

June 14, 1993

ISSUE GROUP STATUS REPORT

1. Make Work Pay

Group leader: Bill Prosser, temporary (690-6805)
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 of the EITC
- (3) Options paper on strategies for enhancing income

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:

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:

Dean
401-
9275

401-9289

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 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 10, 1993)

Due Date	Product
June 11, 1993	One page report due from each team on what they see as the major issues.
June 14 - 18	Meeting with teams to discuss work status, gaps and additional work needed, and completion of papers. Special meeting for restructuring team and attorneys on legal issues involving restructuring. Develop memo on a 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.
July 15	Draft tentative internal proposal for paternity establishment piece of child support enforcement.
July 15	Funding and incentives report 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. Absent Parents

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

This group will continue to 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
July 30
August 30

First draft (5 pages)
Second draft (15 pages)
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.

5. Post Transitional Work

Group Leaders: Canta Pian (690-7148) and DOL representative
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
June 21, 1993	Description of two CWEP options, and a CWEP/community services option
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

Send copy of paper from disabilities group

This group is now 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 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.

Status:

7. Private Sector Job Development

Group Leaders: NEC/OMB

Working Group Liaison: Bruce Reed

This group will be examining how efforts to move significant numbers of low wage earners in the work force will match with projected macroeconomic trends. It will also be responsible for developing strategies for employing people coming off AFDC in the private sector.

Status:

8. Program Simplification

Group Leader/Working Group Liaison: Kathi Way

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:

9. Prevention/Intact Families

Group Leader:

Working Group Liaison: Kathi Way

This group will examine the issues related to teen pregnancy, single parent families and intergenerational welfare dependency.

Status:

10. Modeling

Group Leaders: Don Oellerich (690-5880) and Donna Pavetti (690-7507)

Working Group Liaison: David Ellwood

Status:

meeting
scheduled
for 9:30 Friday
morning. Add Wendell Carter
Paul Diamond

To Ann:
an update

Ricki

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>
	<i>Assistant Secretary for the Administration for Children and Families, Department of Health and Human Services</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>

June 22, 1993

Prevention issue group

The Challenge:

- A. How do we design a welfare policy that is pro-family and encourages personal responsibility for the bearing and rearing of children?

Many policies in the welfare and work sections of Putting People First promote parental responsibility - employment for custodial parents and support by absent parents. Some policies are intended to encourage and support intact families, as well as single-parents and children - EITC and training initiatives. Are these policies likely to deter out-of-wedlock childbearing and the growth of single parent families? What is the evidence about the importance of two-parent families for child health and development? What additional policy options or ~~refinements~~ ^{refinements} might reduce the growth of single-parent families?

- B. The Types of Policy Option that might be Examined:

Conditioning Welfare Receipt, ^{Benefit} ~~Birth~~ Levels, or the EITC on:

- Establishment of paternity
- Willingness of a minor to live with a parent
- Whether additional children born on welfare
- Marital status

Preventing unintended childbearing, especially among unmarried teens

- Family planning, abortion, and adoption assistance
- ← Jobs and post-secondary education guarantees for teen who "do the right thing" or young men and women in High-risk neighborhoods

C. Process

Issue group membership Suggestions from steering group members. Outside experts?

Initial Meeting: Early next week.

Products: One or more background papers on questions listed under A. above.

← One or more policy papers assessing the pros and cons of the most promising specific policy options (or new ideas) listed under B. above.

Welfare Reform Steering Committee

June 22, 1993 Agenda

Issue Group discussion

- group leader reports
- charge for Private Sector Job Development group
- status of Prevention/Intact Families group

Issue Group leaders role in public presentations

- intergovernmental meeting on June 24
- series of meetings with advocacy groups
- circulation of leaders names and numbers

Working Paper - finalize list

Communications update

- hearings -
- intergovernmental briefings
- press briefing - next week

Coalition on Human Needs - DAVID
LABOR GROUPS - Bruce

Working Group issues

- June 30 presentations by USDA and HUD
- July 7 presentation by DOL / NEC
- ED presentation?

1. Working to agree on a mission
2. Limited scope, AFDC, FS, HUD
3. pulling together information/reports already done
4. expect this will work
2 tracks -
applicant
administration
5. Closely connected with
Reinventing Govt.
6. Heard from Ed. w/ appointee
for work group.

Labor

what working
group papers
would be needed
for welfare
simplification

~~we~~ we are about moving people off welfare
not mixing welfare and work.

we are very open
everything is on the table

- when you think
about welfare simplification -
people think about - - - -

what do you think
about -

• System initially designed to offset AFDC.
also. CRIMINAL ASPECT PAT/support.

Problems With The Current System

o **Lack of Paternity Establishment.** There are over one million children born to unwed mothers every year and yet we are only establishing paternity for about 30% of them. In the past, paternity establishment has always been a low priority. The current system does nothing to establish paternity until the mother goes on welfare. This delay means that it is much harder to ever establish paternity and some may never be established. And archaic laws combined with poor agency incentives means that many more fathers escape their obligations.

o **Inadequate Awards.** Child support awards are often inadequate, mostly because of a failure of awards to be updated.

o **Fragmentation.** The present system involves every level and branch of government and fifty separate state systems. Thirty percent of the cases are interstate cases which pose severe collection problems. There is a further lack of centralization at the state level and some programs are county based. Payment collection and disbursement is rarely centralized. Over-reliance on an overburdened court system means that many of the establishment and enforcement steps are slow and inefficient. Cases are treated differently depending upon whether they are IV-D cases or non-IV-D, AFDC cases or non-AFDC. Because of the present incentive system, non-AFDC cases often receive second-hand treatment. As a result, many women do not enter the IV-D system at all and either go without or handle the matter privately.

o **Lack of Staff and Resources.** Child Support Enforcement Agencies and custodial parents seeking help in getting their support both cite the lack of staff and resources as a major reason why service is so poor. The lack of staff and resources is due to the fiscal problems of states, political short-sightedness of some states, and the present funding and incentives structure for states. Also, historically child support enforcement has been seen as a women's issue.

o **The Burden of Enforcement is on the Mother.** The custodial parent (usually the mother) often has the burden to secure enforcement. Mothers are often in an unequal power relationship and sometimes subject to intimidation, threats and abuse if they assert their right to support. As a result, they often go without rather than taking the chance of rocking-the-boat. In most non-AFDC cases there is absolutely no monitoring of payments by the court or agency to insure that support is paid.

o **Enforcement is not Tough Enough.** Enforcement of child support obligations is often totally lacking or inadequate. This leads to a perception that the system can be beat. States are often slow to adopt necessary enforcement procedures and techniques. Automated systems are only being slowly adopted. There is poor medical support enforcement. Wage withholding is not fully used and it is often not instituted immediately at time of hire.

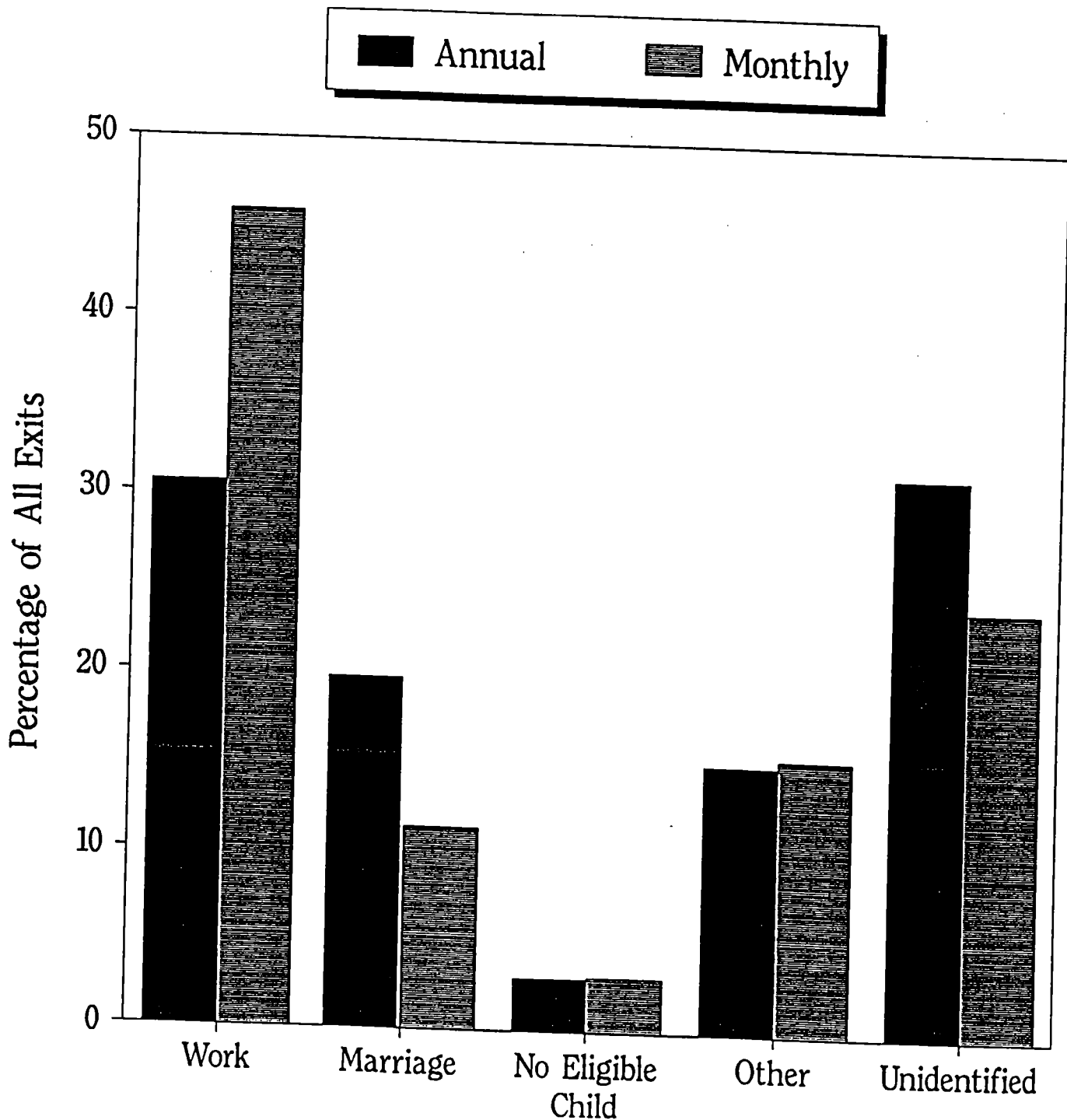
Percentage Distribution of the Expected Total Time on AFDC for First-Time Female AFDC Recipients and for All Women Receiving AFDC at a Point in Time

(Annual PSID Data)

Expected Total Time on AFDC	Women Beginning a First Spell of AFDC	Women Receiving AFDC at Any Point in Time
1 Year	20.9	3.4
2 Years	15.6	5.1
3 Years	10.0	4.8
4 Years	8.6	5.6
5 Years	6.2	5.0
6 Years	5.5	5.3
7 Years	4.3	4.8
8 Years	3.7	4.8
9 Years	3.2	4.6
10 or more Years	22.1	56.6
Total	100.0	100.0
Average Years of Receipt	6.2	12.0

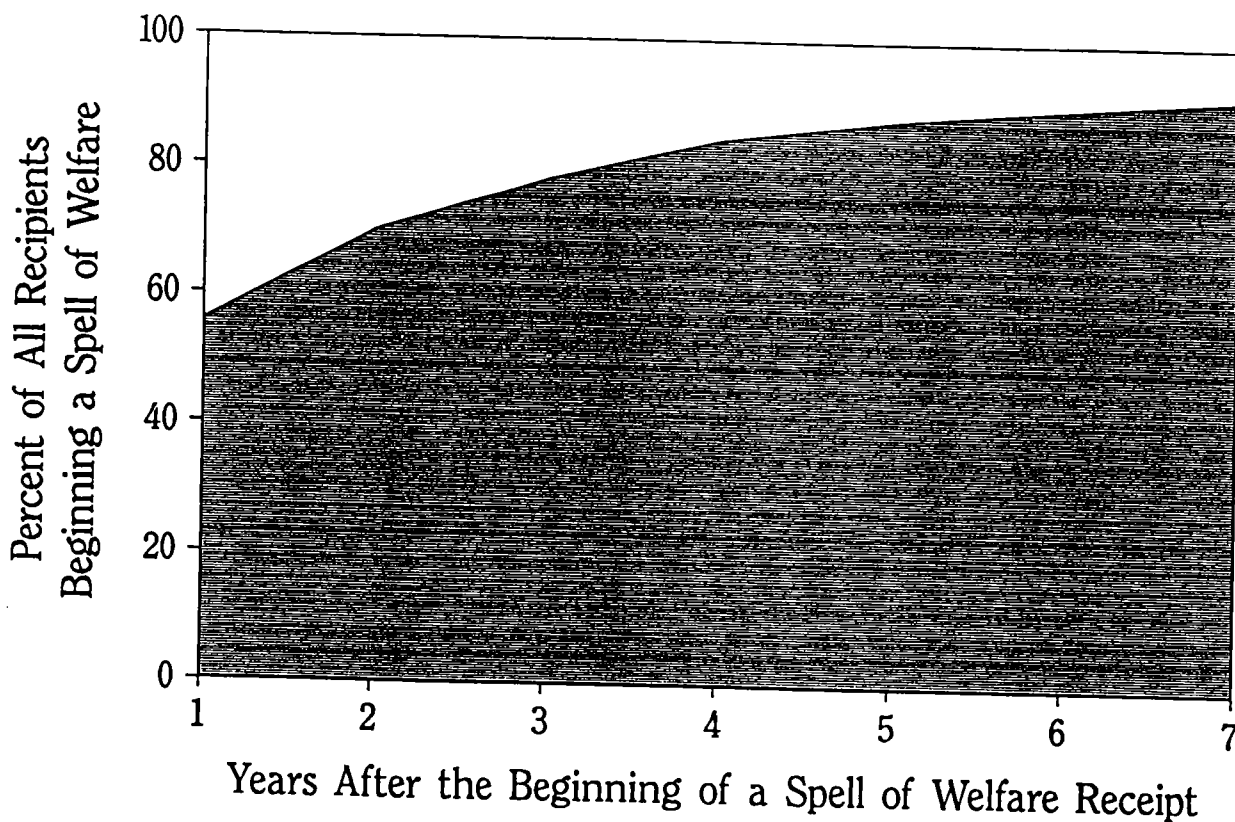
Reasons for Leaving Welfare

Women Who Entered Welfare Under Age 30
Using Annual and Monthly Data



Cumulative Percentage of Women Leaving Welfare

Women Who Entered Welfare Under Age 30

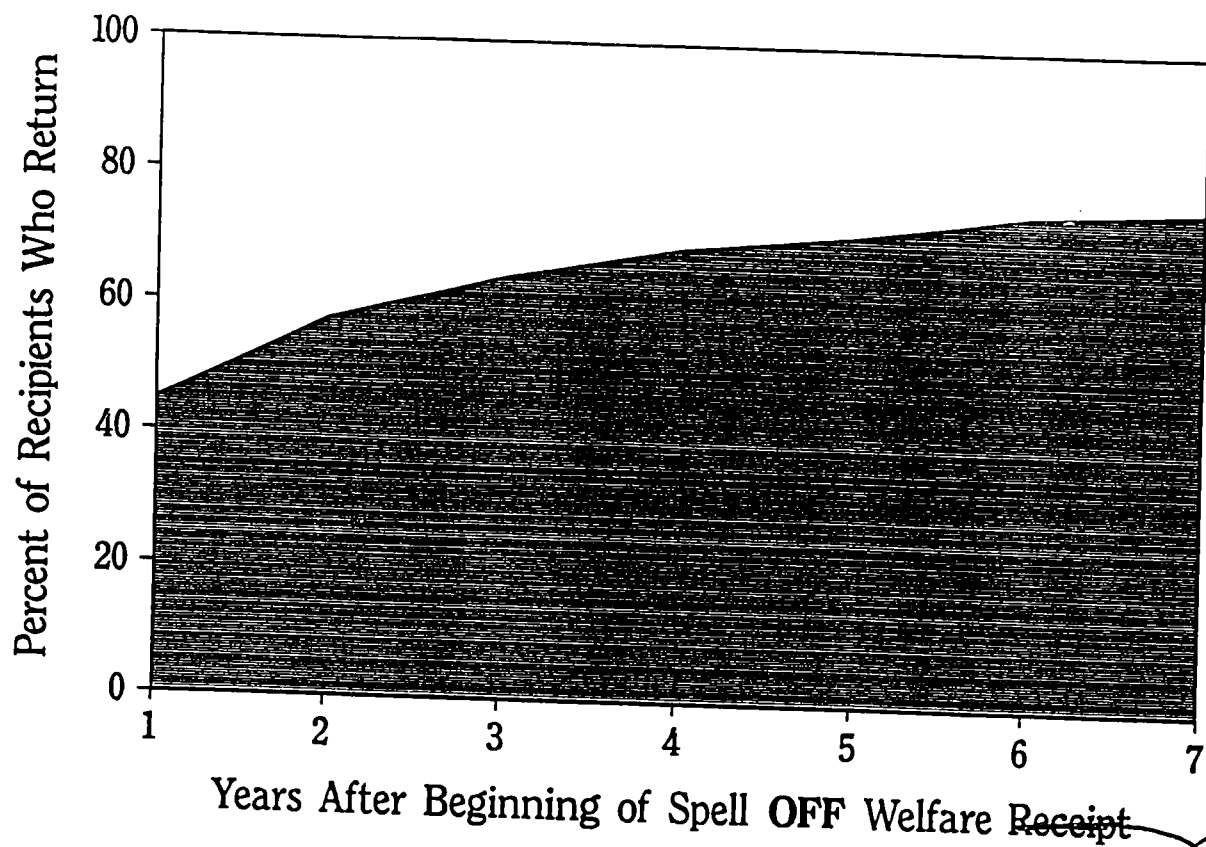


Exit Probabilities and Cumulative Percentages of Women Exiting Welfare by Duration of Receipt

Duration (Months)	Exit Probability	Cumulative % of Women Exiting
1-12	55.9	55.9
13-24	32.1	70.0
25-36	27.4	78.2
37-48	29.1	84.5
49-60	20.9	87.8
61-72	16.5	89.8
73-84	20.5	91.9

Tabulations from the NLSY 1979-1989 (Pavetti, 1993)

Cumulative Percentage of Women Returning to Welfare



Rates of Return to Welfare by Time Off Welfare		
Time Off Welfare (Months)	Rate of Return	Cumulative % of Returning
1-12	44.9	44.9
13-24	23.0	57.6
25-36	15.5	64.2
37-48	13.8	69.1
49-60	7.8	71.5
61-72	13.0	75.2
73-84	6.6	76.9

Tabulations from the NLSY 1979-1989 (Pavetti, 1993)

Selected Characteristics by Type of Welfare Use for Women Who First Receive Welfare Between Age 17 and 23

Characteristic	(Percent of Total in Group)			
	Short-term Transitional Use	Episodic Use	Continuous Use	All New Recipients
High School Diploma	41.0	36.2	28.0	36.8
GED	4.0	5.4	3.4	4.5
No Recent Work Experience	36.6	45.3	61.4	44.5
Basic Skills (AFQT Score; measured in standard deviations from the mean)				
-3.00 to -1.50	8.2	15.1	31.4	15.1
-1.49 to -0.50	30.0	40.8	39.7	36.0
-0.49 to +0.50	36.6	36.1	23.1	34.0
+0.51 to +1.50	22.0	8.1	4.5	13.3
+1.51 to +2.00	3.2	0.0	1.3	1.6
Youngest Child Age One or Younger	77.8	76.0	89.7	79.2
Never Married	52.3	64.8	85.1	63.2
First Received Welfare as a Teen Mother	11.3	12.7	20.0	13.4
Race/Ethnicity				
African-American	29.4	41.4	63.7	40.3
Hispanic	6.5	9.3	5.1	7.4
White	64.1	49.3	31.2	52.3
Lives in Public or Subsidized Housing	9.1	18.6	19.4	14.7
Region				
North	8.7	11.4	14.4	10.8
North Central	40.4	37.2	51.8	41.2
South	33.7	34.3	16.3	30.8
West	17.2	16.3	17.5	16.9
Percent of All New Recipients	42.5	39.5	18.0	100.0
Average Months on Welfare Within Five Years	11.8	42.3	60.0	32.5
Percent of Welfare Use	15.4	51.4	33.2	100.0

All characteristics are measured at the beginning of the first spell of welfare receipt.
The AFQT score is standardized by age group based on the scores of all women in the NLSY who took the AFQT test in 1980.

Tabulations from the NLSY, 1979-1988

THE WHITE HOUSE
WASHINGTON

June 16, 1993

MEMORANDUM FOR Economy and Jobs Issue Group

FROM: Bonnie Deane
Heather Ross

SUBJECT: Goals and Work Plan for the Economy and Jobs Issue Group

This is a DRAFT proposal which has not been approved. It is a starting point for discussion in our meeting.

GOALS

I. Define the problem in economic terms -- Why doesn't the private sector employ this group? Why don't people accept jobs instead of public assistance? How can we assess, in economic terms, options for closing this gap?

While this is certainly related to work in other issue groups (Make work pay, post-transitional jobs, etc.), we will focus on private sector labor market issues. We will work closely with other groups to ensure that we complement their work.

II. Develop measures of success -- that is, how effective and how cost effective are different policy approaches to getting welfare recipients into unsubsidized jobs.

We will be working closely with the modelling and simulations group to provide parameters which scale success rates to alternative assumptions about the welfare population and the labor market.

WORK PLAN

I. Jobs Pool (Labor Demand)

A. **General Economy** -- macroeconomic growth and configuration of overall pool consistent with Administration economic assumptions. **CEA lead: Debbie Lucas**

B. **Welfare Relevant** -- specific characteristics of labor demand that might affect welfare-eligible people. **CEA lead: Debbie Lucas/Darryl Wills**

- * C. ^{1/Bonnie}Subsidies -- research historical effectiveness as a means of expanding and targeting the demand for labor. TRS lead: Robert Gillingham

EEFC
Child Support
Health Care/
Child Care
2-year Work Requirement
Transition Assistance

D. Current & New Administration Initiatives -- effects of policy intervention on the welfare relevant labor demand and resulting overall size and configuration of the jobs pool. Analyze existing proposals such as empowerment zones, health care, etc. as well as new proposals offered as part of welfare reform package to increase unsubsidized job opportunities for welfare-eligible people. NEC lead: Heather Ross

E. Other?

II. Welfare Caseload (Labor Supply)

A. General demographics -- aggregate view of welfare population's employability to calibrate our thinking with rough numbers and types of job seekers. CEA or OMB?

B. Distribution of government assistance -- who is getting how much of what. AFDC, housing, medicaid, foodstamps, etc. CEA Lead: Debbie Lucas

HHS
Modeling -
liason for
OMB, CEA,
Treasury, NEC

* C. Moving off welfare -- effectiveness of methods for helping welfare recipients get and keep unsubsidized jobs, such as training, child care, placement, way stations (supported work, transitional subsidies,...) etc. Links to other groups include transitional assistance, education and training, post-transition jobs and making work pay. NEC lead: Bonnie Deane

D. Welfare-related labor supply -- Black male unemployment; non-welfare, single-parents in poverty. Consider potential for welfare entry effects, extra support \$, and competition for jobs. Volunteers?

E. Other?

III. Labor Market Interactions: Supply and Demand

A. Analysis of why the labor market fails to employ welfare cases. TRS lead: Robert Gillingham

* B. Success rates in placing welfare recipients in unsubsidized jobs, for different types of recipients, different policies to help them get jobs and different states of the labor market. Links to cost estimating and modeling group. NEC lead: Heather Ross

C. Other ideas? OMB Larry Matlack, Richard Bavier? CEA, DOL, HHS?

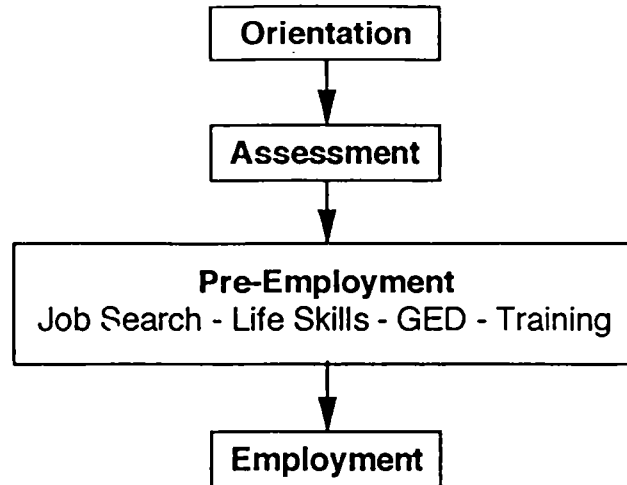
Keeping the work connected will require close coordination, which regular individual contact and meeting once a week should accomplish. **Can we pick a regular weekly meeting time?**

A schedule dovetailing with the working group schedule would look something like this:

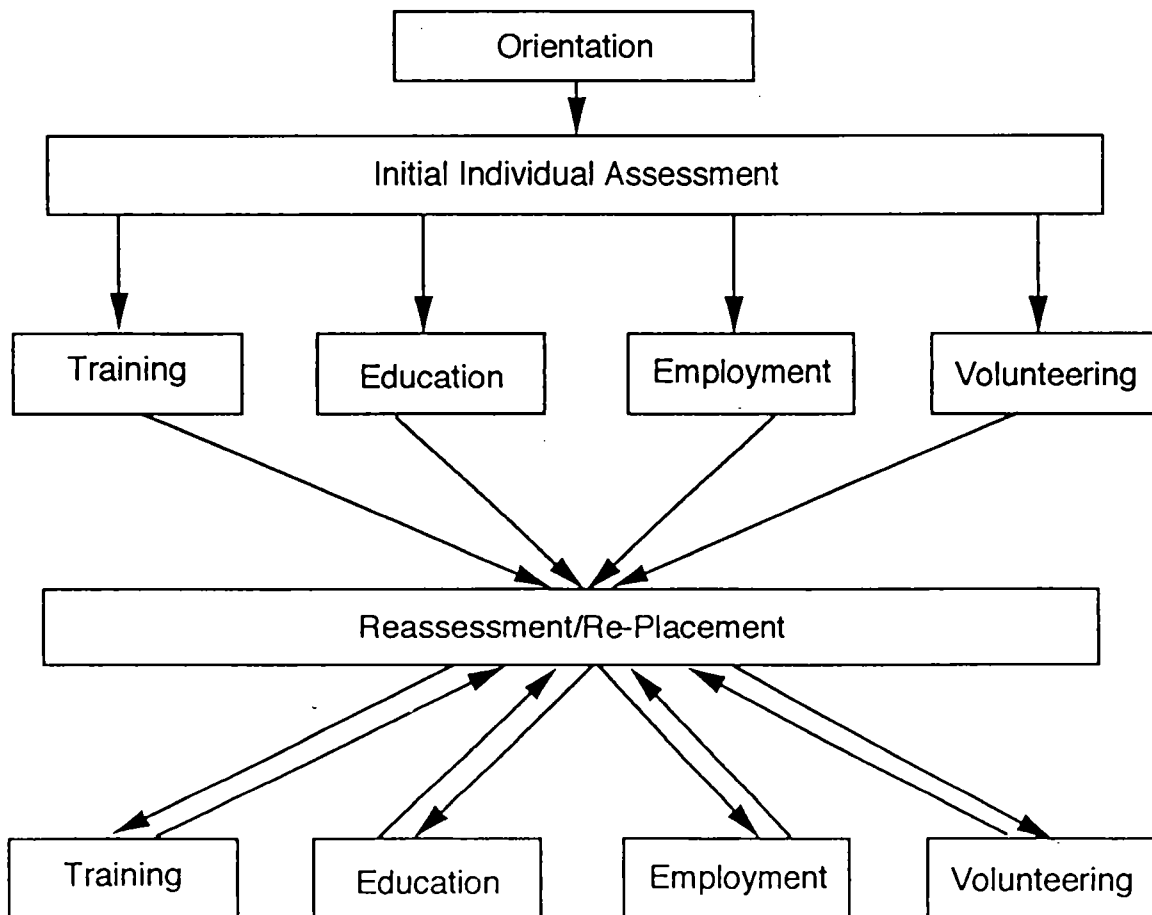
End June	Analytic papers completed
July	Working group deliberations and refinement and synthesis of options
Mid-August	Working group product complete

cc: Bo Cutter
Gene Sperling

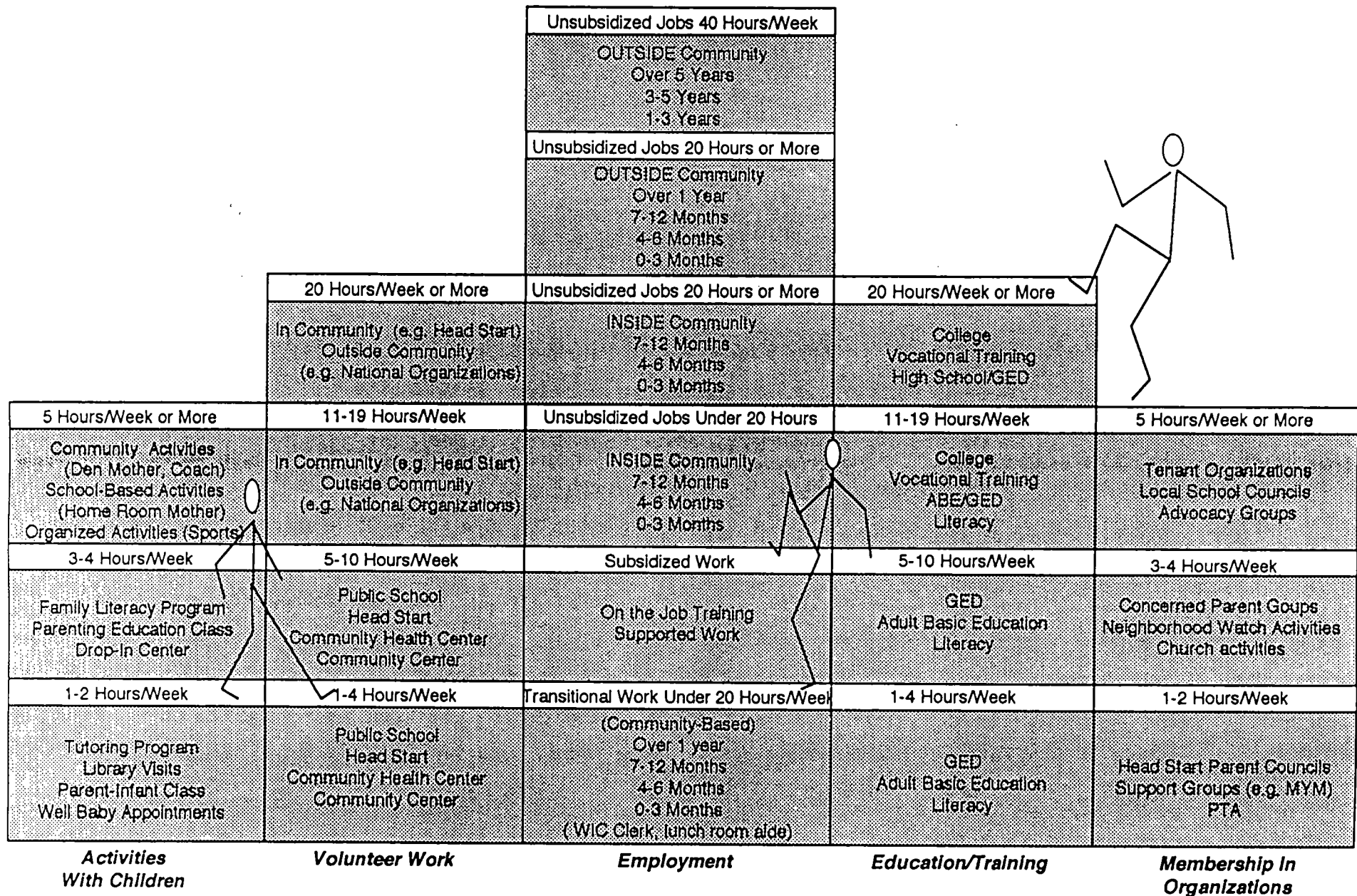
Model 1
Typical Welfare-to-Work Program Model



Model 2
Long-Term, Comprehensive Service Model



Steps to Social Involvement and Economic Self-Sufficiency

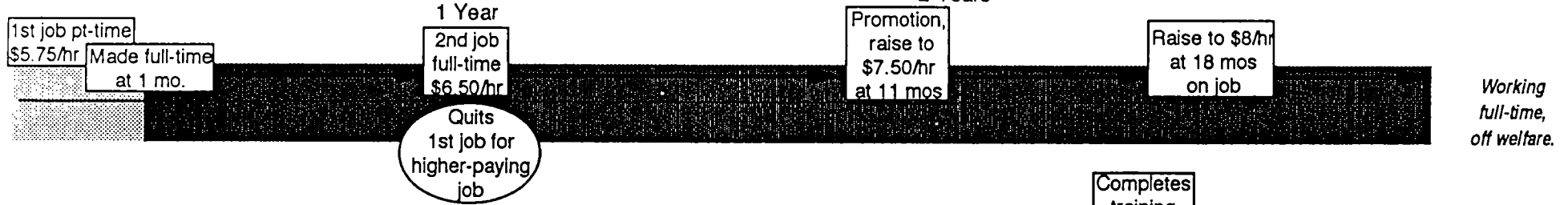


-SOCIAL ISOLATION-

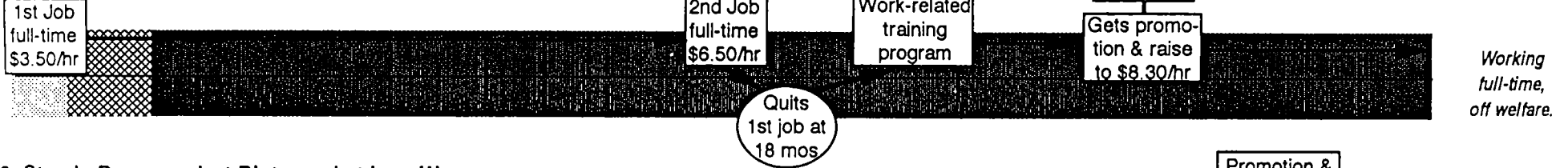
Project Match Model Three-Year Career Routes*

Full Welfare Grant =  Reduced Welfare Grant =  No Welfare Grant = 

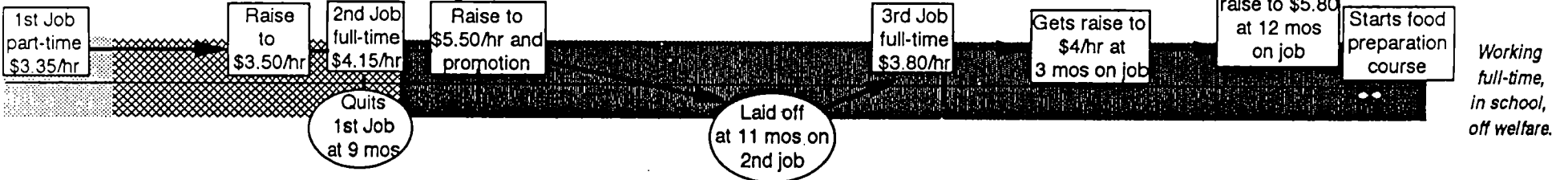
1. Steady Progress through Employment



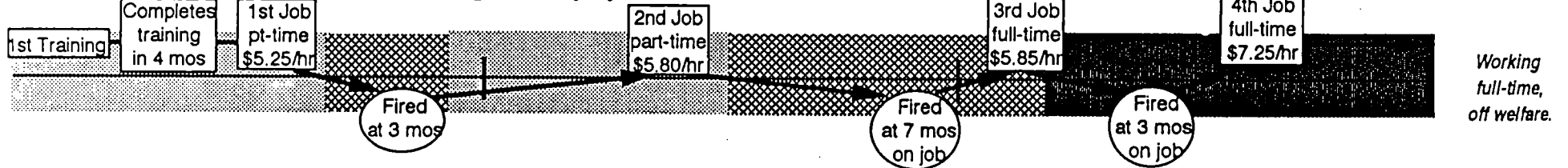
2. Steady Progress Boosted by Education



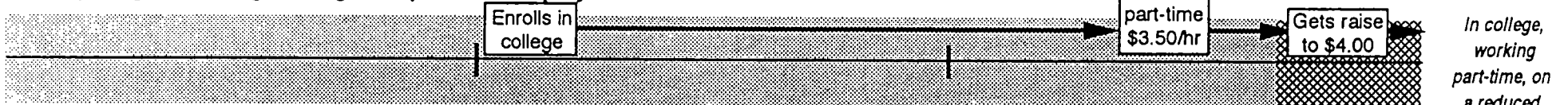
3. Steady Progress but Plateaued at Low Wages



4. Steady Progress through Vocational Training into Employment

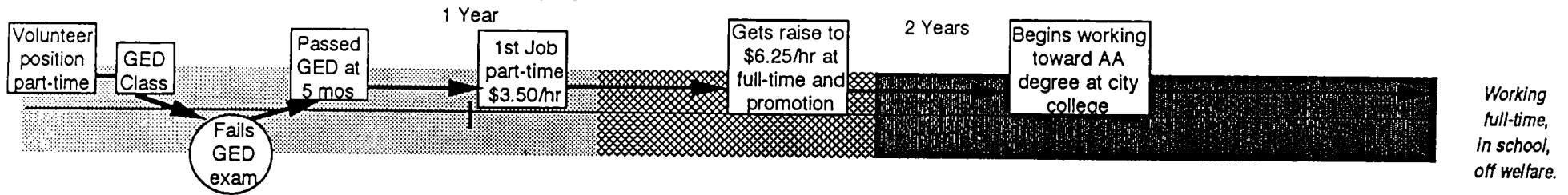


5. Steady Progress through College and part-time Employment

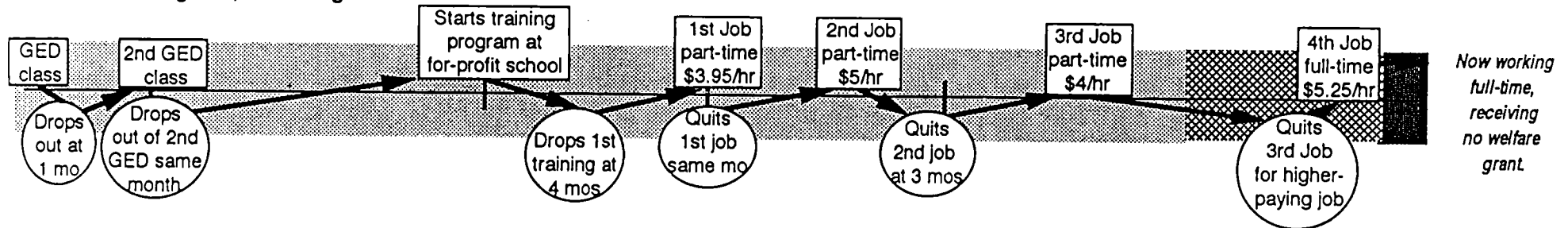


*For purposes of standardization we compressed career histories longer than three years into the three-year time frame. While this compressed the sequence of events in some cases, it did not alter the validity of those cases as illustrations of a particular route.

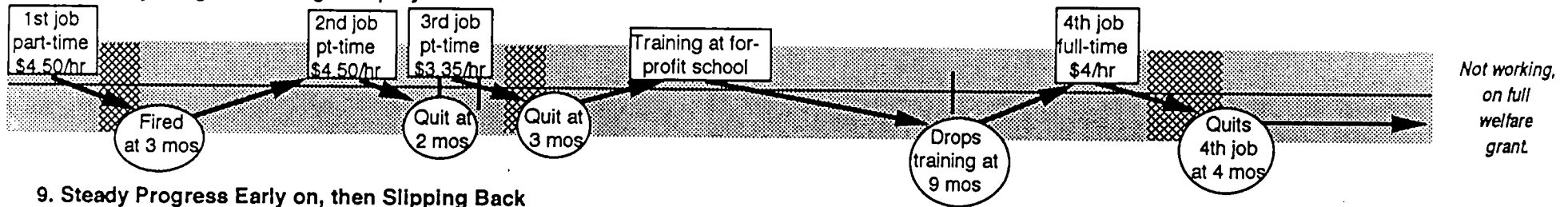
6. Steady Progress through Volunteer Work into Employment



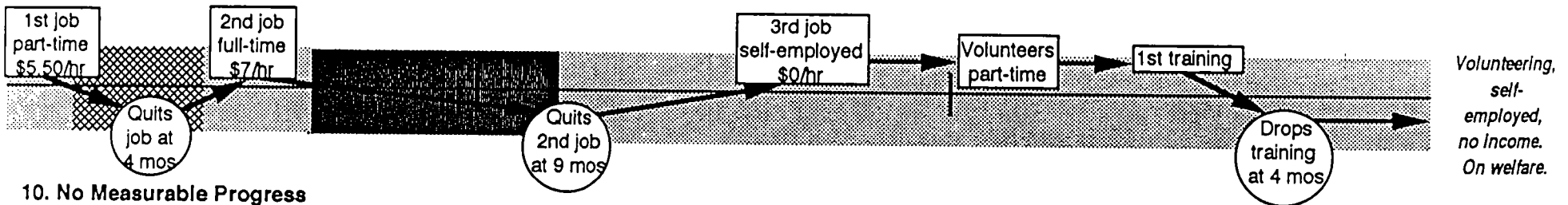
7. Lack of Progress, then Progress



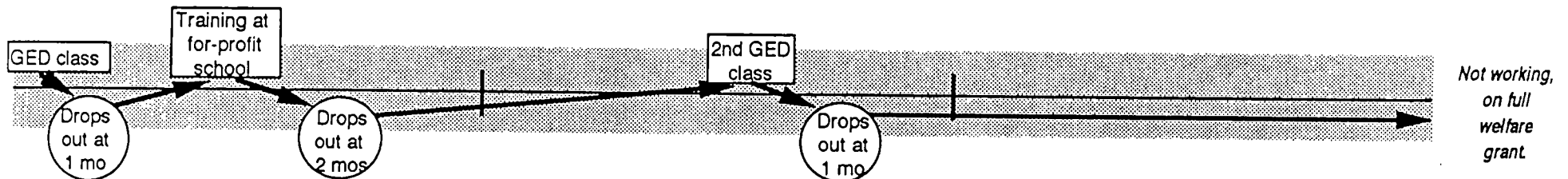
8. Unsteady Progress through Employment



9. Steady Progress Early on, then Slipping Back



10. No Measurable Progress



Analysis of Principles Underlying Welfare Reform

The following is a summary of the principles enunciated by participants in last week's Working Group meeting. This page provides a summary of the number of times a principle falling into a particular category was mentioned. The following pages are a complete list of all the comments listed under the category headings where they were counted.

	<u>Priority Rankings</u>		
	1st	2nd	3rd
Work Related Principles			
Encourage Work/Make work pay	6	4	2.5
Empower People to Leave Welfare/become self-sufficient/opportunity	4	5	5
Make Work Available	3		2
Time limit benefits/Require work/Make support transitional	1	1	2
Other			
Ensure Government Support for the Poor	5	1	3
Provide Support for Children	4	2.5	1
Focus on families/Family preservation/valuing parenting	2	3.5	2.5
Enhance Child Support Enforcement/Parental responsibility	1	2	2
Decrease Welfare Dependency	1		
Prevention	1	.5	
Respect/Consider the clients	1	3	
Demand Personal Responsibility		3	
Gain Public Support for welfare policy/Reach out to diverse groups		2	1
Fiscal Responsibility/Government Efficiency		3	2
Community Development			1.5

Encourage Work/Make work pay

- Encourage Work
- [Provide good jobs and] make work pay
- Ensure real rewards for work
- No one who works full time should be in poverty
- Make work more rewarding than welfare
- Restore control, dignity and security to low income families by encouraging and supporting work
- Make certain that families with at least one full time worker have income above poverty
- It should always be more remunerative to work than to be on welfare
- Make work pay
- [Assure all who can work do work and] make sure certain disincentives related to work are removed
- Make work pay, [but there must be work available, or it won't be welfare reform]
- A non-poverty income for full time work
- If you work you should not be poor -- work should be rewarded
- Everyone who is capable of working should have the opportunity to do so, at a wage that enables self-sufficiency
- Primary goal is to get people trained and working
- Increase rewards for . . . work, reduce incentives for . . . unemployment
- Restore the dignity of work by rewarding [and requiring work by a time certain]

Empower People to Leave Welfare/to be self-sufficient/provide opportunity

- Adequate support (child care, training) to enable a person to leave the welfare rolls
- Encouraging independence through support for work
- Help people find jobs and keep them
- Ensure that people who are able to work but are not doing so because of circumstances, i.e., lack of jobs or training, work within a reasonable amount of time by creating job opportunities, providing training, etc.
- Provide people with the ability to leave welfare
- Transitional programs to work
- Enable families on public assistance to become part of the economic and social mainstream
- Provide a means to offer a hand up rather than a hand out -- i.e., incentives to become successful, productive citizens
- Empowering individuals to be self-sufficient
- Reforming the current system so that work is a viable affordable option -- so that recipients have the opportunity to be in their society, not on the outside
- Reforming a system which does not seem to serve the people in it. This will be done by empowering people with education, training and support to not get mired in the welfare cycle.
- Help families move toward economic self-sufficiency outside the welfare system.
- Prevent need for welfare -- ensure enough support -- job training, child care -- so that individuals do not need welfare system Part of a system to eliminate dependency
- Provide all Americans with the opportunity to have a decent standard of living

Time limit benefits/Require work/Make support transitional

- Ensure real time limits on benefits
- Require all who can work to work
- Assure all who can work do work [and make certain disincentives related to work are removed]
- Specifics for time limit
- No more abuse of the system, free rides etc. Make people work to get paid (unless they are disabled or teens)
- Restore the dignity of work by rewarding and requiring work by a time certain
- Make support transitional, not guaranteed

Make Work Available

- Make work opportunities available to males who want to work and support their children
- Provide good jobs [and make work pay]
- Develop a system to provide adequate paying jobs so every citizen can support their children
- [Make work pay, but] there must be work available, or it won't be welfare reform
- Our primary goal should be to redignify/employ capable members of our society

Ensure Support for the Poor

- Ensuring support for those below the poverty level
- Ensure an adequate level of food and housing for people who are unable to work and have no source of income
- Provide poverty relief
- A decent income for families (to move out of poverty)
- Everyone who is not capable of working or cannot find a job should receive assistance adequate for subsistence.
- Create a viable system of temporary support
- Eliminate child poverty
- The overwhelming proportion of America's wealth today is the product of technology and institutions that we hold in common -- and to which we all have an equal right
- Assistance based on social/family need

Provide Support for Children

- Provide a decent standard of living for all children
- Make sure that no children grow up without adequate food, clothing and support
- Provide every child with sufficient support to achieve their potential goal/role in life
- Improve the life chances of poor children
- Concern with the needs of kids
- All children should have an adequate standard of living -- including food, shelter, a safe environment and caring parents
- Enhance the economic well being of children and their developmental potential
- Helping the Kids

Focus on Families/family preservation/family stability/valuing parenting

- Focus on families, not individuals
- Develop a program sensitive to the needs of families with children, be they single headed households, etc.
- End intergenerational welfare
- Support family values without penalizing women or children; Prevention, child support, father support
- Reinforce family stability and parental responsibility
- Encourage family stability
- Incentive to keep families together.
- Raising children is socially valuable work, and should be treated as such
- Strengthen families by providing incentives for intact families. Child support from absent fathers or support insurance provides dollars but not a parent's presence.

Enhance Child Support Enforcement/Parental responsibility

- Assure that government support kicks in only after noncustodial parents provide appropriate financial support
- Support for children ought to be provided by both parents
- Support and if necessary enforce the responsibilities of parents to monitor and support their children
- Assist moms and dads to fulfill joint responsibilities for their children
- Child Support enforcement

Decrease Welfare Dependency

- Decrease welfare dependency

Prevention

- Prevention/Anti-poverty -- opportunity and responsibility for young men and women to become self sufficient before begetting or bearing a child
- Increase rewards for family and child support. . .reduce incentives for single parenting and non child support

Respect/Consider the Clients

- Ensure the most disenfranchised users get an appropriate amount of consideration in the discussion, planning, & implementation. Pay attention to those who need it most.
- Provide assistance to those who cannot care for themselves in a manner which does not detract from their personal dignity
- Provide benefits in a manner that respects personal dignity
- Provide economic and social support in a manner that does not undermine the dignity of the individual

Demand Personal Responsibility

- Demand responsible behavior from parents who bring children into the world
- Emphasize personal responsibility
- Create a system that does not foster anti-social behavior such as evading authorities, lying about earnings, etc.

Analysis of Principles Underlying Welfare Reform

The following is a summary of the principles enunciated by participants in last week's Working Group meeting. This page provides a summary of the number of times a principle falling into a particular category was mentioned. The following pages are a complete list of all the comments listed under the category headings where they were counted.

	<u>Priority Rankings</u>		
	1st	2nd	3rd
Work Related Principles			
Encourage Work/Make work pay	6	4	2.5
Empower People to Leave Welfare/become self-sufficient/opportunity	4	5	5
Make Work Available	3		2
Time limit benefits/Require work/Make support transitional	1	1	2
Other			
Ensure Government Support for the Poor	5	1	3
Provide Support for Children	4	2.5	1
Focus on families/Family preservation/valuing parenting	2	3.5	2.5
Enhance Child Support Enforcement/Parental responsibility	1	2	2
Decrease Welfare Dependency	1		
Prevention	1	.5	
Respect/Consider the clients	1	3	
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- gaining public trust/support for our welfare policies
- Ensure effective and positive communication and outreach to diverse advocacy groups/ Talk to those who may not say everything we want to hear
- Increase public support for needed social safety net programs

Fiscal Responsibility/Government Efficiency

- Empowering the future requires cutting the deficit
- Reforming a system as an example of reinventing government, of making government work for all members of society
- Our primary goal should be to make the most of taxpayer \$
- Ensure that programs for providing benefits and services and creating jobs are run efficiently and without waste of government funds
- Reduce taxpayer burden for support of poor children

Community Development

- Create viable communities where adults can find economic opportunity and families will find support and nurturance
- Ensure we consider/include the role of rebuilding urban infrastructure -- get beyond the symptoms and treat the causes

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June 21, 1993

MEMORANDUM FOR MEMBERS OF THE WORKING GROUP ON WELFARE REFORM,
FAMILY SUPPORT AND INDEPENDENCE

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

SUBJECT: Working Group Meetings

The Working Group on Welfare Reform, Family Support and Independence will meet on Wednesday, June 23, 1993, at 4:00 p.m. in Room 324 of the Old Executive Office Building. The Working Group is also scheduled to meet on June 30 and July 7 as listed below. These meetings will start promptly and we appreciate your making every effort to attend for the full hour and a half scheduled.

June 23	Characteristics of Welfare Recipients - Dynamics and Anecdotes
June 30	Interagency Services: HUD presentation on housing benefits USDA presentation on food stamps
July 7	DOL presentation on training and work support programs

If there are other topics related to welfare reform that you wish to discuss or be briefed on, please let us know.

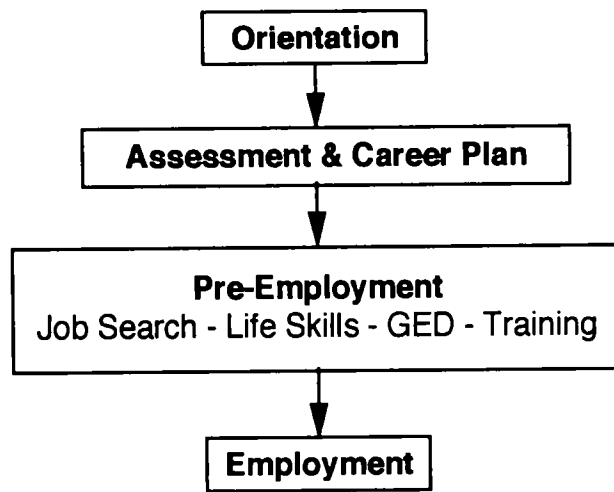
Now that the Working Group has been officially established, we need to move forward to carry out our charge -- to develop a welfare reform plan to submit to the Domestic Policy Council. Because of its inter-departmental nature, the Working Group is a large group with members from across government. In order to make the best use of our time and to facilitate the process of developing a welfare reform plan, we ask your cooperation in several areas.

Your attendance and participation at the Working Group meetings is very important. We understand that you may occasionally have unavoidable scheduling conflicts. Since the process of gathering information and developing consensus is cumulative in nature, we ask that you designate a single person as your alternate to represent you when you are unable to attend. Please advise Cookie Walden (at 456-7777) whom you designate as your alternate.

If you find that your schedule does not permit regular participation, we ask that you designate a replacement for the Working Group. While other staff may attend meetings, we expect that only you or your designated alternate should participate in the discussions.

We anticipate a busy summer and fall, and we look forward to your continuing interest and participation in developing a plan to carry out the President's welfare reform agenda.

Model 1
Typical Welfare-to-Work Program Model



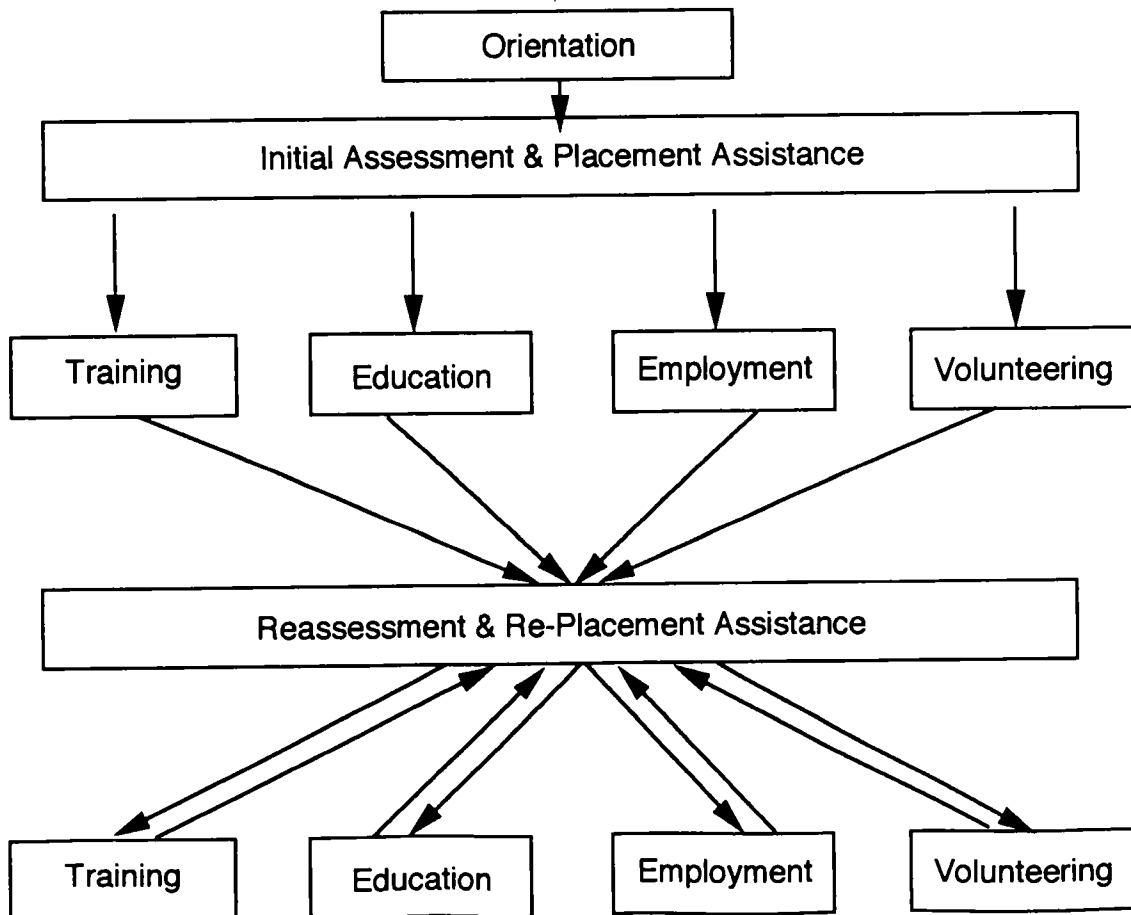
PROBLEMS EXPERIENCED
BY RECIPIENTS TRYING
TO LEAVE WELFARE

1) difficulty finding jobs
on their own,
fix - job developers -
TO FIND JOBS for people

2) high job turnover
fix - replacement
services

3) ~~can~~ Perhaps job
placement, not
job training or education
is best first step.
Once job is secured,
education, training
available for advancement

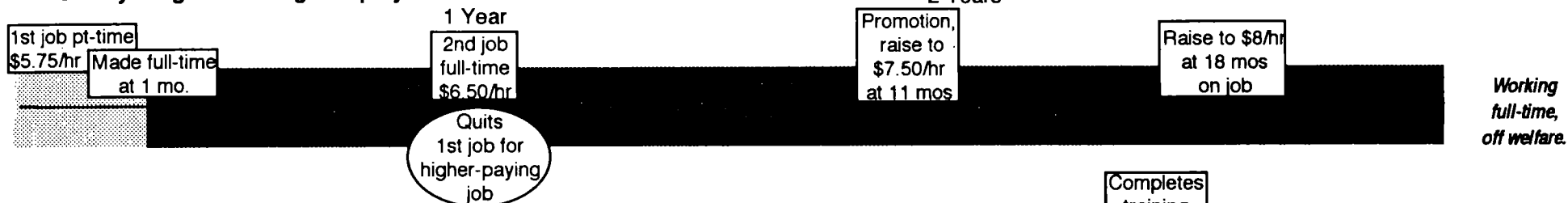
Model 2
Long-Term, Comprehensive Service Model



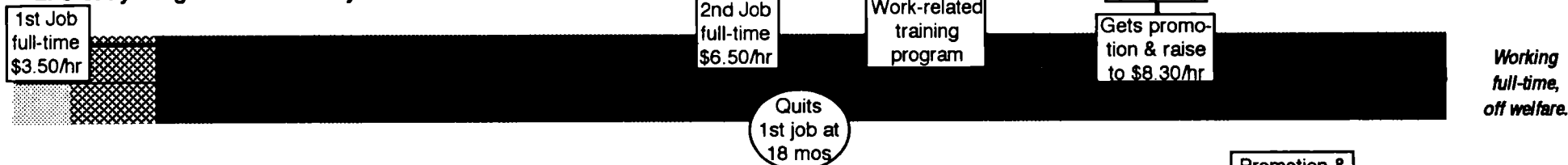
Project Match Model Three-Year Career Routes*

Full Welfare Grant = [Solid Grey Box] Reduced Welfare Grant = [Cross-hatched Box] No Welfare Grant = [White Box]

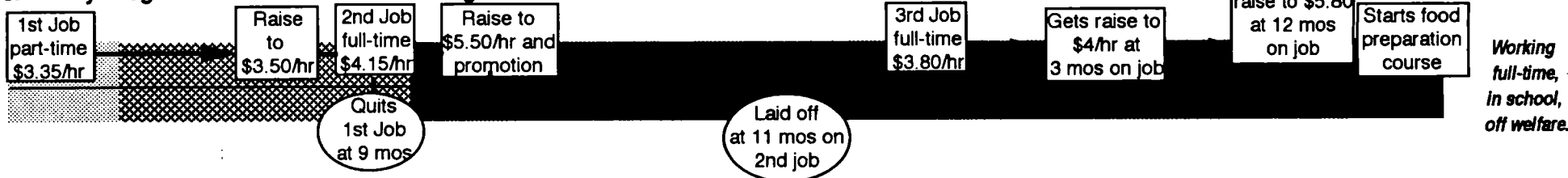
1. Steady Progress through Employment



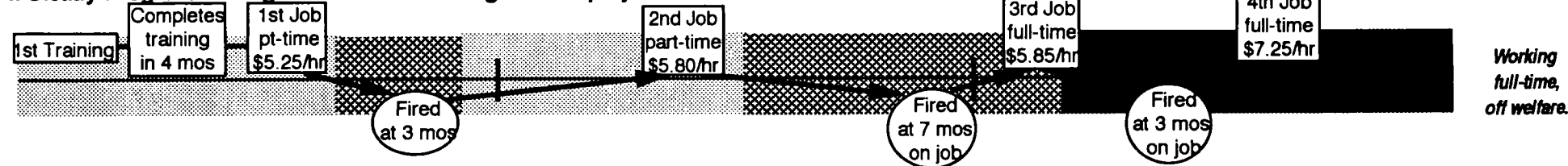
2. Steady Progress Boosted by Education



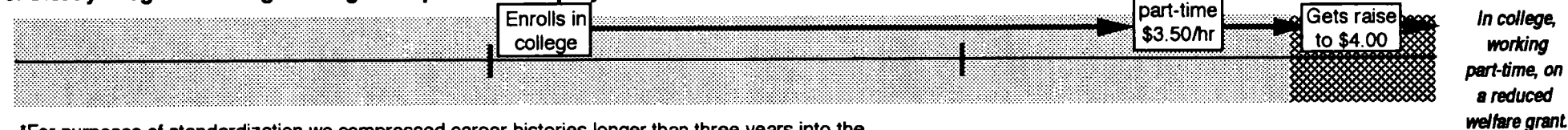
3. Steady Progress but Plateaued at Low Wages



4. Steady Progress through Vocational Training into Employment

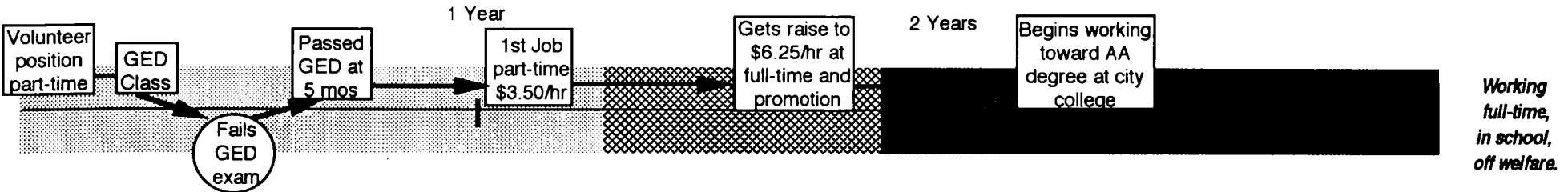


5. Steady Progress through College and part-time Employment

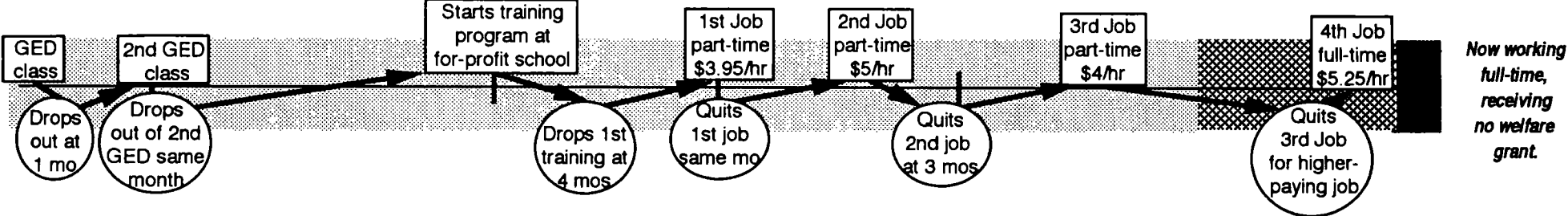


*For purposes of standardization we compressed career histories longer than three years into the three-year time frame. While this compressed the sequence of events in some cases, it did not alter the validity of those cases as illustrations of a particular route.

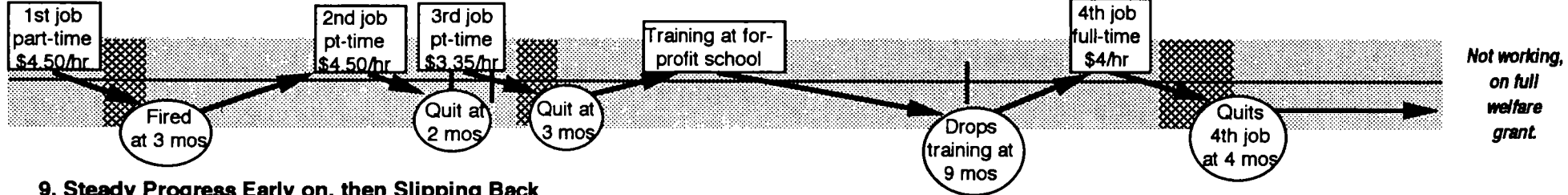
6. Steady Progress through Volunteer Work into Employment



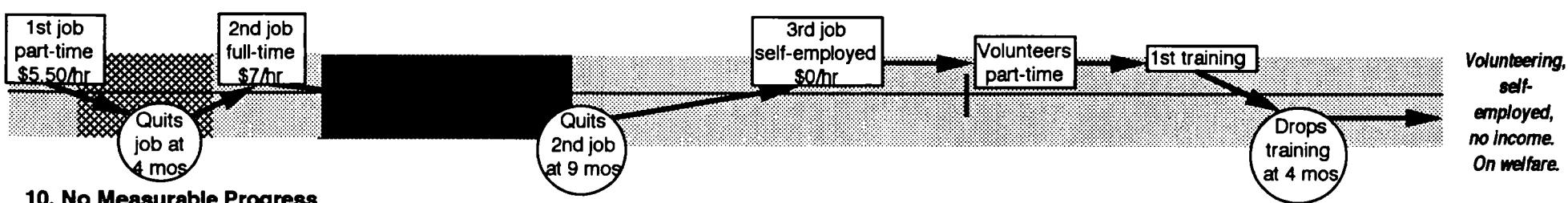
7. Lack of Progress, then Progress



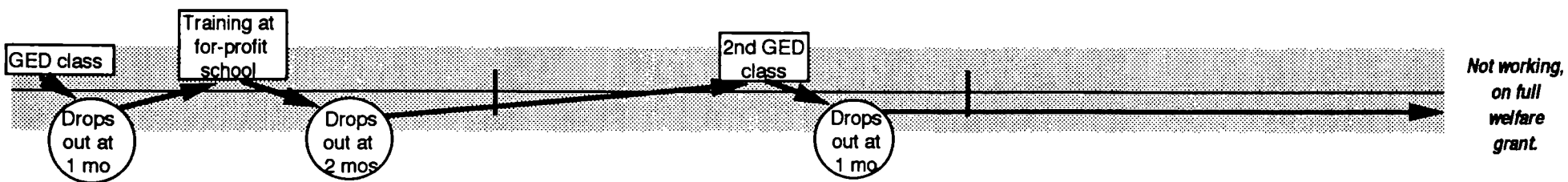
8. Unsteady Progress through Employment



9. Steady Progress Early on, then Slipping Back

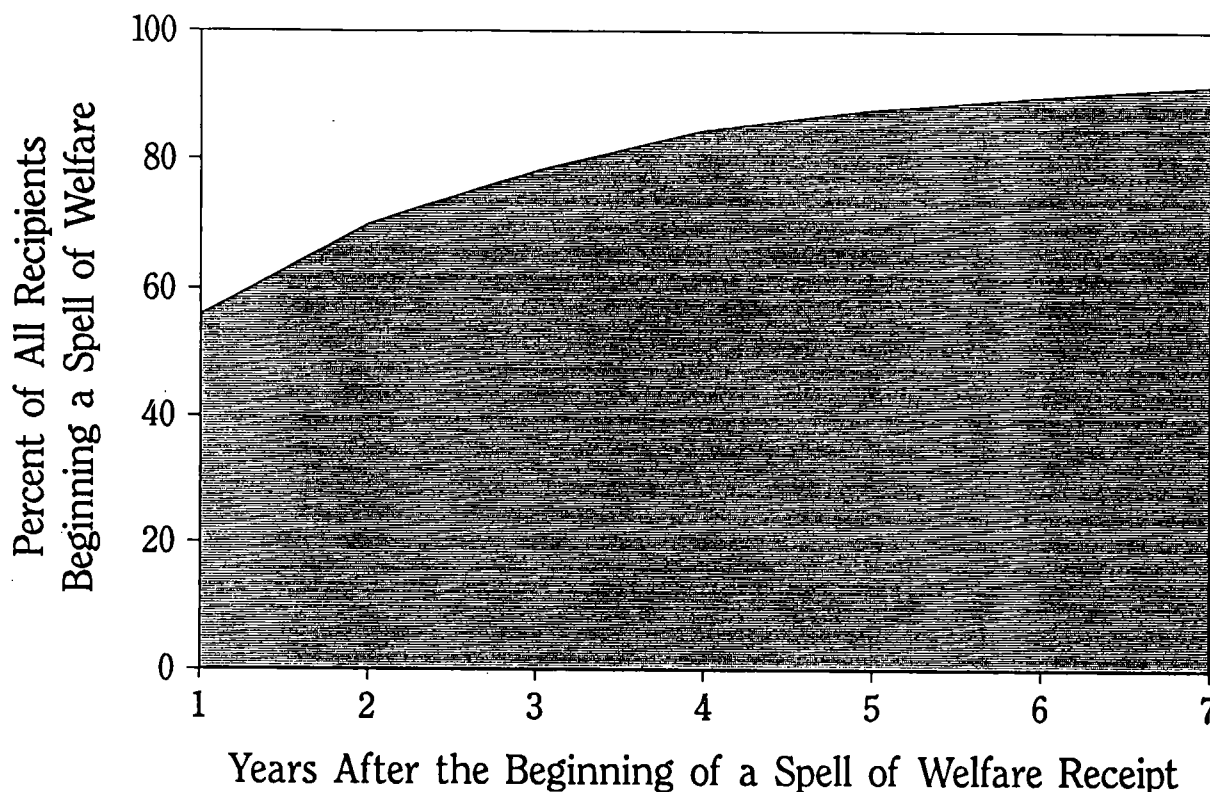


10. No Measurable Progress



Cumulative Percentage of Women Leaving Welfare

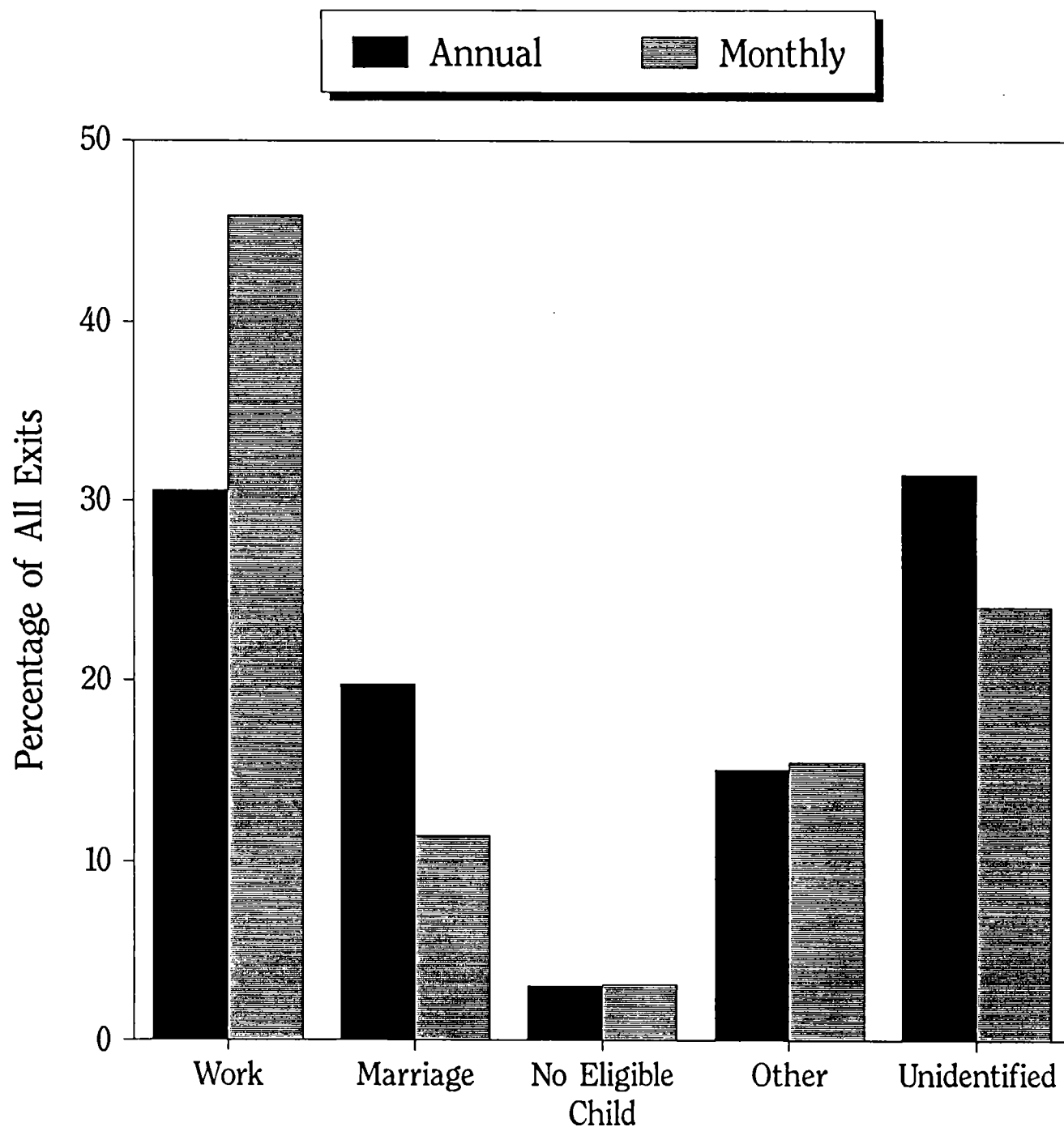
Women Who Entered Welfare Under Age 30



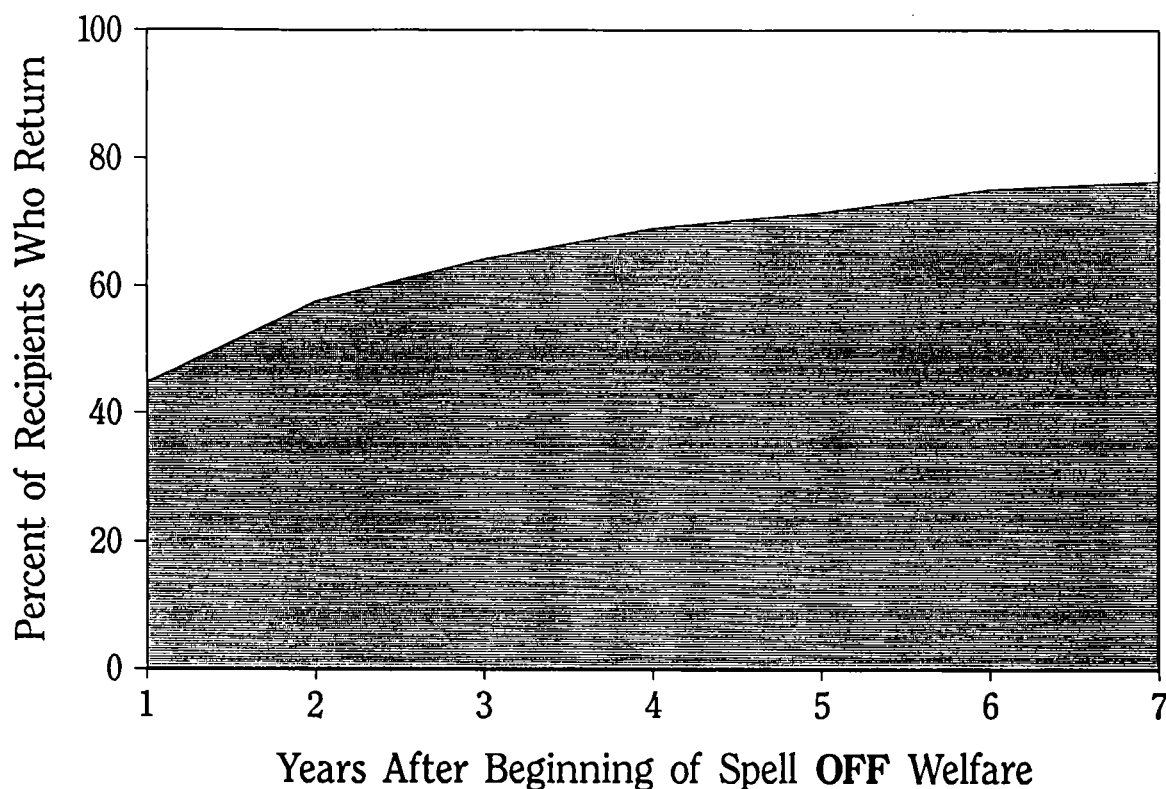
Exit Probabilities and Cumulative Percentages of Women Exiting Welfare by Duration of Receipt		
Duration (Months)	Exit Probability	Cumulative % of Women Exiting
1-12	55.9	55.9
13-24	32.1	70.0
25-36	27.4	78.2
37-48	29.1	84.5
49-60	20.9	87.8
61-72	16.5	89.8
73-84	20.5	91.9

Reasons for Leaving Welfare

Women Who Entered Welfare Under Age 30
Using Annual and Monthly Data



Cumulative Percentage of Women Returning to Welfare



Rates of Return to Welfare by Time Off Welfare		
Time Off Welfare (Months)	Rate of Return	Cumulative % of Returning
1-12	44.9	44.9
13-24	23.0	57.6
25-36	15.5	64.2
37-48	13.8	69.1
49-60	7.8	71.5
61-72	13.0	75.2
73-84	6.6	76.9

Percentage Distribution of the Expected Total Time on AFDC for First-Time Female AFDC Recipients and for All Women Receiving AFDC at a Point in Time

(Annual PSID Data)

Expected Total Time on AFDC	Women Beginning a First Spell of AFDC	Women Receiving AFDC at Any Point in Time
1 Year	20.9	3.4
2 Years	15.6	5.1
3 Years	10.0	4.8
4 Years	8.6	5.6
5 Years	6.2	5.0
6 Years	5.5	5.3
7 Years	4.3	4.8
8 Years	3.7	4.8
9 Years	3.2	4.6
10 or more Years	22.1	56.6
Total	100.0	100.0
Average Years of Receipt	6.2	12.0

Selected Characteristics by Type of Welfare Use for Women Who First Receive Welfare Before Age 24

Characteristic	(Percent of Total in Group)			
	Short-term Transitional Use (≤ 24 months)	Episodic Use (25-54 months)	Continuous Use (55-60 months)	All New Recipients
High School Diploma	41.0	36.4	29.8	36.8
GED	4.0	5.2	4.2	4.5
No Recent Work Experience	36.6	45.6	57.0	44.5
Basic Skills (AFQT Score; measured in standard deviations from the mean)				
-3.00 to -1.50	8.2	17.6	23.7	15.1
-1.49 to -0.50	30.0	39.2	42.2	36.0
-0.49 to +0.50	36.6	36.4	26.0	34.0
+0.51 to +1.50	22.0	6.8	7.2	13.3
+1.51 to +2.00	3.2	0.0	1.0	1.6
Youngest Child Age One or Younger	77.8	76.4	85.6	79.2
Never Married	52.3	63.4	81.9	63.2
Age at First Welfare Receipt				
15-17	11.3	10.9	20.5	13.4
18-20	55.4	52.6	56.1	54.7
21-23	33.3	36.4	23.4	31.9
Race/Ethnicity				
African-American	29.4	41.7	57.5	40.3
Hispanic	6.5	8.8	6.9	7.4
White	64.1	49.5	35.6	52.3
Lives in Public or Subsidized Housing	9.1	16.6	21.9	14.7
Percent of All New Recipients	42.5	33.3	24.3	100.0
Average Months on Welfare Within Five Years	11.8	39.6	59.1	32.5
Percent of Welfare Use	15.4	40.5	44.1	100.0

All characteristics are measured at the beginning of the first spell of welfare receipt.

The AFQT score is standardized by age group based on the scores of all women in the NLSY who took the AFQT test in 1980.

June 22, 1993

ISSUE GROUP STATUS REPORT

1. Make Work Pay

Group leader: Isaac Shapiro (619-8271) and Tom Corbett
(690-6805)

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 of the EITC
- (3) Options paper on strategies for enhancing income

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.

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 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 10, 1993)

Due Date	Product
June 11, 1993	One page report due from each team on what they see as the major issues.
June 14 - 18	Meeting with teams to discuss work status, gaps and additional work needed, and completion of papers. Special meeting for restructuring team and attorneys on legal issues involving restructuring. Develop memo on a 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.
July 15	Draft tentative internal proposal for paternity establishment piece of child support enforcement.
July 15	Funding and incentives report 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 continue to 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
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	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)
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July 15, 1993

August 1

First draft

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.

5. Post Transitional Work

Group Leaders: Canta 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 CWP-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 now 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 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.

Status:

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

Due Date	Product
July 2, 1993	Outline of models for how a system requiring client participation during the first two years could work.
July 9	Draft decision memos on various questions related to the rules that would govern a time limit and a short term period of assistance during which there would be no mandatory participation.
Early July	Draft background papers on education and training programs and issues around the time limit.

7. Private Sector Job Development

Group Leaders: Paul Dimond (456-2800)
Working Group Liaison: Bruce Reed

This group will be examining how efforts to move significant numbers of low wage earners in the work force will match with projected macroeconomic trends. It will also be responsible for developing strategies for employing people coming off AFDC in the private sector.

Status:

8. Program Simplification

Group Leader/Working Group Liaison: Kathi Way

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:

Working Group Liaison: Kathi Way

This group will examine the issues related to teen pregnancy, single parent families and intergenerational welfare dependency.

Status:

10. Modeling

Group Leaders: Don Oellerich (690-5880)

Working Group Liaison: David Ellwood

Status:

Making Work Pay

Bill Prosser, ASPE, temporary Issue Group leader

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Absent Parents

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HHS

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Child Care and Other Supports

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Child Support Enforcement and Insurance/Assurance

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Education, Training and Support

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Post-Transitional Welfare and Work

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Disability

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Cost Estimates/Analysis (Modeling)

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Gary Ashcraft - 401-6951

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Marilyn Schwartz -

Jackie Porter -

Working Group on Welfare Reform, Family Support and Independence

June 1993

June 2	Discussion of Principles Child Support Issues
June 9	Child Support Issues (conclusion), including Child Support Insurance/Assurance Absent Parents
June 16	Discussion of the "Time Limit" Transitional Assistance Post-Transitional Work
June 23	Education, Training and Other Services
June 30	Interagency Services: HUD presentation on housing benefits USDA presentation on food stamps DOL presentation on training and work support programs