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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

August 6, 1993

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

From: Alicia Munnell AHM
Assistant Secretary for Economic Policy

Subject: Earned Income Tax Credit (EITC): Questions & Answers

Following up on the discussion of the earned income tax credit at the meeting of the Working Group last Wednesday, attached are three questions and answers dealing with the issues that were raised.

Please note that the Schedule EIC included in the package is for tax year 1992, and does not reflect the simplifying changes in the Reconciliation Act that are referred to in one of the answers.

Attachments

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Compliance Problems with the EITC

Question:

Just a few years ago, the IRS was reporting that about 46 percent of recipients were getting overpayments of the credit, and about 39 percent of total EITC payments were errors. Indeed, in most cases, claimants were not eligible for the credit at all. In the reconciliation bill, the Administration supported a large expansion of the EITC. Isn't it irresponsible to expand the EITC, given such large compliance problems?

Answer:

No. Those error rates were from 1985 tax returns. The Omnibus Budget Reconciliation Act of 1990 contained a comprehensive proposal to reduce these error rates.

In large part, these error rates were associated with complex eligibility rules. Taxpayers could not understand these rules, and the IRS did not have sufficient information from tax returns or independent information reports to verify eligibility before the refund checks were sent off.

-- Compliance data suggested a relationship between EITC overpayments and errors in reporting either filing status or dependents. To claim the EITC, a married couple had to file a joint return with at least one child dependent, while a single parent had to file as a head of household. But the rules governing the determination of filing status and dependency can be confusing to taxpayers and difficult for the IRS to administer. The compliance data seem to confirm this claim -- at least with respect to those eligible for the EITC.

-- Compare the situations of two single mothers who are neighbors. One of the mothers was on welfare for part of the year before she was able to find a job. Her neighbor worked the entire year. At the end of the year, the two neighbors believed that they were heads of households (as single parents) and that they were eligible for the EITC because of their jobs. In fact, one of the women might not have been eligible for the EITC under the pre-1990 rules. She could not have claimed the EITC (or head of household filing status) if over half of the costs of maintaining her home during the year came from welfare income.

    -- Even the IRS would initially have thought that both women were eligible. Both women probably received a check from the IRS because the agency could not detect that the former welfare recipient was ineligible based on the information provided on the tax return.

The 1990 provisions were designed, in part, to conform the EITC eligibility criteria with what people actually did. The 1990 Act replaced complex rules with simple tests for determining eligibility for the EITC.

-- Under the 1990 rules, both single mothers, in the example above, would qualify for the EITC and would be rewarded for their work effort.

We still do not have information regarding the effectiveness of the 1990 provisions. However, we are monitoring the compliance issue very carefully.

Background:

At the time of the 1990 Act, the most recent compliance data was from the 1985 Taxpayer Compliance Measurement Program (TCMP). Since then, data from 1988 TCMP has become available. Findings from the 1988 TCMP were generally consistent with the 1985 data. In 1988, 42 percent of EITC claimants may not have been entitled to the amounts paid. About 35 percent of the amounts paid were in excess of the credit owed to recipients. The 1988 data has not been reported.

Office of Tax Analysis
August 6, 1993

Recent Efforts to Improve Compliance

Question:

Does the reconciliation bill include any provisions which will reduce the error rates in the EITC?

Answer:

Yes. Eliminating the two supplemental credits -- for young children and for qualifying health insurance expenditures -- will reduce the complexity of the EITC.

-- These provisions add half a page of calculations to the Schedule EIC.

-- To receive the health insurance credit, both the credit recipient and the IRS must know how much an individual paid for health insurance and whether the policy covered at least one qualifying child.

-- Complicated "interaction" rules restrict recipients from claiming both the young child credit and the dependent care tax credit with respect to the same child. These rules are difficult to understand and can force filers to make duplicative calculations in order to determine which provision is more advantageous.

As we learned in 1990, credit claimants often do not understand complicated eligibility rules. The IRS also cannot easily verify eligibility when the credit is based on information which is difficult to obtain. Simplification of the credit reduces mistakes by both the taxpayer and the IRS.

The Ways and Means Oversight Subcommittee had a hearing earlier this year to review insurance marketing and sales techniques involving the EITC. At the hearing, the IRS testified on abuses in the marketing of insurance to workers eligible for the EITC.

-- In certain regions of the country, insurance salesmen are representing themselves as IRS employees and telling employers and workers that the only way to get the basic EITC is to purchase health insurance.

-- Such abusive practices will be stopped by the repeal of the health insurance supplement.

Office of Tax Analysis
August 6, 1993

EITC Schedule

Question:

Beginning in 1991, the IRS has required EITC recipients to attach a complicated schedule to their tax return in order to claim the credit. Doesn't this schedule discourage people from filing for the EITC?

Answer:

The IRS has devoted much time and resources to the development of the Schedule EIC. In June 1991, the IRS released a draft of the schedule for public comment. In addition, the schedule was tested among focus groups across the country. The schedule was revised to meet the concerns of taxpayers, practitioners, and low-income program advocates.

Based on the information available, IRS staff consider the implementation of the new schedule to be a success. The numbers of persons claiming the credit have increased by nearly 2 million since 1990. For tax year 1992, over 14 million persons are projected to have received the credit.

Background:

The Omnibus Budget Reconciliation Act of 1990 required that EITC recipients file a separate schedule to claim the EITC. This requirement was part of legislation aimed at reducing the high error rates in the EITC.

A separate schedule is necessary because eligibility for the credit is based on certain items which are not reported on the tax return.

-- The child who qualifies a parent for the EITC is not necessarily a dependent, and as a consequence a social security number for qualifying children must be reported on the schedule.

-- The new schedule also requires the taxpayer to report nontaxable earned income. (The credit is also based on nontaxable earned income).

The final version of the Schedule EIC is two pages and consists of four parts. On the first page, the tax filer must report information missing from the tax return which is necessary in determining eligibility for the credit. At the bottom of the first page, the filer is informed that he or she does not have to continue on; the remaining steps -- the calculation of the credit -- will be done by the IRS. However, if a filer prefers to determine the amount of the credit, a worksheet is provided on the second page.

Office of Tax Analysis
August 6, 1993

SCHEDULE EIC
(Form 1040A or 1040)
Department of the Treasury
Internal Revenue Service (X)

Earned Income Credit

▶ Attach to Form 1040A or 1040. ▶ See Instructions for Schedule EIC.

TIP: Why not let the IRS figure the credit for you? Give us only the information asked for on this page and we'll do the rest.

OMB No. 1545-0074
1992
Attachment Sequence No. 43

Name(s) shown on return | Your social security number

Part I General Information

To take this credit
- You MUST have worked and earned **LESS** than $22,370, **AND**
- Your adjusted gross income (Form 1040A, line 16, or Form 1040, line 31) MUST be **LESS** than $22,370, **AND**
- Your filing status can be any status **except** married filing a separate return, **AND**
- You MUST have at least one qualifying child (see boxes below), **AND**
- You cannot be a qualifying child yourself.

A qualifying child is a child who:

is your:		was (at the end of 1992):		who (in 1992):
son daughter adopted child grandchild stepchild or foster child	**AND**	under age 19 or under age 24 and a full-time student or any age and permanently and totally disabled	**AND**	lived with you in the U.S. for more than 6 months* (or all year if a foster child*)

*If the child didn't live with you for the required time (for example, was born in 1992), see the **Exception** on page 61 of 1040A booklet (or page EIC-2 of 1040 booklet).

Do you have at least one qualifying child?

No ▶ You **cannot** take the credit. Enter "NO" next to line 28c of Form 1040A (or line 56 of Form 1040).

Yes ▶ Go to Part II. But if the child was married or is also a qualifying child of another person, first see page 61 of 1040A booklet (or page EIC-2 of 1040 booklet).

Part II Information About Your Two Youngest Qualifying Children

If more than two qualifying children, see page 62 of 1040A booklet (or page EIC-2 of 1040 booklet).

1(a) Child's name (first, initial, and last name)	(b) Child's year of birth	For a child born BEFORE 1974, check if child was— (c) a student under age 24 at end of 1992	(d) disabled (see booklet)	(e) If child was born BEFORE 1992, enter the child's social security number	(f) Child's relationship to you (for example, son, grandchild, etc.)	(g) Number of months child lived with you in the U.S. in 1992
	19					
	19					

Caution: *If a child you listed above was born in 1992 AND you chose to claim the credit or exclusion for child care expenses for this child on **Schedule 2** (Form 1040A) or **Form 2441** (Form 1040), check here* ▶ ☐

Do you want the IRS to figure the credit for you?

Yes ▶ Fill in **Part III** below. — AND ▶ Enter the amount from Form 1040A, line 16, or Form 1040, line 31, here. ▶

No ▶ Go to **Part IV** on the back now.

Part III Other Information

2	If you had any **nontaxable earned income** (see page 62 of 1040A booklet or page EIC-2 of 1040 booklet) such as military housing and subsistence or contributions to a 401(k) plan, enter the total of that income on line 2. Also, list type and amount here. ▶	2	
3	Enter the total amount you paid in 1992 for health insurance that covered at least one qualifying child. (See page 63 of 1040A booklet or page EIC-2 of 1040 booklet.)	3	

If you want the IRS to figure the credit for you, STOP !

Attach this schedule to your return. If filing Form 1040A, print "EIC" on the line next to line 28c. If filing Form 1040, print "EIC" on the dotted line next to line 56.

For Paperwork Reduction Act Notice, see Form 1040A or 1040 instructions. Cat. No. 13339M **Schedule EIC (Form 1040A or 1040) 1992**

Part IV Figure Your Earned Income Credit—You can take ALL THREE parts of the credit if you qualify

BASIC CREDIT

4 Enter the amount from line 7 of Form 1040A or Form 1040 (wages, salaries, tips, etc.). If you received a taxable scholarship or fellowship grant, see page 64 of 1040A booklet (or page EIC-3 of 1040 booklet) for the amount to enter **4**

5 If you had any **nontaxable earned income** (see page 62 of 1040A booklet or page EIC-2 of 1040 booklet) such as military housing and subsistence or contributions to a 401(k) plan, enter the total of that income on line 5. Also, list type and amount here. ▶ **5**

6 **Form 1040 Filers Only:** If you were self-employed or reported income and expenses on Sch. C or C-EZ as a statutory employee, enter the amount from the worksheet on page EIC-3 of 1040 booklet **6**

7 Add lines 4, 5, and 6. This is your **earned income.** If $22,370 or more, you **cannot** take the earned income credit. Enter "NO" next to line 28c of Form 1040A (or line 56 of Form 1040) ▶ **7**

8 Use the amount on **line 7** above to look up your credit in **TABLE A** on pages **65 and 66** of 1040A booklet (or pages **EIC-4 and 5** of 1040 booklet). Then, enter the credit here **8**

9 Enter your **adjusted gross income** (from Form 1040A, line 16, or Form 1040, line 31). If $22,370 or more, you **cannot** take the credit . . . . . ▶ **9**

10 **Is line 9 $11,850 or more?**

- **YES.** Use the amount on **line 9** to look up your credit in **TABLE A** on pages **65 and 66** of 1040A booklet (or pages **EIC-4 and 5** of 1040 booklet). Then, enter the credit here **10**
- **NO.** Enter the amount from line 8 on line 11.

11 If you answered "YES" to line 10, enter the smaller of line 8 or line 10 here. This is your **basic credit** . . **11**

NEXT: *To take the health insurance credit, fill in lines 12–16. To take the extra credit for a child born in 1992, fill in lines 17–19. Otherwise, go to line 20 now.*

HEALTH INSURANCE CREDIT —Take this credit **ONLY** if you paid for health insurance that covered at least one qualifying child.

12 Look at the amount on **line 7** above. Use that amount to look up your credit in **TABLE B** on page 67 of 1040A booklet (or page EIC-6 of 1040 booklet). Then, enter the credit here **12**

13 Look at the amount on **line 9** above. **Is line 9 $11,850 or more?**

- **YES.** Use the amount on **line 9** to look up your credit in **TABLE B** on page 67 of 1040A booklet (or page EIC-6 of 1040 booklet). Then, enter the credit here **13**
- **NO.** Enter the amount from line 12 on line 14.

14 If you answered "YES" to line 13, enter the **smaller** of line 12 or line 13 here **14**

15 Enter the total amount you paid in 1992 for health insurance that covered at least one qualifying child. (See page 64 of 1040A booklet or page EIC-3 of 1040 booklet.) **15**

16 Enter the **smaller** of line 14 or line 15 here. This is your **health insurance credit** **16**

EXTRA CREDIT FOR CHILD BORN IN 1992 —Take this credit **ONLY** if:

- You listed in Part II a child born in 1992, **AND**
- You did not take the credit or exclusion for child care expenses on **Schedule 2** or **Form 2441** for the same child.

TIP: You can take **both** the **basic credit** and the **extra credit** for your child born in 1992.

17 Look at the amount on **line 7** above. Use that amount to look up your credit in **TABLE C** on page **68** of 1040A booklet (or page **EIC-7** of 1040 booklet). Then, enter the credit here **17**

18 Look at the amount on **line 9** above. **Is line 9 $11,850 or more?**

- **YES.** Use the amount on **line 9** to look up your credit in **TABLE C** on page **68** of 1040A booklet (or page **EIC-7** of 1040 booklet). Then, enter the credit here **18**
- **NO.** Enter the amount from line 17 on line 19.

19 If you answered "YES" to line 18, enter the **smaller** of line 17 or line 18 here. This is your **extra credit for a child born in 1992** **19**

TOTAL EARNED INCOME CREDIT

20 Add lines 11, 16, and 19. Enter the total here and on Form 1040A, line 28c (or on Form 1040, line 56). This is your **total earned income credit** . . . . . ▶ **20**

July 6, 1993

TO: MEMBERS OF THE WELFARE REFORM WORKING GROUP

FROM: DEBORAH LUCAS (CEA)
BONNIE DEANE (NEC)

SUBJECT: The Job Outlook for AFDC Recipients

This note provides some background information on the labor market conditions AFDC recipients whose benefits have expired are likely to face. The aggregate statistics suggest that putting an additional one to two million people to work should have a small impact on overall job availability for other workers, given the projected job growth and normal turnover in the next decade.

Since welfare recipients are not typical workers, however, these aggregate statistics have only limited relevance. Their job prospects depend critically on local labor market conditions, affordable transportation and child care, and the availability of jobs requiring low skill levels. In the last section we have included more detailed information on the labor market activities of women recently on welfare and the working poor.

1. <u>Labor Market Conditions</u>

I. Job Forecasts

The Bureau of Labor Statistics (BLS) estimates job growth in various occupational categories. These forecasts are based on historical experience and current trends, and are subject to a high margin of error.

Table 1 shows 1992 BLS job projections for the year 2005 under three growth scenarios by sector. In the moderate growth scenario, 24.6 million more jobs will by available in 2005 than in 1990. Job losses are expected to continue in mining, manufacturing, and agriculture, while growth is expected in all other sectors.

Table 3 looks more closely at those industries projected to grow the fastest and those expected to decline most rapidly. Residential care, health services, and education are among the fastest growing, while various categories of industrial production are declining most rapidly. Table 13 compares expected growth in various occupations with the percentage of workers in those occupations who are women, blacks, and hispanics. **Since AFDC recipients are largely women and minorities, it is encouraging that some of the greatest job growth is expected in**

occupations that have traditionally employed these groups. As discussed below, these fast-growing occupational categories are also those most likely to employ former AFDC recipients.

Table 14 shows the distribution of workers by occupation and education, and Table 15 shows the distribution of workers across occupations under different growth scenarios.

II. Employment and Unemployment

Currently approximately 9 million Americans are officially unemployed. The average unemployed worker finds a job in 18 weeks; the median unemployed worker finds a job in 8 weeks. The higher average reflects the influence of the long-term unemployed. Since the early 1980s, male and female unemployment rates (ages 25-54) have converged (Figure 1).

Unemployment rates are much higher for single women who maintain families than for married women or for the population overall. The rate for women who maintained families averaged 10.4% between 1980 and 1987, while it averaged only 5.9% for married women with a spouse present.

Labor force participation rates are often considered more informative than unemployment rates because they are not sensitive to the number of discouraged workers who are effectively unemployed. The BLS projects that male labor force participation rates will remain about the same or decline slightly through 2005, and that labor force participation rates for women will continue to climb (Tables 20 and 21).

Figures 5.1 to 5.7 reveal a number of interesting facts about male joblessness over the last 30 years.[1]

> There has been a marked increase in the percentage of prime working age men not working at all over the year. After the 1981/82 recession, joblessness appears to have stopped increasing but remains high.
>
> Black male joblessness (ages 25 to 54) has been approximately twice as high as white male joblessness, and has varied more with the business cycle.

Labor force participation rates also vary markedly with education. For women with less than four years of high school, the participation rate has hovered around 44% for the last two decades. In contrast, for women who have completed one to three years of college, the rate has increased from 51% in 1970 to 73% in 1987.

---

[1] Jencks, Christopher. *Rethinking Social Policy: Race Poverty and the Underclass* (1992). Harvard University Press.

Many AFDC recipients may prefer to work parttime while their children are young. Figure 2 shows the trend in full and parttime employment since 1963. Despite the growth of women in the labor force, the growth of parttime jobs has trailed the growth of fulltime jobs.

III. Turnover

Job turnover rates provide one measure of labor mobility, and of the likely impact of AFDC recipients on the aggregate job market.[2]

- o In January 1991, there were 10 million people working who were not working a year earlier (9% of total employment).

  - Of those 10 million, 5.8 million were women.

  - These are surprisingly high numbers, especially in light of the fact that total employment was about 1 million <u>less</u> in January 1991 than a year earlier.

  - There is obviously much more movement in and out of employment than the net changes in employment stocks indicate.

- o Turning to numbers on tenure with current employers, about 27 percent of workers in January 1991 had been with their current employers for one year or less. That means that 31 million workers had acquired or changed jobs at least once during the previous year.

  - Workers with tenure of less than one year were about evenly split between men and women.

  - Even more so than with employment status, these figures sketch a picture of a labor market with enormous movement.

- o To gain some sense of the turnover in the types of work that many welfare recipients might be expected to seek we can look at tenure in the service occupations.

---

[2] The major source of data on labor market turnover is a special January supplement to the Current Population Survey. The supplement compares the status of workers in January to their status the previous January with respect to three items: employment, tenure with current employer, and occupation.

- Of the 14.7 million workers in service occupations in January 1987, 6.1 million had tenure of one year or less, or 42 percent.

- Of the 8.9 million female service workers in January 1987, 3.9 million or 43% had tenure of one year or less.

2. Job Prospects for AFDC Recipients

In order to evaluate the significance of macroeconomic labor demand projections, we need to ask: what kinds of jobs can welfare mothers get?

I. AFDC Mothers Who Worked Recently: Reported Occupations and Earnings

Those who work in the private sector within a year of receiving AFDC tend to work in **service sector jobs**--41% of AFDC mothers worked in service jobs compared to only 13% of non-poor mothers (Table 29).[3] While service sector jobs are often characterized as food service or janitorial jobs, they also include health services jobs (e.g., dental assistants), personal service jobs (e.g., hairdressers and welfare service aides), and protection services (e.g., police and firefighters).

Other types of jobs in which welfare mothers are likely to work include **administrative support and clerical work, sales occupations**, and to a lesser extent, **machine operators and assemblers**. They are far less likely to work in administrative and managerial positions compared to non-poor, working mothers.

The types of jobs held by AFDC mothers closely resemble those held by poor, non-AFDC mothers. However, non-AFDC poor mothers are less likely to work in service occupations and more likely to work as machine operators.

Typical Occupations	Median Earnings for Women	
	(All women)	(Year Round Full time)
Services (except household)	$ 6,173	$12,288
Admin support & clerical	$14,492	$18,475
Sales	$ 7,307	$16,986
Machine operators & assemblers	$10,983	$14,652

[3] Zil, Nicholas, et al., *Welfare Mothers as Potential Employees*, (1991). Washington, DC: Child Trends.

II. AFDC Mothers Who Worked Recently: Unreported Occupations and Earnings

Evidence that reported work experience of welfare mothers must be viewed with some suspicion comes from two sources. First, studies that measure both income and expenditures find that expenditures consistently exceed income.[4] More direct evidence comes from one small study that confidentially quantified the work and earnings of welfare mothers.[5] Kathryn Edin studied 50 welfare mothers in Chicago. She found that in 1988 all the mothers supplemented their welfare with unreported income accounting for 42% of their expenditure. Unreported jobs, which accounted for more than 18% of expenditures, included the following:

> "Seven mothers held regular jobs under another name, earning an average of $5 an hour. Twenty-two worked part-time at off-the-books jobs such as bartending, catering, babysitting and sewing, earning an average of $3 an hour. Four sold marijuana, but even they earned only $3 to $5 an hour. A fifth mother sold crack as well as marijuana and earned something like $10 an hour, but she was murdered soon after Edin interviewed her, apparently because she had not repaid her supplier. The only mothers who earned a lot on an hourly basis were the five who worked as prostitutes. They earned something like $40 an hour."

III. AFDC Mothers With or Without Work Experience

Given that these are the job opportunities open to welfare mothers, how many welfare mothers will access them? The answer depends on current reasons for being out of the labor force. Estimates of the number of welfare mothers falling into certain categories of unemployment are very rough.

Marginal Product Too Low: Since about a third of welfare mothers have scores on the AFQT below the normal range for the sorts of jobs welfare can get (Table 30), we can infer that this group will have difficulty competing for unsubsidized jobs. For example, 30 to 55% of welfare mothers have AFQT scores more than a standard deviation below the median for household workers, service occupations and clerical workers. Although non-AFDC, poor mothers also have the same median AFQT score and standard deviation, more than half do not work.

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[4] Slesnick, Daniel T., "Gaining Ground: Poverty in the Post War United States," mimeo, University of Texas, Austin, July 1991.

Jencks, Christopher, "The Hidden Prosperity of the 1970's," *Public Interest*, Fall 1984, (77), 37-61.

[5] Jencks, Christopher. *Rethinking Social Policy: Race, Poverty and the Underclass* (1992). Harvard University Press.

Reservation Wage Too High: Among the 60 to 70% who may not have a serious skill problem, many may prefer AFDC over low prevailing wages in the private sector. Wages of $4.18 or less were reported by 74% of women maintaining families who were among the working poor in 1990.[6] Policies such as the EITC, child care subsidies and health care access may lower reservation wages and induce labor market participation.

No Job Available: Despite willingness and ability to work at the prevailing wage, many welfare mothers may face protracted or sporadic unemployment. Experience of working poor women maintaining families may provide clues as to what welfare women can expect. In 1990, 43% of women maintaining families among the working poor reported experiencing some unemployment during the previous year. Involuntary part-time employment was a problem experienced by 25% of working poor women with families.[7] The durations of unemployment and underemployment can be expected to vary considerably by region.

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[6] The working poor is defined by BLS researchers Bruce Klein and Philip Rones as persons who devoted more than 27 weeks working or looking for work and who lived in families with incomes below the official poverty level.

[7] BLS, "Working and Poor in 1990," *Monthly Labor Review* (Dec 1992).

Table 1. **Employment by major industry division, 1975, 1990, and projected to 2005**

[Numbers in thousands]

Industry	1975	1990	2005 Low	2005 Moderate	2005 High	Change, 1975–90	Change, 1990–2005 Low	Change, 1990–2005 Moderate	Change, 1990–2005 High
Nonfarm wage and salary[1]	76,680	109,319	122,775	132,647	139,531	32,639	13,456	23,328	30,212
Goods-producing	22,600	24,958	22,877	25,242	26,362	2,358	–2,081	284	1,404
Mining	752	711	598	668	690	–41	–113	–43	–22
Construction	3,525	5,136	5,552	6,059	6,484	1,611	416	923	1,348
Manufacturing	18,323	19,111	16,727	18,514	19,189	788	–2,384	–597	78
Durable manufacturing	10,662	11,115	9,467	10,517	10,915	453	–1,648	–599	–200
Nondurable manufacturing	7,661	7,995	7,260	7,998	8,274	334	–735	3	279
Service-producing	54,080	84,363	99,898	107,405	113,168	30,283	15,535	23,042	28,805
Transportation, communications, utilities	4,542	5,826	6,203	6,689	7,019	1,284	377	863	1,193
Wholesale trade	4,430	6,205	6,669	7,210	7,585	1,775	464	1,005	1,380
Retail trade	12,630	19,683	23,306	24,804	25,856	7,053	3,623	5,121	6,173
Finance, insurance, and real estate	4,165	6,739	7,599	8,129	8,525	2,574	860	1,390	1,786
Services[1]	13,627	27,588	36,223	39,058	41,109	13,961	8,634	11,470	13,521
Government	14,686	18,322	19,899	21,515	23,074	3,636	1,577	3,193	4,752
Agriculture[2]	3,459	3,276	2,969	3,080	3,181	–183	–307	–196	–95
Private households	1,362	1,014	648	700	736	–348	–366	–314	–278
Nonagricultural self-employed and unpaid family workers[3]	6,165	8,961	10,415	10,763	11,095	2,796	1,454	1,802	2,134
Total[4]	87,666	122,570	136,807	147,190	154,543	34,904	14,237	24,620	31,973

Industry	Percent distribution of wage and salary employment 1975	1990	2005 Low	2005 Moderate	2005 High	Annual rate of change 1975–90	1990–2005 Low	1990–2005 Moderate	1990–2005 High
Nonfarm wage and salary[1]	100.0	100.0	100.0	100.0	100.0	2.4	0.8	1.3	1.6
Goods-producing	29.5	22.8	18.6	19.0	18.9	.7	–.6	.1	.4
Mining	1.0	.7	.5	.5	.5	–.4	–1.2	–.4	–2
Construction	4.6	4.7	4.5	4.6	4.6	2.5	.5	1.1	1.6
Manufacturing	23.9	17.5	13.6	14.0	13.8	.3	–.9	–.2	.0
Durable manufacturing	13.9	10.2	7.7	7.9	7.8	.3	–1.1	–.4	–.1
Nondurable manufacturing	10.0	7.3	5.9	6.0	5.9	.3	–.6	.0	.2
Service-producing	70.5	77.2	81.4	81.0	81.1	3.0	1.1	1.6	2.0
Transportation, communications, utilities	5.9	5.3	5.1	5.0	5.0	1.7	.4	.9	1.2
Wholesale trade	5.8	5.7	5.4	5.4	5.4	2.3	.5	1.0	1.3
Retail trade	16.5	18.0	19.0	18.7	18.5	3.0	1.1	1.6	1.8
Finance, insurance, and real estate	5.4	6.2	6.2	6.1	6.1	3.3	.8	1.3	1.6
Services[1]	17.8	25.2	29.5	29.4	29.5	4.8	1.8	2.3	2.7
Government	19.2	16.8	16.2	16.2	16.5	1.5	.6	1.1	1.5
Agriculture[2]	—	—	—	—	—	–.4	–.7	–.4	–.2
Private households	—	—	—	—	—	–1.9	–2.9	–2.4	–2.1
Nonagricultural self-employed and unpaid family workers[3]	—	—	—	—	—	2.5	1.0	1.2	1.4
Total[4]	—	—	—	—	—	2.3	.7	1.2	1.6

[1] Excludes SIC 074,5,8 (agricultural services) and 99 (nonclassifiable establishments), and is therefore not exactly comparable with data published in *Employment and Earnings*.

[2] Excludes government wage and salary workers, and includes private sector SIC 08,09 (forestry and fisheries).

[3] Excludes SIC 08,09 (forestry and fisheries).

[4] Wage and salary data are from the BLS Current Employment Statistics (payroll) survey, which counts jobs, whereas self-employed, unpaid f: worker, agricultural, and private household data are from the Current Population Survey (household survey), which counts workers.

NOTE: Dash indicates data not available.

Table 3. **Employment change in selected industries, 1990–2005**

[Numbers in thousands]

Standard Industrial Classification	Industry description	Employment: Levels 1990	Employment: Levels 2005	Employment: Change, 1990–2005	Annual percent growth rate, 1990–2005
	Fastest growing				
836	Residential care	469	911	442	4.5
737	Computer and data processing services	784	1,494	710	4.4
807–809	Health services, n.e.c	697	1,262	565	4.0
874	Management and public relations	622	1,097	475	3.9
494–497, pt. 493	Water and sanitation, including combined services	184	299	115	3.3
823–829	Libraries, vocational and other schools	207	335	128	3.3
801–804	Offices of health practitioners	2,180	3,470	1,290	3.1
472	Passenger transportation arrangement	192	299	107	3.0
832,839	Individual and miscellaneous social services	638	991	353	3.0
81	Legal services	919	1,427	508	3.0
805	Nursing and personal care facilities	1,420	2,182	762	2.9
735	Miscellaneous equipment rental and leasing	211	324	113	2.9
872,89	Accounting, auditing, and services, n.e.c	575	871	296	2.8
821	Elementary and secondary schools	457	689	232	2.8
751	Automotive rentals, without drivers	180	271	91	2.8
8731,2,4	Research and testing services	407	609	202	2.7
274	Miscellaneous publishing	82	123	41	2.7
732;7331,8;7383,9	Business services, n.e.c	937	1,397	460	2.7
7334–7336,7384	Photocopying, commercial art, photofinishing	200	293	93	2.6
61,67	Nondepository; holding and investment offices	596	871	275	2.6
	Most rapidly declining				
313,314	Footwear, except rubber and plastic	80	41	–39	–4.3
3483,3489	Ammunition and ordnance, except small arms	52	30	–22	–3.8
311,315–317,319	Luggage, handbags, and leather products, n.e.c	52	31	–21	–3.5
21	Tobacco manufactures	49	34	–15	–2.5
287	Agricultural chemicals	56	38	–18	–2.5
88	Private households	1,014	700	–314	–2.4
3466,3469	Stampings, except automotive	84	59	–25	–2.3
341	Metal cans and shipping containers	50	35	–15	–2.3
3462,3463	Forgings	40	29	–11	–2.3
291	Petroleum refining	118	85	–33	–2.2
3482,3484	Small arms and small arms ammunition	23	17	–6	–2.1
3761	Guided missiles and space vehicles	134	98	–36	–2.0
363	Household appliances	125	94	–31	–1.9
3711	Motor vehicles and car bodies	328	246	–82	–1.9
3578,3579	Office and accounting machines	43	33	–10	–1.9
2086,2087	Soft drinks and flavorings	121	92	–29	–1.8
386	Photographic equipment and supplies	100	76	–24	–1.8
301	Tires and inner tubes	86	65	–21	–1.8
231–238	Apparel	839	638	–201	–1.8
481,482,489	Communications, except broadcasting	947	724	–223	–1.8

n.e.c. = not elsewhere classified.

NOTE: Historical data for SIC 88 are from the Current Population Survey; all other data are from the Current Employment Statistics program.

Table 13. **Percent change in employment for selected occupations, 1990–2005, and percent of employment composed of women, blacks, and Hispanics, 1990**

Occupation	Percent change, 1990–2005	Percent in 1990 composed of—		
		Women	Blacks	Hispanics
Total, all occupations	20	45	10	8
Executive, administrative, and managerial	27	40	6	4
Professional specialty occupations	32	51	7	3
Engineers	26	9	3	3
Mathematical and computer scientists	73	37	7	3
Natural scientists	26	26	3	4
Health diagnosing occupations	29	18	3	4
Health assessment and treating occupations	43	86	7	3
Teachers, college and university	19	38	5	3
Teachers, except college and university	30	74	9	4
Lawyers and judges	34	21	3	3
Technicians and related support	37	49	9	4
Health technologists and technicians	42	84	14	5
Engineerng and related technologists and technicians	23	20	7	5
Sales occupations	24	49	6	5
Administrative support, including clerical	13	80	11	7
Supervisors, administrative support	22	58	12	7
Computer equipment operators	13	66	13	7
Secretaries, stenographers, and typists	9	98	9	5
Financial records processing	–4	92	6	5
Mail and message distributing	15	45	25	5
Service occupations	29	60	17	11
Private household	–29	60	17	11
Protective service	32	15	17	6
Food preparation and service	30	60	12	13
Health service	44	90	26	6
Cleaning and building service	18	44	22	17
Personal service	44	82	12	7
Precision production, craft, and repair	13	9	8	9
Mechanics and repairers	16	4	8	7
Construction trades	21	2	7	9
Operators, fabricators, and laborers	4	26	15	12
Machine operators, assemblers, and inspectors	–9	40	14	14
Transportation and material moving	21	9	15	9
Handlers, equipment cleaners, helpers, and laborers	8	18	16	13
Farming, forestry, and fishing	5	16	6	14

Table 14. **Percent distribution of full-time workers not in scho by number of years of school completed and a group, 1990**[1]

Occupation	Completed less than 12 years of school		Completed 12 years of school	
	Age 16–24	Age 25–34	Age 16–24	Age 25–
Total, all occupations	100.0	100.0	100.0	100.0
Executive, administrative, and managerial	2.0	3.2	4.2	7.8
Professional specialty	1.1	1.0	1.8	2.2
Technicians and related support	.6	.7	2.0	2.9
Marketing and sales	8.6	5.0	12.4	9.5
Administrative support occupations, including clerical	6.4	5.1	20.4	18.0
Service occupations	22.3	17.8	16.1	12.6
Agricultural, forestry, and fishing	8.9	6.6	3.2	2.9
Precision production, craft, and repair	16.7	23.5	14.6	19.8
Operators, fabricators, and laborers	33.4	37.2	25.4	24.3

[1] Excludes students under 25 years old.

Table 15. **Percent distribution of employment by occupatic 1990 and projected 2005 alternatives**

Occupation	1990	2005		
		Low	Moderate	High
Total, all occupations	100.0	100.0	100.0	100.0
Executive, administrative, and managerial occupations	10.2	10.8	10.8	10.8
Professional specialty	12.9	14.2	14.2	14.3
Technicians and related support	3.5	3.9	3.9	3.9
Marketing and sales	11.5	11.9	11.9	11.8
Administrative support occupations, including clerical	17.9	16.8	16.9	16.9
Service occupations	15.7	17.1	16.9	16.8
Agricultural, forestry, and fishing	2.9	2.6	2.5	2.5
Precision production, craft, and repair	11.5	10.8	10.8	10.8
Operators, fabricators, and laborers	14.0	12.0	12.2	12.2


Unemployment Rates
by sex
10
9
8
7
6
5
4
3
year
74
76
78
80
82
84
86
88
90
92
percent
total
male age 25-54
female age 25-54

TRENDS IN LABOR FORCE PARTICIPATION RATES

Table 20: Labor Force Participation Rates by Sex and Race (Bureau of Labor Statistics Projections)

	Year 1990	1995	2000	2005
black men 16 and over	70.1	71.5	71.0	70.2
white men 16 and over	76.9	76.9	76.7	76.2
black women 16 and over	57.8	60.1	61.2	61.7
white women 16 and over	57.5	60.2	62.3	63.5

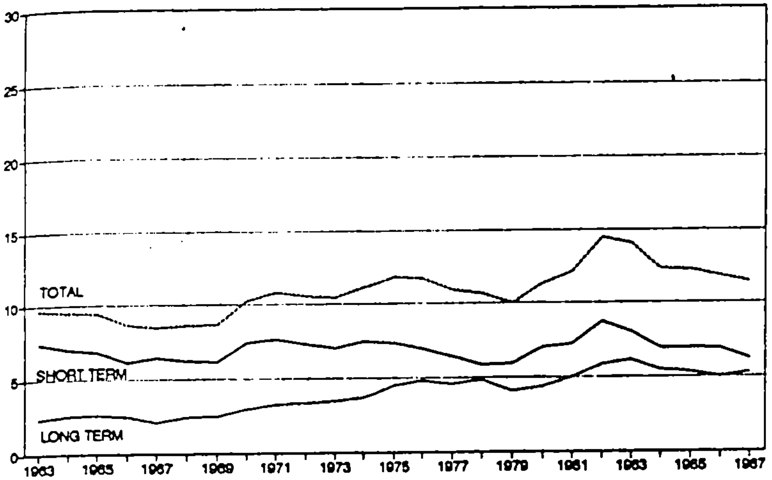
This forecast indicates little change in the participation rates of either black or white men, and a continued increase in the participation rates of both black and white women.

Table 21: Labor Force Participation Rates by Economic Growth Rate and Sex (Bureau of Labor Statistics Projections)

	Year 1990	1995	2000	2005
Male over 16				
low growth	76.1	75.3	74.2	72.9
moderate growth	76.1	76.3	76.0	75.4
high growth	76.1	76.9	77.2	77.3
Female over 16				
low growth	57.5	58.8	59.7	59.8
moderate growth	57.5	60.1	62.0	63.0
high growth	57.5	61.4	64.3	66.1

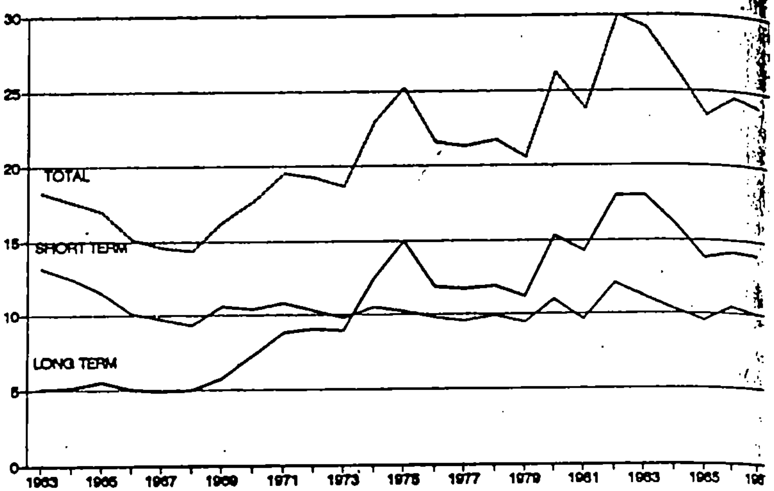
The difference in participation rates between the high and low growth scenarios in terms of the number employed in the year 2000 translates into almost 10 million.

Figure 5.1
Rates of Long-term, Short-term, and Total Joblessness among White Men Aged 25 to 54, 1963–1987



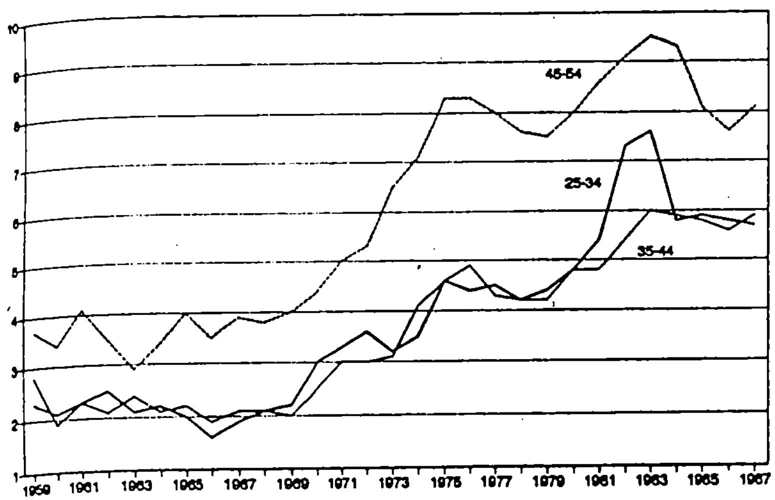
Source: Annual files from the March Current Population Survey, assembled by Robert Mare and Christopher Winship. Tabulations by Christine Kidd, Rich Mrizek, and David Rhodes.

Figure 5.2
Rates of Long-term, Short-term, and Total Joblessness among Black Men Aged 25 to 54, 1963–1987



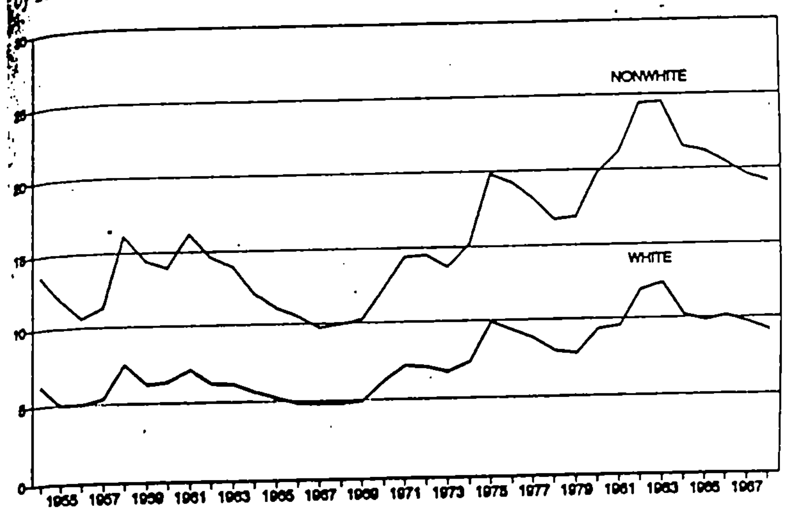
Source: Current Population Survey (see Fig. 5.1).

Figure 5.5
Percentage of Men Who Did Not Work at Any Time during the Year, by Age, 1959–1987



Source: *Handbook of Labor Statistics, 1989,* table 48.

Figure 5.7
Percentage of Men Aged 25 to 54 Who Were Not Employed in an Average Week, by Race, 1954–1988



Source: *Handbook of Labor Statistics, 1989,* tables 3 and 15. Estimates shown unweighted means for men aged 25–34, 35–44, and 45–54.

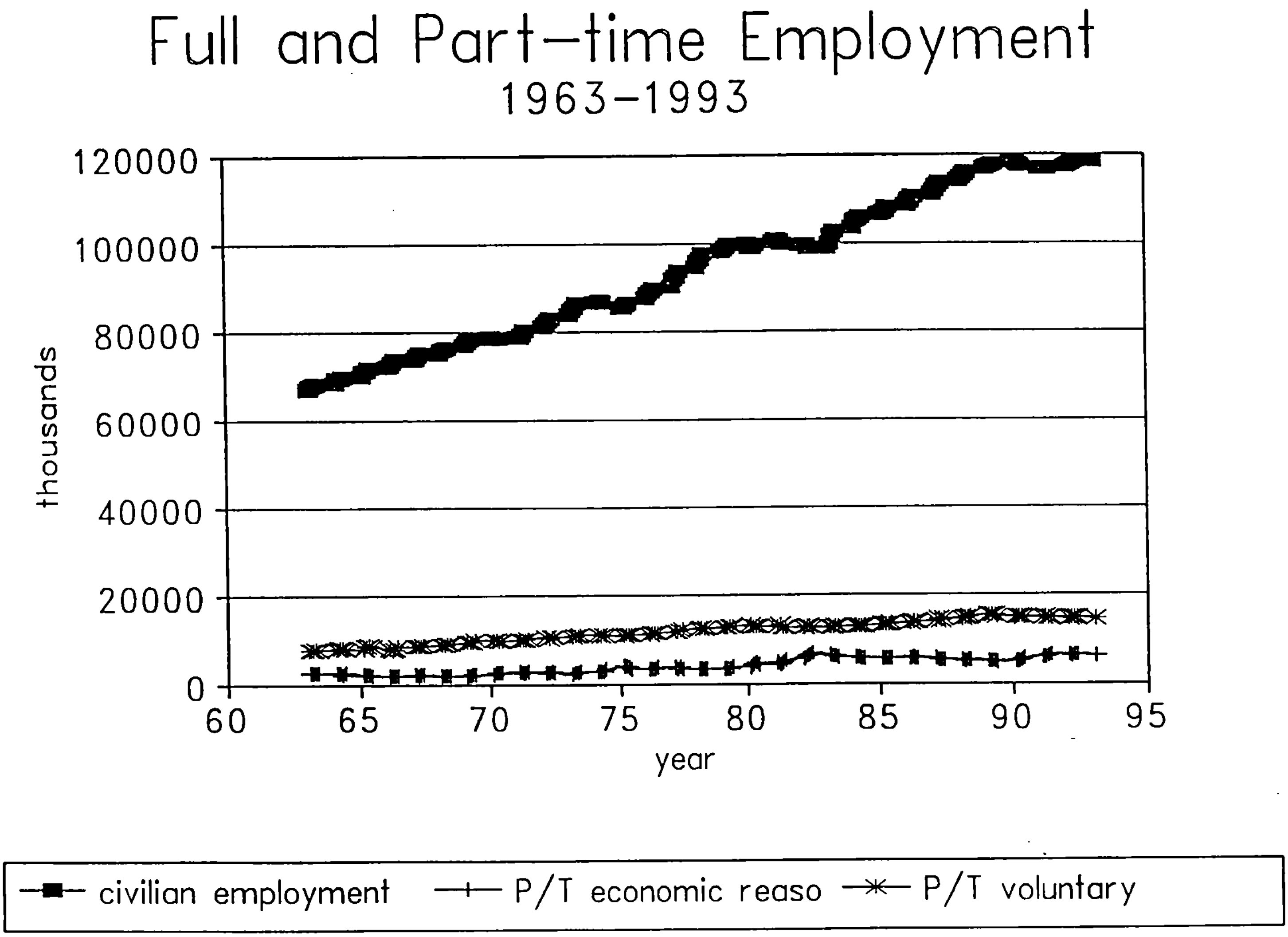

Full and Part-time Employment
1963-1993
120000
100000
80000
60000
40000
20000
0
thousands
60
65
70
75
80
85
90
95
year
civilian employment
P/T economic reaso
P/T voluntary

TABLE 29. Types of Occupations in Which AFDC and Other Mothers with Job Experience Have Worked, U.S. Women With Children Under 18, 1988.

Occupational Class of Current or Most Recent Job	AFDC Mothers Rank Order	AFDC Mothers Proportion*	Poor, Non-AFDC Mothers Rank Order	Poor, Non-AFDC Mothers Proportion*
Service Occupations	1	40.9%	1	35.2%
Sales Occupations	2	15.8%	3	12.9%
Administrative Support & Clerical	3	14.6%	4	12.9%
Machine Operators, Assemblers	4	8.7%	2	15.1%
Professional & Technical	5	5.0%	5	7.2%
Helpers & Laborers	6	3.9%	7	3.4%
Administrative & Managerial	7	3.6%	9	2.6%
Private Household Service	8	2.8%	6	4.3%
Precision Production, Craft & Repair	9	2.0%	10	2.1%
Transportation & Material Moving	10	1.4%	11	1.0%
Farming, Forestry, & Fishing	11	.8%	8	2.7%
Protective Service Workers	12	.6%	12	.5%

Occupational Class of Current or Most Recent Job	Non-Poor Mothers Rank Order	Non-Poor Mothers Proportion*	All Mothers with Children Under 18 Rank Order	All Mothers with Children Under 18 Proportion*
Administrative Support & Clerical	1	28.6%	1	27.1%
Professional & Technical	2	21.8%	2	20.2%
Service Occupations	3	12.8%	3	15.4%
Sales Occupations	5	11.1%	4	11.4%
Administrative & Managerial	4	11.1%	5	10.3%
Machine Operators, Assemblers	6	6.7%	6	7.2%
Precision Production, Craft & Repair	7	2.6%	7	2.5%
Helpers & Laborers	8	1.5%	8	1.7%
Private Household Service	10	1.1%	9	1.4%
Transportation & Material Moving	9	1.2%	10	1.2%
Farming, Forestry, & Fishing	11	1.1%	11	1.2%
Protective Service Workers	12	.5%	12	.5%

* Proportion of those women in category who are in the labor force.

SOURCE: Child Trends, Inc., tabulations of data from 1988 National Health Interview Survey of Child Health, National Center for Health Statistics, 1990. Tabulations carried out by Technical Support Staff, OASPE, U.S. Department of Health and Human Services.

TABLE 30 Average AFQT Scores (Standardized) of All Women and AFDC Mothers in Different Occupational Classes and Proportions of AFDC Mothers With Test Scores Similar To Those Of Women In Each Class, U.S. Women Aged 22 - 30, 1987.

GROUP	MEAN AFQT SCORE	RANGE (+/- 1 S.D.)	PERCENTAGE OF ALL AFDC MOMS WITH TEST SCORES IN OR ABOVE RANGE
ALL WOMEN (n = 5,369)	100	85 - 115	
AFDC MOMS (n = 597)	86	71 - 101	84%
OCCUPATIONAL CLASS			
Manual Operatives	91	77 - 105	69%
Household Workers	95	78 - 112	67%
Crafts & Construction	95	80 - 108	63%
Service Occupations	96	81 - 111	60%
Clerical/ Secretarial	101	88 - 114	45%
Sales Workers	104	91 - 117	39%
Management/Adminstrtve	105	93 - 117	35%
Professional/Technical	108	96 - 120	29%

NOTES: AFQT = Armed Forces Qualification Test, converted to standard scores. Occupational class is based on woman's current or most recent job. Examples of "Manual Operatives": clothing ironers, dressmakers, gas station attendants, dry cleaning workers, meat wrappers, sewers. "Household Workers": child care providers, housekeepers, cooks, etc., who are employed in private households. "Crafts & Construction": Dental lab technicians, inspectors, machinists, tailors, telephone installers, tool and die makers, construction workers, garbage collectors, teamsters. "Service Occupations": bartenders, waiters, dental assistants, nursing aides, flight attendants, hairdressers.

SOURCE: Child Trends, Inc., analysis of data from National Longitudinal Survey of Labor Market Experience of Youth (NLSY). Occupation and welfare status as of 1987, AFQT administered in 1980.

Carter Admin.   7/21

I Henry AARON - HEW Planning & Eval.

(WHAT WENT WRONG?

A what should be done? (1) Get clear message from President

(2) Keep it simple

(3) Don't play with the numbers.

(4) Maintain strong Congressional ties

B What went the right way

(1) Good staff

C Differences

(1) N.I.T is dead

(2) public opinion drastically changed

(3) Senators/Reps act like Statesman on welfare reform, Should involve Congress early

(4) Not much money available.

(5) Be modest in goals and direction

II Arnie Packer (Miriam stand-in) Labor Dept. under Carter

A Regrets - (1) that they did not accept multi-state demo

(2) Details bogged them down.

(3) Thinks there should be a job for every family.

B Recommends

(1) Start vol. then mandatory

(2) Peer support

(3) Predict where jobs will be

(4) Empower frontline workers

(5) Do it right or don't do it.

next

III Bert Carp - W.H. staff in Carter administration

A. FOCUS ON PRESENTATION OF COMPONENTS OF BILL

IV. Chris Edley - WH staff

A. What lead to defeat

1. Confusion between liberal elected officials and others

Explaining constraints very difficult.

2. Identify constituency for welfare reform.

3. Recurring disconnect between what political actors and policy leads supported

4. Dreams wrecked-
welfare community tried to "trot out" lots of ideas.

5. Culture Clash-
strong influence from labor and inconsistencies between Labor & Income Maintenance

6. Congressional involvement early and often important to success

V Bob Reischauer - CBO

A. Policy Dev always a mixture between think tank and Congressional.

B Be cognizant of constraints

- Budget constraints
- Economics for low-skilled workers. (issue of displacement will grow)
- Institutional capacity - deficit reduction and health care reform will have taken much of Congress's energy

- There is no constituency for this issue. Public believes welfare reform is a money saver.
- If you are compelled to do welfare reform use "PILOT PROGRAM"

Kathi —
Good idea??
— BR

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON, D.C. 20500

June 2, 1993

MEMORANDUM FOR BRUCE REED
DPC

FROM: DEBORAH LUCAS

SUBJECT: Making Work Pay for the Disabled

As we discussed last week, there are a number of compelling reasons to consider the SSI and SSDI programs in the context of welfare reform. The current structure of these programs in combination with Medicaid makes it impossible for many disabled people to work, so the theme of making work pay resonates especially deeply in the disabled community. This memo describes some of the strong work disincentives created by the current program structure.

People who have paid sufficient social security taxes are eligible for SSDI assistance if they are disabled and establish that they cannot work. On average, SSDI pays about $550 per month, or $6,600 per year. Recipients can retain all benefits and earn up to $6,000 per year from other sources. At $6,000 or over, benefits go to zero after the first nine months of work. Reestablishing eligibility is risky and time-consuming, so many people choose not to earn more than the limit.

Over 3.8 million low-income disabled persons receive SSI. Income and asset restrictions are similar to those for AFDC, and the average monthly payment is similar, but SSI has a minimum guaranteed federal benefit that is uniform across states. In most states, SSI recipients automatically qualify for Medicaid and Food Stamps. Some work incentives have been added to the SSI program. Recipients only lose $.50 in benefits for every $1 earned, and states can extend Medicaid coverage to disabled people who require Medicaid to enable them to work, even if they no longer qualify for cash benefits. Nevertheless, the prospect of losing Medicaid benefits serves as an impediment to work for many SSI recipients. It is important to note that health care reform is unlikely to solve this problem for the disabled because the personal assistance services received under Medicaid are unlikely to be covered in the guaranteed benefits package.

A striking statistic is that there has been a 49% increase in the number of disabled SSI recipients between 1975 and 1991. This increase far exceeds the increase in disability rates in the population. The most prevalent disabling conditions for SSI recipients are mental disorders (26.2%) and mental retardation (28.2%). If AFDC is time-limited, it is likely that AFDC recipients who can qualify will turn to the SSI program. While this might not be a bad solution for those who are truly unable to work, improving the work incentives for SSI recipients could reduce the amount of unintended substitution between programs.

Finally, I wanted to let you know that the way the term "disabled" is being used in the context of welfare reform is objectionable to the disabled community and could cause avoidable misunderstandings. This came up in a meeting of the disabilities working group which is charged with identifying people who may be exempted from time-limited welfare. Although this seems like a reasonable task, the semantic problem is that of equating disability status with the inability to work. Advocates for the disabled emphasize that most disabled people can work if they are given some extra assistance. Illness or medical condition rather than disability is a valid reason for an exemption.

If you would like more information about any of these issues please let me know.

June 25, 1993

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

SUBJECT: WORKING GROUP PUBLIC EVENTS

FROM: JEREMY BEN-AMI

ADDRESSEES:

Ken Apfel
Susan Bender
Marcy Carlson
Robert Carver
Michele Cavataio
Bonnie Deane
Karen Ewing
Mike Fishman
Stacey Grundman
Charlotte Hayes
Jill Khadduri
Debbie Lucas
Cathy Mays
Ann McCormick
Wendy New
Ben Nye
Larry Parks
Carol Roddy
Deborah Sorkin
Mildred Taylor
Moya Thompson
Cookie Waldon

June 25, 2993

To: Welfare Reform Working Group Staff Contacts

From: Jeremy Ben-Ami

Subject: Working Group Public Events

At Friday's meeting of the Working Group, the tentative schedule for the public events of the Working Group was announced:

Monday/Tuesday	July 26/27	Southern California
Tuesday/Wednesday	August 10/11	Chicago/Milwaukee
Tuesday/Wednesday	August 24/15	New Jersey
Tuesday/Wednesday	September 14/15	Kentucky/Tennessee

It is important to the Working Group and its efforts that a large number of Working Group members attend each meeting. The Chairs understand how busy the schedules of each member are but expect that each member will attend <u>at least two of the public events</u>. Please let Jeremy Ben-Ami (401-6954) know by c.o.b. June 30th the tentative plans of the member(s) for whom you are responsible.

There are two attachments to this memo: (1) a list of staff contacts for each Working Group member (if anyone is listed incorrectly, please let me know) and (2) a brief description of the visits for your information.

ATTACHMENT I

WELFARE REFORM WORKING GROUP
Staff Contacts (as of 6/23/93)

Ken Apfel	Ken Apfel
Susan Bender	Walter Broadnax
Marcy Carlson	Wendell Primus
Robert Carver	Robert Carver
Michele Cavataio	Madeleine Kunin Ray Cortines
Bonnie Deane	Eugene Sperling
Karen Ewing	Eli Segal
Mike Fishman	Ellen Haas
Stacey Grundman	Thomas Glynn Doug Ross
Charlotte Hayes	Elaine Kamarck
Jill Khadduri	Michael Stegman
Debbie Lucas	Joseph Stiglitz
Cathy Mays	Bruce Reed
Ann McCormick	David Ellwood
Wendy New	Isabel Sawhill
Ben Nye	Maurice Foley Alicia Munnell
Larry Parks	Larry Parks
Carol Roddy	Joycelyn Elders
Deborah Sorkin	Eleanor Acheson Julie Samuels
Mildred Taylor	Jeff Watson
Moya Thompson	Fernando Torres-Gil
Cookie Waldon	Kathi Way

ATTACHMENT II

WELFARE REFORM WORKING GROUP
Description of Public Events

The Welfare Reform Working Group will be conducting a series of regional visits during the late summer and early fall to inform its development of a welfare reform plan. These visits are intended:

(1) to provide an opportunity for Working Group members to learn more about the programs, problems, and policies which they are charged with reviewing;

(2) to provide an opportunity for public input into the development of a welfare reform plan; and

(3) to promote public education about the issues and themes of the welfare reform effort.

The current plan includes the following elements:

- Four regional visits by members of the Working Group and one public hearing in Washington, D.C.

- Each regional visit will last for two days. The visits will have several components: (1) visits to programs and offices to provide insights into the operation of welfare programs, both those that are models and those that are not; (2) focus groups with current recipients, former recipients and people who work in welfare programs; (3) public events such as hearings, roundtable discussions and town meetings; and (4) interviews with local media, editorial boards and other press events.

- The public event will be scheduled for the second of the two days of each visit, and will probably have at least the following components: (1) individuals telling their personal stories about the welfare system and the various programs with which they have had contact; (2) presentations by the Working Group of background information (probably repeating information from the presentations now being made to the Working Group); and (3) open discussion among round-table participants and the audience of the issues presented and the policy options open to the Working Group.

- The round table portion of the event will provide an opportunity for dialogue among Working Group members and groups and individuals from the region with an interest in welfare reform. The discussions will put Working Group members on an equal footing with representatives of organizations such as NGA, APWA, organized labor as well as AFDC recipients and groups representing their interests.

- The public hearing in Washington will be set up more traditionally to provide national organizations an opportunity to provide testimony to the Working Group. The hearing would be scheduled toward the beginning of the process so that groups testifying have a real opportunity to give public feedback to the work of the Group as it is developing.