	-
Child Care Expense	0	0	0	0	0	0	0	-
"Disposable" Income	\$9,552	\$11,153	\$11,471	\$9,576	\$12,115	\$13,835	\$10,360	\$4,944

PENNSYLVANIA

	Current-Law			Work-Pays-Plan			CWEP	After CWEP
Hours worked	0	20	40	0	20	40	20	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$4,420	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0
AFDC (net cost to government)	5,052	2,064	0	5,052	2,472	0	2,472	708
Food Stamps	2,796	2,640	2,196	2,820	2,532	2,220	2,532	2,532
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	-	-
Fed Income Tax	0	0	0	0	0	0	0	-
Fed Payroll Tax	0	338	676	0	338	676	338	-
Work Expense	0	442	884	0	442	884	442	-
Child Care Expense	0	0	0	0	0	0	0	-
"Disposable" Income	\$7,848	\$9,449	\$11,471	\$7,872	\$10,399	\$12,875	\$8,644	\$3,240

* Fully phased in.

** No actual work-income assumed for purposes of benefit calculation only.

NOTES:

- Under CWEP, child care expenses are assumed to be zero in calculating the AFDC & Food Stamp benefits.
- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- No housing subsidy is assumed but an excess shelter cost deduction of \$100 used to calculate the Food Stamp benefit.
- The Current Law examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The Work Pays Plan assumes a work-related expense deduction of \$100 in calculating AFDC benefits.
- The Work Pays Plan conditions AFDC benefit levels on whether maximum AFDC benefit is less than or equal to 40% of the federal poverty level.
- The Work Pays Plan reduces AFDC countable income by 20% in calculating AFDC benefit levels.
- The Work Pays Plan calculates after-CWEP benefit levels assuming 30 hours of work.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

Child support award established

ALABAMA

	Current-Law			Work-Pays-Plan			CWEP	After CWEP
Hours worked	0	20	40	0	20	40	20	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$4,420	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	3,000	3,000	3,000	3,000	3,000
AFDC (net cost to government)	1,968	0	0	1,200	0	0	0	0
Food Stamps	3,504	3,252	2,196	3,084	2,376	1,320	2,376	1,848
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	--	--
Fed Income Tax	0	0	0	0	0	0	0	--
Fed Payroll Tax	0	338	676	0	338	676	338	--
Work Expense	0	442	884	0	442	884	442	--
Child Care Expense	0	0	0	0	0	0	0	--
"Disposable" Income	\$5,472	\$7,997	\$11,471	\$7,284	\$10,771	\$14,975	\$9,016	\$4,848

CALIFORNIA

Hours worked	0	20	40	0	20	40	20	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$4,420	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	3,000	3,000	3,000	3,000	3,000
AFDC (net cost to government)	7,488	4,500	0	5,928	3,348	0	3,348	1,584
Food Stamps	2,064	1,908	2,196	1,656	1,380	1,320	1,380	1,368
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	--	--
Fed Income Tax	0	0	0	0	0	0	0	--
Fed Payroll Tax	0	338	676	0	338	676	338	--
Work Expense	0	442	884	0	442	884	442	--
Child Care Expense	0	0	0	0	0	0	0	--
"Disposable" Income	\$9,552	\$11,153	\$11,471	\$10,584	\$13,123	\$14,975	\$11,368	\$5,952

PENNSYLVANIA

Hours worked	0	20	40	0	20	40	20	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$4,420	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	3,000	3,000	3,000	3,000	3,000
AFDC (net cost to government)	5,052	2,064	0	3,492	912	0	912	0
Food Stamps	2,796	2,640	2,196	2,388	2,100	1,320	2,100	1,848
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	--	--
Fed Income Tax	0	0	0	0	0	0	0	--
Fed Payroll Tax	0	338	676	0	338	676	338	--
Work Expense	0	442	884	0	442	884	442	--
Child Care Expense	0	0	0	0	0	0	0	--
"Disposable" Income	\$7,848	\$9,449	\$11,471	\$8,880	\$11,407	\$14,975	\$9,652	\$4,848

* Fully phased in.

** No actual work-income assumed for purposes of benefit calculation only.

NOTES:

- Under CWEP, child care expenses are assumed to be zero in calculating the AFDC & Food Stamp benefits.
- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- No housing subsidy is assumed but an excess shelter cost deduction of \$100 used to calculate the Food Stamp benefit.
- The Current Law examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The Work Pays Plan assumes a work-related expense deduction of \$100 in calculating AFDC benefits.
- The Work Pays Plan conditions AFDC benefit levels on whether maximum AFDC benefit is less than or equal to 40% of the federal poverty level.
- The Work Pays Plan reduces AFDC countable income by 20% in calculating AFDC benefit levels.
- The Work Pays Plan calculates after-CWEP benefit levels assuming 30 hours of work.

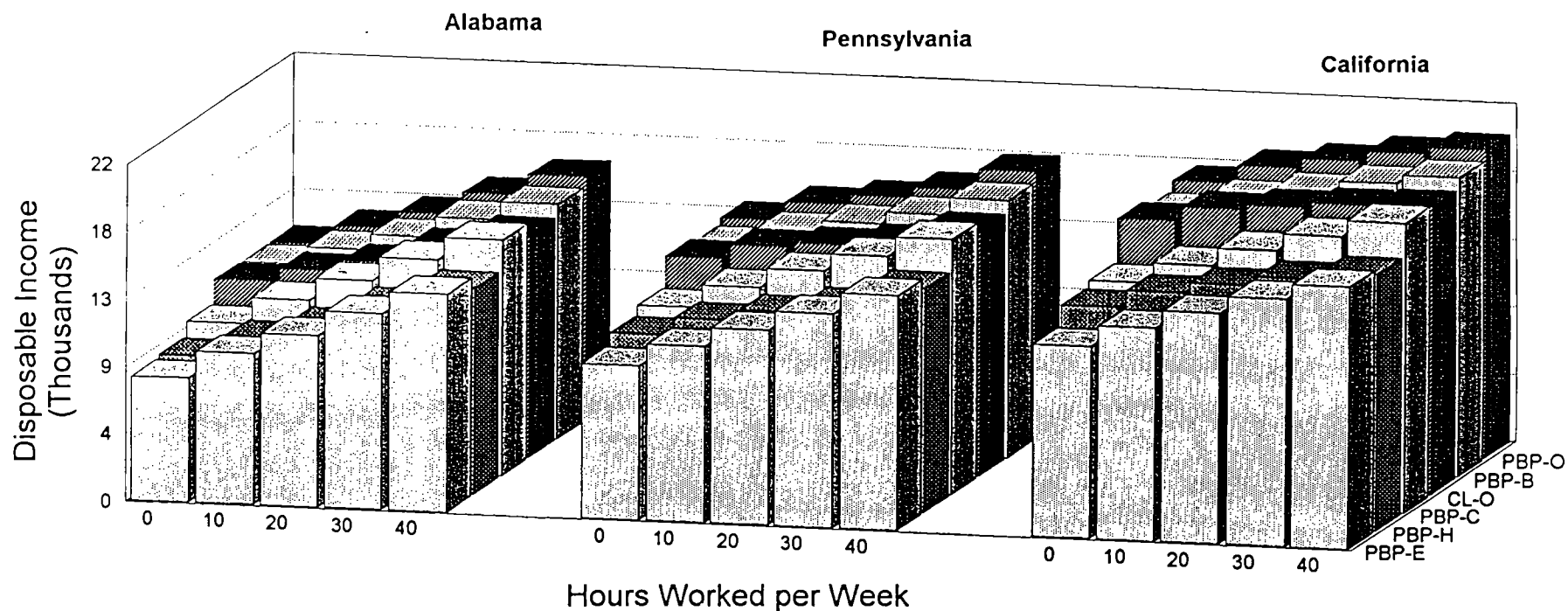
DISPOSABLE INCOME FOR A MOTHER & TWO CHILDREN: SELECTED STATES

A L T	Hours per week	Percent Unreimbursed Housing Cost	Countable Income		AFDC Housing Offset	Benefits Taxed	ALABAMA					PENNSYLVANIA					CALIFORNIA				
			AFDC	Food Stamps			0	10	20	30	40	0	10	20	30	40	0	10	20	30	40
O	Current Law	30%	100%	0%	0%	None	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704
O	President's Budget	30%	100%	0%	0%	None	10,881	12,057	13,092	14,587	15,958	13,604	14,804	15,425	16,099	17,470	17,215	18,415	19,036	19,657	20,108
A	President's Budget	35%	100%	0%	0%	None	10,855	11,972	12,967	14,327	15,564	13,399	14,528	15,149	15,815	17,076	16,888	18,017	18,638	19,259	19,714
B	President's Budget	40%	100%	0%	0%	None	10,816	11,886	12,854	14,128	15,278	13,195	14,252	14,921	15,640	16,790	16,562	17,619	18,240	18,897	19,428
C	President's Budget	30%	50%	100%	50%	All	9,254	11,015	12,415	13,996	15,378	11,551	13,010	14,244	15,389	16,664	14,373	15,679	16,803	17,927	18,906
D	President's Budget	35%	50%	100%	50%	All	9,076	10,747	12,152	13,670	15,046	11,365	12,770	13,968	15,112	16,334	14,158	15,458	16,550	17,635	18,576
E	President's Budget	30%	50%	100%	50%	All	8,092	9,854	11,254	12,826	14,272	10,088	11,547	12,783	14,038	15,419	12,580	13,986	15,110	16,234	17,213
F	President's Budget	35%	50%	100%	50%	All	7,915	9,585	10,990	12,509	13,884	9,901	11,306	12,504	13,719	15,090	12,326	13,766	14,858	15,943	16,883
G	President's Budget	40%	50%	100%	50%	All	7,737	9,317	10,723	12,177	13,495	9,663	11,063	12,214	13,366	14,705	12,065	13,471	14,593	15,645	16,552
H	President's Budget	40%	100%	100%	0%	None	8,328	9,673	10,723	12,177	13,495	10,927	12,085	12,711	13,366	14,705	13,951	15,109	15,735	16,353	16,815

Notes:

- Disposable income refers to after-tax income plus benefits (AFDC, Food Stamps, and Housing Subsidy) minus work expense which is assumed to be 10% of income up to a maximum of \$88 per month.
- Child Care expense is set equal to 0 in calculating benefit levels in all programs in these examples.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$0 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294.
- For alternatives E, F, G, and H, housing cost is reduced from 100% to 80% of Fair Market Rental (FMR) for the 45th percentile.

DISPOSABLE INCOME FOR A MOTHER & TWO CHILDREN: SELECTED STATES



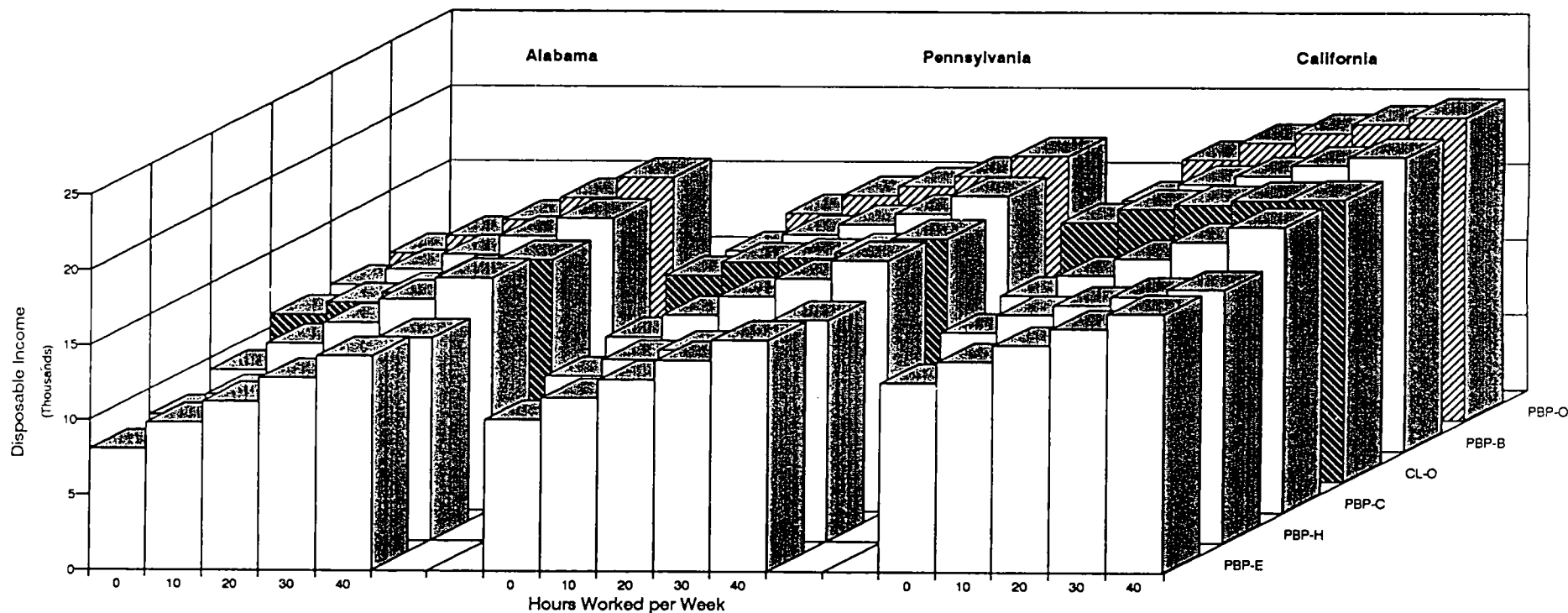
DISPOSABLE INCOME FOR A MOTHER & TWO CHILDREN: SELECTED STATES

A L T		Percent Unreimbursed Housing Cost	Countable Income		AFDC Housing Offset	Benefits Taxed	ALABAMA					PENNSYLVANIA					CALIFORNIA				
			AFDC	Food Stamps			0	10	20	30	40	0	10	20	30	40	0	10	20	30	40
O	Current Law	30%	100%	0%	0%	None	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704
O	President's Budget	30%	100%	0%	0%	None	10,881	12,057	13,092	14,587	15,958	13,604	14,804	15,425	16,099	17,470	17,215	18,415	19,036	19,657	20,108
A	President's Budget	35%	100%	0%	0%	None	10,855	11,972	12,967	14,327	15,584	13,399	14,528	15,149	15,815	17,076	16,888	18,017	18,638	19,259	19,714
B	President's Budget	40%	100%	0%	0%	None	10,816	11,886	12,854	14,128	15,278	13,195	14,252	14,921	15,640	16,790	16,562	17,619	18,240	18,897	19,428
C	President's Budget	30%	50%	100%	50%	All	9,254	11,015	12,415	13,996	15,378	11,551	13,010	14,244	15,389	16,664	14,373	15,679	16,803	17,927	18,906
D	President's Budget	35%	50%	100%	50%	All	9,076	10,747	12,152	13,670	15,046	11,365	12,770	13,968	15,112	16,334	14,158	15,458	16,550	17,635	18,576
E	President's Budget	30%	50%	100%	50%	All	8,092	9,854	11,254	12,826	14,272	10,088	11,547	12,783	14,038	15,419	12,580	13,986	15,110	16,234	17,213
F	President's Budget	35%	50%	100%	50%	All	7,915	9,585	10,990	12,509	13,884	9,901	11,306	12,504	13,719	15,090	12,326	13,766	14,858	15,943	16,883
G	President's Budget	40%	50%	100%	50%	All	7,737	9,317	10,723	12,177	13,495	9,663	11,063	12,214	13,366	14,705	12,065	13,471	14,593	15,645	16,552
H	President's Budget	40%	100%	100%	0%	None	8,328	9,673	10,723	12,177	13,495	10,927	12,085	12,711	13,386	14,705	13,951	15,109	15,735	16,353	16,815

Notes:

- Disposable income refers to after-tax income plus benefits (AFDC, Food Stamps, and Housing Subsidy) minus work expense which is assumed to be 10% of income up to a maximum of \$88 per month.
- Child Care expense is set equal to 0 in calculating benefit levels in all programs in these examples.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$0 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294.
- For alternatives E, F, G, and H, housing cost is reduced from 100% to 80% of Fair Market Rental (FMR) for the 45th percentile.

DISPOSABLE INCOME FOR A MOTHER & TWO CHILDREN: SELECTED STATES



BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

ALABAMA

Hours worked
Wage Earnings
Child Support Paid
Cost of Assured Benefit
AFDC (net cost to government)
Food Stamps
Housing
EITC (fully phased in)
Fed Income Tax
Fed Payroll Tax
Work Expense
Child Care Expense
"Disposable" Income

	Current-Law				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

	President's-Budget				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,408	3,096	2,928	2,388	1,860
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$10,881	\$12,057	\$13,092	\$14,587	\$15,958

CALIFORNIA

Hours worked
Wage Earnings
Child Support Paid
Cost of Assured Benefit
AFDC (net cost to government)
Food Stamps
Housing
EITC (fully phased in)
Fed Income Tax
Fed Payroll Tax
Work Expense
Child Care Expense
"Disposable" Income

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,728	1,440	1,572	1,704	1,860
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$17,215	\$18,415	\$19,036	\$19,657	\$20,108

PENNSYLVANIA

Hours worked
Wage Earnings
Child Support Paid
Cost of Assured Benefit
AFDC (net cost to government)
Food Stamps
Housing
EITC (fully phased in)
Fed Income Tax
Fed Payroll Tax
Work Expense
Child Care Expense
"Disposable" Income

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,662	5,619	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,460	2,172	2,304	2,388	1,860
Housing	6,092	5,663	5,662	5,619	4,956
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$13,604	\$14,804	\$15,425	\$16,099	\$17,470

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 30%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 0% of Food Stamps and 100% of AFDC—0% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes only earnings.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	Current-Law				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

	President's-Budget				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,432	3,132	2,976	2,412	1,860
Housing	5,455	4,954	4,596	3,823	3,049
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,855	\$11,972	\$12,967	\$14,327	\$15,564

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,728	1,440	1,572	1,704	1,860
Housing	7,672	7,172	7,171	7,170	7,199
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$16,888	\$18,017	\$18,638	\$19,259	\$19,714

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,662	5,619	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,460	2,172	2,304	2,412	1,860
Housing	5,887	5,387	5,386	5,335	4,562
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$13,399	\$14,528	\$15,149	\$15,839	\$17,076

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 35%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 0% of Food Stamps and 100% of AFDC—0% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan only earnings.

ALABAMA

Hours worked
Wage Earnings
Child Support Paid
Cost of Assured Benefit
AFDC (net cost to government)
Food Stamps
Housing
EITC (fully phased in)
Fed Income Tax
Fed Payroll Tax
Work Expense
Child Care Expense
Disposable Income

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

President's Budget

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,444	3,168	3,036	2,496	1,968
Housing	5,404	4,832	4,423	3,539	2,655
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,816	\$11,886	\$12,854	\$14,128	\$15,278

CALIFORNIA

Hours worked
Wage Earnings
Child Support Paid
Cost of Assured Benefit
AFDC (net cost to government)
Food Stamps
Housing
EITC (fully phased in)
Fed Income Tax
Fed Payroll Tax
Work Expense
Child Care Expense
Disposable Income

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,728	1,440	1,572	1,740	1,968
Housing	7,346	6,774	6,773	6,772	6,805
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$16,562	\$17,619	\$18,240	\$18,897	\$19,428

PENNSYLVANIA

Hours worked
Wage Earnings
Child Support Paid
Cost of Assured Benefit
AFDC (net cost to government)
Food Stamps
Housing
EITC (fully phased in)
Fed Income Tax
Fed Payroll Tax
Work Expense
Child Care Expense
Disposable Income

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,662	5,619	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,460	2,172	2,352	2,496	1,968
Housing	5,683	5,111	5,110	5,052	4,168
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$13,195	\$14,252	\$14,921	\$15,640	\$16,790

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 40%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 0% of Food Stamps and 100% of AFDC—0% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes only earnings.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
"Disposable" Income	

	Current-Law				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

	President's-Budget				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,528	3,528	3,216	2,568	1,908
Housing	3,758	3,602	3,805	3,336	2,871
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	55
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$9,254	\$11,015	\$12,415	\$13,996	\$15,378

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
"Disposable" Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	2,436	1,992	1,956	1,920	1,908
Housing	4,647	4,624	5,407	6,190	7,021
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	198	343	455	567	678
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$14,373	\$15,679	\$16,803	\$17,927	\$18,906

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
"Disposable" Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,662	5,619	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	3,108	2,676	2,640	2,568	1,908
Housing	3,391	3,365	4,148	4,848	4,383
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	3	119	282
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$11,551	\$13,010	\$14,244	\$15,389	\$16,664

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 30%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 100% of Food Stamps and 50% of AFDC—50% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes all benefits along with earnings and uses the Joint Filer standard deduction.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
"Disposable" Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,528	3,528	3,324	2,700	2,064
Housing	3,580	3,333	3,433	2,878	2,327
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$9,076	\$10,747	\$12,152	\$13,670	\$15,046

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
"Disposable" Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	2,448	2,100	2,088	2,064	2,064
Housing	4,382	4,257	4,978	5,703	6,477
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	160	304	410	516	620
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$14,158	\$15,458	\$16,550	\$17,635	\$18,576

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
"Disposable" Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,662	5,619	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	3,180	2,772	2,760	2,700	2,064
Housing	3,133	3,028	3,749	4,390	3,839
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	71	224
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$11,365	\$12,770	\$13,968	\$15,112	\$16,334

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 35%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 100% of Food Stamps and 50% of AFDC—50% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes all benefits along with earnings and uses the Joint Filer standard deduction.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

ALABAMA

Hours worked
Wage Earnings
Child Support Paid
Cost of Assured Benefit
AFDC (net cost to government)
Food Stamps
Housing
EITC (fully phased in)
Fed Income Tax
Fed Payroll Tax
Work Expense
Child Care Expense
Disposable Income

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

President's-Budget

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,528	3,528	3,216	2,556	1,908
Housing	2,596	2,440	2,643	2,178	1,710
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$8,092	\$9,854	\$11,254	\$12,826	\$14,272

CALIFORNIA

Hours worked
Wage Earnings
Child Support Paid
Cost of Assured Benefit
AFDC (net cost to government)
Food Stamps
Housing
EITC (fully phased in)
Fed Income Tax
Fed Payroll Tax
Work Expense
Child Care Expense
Disposable Income

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	2,436	1,992	1,956	1,920	1,908
Housing	2,656	2,633	3,416	4,199	5,029
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	44	156	269	379
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$12,580	\$13,986	\$15,110	\$16,234	\$17,213

PENNSYLVANIA

Hours worked
Wage Earnings
Child Support Paid
Cost of Assured Benefit
AFDC (net cost to government)
Food Stamps
Housing
EITC (fully phased in)
Fed Income Tax
Fed Payroll Tax
Work Expense
Child Care Expense
Disposable Income

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,662	5,619	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	3,108	2,676	2,640	2,556	1,908
Housing	1,928	1,901	2,684	3,388	2,919
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	63
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,088	\$11,547	\$12,783	\$14,036	\$15,419

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints. Housing cost is set at 80% of Fair Market Rental (FMR) for the 45th percentile.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 30%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 100% of Food Stamps and 50% of AFDC--50% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes all benefits along with earnings and uses the Joint Filer standard deduction.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

F

No child support award established

ALABAMA

Hours worked
Wage Earnings
Child Support Paid
Cost of Assured Benefit
AFDC (net cost to government)
Food Stamps
Housing
EITC (fully phased in)
Fed Income Tax
Fed Payroll Tax
Work Expense
Child Care Expense
Disposable Income

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

President's-Budget

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,528	3,528	3,324	2,700	2,064
Housing	2,419	2,172	2,272	1,716	1,166
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$7,915	\$9,585	\$10,990	\$12,509	\$13,884

CALIFORNIA

Hours worked
Wage Earnings
Child Support Paid
Cost of Assured Benefit
AFDC (net cost to government)
Food Stamps
Housing
EITC (fully phased in)
Fed Income Tax
Fed Payroll Tax
Work Expense
Child Care Expense
Disposable Income

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	2,448	2,100	2,088	2,064	2,064
Housing	2,390	2,265	2,986	3,712	4,485
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	5	112	217	321
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$12,326	\$13,766	\$14,858	\$15,943	\$16,883

PENNSYLVANIA

Hours worked
Wage Earnings
Child Support Paid
Cost of Assured Benefit
AFDC (net cost to government)
Food Stamps
Housing
EITC (fully phased in)
Fed Income Tax
Fed Payroll Tax
Work Expense
Child Care Expense
Disposable Income

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,662	5,619	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	3,180	2,772	2,760	2,700	2,064
Housing	1,669	1,564	2,286	2,926	2,375
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	4
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$9,901	\$11,306	\$12,504	\$13,719	\$15,090

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints. Housing cost is set at 80% of Fair Market Rental (FMR) for the 45th percentile.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 35%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 100% of Food Stamps and 50% of AFDC--50% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes all benefits along with earnings and uses the Joint Filer standard deduction.

07/13/93
08:30 PM

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
"Disposable" Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

President's Budget

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,528	3,528	3,444	2,844	2,244
Housing	2,241	1,903	1,884	1,240	596
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$7,737	\$9,317	\$10,723	\$12,177	\$13,495

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
"Disposable" Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	2,448	2,160	2,220	2,220	2,244
Housing	2,129	1,906	2,544	3,205	3,916
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	65	165	263
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$12,065	\$13,471	\$14,593	\$15,645	\$16,552

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
"Disposable" Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,662	5,619	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	3,180	2,880	2,880	2,844	2,244
Housing	1,431	1,213	1,875	2,450	1,806
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
"Disposable" Income	\$9,663	\$11,063	\$12,214	\$13,386	\$14,705

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints. Housing cost is set at 80% of Fair Market Rental (FMR) for the 45th percentile.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 40%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 100% of Food Stamps and 50% of AFDC--50% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes all benefits along with earnings and uses the Joint Filer standard deduction.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

H

No child support award established

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	Current-Law				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,384	3,072	2,904	2,364	1,836
Housing	5,505	5,076	4,769	4,106	3,443
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,857	\$11,708	\$12,418	\$13,588	\$14,554

	President's-Budget				
	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	1,968	1,188	0	0	0
Food Stamps	3,528	3,528	3,444	2,844	2,244
Housing	2,832	2,260	1,884	1,240	596
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$8,328	\$9,673	\$10,723	\$12,177	\$13,495

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,704	1,416	1,548	1,680	1,836
Housing	7,999	7,570	7,569	7,568	7,593
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$17,191	\$18,066	\$18,362	\$18,658	\$18,704

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	7,488	6,708	4,500	2,292	0
Food Stamps	1,848	1,536	1,764	1,980	2,244
Housing	4,615	4,168	4,076	3,989	3,916
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$13,951	\$15,109	\$15,735	\$16,353	\$16,815

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
Disposable Income	

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,436	2,148	2,280	2,364	1,836
Housing	6,092	5,663	5,662	5,619	4,956
EITC (fully phased in)	0	553	1,105	1,658	1,995
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$13,580	\$14,455	\$14,751	\$15,100	\$16,066

	0	10	20	30	40
Wage Earnings	\$0	\$2,210	\$4,420	\$6,630	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0
AFDC (net cost to government)	5,052	4,272	2,064	0	0
Food Stamps	2,760	2,448	2,676	2,844	2,244
Housing	3,115	2,668	2,576	2,450	1,806
EITC (fully phased in)	0	878	1,755	2,633	3,375
Fed Income Tax	0	0	0	0	0
Fed Payroll Tax	0	169	338	507	676
Work Expense	0	221	442	663	884
Child Care Expense	0	0	0	0	0
Disposable Income	\$10,927	\$12,085	\$12,711	\$13,386	\$14,705

NOTES:

- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- A housing subsidy is assumed subject to income constraints. Housing cost is set at 80% of Fair Market Rental (FMR) for the 45th percentile.
- The Current Law and the President's Budget examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The President's Budget Plan (PBP) food stamp benefit calculations increase the current maximum benefit by \$2 to \$294 and the PBP housing subsidy assumes a benefit reduction of 40%.
- The President's Budget Plan housing subsidy benefit calculations include in countable income 100% of Food Stamps and 100% of AFDC—0% of AFDC directly reduces the housing subsidy.
- The President's Budget Plan taxes only earnings.

07/13/93

09:07 PM

STATISTICS FOR GROUP NUMBER 1, TOTALS
 GROUP IS 100.0% OF SPELL BEGINNERS
 100.0% OF FIRST SPELL BEGINNERS
 100.0% OF RECIPIENTS USING SPELLS
 100.0% USING LIFETIME

SPELL AND LIFETIME DISTRIBUTIONS

YEARS	CONTINUOUS SPELLS			TOTAL TIME		
	BEGIN	POINT	UNCOM	BEGIN	POINT	UNCOM
1	.349	.090	.257	.209	.034	.162
2	.205	.105	.167	.156	.051	.128
3	.104	.080	.115	.100	.048	.103
4	.083	.086	.088	.086	.056	.086
5	.050	.064	.067	.062	.050	.073
6	.044	.067	.054	.055	.053	.063
7	.030	.054	.042	.043	.048	.054
8	.024	.049	.035	.037	.048	.047
9	.018	.042	.029	.032	.046	.041
10	.093	.362	.146	.221	.566	.245
MEAN DURAT.	3.9	8.8	4.4	6.2	12.0	6.0

SUMMARY FOR SPELLS								
BEGINNERS	%BEG	%REC	COMP	FUTR	%>9	TCOMP	TFUTR	T%>9
AFTER 0 YRS	100.0	100.0	3.89	3.89	9.3	1.00	1.00	1.00
AFTER 2 YRS	44.6	80.5	7.01	5.01	20.9	1.80	1.29	2.24
AFTER 4 YRS	25.9	63.9	9.60	5.60	36.0	2.47	1.44	3.87
RECIPIENTS								
AFTER 0 YRS		100.0	8.78	4.39	36.2	2.26	1.13	3.89
AFTER 2 YRS		57.5	11.94	4.97	54.6	3.07	1.28	5.86
AFTER 4 YRS		37.3	14.34	5.17	71.4	3.69	1.33	7.67

SUMMARY FOR TOTAL TIME								
BEGINNERS	%BEG	%REC	COMP	FUTR	%>9	TCOMP	TFUTR	T%>9
AFTER 0 YRS	100.0	100.0	6.18	6.18	22.1	1.00	1.00	1.00
AFTER 2 YRS	63.4	91.6	8.92	6.92	34.8	1.44	1.12	1.58
AFTER 4 YRS	44.8	81.1	11.19	7.19	49.3	1.81	1.16	2.23
RECIPIENTS								
AFTER 0 YRS		100.0	11.98	5.99	56.6	1.94	.97	2.57
AFTER 2 YRS		71.0	14.10	6.05	69.7	2.28	.98	3.16
AFTER 4 YRS		52.1	15.80	5.90	81.3	2.56	.95	3.68

3 years = 2 years because of in/out factor
 60% hit well

I. MAKING WORK DAY

EITC -

WAIVERS

II Child Support

- unresolved
- 1) Should child support services be universal?
 - 2) Relative division of labor between states & federal govt.
 - 3) Issue of child support assurance, insurance, tax credit.
Are there ties between child support assurance and absent parents?
 - 4) What opportunities do we want to provide for NON-CUSTODIAL PARENTS

III Prevention

- 1) We want to construct a system that rewards undesirable behavior.
- 2) Best prevention may

IV Welfare sequences

- 1) System for first few months.
- 2) After few months people encouraged to participate in workforce

V Exemptions

- 1) Very little support for large # of exemptions

turn around
so you get paid
for hours worked
instead of welfare
off welfare

Emphasis on moving people into private sector jobs.

Can CUEP last forever? plus it is fair, minus, it is costly

Do you receive AFDC benefits during post-TRANSITION

what happens to you if a job is provided
and you don't take it?

COST/CAPACITY ISSUES

- JOBS has 7% of welfare recipients.

- TYPES OF PHASE IN

1) BY COHORTS - APPLICANTS FIRST

2) BY GEOGRAPHY

3) BY % of population

Child Care:

- If you require people to work
you have to make child care.

- Do you want to provide child
care to welfare recipients, not working poor.

- Head Start expansion is an important part

- Think about day care as a work opportunity
as well as a service.

PROGRAM COORDINATION:-

- SIMPLIFICATION

- eligibility for food stamps

- housing assistance



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

July 8, 1993

TO: David
Mary Jo
Bruce
Wendell
~~Kathi~~

FROM: Ann

SUBJECT: Possible Topics for Discussion at Working Group Meetings

You will recall the discussion at the June 29 Steering Committee meeting on how to make the best use of the Working Group and Working Group meetings. Belle Sawhill proposed setting before the group for discussion some of the major issues we've been "tiptoeing around", and offered to prepare a list of those issues. Her suggestions of possible topics for discussion at Working Group meetings are attached.

Attachment

cc: Howard
Diann
Jeremy
Paul
Naomi

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

07-Jul-1993 04:09pm

TO: Isabel Sawhill

FROM: Isabel Sawhill
Office of Mgmt and Budget, HRVL

CC: Wendy C. New

SUBJECT: possible topics for discussion at WR meeting

Possible Topics for Discussion at Welfare Reform Working Group Meeting on July 14

1. What does a two-year time limit mean?
 - A once in a lifetime spell?
 - Is there an extension if you are in training?
 - Is there an extension if you have a baby?
2. Who gets exempted?
3. What kinds of posttransitional support/jobs are available and for how long?
4. Assuming limited budgetary resources for welfare reform, what proportion of any funds should be devoted to a) prevention, b) transitional support, and c) posttransitional support?
5. How much flexibility should be allowed the states in answering the above questions?
6. How quickly should the new system be phased in (or who should it apply to)?

Welfare Reform Steering Committee

July 13, 1993 Agenda

Discussion of Post-Transitional Work issues - Wendell
(30 minutes)

Issue Group discussion - group leaders (10 minutes)

Working Paper series - Wendell (15 minutes)

Seminar with key Carter Administration welfare reform staff
- Demetra (5 minutes)

*6:30-9:30 P.M. July 22nd
Urban Institute*

Seminar (brown bag) Series - Wendell (5 minutes)

Communications/political review - Jeremy (25 minutes)

Patricia Sosa - Public Liason HHS for welfare reform.

CARTER ADMIN - 26 ,

→ WORKING GROUP 27

ISSUE GROUP LEADER 10

each person can
bring one person 37

→ July 23rd - Brown Bag. Seminar - FIP
Monday evenings 4-6 P.M. HHS

6/14/93
Revised 7/13/93

Working Paper Series

The purpose of the working paper series is to disseminate information about the current welfare system and to outline key issues that will arise as the welfare reform initiative develops. The goal is to be proactive and to provide educational material to the public and to communicate that we have thoughtfully considered a wide range of issues. The primary audience should be the press, Members of Congress, and the advocacy groups. The individual papers will be written for a knowledgeable audience. They will then be condensed and produced as a much shorter layperson-type report. There may be additional products as well, such as simplified executive summaries of papers, a monograph, an integrated overview piece, and so forth.

The papers will be assigned to individuals within the various issue groups. Wendell Primus, Tom Corbett, Rebecca Maynard and ACF individuals will be responsible for overseeing, editing and coordinating the work. Upon completion of an initial draft, papers will be circulated to the Steering Committee for comments. The papers should be written to stand alone, but they may be combined at the end for distribution as a complete document.

The list of paper topics includes the following:

1. A short expansion of the "vision speech" which the chairpersons have given on multiple occasions. The paper will include the themes, values and principles which welfare reform should embrace. (5 pages) This will be the 'rhetoric' piece which makes a compelling argument for values such as:
 - Work
 - Family
 - Opportunity
 - Parental responsibility
 - Appropriate role of government
 - Gender equality (same expectations/opportunities for mother and father)

August 1 - Public Affairs

2. Why should welfare be reformed or replaced? This paper is a condensation of the arguments made in the topical papers outlined below. The arguments should be grouped under the four themes of:
 - a) Making work pay
 - b) Child support enforcement and assurance

- c) Improved support services
- d) Implementation of the time limit

August 1 - ASPE

- 3. Characteristics and background information on existing programs, including reciprocity numbers and budget figures. Like the material in the *Green Book*, this piece should present a brief history and factual overview of each of the programs.
 - AFDC
 - Housing
 - JOBS
 - EITC
 - Food stamps
 - Others
 - CSE

August 15 - ASPE/DOL/FNS/HUD

- 4. Characteristics of recipients, the working poor and multiple program receipt.
 - Who comprises this heterogenous group that we call welfare recipients?
 - What are the common characteristics among diverse individuals and families?
 - Do the working poor differ from the welfare poor? If so, how?

Due date and author to be determined

- 5. Dynamics of AFDC and other transfer programs, and their implications for policy.
 - Why do people move on and off the rolls?
 - How much movement is there?
 - What is the average length of stay on benefits? How long is the initial spell and the total length of time?
 - What causes long-term or inter-generational dependency?

August 1 - Pavetti

- 6. Impact of current welfare system (including child support) on:
 - Poverty
 - Family formation, teenage pregnancy and out-of-wedlock childbearing
 - Child outcomes
 - Welfare dependency
 - Inter-generational welfare receipt
 - Marriage penalties
 - Noncustodial fathers

To some extent, this is our response to the Heritage Foundation article and the Atlantic Monthly piece.

Due date and author to be determined

- 7. Policies in the current system that detract from making work pay.
 - Disincentives to work
 - Opportunity structure
 - Lack of health care
 - Lack of child care

- Marriage penalty
- Individual/personal characteristics

August 1 - Corbett/Shapiro

8. Child support statistics and problems. This paper will be further explanation of the charts and Ellwood's testimony to the Subcommittee on Human Resources.
 - Inadequate and inequitable awards
 - Inability of current system to enforce
 - Child support assurance. What are the implications of an assurance system?

August 1 - Legler

9. What can fathers realistically pay?
 - Impediments to paying
 - Employment patterns
 - Disputes

September 1 - Mincy

10. Complexity of programs and program delivery.
 - Complex formulas for determining benefit eligibility and level
 - Variation in rules among programs
 - What is the interaction among programs? What proportion of recipients receive benefits from several programs?
 - Application processes under various programs. What is expected of recipients, what documents are required, etc.

October 1 - Way

11. Education, training and other services.
 - Fuller description of JOBS and how it is actually implemented in the different States
 - What have we learned from the MDRC and Urban Institute evaluations of GAIN, ET, FIP?
 - Teen parent demonstration and implications for welfare reform
 - How do the needs for education and training assistance differ between custodial and non-custodial parents?

August 15 - Pian/Uhalde

12. Description of past public service employment programs and their implications for welfare reform.
 - Brief description of WPA and lessons from it
 - Brief description of CETA and lessons from it
 - Supported work and its implications

September 1 - DOL

13. Child care (based on outline from M. Ragan)
 - Why child care is important to welfare reform

- Current status of child care system
- Related programs and types of care used by low-income families
- Issues

August 15 - ACF

14. Description of illustrative programs that welfare reform might emulate. The examples listed below are not intended to be exclusive or exhaustive:

- a) Paternity establishment
 - Washington
 - Virginia
 - Kent County, Michigan
- b) Child support enforcement/assurance
 - Wisconsin
 - New York
 - San Francisco (automation)
- c) Making work pay
 - New Hope
 - Canadian project
- d) Education and training
 - E.T.
 - Project Match
 - GAIN
 - Riverside
 - Kenosha, Wisconsin
- e) Other
 - Massachusetts (Dept. of Revenue)
 - Allegheny (overall)

August 1 - ASPE

July 13, 1993

ISSUE GROUP STATUS REPORT

1. Make Work Pay

Group leader: Isaac Shapiro (219-8271) and Tom Corbett (401-3951)

Working Group Liaison: David Ellwood

The group has been working on:

- (1) Publishable background paper summarizing the work vs. welfare issues covered in the first Working Group presentation
- (2) Options for simplifying distribution and increasing utilization of the advanced EITC option
- (3) Options paper on strategies for enhancing income of the working poor
- (4) Options for providing supportive services and opportunities to assist low-income workers to remain in the labor force.

The group is now also responsible for the development of a detailed write-up of the Work Support Agency and how such an agency would fit into the overall delivery of services and financial support to the current AFDC population. David Ellwood will prepare a 3-4 page outline to guide the group's efforts. The "Other Support Services" group had begun some preliminary work on the Work Support Agency, and their work will now be folded into this issue group's.

Status:

A first draft of the publishable paper has been prepared and discussed with the Working Group liaison; revisions are underway. A background paper on the Neighborhood Support Center or NEC (formerly the Work Support Agency) has been discussed by the Issue Group. A follow-up option paper has been prepared to facilitate further discussion and decision making. Issue Group work on the NEC is being expanded to include individuals from the Transitional and Post-Transitional Issue Groups so that maximum coordination can be ensured.

2. Child Care

Group Leader: Mark Ragan (401-9200)

Working Group Liaison: Mary Jo Bane

This group is responsible for assessing the additional child care needs created by the changes in the transitional support system. In particular, it will examine capacity issues, cost implications, and the effect of the Head Start expansion. Two priorities are to examine options for dealing with infant care and to explore possible ways in which child care provision can be used as a community service assignment to fulfill mandatory work requirements.

Status:

Work Products and Next Steps (as of June 18, 1993)

Due Date	Product
complete	Outline of a revised background paper.
complete	Preliminary model for estimating the child care cost implications of various approaches to welfare reform as options are refined.
July 9, 1993	Draft of in-depth background paper on child care issues and revised cost estimates.

3. Child Support Enforcement and Insurance

Group Leader: Paul Legler (690-6172)

Working Group Liaison: Wendell Primus

This group is responsible for fleshing out the details of proposals in the areas of paternity establishment, creation and enforcement of support orders, and a possible system of child support assurance/insurance. The work of this group will also include an examination of the costs and benefits of a children's tax credit as opposed to a system of child support insurance.

Status:

Work Products and Next Steps (as of June 28, 1993)

Due Date	Product
asap	Develop proposal for evaluation of automated systems capability under proposed reform.

July 1	Complete final drafts of papers to be compiled in a binder to serve as background material for Working Group, Issue Group and others developing the child support enforcement and insurance proposal.
July 1 - 30	Draft issue paper(s).
July 15	Draft tentative internal proposal for paternity establishment piece of child support enforcement.
July 15	Funding and incentives report due, IRS paper due
July 30	Draft tentative internal proposal for remainder of child support enforcement.
August 1 - 31	Revise or refine proposal.
August 15	Reporting and auditing report due.

4. Noncustodial Parents

Group Leader: Ron Mincy (690-5880)
Working Group Liaison: Wendell Primus

This group will examine the needs of the absent parent and will propose ways in which services, programs, and/or additional requirements can or should be targeted to this group in addition to the custodial parent.

The group will also be collecting data on the ability of fathers to pay support.

Status:

Work Products and Next Steps (as of June 11, 1993)

Due Date	Product
	Paper on current financial incentives for payment of child support under current systems and proposed changes (e.g., employment and training proposals resembling those in Downey-Hyde, EITC for noncustodial parents, child support treated like alimony, increased maintenance allowances for second families). This paper will include estimates of the cost of proposed changes (30 pages)
July 15, 1993	First draft
August 1	Final draft

	Paper on services issues for non-custodial fathers including the merits and availability of (teenage pregnancy prevention, parental responsibility, and parenting services targeting current and prospective non-custodial fathers as a vehicle for prevention and paternity establishment. The paper will also discuss mediation/conflict resolution services to increase cooperative parenting among married and unmarried couples and to increase child support payments by divorced and never-married non-custodial parents.
July 15	First draft
August 1	Final draft

	Executive summary type paper entitled Values and Practices for a Noncustodial Parents Policy. This paper will articulate what values, in our view, should guide a reform of policies affecting the incentives (carrots and sticks) and services for non-custodial parents, how these values are or are not manifested in current policies, systems, and what policy changes might occur to create a better match between policies, systems, and values.
July 15	First draft (5 pages)
July 30	Second draft (15 pages)
August 30	Final Draft

Not assigned	Paper on the characteristics of non-custodial parents who pay and do not pay child support primarily by reason for non-payment (e.g., inadequate income, employment; non-cash and in-kind payments, other) and the ability of noncustodial parents to pay child support under alternative schemes for a minimum assured benefit (20 pages). If time permits this will be expanded into a more rigorous analysis of the determinants of non-payment and the effects of payment on the status of non-custodial parents and their current households.
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5. Post Transitional Work

Group Leaders: Cantu Pian (690-7148) and Ray Uhalde (219-8660)
Working Group Liaison: Wendell Primus

The immediate focus of this group is on the issues and costs of implementing a large-scale CWEP-like program. Issues to be examined include:

- o lessons from past public employment programs
- o whether and how the public and non-profit sectors can generate a large number of flexible community service positions
- o the administrative structure and cost of running such a program
- o options for compensation
- o sanctions for non-participation
- o the role of and interaction with food stamps and housing benefits
- o unit cost estimates
- o how many CWEP jobs can be created, what are their characteristics, and what education and training is required to do the work.

Status:

Work Products and Next Steps (as of June 11, 1993)

Due Date	Product
Week of June 21	Description of two CWEP options, and a CWEP/community services option
Week of June 21	Background paper on public service employment
July 15-31	Report on CWEP and other work experience programs: costs, implementation, impacts (MDRC with Rockefeller funding)
Summer	Background papers on job subsidy programs for welfare recipients and other populations (Urban Institute with foundation funding). These papers will be done in conjunction with the group developing private sector employment strategies.
	Background paper on how welfare reform efforts relate to the current DOL agenda

6. Transitional Support

Group Leaders: Ann Burek (401-4528) and Mary Ann Higgins (401-9294)

Working Group Liaison: Mary Jo Bane

This group is responsible for designing a system of support including financial and education and training programs that incorporates the following elements:

- o a short period of emergency assistance without requirements

- o an intermediate period of transitional support during which all recipients are required to do something
- o a mandatory end to AFDC benefits after the intermediate period for all who can work. Issues related to compensation and sanctions for non-participants following the transitional support period will be dealt with by the Post Transitional Work group. Exemptions from the work requirement will be dealt with by this group.

The issues being dealt with by the Disabilities group will also be handled by this group. Steve Bartolomei-Hill (690-7148) will continue to be responsible for focusing on issues of particular concern to the disabled and will consult with the group of people initially pulled together for this purpose.

Work Products and Next Steps (as of June 28, 1993)

Due Date	Product
July 2, 1993	Draft paper providing a detailed description of a full participation, participant choice model. (Completed June 25 and discussed June 28.)
July 10	Draft papers: 1) describing a labor attachment model; 2) presenting options for the short-term, no-mandate period of assistance; and 3) providing background information on what we've learned about education and training.
Rest of July	Draft papers covering a "Big JOBS" model and options for rules during the intermediate period of transitional support.

(NOTE: The group is deferring the development of a paper on the major issues underlying transitional assistance.)

7. Economy and Private Sector Jobs

Group Leader: Paul Dimond (456-2800)

Working Group Liaison: Bruce Reed

This group will assess policies such as wage subsidies/bounties and job development with a view toward developing an options paper focused on private sector employment. This group is also working on several background papers about the economy and labor markets for those leaving welfare.

In addition, this group will work closely with the Modeling group to suggest inputs from the perspective of the national economy, the impact of national policy initiatives, and the role of labor markets.

Status:

Work Products and Next Steps (as of June 23, 1993)

Due Date	Product
July 9, 1993	Complete analytical briefs on topics related to the jobs pool, welfare caseload, and labor market interactions
July 28	Complete three half-day working meetings to (1) review and discuss the analytical papers, (2) brainstorm for options, and (3) critique and prioritize options.
August 16	Complete Economy and Jobs options papers

8. Welfare Simplification

Group Leader/Working Group Liaison: Kathi Way (456-7777)

This group is responsible for examining the interactions of the food stamps, AFDC, and housing subsidy programs and finding ways of improving their interaction and simplifying their operation.

Status:

Work Products and Next Steps (as of June 21, 1993)

Due Date	Product
Complete	Preliminary meeting with HHS representative to discuss interactions and simplification.
Week of June 21	Preliminary meetings schedules with Ellen Haas (Agriculture) and Michael Stegman (HUD) to discuss interactions and simplification and plan for more detailed discussions involving staff.

9. Prevention/Intact Families

Group Leader: Richard Bavier (395-3844)

Working Group Liaison: Isabel Sawhill

This group will examine issues related to designing a welfare policy that is pro-family and encourages personal responsibility

for the bearing and rearing of children.

Status:

The group held its first meeting July 2, discussing a draft paper setting out its scope, and brainstorming about policy options. Assignments were made for summaries of: a) our knowledge of the effectiveness of prevention strategies; b) current and planned programs for at-risk youth. Members also were encouraged to begin drafting policy options for discussion. A second meeting was scheduled for Wednesday morning, but it appears that it may have to be rescheduled for next week.

On Friday, Amitai Etzioni will chair a meeting of outside experts to discuss prevention issues and policy options.

10. Modeling

Group Leaders: Don Oellerich (690-5880)

Working Group Liaison: David Ellwood

This group is responsible for developing and providing information for policy guidance; development of cost estimation model; development of a welfare dynamics model; providing benefit cost estimates and impacts; and additional information required to explain the proposals.

Status:

Work Products and Next Steps (as of July 12, 1993)

Due Date	Product
Completed	Abt Associates -- Larry Orr provided a briefing to HHS staff on their research related to welfare reform -- materials from the meeting include a draft paper, Informing the Welfare Debate, distributed to Steering Committee members
In process	MPR -- contract to perform data analysis to support welfare reform -- currently at HHS Contracts office
Ongoing	MDRC -- providing welfare dynamic information in tabular form from SWIM and GAIN
Week of July 19th	Spreadsheet cost estimation model briefing/meeting -- by Reuben Snipper, ASPE
July 21 (internal)	Synthesis of what we have learned from Washington State's FIP

July 23 (tentative) Urban Institute -- briefing on findings from Washington State's FIP

July 23 (internal) Draft synthesis paper on what is known about the dynamics of welfare dependency

July 28 MPR -- contract to develop a micro simulation model of welfare dynamics -- currently preparing the ADP clearance papers -- due to Contracts office

July 30 FSA baseline for child support simulations

POST-TRANSITIONAL WORK ISSUES

What should be the nature of the work?

- o Entry-level, minimum wage.
- o More like a job, less like welfare benefits. Participants should be hired to work for a set number of hours (not based upon former AFDC grant levels) and paid for the number of hours worked.
- o Normal employer-employee relationships should be encouraged.

How many hours of work should be assigned?

- o While most participants could probably work longer, States should be able to limit the slots to 20 -30 hours a week. They'd be able to create more work slots.

Should participation in CWEP be combined with job search?

- o In addition to work experience hours, assignments should also include periodic or ongoing job search to encourage movement to regular jobs. Labor's one-stop shop information system or job clubs could be used.

Should participants be given additional time to receive education and training or pursue other activities to increase employability?

- o Participants who have earned credits toward further education and training, or who have not exhausted their transitional assistance before going into work experience, would be able to get further education and training in addition to work experience.

Should there be a limit to how long participants can continue doing public work?

- o No consensus. If there's a child support assurance program, one view is that public work experience can be limited and thought of as short-term projects rather than jobs. Others are of the view that many of these jobs will be semi-permanent.

For Discussion Purposes Only

Should there be a limit on how long participants can do one work slot?

- o No consensus. Labor groups will definitely want a short time period -- 3 months or less. Clients and administrators of the program argue for a longer time period.

What happens if there are no work experience slots available?

- o Participants would be directed to do job search with the same benefits. There would be a smaller or no Federal match for the activity when this situation occurs.

What other services would participants eligible for?

- o We assume that the services of the work support agency would be available to this population. In addition to job search, job counseling and job development services, participants are eligible for child care and transportation assistance. We assume participants would continue to qualify for food stamps under current rules.

Would participants still be receiving welfare benefits?

- o No consensus. Depending on what one considers a minimally adequate income for these families, additional income supplements in the form of wage supplements or benefits may be necessary, especially if the wage earner is working less than full time.

How would earnings be treated under this program?

- o No consensus. [We will be pricing out some variations: Minimum wage with and without wage supplements. We would assume that the pay is subject to payroll and income taxes, but no EITC on these earnings.

Would these work experience slots be accessible to other populations?

- o No consensus. We've considered making these jobs available to unemployed absent fathers who owe child support and to persons on transitional assistance who want to work before they've exhausted their benefits, but cannot get a regular job. We've also considered allowing former AFDC recipients who lost a regular job and cannot find a new one to go into public work jobs.

For Discussion Purposes Only

Can participants be fired?

- o Participants would be paid for the hours they work and if they don't perform satisfactorily, they might be fired or not paid. AFDC, Food Stamps and Housing Assistance -- if available -- would be provided based on performance.

**How would participants move from these jobs into regular jobs?
Would there be income disregards?**

- o No consensus. Many favor no income disregards. We may want to offset work expenses and, in other ways, decrease the tax rate.

How would these programs be administered?

- o No consensus. Could be welfare system or DOL. The program would be State-designed, but under Federal guidelines.

How would displacement be minimized?

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

No child support award established

Current-Law

New-Start-Plan

ALABAMA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
"Disposable" Income	

0	20	40
\$0	\$4,420	\$8,840
\$0	\$0	\$0
0	0	0
1,968	0	0
3,504	3,252	2,196
0	0	0
0	1,105	1,995
0	0	0
0	338	676
0	442	884
0	0	0
\$5,472	\$7,997	\$11,471

Full Benefits Period		
0	20	40
\$0	\$4,420	\$8,840
\$0	\$0	\$0
0	0	0
1,968	0	0
3,528	3,276	2,220
0	0	0
0	1,755	3,375
0	0	0
0	338	676
0	442	884
0	0	0
\$5,496	\$8,671	\$12,875

CWEP	
9	
\$1,989	
\$0	
0	
0	
3,528	
0	
-	
0	
-	
199	
0	
\$5,318	

After CWEP		
0	20	40
\$0	\$4,420	\$8,840
\$0	\$0	\$0
0	0	0
0	0	0
3,528	3,276	2,220
0	0	0
0	1,755	3,375
0	0	0
0	338	676
0	442	884
0	0	0
\$3,528	\$8,671	\$12,875

CALIFORNIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
"Disposable" Income	

0	20	40
\$0	\$4,420	\$8,840
\$0	\$0	\$0
0	0	0
7,488	4,500	0
2,064	1,908	2,196
0	0	0
0	1,105	1,995
0	0	0
0	338	676
0	442	884
0	0	0
\$9,552	\$11,153	\$11,471

0	20	40
\$0	\$4,420	\$8,840
\$0	\$0	\$0
0	0	0
7,488	4,260	0
2,088	2,004	2,220
0	0	0
0	1,755	3,375
0	0	0
0	338	676
0	442	884
0	0	0
\$9,576	\$11,659	\$12,875

34	
\$7,514	
\$0	
0	
0	
2,532	
0	
-	
0	
-	
751	
0	
\$9,295	

0	20	40
\$0	\$4,420	\$8,840
\$0	\$0	\$0
0	0	0
0	0	0
3,528	3,276	2,220
0	0	0
0	1,755	3,375
0	0	0
0	338	676
0	442	884
0	0	0
\$3,528	\$8,671	\$12,875

PENNSYLVANIA

Hours worked	
Wage Earnings	
Child Support Paid	
Cost of Assured Benefit	
AFDC (net cost to government)	
Food Stamps	
Housing	
EITC (fully phased in)	
Fed Income Tax	
Fed Payroll Tax	
Work Expense	
Child Care Expense	
"Disposable" Income	

0	20	40
\$0	\$4,420	\$8,840
\$0	\$0	\$0
0	0	0
5,052	2,064	0
2,796	2,640	2,196
0	0	0
0	1,105	1,995
0	0	0
0	338	676
0	442	884
0	0	0
\$7,848	\$9,449	\$11,471

0	20	40
\$0	\$4,420	\$8,840
\$0	\$0	\$0
0	0	0
5,052	1,824	0
2,820	2,736	2,220
0	0	0
0	1,755	3,375
0	0	0
0	338	676
0	442	884
0	0	0
\$7,872	\$9,955	\$12,875

23	
\$5,083	
\$0	
0	
0	
3,120	
0	
-	
0	
-	
508	
0	
\$7,695	

0	20	40
\$0	\$4,420	\$8,840
\$0	\$0	\$0
0	0	0
0	0	0
3,528	3,276	2,220
0	0	0
0	1,755	3,375
0	0	0
0	338	676
0	442	884
0	0	0
\$3,528	\$8,671	\$12,875

NOTES:

- Under CWEP, child care expenses are assumed to be zero in calculating the AFDC & Food Stamp benefits.
- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- No housing subsidy is assumed but an excess shelter cost deduction of \$100 used to calculate the Food Stamp benefit.
- The Current Law examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The New Start Plan uses a work-related expense deduction of \$100 in calculating AFDC benefits.
- The New Start Plan food stamp benefit calculations use the President's budget assumptions.

06/30/93

03:10 PM

CWEP HOURS = AFDC / MIN WAGE

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

No child support award established

ALABAMA

	Full Benefits Period			Full Benefits Period			After CWEP			
	0	20	40	0	20	40	25	0	20	40
Hours worked	0	20	40	0	20	40	25	0	20	40
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$5,525	\$0	\$4,420	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0	0	0
AFDC (net cost to government)	1,968	0	0	1,968	0	0	0	0	0	0
Food Stamps	3,504	3,252	2,196	3,528	3,276	2,220	3,012	3,528	3,276	2,220
Housing	0	0	0	0	0	0	0	0	0	0
EITC (fully phased in)	0	1,105	1,995	0	1,755	3,375	—	0	1,755	3,375
Fed Income Tax	0	0	0	0	0	0	0	0	0	0
Fed Payroll Tax	0	338	676	0	338	676	—	0	338	676
Work Expense	0	442	884	0	442	884	553	0	442	884
Child Care Expense	0	0	0	0	0	0	0	0	0	0
Disposable Income	\$5,472	\$7,997	\$11,471	\$5,496	\$8,671	\$12,875	\$7,985	\$3,528	\$8,671	\$12,875

CALIFORNIA

Hours worked	0	20	40	0	20	40	40	0	20	40
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$8,840	\$0	\$4,420	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0	0	0
AFDC (net cost to government)	7,488	4,500	0	7,488	4,260	0	0	0	0	0
Food Stamps	2,064	1,908	2,196	2,088	2,004	2,220	2,220	3,528	3,276	2,220
Housing	0	0	0	0	0	0	0	0	0	0
EITC (fully phased in)	0	1,105	1,995	0	1,755	3,375	—	0	1,755	3,375
Fed Income Tax	0	0	0	0	0	0	0	0	0	0
Fed Payroll Tax	0	338	676	0	338	676	—	0	338	676
Work Expense	0	442	884	0	442	884	884	0	442	884
Child Care Expense	0	0	0	0	0	0	0	0	0	0
Disposable Income	\$9,552	\$11,153	\$11,471	\$9,576	\$11,659	\$12,875	\$10,176	\$3,528	\$8,671	\$12,875

PENNSYLVANIA

Hours worked	0	20	40	0	20	40	36	0	20	40
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$7,956	\$0	\$4,420	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0	0	0
AFDC (net cost to government)	5,052	2,064	0	5,052	1,824	0	0	0	0	0
Food Stamps	2,796	2,640	2,196	2,820	2,736	2,220	2,424	3,528	3,276	2,220
Housing	0	0	0	0	0	0	0	0	0	0
EITC (fully phased in)	0	1,105	1,995	0	1,755	3,375	--	0	1,755	3,375
Fed Income Tax	0	0	0	0	0	0	0	0	0	0
Fed Payroll Tax	0	338	676	0	338	676	--	0	338	676
Work Expense	0	442	884	0	442	884	796	0	442	884
Child Care Expense	0	0	0	0	0	0	0	0	0	0
Disposable Income	\$7,848	\$9,449	\$11,471	\$7,872	\$9,955	\$12,875	\$9,584	\$3,528	\$8,671	\$12,875

NOTES:

- Under CWEP, child care expenses are assumed to be zero in calculating the AFDC & Food Stamp benefits.
- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- No housing subsidy is assumed but an excess shelter cost deduction of \$100 used to calculate the Food Stamp benefit.
- The Current Law examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The New Start Plan assumes a work-related expense deduction of \$100 in calculating AFDC benefits.
- The New Start Plan food stamp benefit calculations use the President's budget assumptions.

06/30/93

03:08 PM

CWEP HOURS = $\frac{AFDC + FS}{Min Wage}$

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

No child support award established

Current-Law

New-Start-Plan

ALABAMA

	Full Benefits Period			After CWEP			After CWEP			
	0	20	40	0	20	40	40	0	20	40
Hours worked	0	20	40	0	20	40	40	0	20	40
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$8,840	\$0	\$4,420	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0	0	0
AFDC (net cost to government)	1,968	0	0	1,968	0	0	0	0	0	0
Food Stamps	3,504	3,252	2,196	3,528	3,276	2,220	2,220	3,528	3,276	2,220
Housing	0	0	0	0	0	0	0	0	0	0
EITC (fully phased in)	0	1,105	1,995	0	1,755	3,375	—	0	1,755	3,375
Fed Income Tax	0	0	0	0	0	0	0	0	0	0
Fed Payroll Tax	0	338	676	0	338	676	—	0	338	676
Work Expense	0	442	884	0	442	884	884	0	442	884
Child Care Expense	0	0	0	0	0	0	0	0	0	0
Disposable Income	\$5,472	\$7,997	\$11,471	\$5,496	\$8,671	\$12,875	\$10,176	\$3,528	\$8,671	\$12,875

CALIFORNIA

Hours worked	0	20	40	0	20	40	40	0	20	40
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$8,840	\$0	\$4,420	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0	0	0
AFDC (net cost to government)	7,488	4,500	0	7,488	4,260	0	0	0	0	0
Food Stamps	2,064	1,908	2,196	2,088	2,004	2,220	2,220	3,528	3,276	2,220
Housing	0	0	0	0	0	0	0	0	0	0
EITC (fully phased in)	0	1,105	1,995	0	1,755	3,375	—	0	1,755	3,375
Fed Income Tax	0	0	0	0	0	0	0	0	0	0
Fed Payroll Tax	0	338	676	0	338	676	—	0	338	676
Work Expense	0	442	884	0	442	884	884	0	442	884
Child Care Expense	0	0	0	0	0	0	0	0	0	0
Disposable Income	\$9,552	\$11,153	\$11,471	\$9,576	\$11,659	\$12,875	\$10,176	\$3,528	\$8,671	\$12,875

PENNSYLVANIA

Hours worked	0	20	40	0	20	40	40	0	20	40
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$8,840	\$0	\$4,420	\$8,840
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0	0	0
AFDC (net cost to government)	5,052	2,064	0	5,052	1,824	0	0	0	0	0
Food Stamps	2,796	2,640	2,196	2,820	2,736	2,220	2,220	3,528	3,276	2,220
Housing	0	0	0	0	0	0	0	0	0	0
EITC (fully phased in)	0	1,105	1,995	0	1,755	3,375	—	0	1,755	3,375
Fed Income Tax	0	0	0	0	0	0	0	0	0	0
Fed Payroll Tax	0	338	676	0	338	676	—	0	338	676
Work Expense	0	442	884	0	442	884	884	0	442	884
Child Care Expense	0	0	0	0	0	0	0	0	0	0
Disposable Income	\$7,848	\$9,449	\$11,471	\$7,872	\$9,955	\$12,875	\$10,176	\$3,528	\$8,671	\$12,875

NOTES:

- Under CWEP, child care expenses are assumed to be zero in calculating the AFDC & Food Stamp benefits.
- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- No housing subsidy is assumed but an excess shelter cost deduction of \$100 used to calculate the Food Stamp benefit.
- The Current Law examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The New Start Plan examples use a work-related expense deduction of \$100 in calculating AFDC benefits.
- The New Start Plan food stamp benefit calculations use the President's budget assumptions.

06/30/93

03:11 PM

CWEP Hours = 40

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

No child support award established

-----Current-Law-----

-----Work-Pays-Plan-----

ALABAMA

	0	20	40	0	20	40	CWEP 20	After CWEP n/a **
Hours worked	0	20	40	0	20	40	20	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$4,420	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0
AFDC (net cost to government)	1,968	0	0	1,968	0	0	0	0
Food Stamps	3,504	3,252	2,196	3,528	3,276	2,220	3,276	2,748
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	—	—
Fed Income Tax	0	0	0	0	0	0	0	—
Fed Payroll Tax	0	338	676	0	338	676	338	—
Work Expense	0	442	884	0	442	884	442	—
Child Care Expense	0	0	0	0	0	0	0	—
Disposable Income	\$5,472	\$7,997	\$11,471	\$5,496	\$8,671	\$12,875	\$6,916	\$2,748

CALIFORNIA

	0	20	40	0	20	40	CWEP 20	After CWEP n/a **
Hours worked	0	20	40	0	20	40	20	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$4,420	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0
AFDC (net cost to government)	7,488	4,500	0	7,488	4,908	1,368	4,908	3,144
Food Stamps	2,064	1,908	2,196	2,088	1,812	1,812	1,812	1,800
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	—	—
Fed Income Tax	0	0	0	0	0	0	0	—
Fed Payroll Tax	0	338	676	0	338	676	338	—
Work Expense	0	442	884	0	442	884	442	—
Child Care Expense	0	0	0	0	0	0	0	—
Disposable Income	\$9,552	\$11,153	\$11,471	\$9,576	\$12,115	\$13,835	\$10,360	\$4,944

PENNSYLVANIA

	0	20	40	0	20	40	CWEP 20	After CWEP n/a **
Hours worked	0	20	40	0	20	40	20	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$4,420	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0
AFDC (net cost to government)	5,052	2,064	0	5,052	2,472	0	2,472	708
Food Stamps	2,796	2,640	2,196	2,820	2,532	2,220	2,532	2,532
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	—	—
Fed Income Tax	0	0	0	0	0	0	0	—
Fed Payroll Tax	0	338	676	0	338	676	338	—
Work Expense	0	442	884	0	442	884	442	—
Child Care Expense	0	0	0	0	0	0	0	—
Disposable Income	\$7,848	\$9,449	\$11,471	\$7,872	\$10,399	\$12,875	\$8,644	\$3,240

* Fully phased in.

** No actual work-income assumed for purposes of benefit calculation only.

NOTES:

- Under CWEP, child care expenses are assumed to be zero in calculating the AFDC & Food Stamp benefits.
- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- No housing subsidy is assumed but an excess shelter cost deduction of \$100 used to calculate the Food Stamp benefit.
- The Current Law examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The Work Pays Plan assumes a work-related expense deduction of \$100 in calculating AFDC benefits.
- The Work Pays Plan conditions AFDC benefit levels on whether maximum AFDC benefit is less than or equal to 40% of the federal poverty level.
- The Work Pays Plan reduces AFDC countable income by 20% in calculating AFDC benefit levels.
- The Work Pays Plan calculates after-CWEP benefit levels assuming 30 hours of work.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

Child support award established

Current Law

Work-Pays-Plan

CWEP

After CWEP

ALABAMA

	0	20	40	0	20	40	20	n/a **
Hours worked	0	20	40	0	20	40	20	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$4,420	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	3,000	3,000	3,000	3,000	3,000
AFDC (net cost to government)	1,968	0	0	1,200	0	0	0	0
Food Stamps	3,504	3,252	2,196	3,084	2,376	1,320	2,376	1,848
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	—	—
Fed Income Tax	0	0	0	0	0	0	0	—
Fed Payroll Tax	0	338	676	0	338	676	338	—
Work Expense	0	442	884	0	442	884	442	—
Child Care Expense	0	0	0	0	0	0	0	—
"Disposable" Income	\$5,472	\$7,997	\$11,471	\$7,284	\$10,771	\$14,975	\$9,016	\$4,848

CALIFORNIA

	0	20	40	0	20	40	20	n/a **
Hours worked	0	20	40	0	20	40	20	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$4,420	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	3,000	3,000	3,000	3,000	3,000
AFDC (net cost to government)	7,488	4,500	0	5,928	3,348	0	3,348	1,584
Food Stamps	2,064	1,908	2,196	1,656	1,380	1,320	1,380	1,368
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	—	—
Fed Income Tax	0	0	0	0	0	0	0	—
Fed Payroll Tax	0	338	676	0	338	676	338	—
Work Expense	0	442	884	0	442	884	442	—
Child Care Expense	0	0	0	0	0	0	0	—
"Disposable" Income	\$9,552	\$11,153	\$11,471	\$10,584	\$13,123	\$14,975	\$11,368	\$5,952

PENNSYLVANIA

	0	20	40	0	20	40	20	n/a **
Hours worked	0	20	40	0	20	40	20	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$4,420	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	3,000	3,000	3,000	3,000	3,000
AFDC (net cost to government)	5,052	2,064	0	3,492	912	0	912	0
Food Stamps	2,796	2,640	2,196	2,388	2,100	1,320	2,100	1,848
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	—	—
Fed Income Tax	0	0	0	0	0	0	0	—
Fed Payroll Tax	0	338	676	0	338	676	338	—
Work Expense	0	442	884	0	442	884	442	—
Child Care Expense	0	0	0	0	0	0	0	—
"Disposable" Income	\$7,848	\$9,449	\$11,471	\$8,880	\$11,407	\$14,975	\$9,652	\$4,848

* Fully phased in.

** No actual work--income assumed for purposes of benefit calculation only.

NOTES:

- Under CWEP, child care expenses are assumed to be zero in calculating the AFDC & Food Stamp benefits.
- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- No housing subsidy is assumed but an excess shelter cost deduction of \$100 used to calculate the Food Stamp benefit.
- The Current Law examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The Work Pays Plan assumes a work-related expense deduction of \$100 in calculating AFDC benefits.
- The Work Pays Plan conditions AFDC benefit levels on whether maximum AFDC benefit is less than or equal to 40% of the federal poverty level.
- The Work Pays Plan reduces AFDC countable income by 20% in calculating AFDC benefit levels.
- The Work Pays Plan calculates after-CWEP benefit levels assuming 30 hours of work.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

No child support award established

-----Current-Law-----

-----Work-Pays-Plan-----

CWEP

After CWEP

ALABAMA

	0	20	40	0	20	40	30	n/a **
Hours worked	0	20	40	0	20	40	30	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$6,630	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0
AFDC (net cost to government)	1,968	0	0	1,968	0	0	0	0
Food Stamps	3,504	3,252	2,196	3,528	3,276	2,220	2,748	2,748
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	--	--
Fed Income Tax	0	0	0	0	0	0	0	--
Fed Payroll Tax	0	338	676	0	338	676	507	--
Work Expense	0	442	884	0	442	884	663	--
Child Care Expense	0	0	0	0	0	0	0	--
"Disposable" Income	\$5,472	\$7,997	\$11,471	\$5,496	\$8,671	\$12,875	\$8,208	\$2,748

CALIFORNIA

	0	20	40	0	20	40	30	n/a **
Hours worked	0	20	40	0	20	40	30	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$6,630	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0
AFDC (net cost to government)	7,488	4,500	0	7,488	4,908	1,368	3,144	3,144
Food Stamps	2,064	1,908	2,196	2,088	1,812	1,812	1,800	1,800
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	--	--
Fed Income Tax	0	0	0	0	0	0	0	--
Fed Payroll Tax	0	338	676	0	338	676	507	--
Work Expense	0	442	884	0	442	884	663	--
Child Care Expense	0	0	0	0	0	0	0	--
"Disposable" Income	\$9,552	\$11,153	\$11,471	\$9,576	\$12,115	\$13,835	\$10,404	\$4,944

PENNSYLVANIA

	0	20	40	0	20	40	30	n/a **
Hours worked	0	20	40	0	20	40	30	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$6,630	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	0	0	0	0	0
AFDC (net cost to government)	5,052	2,064	0	5,052	2,472	0	708	708
Food Stamps	2,796	2,640	2,196	2,820	2,532	2,220	2,532	2,532
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	--	--
Fed Income Tax	0	0	0	0	0	0	0	--
Fed Payroll Tax	0	338	676	0	338	676	507	--
Work Expense	0	442	884	0	442	884	663	--
Child Care Expense	0	0	0	0	0	0	0	--
"Disposable" Income	\$7,848	\$9,449	\$11,471	\$7,872	\$10,399	\$12,875	\$8,700	\$3,240

* Fully phased in.

** No actual work--income assumed for purposes of benefit calculation only.

NOTES:

- Under CWEP, child care expenses are assumed to be zero in calculating the AFDC & Food Stamp benefits.
- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- No housing subsidy is assumed but an excess shelter cost deduction of \$100 used to calculate the Food Stamp benefit.
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- The Work Pays Plan reduces AFDC countable income by 20% in calculating AFDC benefit levels.
- The Work Pays Plan calculates after-CWEP benefit levels assuming 30 hours of work.

BENEFIT CALCULATIONS FOR A MOTHER & TWO CHILDREN: SELECTED STATES

Child support award established

Current Law

Work-Pays-Plan

CWEP

After CWEP

ALABAMA

	0	20	40	0	20	40	30	n/a **
Hours worked	0	20	40	0	20	40	30	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$6,630	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	3,000	3,000	3,000	3,000	3,000
AFDC (net cost to government)	1,968	0	0	1,200	0	0	0	0
Food Stamps	3,504	3,252	2,196	3,084	2,376	1,320	1,848	1,848
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	—	—
Fed Income Tax	0	0	0	0	0	0	0	—
Fed Payroll Tax	0	338	676	0	338	676	507	—
Work Expense	0	442	884	0	442	884	663	—
Child Care Expense	0	0	0	0	0	0	0	—
"Disposable" Income	\$5,472	\$7,997	\$11,471	\$7,284	\$10,771	\$14,975	\$10,308	\$4,848

CALIFORNIA

	0	20	40	0	20	40	30	n/a **
Hours worked	0	20	40	0	20	40	30	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$6,630	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	3,000	3,000	3,000	3,000	3,000
AFDC (net cost to government)	7,488	4,500	0	5,928	3,348	0	1,584	1,584
Food Stamps	2,064	1,908	2,196	1,656	1,380	1,320	1,368	1,368
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	—	—
Fed Income Tax	0	0	0	0	0	0	0	—
Fed Payroll Tax	0	338	676	0	338	676	507	—
Work Expense	0	442	884	0	442	884	663	—
Child Care Expense	0	0	0	0	0	0	0	—
"Disposable" Income	\$9,552	\$11,153	\$11,471	\$10,584	\$13,123	\$14,975	\$11,412	\$5,952

PENNSYLVANIA

	0	20	40	0	20	40	30	n/a **
Hours worked	0	20	40	0	20	40	30	n/a **
Wage Earnings	\$0	\$4,420	\$8,840	\$0	\$4,420	\$8,840	\$6,630	(\$6,630)
Child Support Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Assured Benefit	0	0	0	3,000	3,000	3,000	3,000	3,000
AFDC (net cost to government)	5,052	2,064	0	3,492	912	0	0	0
Food Stamps	2,796	2,640	2,196	2,388	2,100	1,320	1,848	1,848
Housing	0	0	0	0	0	0	0	0
EITC *	0	1,105	1,995	0	1,755	3,375	—	—
Fed Income Tax	0	0	0	0	0	0	0	—
Fed Payroll Tax	0	338	676	0	338	676	507	—
Work Expense	0	442	884	0	442	884	663	—
Child Care Expense	0	0	0	0	0	0	0	—
"Disposable" Income	\$7,848	\$9,449	\$11,471	\$8,880	\$11,407	\$14,975	\$10,308	\$4,848

* Fully phased in.

** No actual work--income assumed for purposes of benefit calculation only.

NOTES:

- Under CWEP, child care expenses are assumed to be zero in calculating the AFDC & Food Stamp benefits.
- Child Care expense is set equal to 0% of income in calculating benefit levels in all programs in these examples.
- No housing subsidy is assumed but an excess shelter cost deduction of \$100 used to calculate the Food Stamp benefit.
- The Current Law examples use a work-related expense deduction of \$120 in calculating AFDC benefit levels.
- The Work Pays Plan assumes a work-related expense deduction of \$100 in calculating AFDC benefits.
- The Work Pays Plan conditions AFDC benefit levels on whether maximum AFDC benefit is less than or equal to 40% of the federal poverty level.
- The Work Pays Plan reduces AFDC countable income by 20% in calculating AFDC benefit levels.
- The Work Pays Plan calculates after-CWEP benefit levels assuming 30 hours of work.

CENTER FOR LAW AND SOCIAL POLICY

MEMORANDUM

To: Interested Persons
From: Mark Greenberg
Date: July 6, 1993
Re: Public Employment vs. CWEP

A major component of the President's vision of welfare reform involves a work expectation for families that have received welfare for two years. In developing this component, a crucial question is whether families will be provided public service employment, or simply required to work without wages for their welfare grants.

One possible model for public employment would involve the creation of 20 hour a week public sector minimum wage jobs. The earnings from those jobs would be treated as earned income for purposes of AFDC and food stamps.

In contrast, in a CWEP model, the individual would not receive wages, but would be required to work some number of hours each month, based on a formula that divides the AFDC grant by the minimum wage to determine the required hours of obligation.

In many respects, from the standpoint of the individuals and society, public sector minimum wage jobs would be substantially preferable to CWEP. The major problem with public sector jobs is their greater cost. However, there is reason to believe that the marginal cost of such jobs over CWEP, for one million slots, would be in the range of \$2 billion or less -- a figure that is low enough to justify serious policy consideration.

This memo summarizes the advantages of minimum wage jobs over CWEP, and then discusses the basis for the cost estimate.

Why would work for wages be better than work for welfare? It would be better for families, the welfare system, and the nation's economy because:

Families would be financially better off. In a CWEP structure, an individual who is working off her AFDC grant is no better off than an individual who is not. There is no return for work. And, in high benefit states, individuals would be working full time or close to full time in order to receive a welfare check; this is fundamentally inconsistent with the President's principle that a family where the parent works full-time shouldn't be poor.

In contrast, if individuals are in jobs paying wages, then their family will have more income, and will both be and feel better off from working. The amount of gain from work will depend on the number of hours or work, how the system's rules treat earnings from employment, and whether the earnings qualify for a

full EIC. However, it will always be true that the family is at least somewhat better off as a result of working.

People who work should be treated like workers. Historically, one rationale for CWEP is that individuals with little or no work experience would benefit from an unpaid work experience. This might be true for some people for some period of time, but not on an ongoing basis for everyone who has received AFDC for two years. If individuals are willing to work, and neither they nor the state can find a private sector job, they should be offered a real job paying a real wage. If one goal is to provide work that individuals can list on a resume and that does not include "welfare stigma", than government (or other non-profit) employment is surely preferable to "welfare unpaid placement."

20 Hour a week jobs would foster and reflect the principle that there should be reasonable expectations for single parents. One problem with CWEP is that the hours of obligation would be different in every state. In high benefit states, e.g., families would, in essence, be working full time just to work off their AFDC. In low benefit states, one of two things will happen: either the work obligation will be quite low, i.e., about 11 hours a week to work off a \$200 AFDC grant, or there will be substantial pressure to include food stamps in the work-off-the-grant calculus. If that occurs, then individuals in low benefit states may be working full-time or close to full time for food coupons and a small amount of cash.

Full-time obligations will cause a number of problems. First, they will be much more expensive than 20 hour slots, because many more families will have child care costs, including those with school-age children. Second, displacement issues are likely to be greater if employers are essentially offered free full-time workers. Third, as the required compliance level goes up, the number of non-compliers is likely to increase, and penalties for non-compliance are likely to have to be imposed on more people.

Most fundamentally, though, an expectation of full-time work for single parents is inconsistent with the fact that most married mothers do not work full-time outside the home. Only 34% of wives work year-round, full-time, and only 27% of wives with children under age 6 work year-round, full-time. As originally framed by David Ellwood in Poor Support, in two parent families, one parent typically either doesn't work outside the home or works part-time. In a one-parent family, where the mother must be trying to balance her work and caretaking roles, it may not be good family policy to mandate an expectation of full-time work.

In the current debate, while there may be strong public support for the principle that welfare mothers should work, there is not likely to be strong public support for the principle that single parents should either have their children in day care or leave them unattended for 45 or 50 hours a week. Nor is there likely to be broad agreement that the best social policy for families of middle-schoolers and teens is for their parent to be

leaving them unsupervised for a number of hours before and after school each day.

In short, a 20 hour expectation balances a serious work expectation with a concern for what is reasonable for parents and best for children.

20 Hour a Week Jobs Would be Significantly Easier to Administer than CWEP. CWEP is complicated to administer in part because the individual's required hours of participation vary with her AFDC grant. So, for example, an individual getting an AFDC grant of \$372 would have an 87 hour obligation that month. However, if she received a \$100 contribution from a relative the next month, and her grant dropped to \$272, her CWEP hours would drop to 64. Few employers have any interest in readjusting work hours each month, or in, for instance, having Ms. Smith work 20 hours a week, while Ms. Jones works 17, and Ms. Doe works 13. Many potential employers that might be attracted to designing 20 hour jobs would have little interest in a structure where each new slot may have different required hours of work, and the hours per slot may vary every month. CWEP forces administrators and employers to devote massive resources to odd hour calculations; 20 hour a week jobs would not.

Creating waged jobs would reduce the number of families receiving AFDC; mandating CWEP would not. If families were paid the minimum wage for 20 hours a week, and the earnings were treated as income for AFDC purposes, some number of families would cease to receive AFDC checks. For a family of three with no other income, the earnings would result in no AFDC check in one state immediately, and in six more after four months. For a family of two with no other income, there would be no AFDC check immediately in five states, and none after four months in five more states. For families with other non-AFDC income, the numbers would be greater. While this is obviously not a huge caseload reduction, it is substantially better than what would be offered by CWEP. (Note that there would need to be a means to "deem" Medicaid and child care eligibility for families ineligible for an AFDC grant.)

Jobs paying the minimum wage would be better for the economy than work paying no wages. A basic concern about large-scale CWEP is that it may depress wages and job growth: individuals in CWEP slots would be part of a large pool prepared to accept any minimum wage job, even under the most adverse working conditions. It may not be in the best interest of children, for example, for their mother to be working for minimum wage on the late night shift at the local convenience store. If the government were offering part-time minimum wage jobs during the school day for single parents, then private employers would need to offer something more attractive to attract them, e.g., higher wages, better working conditions, more hours, opportunity for advancement. If the government offers minimum wage jobs to AFDC families, it is a way of putting pressure on the private sector to do better; if the government only mandates CWEP, then the worst minimum wage job will look better than AFDC,

and it will seem irrational for many private employers to ever pay more than minimum wage. In short, either approach is going to have an impact on the private economy, but minimum wage jobs encourage private employers to do better, and CWEP encourages private employers to do worse.

Note that there is another concern about the impact of either CWEP or minimum wage jobs on the economy: if public sector or private non-profit employers have an essentially unlimited pool of free workers, when will they ever have an incentive to add additional paid workers to their workforce? While this is a problem in either approach, it could be less of a problem in the public employment approach if, for instance, the worksite were required to put in some amount of match. A match requirement would also increase the likelihood that the worksite took the jobs more seriously, and it would also be a means of bringing down overall program costs. (For instance, a 25% required employer match would essentially offset the cost of a 25% EIC for workers in public service minimum wage jobs).

The costs of minimum wage jobs are within a range that merits their consideration. Much of the previously-expressed concern about public employment concerns its potential cost. However, given the commitment to a work program, the relevant question is its marginal cost above the cost of CWEP. For example, there appears to be no reason to believe that the cost of job creation, administration, and supervision would be different for public employment than for CWEP. And for comparable hours of work, there is no reason to believe that child care costs would be different. The difference would involve the payment of wages for minimum wage jobs. However, there would be a partial offset in reduced AFDC and food stamp expenditures.

On an annual basis, the marginal cost to government (over CWEP) for one million slots would appear to be less than \$2 billion without the EIC, approaching \$3 billion with the EIC. For example, the 20 hours a week times \$4.25 is \$365.50 a month. Wages of \$365.50 a month translate to a \$164 reduction in AFDC for the first four months, and a \$246 reduction in AFDC after the first four months, when the 1/3 disregard expires. There is also a food stamp reduction. The amount of the food stamp reduction depends on one's assumption about shelter costs. On the attached pages, there are examples for the median benefit state, a high benefit state, and a low benefit state. The basic picture appears to be that for the median state benefit level, a 20 hour a week minimum wage job would involve a net cost over CWEP of approximately \$171 per person for the first four months, and \$126 per person after the first four months without the EIC; if a 25% EIC were provided, the cost would increase to \$263 and \$219 respectively. On an annualized basis, this translates to \$1.7 billion to 2.8 billion. If there were a required employer match, costs would go down (depending on the amount of the match).

Costs may be somewhat (though not substantially) higher because:

- not all AFDC families receive food stamps, and when the family does not receive food stamps, there will be no food stamp saving when income increases;
- in low benefit states, if the AFDC grant is less than \$164 in the first four months, or less than \$246 after the first four months, the full AFDC savings will not occur;
- cost estimates for food stamp savings are sensitive to one's assumptions about housing costs, in the complicated way in which excess shelter deductions interact with income.

Nevertheless, even if costs are slightly higher, they nevertheless suggest that this approach is within the range of reasonable options, and ought to be given serious consideration in the coming discussions.

CWEP and Public Employment: Comparing Costs

Example A: AFDC Grant of \$372 (Median state, family of three)
Assume \$300 for rent and utilities

1. Status: No Earnings or Other Non-AFDC income:

AFDC	\$372
Food Stamps	<u>\$272</u>
Total Income	\$644

2. Status: Working 20 hours a week at \$4.25, for gross earnings of \$365.50/month. During first four months, AFDC's 1/3 disregard available:

Earnings	\$365.50
AFDC	\$208
Food Stamps	<u>\$214</u>
Total Income	\$787.50.

3. Status: Working 20 hours a week at \$4.25, but 1/3 disregard expires after four months:

Earnings	\$365.50
AFDC	\$126
Food Stamps	<u>\$251</u>
Total Income	\$742.50

4. Cost to Government:

First four months: $\$787.50 - \$644 = \$143.50$ in net costs; if government paying social security of 7.65%, add \$27.96 to get \$171.46.

After first four months, $\$742.50 - \$644 = \$98.50$ in net costs, plus \$27.96 social security, equals \$126.46.

First year cost to government is \$1697.52:

($4 * \$171.46 = \$685.84$, $8 * 126.46 = \$1011.68$)

Example B: AFDC Grant of \$200 (Low Benefit State)

Assume \$200 for rent and utilities

1. Status: No Earnings or Other Non-AFDC income:

AFDC	\$200
Food Stamps	<u>\$292</u>
Total Income	\$492

2. Status: Working 20 hours a week at \$4.25, for gross earnings of \$365.50/month. During first four months, AFDC's 1/3 disregard available:

Earnings	\$365.50
AFDC	\$ 36
Food Stamps	<u>\$262</u>
Total Income	\$663.50.

3. Status: Working 20 hours a week at \$4.25, but 1/3 disregard expires after four months:

Earnings	\$365.50
AFDC	\$ 0
Food Stamps	<u>\$277</u>
Total Income	\$642.50

4. Cost to Government:

First four months: $\$663.50 - \$492 = \$171.50$ in net costs; with social security of 7.65%, add \$27.96 to get \$199.46.

After first four months, $\$642.50 - \$492 = \$150.50$ in net costs, plus \$27.96 social security, equals \$178.46.

First year cost to government is \$2225.52:
(4 * \$199.46 = \$797.84, 8 * 178.46 = \$1427.68).

Example C: AFDC Grant of \$600 (High Benefit State)

Assume \$400 for rent and utilities

1. Status: No Earnings or Other Non-AFDC income:

AFDC	\$600
Food Stamps	<u>\$199</u>
Total Income	\$799

2. Status: Working 20 hours a week at \$4.25, for gross earnings of \$365.50/month. During first four months, AFDC's 1/3 disregard available:

Earnings	\$365.50
AFDC	\$436
Food Stamps	<u>\$141</u>
Total Income	\$942.50.

3. Status: Working 20 hours a week at \$4.25, but 1/3 disregard expires after four months:

Earnings	\$365.50
AFDC	\$354
Food Stamps	<u>\$178</u>
Total Income	\$897.50

4. Cost to Government:

In first four months, $\$942.50 - \$799 = \$143.50$ in net costs; if government paying social security of 7.65%, add \$27.96 to get \$171.46.

After first four months, $\$897.50 - \$799 = \$98.50$ in net costs, plus \$27.96 social security, equals \$126.46.

First year cost to government is \$1697.52:

($4 * \$171.46 = \$685.84$, $8 * 126.46 = \$1011.68$)

ISSUES

Program

What should be the nature of the work? Should it be entry-level, unskilled? Should there be job progression and training with growth potential? What are the trade-offs in terms of costs? Incentives to stay in the program vs. incentives to move into private sector jobs? What do we know about the effectiveness of job progression models for welfare populations? How much supervision and administration is involved?

Job Search

Should participation in CWEP be combined with some period in job search? Should there be a period of job search after each CWEP assignment is over? Are there other ways to encourage participants to move to private sector jobs, and to encourage private employers to hire these individuals?

Education

Should participants be given additional time to receive education and training or pursue other activities to increase employability? What are minimal job skills and work habits that participants need to have? Are they likely to have already acquired these before they reached their time limit? What further development are they likely to need?

Duration

What is the maximum amount of time participants can remain in CWEP? Indefinitely until they find a private job? Two years? One year? 26 weeks? Should it vary depending on local unemployment rates? What happens after this period is over.

Assigned Hours

Should each person's assignment be based on their individual grant levels divided by the minimum wage? Or should there be a set number of hours regardless of former welfare grant levels, e.g. 20 hours a week for everyone? Do we need to customize these jobs to the needs of single mothers?

Safety Net

Are we responsible for ensuring a minimal safety net for the post-transitional population? Can individuals refuse to participate in the work program? What happens if slots are not available? Is the population off of welfare or still on welfare, but working?

Level of Income

What is a minimally adequate income for the post-transitional assistance population? Do the plans provide this with a 40 hr. per week assignment? With a 20 hr work assignment? Should there continue to be an effort to maintain aggregate income levels at AFDC benefit levels, varying by state and family size?

Treatment of Earnings

Does reimbursement count as earnings for EITC, FICA, unemployment benefits? What is the interaction with food stamps and housing assistance?

Universality

Should community work programs and incentives be available to all poor families with children or targeted to former AFDC recipients? Should these programs be available to non-custodial fathers who need jobs to pay child support? Should these programs be available to welfare recipients who have not yet exhausted their time-limits? Are they available to former welfare recipients who found a private job and then were fired or quit.

Sanctions, Firing

Should there be a system of sanctions, or should participants who don't perform simply not get paid? Should participants be paid for the hours they work or should they not get paid at all if they don't work for their assigned time, e.g. 20 hours a week? What would be "good cause" criteria for not participating. Should those who drop out of the program be allowed to be reinstated immediately by participating? Should participants be able to be "fired?"

Post Work

If the work program is of limited duration and the family still hasn't found a private job, what happens? What happens to those who are fired from the work program or move on to a private job and are fired?

Financing

Who should pay for the cost of these programs? Federally funded, federal-state match? At what match rate?

Employment Rights

Do participants have access to appeal rights? How would disputes over nonperformance be resolved.

Implementation Issues

How long will it take to implement such programs? What could we expect to have in place after 1 year, 3 years, 5 years, etc.

Further Research

What are the major areas where research and demonstrations are needed?