

7/8/99

Clinton-Gore Accomplishments Reforming Welfare

On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, fulfilling his longtime commitment to 'end welfare as we know it.' As the President said upon signing, "... this legislation provides an historic opportunity to end welfare as we know it and transform our broken welfare system by promoting the fundamental values of work, responsibility, and family."

TRANSFORMING THE BROKEN WELFARE SYSTEM

- **Overhauling the Welfare System with the Personal Responsibility Act:** In 1996, the President signed a bipartisan welfare plan that is dramatically changing the nation's welfare system into one that requires work in exchange for time-limited assistance. The law contains strong work requirements, performance bonuses to reward states for moving welfare recipients into jobs and reducing illegitimacy, state maintenance of effort requirements, comprehensive child support enforcement, and supports for families moving from welfare to work -- including increased funding for child care. State strategies are making a real difference in the success of welfare reform, specifically in job placement, child care and transportation. In April 1999, the President unveiled landmark new welfare regulations that will promote work and help those who have left the rolls to succeed in the workforce and stay off welfare.
- **Law Builds on the Administration's Welfare Reform Strategy:** Even before the Personal Responsibility Act became law, many states were well on their way to changing their welfare programs to jobs programs. By granting federal waivers, the Clinton Administration allowed 43 states -- more than all previous Administrations combined -- to require work, time-limit assistance, make work pay, improve child support enforcement, or encourage parental responsibility. The vast majority of states have chosen to build on their welfare demonstration projects approved by the Administration.
- **Welfare Rolls Decline as More Recipients go to Work:** In April 1999, the President released state-by-state data (from December 1998) showing that welfare caseloads are at their lowest level in 30 years and that the welfare rolls have fallen by nearly half since he took office. Since January 1993, 29 states have had caseload declines of more than half and nationwide the rolls have fallen by 46%, from 14.1 million to 7.6 million. This historic decline occurred in response to the Administration's grants of federal waivers to 43 states, the provisions of the new welfare reform law, and the strong economy. Information released by the Department of Health and Human Services also shows that the percentage of welfare recipients working has tripled since 1992, that an estimated 1.5 million people who were on welfare in 1997 were working in 1998, and that all states met the first overall work participation rates required under the welfare reform law.

MOVING PEOPLE FROM WELFARE TO WORK

- **Mobilizing the Business Community:** At the President's urging, the Welfare-to-Work Partnership was launched in May 1997 to lead the national business effort to hire people from the welfare rolls. The Partnership began with 105 participating businesses, and in his 1999 State of the Union address, the President announced that the Partnership has grown to more than 10,000 businesses. Since 1997, these businesses have hired over 410,000 welfare recipients, surpassing the challenge the President set in May of 1998. The Partnership provides technical assistance and support to businesses around the country, including: its toll-free number 1-888-USA-JOB1, a web site, a quarterly newsletter, and a "Blueprint for Business" hiring manual. The Partnership also published "The Road to Retention," a report of companies that have found higher retention rates for former welfare recipients than for other new hires, and strategies they used to achieve this success.
- **Connecting Small Businesses with New Workers and Creating New Entrepreneurs:** The Small Business Administration is addressing the unique and vital role of small businesses who employ over one-half of the private workforce, by helping small businesses throughout the country connect with job training organizations and job-ready welfare recipients. In addition, SBA provides training and assistance to welfare recipients who wish to start their own businesses. SBA provides assistance to businesses through its 1-800-U-ASK-SBA number, as well through its network of small business development and women's business centers, one-stop capital shops, Senior Corps of Retired Executives (SCORE) chapters, district offices, and its website.
- **Mobilizing Civic, Religious and Non-profit Groups:** Vice President Gore created the Welfare-to-Work Coalition to Sustain Success, a coalition of national civic, service, and faith-based groups committed to helping former welfare recipients succeed in the workforce. Working in partnership with public agencies and employers, Coalition members provide mentoring, job training, child care, transportation, and other support to help these new workers with the transition to self sufficiency. Charter members of the Coalition include: Alpha Kappa Alpha, the Boys and Girls Clubs of America, the Baptist Joint Committee, Goodwill, Salvation Army, the United Way, Women's Missionary Union, the YMCA, the YWCA, and other civic and faith-based groups.
- **Doing Our Fair Share with the Federal Government's Hiring Initiative:** Under the Clinton/Gore Administration, the federal workforce is the smallest it has been in thirty years. Yet, this Administration also believes that the federal government, as the nation's largest employer, must lead by example. In March 1997, the President asked the Vice President to oversee the federal government's hiring initiative in which federal agencies committed to directly hire at least 10,000 welfare recipients in the next four years. In April 1999, the President announced that the federal government has hired 12,000 welfare recipients, meeting the goal nearly two years ahead of schedule. As a part of this effort, the White House pledged to hire six welfare recipients and has already exceeded this goal.

- Funds to Help Move More People from Welfare to Work:** Because of the President's leadership, the 1997 Balanced Budget Act included \$3 billion for Welfare-to-Work grants to help states and local communities move long-term welfare recipients, and certain non-custodial parents, into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers and other critical post-employment support services. The Department of Labor provides oversight, but most of the dollars are placed through the Private Industry Councils, in the hands of the localities who are on the front lines of the welfare reform effort. In addition, 25% of the funds are awarded by the Department of Labor on a competitive basis to support innovative welfare-to-work projects. The President announced the first round of 49 competitive grants in May, and the Vice President announced the second round of 75 competitive grants in November 1998. In January 1999, the Department of Labor announced the availability of \$240 million in competitive grants for FY 1999. These funds will support innovative local welfare-to-work strategies for noncustodial parents, individuals with limited English proficiency, disabilities, substance abuse problems, or a history of domestic violence. The President's FY 2000 Budget proposes to invest \$1 billion to extend the Welfare-to-Work program to help more long-term welfare recipients and noncustodial parents in high-poverty areas move into lasting unsubsidized employment. The initiative would provide at least \$150 million to ensure that every state helps fathers play a responsible part in their children's lives. Under this proposal, states and communities would use a minimum of 20% of their formula funds to provide job placement and job retention assistance to low-income fathers who sign personal responsibility contracts committing them to work, establish paternity, and pay child support. This effort would further increase child support collections, which have risen 80% since the President took office, from \$8 billion in 1992 to \$14.4 billion in 1998. Remaining funds will go toward assisting long-term welfare recipients with the greatest barriers to employment to move into lasting jobs. The reauthorized program also would double the Welfare-to-Work funding available for tribes. The Administration's reauthorization proposal is included in H.R. 1482 introduced by Congressman Cardin and S. 1317 introduced by Senator Akaka.
- Tax Credits for Employers:** The Welfare-to-Work Tax Credit, enacted in the 1997 Balanced Budget Act, provides a credit equal to 35% of the first \$10,000 in wages in the first year of employment, and 50% of the first \$10,000 in wages in the second year, to encourage the hiring and retention of long term welfare recipients. This credit complements the Work Opportunity Tax Credit, which provides a credit of up to \$2,400 for the first year of wages for eight groups of job seekers. The Omnibus Budget Act of 1998 included an extension through June 30, 1999 and the President's FY 2000 Budget proposes to extend both credits for an additional year.
- Welfare-to-Work Housing Vouchers:** In 1999, the President proposed and Congress approved \$283 million for 50,000 new housing vouchers for welfare recipients who need housing assistance to get or keep a job. Families will use these welfare-to-work housing vouchers to move closer to a new job, to reduce a long commute, or to secure more stable housing that will eliminate emergencies which keep them from getting to work every day on time. Nearly all of these vouchers will be awarded to communities on a competitive basis, to

communities that create cooperative efforts among their housing, welfare and employment agencies. The President's FY 2000 Budget provides \$430 million for 75,000 welfare-to-work housing vouchers, including \$144 million in new funds for 25,000 additional vouchers.

- **Welfare-to-Work Transportation:** One of the biggest barriers facing people who move from welfare to work -- in cities and in rural areas -- is finding transportation to jobs, training programs and child care centers. Few welfare recipients own cars. Existing mass transit does not provide adequate links to many suburban jobs at all, or within a reasonable commute time. In addition, many jobs require evening or weekend hours that are poorly served by existing transit routes. To help those on welfare get to work, President Clinton proposed a \$100 million a year welfare-to-work transportation plan as part of his ISTEA reauthorization bill. The Transportation Equity Act for the 21st Century (TEA-21) authorized \$750 million over five years for the President's Job Access initiative and reverse commute grants. Of this amount, \$50 million is guaranteed funding in FY 1999, rising to \$150 million in 2003. The Omnibus Budget Act included \$75 million for this program in FY 1999, and in May, Vice President Gore awarded \$71 million of these funds to 179 communities in 42 states around the country. The President's Budget proposes to double funding for FY 2000, bringing the program to the authorized level of \$150 million. The Job Access competitive grants will assist states and localities in developing flexible transportation alternatives, such as van services, for welfare recipients and other low income workers.

SUPPORTING WORKING FAMILIES

- **Expanding the Earned Income Tax Credit:** Expansions in the EITC included in the President's 1993 Economic Plan are making work pay for 15 million working families, including former welfare recipients. A study conducted by the Council of Economic Advisors reported that in 1997, the EITC lifted 4.3 million American out of poverty -- more than double the number in 1993. The findings also suggest that the increase in labor force participation among single mothers who received welfare is strongly linked to the EITC expansion.
- **Improving Access to Affordable and Quality Child Care:** Under the Clinton Administration, federal funding for child care has increased by 70%, helping parents pay for the care of about one million children. The 1996 welfare reform law increased child care funding by \$4 billion over six years to provide child care assistance to families moving from welfare to work.

The President's budget proposes to expand the Child Care and Development Block Grant to help working families struggling to meet the costs of child care. The President's proposal: (1) increases funding for child care subsidies by \$7.5 billion over five years, and these new funds, combined with funds provided in welfare reform, will enable the program to serve an additional 1.15 million children by FY 2004; (2) provides \$3 billion over five years to promote early learning; and (3) provides \$173 million to improve child care quality. Additional funds for subsidies are necessary because currently, only 1.25 million of the

approximately 10 million families eligible for assistance under federal law receive help.

The President's proposal also includes \$5 billion over five years to expand the Child and Dependent Care Tax Credit (CDCTC) to provide greater tax relief for nearly three million working families paying for child care and eliminate income tax liability for almost all families with incomes below 200% of poverty. Additionally, the proposal includes \$1.3 billion to enable parents who have children under one year old to take advantage of the CDCTC by allowing these 1.7 million families to claim assumed child care expenses of \$500. The President's plan also includes a new tax credit to businesses that offer child care services to their employees. The President has proposed spending \$600 million in FY 2000 to triple funding for the 21st Century Community Learning Center Program, which supports the creation and expansion of after-school and summer-school programs to help roughly 1.1 million children each year. Finally, the President's proposal includes a significant new investment in Head Start, our nation's premier early childhood development program, with an additional \$607 million in FY 2000 to reach 42,000 more children, enabling the program to serve 877,000 low income children.

- **Providing Health Care to Low-Income Working Families.** In passing welfare reform, the President insisted on maintaining the Medicaid entitlement; indeed, he vetoed two welfare bills that did not guarantee continued Medicaid coverage to all adults and children who were then eligible. Beyond preserving Medicaid eligibility, the Clinton Administration has accomplished the following to ensure that low-income families have access to health care.
 - ***Creation of the Children's Health Insurance Program.*** The President, with bipartisan support from the Congress, created the Children's Health Insurance Program (CHIP). The Balanced Budget Act of 1997 allocated \$24 billion dollars over the next five years to extend health care coverage to uninsured children through State-designed programs. States project that they will ensure 2.5 million children when their new CHIP programs are fully implemented.
 - ***Allowing States to Expand Medicaid to Cover Families.*** The welfare law allows states to expand Medicaid coverage under section 1931 to families who earn too much to be eligible for Medicaid but not enough to afford health insurance. These expansions allow states to present Medicaid as a freestanding health insurance program for low-income families -- an important step towards removing the stigma associated with the program and reaching families who do not have contact with the TANF system.
 - ***Providing Medicaid Coverage to Low-income Two-Parent Families Who Work.*** In August 1998, the President eliminated a vestige of the old welfare system by allowing all states to provide Medicaid coverage to working, two-parent families who meet State income eligibility requirements. Under the old regulations, adults in two-parent families who worked more than 100 hours per month could not receive Medicaid regardless of their income level. Because the same restrictions did not apply to single-parent families, these regulations created disincentives to marriage and full-time work. Prior to eliminating the rule entirely, the Administration allowed a number of states to waive this rule. The new regulation eliminates this requirement

for all States, providing health coverage for more than 130,000 working families to help them stay employed and off welfare.

- ***Transitional Medical Assistance (TMA).*** TMA provides time-limited Medicaid coverage to low-income households whose earnings or child support would otherwise make them ineligible for welfare-related Medicaid under state income eligibility standards. The President's FY 2000 Budget would reduce burdensome reporting requirements, including TMA eligibility procedures in the current Medicaid eligibility redetermination process. The budget also exempts those states that have expanded Medicaid coverage to families with incomes up to 185% of the federal poverty level from burdensome TMA reporting requirements, providing states with additional incentives to provide critical health care services.
- ***Helping States Help Low-Income Families.*** In March 1999, the Administration released new guidance encouraging States to reach out to children and families who are no longer eligible for cash assistance but are still eligible for Medicaid or CHIP. It also establishes that states must provide Medicaid applications upon request and process them without delay. The guidance reiterates state responsibilities to establish and maintain Medicaid eligibility for families and children affected by welfare reform, and provides creative examples of the best way to liberalize eligibility.
- **Investing for the Future:** In 1992, the President proposed to establish Individual Development Accounts (IDAs) to empower low-income families to save for a first home, post-secondary education, or to start a new business. The 1996 welfare reform law authorized the use of welfare block grants to create IDAs. And last year, the President signed legislation creating a five-year demonstration program. Households that are either eligible for Temporary Assistance for Needy Families or qualify for the Earned Income Tax Credit and have a net worth below \$10,000 are eligible to participate in the demonstration. The FY 1999 budget includes \$10 million to launch this initiative, and the President has proposed to double the commitment to \$20 million in FY 2000.

PROMOTING PERSONAL RESPONSIBILITY

- **Increasing Parental Responsibility and Enforcing Child Support:** Tougher measures under the Clinton Administration resulted in a record \$14.4 billion in child support collections in 1998, an increase of \$6.4 billion, or 80% since 1992. Not only are collections up, but the number of families that are actually receiving child support has also increased. In 1997, the number of child support cases with collections rose to 4.2 million, an increase of 48% from 2.8 million in 1992.
 - ***Improving the Collection System.*** A new collection system, proposed by the President in 1994 and enacted as part of the 1996 welfare reform law, has located over 1.2 million delinquent parents in its first nine months of operation. With approximately one-third of all child support cases involving parents living in different states, this National Directory of New Hires helps track parents across state lines.

➤ ***Tougher Penalties.*** In June 1998, the President signed the Deadbeat Parents Punishment Act, a law based on his 1996 proposal for tougher penalties for parents who repeatedly fail to support children living in another state or who flee across state lines to avoid supporting them.

➤ ***Increasing Paternity Establishments.*** Paternity establishment, often the crucial first step in child support cases, has dramatically increased, due in large part to the in-hospital voluntary paternity establishment program begun in 1994 by the Clinton Administration. In 1998, the number of fathers taking responsibility for their children by establishing paternity rose to a record 1.5 million, triple the 1992 figure of 512,000. In 1998, 40%, or 614,000 of all paternities were established through the in-hospital program.

➤ ***Increasing Collections.*** Finally, President Clinton has taken executive action, including: collections from federal payments such as income tax refunds and employee salaries, and steps to deny federal loans to delinquent parents. The federal government collected over \$1.1 billion in delinquent child support from federal income tax refunds for tax year 1997, a 70% increase since 1992.

- **Breaking the Cycle of Dependency -- Preventing Teen Pregnancy:** Significant components of the President's comprehensive effort to reduce teen pregnancy became law when the President signed the 1996 Personal Responsibility Act. The law requires unmarried minor parents to stay in school and live at home or in a supervised setting; encourages "second chance homes" to provide teen parents with the skills and support they need; and, provides \$50 million a year in new funding for state abstinence education activities. Since 1993, the Administration has supported innovative and promising teen pregnancy prevention strategies, including working with boys and young men on pregnancy prevention strategies. The National Campaign to Prevent Teen Pregnancy, a private nonprofit organization, was formed in response to the President's 1995 State of the Union. In 1997, the President announced the National Strategy to Prevent Teen Pregnancy. The first annual report on this Strategy reported that HHS-supported programs already reach at least 31% or 1,470 communities in the United States. In April 1999, the Vice President announced new data showing that we continue to make real progress in encouraging more young people to delay parenthood -- teen births have declined nationwide by 16% from 1991 to 1997, and have fallen in every state and across ethnic and racial groups. In addition, teen pregnancy rates are at their lowest level in 20 years.

RESTORING FAIRNESS AND PROTECTING THE MOST VULNERABLE

The President made a commitment to fix several provisions in the welfare reform law that had nothing to do with moving people from welfare to work. In 1997, the President fought for and ultimately was successful in ensuring that the Balanced Budget Act protects the most vulnerable. In 1998, the President continued his proposals to reverse unfair cuts in benefits to legal immigrants. The Administration's FY 2000 budget would build on this progress by restoring important disability, health, and nutrition benefits to additional categories of legal immigrants, at a cost of \$1.3 billion over five years. The Administration's proposal is included in the Fairness for Legal Immigrants Act of 1999 (S.792/H.R.1399) recently introduced by Senator Moynihan and Representative Levin. In addition, Senators Chafee, McCain, Mack, Jeffords, Graham, and Moynihan introduced S. 1227, a bipartisan bill similar to the Administration's proposal to restore health coverage to legal immigrant children and pregnant women.

- **Disability and Health:** The Balanced Budget Act of 1997 and the Noncitizen Technical Amendment Act of 1998 invested \$11.5 billion to restore disability and health benefits to 380,000 legal immigrants who were in this country before welfare reform became law (August 22, 1996). The President's FY 2000 Budget would restore eligibility for SSI and Medicaid to legal immigrants who enter the country after that date if they have been in the United States for five years and become disabled after entering the United States. This proposal would cost approximately \$930 million and assist an estimated 54,000 legal immigrants by 2004, about half of whom would be elderly.
- **Nutritional Assistance:** The Agricultural Research Act of 1998 provided Food Stamps for 225,000 legal immigrant children, senior citizens, and people with disabilities who enter the United States by August 22, 1996. The President's FY 2000 Budget would extend this provision by allowing legal immigrants in the United States on August 22, 1996 who subsequently reach age 65 to be eligible for Food Stamps at cost of \$60 million, restoring benefits to about 20,000 elderly legal immigrants by 2004.
- **Health Care for Children and Pregnant Women:** Under current law, states have the option to provide health coverage to immigrant children and pregnant women who entered the country before August 22, 1996. The President's FY 2000 Budget gives states the option to extend Medicaid or CHIP coverage to low-income legal immigrant children and Medicaid to pregnant women who entered the country after August 22, 1996. The proposal would cost \$325 million and provide critical health insurance to approximately 55,000 children and 23,000 women by FY 2004. This proposal would reduce the number of high-risk pregnancies, ensure healthier children, and lower the cost of emergency Medicaid deliveries.
- **Helping People Who Want to Work but Can't Find a Job:** The Balanced Budget Act, as amended by the Agricultural Research Act, also restored \$1.3 billion in food stamp cuts. The welfare reform law restricts food stamps to 3 out of every 36 months for able-bodied childless adults, unless they were working. Acknowledging that finding a job often

takes time, the BBA provided funds for work slots and food stamp benefits to help those who are willing to work but, through no fault of their own, have not yet found employment. In addition, the BBA allows states to exempt up to 15% of the food stamp recipients (70,000 individuals monthly) who would otherwise be denied benefits as a result of the "3 in 36" limit.



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Walton to work

fax cover

**From the office of Xavier de Souza Briggs
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pages: 8 (including this cover sheet)

comments

Should there be a problem in transmission, please call 202/708-4230.

"NEXT STEP" IDEAS FOR W2W PARTNERSHIP (7-30-99)

Eli -

Two categories of challenge for participating business leaders:

1. (HIRING) **"Move Up, Move In"**: challenge businesses to create both upward mobility (job ladders) for those hired in entry-level jobs (skills, mentoring, etc.) and to engage those moving up in recruiting strong entry-level employees – also in the transition from welfare to work – who would replace the upwardly mobile. Each "move up" creates a "move in" opportunity if the networks and referrals can be built. Many successful businesses, especially in immigrant communities, rely on these networks and "move up, move in" dynamics.
2. (BUSINESS PARTNERSHIPS) **"Three C's: Capacity, Capital, and Contracts."** Joint ventures, supplier chains, and other business-to-business deals provide huge potential for w2w hiring. The keys are building expertise (capacity), closing the capital gap that faces businesses (that could be rich employment sources) seeking to locate or expand in high welfare dependence areas, and letting contracts with particular suppliers, where both buyer and supplier can emphasize w2w hiring (per existing Partnership challenge). See attached material on L.A. and Milwaukee, as well as summary of the HUD **Community Empowerment Fund** proposal to stimulate more projects like the Cessna "learning and work" facility in Wichita that you and the President visited. *Business expansion and development can be carried out with w2w in mind from the start.* Cessna workers formerly on welfare are now earning high wages for high skills. Public-private partnership made it happen. Also see **BusinessLINC**, part of the New Markets Initiative (contacts: Michael Barr @ Treasury, Lisa Green @ NEC). The other proposals in the Initiative, including HUD's **America's Private Investment Companies**, would, of course, create badly needed jobs in areas where welfare recipients tend to be concentrated. Those companies will need several things that Partnership participants can provide, especially deals to finance and equity capital to finance with.

Hope this helps - Xav

cc: Lisa Green/NEC

Rebuild LA, Refocused: Following the April 1992 riots in Los Angeles (LA), the then-Mayor of Los Angeles, Tom Bradley, and Governor Pete Wilson initiated a five-year economic recovery initiative called Rebuild LA (RLA). Two years into carrying out its mandate, RLA began to undertake a very focused cluster strategy for developing LA's "economically neglected areas" (areas with poverty rates greater than 20 percent).²⁰

At the completion of its mandate in 1997, RLA had identified six growth clusters in LA's neglected areas. The clusters include biomedical technologies, ethnic food processing, textile and apparel production, plastics, toy industry, and household furniture manufacturing. RLA organized and institutionalized three industry networks: the Biomedical Council of Southern California, the Food Industry Business Roundtable, and the Toy Association of Southern California.

RLA also worked closely with existing trade networks in the textile and apparel industry. A 1995 forum on capital access organized by RLA and the Association of Textile Dyers, and Printers and Finishers of Southern California resulted in a local bank hiring a loan officer with expertise in textiles. More recently, RLA has worked with the LA Trade Technical College (LATTTC) and the Textile/Clothing Technology Corporation to provide customized or on-site training to apparel manufacturers. RLA was also able to secure a \$200,000 technology grant from IBM to establish an apparel technology resource center at the LATTTC.

RLA dissolved its operations in 1997 and transferred its staff and programs to the Community Development Technologies Center (CDTC). The RLA work continues under a joint venture between CDTC and LA Prosper, a nonprofit affiliate of the Los Angeles Community College District. One project to emerge from this joint effort is the Sewn Products Incubator Network. The EDA recently awarded a \$400,000 planning grant to support a feasibility study on the development and construction of a small-business incubator for start-up enterprises in the sewn products industry.

Upham's Corner Main Street in Boston: Like the hundreds of Main Street initiatives across the country, the Upham's Corner Main Street (UCMS) works on improving the economic viability of its

target retail district through a mix of façade and street improvements, as well as business attraction and retention efforts. In mid-1998, UCMS began to work with ICIC to understand the local economic base for attracting new businesses and strengthening existing ones.²¹ To aid in developing a comprehensive strategy, ICIC piloted the "Portfolio-Based Approach to Leverage Neighborhood Competitive Advantage," which analyzes the local competitive advantages, local industry composition, and relative position of the local enterprises within each industry.

This approach creates an inventory of all businesses in the target area and identifies the anchor and non-anchor businesses by their composite share of area employment, income, revenue, and occupied real estate. Anchors are defined as those enterprises, for-profit or not-for-profit, that account for the bulk of the economic activity of the target area. Based on this analysis, Upham's Corner Main Street can identify strategic opportunities that link the local anchors to regional clusters, satisfy local unmet demand, and put back into productive use local underutilized commercial real estate.

Using this approach, UMCS identified the Strand Theater (currently an underutilized live performance theater) and America's Food Basket (a supermarket catering to surrounding ethnic populations) as two anchors offering the greatest growth prospects to Upham's Corner. Resource allocations around these anchors, along with identifying new development opportunities for underutilized commercial real estate, will yield the greatest growth trajectory in terms of employment, revenue, and wages (Figure 25).

Although too early to evaluate its success, this approach has several inherent strengths. First, it provides objective discussion tools with which local economic development practitioners and community groups can consider alternative growth and resource allocation strategies. Second, it is highly flexible in terms of the economic space to which it can be applied. Although Upham's Corner Main Street is primarily a retail district, the methodology can be applied as effectively to inner-city neighborhoods with manufacturing or other service economies.

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A great deal of justified criticism directed at Rebuild LA (NAPA 1995) was based on its very poor performance up to 1994. Rebuild LA was fundamentally reorganized in 1994, taking on two programs: (1) creation and strengthening of cluster networks and (2) a retail development initiative. For details on the reorganization, see Milken Institute, 1997.

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The ICIC affiliate Boston Advisors developed the framework for this strategic approach. In partnership with Andersen Consulting.

1999 Social Compact Award

The Forerunner in the Field

Eaton Navy Controls Division is the leading supplier of power conversion instruments and controls for the U.S. Navy's nuclear powered ships and submarines. As an industry leader, Eaton NCD is providing world-class service to customers and is achieving 10 percent rates of annual growth.

Tapping into a gold mine business opportunity: The challenges

Eaton is entirely revolutionizing ship propulsion systems with a new solid state switch that transmits power levels of a million times greater than earlier technology. The widespread application of this new technology represents a major market opportunity for Eaton NCD. To successfully pioneer this new frontier, Eaton NCD faces three challenges:

EATON CORPORATION NAVY CONTROLS DIVISION



NORTHWEST SIDE COMMUNITY DEVELOPMENT CORPORATION

- *Marshalling the power of a Fortune 500 company to grow competitive neighborhood market advantages* ■

recruiting a highly talented group of specialized engineers, developing a reliable blue-collar work force to meet production targets, and establishing a network of local suppliers to ensure efficiencies in design cycles and production costs.

The Link from Business to Neighborhood Strength

Eaton NCD's management sees community success as fundamental to business

success. Located in one of Milwaukee's tough and tired industrial sections, the company knows that fostering local neighborhood strength is critical, especially when the chief competitor is located in Anaheim, California. With deep roots in the Milwaukee area, Eaton NCD has chosen to invest in its facility and in the vitality of the neighbor-

hood instead of moving elsewhere.

The Alliance

Eaton NCD recognizes that the key to creating a solid neighborhood foundation is partnering with a strong community based organization - the Northwest Side Community Development Corporation (NWSCDC). Founded in 1983, NWSCDC is one of the most innovative and successful

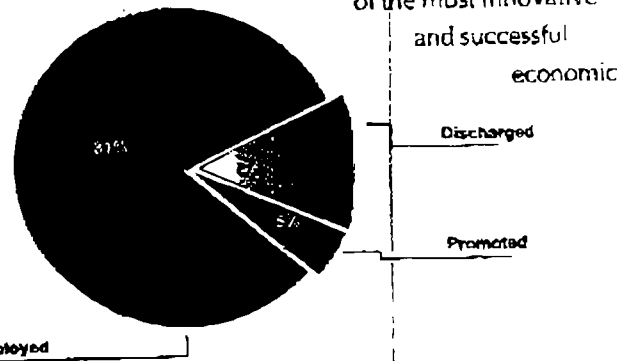


Figure 1

Welfare-to-Work success

development corporations in the country. Its mission is to enhance the quality of life for neighborhood residents and to spearhead development activities that create an environment where businesses can flourish.

One of the NWSCDC's first endeavors was to found the Northwest Industrial Council, Milwaukee's first geographically based business association with over 80 members. The NWSCDC also launched MetroWorks, its small business incubator that has assisted almost 90 businesses and created nearly 300 jobs over the years. Commercial strip revitalization, job training and placement, and business develop-

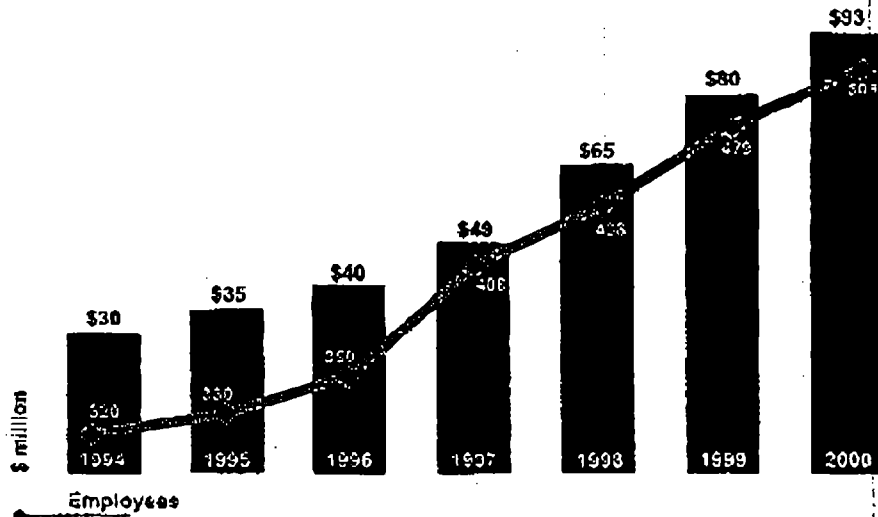


Figure 2 Eaton NCD plant sales and employment

ment continue to be the core activities of the NWSCDC. Indicators of success: in a city that experienced a 26 percent job loss between 1970 and 1995, the Northwest Side experienced job loss of less than 7 percent.

Beginnings

Early activities of the partnership addressed both the short and long

term vitality of the neighborhood. In the immediate, Eaton NCD and the NWSCDC supported a community-based crime prevention program that has been important in enhancing the safety and image of the neighborhood and in attracting a high-quality workforce. With an eye towards the future neighborhood employee base, the partnership intervened with at-risk

youth by creating the NOVA school for grade 7-12 students. The school-to-work program keeps youth off the streets and teaches them job skills in a highly supportive environment.

Bold Visions for the Future

By the late 1990's, as the nation took on welfare reform, NWSCDC and Eaton NCD joined forces to pioneer sustainable job training strategies.

Working together with the Union and other agencies, the partnership developed a Mayoral award-winning welfare-to-work program.

Candidates are given 12 weeks of electronics assembly courses at a local college and two weeks of "employability

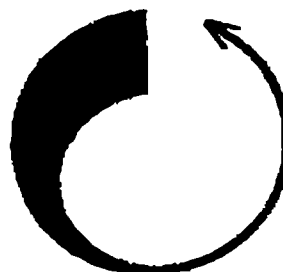
and life skills" training provided by the NWSCDC. Of the original 23 candidates selected from hundreds of applicants, 21 completed training and 17 are still employed in well paying union jobs at the Eaton NCD factory. The jobs offer genuine skill building and advancement opportunities: one graduate of the training program has been promoted to a supervisory position.

Another dimension of the partnership leverages both the NWSCDC's business relationships in the community and the purchasing power of Eaton NCD, a Fortune 200 company. In linking Eaton NCD with existing local businesses, the partnership

is recruiting entrepreneurs to the area who will provide customized products for Eaton NCD's highly specialized needs. Suppliers located within the neighborhood can be linked directly with Eaton NCD's computer network, ensuring more efficient and innovative product development.

Eaton NCD attributes much of its success providing world-class service to its customers, maintaining outstanding

financial performance and attracting top-notch employees to its alliance with NWSCDC. Eaton NCD's sales have grown 170 percent since 1994 and the work force has grown by 50 percent during the same period. The company has gained a reputation with its customers for highly reliable advanced technology products and the neighborhood has gained a reputation for prosperous businesses and valuable job opportunities.



**NORTHWEST SIDE
COMMUNITY
DEVELOPMENT
CORPORATION**

Community Reinvestment at work

↑
*Supplier Linkage
Network*

EAT•N

WELFARE-TO-WORK TARGETED JOB CREATION INITIATIVE HUD'S FY 2000 BUDGET REQUEST

- **The Welfare-to-Work Targeted Job Creation Initiative**, funded with up to \$75 million in direct grants as part of the Community Empowerment Fund, is designed to help close the "jobs gap" facing many communities. HUD's 1998 State of the Cities report indicated that despite significant recent increases in job growth in many cities, there is still a sizable mismatch between the number of low-skilled jobs available and the number of low-skilled urban residents who need work—or who will need work over the next few years as TANF time limits take effect. This initiative is designed to help close this gap, with special emphasis on welfare recipients entering the workforce.
- This targeted job creation initiative will support the expansion of businesses that emphasize hiring of those in transition from welfare to work - projects like the state-of-the art Learning and Work Complex opened by the Cessna company in a long-vacant industrial facility in Wichita, Kansas. Funded with a HUD grant and a HUD-guaranteed loan, the complex is helping TANF recipients prepare for well-paying manufacturing jobs. Of the 237 graduates so far, 200 have moved into Cessna jobs that start at more than \$10/hour, and 26 are employed at other companies.
- Like the Cessna project, communities competing successfully under this targeted job creation initiative will combine the HUD incentives for business development with local public and private supports - like job training, child care, and more - as needed. The initiative will ensure that those facing the transition from welfare to work get jobs that pay and that employers get the workers they need to be competitive.

Community Empowerment Fund

- HUD's FY 2000 budget will fund the Community Empowerment Fund (CEF) at \$125 million to substantially increase capital for business investment and job creation in underserved inner city and rural areas. By combining \$125 million in Economic Development Initiative (EDI) grants with an estimated \$625 million in Section 108 guaranteed private loans, the CEF will provide a total of \$750 million in grants and low-cost loans in these communities. The program is thus expected to leverage up to five times the guaranteed loan amount in additional private sector financing, and this will create an estimated 100,000 jobs through direct business development and other spill-over effects.
- Job creation projects funded through the CEF will include: loans for business expansion and modernization; start-up costs for new small and medium-sized businesses; preservation and expansion of existing industrial facilities; and retail and commercial revitalization initiatives, such as grocery stores and neighborhood shopping centers.
- In FY 2000, the Community Empowerment Fund (CEF) will emphasize two priorities: ensuring the success of welfare reform and connecting distressed areas to regional economic growth.

Welfare
Work



Lisa Green
07/30/99 10:54:44 AM

Record Type: Record

To: Brian V. Kennedy/OPD/EOP, Melissa G. Green/OPD/EOP, Patrick M. Dorton/OPD/EOP

cc:

Subject: Welfare to Work Partnership Conference - August 3rd

As you probably know, the W-T-W Partnership Conference is taking place next Tuesday. I have gotten a request from Eli Siegal (sp?) who heads up the Partnership, via Xav Briggs at HUD, **to consider the President making a New Markets challenge to private companies** as part of his remarks at the conference. I spoke briefly with Andrea Kane at DPC about this idea, and as I guessed she is open to a few points being made about New Markets but is concerned that anything more would overshadow and distract from the main message. I am going to speak with Eli later this morning, and will try to determine exactly what he wants considered. From what I can gather, Eli feels he is getting resistance from DPC on this suggestion. I have my own concerns about mixing the messages, and believe that Gene would consider this somewhat of a dilution of the New Markets message. This is not really my issue area, but because the W-T-W Partnership specifically involves private sector companies, there is a connection to New Markets. For example, Cathy Bessant, from Bank of America, who was featured prominently as part of the New Markets trip, will be part of the Roundtable/Town Hall that the President will moderate during the conference.

Brian, is this your issue area?

Melissa and Brian, I'm wondering if either of you know if Gene has had any conversations with Bruce, or given the conference any thought as it relates to New Markets. Also do you know if anyone else from NEC is working on this conference with DPC? I think part of Andrea's reluctance to incorporate New Markets into the conference and the President's remarks, is that we didn't incorporate much of W-T-W in our tour. This wasn't so much a conscious decision, but more that we were just overwhelmed and private sector partnerships involving W-T-W just didn't make into onto our screen. It is possible that the President will talk about New Markets, whether or not we provide any talking points for DPC or the speechwriters.

Melissa, if you talk with Gene today, and this ranks among the priorities of things you have time to discuss with him, can you ask if he has an opinion on New Markets and W-T-W. Also as additional context, at least one cabinet member, Alvarez, will be speaking at a session during the conference and plans to talk about New Markets. My recommendation is that we keep references to New Markets at a minimum during the conference so that we don't mix messages. but I'm not sure that Gene would agree.

Patrick, at a minimum we probably, need to provide some press guidance or contribute to DPC's press guidance for the conference, addressing the inevitable question --- **How does this effort relate to the New Markets Initiative?** If you agree, can you check with whomever is working on the conference from Communications.

Andrea Kane

07/20/99 02:30:07 AM

Record Type: Record

To: Lisa Green/OPD/EOP@EOP

cc:

Subject: NM follow up

Unfortunately I have conflicts at 3 and 4 today so can't join your meetings, but I would like to suggest that we include our FY 2000 welfare to work initiatives on the New Markets radar screen, and your paper, to the extent you agree this makes sense. The Welfare to Work reauthorization, Access to Jobs transportation grants, welfare to work housing vouchers, and extension of the WOTC and Welfare to Work tax credits will all help connect individuals in high poverty urban and rural areas to employment, and can support our efforts to encourage employers to invest in those communities. See attached welfare to work budget 3 pager. Let me know what you think.



BUD0709.do

**President Clinton's FY 2000 Budget:
Supporting Working Families and Helping People Move from Welfare to Work**

Welfare-to-Work Reauthorization: In 1997, the President insisted that the Balanced Budget Act provide \$1.5 billion a year in FY 1998 and FY 1999 for states and local communities to help move long-term welfare recipients in high poverty areas into jobs and help them succeed in the work force. In order to ensure the success of welfare reform for individuals who face the greatest challenges, the President proposes to reauthorize the Welfare-to-Work program in FY 2000, with several program modifications including a stronger focus on increasing the employment of fathers so they can better meet their responsibilities to their children. The President's budget seeks \$1 billion to reauthorize the Welfare-to-Work initiative, of which at least \$150 million will be dedicated to fathers who agree to work, pay child support, and become part of their children's lives again. Remaining funds will go toward assisting long-term welfare recipients with the greatest challenges to employment move into lasting jobs, including doubling the funds available for Native American tribes. The Administration's reauthorization proposal is included in H.R. 1482 introduced by Congressman Cardin and S. 1317 introduced by Senator Akaka.

Welfare-to-Work Transportation: A significant barrier facing people who move from welfare to work, in both cities and rural areas, is finding transportation to get to jobs and employment-related services. The President's leadership on this issue helped secure funding through FY 2003 for Job Access grants to assist states and localities in developing flexible transportation alternatives, such as van services, for welfare recipients and other low income workers. The President's budget doubles funding for this initiative, providing \$150 million in FY 2000.

Welfare-to-Work Housing Vouchers: Last year's budget contained \$283 million for 50,000 new housing vouchers for welfare recipients who need housing assistance to get or keep a job. Families will use these housing vouchers to move closer to a new job, to reduce a long commute, or to secure more stable housing to eliminate emergencies that keep them from getting to work every day on time. The FY 2000 budget proposes \$144 million for an additional 25,000 vouchers, increasing the total number of welfare-to-work vouchers by 50 percent to 75,000 and bringing total funding to \$430 million.

Employer Tax Credits: The President's FY 2000 budget extends for one year the Welfare-to-Work and Work Opportunity Tax Credits to encourage more employers to hire welfare recipients and other disadvantage individuals, at a cost of \$528 million. Both credits are currently set to expire on June 30, 1999. The Welfare-to-Work Tax Credit provides a credit equal to 35 percent of the first \$10,000 in wages for the first year of employment and 50 percent of the first \$10,000 in wages in the second year to encourage the hiring and retention of long-term welfare recipients. The Work Opportunity Tax Credit provides a credit of up to \$2,400 for the first year of wages for eight groups of job seekers.

Welfare-to-Work Job Creation: To increase employment opportunities for low-income inner city and rural residents, the President's FY 2000 budget includes \$125 million in grants and \$625 million in loan guarantees for the Community Empowerment Fund to enhance business development and job creation in these communities. Up to \$75 million of the grants are targeted for a Welfare-to-Work Job Creation Initiative which will support the most creative public/private partnerships to create or expand businesses that provide jobs to families making the transition from welfare to work.

Child Support Enforcement: Since the President entered office, child support payments have increased 80 percent to a record \$14.4 billion in 1998. Not only are collections up, but the number of families that are receiving child support has also increased. Last June, the President signed legislation making certain egregious child support violations federal felonies. To ensure that federal authorities have the resources

available to prosecute under these statutes, the Department of Health and Human Services will establish investigative teams in five regions of the country to identify and investigate cases for prosecution. These sites will serve 17 states plus D.C., which together have 63 percent of the nation's child support cases. Moreover, to ensure U.S. Attorneys have the legal staff necessary to prosecute deadbeat parents, the budget includes \$34 million over five years, to fund an eightfold increase in the legal support staff dedicated to child support.

Child Care: The President's budget includes significant new investments to make child care better, safer, and more affordable for America's working families. First, the President's budget proposes to expand the Child Care and Development Block Grant to help working families struggling meet the costs of child care. The President's proposal: (1) increases funding for child care subsidies by \$7.5 billion over five years, and these new funds, combined with funds provided in welfare reform, will serve an additional 1.15 million children by FY 2004; and (2) provides \$3 billion over five years to improve child care quality and promote early learning. Additional funds for subsidies are necessary because millions of families eligible for child care assistance currently do not receive any help: in FY 1997, states provided child care assistance to only 1.25 million of the 10 million low-income children eligible.

The President's budget additionally includes \$5 billion over five years to expand the Child and Dependent Care Tax Credit (CDCTC) for nearly three million working families who pay for the care of a child under 13 or a disabled dependent or spouse. Parents who stay at home with infants under the age of one will also be able to claim assumed child care expenses of \$500 under the CDCTC; this proposal will provide an average tax credit of \$178 to 1.7 million families, at a cost of \$1.3 billion over five years. The President's plan includes a new tax credit to businesses that offer child care services to their employees. Finally, the budget triples funding for the 21st Century Learning Center Program, which supports creating and expanding after-school and summer school programs throughout the country.

Social Services Block Grant: The Budget proposes to fund the Social Services Block Grant (SSBG) at its fully authorized level of \$2.38 billion. SSBG provides funding to States to support a wide range of programs including child protection and child welfare, child care, as well as services focused on the needs of the elderly and disabled. The flexibility of this grant permits States to target funds to meet the specific needs in their communities.

Individual Development Accounts: Since 1992, the President has supported the creation of Individual Development Accounts (IDAs) to empower individuals to save for a first home, post-secondary education, or to start a new business. Last year, the President signed into law legislation creating a five-year \$125 million demonstration program and the FY 1999 budget included \$10 million to launch this initiative. The President's budget provides \$20 million for IDAs in FY 2000.

Substance Abuse Treatment: SAMSHA's Targeted Capacity Expansion Grant program provides funds to help communities address emerging substance abuse problems and unmet treatment needs. National estimates show that approximately 20 percent of welfare recipients have a substance abuse problem, and some states who have recently reviewed their welfare caseloads have even higher estimates. Last year, one-third of these competitive grants focused on substance abuse treatment for women with children, including those moving from welfare to work. The President's FY 2000 budget proposes \$110 million for Targeted Capacity Expansion grants, which is double the FY 1999 level of \$55 million and will provide treatment for another 21,000 individuals. The President's budget also funds the SAMSHA Block Grant at \$1.615 billion, \$30 million or 2 percent above the FY 1999 level.

Transitional Medical Assistance: Transitional Medical Assistance (TMA) provides time-limited Medicaid coverage to low-income households whose earnings or child support would otherwise make them ineligible for Medicaid under state Medicaid income eligibility standards. The budget would eliminate some reporting requirements that are burdensome to states and to families, allowing States to check on TMA eligibility through regularly scheduled recertification procedures in the same manner that they otherwise assure ongoing eligibility in the Medicaid program. The budget would also encourage states to use existing options to expand Medicaid coverage to all low-income working families by relieving states of TMA rules if they are otherwise providing coverage to low-income working families.

TANF Contingency Fund: The 1996 welfare reform legislation established a Contingency Fund to assist States in meeting the need for welfare assistance during periods of economic downturn. The President's budget proposes replacing the current capped Contingency Fund with a new uncapped fund that could more effectively respond to state needs in the event of an unforeseen economic downturn.

Restoring Benefits for Legal Immigrants: The Administration's budget continues to build on the progress of the last few years to restore important disability, health and nutrition benefits to legal immigrants, at a cost of \$1.3 billion over five years.

- The budget restores eligibility for SSI and Medicaid to legal immigrants who enter the country after August 22, 1996 if they have been in the U.S. for five years and become disabled after entering the United States. This proposal costs approximately \$930 million and assists an estimated 54,000 by 2004, about half of whom would be elderly.
- The budget also allows elderly legal immigrants who were in the United States by August 22, 1996 to be eligible for Food Stamps at a cost of \$60 million. This provision makes an additional 15,000 legal immigrants eligible in 2004.
- Finally, the President's budget allows states to provide health care benefits to legal immigrant children and pregnant women, who entered the United States after August 22, 1996. Under this provision approximately 55,000 children could be served by FY 2004 at a cost of approximately \$220 million and 23,000 pregnant women could be served at a cost of \$105 million by FY 2004.

The Administration's proposal is included in the Fairness for Legal Immigrants Act of 1999 (S.792/H.R.1399) recently introduced by Senator Moynihan and Representative Levin. In addition, Senators Chafee, McCain, Mack, Jeffords, Graham, and Moynihan introduced S. 1227, a bipartisan bill similar to the Administration's proposal to restore health coverage to legal immigrant children and pregnant women.

English Literacy / Civics Education Initiative: The President's Budget contains an adult literacy initiative to help states and communities provide expanded access to high quality English language proficiency instruction, linked to practical instruction in civics and life skills including how to navigate the workplace, public education system, and other key institutions in American life. These Common Ground Partnerships are designed both to help meet the extraordinary demand for English and civics instruction among individuals with limited English proficiency and to demonstrate our shared commitment to fully integrate new Americans into our social and civic life. States, community-based organizations, local education agencies, and other non-profits will compete for grants to support English proficiency and civics instruction. With \$70 million, the initiative will be able to provide English language and civics instruction to approximately 150,000 people in FY 2000. Overall, the President's

FY 2000 budget contains a \$190 million increase for adult education and family literacy.

7/9/99



Heyman Stephen <heyman-stephen@dol.gov>

08/05/99 07:04:16 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: Mohib Mona <mohib-mona@dol.gov>, Palast Geri <palast-geri@dol.gov>, Letourneau Darla <letourneau-darla@dol.gov>

Subject: NGA Message Opportunities

Jon, Brian, Lisa, Carl and Melissa: When the President talks to the Governors at NGA on Sunday, we understand that he is going to talk about the progress we have made together on a bipartisan basis, etc., talk about the tax bill, and then talk about the work that remains to be done. In that framework, we think that there is a great message opportunity to talk about Workforce issues and make three specific points:

1) August 7, 1999 is the one-year anniversary of enactment of WIA. This was an important bipartisan accomplishment that the President fought for in conjunction with our partners, the Governors and local government.

(2) On the three-year anniversary of Welfare Reform and the two-year anniversary of Welfare-to-Work, we should reauthorize WtW to finish the job of reforming welfare. WtW is also part of the New Markets message.

(3) Budget -- Now is not the time to cut investments in America's workers and America's newly reformed workforce system.

We have prepared some message points (below) that we would greatly appreciate your help in getting into his speech. Thanks for your help on this.

WIA

Last year at this time I was honored to be able to sign the Workforce Investment Act into law. This landmark reform in our employment and training system was the product of a bi-partisan process in the Congress and was based on Federal, State and local efforts to build One-Stop systems which all Americans can access to find or prepare for new jobs.

The Governors were critical to this effort to prepare America's workers and employers for the 21st Century. This is an example of how we can do more together when we work together. We need more bipartisanship like this in Washington. And I thank you for your leadership.

But without essential investments, we cannot put in place

the world-class system of education, job training and employment opportunities that American workers want and deserve. That's why my FY 2000 budget requested increases in funding for these programs to revitalize the workforce system as envisioned by Congress when it enacted WIA.

This new legislation provides us with the foundation to build upon. But that very foundation will be compromised if we cannot recapture the bipartisan spirit of last summer and agree on a budget which includes the essential investments in the system which Congress envisioned when it passed the Workforce Investment Act. Let's work together to ensure that these investments are preserved and that States and local communities not lose this important opportunity for reform.

Welfare to Work

We must finish the job of welfare reform. We know that hardest job remains because the hardest to serve remain. That is why I have requested \$1 billion for reauthorization of the Department of Labor's welfare to work program. This program serves those hard to employ, long-term welfare recipients and low income fathers to help move them from welfare to work to self-sufficiency. The funds are targeted to those individuals who need the most help transitioning, including long-term recipients with low basic skills, substance abuse or poor work histories. In welfare reform, we can leave no one behind. Those individuals left on the welfare rolls will need a sustained investment to help them become self-sufficient.

Message Sent To:

Carl Haacke/OPD/EOP
Lisa Green/OPD/EOP
Melissa G. Green/OPD/EOP
Brian V. Kennedy/OPD/EOP
Jonathan A. Kaplan/OPD/EOP



Lisa Green
08/02/99 05:59:18 PM

Record Type: Record

To: June Shih/WHO/EOP@EOP
cc: Jonathan A. Kaplan/OPD/EOP@EOP, Patrick M. Dorton/OPD/EOP@EOP, Andrea Kane/OPD/EOP@EOP
Subject: Re:

Thanks for getting in the New Markets section. It sounds good.

If it's possible can you add the following in the second to last paragraph. This is not a big issue -- but I think it might help to make the connection between New Markets to W2W.

"And finally, we must do more to bring jobs to people living in our hardest pressed and underserved communities -- or New Markets --- where welfare recipients tend to be concentrated. "

Thanks.

----- Forwarded by Lisa Green/OPD/EOP on 08/02/99 05:51 PM -----



Melissa G. Green
08/02/99 05:39:28 PM

Record Type: Record

To: Lisa Green/OPD/EOP@EOP, Jonathan A. Kaplan/OPD/EOP@EOP, Patrick M. Dorton/OPD/EOP@EOP, Carl Haacke/OPD/EOP@EOP
cc:
Subject: Re:

----- Forwarded by Melissa G. Green/OPD/EOP on 08/02/99 05:39 PM -----



● **June Shih** 08/02/99 02:55:14 PM

Record Type: Record

To: Melissa G. Green/OPD/EOP@EOP

cc:
Subject: Re:

3

Draft 8/2/99
Shih

**PRESIDENT WILLIAM J. CLINTON
REMARKS FOR WELFARE TO WORK PARTNERSHIP
CHICAGO, ILLINOIS
AUGUST 3, 1999**

Acknowledge: Eli Segal, Jerry Greenwald, Gov. Carper, Gov. Ryan, Mayor Daley, Mayor Webb, Mayor Helmke, Mayor Morial, Mayor O'Neil; Sec. Herman; Sec. Slater; Sec. Daley; Administrator Alvarez.

For six and a half years, we, the American people, have been on a remarkable crusade to restore the dignity of work to families who had known little but the dependency of welfare. It is a journey that has transformed our system of welfare into a system of work. And it is a journey that is transforming our families and our nation, bringing a new generation of Americans into the mainstream of American life.

The signs of this transformation are everywhere. Where children once waited alone to catch the bus to school, parents are now joining them, waiting to catch the bus to work. Tax preparation services are moving into abandoned storefronts, helping former welfare recipients fill out the first tax return of their lives. And there are even more subtle and significant changes taking place -- changes taking place in the human heart and human spirit. Mothers are collecting their mail with a little more pride these days, expecting to see bank statements, not welfare checks. Children are going to school with their heads held a little higher, their eyes full of hope as they see firsthand that hard work does indeed lead to better lives.

It is difficult to remember, but just seven years ago when I ran for president, America was out of work and out of ideas. Our economy was stagnant, burdened with crushing debt and deficit. Interest rates were skyrocketing and unemployment was high. The American Dream seemed to be drifting further and further out of reach. For some, our welfare system was Exhibit A of America's decline. It had become a system that undermined our most cherished values of work and family. As governor of Arkansas, I spent many hours in welfare offices, listening to the stories of frustrated recipients. They told me that our welfare system wasn't working because it kept welfare recipients from working.

I pledged to turn this country around, to restore America's most fundamental bargain with our people: That every American who is willing to work and take responsibility should have the opportunity to live the American Dream. I pledged to bring our people together, across all the lines that divided us, into one strong community. And I pledged that if the American people

elected me to be their President, I would put my heart and soul into ending welfare as we know it.

Today, America is working again. We have the longest peacetime expansion in history, nearly 19 million new jobs, the lowest unemployment in a generation, the lowest minority unemployment in recorded history. From a deficit of \$290 billion, we are moving to a surplus of \$99 billion. Homeownership is at an all-time high.

And we have indeed ended welfare as we knew it. We have restored the value of work in America. We raised the minimum wage and passed the Earned Income Tax Credit, telling parents that if you work full-time, you do not have to raise your children in poverty.

When I took office, we gave 43 states waivers to try their own approaches to reforming welfare and making work pay. And three years ago, we came together across party lines to pass a landmark welfare reform bill. We said that no person could ever make welfare a way of life again -- that everybody who can work, must work. But we also recognized that we could not allow millions who had known nothing but years of dependency, people who had never even seen their own parents go to work, much less fill out a W-2, to make the transition to work on their own. So we made sure that there was extra support for child care, transportation and housing, for children's health care and nutrition. With new tax credits and incentives, we encouraged businesses to hire more welfare recipients.

Today, I am proud to announce that all 50 states -- and the District of Columbia -- have met the work requirements we set in 1996. Four times as many welfare recipients are working than when I first took office. We have cut our welfare rolls by nearly half, reducing the percentage of Americans on welfare to its lowest level since 1967.

While some of the credit goes to our booming economy [*10 percent*], the Council of Economic Advisers has found that welfare reform -- with its new emphasis on work -- has been the single most important factor in the dramatic reduction in our rolls. Three quarters of the 6.8 million people who have left welfare since I took office did so after the welfare reform law was signed in 1996.

The credit also goes to every single visionary business in this audience. When we passed the law in 1996, I said that moving Americans from welfare to work would take the committed effort of every sector of our society, not just government, but businesses, faith-based organizations, community groups, private citizens. In 1997, my good friend Eli Segal agreed to help rally the business community to the challenge of turning long-term welfare recipients can be turned into full-time workers. Two and half years ago, he started this partnership with just five companies. Today, he and Jerry Greenwald have built a partnership that is 12,000 businesses strong. Last I heard, Jerry Greenwald was also running United Airlines in his spare time. Members of the Welfare to Work Partnership, businesses both large and small, have given 410,000 welfare recipients the opportunity to go to work. More than 8 in 10 executives report that having great success hiring former welfare recipients -- they work hard, and stay in their jobs as long or even longer than other employees. In an era of labor shortages, you are discovering a rich pool of untapped talent, people who are

good employees, and good for the bottom line.

I thank you for recognizing the important role you can play in extending the opportunities of our time to all Americans. And I am proud to say that, with the Vice-President's leadership, the federal government is also doing its part, hiring more than 14,000 people across the U.S., surpassing the goal of 10,000 hires we set two years ago

Over the past three years, we've proved that if you ask people to go to work, they'll go to work. Now, we can see a day when every person on welfare can go to work and join the mainstream of our society. Our welfare recipients are doing their part. Now we must do our part and finish the job.

There will never be a better time. We are living in an era of unprecedented prosperity. Our businesses are creating jobs faster than workers can fill them. So not only do we have a precious opportunity, not only do we have the resources – we have a duty – to extend the prosperity of our time to every single American. This is how I propose to finish the job making welfare work for America.

First, to finish the job, we must continue to honor our bipartisan commitment to welfare reform. In era of declining welfare rolls, there are some in Congress who already want to declare an early victory and cut the Temporary Assistance for Needy Families block grant. That would be a big mistake. We're within striking distance of our goal of moving every American to work. But success is far from certain. We must help those who have found new jobs to keep their jobs. We must make sure that families leaving welfare for work continue to get the health care and nutritional benefits for their children. So I call on states to take advantage of the new flexibility they have to use TANF funds to provide some of these crucial services.

Next, to finish the job, we must strengthen our commitment to helping those still left on the welfare rolls -- often families who face the most significant challenges -- move into the mainstream world of work. I ask Congress to build on the Welfare-to-Work program we established – with the strong support of our nation's mayors -- in the Balanced Budget Act of 1997. We must help those who are least prepared for the world of work – people who perhaps never learned to read or are struggling to overcome drug addictions – to get the skills they need to become self-sufficient. And we must help more low-income fathers find and keep the jobs they need to honor their responsibility to their children. Today millions of children are living in poverty because their fathers have failed to support them. Six years ago, we strengthened our child support laws. Now my welfare to work plan will target funds for job training and counseling to responsible fathers – and I ask Congress to pass it.

To finish job, we must strengthen our commitment to child care. For years, mothers on welfare chose not to work because child care costs often dwarfed the size of their weekly paychecks. With the 1996 welfare law, we began to change that, adding \$4 billion to our child care subsidy funds. But we have only met a fraction of the need. In 1997, just 1.25 million children of the 10 million children eligible for federal child-care support received

assistance. Our children deserve better. I ask Congress to pass my historic child care initiative, with more child care subsidies and tax credits for needy families, new funds to improve the quality of care.

To finish the job, we must strengthen our commitment to helping welfare recipients commute, or move closer to work. I challenge to double our commitment to transportation assistance and provide 25,000 new welfare-to-work housing vouchers.

To finish the job, we must increase the minimum wage to ensure work pays better than welfare.

And I challenge all of you, the Welfare to Work Partnership to help finish the job. Keep hiring more people off our welfare rolls – give them the chance to become good employees and good citizens. Encourage more businesses to join your cause – recruit your vendors and clients. And reach out to more small businesses – the firms that are creating the most jobs in our new economy. And I ask you not to forget the low-income fathers in your hiring efforts – they are crucial to making welfare reform work for our families. For our part, I am working to extend the Welfare-to-Work Tax Credit and Work Opportunity Tax Credit to reward your vision and faith.

And finally, we must do more to bring jobs to people living in our hardest pressed communities. Many of you know that last month, I traveled across the country to shine a spotlight on our inner cities, rural areas and Indian reservations, places struggling in the shadows of our prosperity. I went to places where unemployment and poverty were more than double the nationwide average. I ask your help in passing my New Markets Initiative to spur new private investment in these areas – to bring new businesses, new jobs and new hope into these communities.

A wise man [*Leo Tolstoy*] once said that “Work is ... the true source of human welfare.” So in this era of unprecedented hope and prosperity, let us come together to lead our fellow Americans to this vital source of welfare. We must not let this rare opportunity to bring all Americans into the mainstream of our life slip away. Instead, let us seize it, let us give every American the chance to work and live the American Dream. Let’s make this season, a true season of progress.

