Welfare to work

Scheduling Request for President Clinton

The Welfare to Work Partnership requests President Clinton's participation at a May 3, 2000 event to launch The Partnership's initiative, BizLink, a public/private partnership to supply businesses in five cities with job-ready welfare recipients and provide post-placement retention and career advancement support.

Members of The Partnerships Board of Directors (see attached), select elected officials and local business leaders will meet in New York on The Partnership's third anniversary to announce an initiative that will help place and retain more than 2,000 "hardest to service" welfare recipients into available jobs by 2001.

Three out of four businesses say they are still facing a labor shortage and that means that there are plenty of jobs for those who want to work. The BizLink announcement commences The Partnership's next phase in its mission to help these businesses hire and retain welfare recipients.

The Welfare to Work Partnership and Board Members will also announce:

- The commitment of five executive on-loans to lead the BizLink cities.
- The number of businesses that have committed to working with the Bizlink program .
- The number of job placements in each city.

Who: The Welfare to Work Partnership, it's Board of Directors, select government officials and local business leaders

What: The Welfare to Work Partnership's Third Anniversary

Where: New York City (exact location to be determined)

Why: To announce BizLink, a public/private partnership to supply businesses in five cities with job-ready welfare recipients and provider post-placement retention and career advancement support. As the recipient of Department of Labor competitive third round grants, The Partnership will open five local offices in Chicago, Los Angeles, Miami, New Orleans and New York City. The Welfare to Work Partnership will utilize the grant by partnering with the Center for Addiction and Substance Abuse (CASA), Women in Community Service (WICS) and Americorps VISTA to help small and medium sizes businesses meet their workforce needs.

When: May 3, 2000

Partnership History

When President Clinton signed the Personal Responsibility and Work Opportunity Act on August 22, 1996, he challenged the American business community to help end welfare as we know it. The business community accepted the challenge, and in the last three years, businesses have proven that welfare to work is as good for the bottom line as it is for the community.

Three years ago five businesses -- United Airlines, UPS, Burger King, Sprint and Monsanto -- joined to form The Welfare to Work Partnership. Since then The Partnership has grown to more than 12,000 Business Partners who have collectively hired more than 650,000 former welfare recipients to good jobs, with benefits -- more than three-quarters have full health-care benefits.

But the job is not complete. More then 2 million heads of households are still on the welfare rolls, millions of noncustodial dads live on the margins of life unwilling or unable to support their families, many of those who are working are still far from escaping the ravages of poverty, and the decline in the welfare rolls in our cities lags far behind the overall national decline.

Three years ago, The Partnership's mission was to educate the American business community about welfare to work. On May 3, The Partnership will go even further by announcing a program that will hire and promote thousands of the welfare recipients that have been left in the shadows of the American dream for too long.

The Welfare to Work
PARTNERSHIP

March 16, 2000

Bruce Reed,
Assistant to the President,
Domestic Policy Director –
Domestic Policy Council
1600 Pennsylvania Ave.
Washington, DC 20500

RE: May 3rd 2000

Dear Bruce,

I could give you several political justifications for the trip proposed in the enclosed memo, but at it's core this is a substantive event – a reaffirmation that the President's courage and leadership have permanently changed the equation for millions of poor people in America.

Underlining this event is a belief that the Welfare to Work Partnership is now ready to undertake a more important project than just mobilizing the business community: we are now ready to connect the "hardest to serve" with the dynamic small businesses, who are the continuing engine of growth in our country. Once we succeed in this task, we will have nailed shut the coffin of the bankrupt welfare system of the past. The President should be there to motivate us to get the job done.

Regards,

Eli Segal

Eli Segal

cc: Tom Freedman
Andrea Kane

1250 Connecticut Avenue, NW Suite 610 Washington, D.C. 20036-2603
Telephone 202 955 3005 Fax 202 955 1087 Email info@welfaretowork.org Web Site www.welfaretowork.org
Toll free for interested businesses 1 888 USA JOB1

The DLC Update

Check out the newest issue of Blueprint. Entitled Healthcare: Igniting a Consumer Revolution. http://www.dlc.org/blueprint/

The Democratic Leadership Council — Monday, March 27, 2000

Idea of the Week: A Consumer Revolution in Health Care

Last November, the second largest managed care company in America, Minnesota-based UnitedHealth Group, created a big stir in health care circles by announcing that it would no longer review individual treatment decisions by doctors, but would instead review and publish information on their overall performance over time—not just in terms of cost, but of quality. (The number one managed care company, Aetna, indicated it would follow suit in due course).

This shift in policy was intended to address the single most common complaint about HMOs—the complaint that has fueled the long-running Congressional debate on a Patient's Bill of Rights: that health plans routinely interfered with medical decisions by medical professionals, strictly to hold down costs for the insurers. But it's the second, less-noticed element of UnitedHealth's new policy that has the greatest potential to change the health care system to the benefit of patients. Collecting and disseminating to employers and consumers information on health provider and health plan *performance*, in terms of *health outcomes*, could begin to make market forces in health care work toward better quality, along with lower costs.

Envision, if you will, a health care system in which every American has not only the financial resources to buy health insurance regardless of income or employment status, but a real choice of health plans and providers based on clear information about what they were buying. Envision a health care system in which consumers are not simply passive beneficiaries of insurance decisions made by their government or their employer, or a pawn in a high-stakes battle among providers, insurers, lawyers, and both public and private-sector bureaucrats. Envision a system where consumers can be decision-makers empowered to demand the best possible quality at the best possible cost.

This vision is made concrete in the new edition of *Blueprint Magazine: Health Care: Igniting A Consumer Revolution* (http://www.dlc.org/blueprint/). It lays out eight steps toward a consumer-oriented universal health care system, and provides practical examples and analysis of each. The issue also shows how the New Democrat approach of achieving universal access to health insurance through tax credits and a competitive private market place is beginning to pick up impressive support across the political spectrum.

The bottom line is that health care consumers need not be victims or clients of those who make key health care decisions. We can and should make our own decisions, but we need the power of information about results.

Homes for Teachers, Part II

Last week's *Idea of the Week* touted a Department of Housing and Urban Development (HUD) program to help teachers in inner-city schools buy houses in the community, and encouraged state and local governments to use their own resources to do likewise.

Actually, one local government, Mayor Ron Gonzalez's San Jose, California, is well ahead of the curve on this (and other) issues. The City of San Jose (see http://sjhousing.org) has a well-established program of helping teachers in its public school system buy houses and stay in the community.

As with HUD's program, San Jose helps provide low-interest, low-down-payment loans for teachers committed to its school system. But San Jose's initiative is interesting and instructive because the issue there, in the heart of Silicon Valley, is not luring teachers into homeownership in low-income neighborhoods, but enabling them to buy houses in one of the country's most expensive real estate markets.

The bottom line is the same: If you want good teachers to stay in public schools and remain in the community, it makes sense to help them put down roots. Ron Gonzalez and San Jose understand that means lifting teachers into

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homeownership in hot markets as well as reviving markets. Their initiative is a very useful supplement to HUD's national effort to bond good teachers to the neighborhoods they teach.

Taiwan Leads By Example

The election last week of Chen Shui-Bian as President of Taiwan was a development much feared by those who took literally the loud warnings from Beijing that the elevation to power of Chen's Democratic Progressive Party (DPP) would be regarded as a hostile and provocative act. But the aftermath of Taiwan's election, and its commitment to a peaceful transition to its first government not led by the descendants of the Chinese Nationalist Kuomintang Party (KMT), show that this event may ultimately be seen as a positive signpost in the evolution of both countries.

Many U.S. news reports on the Taiwanese elections bought into the idea that the election of the "pro-independence" Chen could lead to immediate hostilities with the mainland. In fact, Chen's DPP abandoned its demand for formal Taiwanese independence years ago, even as the KMT moved in its direction by abandoning its "one-China" myth that Taipei was the legitimate government of the mainland as well as the island of Taiwan.

This myth was an enormous practical problem for Taiwan's democratic evolution. Until quite recently, Taiwan's national legislature was apportioned according to districts encompassing all of China, with expatriate mainlanders holding most of the seats and Taiwan itself consigned to a tiny provincial representation. Indeed, the DPP was formed from previously illegal opposition groups that resisted the violent and very bloody takeover of Taiwan in 1947 by mainlanders seeking a redoubt from their defeat by the Chinese communists. It's ironic, to say the least, that Beijing has expressed such alarm at the prospect of the defeat of their bitter and ancient Chinese nationalist enemies, but this posture reflects the importance they attach to maintaining their abstract claims of sovereignty over Taiwan.

In the end, Beijing's saber-rattling before the Taiwan election was probably irrelevant to its result. After all, the convergence of the KMT and DPP—and also the independent presidential candidate James Soong, a KMT renegade—on a common policy toward the mainland reflected the desperate desire of the Taiwanese people to have a democratic political system that is not dominated by past ethnic grievances or current attitudes toward the mainland. Since the election, Chen has gone far out of his way to offer olive branches to Beijing, and has especially stressed his desire to expand economic relations with the mainland. So far, Beijing has declined to follow up its pre-election bark with any bite and has moderated its rhetoric towards Taiwan.

There are two important lessons Americans should learn from these events. The first is that Taiwan's elections have affected China less by their result than by their very existence and nature. There are bountiful reports spilling out of the mainland that Chinese, with access to independent information, have been enthralled by the spectacle of Taiwan's love affair with real democracy: the three-candidate competition, the four-hour campaign rallies, the palpable excitement about the prospect of political change, the open discussion on all sides of the old one-party system's corrupt bureaucracies, and the near-universal voter participation. The more Beijing insists that Taiwan is a province of China with a different political system, the more it must begin to digest its democratic example, which is profoundly liberating in every sense. After all, Taiwan moved decisively from an authoritarian regime to an open economy, and then achieved an open political system. That's the likely trajectory for China as well, even if its leaders do not want to admit it.

That leads to the second lesson Americans should learn: Chen-Shui Bian is right. Opening up China economically is the best immediate prospect for improving Taiwan's security (and indirectly, America's), and for enhancing the aspirations of Chinese who want secure peace and more democracy. Those who would deny China permanent normal trading relations (PNTR) as an act of solidarity with Taiwan should pay more attention to what the most independent-minded Taiwanese are actually saying, which is that Congress should approve PNTR.

Taiwan leads by example through its exuberant democracy and its commitment to open up China to democratic influences through trade and investment. Friends of democracy, and of democratic Taiwan, should follow.

Chuck Kennedy for The New York Times

President Clinton, Al Gore and Eli Segal, right, greeted company leaders yesterday at a "Welfare to Work" event at the White House.

White House Visitors Vow Support of Welfare Hiring

By ALISON MITCHELL

WASHINGTON, May 20 — The executives of more than 100 companies came to the White House today to announce that they were making a commitment to hiring people from public assistance rolls.

Recruited by Eli Segal, Mr. Clinton's 1992 campaign manager, who subsequently ran the National Service Corporation, the executives represented large corporations like United Airlines, Burger King, which is owned by Grand Metropolitan, and Sprint, as well as smaller companies.

The executives announced that they were forming a private partnership to encourage the hiring and training of welfare recipients and to provide support services like a database of companies with such programs by industry and location.

"We can never be a great nation with a philosophy of 'I'm O.K., tough luck for you,'" said Gerald Greenwald, the chief executive officer of United Airlines, who was named the chairman of the board of the new partnership. United, whose parent is UAL, has pledged to hire 2,000 people on welfare by the year 2000.

The gathering, in the gilded East Room of the White House, marked another stage in President Clinton's efforts to persuade private employers to hire welfare recipients who will face strict time limits on benefits under legislation the President signed last summer.

"The import of the welfare reform law was to change, challenge and end the culture of poverty," Mr. Clinton told the executives, "which means you have to find people who don't think they can make it, who have no idea of what a résumé is, who never had to show up on time before."

Mr. Clinton signed the welfare bill over the objections of some of his liberal supporters, and two high-ranking members of the Department of Health and Human Services quit in protest of his decision.

Since then, Mr. Clinton has been on a campaign to encourage the private sector to produce one million jobs for welfare recipients over the next four years, and the White House has staged event after event to help the President publicize his message.

The President announced today that he was awarding grants to states to develop transportation plans to help former welfare recipients get to jobs. Mr. Clinton said that two-thirds of new jobs were in suburbs, but that most welfare recipients lived in cities or rural areas.

Back to Links For President

WASHINGTON, May 20 (AP) — After being told today by his doctors that his knee injury had healed enough for him to start "putting around," President Clinton planned to hit the putting green immediately, the White House spokesman, Michael D. McCurry, said.

"He needs to work on his putting anyway, in my opinion," Mr. McCurry said. "Too many gimmes."

The President injured his knee on March 14 when he fell at the home of the golfer Greg Norman in Florida. Mr. Clinton limped along on metal crutches for weeks and last week traded them in for a cane, saying all the while that he was looking forward to the day when he could pick up his golf clubs again.

Mr. Clinton cannot yet play full rounds of golf, Mr. McCurry said, adding, "My guess is it is still going to be late summer before that is a possibility."

Chuck Kennedy for The New York Times

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Welfare to Work

WTW

LW

Draft: January 9, 1998

Tradeable Work Opportunity Tax Credits

Problem:

As a result of welfare reform and a healthy economy, many former welfare recipients have been moving off welfare into jobs created by private enterprise, government and not-for-profit entities across the country. Creatively organized local, state and federal initiatives have fueled this movement. Businesses have been aggressively seeking capable, qualified, ready and able workers to help them grow and expand. Some businesses are large enough or concentrated within geographic regions so that they can establish training and readiness programs to prepare former welfare recipients for their workplaces. Other businesses, particularly smaller enterprises, can not afford to develop workforce readiness programs.

Fortunately, non-profit entities known as intermediaries or service providers have organized to provide the necessary support and training to assist people leaving welfare for full-time employment. Chambers of Commerce are forming 501(c)3 corporations to assist businesses in their communities. Other organizations like Goodwill and temporary staffing agencies are also actively assisting workers and businesses in their communities.

Unfortunately, these entities are not developing or being formed quickly and/or efficiently enough to meet the demand for workers in many cities across the country.

The existing Work Opportunity Tax Credit was enacted to provide an incentive that would encourage private sector enterprises to hire people from welfare. This credit is currently available only to for-profit entities. While larger businesses are organized and prepared to take advantage of this tax credit to support their employment programs for individuals from welfare, smaller businesses seldom see this credit as sufficient incentive to hire, train and support people from welfare into their workplaces. In fact, they insist that they do not exist to serve that function. So the credit is not an incentive for them.

Concept:

It is highly likely that many businesses employing people from welfare would trade their Work Opportunity Tax Credit to intermediaries that have recruit, train and support workers for their businesses. They want workers. And smaller businesses provide a majority of the new jobs to this economy. These could be traded similarly to credits provided to companies seeking to improve environmental quality.

By allowing businesses to trade their tax credits to other businesses, profit-making or not-for-profit, it is highly likely that many more intermediaries or service providers will be organized quickly and efficiently to serve the needs of businesses on a community by community basis.

William M. Hermelin, J.D.

Mr. Hermelin is an attorney with over twenty years of experience in the national health association field where he has been deeply involved in strategic planning, problem solving, managing, and advocating on behalf of both individual and corporate members of two prominent national health care associations - the American Pharmaceutical Association and the American Health Care Association. His government service includes staff on theWhite House Domestic Policy Council during the Ford Administration and chief of staff to a senior Republican Member of Congress. In addition to his advocacy skills, Mr. Hermelin has substantial experience in the motivation of an association's grassroots membership and in serving as an organization's spokesperson on public policy issues.

John Paul Galles, CAE

Mr. Galles has over sixteen years of experience providing comprehensive policy and operational leadership to national and state associations. For the past ten years, Mr. Galles has served as President of National Small Business United, a trade association representing 65,000 individual and company members. He was the organization's principal advocate on behalf of his small business members before Congress and executive departments and agencies on health care reform, pension reform, tax reforms, capital formation, employee benefits, telecommunications and other issues affecting the small business community. Prior to coming to Washington, Mr. Galles served for seven years as Executive Director of the Small Business Association of Michigan and for two years as assistant executive director of the Michigan Association of Realtors.

PROPOSAL FOR "TRADEABLE" WORK OPPORTUNITY TAX CREDITS
TOPICS FOR DISCUSSION
January 9, 1998

Background
- Targeted Jobs Tax Credit 1978-1994
- Work Opportunity Tax Credit (WOTC) -1996
- Welfare Reform -1996
- WOTC & Welfare to Work Tax Credit - 1997

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Policy Issues

Arguments Pro

Arguments Con

Cost implications?

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Specific Proposal Development

WtW GW

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ETA Work Opportunity Tax Credit
How Employers Qualify & Participate

U.S. Department of Labor

October 1997

WHAT IS THE WORK OPPORTUNITY TAX CREDIT?

The Work Opportunity Tax Credit (WOTC) is a federal income tax credit that encourages employers to hire eight targeted groups of job seekers who begin work any time after October 1, 1997, and before July 1, 1998. As reauthorized and amended by the August 5 Taxpayer Relief Act of 1997, the ***WOTC can reduce employer federal tax liability by as much as $2,400 per new hire.***

The WOTC is one tool in a diverse toolbox of flexible strategies designed to help job seekers most in need of employment gain on-the-job experience and move towards economic self-sufficiency. This employer tax incentive joins other employment program and targeted tax credit initiatives aimed at helping American workers and increasing American productivity and economic growth.

WHAT NEW HIRES CAN QUALIFY EMPLOYERS FOR WOTC?

* WOTC applies to new hires who begin work after September 30, 1997, and before July 1, 1998,

* The new hire must belong to one of eight WOTC target groups:

--***Welfare recipients*** -- members of a family that received Aid to Families with Dependent Children (AFDC) or its successor program, Temporary Assistance for Needy Families (TANF), for a total of at least nine of the 18 months before date of hire,

--***18-24 year-old food stamp recipients*** -- members of a family that received food stamps for at least six consecutive months before date of hire or for at least three of the five months before date of hire and their food stamp eligibility expired,

--***Veterans*** who are members of a family that received food stamps for at least three consecutive months during the 15 months before date of hire,

--***Vocational rehabilitation referrals*** -- disabled persons who completed or are completing rehabilitative services approved by a state or the U.S. Department of Veteran Affairs,

--***18-24 year-old EZ/EC residents*** of one of the 105 federally designated urban or rural Empowerment Zones or Enterprise Communities,

--***16-17 year-old EZ/EC residents*** hired as Summer Youth Employees,

–*Ex-felons* who are members of a low-income family, and

–*SSI recipients* – individuals who received Supplemental Security Income benefits for any month during the 60 days before date of hire – ***a new WOTC target group***

* The WOTC for new hires employed 400 or more hours is 40% of qualified wages for the first year of employment; the credit for new hires employed 120 to 400 hours is 25%. Qualified wages are capped at $6,000 for all WOTC target groups except Summer Youth, whose wages are capped at $3,000.

HOW CAN EMPLOYERS PARTICIPATE IN THE WOTC?

Employers must apply for and receive certification from their state employment agency that their new hire is a member of a WOTC target group before they can claim the WOTC on their federal tax return. To apply for WOTC certification, employers need only:

1. Complete the one-page IRS Form 8850, (instructions) "Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Tax Credits," by the date the job offer is made, and

2. Complete *either* the one-page U.S. Department of Labor

– ETA Form 9062, "Conditional Certification Form," if provided to the job seeker by a participating agency, e.g., the Job Corps, *or*

– ETA Form 9061, "Individual Characteristics Form," if the new hire has not been given a conditional certification, and

3. Mail the signed IRS and ETA forms to their state employment agency WOTC Coordinator. The IRS form must be mailed within 21 days of the new hire's start date.

FOR MORE INFORMATION ABOUT THE WOTC

* Call your State Employment Service WOTC Coordinator

* Call 202-219-9092 or the U.S. Department of Labor Regional WOTC Coordinator nearest you.

* For information on the tax-related aspects of the WOTC, call Robert Wheeler at the Internal Revenue Service (IRS) at 202-622-6060

* If you need information about EZ/ECs or their locations, call 1-800-998-9999

The Welfare to Work
PARTNERSHIP

WELFARE TO WORK ISSUE UPDATE: FEDERAL TAX INCENTIVES FOR HIRING WELFARE RECIPIENTS

Background

Two federal income tax credits–the Work Opportunity Tax Credit and the Welfare to Work Tax Credit–have been created to encourage businesses to hire job seekers moving from welfare to work, as well as to encourage the hiring of other targeted groups that may experience barriers to employment. The Work Opportunity Tax Credit is currently available to employers, and the Welfare to Work Tax Credit will be available on January 1, 1998.

The Work Opportunity Tax Credit (WOTC) was authorized by the Small Business Job Protection Act of 1996, and was extended to June 30, 1998 by the Taxpayer Relief Act of 1997, passed in August. In addition, the Taxpayer Relief Act created the Welfare to Work Tax Credit to encourage businesses to *hire* and *retain* individuals who have been on assistance for a longer period of time.

The following provides an overview of the tax credits:

Work Opportunity Tax Credit Overview

The WOTC is available to businesses hiring from among eight "targeted groups" (listed below). If an employee qualifies as a member of a targeted group, the employer may claim income tax credits based upon the number of hours the employee works in the year. First, for employees who work **at least 120 hours, but less than 400 hours,** employers may claim **25 percent** of the employees' first-year wages, up to $6,000, for a maximum income tax credit of **$1,500**. Second, for employees who work **at least 400 hours,** employers may claim **40 percent** of the employees' first-year wages, up to $6,000, for a maximum income tax credit of **$2,400**. There is no credit allowable for employees who work less than 120 hours.

Businesses may qualify for the tax credit if hiring from among the following targeted groups:

1. A member of a family who has received Temporary Assistance to Needy Families (TANF) or Aid to Families with Dependent Children (AFDC) for any **nine months during 18 months preceding the date of hire;**

2. A **veteran** and member of a family who has received food stamps for **at least three months within 15 months preceding the date of hire;**

3. A member of a **low-income family** who has been **convicted of a felony** under federal or state laws, or has been released from prison for the felony, not more than **one year preceding the date of hire;**

4. An **18- to 24-year old who is a resident** of an Enterprise Community or Empowerment Zone;

5. An individual with **physical or mental disabilities** who has completed or is completing **rehabilitation services** under a state rehabilitation plan or a program approved by the U.S. Department of Veterans Affairs;

6. A **16- to 17- year old Enterprise Community or Empowerment Zone resident** working between **May 1 and September 1 as a Summer Youth Employee;**

7. An **18- to 24-year old** who is a member of a family that has received **food stamps** for six months preceding the date of hire **or** a member of a family that has received food stamps for at least three months of the five month preceding the date of hire and is no longer eligible for food stamps; and

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Telephone 202 955 3005 Fax 202 637 9195 Email info@welfaretowork.org Web Site www.welfaretowork.org

8. An individual who has received **supplemental security income benefits** (SSI) at any point sixty days preceding the date of hire.

Welfare to Work Tax Credit Overview

The Welfare to Work Tax Credit is intended to offer employers an incentive to *hire* and *retain* long-term welfare recipients. Long-term welfare recipients are defined as members of a family that has received AFDC or TANF for **at least 18 consecutive months** preceding the date of hire; or members of a family that has received TANF for **at least 18 months after August 5, 1997**; or members of a family that is **no longer eligible for assistance** after August 5, 1997 because of federal or state time limits.

During the first year, employers can claim 35 **percent** of employees' first-years wages up to $10,000, for a maximum income tax credit of **$3,500**. During the second year, employers can claim 50 **percent** of employees' wages up to $10,000, for a maximum income tax credit of $5,000. Thus, the maximum credit is **$8,500** if the employees are retained two years. These credits apply to individuals who are hired <u>after December 31, 1997 and before May 1, 1999</u>. If employees qualify for both the Welfare to Work Tax Credit and the WOTC, employers may claim **only one** of the tax credits.

Steps Required To Access These Credits

The Work Opportunity Tax Credit and the Welfare to Work Tax Credit are administered following the same procedures. **An individual is not a member of a targeted group or a long-term welfare recipient** ***unless the individual is certified as such by the state employment security agency.*** In order to certify employees for the WOTC or the Welfare to Work Tax Credits, employers are required to:

1. Complete IRS Form 8850, a two page form to be competed by the employer and employee ("Pre-Screening Notice and Certification Request for the Work Opportunity and Welfare-to-Work Credits"). **This form must be mailed within 21 days of the employee's start date to the state's employment security agency.** (IRS Form 8850 can be downloaded from the Internet: <u>http://www.irs.ustreas.gov</u>. Or call the IRS at 1-800-829-3676 to request a copy of the form.)

2. Complete Department of Labor's ETA Form 9061 ("Individual Characteristics Form"), (or Form 9062, which will be provided to you by the employee if he/she has already been conditionally certified by the state), a one page form to be completed by the employer to document the employee's eligibility. **Form 9061 or Form 9062 and the required documentation must be mailed to the state's employment security agency.** (ETA Form 9061 can be requested from the state's employment security agency. A list of these agencies is found on the Internet: <u>http://www.doleta.gov/wotc.htm</u>. Or call the U.S. Department of Labor at 202-219-9092.)

Once certified as a member of a targeted group or as a long-term welfare recipient, **the employee must meet the work requirements of the WOTC and the Welfare to Work Tax Credit.** The employer reports the WOTC and Welfare to Work Tax Credit as part of its annual tax filing with the IRS. Of course, we recommend employers consult with tax or legal advisors regarding compliance and filing requirements.

Come to the Los Angeles Welfare to Work Conference on December 3, 1997, and attend a panel discussion on these and other incentives to hire welfare recipients! If you have any questions about the tax credit incentives, please contact Elisa Johnson at The Welfare to Work Partnership, 202-955-3005 ext. 321.

H.R.3448

Small Business Job Protection Act of 1996 (Enrolled Bill (Sent to President))

SEC. 1201. WORK OPPORTUNITY TAX CREDIT.

(a) AMOUNT OF CREDIT- Subsection (a) of section 51 (relating to amount of credit) is amended by striking `40 percent' and inserting `35 percent'.

(b) MEMBERS OF TARGETED GROUPS- Subsection (d) of section 51 is amended to read as follows:

`(d) MEMBERS OF TARGETED GROUPS- For purposes of this subpart--

`(1) IN GENERAL- An individual is a member of a targeted group if such individual is--

`(A) a qualified IV-A recipient,

`(B) a qualified veteran,

`(C) a qualified ex-felon,

`(D) a high-risk youth,

`(E) a vocational rehabilitation referral,

`(F) a qualified summer youth employee, or

`(G) a qualified food stamp recipient.

`(2) QUALIFIED IV-A RECIPIENT-

`(A) IN GENERAL- The term `qualified IV-A recipient' means any individual who is certified by the designated local agency as being a member of a family receiving assistance under a IV-A program for at least a 9-month period ending during the 9-month period ending on the hiring date.

`(B) IV-A PROGRAM- For purposes of this paragraph, the term `IV-A program' means any program providing assistance under a State plan approved under part A of title IV of the Social Security Act (relating to assistance for needy families with minor children) and any successor of such program.

`(3) QUALIFIED VETERAN-

`(A) IN GENERAL- The term `qualified veteran' means any veteran who is certified by the designated local agency as being--

`(i) a member of a family receiving assistance under a IV-A program (as defined in paragraph (2)(B)) for at least a 9-month period ending during the 12-month period ending on the hiring date, or

`(ii) a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date.

`(B) VETERAN- For purposes of subparagraph (A), the term `veteran' means any individual who is certified by the designated local agency as--

`(i)(I) having served on active duty (other than active duty for training) in the Armed Forces of the United States for a period of more than 180 days, or

`(II) having been discharged or released from active duty in the Armed Forces of the United States for a service-connected disability, and

`(ii) not having any day during the 60-day period ending on the hiring date which was a day of extended active duty in the Armed Forces of the United States.

For purposes of clause (ii), the term `extended active duty' means a period of more than 90 days during which the individual was on active duty (other than active duty for training).

`(4) QUALIFIED EX-FELON- The term `qualified ex-felon' means any individual who is certified by the designated local agency--

`(A) as having been convicted of a felony under any statute of the United States or any State,

`(B) as having a hiring date which is not more than 1 year after the last date on which such individual was so convicted or was released from prison, and

`(C) as being a member of a family which had an income during the 6 months immediately preceding the earlier of the month in which such income determination occurs or the month in which the hiring date occurs, which, on an annual basis, would be 70 percent or less of the Bureau of Labor Statistics lower living standard.

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H.R.2014

Taxpayer Relief Act of 1997 (Enrolled Bill (Sent to President))

SEC. 603. WORK OPPORTUNITY TAX CREDIT.

(a) EXTENSION- Subparagraph (B) of section 51(c)(4) (relating to termination) is amended by striking `September 30, 1997' and inserting `June 30, 1998'.

(b) MODIFICATION OF ELIGIBILITY REQUIREMENT BASED ON PERIOD ON WELFARE-

(1) IN GENERAL- Subparagraph (A) of section 51(d)(2) (defining qualified IV-A recipient) is amended by striking all that follows `a IV-A program' and inserting `for any 9 months during the 18-month period ending on the hiring date.'.

(2) CONFORMING AMENDMENT- Subparagraph (A) of section 51(d)(3) is amended to read as follows:

`(A) IN GENERAL- The term `qualified veteran' means any veteran who is certified by the designated local agency as being a member of a family receiving assistance under a food stamp program under the Food Stamp Act of 1977 for at least a 3-month period ending during the 12-month period ending on the hiring date.'.

(c) QUALIFIED SSI RECIPIENTS TREATED AS MEMBERS OF TARGETED GROUPS-

(1) IN GENERAL- Section 51(d)(1) (relating to members of targeted groups) is amended by striking `or' at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting `, or', and by adding at the end the following new subparagraph:

`(H) a qualified SSI recipient.'.

(2) QUALIFIED SSI RECIPIENTS- Section 51(d) is amended by redesignating paragraphs (9), (10), and (11) as paragraphs (10), (11), and (12), respectively, and

by inserting after paragraph (8) the following new paragraph:

`(9) QUALIFIED SSI RECIPIENT- The term `qualified SSI recipient' means any individual who is certified by the designated local agency as receiving supplemental security income benefits under title XVI of the Social Security Act (including supplemental security income benefits of the type described in section 1616 of such Act or section 212 of Public Law 93-66) for any month ending within the 60-day period ending on the hiring date.'.

(d) PERCENTAGE OF WAGES ALLOWED AS CREDIT-

(1) IN GENERAL- Subsection (a) of section 51 (relating to determination of amount) is amended by striking `35 percent' and inserting `40 percent'.

(2) APPLICATION OF CREDIT FOR INDIVIDUALS PERFORMING FEWER THAN 400 HOURS OF SERVICES- Paragraph (3) of section 51(i) is amended to read as follows:

`(3) INDIVIDUALS NOT MEETING MINIMUM EMPLOYMENT PERIODS-

`(A) REDUCTION OF CREDIT FOR INDIVIDUALS PERFORMING FEWER THAN 400 HOURS OF SERVICE- In the case of an individual who has performed at least 120 hours, but less than 400 hours, of service for the employer, subsection (a) shall be applied by substituting `25 percent' for `40 percent'.

`(B) DENIAL OF CREDIT FOR INDIVIDUALS PERFORMING FEWER THAN 120 HOURS OF SERVICE- No wages shall be taken into account under subsection (a) with respect to any individual unless such individual has performed at least 120 hours of service for the employer.'.

(e) EFFECTIVE DATE- The amendments made by this section shall apply to individuals who begin work for the employer after September 30, 1997.

SEC. 604. ORPHAN DRUG TAX CREDIT.

(a) IN GENERAL- Section 45C (relating to clinical testing expenses for certain drugs for rare diseases or conditions) is amended by striking subsection (e).

(b) EFFECTIVE DATE- The amendment made by subsection (a) shall apply to amounts paid or incurred after May 31, 1997.

TITLE VII--INCENTIVES FOR REVITALIZATION OF THE DISTRICT OF COLUMBIA

SEC. 701. TAX INCENTIVES FOR REVITALIZATION OF THE DISTRICT OF COLUMBIA.

(a) IN GENERAL- Chapter 1 is amended by adding at the end the following new

H.R.2014

Taxpayer Relief Act of 1997 (Enrolled Bill (Sent to President))

TITLE VIII--WELFARE-TO-WORK INCENTIVES

SEC. 801. INCENTIVES FOR EMPLOYING LONG-TERM FAMILY ASSISTANCE RECIPIENTS.

(a) IN GENERAL- Subpart F of part IV of subchapter A of chapter 1 is amended by inserting after section 51 the following new section:

`SEC. 51A. TEMPORARY INCENTIVES FOR EMPLOYING LONG-TERM FAMILY ASSISTANCE RECIPIENTS.

`(a) DETERMINATION OF AMOUNT- For purposes of section 38, the amount of the welfare-to-work credit determined under this section for the taxable year shall be equal to--

`(1) 35 percent of the qualified first-year wages for such year, and

`(2) 50 percent of the qualified second-year wages for such year.

`(b) QUALIFIED WAGES DEFINED- For purposes of this section--

`(1) IN GENERAL- The term `qualified wages' means the wages paid or incurred by the employer during the taxable year to individuals who are long-term family assistance recipients.

`(2) QUALIFIED FIRST-YEAR WAGES- The term `qualified first-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning with the day the individual begins work for the employer.

`(3) QUALIFIED SECOND-YEAR WAGES- The term `qualified second-year wages' means, with respect to any individual, qualified wages attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such individual determined under paragraph (2).

`(4) ONLY FIRST $10,000 OF WAGES PER YEAR TAKEN INTO ACCOUNT- The amount of the qualified first-year wages, and the amount of qualified second-year wages, which may be taken into account with respect to any individual shall not exceed $10,000 per year.

`(5) WAGES-

`(A) IN GENERAL- The term `wages' has the meaning given such term by section 51(c), without regard to paragraph (4) thereof.

`(B) CERTAIN AMOUNTS TREATED AS WAGES- The term `wages' includes amounts paid or incurred by the employer which are excludable from such recipient's gross income under--

`(i) section 105 (relating to amounts received under accident and health plans),

`(ii) section 106 (relating to contributions by employer to accident and health plans),

`(iii) section 127 (relating to educational assistance programs) or would be so excludable but for section 127(d), but only to the extent paid or incurred to a person not related to the employer, or

`(iv) section 129 (relating to dependent care assistance programs).

The amount treated as wages by clause (i) or (ii) for any period shall be based on the reasonable cost of coverage for the period, but shall not exceed the applicable premium for the period under section 4980B(f)(4).

`(C) SPECIAL RULES FOR AGRICULTURAL AND RAILWAY LABOR- If such recipient is an employee to whom subparagraph (A) or (B) of section 51(h)(1) applies, rules similar to the rules of such subparagraphs shall apply except that--

`(i) such subparagraph (A) shall be applied by substituting `$10,000' for `$6,000', and

`(ii) such subparagraph (B) shall be applied by substituting `$833.33' for `$500'.

`(c) LONG-TERM FAMILY ASSISTANCE RECIPIENTS- For purposes of this section--

`(1) IN GENERAL- The term `long-term family assistance recipient' means any individual who is certified by the designated local agency (as defined in section

51(d)(10))--

`(A) as being a member of a family receiving assistance under a IV-A program (as defined in section 51(d)(2)(B)) for at least the 18-month period ending on the hiring date,

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Congressional Record Item 4 of 4

THE COMMUNITY EMPLOYMENT PARTNERSHIP ACT OF 1997 -- HON. NANCY L. JOHNSON (Extension of Remarks - November 10, 1997)

[Page: E2311]

HON. NANCY L. JOHNSON

in the House of Representatives

SUNDAY, NOVEMBER 9, 1997

- Mrs. JOHNSON of Connecticut. Mr. Speaker, today my colleague, Nita Lowey and I are introducing the Community Employment Partnership Act [CEPA] which is designed to encourage the not-for-profit community to increase their participation in the national initiative to move more than 2 million Americans from welfare dependency into productive work. Through CEPA, not-for-profit employers, for the first time, will be allowed to participate in the work opportunity tax credit hiring incentives that are currently available to for-profit companies which hire entry-level workers.

- During the last Congress, when we enacted welfare reform, we embarked on a bold new initiative to move millions of able-bodied welfare recipients into the work force. At the time we understood this new initiative, many of us realized that if the private sector were to provide jobs for those leaving the welfare rolls, they would need an incentive to offset the added costs of hiring, training, and retaining a category of people who face significant obstacles to succeeding in the workplace. These obstacles include problems with minimal job skills, low self-esteem, and little, if any, work history. In order to encourage for-profit employers to hire welfare recipients, I strongly supported the enactment of the work opportunity tax credit which is designed to offset the added costs involved.

- Unfortunately, at that time, we did not develop a mechanism for extending these hiring tax incentives to the nonprofit community. In many cases, the largest employers in inner-city and rural communities, where most welfare recipients reside, are nonprofits such as hospitals, universities, museums, and community-based organizations. That they are not eligible is ironic since many nonprofit employers view as part of their primary mission service to those on welfare. As a result, nonprofits are often more acclimated to working with hard-to-employ individuals than their for-profit brethren. Another advantage of making not-for-profit employers eligible for WOTC is that they often provide full-time jobs with a career path, and generally offer their employees benefits.

- In addition, numerous stories have come to light regarding the time and financial burden faced by welfare recipients who must travel long distances from their homes in the inner city or in rural America to the suburbs where most new jobs are becoming available. For the welfare recipient, who generally does not have a car, this means long and costly trips on public or privately organized transportation. The long hours that newly employed welfare recipient must

- be away from home requires them to string together unreliable and often expensive day care arrangements, including relying on family members, friends, and day care centers. Allowing not-for-profit organizations eligibility for tax credits would, for those recipients able to find employment in their communities, significantly reduce the travel burden and in turn, help to reduce the critical day care problems faced by those hoping to move from welfare to work.

- Despite the ideal match between the mission, location, and type of jobs offered by not-for-profits, they have not participated in the welfare to work initiative to the extent we would like because insufficient resources have been made available to them to help offset the added costs involved in hiring those on welfare. CEPA would help to overcome this obstacle by reducing the largest tax burden faced by not-for-profits--the payroll tax--by allowing them to offset their total Federal payroll tax burden by any work opportunity tax credits earned for hiring an eligible worker. The Community Employment Partnership Act would: Track the existing eligibility standards for the work opportunity tax credit; and provide not-for-profits with a graduated tax credit against their total Federal payroll taxes of 20 percent versus 25 percent under WOTC from the date of hire for the first $6,000 in wages paid an eligible worker by a not-for-profit for those who work at least 120 hours and to up 399 hours; and 30 percent versus 40 percent under WOTC from the date of hire for the first $6,000 in wages paid an eligible worker by a not-for-profit for those who work at least 400 hours.

- The reduction in the credit amounts equalize the value of the credit between nonprofit employers and for-profit employers. This is because under WOTC, the amount of the employer's wage deduction is reduced by the amount of the credit which has the effect of reducing the value of the tax incentive to the for-profit employer.

- The credits would be taken against a not-for-profit employer's quarterly payroll tax liability.

- A payment to the Social Security trust fund would continue to be treated as having been made on the date it is ordinarily made.

- Both Congresswoman Lowey and I strongly believe that the enactment of the Community Employment Partnership Act is important if we are to enlist the not-for-profit community into providing good jobs to the millions of Americans who will be coming off the welfare rolls in the coming years.

Community Employment Partnership Act of 1997 (Introduced in the House)

HR 2995 IH

105th CONGRESS

1st Session

H. R. 2995

To amend the Internal Revenue Code of 1986 to allow tax-exempt organizations (other than governmental units) a credit against employment taxes in an amount equivalent to the work opportunity credit allowable to taxable employers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

November 9, 1997

Mrs. JOHNSON of Connecticut (for herself and Mrs. LOWEY) introduced the following bill; which was referred to the Committee on Ways and Means

---

A BILL

To amend the Internal Revenue Code of 1986 to allow tax-exempt organizations (other than governmental units) a credit against employment taxes in an amount equivalent to the work opportunity credit allowable to taxable employers, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the `Community Employment Partnership Act of 1997'.

SEC. 2. TREATMENT OF WORK OPPORTUNITY WAGES AS PAYMENT OF EMPLOYMENT TAX LIABILITY.

(a) IN GENERAL- Chapter 25 of the Internal Revenue Code of 1986 (relating to general provisions relating to employment taxes) is amended by inserting after section 3510 the following new section:

`SEC. 3511. TREATMENT OF WORK OPPORTUNITY WAGES AS PAYMENT OF EMPLOYMENT TAX LIABILITY.

`(a) GENERAL RULE- For purposes of this title, the amount equal to the work opportunity credit amount with respect to any wages paid for any calendar quarter by an eligible tax-exempt employer shall be treated as a payment by such employer of such employer's employment tax liability for such calendar quarter.

`(b) WORK OPPORTUNITY CREDIT AMOUNT- For purposes of this section, the work opportunity credit amount for any calendar quarter is the amount of the credit determined under section 51 (relating to work opportunity credit) in accordance with the following:

`(1) APPLICABLE PERCENTAGES-

`(A) INDIVIDUALS PERFORMING AT LEAST 400 HOURS OF SERVICES- In the case of an individual who has completed at least 400 hours of services performed for the eligible tax-exempt employer, subsection (a) of section 51 shall be applied by substituting `30 percent' for `40 percent'.

`(B) INDIVIDUALS PERFORMING FEWER THAN 400 HOURS OF SERVICES- In the case of an individual who has completed at least 120 hours, but less than 400 hours, of services performed for the eligible tax-exempt employer, subsection (a) of section 51 shall be applied by substituting `20 percent' for `40 percent'.

`(C) DENIAL OF CREDIT FOR INDIVIDUALS PERFORMING FEWER THAN 120 HOURS OF SERVICES- No wages shall be taken into account for purposes of this section with respect to any individual unless such individual has completed at least 120 hours of services performed for the employer.

`(D) QUARTERLY ESTIMATE OF ANNUAL HOURS OF SERVICES TO BE PERFORMED- For purposes of subparagraphs (A), (B), and (C), in lieu of the hours of services actually performed by an individual during any of the first 3 quarters of a calendar year, an employer may make an estimate of the hours of services an individual is reasonably expected to perform for the employer in such calendar year. The employer

shall adjust the deemed payments in accordance with subsection (c) for the last quarter of such calendar year to reflect the hours of services actually performed by such individual in such calendar year.

`(2) ELIGIBLE TAX-EXEMPT EMPLOYER- The term `eligible tax-exempt employer' means any organization which is exempt from tax under subtitle A other than--

`(A) any governmental unit, and

`(B) any agency or instrumentality of a governmental unit.

`(c) COORDINATION WITH DEPOSITORY REQUIREMENTS-

`(1) IN GENERAL- Any employer who is entitled to treat any amount as a payment under subsection (a) for any calendar quarter may reduce, in such manner as the Secretary may by regulations prescribe, by a like amount, the amount otherwise required to be deposited during such quarter by reason of the employment tax liability of such employer.

`(2) QUARTERLY DETERMINATIONS- The amount of reduction permitted under paragraph (1) for any calendar quarter shall be based on a separate estimate for such quarter of the amount of deemed payments to which the employer reasonably expects to be entitled under subsection (a) for the calendar year which includes such quarter and shall be properly adjusted (under regulations prescribed by the Secretary) to reflect the amount by which prior reductions under subsection (a) during such calendar year were in excess of, or less than, the amounts which would be proper under such estimate.

`(3) YEAR-END ADJUSTMENTS-

`(A) EXCESS OF DEEMED PAYMENTS ALLOWABLE OVER DEPOSITORY BENEFIT CLAIMED- If the amount of deemed payments to which an employer is entitled under subsection (a) for any calendar year exceeds the amount claimed by the employer under paragraph (1) during such year, such excess shall be treated for purposes of this title as an overpayment made by such employer. For purposes of determining interest, such overpayment shall be treated as made on January 31 of the following calendar year.

`(B) DEPOSITORY BENEFIT CLAIMED EXCEEDS DEEMED PAYMENT ALLOWABLE- If the amount claimed by the employer under paragraph (1) during the calendar year exceeds the amount of deemed payments to which such employer is entitled under subsection (a) for such year, such excess shall be treated for purposes of this title as an underpayment of the tax imposed by this chapter for such calendar year. For purposes of determining interest, such underpayment shall be allocated ratably among the calendar quarters in such year (or in such other manner as the Secretary may by regulations prescribe).

`(d) PAYMENT TREATED AS MADE ON DUE DATE- Notwithstanding subsection (c), for purposes of determining interest, any deemed payment under subsection (a) for any calendar quarter shall be treated as made on the due date for the return for such quarter.

`(e) EMPLOYMENT TAX LIABILITY- For purposes of this section, the term `employment tax liability' means liability for the taxes imposed by chapters 21 and 24.

`(f) SOCIAL SECURITY TRUST FUNDS- This section shall not be construed to affect amounts appropriated under sections 201 and 1817(a) of the Social Security Act.'

(b) CLERICAL AMENDMENT- The table of sections for chapter 25 of such Code is amended by adding at the end the following new item:

`Sec. 3511. Treatment of work opportunity wages as payment of employment tax liability.'

(c) EFFECTIVE DATE- The amendments made by this section shall apply to individuals who begin work for the employer after the date of the enactment of this Act.

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Turning welfare into work: Do this job right

HYPE & GLORY

Politics

By Walter Shapiro

Talani Wilson started her new job as a $5.82-an-hour clerk for United Airlines on March 31. This poised 23-year-old Chicago woman is the first welfare mother hired by the company under a new welfare-to-work program fostered by the Clinton administration. Wilson has just been on the United payroll for seven weeks, but already the airline has printed up a glossy 10-page brochure hailing its participation in this private-sector initiative designed to make welfare reform succeed.

The brochure makes me cynical, but I admire Wilson's determination to create a better life for herself and her nearly 2-year-old daughter. A high school graduate with typing and other office skills, Wilson had been on welfare since her daughter was born. Her grit was apparent as soon as I asked her how long her daily commute to work was.

"Three hours," she said softly. That's both ways, isn't it? "No," she replied, "that's each way. I live on the far South Side and the job's in the suburbs."

We were talking Thursday afternoon in the East Room of the White House. Wilson had been flown to Washington to serve as a shining success story as President Clinton hailed the creation of the Welfare to Work Partnership. As we were talking, Gerald Greenwald, the CEO of United Airlines, wandered by to meet Wilson, his new employee. Greenwald, who also will chair the partnership, has pledged that United will hire 400 former welfare recipients in the next year.

This is an admirable commitment, rare among major corporations. But the historic pattern is that more than half of all welfare recipients fail to hold their first job. So I asked Greenwald what retention rate United was hoping to achieve.

"We're hoping that it will be high," Greenwald said. "That's because each of our people has a mentor within the company. So our retention rate will be higher."

That combination of good intentions and vague imprecision is the troubling aspect of the Welfare to Work Partnership. Even as the president talked boldly of creating 1 million jobs for welfare recipients over four years, the partnership has extracted job-creation pledges from exactly 105 companies. While they include corporate monoliths like Monsanto and Sprint, some of these civic-minded companies have as few as 30 employees.

The partnership was created under the leadership of Eli Segal, a long-time Democratic activist who formerly headed AmeriCorps. In an East Room speech laced with homilies like "Every business can make a difference," Segal promised to enlist 1,000 companies in the cause during the next six months. But Delaware Gov. Tom Carper, who followed Segal to the lectern, spoke for the skeptics in the audience when he said, "One thousand companies? We need tens of thousands of companies to do this."

Maybe I'm being too hard on Segal and the president he loyally serves. Clinton deserves credit for using the bully pulpit to goad corporate America into creating the jobs desperately needed if the stiff work requirements of the welfare-reform bill are to provide opportunity rather than punishment. The president spoke passionately about the challenge of creating 1 million jobs for "people who don't think they can make it, who have no idea what a resume is, who never had to show up on time before."

But this is also a president who tends to equate uplifting words with meaningful deeds. In his remarks, Clinton demonstrated his mastery of the welfare morass, pointing to the mismatch between bountiful jobs in the suburbs and welfare recipients in the inner cities. Talani Wilson's three-hour commute is emblematic of this obstacle.

Having knowledgeably sketched out the problem, the president proudly pointed to the solution. The new transportation bill, he said, would provide $600 million to states and cities "to help people go and get the jobs where the jobs are." Only by reading a White House handout carefully did I learn that this $600 million that is yet to be appropriated would be spread out over six years.

This kind of rhetorical excess is why I get nervous when the president, governors or corporate CEOs start throwing out numbers about jobs that will be created under welfare reform. I spoke by phone with Toby Herr, who directs Project Match, a welfare-to-work program operating around the notorious Cabrini-Green housing project in Chicago. "If we don't start dealing with the facts," she said, "we can't put the right services in place."

Research by Project Match found that 54% of the disadvantaged lost or quit their first job in six months — and this alarming figure rose to 71% over the first year. The effort is still worthwhile. As Herr puts it, "Taking somebody who wasn't a worker turning them into a steady worker takes time."

Herr will be in Washington week as part of a follow-up s chaired by Vice President Gore. If the White House demonstrates a consistent long-term commitment, is hope that good intentions can prevail in the struggle to turn welfare into work.

Walter Shapiro's column appears Wednesdays and Fridays. Past columns on USA TODAY Online at http://www.usatoday.com

Turning welfare into work: Do this job right

Politics

By Walter Shapiro

HYPE & GLORY

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Maybe I'm being too hard on Segal and the president he loyally serves. Clinton deserves credit for using the bully pulpit to goad corporate America into creating the jobs desperately needed if the stiff work requirements of the welfare-reform bill are to provide opportunity rather than punishment. The president spoke passionately about the challenge of creating 1 million jobs for "people who don't think they can make it, who have no idea what a resume is, who never had to show up on time before."

But this is also a president who tends to equate uplifting words with meaningful deeds. In his remarks, Clinton demonstrated his mastery of the welfare morass, pointing to the mismatch between bountiful jobs in the suburbs and welfare recipients in the inner cities. Talani Wilson's three-hour commute is emblematic of this obstacle.

Having knowledgeably sketched out the problem, the president proudly pointed to the solution. The new transportation bill, he said, would provide $600 million to states and cities "to help people go and get the jobs where the jobs are." Only by reading a White House handout carefully did I learn that this $600 million that is yet to be appropriated would be spread out over six years.

This kind of rhetorical excess is why I get nervous when the president, governors or corporate CEOs start throwing out numbers about jobs that will be created under welfare reform. I spoke by phone with Toby Herr, who directs Project Match, a welfare-to-work program operating around the notorious Cabrini-Green housing project in Chicago. "If we don't start dealing with the facts," she said, "we can't put the right services in place."

Research by Project Match found that 54% of the disadvantaged lost or quit their first job in six months — and this alarming figure rose to 71% over the first year. The effort is still worthwhile. As Herr puts it, "Taking somebody who wasn't a worker and turning them into a steady worker takes time."

Herr will be in Washington next week as part of a follow-up session chaired by Vice President Gore. If the White House demonstrates a consistent long-term commitment, there is hope that good intentions can prevail in the struggle to turn welfare into work.

Walter Shapiro's column appears Wednesdays and Fridays. Past columns on USA TODAY Online at: http://www.usatoday.com

Second female officer

PHOTOCOPY PRESERVATION

ISSUES INDEX

May 5, 1997

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4	Cops in public housing	EK to JP	
4	Free TV comission	EK	
4	Drunk Driving Forfeit	EK to ED	
4	2nd Chance Homes	Lynn to tell whether $'s	
4	Wildnerness Designation	EK to PW	

Thomas L. Freedman
04/25/97 12:14:37 PM

Record Type: Record

To: Michelle Crisci/WHO/EOP

cc:

Subject: New Crime Issues

Rahm, there were three new issues this week that involve crime:

1. A National Sexual Assault Hotline

Currently resources available for victims of sexual violence are patchwork, with rape crisis hotlines across America varying considerably in their services. This hotline would refer victims of sexual assault to health care providers, law enforcement, legal counsel and emotional counsel. There is currently a National Domestic Abuse Hotline which has received 57,000 calls in its first nine months. This is based on that model.The proposal has support from women's groups. Cost: $1 million for first year, $400,000 in subsequent years. There is a bill.

2. Domestic Violence & the Workplace Conference

A number of companies and groups have been working on drafting a set of Principles for combating workplace domestic violence. The participants include Polaroid, The Body Shop, AFSCME and the Gap. There are varied possibilities for what a model company should do, but they begin with things like: not tolerating domestic violence in the workplace, educating employees about domestic violence, not firing someone because they are the victims of domestic violence. There is unanimous agreement that the problem is vast, with tens of thousands of incidents a year, and prevents many women from holding jobs or revealing their problem to their employer. I have the list of the draft principles.

3. Serial Nannies

Bruce uncovered a proposed New York State bill that allows "household workers" to voluntarily sign-up for a state registry in the Social Services Department. The list includes those who work in homes assisting shut-ins and the elderly. (The bill was spurred by the death of 10 month old Kieran Dunne who was fatally injured by a nanny). To be on the registry, nannies and caregivers provide the state with two forms of identification and sign consent forms for background information including criminal, educational, employment, medical, and credit records. Criminal checks are done by the Criminal Justice Services Division. The law provides that caregivers pay a $100 fee with $50 renewal. Employers are charged $75 to get a report. This does not cover all the costs, yet seems very pricey to caregivers. Kieran's mother speaks in favor of the law. We're looking into this as a possible federal initiative.

Regards, Tom

INDEX TO NEW ISSUES

Week 1
Sexual predators: lifetime supervision of sexual offenders like Arizona: with Dennis/Rahm to ask DOJ on Wed.

War against heart attacks: FDA/ED/TF options memo to EK

Hand held alarms for women being stalked: Meeting with DOJ women

Computers in inner city: To FLOTUS

Gun scanners to detect guns: ?

Week 2

Gun running-- 1/3 of crimes: Dennis/Rahm

Foreign lobbyists-- ban all contacts: ?

Safe women conference: Transmuted into DV Sullivan principles (Week 3)

Child care CDFI: Denver non-profit to prepare?

Week 3-- Upcoming

No taxes on the Internet

Teaching values in schools (June)

School Takeover

American Schools Channel

Sexual Assault Hotline-- Dennis

Class size limits-- no more than 30 from Labour

Justice Debt collection--

DV in Workplace

Sex offenders

Cop killer bullet

Community policing & crime report

New Brady forms — 5/15

Trigger locks to law enforcement

— locks

— no background check no [illegible]

Since '59 — [illegible] #

meth

Crime STOW

- Women — worker Resrna
- Children — SEX OFFENDERS
- PUBLIC PLACES
- REHAB
- [illegible] Community policing

Gangs

juvenile justice

Church

TV WATCH
Phase out Sugar Subsidies by 2003

Arthur Schlesinger One Nation Conference

Flooding and Disaster Relief. Appoint panel to examine recent FEMA emergencies and study, with the Corps of Engineers, means of avoiding repetition.

3. Encourage urban growth boundaries. Some western cities are growing unchecked, highlight success of Portland in use of urban growth boundaries.The PPI is recommending a national campaign to reclaim public spaces aimed at guaranteeing safe access and use by law-abiding citizens to parks, downtown commerical and retail areas, public transportation systems, and entertainment facilities.

Harris

Nancy H.

Crime - Kids → Sex off

Men's → Street - Travis walk

Adults - Rehab

Corps Engr

NEW ISSUES
WEEK FOUR

(1) Cops in Public Housing. Designate 20 worst public housing projects and than pick up the tab for federal law enforcement officers who are willing to live in them. This is modeled off of the Milwaukee program in which cops pay $1 a month to live in public housing. The program attracted a lot of interest from police (50 applications for 20 spots). It was scaled back recently against community protests and they've added a community service requirement. HUD is examining it, but voices doubts as to the level of police interest. The Milwaukee director stated the backlog of possible typical tenants made them hesitant to keep the spots open for police.

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HHS Comments Related to the Draft Legislation on
The Cardiac Arrest Survival Act and Cardiac Survival Activities
the Department Could Support

- HHS/The National Institutes of Health/National Heart, Lung and Blood Institute (NHLBI), supports the "chain of survival" concept and the position that all emergency medical personnel should be trained to use a defibrillator and that all medical vehicles should be equipped with a manual or automated external defibrillator (AEDs). X 1 X 2

- With respect to the proposed legislation, it contains a number of provisions that are of concern to the Department. For example, it provides for the development and dissemination of a "core content" for a model state training program in lifesaving interventions, including cardiopulmonary resuscitation. Organizations such as the American Red Cross and the American Heart Association are currently involved in developing and disseminating training programs for cardiopulmonary resuscitation. We believe it is not appropriate for the NHLBI to assume this function and thus duplicate the ongoing efforts of private entities. Disagree

- The legislation also proposes a demonstration project to provide training in the core content to first responders and bystanders. While we would support such a project, we are concerned that implementation of a demonstration project of this type through the Department would require additional funding and staff resources. OK

- HHS supports the development of a nation database related to the incidence of cardiac arrest. This is an important area that is not currently addressed. This also would involve the investment of substantial resources, both human and financial, that are not currently planned for within the Department. The proposed legislation does not address financial support in this regard. OK

- We believe there is merit in developing model state legislation to ensure access to emergency medical services for basic life support. However, we have a concern about the appropriateness of the NHLBI in developing such legislation. The NHLBI has a research and education mandate. Thus, we do not believe NHLBI should be involved in the development of legislation at the state level especially legislation that may establish requirements for state licensure or credentials of health professionals. Disagree

- We strongly believe that any advances in this area should address research needs in cardiac arrest. For example, although the NHAAP supports the concept of placing AEDs in public places, it has emphasized the need for additional research before this occurs. OK

- There is also a need for additional research on resuscitation. Electrical instability of the heart remains a vexing problem and research into understanding mechanisms and therapies to prevent it and or restore normal health rhythm, particularly following cardiac arrest, is urgently needed.

- Additional studies of the feasibility and efficacy of public programs to treat cardiac arrest are also highly desirable and should precede implementation of any nation emergency action programs.

- The Department will work with our health professional training programs in the Health Resources and Services Administration and the Health Care Financing Administration to explore the possibility of putting greater emphasis on the chain of survival training activities and the use of AEDs in their grant and contract training programs.

- We also will explore with Public Health Service Agencies in the Department, including the Food and Drug Administration, the possibility of broadening the use of AEDs so that more non-EMT and other health professionals, who are first responders, are able to use AEDs.

NBC

MILITARY CRIMES

McVEIGH - BOB KLING

ZAKE

TRUCKS

1 TRUCK 10,000 CANS

CBS

McVEIGH

NEW ISSUES
WEEK FOUR

Call re: success

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& Bruce

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Notes

1. Nation wide effort, patriotic, non-partisan

2. Public private partnership, what the next generation of government will be
active,
innovative,
smaller,
and participatory.

3. Displacement

This is America at its best, working together, offering opportunity. You are offering a ticket to access the American dream.

For many Americans without dreams or jobs, what you are beginning here in this room is the most important news they could hope for. The chance to go to work and improve their lives.

COMMENTS FOR ELI

THANK YOU'S

MR. PRESIDENT, MY COMMENTS WILL BE BRIEF, WE HAVE A LOT OF WORK AHEAD OF US. AND WHEN WE LEAVE THIS ROOM WE WILL BE ROLLING UP OUR SLEEVES AND GETTING IT DONE.

I DO WANT TO TELL YOU ABOUT THE PEOPLE IN THIS ROOM AND WHY THEY ARE HERE.

ONE REASON THEY ARE NOT HERE IS BECAUSE OF POLITICAL PARTY. THERE ARE MANY REPUBLICANS AND INDEPENDENTS HERE.

THEY ARE HERE BECAUSE THEY BELIEVE, AS I DO, AND YOU DO, THAT THERE IS NO MORE IMPORTANT TASK THAN GIVING AMERICANS THE CHANCE TO DREAM OF A BETTER LIFE.

AND THERE IS NO BETTER PATH TO THAT BETTER LIFE THAN A JOB.

WE USE THE PHRASE "BUSINESS LEADERS" A LOT, IT IS ALMOST A CLICHE.

BUT I THINK THE COUNTRY SHOULD SALUTE THESE MEN AND WOMEN AS AMERICAN BUSINESS LEADERS IN THE TRUEST SENSE.

WHEN THESE LEADERS LEAVE HERE TODAY, THEY WILL BE GOING OUT INTO AMERICA TO CREATE JOBS FOR THOSE COMING OFF OF WELFARE.

AND THESE LEADERS WILL BE GOING BACK TO THEIR COMMUNITIES TO ENCOURAGE OTHER BUSINESS PEOPLE TO JOIN THE EFFORT, THE EFFORT TO RESTORE THE AMERICAN DREAM TO HUNDREDS OF THOUSANDS OF AMERICANS.

FINALLY, MR. PRESIDENT, I WANT TO DO SOMETHING THAT IS NOT VERY SMART IN WASHINGTON, BUT IT IS SOMETHING WE DO IN BUSINESS. OBJECTIVE GOALS.

IN SIX MONTHS WE WILL BE BACK HERE WITH THE NAMES OF 1,000 BUSINESSES THAT ARE PARTICIPATING

THAT IS A GREAT GIFT THESE BUSINESS PEOPLE ARE GIVING THE COUNTRY IN THIS PATRIOTIC EFFORT, AND I WANT TO THANK THEM.

POTUS COMMENTS

THANK YOUS.

THIS IS A MOMENTOUS TIME FOR AMERICA: AMIDST MUCH PROSPERITY THERE IS REAL SUFFERING, WHILE MANY CITIZENS ARE DOING VERY WELL, SOME AMONG US ARE STRUGGLING.

TODAY IN TOWNS AND CITIES ACROSS THIS COUNTRY THERE ARE HUNDREDS OF THOUSANDS OF AMERICANS WHO ARE FACING THE PROSPECT OF HAVING TO LEAVE FEDERAL DEPENDANCY, AND GO TO WORK.

WE MUST ACKNOWLEDGE IT IS A REAL CHALLENGE. FOR MANY CITIZENS WHO HAVE LIVED OUTSIDE THE WORLD OF WORK, THEY ARE HARBORING DOUBTS, AND MANY WILL FIND GAINING WORK A DIFFICULT PATH.

BUT IT IS ALSO THE PATH OF SELF-SUFFICIENCY, AND EXPANDING OPPORTUNITY, AND BETTER LIVES FOR THEIR CHILDREN, AND IT IS THE PATH OF HOPE.

I WELCOME YOU ALL HERE, YOU ARE EMBARKING ON A TASK WORTHY OF A GREAT NATION; TO MAKE ALL ITS CITIZENS PART OF ITS PROSPERITY.

THESE BUSINESS LEADERS ARE HERE TO COMMIT TO HELPING SPREAD THE WORD TO OTHER BUSINESS LEADERS THAT NOW IS THE TIME TO MAKE SURE THERE IS OPPORTUNITY FOR ALL.

I CANNOT THINK OF ANYTHING THAT WILL HELP THE COUNTRY MORE. AND I THANK YOU.

AS ELI NOTED, THESE LEADERS ARE NOT HERE BECAUSE OF POLITICS, SOME ARE DEMOCRATS, SOME INDEPENDENTS, SOME REPUBLICAN, BUT WHAT THEY ARE DOING SHOULD MAKE US ALL PROUD TO BE AMERICANS.

AND I WILL HOLD YOU TO YOUR PROMISE ELI, AND I HOPE THE WHOLE COUNTRY HEARS IT.

BUSINESSES GIVE SOMEONE A CHANCE TO WORK WHOSE BEEN ON WELFARE. YOU WILL BE GIVING THEM, THEIR FAMILIES, AND THE COUNTRY HOPE.

THE WHITE HOUSE
WASHINGTON

Comments,

Suggestions?

Cynthia

(1) Careful on POWs launched stuff

(2)

President Clinton Announces XX Companies Have Accepted his Welfare to Work Challenge; Pledges Transportation Grants to Help Welfare Reform Succeed

May 20, 1997 -- 5/18/97 4:00 PM DRAFT

Announcements

Today, President Clinton announced that XX companies have accepted his State of the Union challenge to forge "a new national effort to marshal America's businesses, large and small, to create jobs so that people can move from welfare to work." At a White House ceremony:

- CEOs and senior executives from XX companies joined the President to launch the Welfare to Work Partnership, a private, non-profit organization which will lead the ~~national~~ business effort to hire people from the welfare rolls. The Partnership named United Airlines Corporation CEO Gerald Greenwald its Chairman of the Board.

- Citing transportation as one of the biggest barriers in moving from welfare to work, President Clinton today announced grants to 24 states to develop strategies to solve this problem. The President urged Congress to enact his $600 million welfare to work transportation initiative, part of his NEXTEA transportation proposal, and he praised a similar bipartisan bill [introduced today] by Senators Arlen Specter (R-PA) and Frank R. Lautenberg (D-NJ).

- To ensure that former welfare recipients succeed in the workplace, Vice President Gore announced a new campaign, beginning with a conference on May 29th, to help those who leave welfare retain jobs.

These initiatives -- combined with the work incentives in the balanced budget agreement -- are critical to the success of welfare reform, the President said. He was joined today by the Vice President, Mr. Greenwald, Partnership President Eli J. Segal, Delaware Governor Tom Carper, Wisconsin Governor Tommy Thompson, and small business owner George R. Stinton of Racine, Wisconsin, whose company workforce is more than half former welfare recipients.

The Welfare to Work Partnership

The Welfare to Work Partnership launched today is an independent, nonpartisan, national effort of the American business community to help move those on public assistance into jobs in the private sector. The Partnership will provide information, technical assistance, and support for all interested companies. The Partnership was formed in response to the President's challenge in his 1997 State of the Union speech, and the CEOs from the five companies the President noted in that speech -- Sprint, Monsanto, UPS, Burger King, and United Airlines -- form the Partnership's Board of Directors.

The President's Welfare to Work Transportation Initiative

One of the biggest barriers faced by people moving from welfare to work is finding transportation. Two-thirds of new jobs are in the suburbs, but three of four welfare recipients live in rural areas or central cities. Only six percent of welfare recipients own cars, and public transit often provides inadequate connections to job and training centers. To combat this problem, the President today urged Congress to adopt the six-year, $600 million grant program in his NEXTEA transportation bill that would support flexible, innovative transportation systems in rural, urban, and suburban areas to get people where the jobs are. [A similar bill was introduced today in the Senate by Senators Arlen Specter (R-Pa) and Frank R. Lautenberg (D-NJ).] Today, the President also announced grants to 24 states and the Virgin Islands to develop welfare to work transportation plans. The grants are being awarded by the Department of Transportation's Federal Transit Administration and the Federal Highway Administration in cooperation with the National Governors' Association.

President Clinton's Welfare to Work Record
May 20, 1997 -- 5/18/97 4:00 PM DRAFT

The President: Working with the Private Sector to Reform Welfare
When President Clinton signed welfare reform into law last August, he said:

> ***Now that we are saying with this bill we expect work, we have to make sure the people have a chance to go to work. If we really value work, everybody in this society -- businesses, non-profits, religious institutions, individuals, those in government -- all will have a responsibility to make sure the jobs are there.***

Since making that statement in August, the President has launched an aggressive campaign to challenge both the public and private sector to help welfare reform succeed. The President signaled his commitment to work with the corporate community by holding a meeting in the Oval Office with 14 company CEOs shortly after being inaugurated to his second term. After that meeting five companies made a commitment to lead a national welfare to work effort. These companies, who today form the founding board of directors for the Welfare to Work Partnership, were highlighted in the President's 1997 State of the Union address in February:

> ***I'd like to say to every employer in our country who ever criticized the old welfare system: you can't blame that old system anymore; we have torn it down. Now do your part. Give someone on welfare the chance to go to work. Tonight, I am pleased to announce that five major corporations -- Sprint, Monsanto, UPS, Burger King, and United Airlines -- will be the first to join in a new national effort to marshal America's businesses, large and small, to create jobs so that people can move from welfare to work.***

Today, the President announced that XX companies have accepted his welfare to work challenge.

The President's Welfare to Work Policy Initiatives
In addition to working with the private sector, the President has promoted welfare reform through:

- **Welfare to Work Budget Initiatives.** The President fought for and won two critical welfare to work initiatives in the budget agreement. The first is a $3 billion Welfare to Work fund for cities and states to create jobs and provide incentives for employment. The second is a tax credit to encourage companies to hire and retain long-term welfare recipients.

- **Child Care and Transportation.** Child care and transportation are critical to helping welfare recipients get jobs and stay in the workforce. The President fought for child care funding during the welfare reform debate, and the bill he signed into law contained $4 billion more than prior law. This year, the President is urging Congress to adopt the six-year, $600 million grant program in his NEXTEA transportation bill that would support flexible, innovative transportation systems in rural, urban, and suburban areas to get people where the jobs are.

- **The Federal Government's Commitment.** The President committed the federal government to do its fair share to hire people from the welfare rolls and appointed Vice President Gore to head up the effort. On April 10th the President held the first full Cabinet meeting of his second term in which federal agencies pledged to directly hire at least 10,000 welfare recipients over the next four years.

The President's Welfare Reform Record

Even before signing historic welfare reform legislation last August, President Clinton had taken action to promote welfare reform. During his first three and a half years in office, President Clinton approved 80 welfare reform waivers in 43 states -- more than all previous Administrations combined. These waivers allowed states to require work, time limit assistance, make work pay, improve child support enforcement, and encourage parental responsibility. By the time the President signed the welfare bill, these welfare demonstrations covered more than 10 million people, approximately 75 percent of all welfare recipients. As a result of the President's aggressive welfare reform efforts:

- Welfare caseloads have declined by 20 percent or nearly 2.8 million since President Clinton took office -- the largest decline in 50 years.

- Not only have welfare caseloads gone down, but child support collections have gone up. During the last four years, the President's child support enforcement crackdown helped increase collections by 50%, from $8 billion in 1992 to a record $12 billion in 1996.

- A Council of Economic Advisers analysis released earlier this month showed the President's policies played a major role in reducing welfare caseloads. The study found that 31 percent of the caseload decline can be attributed to welfare waiver policies and 44 percent to economic growth and the remainder may be due to other policies not measured in the statistical model, such as Earned Income Tax Credit expansions, additional child care spending, and increased child support enforcement efforts.

Welfare To Work Discussion
Indian Treaty Room
The Old Executive Office Building
3:30 p.m.-4:30 p.m.

Agenda

Moderator

Bruce Reed
Assistant to the President for Domestic Policy
The White House

Discussants

Aida Alvarez
Administrator
U.S. Small Business Association

Olivia Golden
Assistant Secretary for Children and Families
U.S. Department of Health and Human Services

Ron Haskins
Majority Staff Director
Ways and Means Human Resources Subcommittee
United States House of Representatives

Eli Segal
President and CEO
Welfare to Work Partnership

Phil Singerman
Economic Development Agency
U.S. Department of Commerce

Ray Uhalde
Acting Assistant Secretary for Employment and Training
U.S. Department of Labor

MEMORANDUM

MEMORANDUM FOR	**ERSKINE BOWLES**
FROM:	**BRUCE REED**
RE:	**BACKGROUND FOR WELFARE TO WORK MEETING OF APRIL 2, 1997**
DATE:	**APRIL 1, 1997**

This memo contains: (1) a summary of the status of the Welfare to Work Foundation and (2) a list of pertinent issues for discussion.

I. SUMMARY

The Welfare to Work Foundation was created this year by the CEO's of five large corporations and is currently planning its first formal announcement and construction of its national strategy. Attached is a four page briefing memo by the Foundation prepared for the meeting with the Administration. The key elements of the Foundation's plans are:

* The Foundation will be non-profit, non-partisan organization devoted to encouraging and supporting businesses in hiring those currently on public assistance. Eli Segal will serve as the Foundation's President, and the Chairman of United Airlines will serve as the Foundation's Chairman.

* The Foundation's aim is to encourage 5,000 businesses to take a pledge to hire at least one welfare recipient. The Foundation will use a national publicity campaign envisioned to include regional "challenge events" (such as a "Detroit Challenge") to encourage support. The campaign will include: the use of prominent individuals and companies to promote the effort; the presentation of awards to participating businesses; the establishment of an "800" number; and the distribution of technical support manuals and expertise to help encourage and support businesses in this effort.

* The Foundation faces issues including: how to staff its senior positions; to what extent the Foundation should involve itself in training welfare recipients; what companies it should request to join its board; and how it should roll-out its announcements.

II. ISSUES PERTINENT FOR THIS MEETING

Both the Foundation and the government share the goal of moving Americans off of public assistance and into the private sector. The two entities have potentially complementary roles: the government can promote the necessary training and support for welfare recipients seeking employment, and the Foundation can focus on encouraging businesses to create jobs for recipients. The following are areas for discussion:

* **Support of Transitional Services.** Departments can discuss programs to enlarge support in programs such as child care and transportation coincident with commitments by the private sector to work in moving their community's recipients into jobs. These public-private commitments could be made publicly and jointly. Moreover, agencies could investigate the possibility that programs receiving federal funds in targeted areas-- such as in new construction or with governmental loans-- could be coordinated with private sector partners who pledge to hire or train welfare recipients associated with the project.

* **Partnerships.** The companies pledging to help in the welfare to work effort have resources to offer other than simply jobs. For instance, high technology companies are in the process of being asked to help in the wiring of state welfare offices to the Internet so that on-line "Job Banks" can be made accessible to those on public assistance. Many industries might make a similar commitment-- for instance companies with human resources departments might help with job readiness training programs.

* **Information to Welfare Recipients.** Fundamental to moving Americans from welfare to work are support services such as child care, health care for children, and transportation. Recent studies suggest that welfare recipients' reluctance to move from welfare to work is often rooted in concerns that they won't find these services. (For example, a Southern Institute on Children and Families study showed absence of child care to be the benefit considered "most important" by recipients in determining whether they would accept a full-time job). There are, however, a number of programs of which recipients are simply unaware. A Georgia study showed 39% of AFDC recipients did not know that child care benefits are available for up to one year after departure from welfare, and 59% were unaware that Transitional Medicaid Assistance was available for one year. Governmental agencies could provide information on the support available in each of these areas. This informational program could be launched simultaneous to the announcement in a region of a major private sector effort such as that contemplated by the Foundation.

* **Rewarding Successful Training Programs.** While businesses may be ready to hire from the welfare rolls, many recipients of welfare are not ready for work. How can the federal government encourage successful job readiness programs in areas where employers are looking for potential employees? Eli Segal is anxious to discuss means for supporting non-bureaucratic programs that are rewarded by success in job placement and retention rather than models which award government grants based on numbers of participants.

***Positive Publicity.** Participants can discuss the role the President and Administration officials can play in helping to encourage businesses to hire from the welfare rolls via public events coordinated with local and regional officials and businesses.

States can expect challenges after taking over welfare

Strong economy allows initial break in meeting work rules

By Richard Wolf 8A
USA TODAY

The federal welfare system gives way to 50 states beginning today, but the full effect of the historic shift won't be felt until the next century.

That's because a strong economy, along with declining welfare caseloads in most states, will make the law's work rules easier to meet.

The landmark bill, passed by Congress and signed by President Clinton in August, converts the federal guarantee of help into 50 separate programs run by the states, each of which sets its own regula-t There are some federal guidelines, including a two-year time limit for welfare benefits without work and a five-year lifetime limit.

Other parts of the law will affect some public aid recipients sooner than others:

▶ Legal immigrants seeking stamps and those already receiving federal disability payments began losing eligibility this week; more than 1 million noncitizens face the loss of f[illegible]l benefits.

The final spending and immigration package grants a six-month delay before food stamps can be taken from legal immigrants receiving them.

▶ Disabled children receiving Supplemental Security Income cash aid could lose benefits starting next July; 185,000 are expected to be cut off.

▶ Able-bodied adults ages 18 to 50 face the loss of food stamps after three months unless they get jobs.

Anti-poverty lobbyists predict that without changes, the new law could wreak havoc on states, localities and the most entrenched welfare recipients by 2001. They favor easing the burden on legal immigrants, as well as fewer cuts in food stamps — changes Clinton also has endorsed.

Advocates for the poor already are planning legal challenges to state programs.

"The law is extremely complex," says Henry Freedman, executive director of the Center on Social Welfare Policy and Law. Even states' lawyers "have trouble advising them what the law means."

The cuts in benefits to select populations are intended to save $54 billion in six years. But that's only part of the complex measure. More historic is the replacement of a federal welfare entitlement with 50 separate programs.

The states have up to nine months to submit their plans for the new federal money to run their programs. But since most will do better under these so-called "block grants" than under the current Aid to Families with Dependent Children program, states are rushing to start their own programs as soon as possible. Eleven have plans in place already, and two — Michigan and Wisconsin — were approved Monday by the Department of Health and Human Services.

States also will begin receiving increased child-care funding today. By September 1997, Washington will send out $1.9 billion, up from $1.35 billion in the past 12 months; officials estimate that will pay for about 230,000 more children in part-time child-care slots.

States may not have much difficulty meeting the law's initial work requirements. While they must ensure that 25% of all welfare recipients — and 75% of two-parent families on welfare — are working or in a training program after one year, they will get credit toward that goal by having trimmed their welfare caseload since 1995, a mission that has already been accomplished.

"The law essentially tells states that they can either meet the participation rates by helping people find jobs and providing work programs for those who don't, or by simply reducing the availability of assistance to needy families," says Mark Greenberg of the Center for Law and Social Policy.

Each year, however, the federal law increases the work participation rates. By 2002, for example, half the single parents on welfare must be in work programs.

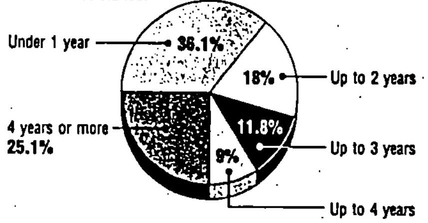
As that happens, according to researchers at the Urban Institute and Brookings Institution, the remaining welfare population — mainly mothers with less education and more children — is harder to place in jobs.

And if there's an economic downturn, caseloads and the number of job seekers will increase, raising the likelihood of federal penalties for states that don't meet work targets.

"It's going to be quite a challenge," says Elaine Ryan of the American Public Welfare Association, who conducts seminars for state officials. "I don't think ... it's going to be a cakewalk for states at all."

Limit on welfare payments

Federal rules going into effect today will limit to five years over a lifetime the time recipients of Aid to Families with Dependent Children can receive welfare payments. Length of time the nation's 12.8 million recipients of welfare have received assistance:



Sources: Administration for Children and Families, U.S. Health and Human Services Department

By Grant Jerding, USA TODAY

Making jobs and workers mesh

States putting together their own welfare programs face three challenges in coming years: creating jobs, training and placing workers and keeping workers in the workplace.

It won't be easy. Programs to help welfare recipients find work exist all over the country, but their track records have been spotty. Now lawmakers must find ways — ranging from tax credits and wage subsidies to improved child care and transportation — to move more welfare recipients into the workforce.

The latest proposal came last week from the Department of Housing and Urban Development: a plan to link low-income residents of five cities with private-sector suburban jobs by providing job placement, transportation, child care and counseling.

Others are more entrepreneurial. ~~In Tulsa,~~ the chamber of commerce has spent four years preparing a total of 322 welfare recipients for private-sector jobs. The success rate: 55%.

The most difficult task may be keeping welfare recipients in jobs. Experts say the long-term unemployed often lack the skills and temperament needed to remain in the workforce.

"It's not getting people into jobs that's the hard part. It's keeping them employed," says Demetra Smith Nightingale of the Urban Institute.

All the while, the federal law will have two clocks ticking: a two-year time limit of welfare benefits for those who don't work, and a five-year lifetime limit. That may bring states back to Washington to seek changes in the law.

"We've been posturing in national policy about changing welfare and creating jobs and getting people to work for 50 years," says Richard Nathan, director of the Rockefeller Institute of Government at the State University of New York. "It's important not to think that this bill is etched in stone."

By Richard Wolf

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Poll: 60% want option to invest Social Security taxes

By Anne Willette
USA TODAY

Almost six in 10 people want to invest some of their Social Security taxes themselves — even though they might end up with money at retirement, says a poll out today.

And support for private investment might actually be higher, says pollster Mathew Greenwald, because the question asked while stocks were mostly falling July 13 through Aug. 1.

Greenwald surveyed 1,000 adults for the non-partisan, non-profit Employee Benefit Research Institute and American Savings Education Council.

The debate on how to keep Social Security sound is heating up. The Social Security Administration says it won't have enough money to pay benefits by 2029 if nothing is done.

A central question: should money not needed immediately to pay benefits be invested in stocks? Now it is invested in government securities, which have provided lower returns than stocks over the long term.

A presidential advisory council is expected to say soon that stocks would help save Social Security. But the panel is divided over who should make investment decisions.

In today's poll, 64% said some Social Security money should be invested in stocks, and 59% want control of it.

Opponents argue letting individuals invest some of their Social Security taxes wouldn't be considered if stock prices weren't rising. They say people aren't taking into account the risk of losing money in stocks.

Social Security is "the basic retirement safety net," says Thomas Jones of TIAA-CREF, pension fund for college employees.

Jones, a presidential panel member, supports government investment in stocks. If individuals invested, "there would be tremendous variability in returns," he says.

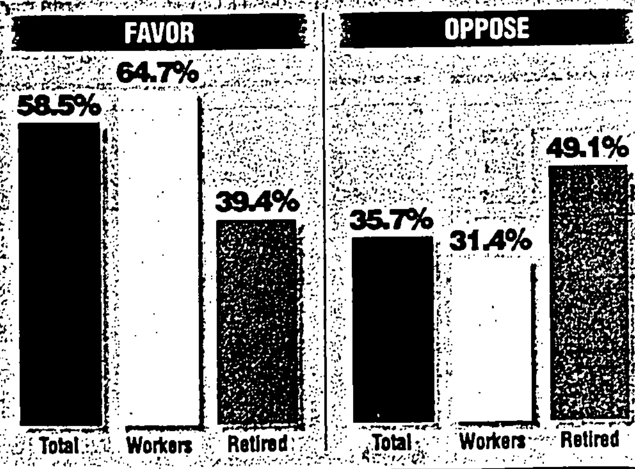
▶ Poll results, 2B

1A

Poll favors Social Security investments

2B

Q: All Social Security taxes in excess of those needed to pay current benefits are invested by the government in government bonds. Some people have proposed that individuals be allowed to decide how some of the money they pay in Social Security taxes is invested. Upon retirement, individuals would receive a reduced guaranteed Social Security payment but they would also receive some income from the investments they chose. The total of these two sources of money could be higher than current guaranteed benefits if the individual's investments did well; or lower, if the individual's investments did not do well. How do you feel about this proposal? (Story, 1A)



A closer look

	Total	Workers	Retired
Strongly favor	18.9%	22.5%	7.8%
Somewhat favor	39.6%	42.2%	31.6%
Somewhat oppose	19.1%	17.9%	23.0%
Strongly oppose	16.6%	13.5%	26.1%
Don't know	5.8%	3.9%	11.5%

Source: Survey of 1,000 adults from July 13 to Aug. 1 by Mathew Greenwald & Associates for the Employee Benefit Research Institute and American Savings Education Council. Margin of error: ±3 percentage points.

Source: USA TODAY research

By Gary Visgaitis, USA TODAY

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Assaulting isolation

Listening to pros who know how to get from welfare to work

John McCarron

Tomorrow, the State of Illinois and her 49 sisters will wake up in the new world of welfare reform. It will be Tuesday, Oct. 1, the first day of the federal fiscal year, and of a new era in which states are free to run their own welfare-to-work programs.

By this time next year, a quarter of the 235,000 Illinois adults receiving Aid to Families with Dependent Children will have found jobs, or else. If the deadline isn't met, the state's welfare block grant for the next year will be punitively reduced.

Of course, the clerks behind the counter at the welfare offices still will get paid.

It's those 235,000 unemployed adults, and their children, who are under the gun. Unless they qualify for an "unemployable" exclusion, they'll have just two years to get a job before their AFDC checks stop. And as they move in and out of employment, as is the pattern at the lower end of the job chain, they'll be up against a five-year lifetime limit on aid.

As it happens, Tuesday is also a big day for an organization here in Chicago called Jobs For Youth. JFY will receive the prestigious James Brown IV Award granted each year by the Chicago Community Trust for "outstanding community service."

The timing is coincidental but fortuitous. That's because the Trust couldn't have picked a better way to signal the struggle that lies ahead. For if a social catastrophe is to be avoided, everyone involved in welfare reform needs to take a closer look at operations like Jobs For Youth. And pay more attention to people like Jack Connelly, its executive director. He who knows more about what it takes to put poor people to work than a roomful of congressmen.

And what it takes, if you listen ~~closely~~ to what he says, is a tough-love assault on the suffocating isolation of welfare culture.

This year Connelly's Jobs For Youth will prepare and place more than 1,500 ~~low~~-income young adults in first-time jobs. Four out of ~~five will~~ come from welfare families or ~~are themselves welfare mothers.~~ ~~Before they are sent to pre-arranged~~ job interviews, ~~they get at~~ least six weeks of pre-employment training at JFY's offices at 50 E. Washington St. There they learn basic skills that virtually all employers demand and that most middle-class kids learn by cultural osmosis. They learn the importance of showing up, of being on time, of dressing neatly, of following instructions and of speaking in a low-but-understandable voice.

Those who have dropped out of high school are first put through a sped-up program for a general equivalency diploma. Connelly is convinced that certain academic skills—like reading and simple math—are a must no matter how menial that first job. He readily admits, however, that the most important learning experience is just going to the JFY office five mornings a week by 9 a.m. (sharp) and meshing there with the businesslike routine of the office.

"The problem in this city, in any city, is the extreme isolation of the poor," Connelly said. "For a person who grew up in the Henry Horner Homes, going to a mail room job at the Northern Trust [Bank] is like you or me going to a foreign country. It's an entirely ~~different culture~~, a whole new way of presenting ~~oneself~~ to others, ~~and of~~ thinking about one's ~~self~~."

Even though JFY doesn't teach specific job skills, graduates are prepared to learn. Fully 90 percent of the graduates are still on the job three months after initial placement. So good has been the performance of JFY that several hundred area companies have signed up for placements, providing JFY with more job openings than it has graduates. Some companies pay the minimum wage but the average starting pay is about $6.50 an hour. And while there are failures, ~~there are~~ also Cinderella stories of graduates moving ~~into high-paying sales and middle-~~ management work.

Connelly doubts Illinois can meet all the deadlines set by the new federal welfare reform law (i.e., 50 percent of AFDC adults off welfare and working by fiscal 2002) and he dreads what will happen when the checks stop in two years.

Not that Connelly is against the welfare-to-work journey. He has seen the damage of welfare dependency and wants it ended as much as any fire-breathing conservative. It's just that he knows what the journey requires, and he doubts that state-run programs can do the job . . . even when backed by the threat of an aid cutoff.

Federal and state training programs, he says, invariably become ends unto themselves, with bureaucrats focusing more on keeping the funds flowing than placing real people in real jobs.

Even when government delegates the work to not-for-profits like Jobs For Youth, staff gets detoured into a paper chase at the expense of training and placement. "We were required to complete 36 pages of documents on every young person enrolled under JTPA [the federal Job Training Partnership Act,]" Connelly said. "I mean, the application form for the Harvard School of Business is only six pages."

Connelly's advice to state welfare officials: Stay out of the training and placement business. It may sound self-serving, but he urges officials to hire his and other experienced not-for-profit groups to do the heavy lifting.

"Telling the welfare bureaucracy to prod people into work is like asking Anheuser-Busch to build cars," said Connelly. "We've been at this for 17 years. It's not about deadlines and quarterly reports. It's about ending people's isolation."

80%
from welfare fam
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Facing up to racial issues 1, 13

Laura S. Washington

You thought it was over, but O.J. Simpson is back! But before you turn the page, bear with me. This column won't rehash Simpson's guilt or innocence, or the merits of the current civil trial.

What "I Want to Tell You" (as Simpson would say) is about the unfinished business of the Simpson murder trial—American's racial divide.

That historic "not guilty" verdict of a year ago stirred both African-Americans and whites throughout the nation. Many blacks cheered and sighed in relief. Many whites reacted with bitter tears and raw anger. The pundits pronounced that America was divided. It always has been.

But there was a silver lining in the Simpson saga: It served as a racial wake-up call, a rare opportunity to begin a frank, national discussion about our tortured race relations and seriously look for solutions.

A year later, as memories fade, we haven't made much progress. It's not for the lack of trying. Many well-meaning organizations and activists have convened panels, seminars and conferences, to examine the race problem. But most are preaching to the choir and have forged little common ground for answers. The reasons why are instructive:

■ One, we continue to deny that race is the issue. We must admit that Americans share deep-seated antagonisms and injustices that are rooted in racism. Rodney King had the right idea, but in America we can't just all get along.

Many whites are unwilling to acknowledge that racial discrimination still exists—in the criminal justice system, education, health care, hiring and housing. Instead, they look for rationalizations. Take my "liberal" white friend who watched two taxis in racially diverse Manhattan pass me up and pick up white passengers last week. "They just didn't see you," he said.

Others still argue that the racism of Police Detective Mark Fuhrman was an aberration, rather than the personification of views held by many.

■ Two, we don't communicate: Blacks and whites live in different worlds. In Chicago, the races rarely mix outside the work setting. There are many other barriers to those conversations: poor access to transportation, segregated neighborhoods, crime, poverty. And when we do interact, it is with cynicism and suspicion.

■ Three, we are angry: In the post-Simpson era, African-Americans resent the humiliations of racism more than ever. We are tired of the expectation, held since slavery, that the burden to "get along" is on the backs of blacks. That's why, right or wrong, some of us root for a tainted hero like Simpson.

Many whites believe affirmative action is an unjust boon for the unqualified and undeserving. And they're tired of all the fuss about racism. After all, civil rights laws were supposed to take care of all that. They point to the Colin Powells, Michael Jordans and Oprah Winfreys as examples of how blacks can and should "transcend race." They ask: "What more do they want?"

Others view Simpson's civil trial as payback time. Despite the verdict of Simpson's criminal trial, many whites believe Simpson is guilty of murder, and if he can't be jailed, then at least he should be bankrupted.

Clearly, we are all more cynical and mistrustful than ever. Few are willing to honestly share responsibility for bridging the divide. Given the example of our so-called leadership, you can hardly blame us.

With rare exceptions, the nation's elected officials and candidates have been ducking the race issue. Since the furor over the Simpson verdict, President Bill Clinton has said little on the subject.

Republican presidential nominee Bob Dole wants us to remember our history. But if pressed, I doubt that he would include our illustrious record on race.

Our local leaders are not faring much better. Ald. Robert Shaw (9th) is establishing an O.J. Simpson Defense Fund to help pay the football hero's legal bills. But there must be a few disadvantaged African-Americans in his own ward who could use a hand.

We will never transcend race until we give the issue our full attention and realize that the scars of racism lurk beneath every social problem. And as the recent rash of church burnings, hate crimes, police shootings and other incidents in Chicago and across the nation indicate, it's getting worse. The only answer I have is that we should confront racism head-on and find the answers together.

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Draft 5/19/97 11:00pm

PRESIDENT WILLIAM J. CLINTON
REMARKS FOR WELFARE TO WORK
MEETING WITH CEO
THE EAST ROOM
MAY 20, 1997

Acknowledgments: Vice President Gore; Gov. Tommy Thompson, Wisconsin; Gov. Tom Carper, Delaware; Eli Segal, President, Welfare to Work Partnership; Gerald Greenwald, Chair, Welfare to Work Partnership; George Stinson, Small Business Owner from Wisconsin.

I thank you for joining together in a great national mobilization to move millions of Americans from the degradation of welfare to the dignity of work. This cause must enlist the energies of government, of churches, of civic organizations. But it will never succeed -- welfare reform will never succeed -- without the leadership, energy, and vision of American business.

The companies you represent are the lifeblood of our economy and the engine of our prosperity. You come from every region in America; you encompass nearly every industry; you are large corporations and small businesses, but you are united in your determination to help us finish the job of welfare reform. Some of you support Democrats; some of you support Republicans, but welfare reform is not a partisan issue; it is a moral obligation that each of us must fulfill.

I want you to think for a minute about the importance of what you have pledged to do: Each of you here today will hire as many people as you can off of welfare, and you will enlist the support of 1000 more companies in the next six months to help meet our goal of moving two million people from welfare to work by the year 2000.

These are not just empty words that have no real effect in people's lives. For millions of people condemned by welfare to live on the edges of life, what you have pledged can mean the difference between an independent life, and a lifetime of dependency; what you have promised can mean the difference between leaving their children an inheritance of hope, and burdening them with a legacy of despair. And I thank you for what you have committed to achieving.

Welfare reform speaks to our most fundamental values as a people -- and the success of welfare reform is critical to the success of our country. We believe that every American deserves to have the benefits of work -- that responsibility cannot be an option, but must be a way of life. As we approach the 21st Century, these values are more important then ever.

We are living in a time of great hope and opportunity. Our economy is the strongest is it has been in a generation. Unemployment is at 4.9%, the lowest in 23 years. Inflation is at its lowest in [xx] years. Our budget deficit is the lowest in the industrialized world, and headed to zero. This is a golden moment of opportunity -- a rare and perhaps fleeting chance to use our prosperity to lift millions more from welfare to work. But along with these remarkable new opportunities come duties and responsibilities that each of us -- government, business, community, and individuals -- is honor-bound to fulfill. And If we as a nation do not seize this chance, if we wait for some other time, we will regret it for years to come.

Last year, I signed into law an approach that revolutionized welfare, but that day did not mark the beginning of welfare reform. America had already moved a record 2.3 million people off the welfare rolls. Some of that reduction was due to our growing economy and the 12 million new jobs it has produced, and some of it was due to a whole host of other reasons. But we know that [xx% -- ##] of those people were moved off the rolls because of the bold experiments that we launched in 43 states.

I signed historic welfare reform legislation to build on that progress. It was a dramatic step, but we knew that the time was right to make a clean break with the past and put an end to a system that was broken beyond repair. Now welfare reform must go on to the next step and move people from welfare to work.

You and I both know that it will not be easy. But we cannot minimize or gloss over what we have to do. The people who still need to be moved will be harder to reach, harder to touch than many of those who have moved to the independence of work in the last four years. Some of them lack the skills they need to succeed in the work place; some of them have spent their lives on welfare and don't know any other way; some of them have given up hope for an independent life. They will need all of our focus, all of our commitment, and all of our courage. That is why we must redouble our efforts and renew our pledge to work together in partnership, as all of you are doing.

Welfare reform does not end in Washington, it only begins here. We all have work to do, in communities and state capitols and board rooms all across America.

Although the ~~vast majority of the jobs~~ must come from the private sector, the national government has its own responsibilities. In April, I was pleased to announce that the federal government will hire at least 10,000 welfare recipients in the next four years, and encourage private contractors that work with government to do the same.

Two weeks ago, Vice President Gore and I joined with the leaders of Congress to announce a truly bipartisan agreement to balance the federal budget for the first time in nearly three decades. This is a balanced budget that is in balance with our values. I am very happy that our agreement includes the full funding I requested for two critical welfare-to-work initiatives that will make it easier for the public and the private sector all over the country to follow your lead and hire people off welfare.

First, it provides $3 billion to help cities and states create new public sector jobs, subsidize new jobs in the private sector, and provide services like job training and child care to help people succeed in the workplace. Second, it encourages employers to hire and retain welfare recipients by giving businesses a 50% tax credit over two years on the first $10,000 of wages for every long term welfare recipient they hire.

We have demanded that people go to work -- these steps will help make sure there is work for them to go to. But we must also do everything we can to help clear away other barriers that keep people from moving from welfare to work. For many welfare recipients, the greatest obstacle is not a lack of desire to work, or even a lack of training; it is a lack of transportation.

Two out three new jobs are created in the suburbs, far from the urban centers and rural areas where two thirds of all welfare recipients live. That is an economic reality that we cannot ignore. Today, I am pleased to announce that we are awarding seed grants to 24 states to develop transportation schemes to help people get to and from those new jobs. But we must do even more. That is why I submitted legislation in March to Congress that provides $600 million to help states and local communities put these plans in action. We can't tell people that they have to work, and then leave them stranded in neighborhoods when there is simply no work to be had there. But until Congress passes this legislation, that is exactly what we will be doing.

This is a good example of what I mean I mean when I say that government has responsibilities of its own to help move people from welfare to work. And state governments must take responsibility, too. Every single state has the power to help you hire people off of welfare. Under the welfare reform law that I signed, every state has the authority to take what had been welfare checks and turn them into paychecks -- pay subsidies for businesses that want to help move people from welfare to work. So far, [##] of states have taken up this challenge, but [##] have not. I urge you to work with your governors and state legislators so that they, too, join our partnership.

We will continue to do our part, and all of you have pledged to do your part. Ultimately, our success will not be measured by the number of businesses who join our ranks, but by the number of people who join the ranks of the employed -- the number of people whose lives we change. They have come farther than almost any other employees. They need help; they need guidance; they need to learn the everyday rules of work and life that the rest of us take for granted. I urge you to follow the lead of the J.W. Marriott Corporation, represented here today by Bill Marriott, where their "Pathways to Independence" program supports people making the transition from welfare to work.

Scripture tells us that "to whom much is given, much is expected." If we are going to meet our goal of restoring hope to millions of Americans, we must begin to expect more of one another. The greatest challenges we face are challenges of the heart, and they must be met, person by person, business by business, neighborhood by neighborhood. Government will help; government will clear the way. But in this new time, we need a new ethic of personal responsibility, of citizen service, a new ethic you are putting into practice today. As I said at the President's Service Summit in Philadelphia, the era of big government is over -- the era of big citizenship must begin. I thank each of you for doing your part.

OPPORTUNITIES FOR THE PRIVATE SECTOR TO PARTICIPATE IN WELFARE REFORM

The welfare reform law signed by President Clinton presents important challenges and opportunities for private businesses, whose help will be necessary to maintain an effective system that presents realistic opportunities for welfare recipients to move from welfare to work. This memorandum outlines (1) the recently enacted welfare reform law; and (2) the potential role of private business in welfare reform.

I. Overview of Welfare Reform Law

A. New Welfare Reform Legislation

The welfare reform law has several key components, namely:

- **Block grant to States.** It ends the federal entitlement to cash assistance to families with dependent children. Instead, states will receive block grants from the federal government and have the flexibility to determine who is eligible for cash assistance. States must submit their own plans for distributing cash assistance by July 1, 1997.

  States must follow certain guidelines and timetables outlined in the law or their block grant will be reduced. For example, a state will be penalized if it fails to find jobs for 25% of all welfare recipients in 1997, and if less than 30% have jobs in 1998.

- **Work requirement.** All welfare recipients must work after receiving cash assistance for 2 years.

- **5 year time limit.** Families are eligible for cash assistance from the block grant for only a total of 5 years, a period of time which does not have to be consecutive.

- **Cuts in food stamp program and benefits to legal immigrants.** Most of the estimated $54.5 billion in savings from the law results from changes in the food stamp program and a reduction in benefits to legal immigrants.

B. Problems Facing States as Result of New Law

- **Create job opportunities.** Part of the problem is that jobs are increasingly in the suburbs while welfare families are concentrated in the inner cities. See William Julius Wilson, When Work Disappears: The World of the New Urban Poor. If welfare recipients find work in the suburbs, they are likely to need assistance finding transportation to their job. A city could follow St. Louis' lead; it has undertaken a project to help city workers find and get to jobs in the suburbs.

- **Find sustained long-term employment**. Interestingly, finding a job is not always the biggest problem facing welfare recipients. Rather, the difficulty is often retaining a job for a sustained period of time. Some of the low-wage jobs welfare recipients find are inherently unstable; and sometimes the recipients lack the skills or resources needed to overcome new problems they face on the job. Many employers say they want the state to supply a case manager to help deal with problems, like child care or transportation glitches, faced by welfare recipients

- **Getting state plan approved and operating.** State plans must be in effect by July 1, 1997.

C. Potential legal challenges

Advocates for the poor and for states' rights have indicated that they will challenge several elements of the welfare reform law. While it is not yet clear which specific provisions will be targeted, it appears that the denial of benefits to legal immigrants is most likely to be challenged. Attorneys might argue that denial of such benefits would be an unconstitutional abridgement of equal protection under the laws, that such denial in some cases might be arbitrary where immigrants should qualify for benefits under one of the law's several exemptions, or that denying states from spending their own money on such benefits is an unconstitutional infringement of states' rights under the 10th amendment.

Advocates suggest that other challenges could brought against, for example, the five-year cutoff on all aid, the cutoff of benefits to some disabled children, a provision already being challenged in New York that permits city workers to turn in illegal immigrants to immigration agents, the denial of benefits to eligible individuals if the state runs out of funds, and the requirement that individuals list their Social Security numbers on a large number of documents.

D. Additional Welfare Reform

President Clinton has acknowledged that the welfare reform law is "far from perfect." He has made clear that some provisions are "just plain wrong" -- namely, cuts in food stamps and in aid to legal immigrants who pay taxes. He characterizes the new welfare law as "just a beginning" and anticipates that "we will be refining this reform for some time to come." He has suggested that Hillary Clinton will have an informal role in the development of further welfare reform.

The President has proposed a three-pronged initiative to create job opportunities for welfare recipients, at the cost of $3.43 billion. The goal of this initiative is to create 1 million job opportunities by the year 2000. The proposal is targeted at long-term welfare recipients -- those who have been receiving cash assistance for at least 18 months. The three prongs are as follows:

- $5,000 tax credit for employer for the first $10,000 in wages paid to someone who has been on welfare for at least 18 months.

- Funds to states and localities to work with private and nonprofit sectors to create job opportunities. Funds, for example, could be distributed to private organizations that train and place welfare recipients or could be distributed directly to employers to subsidizes wages, training or child care for workers who moved from welfare.

- Expand tax credits for investment in community development banks and community financial institutions.

II. Role of Private Business

As the welfare reform law gives states more responsibility and attempts to turn the focus of the welfare system into finding work for welfare recipients, private businesses have an opportunity to play a greater role and enjoy greater benefits from the welfare system. Private businesses have generally played some role in the welfare system, often by providing computers and data processing to assist in the processing of cash assistance. Private businesses increasingly have taken broader roles, for example assisting with job training and placement. At present, an estimated 30 states utilize or plan to hire private contractors to some extent in the operation of their welfare system.

President Clinton has challenged employers to "to assume the responsibility to help be a part of the solution to this problem [of the often-disparaged welfare system]." Congress for its part recognized the value of the input of private businesses by requiring that the state consult with "private sector organizations" before a state welfare plan could be implemented.

A. Job Creation

A critical element to the new welfare reform law is the need for work to be available to welfare recipients who will be required to work after 2 years and can receive cash assistance for no more than five years total. The welfare law contemplates that these will be largely private sector jobs, since the law does not establish any kind of public works program.

1. <u>Hire on own initiative</u>

Private businesses can play an important role in creating job opportunities for welfare recipients. Private business might reach out on their own initiative to this undertapped pool of workers. For example, the following businesses have made affirmative efforts to hire welfare recipients, sometimes aided by the efforts of a local government-run welfare to work program that appeals to local businesses.

- Tyson Foods, Inc. in Springdale, AR. 26 welfare recipients were directly referred to it by Division of Family Services, although only 8 worked out. (Other local companies -- a clothing manufacturer, pressed metals processor and nursing home -- also took direct referrals.)

- Gap, Inc. in NYC. Hired 300 for clothing stores from workfare in past year; 30-40 have stayed as full-time employees, which is normal rate of turnover

- Borg-Warner in NY. Hired 600 from workfare for security guards and other positions in its Wells Fargo security division.

- Arrow Fabric Care in Kansas City, MO. Hired 15 workers off welfare over 3 years through the city's welfare-to-work program.

Local government-run welfare to work programs include:

- Kansas City, MO. Placed 600 workers in 16 months (since May 1995) although a little less than 40% have stayed in their jobs.

- Business Link in NY. Placed 4,200 workers at businesses including Gap and Borg-Warner.

In addition, in September the President praised the efforts of Monsanto Co. in St. Louis which is making a concerted effort to hire welfare recipients and is urging its suppliers to do the same.

2. Incentives/Subsidies

The government can also provide incentives for private businesses to hire welfare recipients. The President's proposal does this by offering up to a $5,000 tax credit for each welfare recipient hired by an employer and by potentially offering direct subsidies to compensate employers for wages, child care and/or training for welfare recipients they hire. Several states have provided incentives to employers in the form of tax incentives and wage subsidies, i.e., New York, Maryland, Oregon and Mississippi. In Oregon, over 1,700 employers, primarily small businesses, volunteered to participate in a pilot program that provided subsidies for four months while workers received on-the-job training.

The effectiveness of incentives like these, however, have been questioned. See Paul Offner, Jobfare, Familiar and Failed, NYT, 9/26/96 at A27 ("Study after study found most employers didn't care about the subsidies. They wanted employees who came to work on time, put in eight hours and didn't get into fights with supervisors with supervisors or co-workers. If anything, the subsidies acted as a deterrent because they stigmatized applicants."). In fact, some states using subsidies as an incentive to hire welfare recipients have found that a surprising number of welfare recipients who find jobs (well more than half) actually find unsubsidized jobs instead. See National Center for Policy Analysis, No. 210, Aug. 23, 1996 (study of Oregon and Mississippi workfare programs). In one state, Texas, an incentive of a tax rebate up to $10,000 total per employer yielded only 88 new hires (by 38 companies) over a two-year period. (One problem that might make incentive programs less effective is when employers believe that they cannot go out of their way to identify welfare recipients before extending job offers. In Texas, a corporate officer complained that it would be illegal for him to ask whether a job applicant was a welfare recipient, in order to avoid the appearance of discrimination against job applicants who are not on welfare.)

Another incentive government potentially could offer, rather than subsidies or tax credits, is immunizing employers from liability for unemployment compensation or wrongful termination suits. A survey of Alabama small business owners found that liability protection would be a far more meaningful incentive for hiring welfare recipients than tax credits or subsidized wages during a training period.

B. Training and Job Placement

Private businesses can also coordinate training and job placement to help move people from welfare to work. These responsibilities have been contracted privately in several areas, including New York, Connecticut, Mississippi, and California. According to the Reason Foundation, government officials point to a number of potential advantages of private sector welfare to work training programs, including (1) more cost-effective programs; (2) more customer-oriented services; (3) greater use of technology and innovation; and (4) clearer performance accountability. The private placement/training businesses include:

- America Works in New York, Hartford, CT and Indiana (founder is Peter Cove). Founded in 1984, and places over 1,100 welfare recipients per year. Earns $5000 from state government per successful job placement. 1995 estimated gross revenues of $6 million.

- Curtis & Associates in 11 states, including program in San Francisco, CA. Runs SF's Express for Success Center, an employment and training program for welfare recipients. Method is group-based, not one-on-one training. Includes 6 day training. Job placement of 40-60 people per month is 20% improvement on city-run program. Staff is still employed by state.

- IndEx, Inc. in Tulsa, OK. Trains welfare recipients in the morning and puts them to work in the afternoon. Makes fishing equipment with help of Zebco, a fishing tackle manufacturer from Oak Brook, IL. Affiliate of Tulsa Chamber of Commerce. Services Wal-Mart Stores, Inc., which wanted fishing equipment made in US. Is first US company in 15 years to produce bait and casting reels.

C. System Management

With states taking over responsibility for managing welfare programs, several states have elected to hire private businesses to take over the administration of a significant amount of welfare operations, including screening for eligibility and administering cash assistance. This new field has attracted large corporations like Lockheed, IBM and Electronic Data Systems, and such companies have begun to hire welfare experts from the public interest field. For example, Lockheed recently hired as its senior vice president of welfare operations Gerald Miller, the director of the Michigan Family Independence Agency and president of the American Public Welfare Association. A contract is already up for bid in Texas and has the potential to be quite lucrative. In Texas, the contractor would administer over $500 million in welfare operations.

There is some concern that the interests of private businesses might be at odds with the interest of welfare recipients -- for example, if the contractors' profits are linked to reducing the welfare rolls, rather than to finding work for welfare recipients.

D. Miscellaneous

Private businesses have provided, or agreed to provide, other resources relating to welfare systems and welfare reform. For example, Deluxe Data, Inc. contracted to install and maintain software in Maryland that enables welfare recipients to withdraw cash benefits and child support payments from ATM machines, saving taxpayers nearly $3 million in administrative costs.

In addition, SPRINT announced that it would provide pro bono an 800 phone number for employers to call to learn how they can help move people from welfare to work.

Clinton's Welfare-to-Work Plan Shows Early Success, but Can It Fill the Bill?

By HILARY STOUT
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — The top executives of more than 100 companies, including some of the biggest in the country, will stand with President Clinton at the White House today and proclaim their commitment to give jobs to people on welfare.

But where they take it from there remains to be seen.

The East Room ceremony will be the latest and flashiest event so far in Mr. Clinton's campaign to encourage private employers to hire workers off the public-assistance rolls and thus make a success of the controversial welfare-overhaul bill he signed last summer. The initial results have been encouraging: businesses ranging from Fortune 500 conglomerates to mom-and-pop operations to even the federal government have pledged to offer jobs to welfare recipients.

But that's only the first step.

For the program to succeed, it will have to move mass numbers of people from welfare checks to paychecks: Each year hundreds of thousands of low-skill and no-skill people will have to find and retain jobs, mostly in the private sector. By early in the next century, some experts guess, more than one million people a year who might have opted for welfare under the old system will instead be looking for work.

Five Original Members

The group that will appear at the White House today started as a five-company coalition several months ago, when Burger King Corp., Monsanto Co., Sprint Corp., United Parcel Services of America Inc. and United Airlines joined to form a Welfare-to-Work Partnership at President Clinton's urging. After several months of working the phones, the chief executives of the five founding companies have managed to sign on another 100 participants, including Time Warner Inc., Ameritech Corp. and Xerox Corp., as well as smaller businesses such as Tender Loving Things Inc. of San Leandro, Calif. The California company, which makes massagers and stress-relief products, has 84 employees, more than 20 of whom were once on welfare.

The head of the coalition, Gerald Greenwald, chairman of United's parent, UAL Corp., quickly admits that 100 businesses aren't enough. "Obviously, to make this effective the 100 has to grow to 1,000 pretty soon," he says.

Though the partnership members are quick to stress that the White House and the federal government aren't involved in the project in any way, it is Mr. Clinton's old friend Eli Segal who is running the effort. Consequently, it was easy to come by a White House invitation, a carrot that has proved effective on many matters. "It certainly was helpful to say, we hope you can join us at the White House for the kick-off," Mr. Greenwald says.

"We see the mission as twofold," Mr. Segal says. "First: motivating companies of all sizes . . . . Second: providing them with the technical assistance they need." The partnership plans to develop manuals outlining the most effective training and hiring practices and hopes to serve as a clearing house to match companies interested in hiring welfare workers with similar firms that have successfully done so.

Welfare overhaul "is going to work only if there are legitimate, meaningful jobs available as people come off welfare," Mr. Greenwald says. "The intention of this effort is to energize the private sector—big corporations to little companies — to find the means by which to create meaningful jobs for people coming off welfare."

UAL has set a goal of hiring 400 welfare recipients this year for baggage handling, ramp work, reservation-taking jobs. By the year 2000, it hopes to hire 2,000. But while some of America's most lustrous corporate brass are lending their names to the effort, perhaps the greatest potential for employing people on public assistance, particularly long-term welfare recipients, may be with small neighborhood businesses because of their proximity to people's homes and jobs that may be less specialized.

Role of Small Business

"I think it's probably not the Fortune 500 companies that are going to provide the most job opportunities," says Isabel Sawhill, a senior policy analyst at the Urban Institute. "It is more likely to be small businesses."

Of all the businesses seeking to find room for welfare workers, General Converters & Assemblers, Inc., a manufacturing company in an inner-city neighborhood in Racine, Wis., has been among the most successful. But its efforts underscore the immense difficulty many businesses will face in retaining welfare workers.

General Converters president George Stinson, who will introduce Mr. Clinton today, estimates that his profits would be between 20% and 25% higher if he didn't have the added costs of training workers with few if any skills. More than 60% of the company's employees came off public assistance, and Mr. Stinson says General Converters not only provides on-the-job training but also brings in a literacy counselor twice a week. It regularly provides a person to teach basic workplace skills such as interpersonal communication and coming to work on time. Soon he hopes to add a day-care center to the company's premises.

"We may hire someone for the first two or three months who can only give 60%, but in the long run we get an empowered employee, an employee that has self respect and is really appreciative of us," Mr. Stinson says.

February 4, 1997

NOTE TO: **ELI SEGAL**

FROM: **KITTY HIGGINS** KH

The attached memo from Tim Barnicle may be of interest. Tim is terrific person and could be a great resource for you. He's leaving the Administration later this month.

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

January 31, 1997

NOTE FOR: GENE SPERLING
BRUCE REED
MIKE SMITH
KEN APFEL
JOSH GOTBAUM
ALICIA MUNNELL

FROM: TIM BARNICLE TB

SUBJECT: Employment Councils

In his January 28 press conference, the President mentioned that if every community in the country set up an employment council like that in Kansas City, it would help very significantly in meeting the requirements of the welfare reform bill. (See attachment.)

The Kansas City Council mentioned by the President is a Private Industry Council established under the Job Training Partnership Act. We have 640 of these business-led councils in place that encompass every community in the country. Under this Administration they have played a critical role in the key reforms we have initiated -- e.g., One-Stop, School-to-Work, etc. -- and could do so again under welfare reform.

Council membership includes 9,000 plus business volunteers as well as representatives of labor unions, schools and colleges, community-based organizations and other agencies. These councils oversee the training and placement into jobs of welfare recipients, other low income adults and youth, and dislocated workers. They also play a significant oversight role for localities engaged in building One-Stop Career Center and School-to-Work systems.

These employment councils have evolved since 1979, and many are outstanding. As with any nationwide infrastructure, the performance of councils is in some places at some times less than great, but by and large, they do a very good job. A strong, organized, and experienced private sector role is critical to the success of the Welfare-to-Work challenge, and I was particularly pleased to hear the President recognize these councils for the key role in moving people from welfare to work.

Attachment

cc: Cynthia Metzler
Kitty Higgins

e:\opr\wpdocs\budget98\empcoun.cil

January 28, 1997

PRESS CONFERENCE OF THE PRESIDENT

2:30 P.M. EST

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release January 28, 1997

PRESS CONFERENCE OF THE PRESIDENT

East Room

2:30 P.M. EST

THE PRESIDENT: Good afternoon. Please be seated. Before I take your questions, I would like to make a brief statement about the balanced budget that I will send to Congress next week.

This budget shows that we can meet two of our most crucial national priorities at the same time. It proves we can protect our children from a future burden by reckless debt even as we give them the educational opportunities they need to make the most of the 21st century.

The budget finally moves us beyond the false choices that have held us back for too long and shows that we can cut our debt and invest in our children. The budget will help to renew our public schools. It will expand Head Start, help rebuild crumbling classrooms. It will double funding for public charter schools, giving parents more choice in how they educate their children. It will increase funding for Goals 2000 by 26 percent. And it will help our students to reach high standards and master the basics of reading, writing, math and science.

It will also enable us to connect our schools and our libraries to the Information Superhighway. The budget more than doubles our investment in technology to hook our children up to computers and the Internet and it increases by one-third our investment in partnerships with teachers and industries to develop quality educational programming and technology. In short, the budget will connect our children to the best educational technology in the world.

It will also open the doors of college education wider than ever before. I'd like to take a minute now simply to outline about the entire process?

THE PRESIDENT: Well, to answer your first question, I'm going to take Bob Dole's advice because that's a decision for the Attorney General to make. And to answer your second question, yes, healthy skepticism is warranted. But keep in mind, I would say to the skeptics, the vast majority -- indeed, a huge percentage, way, way over 90 percent -- I don't know what it would be -- the vast majority of the money that was raised by both the Democrats and the Republicans was raised by -- in a perfectly lawful fashion, completely consistent with the requirements of the law. The vast majority of the people who gave money to both the Democrats and the Republicans were people who believed passionately in the course that those two parties were pursuing and the candidates and what they were trying to do, and to their House committees and their Senate committees.

The problem is that the margins create great problems because of the shear volume of money that is being raised today. As I said before, it's too much money, takes too much time to raise, raises too many questions. And the cynicism is well -- and the skepticism is well-founded. If it becomes cynicism then it removes the incentive on the part of the Congress to pass campaign finance reform because cynics will say it won't make any difference anyway.

If you look at the present campaign laws, I think you can make a compelling case. I have not heard this point made, but I believe it to be true. I believe when these reforms arose out of the Watergate thing back in the mid '70s, I think they worked pretty well for several years. I believe they elevated the reputation of politics and I think the reforms worked pretty well.

What happened is, no system in a world changing like ours can be maintained indefinitely, because the economy changes and particularly -- look at how your work has changed. When you travel with me, you carry these little computers around and you run these pictures up on computers and you send them from the plane somewhere else. I mean, just think of all the things that have changed. This system has not been fixed in over 20 years. During that 20 years, there has been an explosion in ways of communicating with people, and an exponential increase in the cost of communicating. And a system which I would argue to you really worked pretty well, after it was passed in '74 and going forward has been overtaken by events.

So, cynical, no; healthy skepticism, you bet. We should always be skeptical. But we need to change the system. It's got to be -- it's just outdated.

Q Mr. President, what specific mechanisms do you plan on working with the private sector in terms of creating more welfare jobs for people who are on welfare?

THE PRESIDENT: Primarily two. One, I will offer a special tax incentive -- there was a story about it today, I think in The New York Times -- a special tax incentive. It will be a 50-percent credit for up to $10,000 a year in pay for people who are clearly, provably hired from welfare and put into new jobs.

Secondly, we have given the states -- and there was a story, I think, in the Post today talking about how a lot of the states are trying to push this down to the community level -- that's good, that's not bad, that's good, as long as they give the communities the means they need.

The second thing is that every community should know that the employers in that community, if they hire people from welfare to work, can get what used to be the welfare check for at least a year to use as an employment and training subsidy. Why? The welfare rolls have gone down $2.1 million in the last four years; it's the biggest drop in history. I think a fair reading of it would say about half of this decline came from an improved economy, and about half of it came from intensified efforts to move people from welfare to work. Now, I don't have any scientific division, but anyway, there's some division there.

The rest of the people that are on welfare now, by and large, are people who will be more difficult to move from welfare to work and stay there. So I think we're going to have to give some incentives. But if it works and if every community in the country would set up an employment council and turn this into a family and an employment program like Kansas City, and all employers have those two incentives, I think we'll be able to meet the requirements of this welfare reform bill in a way that will be good for the people on welfare and good for their kids.

Kathy.

Q Mr. President, the Chairman of the House Ways and Means Committee over the weekend laid down some markers for what he thinks would create chances for your budget to be alive on arrival on the Hill. On welfare one of the things he mentioned was increased spending for legal immigrants, and he said he hoped you wouldn't insist on it. How do you deal with that in your budget, and will you continue to insist on it?

THE PRESIDENT: Let me say, I like Mr. Archer very much and we've had a good relationship, and I appreciate what he said about me meeting him halfway on Medicare. But there have been reports in the last couple of days about Republican governors with high immigrant populations coming back to their Republican congressional leaders and saying, please reconsider this.

My budget will contain funds and propose changes consistent with the promises I made when I signed the welfare reform bill and when I campaigned to the American people on this issue. I believe that the bill is counterproductive in the way it treats legal immigrants, who through no fault of their own wind up in desperate circumstances and in other ways that I think are not good for families and children.

So I will propose some changes. And I hope that when we get all through here -- again, I hope this will be treated just like the budget issue -- I would ask our friends on the Republican side and the Democrats who care as passionately about this as I do to keep our powder dry. Let us make our case on the merits. Let them hear from the Republican governors of places like Texas and New York that have these huge immigrant populations of good people that are making great contributions to this country, that are working like crazy and making this a better place, and listen to the practical impact of the law that's now there on the immigrant population. And I'm not sure we can't get some changes. I'm very hopeful that we can, and I'm going to give it my very best effort.

Q Mr. President --

THE PRESIDENT: Wait a minute, I'll take a couple of more. Just a minute.

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COMMENTS

Tom -- Thanks so much for getting this to Mr. Segal for Ron on his return Monday.

Ron has asked that Eli please give him a call regarding the attached at his convenience.

Thanks again!

Mindi King

412 First Street, SE Suite 100
Washington, DC 20003

WILLIAM F. WELD
Governor
ARGEO PAUL CELLUCCI
Lieutenant Governor
MJC Chair
KLIA KIM
President / CEO
Harvard Design & Mapping Co. (HDM)
MJC Co-Chair
PETER T. KOCH
Executive Director

COMMONWEALTH OF MASSACHUSETTS

MASSJOBS COUNCIL

January 27, 1997

Ms. Cathy Minehan, President/CEO
Federal Reserve Bank
600 Atlantic Avenue
Boston, MA 02106

Dear Ms. Minehan,

As you are well aware, welfare reform was successfully passed on both the state and federal level that eschews dependency, and reemphasizes work as an individual's responsibility. This is a principle which we all share, but we also understand that radically changing a culture that had three decades to develop does not end with the passage of any piece of legislation. States are, and need to continue, addressing the challenges on implementation strategies to most efficiently transition welfare recipients to work. Governors like our own Bill Weld want to assure that block grants are utilized effectively in the service of self sufficiency.

While we in Massachusetts have a year of experience implementing our own state version of welfare to work, and are one of the nation's leaders in a Work-First philosophy, we still face significant challenges. Only with the input and the judicious involvement of our Commonwealth's private sector, can the transition to personal responsibility from a culture of dependency be truly accomplished.

The MassJobs Council, the Governor's advisory board on workforce development, the Division of Employment and Training and the Department of Transitional Assistance cordially invite you to join a limited number of your peers in a discussion on practical and direct ways to bring about the systematic change we all desire. The employer community has much to gain with a better prepared labor force. Your input and suggestions on defining issues and presenting ideas for successfully transitioning recipients to work is crucial and sincerely sought.

This meeting is scheduled for February 20, from 2 p.m. to 4 p.m., at the New England Room of the Federal Reserve Bank in Boston. Please RSVP only if you are unable to attend, to David Shagoury, MassJobs Council, One Ashburton Place Room 2111, Boston, MA. 02108.

Yours truly,

David J. Shagoury — Joan I. Branton — Ed Sanders-Bey

David J. Shagoury
Associate Director, MJC

Joan I. Branton
Associate Director, DET

Ed Sanders-Bey
Assistant Commissioner, DTA

cc: William F. Weld, Governor
Argeo Paul Cellucci, Lt. Governor

663-6410

The Governor's Welfare to Work Advisory Committee

A Report of The Committee's Recommendations to his Excellency the Governor

Chairman: William Nofsker, President, NEFOR Engineering and Manufacturing Co.
Co chair: Kija Kim - President, Harvard Design and Mapping Company
Co chair: Cheryl Wills - Urban Renaissance Inc.

Staff: David Shagoury - Associate Director, MassJobs Council

William F. Weld
Governor, Commonwealth of Massachusetts
Massachusetts' State House
Third floor
Boston Ma. 02133

A report from The Governor's Welfare to Work Advisory Committee meeting of November 7, 1996. Consistent with the intent of this committee upon its inception, I am forwarding its recommendations to the Governor for his review. This committee's members were appointed by the Governor to provide an ongoing conduit to private sector views regarding issues related to welfare to work. The following are a set of official recommendations to the Governor passed unanimously by the Governor's Welfare to Work Advisory Committee at the aforementioned meeting.

RECOMMENDATIONS

1) Relative to the administration of FEP and Welfare to Work, the committee believes that the access and qualifying processes that govern both programs are too centralized, creating an unnecessary burden and disincentive for those whose involvement these programs are intended to elicit. The administration of said programs must be regionalized utilizing some version of triad approach between DTA, DET, and the Regional Employment Boards. If the state is intending to meet expectations regarding transitioning welfare recipients to work, the respective efforts must be more user friendly to employers across the state.

2) The preeminent concern causing the greatest trepidation among potential employers of welfare recipients is the fear of added indemnification risks when hiring a recipient. We advise the following: Establishing a one year moratorium on any UI or workers' compensation costs or experience rating charges associated with a newly hired recipient. While the workers would retain the coverage, any charges incurred from a recipient hire would be covered by the Assigned Risk Pool, the TAFDC windfall or some other means to be determined. This policy would, at a very minimal cost, significantly mitigate the most

prominent obstacle to business involment in this initiative, especially the small and mid sized companies, which are the greatest job producers in our economy.

3) When focusing on creating work, we would be remiss if we did not focus on economic growth which creates jobs. A policy that claims to be inspired by the want of jobs but ignores the need for economic growth is at best pyrrhic. Beyond advocating a continued effort on your part to reduce the tax and regulatory burdens in the Commonwealth, we are advocating a policy change that promotes growth and addresses employers' concern for the skill level and training needs of potential new hires by creating a weighted training and education tax credit for employers. The tax credit available would have three categories: tax credit base - received for hires who have an Associate Degree or above; Base plus for hires who have a High School degree or GED; and Base plus extra for hires who have no degree. This policy would reward general job creation, would avoid separating and stigmatizing welfare recipients, and would respond to the increased costs of training for those less educated and most difficult to employ (a category that would include, although not exclusively so, many welfare recipients). Employers must retain affected employees for a minimum of one year to qualify for these tax credits.

We are grateful for the opportunity to serve the Commonwealth in this important capacity as advisors to the Governor on the vital issue of welfare to work. We look forward to Governor Weld's review, consideration and response to these initial policy recommendations we have, consistent with the goals of Chapter 5 of the MGL of 1995, imparted to him.

William Nofsker

Chairman,

Welfare-to-Work:

The Commonwealth's welfare-to-work initiative began in earnest this year as major reforms were undertaken in nearly every aspect of the Aid to Families with Dependent Children (AFDC) program. These reforms—including work requirements and employer subsidies—are designed to reorder the priority of the welfare system from entitlement to self-empowerment.

The changes instituted to the welfare system in Massachusetts are sweeping and in most cases, unprecedented. Long before many states began to wrestle with the ongoing failures of the welfare system, Massachusetts took steps to prevent the welfare system from further entrapping those individuals and families who needed temporary relief. The largest and most fundamental of these reforms is the mandate that all able-bodied, non-exempt individuals find employment or community service as a condition of collecting AFDC benefits.

Underlying Massachusetts' welfare-to-work strategy is the belief that the best social program is a paying job and that it is private economic activity, in conjunction with public assistance where necessary, that can bring real prosperity to our citizens and communities. As the Governor's principle advisory board on workforce development issues, the MassJobs Council has been asked to play a leading role in educating the private sector about the changes to the welfare program and the intent and goals of the specific reforms. The MassJobs Council is uniquely positioned to play this role because, as a public-private partnership. The MJC can integrate the voice of the Commonwealth's employees into the policies and program structure of the new welfare system.

This year the MassJobs Council convened a Governor's Advisory Committee on the issue of welfare and employment. This committee is comprised solely of private sector employers who recognize the integral role that a skilled workforce plays in the Commonwealth's future economic growth. Importantly, these employers also see the significant implications of poverty in their communities. They are committed to working in a public-private partnership to assist families in becoming economically self-sufficient while also reducing the costs of doing business in Massachusetts.

Key input received from the committee included:

- the myths surrounding the welfare system run deep and exist in flow in both directions. Not only do employers hold misconceptions about individuals collecting welfare, but many recipients also hold misconceptions about employers and the workplace. Education is needed in both areas if welfare-to-work is to succeed;
- a key role for state government is the provision of short term pre-employment orientation to recipients.
- government's response to employers must be locally driven, non-bureaucratic, and less paper-oriented. Employers are generally willing to help but government must serve as an ally, not an obstacle, in the transformation process.

Perhaps most importantly, this group affirmed the belief that the Commonwealth is generating enough jobs to absorb the new entrants to the workforce and that employers are willing to hire individuals who are welfare recipients. They expressed their confidence that if government is responsive to employers and is flexible in its approach, welfare reform can succeed at the highest levels in Massachusetts.

The second key instrument the MassJobs Council is using to bring about these reforms is the work of the sixteen Regional Employment Boards. These boards are serving as a primary broker of information and catalyst for employer activity at the local level. During the past year each REB convened its local representatives of the Department of Transitional Assis-

"Work is the meaning of what this country is all about. We need it as individuals. We need to sense it in our fellow citizens. And we need it as a society and as a people."

Robert Kennedy

The President's Challenge to Corporate America

Last August as part of the welfare reform signing ceremony and again at the Democratic Convention, the President challenged the private sector to play a role in moving welfare recipients to work. At the convention, he said: "...[E]very business person in America who has ever complained about the failure of the welfare system [should] try to hire somebody off welfare, and try hard."

In September he went to Kansas City, MO, to praise the efforts of the Kansas City Full Employment Council. At that time he acknowledged two CEOs, Bill Esrey of Sprint and Robert Shapiro of Monsanto, for stepping forward and embracing this challenge. During the Kansas City visit, Sprint donated an 800 number so that any employer who wants to meet the challenge can call and learn how. Since the Kansas City visit, the number of CEOs who want to meet this challenge has grown to include more than 100 companies.

In October and November the President met with CEOs to seek their assistance with the jobs challenge, first in Stamford, CT and then Nashville, TN. Then on January 10th of this year, he met with 14 CEOs at The White House to further discuss the private sector commitment to this effort and to highlight existing programs that are working to meet this challenge.

Five of the CEOs he met with in January are among the first major corporations to commit to meeting the challenge of providing employment opportunities for people on welfare. As a result of this commitment, they were acknowledged during the President's State of the Union address. These five are: Robert Lowes, CEO, Burger King, Miami, FL; Robert Shapiro, Chairman & CEO, Monsanto, St. Louis, MO; Bill Esery, Chairman & CEO, Sprint, Kansas City, MO; Gerald Greenwald, CEO, UAL Corporation, Chicago, IL; Jim Kelly, Chairman & CEO, UPS, Atlanta, GA.

How Corporate America Can Put Welfare Recipients To Work

Emphasis on employment should permeate all components of the program as should an understanding that minimum wage jobs are a stepping stone to other more highly paid employment openings. The evidence indicates that work experience—the first rung on the ladder of work—leads to more and better work. The key is helping the recipient step up to the first rung.

To start, we ask that you hire welfare recipients to work at your places of business. Besides hiring welfare recipients yourselves though, there is much more you can do.

- You might recruit others from the business community to hire recipients.

- You might organize welfare-to-work efforts in your own communities to link business, nonprofits, religious organizations, educational institutions, and others to form welfare-to-work partnerships. These partnerships may create jobs and offer other services welfare recipients need to successfully enter the workforce.

- You may want to help those on welfare in your communities build the assets they need to stay off welfare once they find a job. You could encourage welfare recipients to save, even very, very small amounts, in Individual Development Accounts -- an option under the new law -- that allow the disadvantaged to save for a first home, higher education, or start a micro business without their savings counting against their welfare benefits. Even better, you could offer to match what welfare recipients save as a way to encourage them to save. This sort of asset building can help the poor **permanently** climb out of poverty.

Following are some specific hiring methods business can pursue as well a description of how business can benefit from each.

Unsubsidized Jobs and the WOTC

Full-time, unsubsidized employment is always the end goal for able-bodied welfare recipients. If an employer hires an unsubsidized welfare recipient, the employer may redeem the WOTC.

The Work Opportunity Tax Credit (WOTC) replaced the now expired Targeted Jobs Tax Credit (TJTC) as of October 1, 1996. WOTC provides employers with a tax credit of 35 percent of the first $6,000 in first-year wages. Members of a family receiving TANF assistance for at least 9 months are one of the seven WOTC target groups. A second target group is youth ages 18 through 24 residing in an EZ/EC. A third group includes youth in families on Food Stamps for 6 months or longer. The WOTC is scheduled to expire Oct. 1, 1997, though the President is submitting a proposal to Congress to continue and expand the WOTC.

However, not all welfare recipients are appropriate for unsubsidized jobs. Some need on-the-job training, need to learn basic job readiness skills, or receive other services before they are ready to work.

Subsidized Jobs

Under the new welfare law, subsidized jobs are one of several options a state may pursue as it sets up its welfare to work programs. Also called work supplementation, this option allows funds that would otherwise be paid to a family on welfare to go instead to a private or public sector employer to subsidize a job for a welfare recipient. The subsidy, paid directly to the employer by the state, can be no greater than the combined cash benefit and food stamp benefit. It is up to each state whether or not that state creates a job subsidy program and how that state chooses to structure its program.

In Oregon, both private and public sector jobs are subsidized for up to six months per placement. The job is subsidized at minimum wage and gives employers cashed out AFDC and food stamps benefits to cover the minimum wage. In addition, the employee is entitled to the Earned Income Tax Credit (EITC). If the minimum wage and the EITC do not bring the recipient up to the poverty line, the employer must make up the difference by paying up to $1 dollar an hour over the reimbursed minimum wage or may put $1 for every hour worked into an Individual Development Account (IDA). (Like Individual Retirement Accounts for the middle class, IDAs are tax-favored, annual contributions used only for college, home ownership, retirement, and small business start-up. Individual contributions are usually matched by government, churches, community groups, businesses, or unions.) Once a recipient is hired in a full-time, unsubsidized job, she becomes eligible for her wage, the EITC, *and* food stamps coupons previously used to subsidized her wage. Such a system creates an escalating financial incentive that always makes full-time, unsubsidized work the most attractive option

Job Placement and Support Intermediaries

Evidence now exists that private for-profit and nonprofit intermediaries offer a bridge to connect welfare recipients to jobs and help them achieve sustained independence. Intermediaries help companies in the following manner:

- Intermediaries prepare welfare recipients for work by offering basic job readiness training including computer skills and basic skills necessary to survive in the work environment -- how to show up to work on time, how to interact with your supervisor, how to dress for work, and how to handle crisis such as transportation and child care, that might interfere with work.

- Intermediaries offer business the opportunity to "try out" employees without actually hiring those employees.

- In the same vein, intermediaries can screen employees for employers, so the employer doesn't have top do the work.

- Finally, intermediaries can offer job follow-up or retention services to ensure that once an employer brings on a welfare recipient and invests in her, there is someone on the outside trouble shooting for her, counseling her, and ensuring that the relationship is a productive one for all involved.

Examples of three very different intermediaries follow:

Manpower, based in Milwaukee, Wisconsin, is a successful job placement agency with over 1200 offices around the country. Most Manpower offices currently conduct business in the suburbs. However, while there are jobs in the suburbs, Manpower has a severe shortage of people for those jobs. As a result, Manpower began opening branches in the inner-city and because they have met with success, are seriously considering a significant expansion in urban areas.

Manpower's business volume is not orders from customers, but is recruiting those who are job ready. If recruits lack specific job skills, Manpower will train them. However, Manpower does not provide basic education. People applying for placement through Manpower must be functionally literate as determined during the intake process, though a GED or high school degree is not required. Recruits are employees of Manpower until they are hired full time by an employer. Recruits are paid by Manpower while they are in temporary jobs, so both the employee and employer can assess each other. If there is a match, the recruit leaves Manpower for the new employer. About 40 percent of temporary workers end up in full-time permanent jobs. Manpower is paid only by the employer and will not take money from the recruit, including converted welfare benefits.

America Works, a small for-profit placement and support organization in New York, Indianapolis, and Connecticut has helped more than 10,000 welfare recipients find full-time private sector jobs. Recipients are hired permanently at an average wage of $16,000 per year, including health benefits. The state of New York found that 81 percent of those placed by America Works are still off the rolls after two years.

America Works typically charges a state about $5,400 per placement, and is paid in full only once a recipient is placed and remains in an unsubsidized job for seven months. When compared to the cost of $21,000 per placement for New York City's Job Training Partnership Act program a private placement intermediary such as America Works could move about four times the number of people from the welfare rolls than the state-run programs at a considerable cost savings.

The Goodwill Job Connection in Sarasota, Florida and Lafayette, Louisiana is a small nonprofit that offers job placement and support services to chronically unemployed members of the surrounding community. The Goodwill Job Connection spends about $1,500 per job placement compared to per person costs of about $4,000 for the Florida's work-focused JOBS program. Since the program began in 1987, it has placed more than 1,000 people in jobs. Goodwill works hard to build relationships with local employers and, after providing its clients with basic job readiness and on-the-job work skills, places people permanently into unsubsidized jobs and offers follow-up support to make sure they stay in jobs.

Microenterprise

Microenterprise is a market-oriented, entrepreneurial approach to reducing poverty and welfare dependence by promoting self-employment. Based on successful lending projects in developing nations, U.S. microenterprise ventures tap the entrepreneurial talents of poor people, especially women, who face limited options in formal labor markets.

A microenterprise generally employs less than five people and is usually capitalized with under $5,000. There are over 150 microenterprise projects in the United States that offer capital and training to small groups of low income people. Often, these projects rely on peer group pressure to achieve what are remarkably high loan repayment rates. The spread of the microenterprise movement, however, is impeded by scarce capital and technical support.

A corporation might make direct grants and loans to nonprofit groups that provide technical assistance, training, and credit to low income entrepreneurs. Or a corporation might directly offer technical assistance and training. Recipients would then attend technical and training classes and upon "graduation," receive the micro loan. Or a micro loan might go directly to a recipient who has previous work experience and a business plan.

A recent five year, multi-state study, the Self-Employment Investment Demonstration (SEID), found that self-employment, or microenterprise, attracts long-term welfare recipients, creates enduring businesses and new jobs, reduces welfare dependency, generates savings, and builds self-esteem, income, and assets. In fact, 79 percent of businesses started under this program are still operating after 2.6 years. Businesses as diverse as child care, jewelry repair, desk top publishing, and catering were created through SEID. The Corporation For Enterprise Development—a Washington, DC-based supporter of SEID—estimates up to 10 percent of all welfare recipients are candidates for self-employment.

Job Placement Vouchers to Build a Competitive Employment System

Job Placement Vouchers -- allowed under the new welfare law -- have been successfully used in many states with the education system and unemployment system. However, this concept has not yet been tried with welfare recipients. Job Placement Vouchers are coupons or vouchers financed by the states through the welfare block grant. Job Placement Vouchers would allow recipients to "shop" for employment services thereby stimulating the growth of the job placement market and improving service delivery through competition.

Recipients would give vouchers directly to vendors—private sector employers, government organizations, nonprofit and for-profit job placement organizations, microenterprise programs, and private sector employers—who would be paid for performance only, meaning placement in a full-time, private sector job for a minimum period of time.

By encouraging states to give Job Placement Vouchers directly to recipients, business benefits in the following manner:

- Vouchers offer a simple, non-administrative method to receive a payment for hiring and keeping a welfare recipient in a job;

- Vouchers would help build a growing market for intermediary organizations which would, in turn, create a larger pool of job-ready welfare recipients for corporations to test and hire;
- Vouchers would improve service delivery through competition, reduce costs, and shrink bureaucracy;
- Vouchers would empower low income citizens by giving them the resources to choose their own job service providers where and when they need them.

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PRESIDENT WILLIAM J. CLINTON
STATE-OF-THE-UNION ADDRESS
UNITED STATES CAPITOL
FEBRUARY 4, 1997

Mr. Speaker, Mr. Vice-President, Members of the 105th Congress, distinguished guests, my fellow Americans:

Thank you for inviting me back.

I come before you tonight with a challenge as great as any in our peacetime history -- and a plan of action to meet that challenge, to prepare our people for the bold new world of the 21st Century.

We have much to be thankful for. With four years of growth, we have won back the basic strength of our economy. With crime and welfare rolls declining, we are winning back our basic optimism, the enduring faith of America that we can master any difficulty. With the Cold War receding and global commerce at record levels, we are helping to win unrivaled peace and prosperity all across the world.

My fellow Americans, the state of our union is strong, but now we must rise to the decisive moment, to make a nation and a world better than any we have ever known. The new promise of the global economy, the Information Age, brilliant new careers, life-enhancing technology -- are ours to seize. That is our honor and our challenge. *[We must be shapers of events, not observers. The question before us is not what the future means for us, but what meaning we can give to the future.]* But if we do not act, the moment will pass -- and we will lose the best possibilities of our future.

Tonight, we face no imminent threat, but we do have an enemy: The enemy of our time is inaction.

So tonight, I issue a call to action -- action by this Congress, by our states, by all our people, to prepare America for the 21st Century. Action to keep our economy and our democracy strong and working for all our people; action to strengthen education and harness the forces of technology and science; action to build stronger families and stronger communities and a safer environment; action to keep America the world's strongest force for peace and freedom and prosperity. And above all, action to build a more perfect union here at home.

The spirit we bring to our work will determine its success. The people of this nation elected us all. They want us to be partners, not partisans. They put us all right here in the same boat . . . they gave us all oars . . . and they told us to row. Now let's get going.

First, we must move quickly to finish the unfinished business of our country -- to balance our budget, renew our democracy, finish the job of welfare reform.

Over the last four years, we brought new economic growth by investing in our people, expanding our exports, cutting our deficits, creating over 11 million new jobs. Now we must keep our economy the strongest in the world.

We here tonight have an historic opportunity. Let this Congress be the Congress that finally balances the budget.

In two days, I will propose a detailed plan to balance the budget by 2002.

This plan will balance the budget <u>and</u> invest in our people while protecting Medicare, Medicaid, education, and the environment. It will balance the budget <u>and</u> build on the Vice President's efforts to make our government work better, even as it costs less. It will balance the budget <u>and</u> provide middle class tax relief to pay for education and health care, to help raise a child, to buy and sell a home.

Balancing the budget requires only your vote and my signature. It does not require us to rewrite our Constitution. I believe it is unnecessary and unwise to adopt a balanced budget amendment that could cripple our country in time of crisis later on, and force unwanted results such as judges impounding Social Security checks or increasing taxes. We don't need an amendment -- we need action.

Whatever our differences, we should balance the budget now, and then, for the long-term health of our society, we must agree to a bipartisan process to preserve Social Security and reform Medicare, so that these fundamental programs will be as strong for our children as they are for our parents.*[can't read your writing on p. 4]*

Our second piece of unfinished business requires us to commit ourselves, before the eyes of America tonight, to enacting bipartisan campaign finance reform.

Senators McCain and Feingold, Representatives Shays and Meehan, have reached across party lines to craft tough and fair campaign reform. [I ask them to stand.] Their proposal would curb spending, reduce the role of special interests, create a level playing field between challengers and incumbents and ban contributions from noncitizens and all corporate sources -- the large soft money contributions that both parties receive.

You know and I know that delay will mean the death reform. So let's set our own deadline. Let's work together to write bipartisan campaign finance reform into law, [and pass McCain-Feingold] by the day we celebrate the birth of our democracy -- July the 4th.

There is a third piece of unfinished business: Over the last four years, we moved a record two and a quarter million people off the welfare rolls. Then last year we enacted landmark welfare reform, demanding that able-bodied recipients assume the responsibility of moving from welfare to work. Now each and every one of <u>us</u> has to fulfill <u>our</u> responsibility -- indeed, our moral obligation -- to make sure that people who <u>must</u> work, <u>can</u> work. Now we must act to meet a new goal: two million more people off the welfare rolls by the Year 2000.

Here is my plan: Tax credits and other incentives to businesses that hire people off welfare. Incentives for job placement firms and for states to create jobs for welfare recipients. Training, transportation and child care to help people go to work.

Now I challenge every state: turn those welfare checks into private sector paychecks. I challenge every religious congregation, every community non-profit, and every business: hire someone off welfare. And I say especially to every employer in this country who has ever criticized the old welfare system: You cannot blame the old system anymore. We have torn it down. Now do your part. Give someone on welfare the chance to work.

If we all do that, we can end the permanent underclass by lifting it up into a growing middle class.

Tonight, I am proud to announce that five major corporations -- Sprint, Monsanto, UPS, Burger King, and United Airlines -- will be the first to join in a new national effort to marshal America's businesses to hire people off welfare.

And we must join together to do something else too -- something Republican and Democratic governors alike have asked us to do -- to restore basic health, nutrition, and disability benefits when misfortune strikes immigrants who came to this country legally, who work hard, pay taxes, and obey the law. To do otherwise is simply unworthy of a great <u>nation</u> of immigrants.

We passed welfare reform. We were right to do it. But no one can walk out of this chamber with a clear conscience unless you are prepared to finish the job.

Next, the greatest step of all -- the high threshold to the future we now must cross -- and my number one priority as President for the next four years -- is to ensure that Americans have the best education in the world. Let's work together to meet these goals: Every 8 year old must be able to read; every 12 year old must be able to log on to the Internet; every 18 year old must be able to go to college, and every adult American must be able to keep on learning.

My balanced budget makes an unprecedented commitment to these goals -- $51 billion dollars next year. But far more than money is required.

I have a plan, a Call to Action for American Education, with ten principles to which we must commit ourselves tonight. [*hold up booklet*]

First, we must begin a national crusade for education standards -- not federal government standards, but national standards representing what all of our students must know to succeed in the knowledge economy of the 21st Century. Every state and every school must shape the curriculum to reflect these standards, and train teachers to lift students up to meet them. To help the schools to meet the standards and to measure their progress, we will lead an effort over the next two years to develop national tests of student achievement.

<u>Tonight, I issue a challenge to the nation: Every state should adopt high national standards, and by 1999, every state should test every 4th grader in reading and every 8th grader in math to make sure these standards are met.</u>

Raising standards will not be easy, and some of our children will not be able to meet them at first. The point is not to put our children down, but to lift them up. Good tests will show us who needs help, what changes in teaching to make, and which schools to improve. And they can help us to end social promotion. For no child should move from grade school to junior high, or junior high to high school until he or she is ready.

Last month, along with my partner in this effort, Secretary of Education Dick Riley, I visited schools in [tk] county in Northern Illinois, where 8th grade students from 20 school districts, in a project they called "First in the World," took the Third International Math and Science Study, called the TIMSS test -- a test that reflects the world-class standards our children must meet for the new era. And those students in Illinois were tied for first in the world in science, and came in second only to Singapore in math. Two of them, Kristin Tanner, and Chris Getsla are here tonight, with their teacher, Sue Winski. They prove that when we aim high and challenge our students, they <u>will</u> be the best in the world.

The second point of my plan recognizes this simple truth: to have the best schools, we must have the best teachers. Most of us -- certainly including myself -- would not be here tonight without the help of such teachers. For years, many educators, led by North Carolina's Governor Jim Hunt and the National Board for Professional Teaching Standards, have worked hard to establish nationally accepted credentials for excellence in teaching. 400 of these master teachers have been certified since 1995. My budget will enable 100,000 more to seek national certification as master teachers. We should reward our best teachers, quickly and fairly remove those few who don't measure up, and challenge our finest young people to consider teaching as a career.

Third: we must do more to help all our children read. 40% of our 8 year olds cannot read on their own. That's why we have just launched the America Reads initiative -- to build a citizen army of one million volunteer tutors to make sure every child can read independently by the end of 3rd grade. We will use thousands of AmeriCorps volunteers to mobilize this citizen army. We want at least 100,000 college students to help. And tonight, I am pleased that 60 college presidents have answered my call, and pledged that thousands of their work study students will serve for one year as reading tutors.

This is also a challenge to every teacher and every principal: create a system to use these tutors to help your children read. And it's especially a challenge to our parents: Read with your children every night.

That leads to the fourth part of my plan: We can't start teaching children too soon. My budget expands Head Start to one million children by 2002.

Yet what we are learning more and more now about very young children's emotional and intellectual development teaches us we must start even earlier. Parents' quiet moments with their children makes a big difference in their lives. The First Lady has spent years studying and writing about this issue. She and I will convene a White House Conference on Early Learning and the Brain this Spring, to explore how parents and educators can best use these startling new scientific discoveries. Then, in June, the Vice President and Mrs. Gore will host their sixth annual family conference. This one will focus on the importance of parents' involvement throughout a child's education.

Fifth, every state should give parents the power to choose the right public school for their children. Innovation and competition will make our public schools better. And we must do more to encourage parents and teachers to start charter schools, schools that set and meet the highest standards, and survive only as long as they do. Our plan will help America create 3,000 of these charter schools by the next century -- that's nearly seven times as many as there are today -- so that parents will have more choice in sending their children to the best public schools.

Sixth: character education must be taught in our schools. We must teach our children to be good citizens, and continue to promote order and discipline, supporting communities that introduce school uniforms, impose curfews, enforce truancy laws, remove disruptive students from the classroom, and have zero tolerance for guns and drugs.

Seventh: we cannot expect our children to raise themselves up in schools that are literally falling down. Traditionally, the federal government has played no role in school construction. But with the student population at an all time high, and record numbers of school buildings falling into disrepair, this has become a serious national concern. My budget, therefore, includes $5 billion to help communities finance $20 billion in school construction over the next four years. [Moseley-Braun]

Eighth: We must make the 13th and 14th years of education -- at least two years of college -- just as universal in America as a high school education is today, and open the doors of college to all. .

To do that, I propose America's HOPE scholarship, based on Governor Zell Miller's pioneering program in Georgia: two years of a $1,500 tax credit for college tuition, enough to pay for the typical community college. I also propose a tax deduction of up to $10,000 a year for all tuition after high school; an expanded IRA you can withdraw from tax free for education; and the largest increase in Pell Grant scholarships in 20 years. This plan will give most families the ability to pay no taxes on money saved for college tuition. I ask you to pass it -- to give every American who works hard the chance to go to college.

Ninth: In the 21st Century, we must expand the frontiers of learning across a lifetime. All our people, of whatever age, must have the chance to learn new skills. Most American workers live near a community college. The roads that take them there can be paths to a better future. My G.I. Bill for Workers will transform the confusing tangle of federal training programs into a simple skill grant that will go directly into eligible workers' hands. For too long, this bill has sat before you without action -- and I ask you to pass it now. Let's give more of our workers the chance to learn what they need, to earn a better life.

Tenth: we must harness the Information Age to make our schools equal to the 21st Century. Last year, I challenged America to connect every classroom and library to the Internet by the year 2000, so that, for the first time in history, a child in the poorest inner city school, the most isolated rural town, the most comfortable suburb, will have the same access to the same universe of knowledge. I ask your support to complete this historic mission.

That is my plan -- a Call to Action for American Education.

It reflects a basic insight: One of the greatest sources of our national strength throughout the 20th Century has been a bipartisan foreign policy; politics stopped at the water's edge. Now I ask you -- and I ask the governors from the many states who have joined us here tonight -- and teachers, parents and citizens all across America -- for a new nonpartisan commitment to education -- because education is the national security issue of our future -- and politics should stop at the classroom door.

We have the strongest economy and the strongest democracy in the world. If we want tomorrow's children to enjoy these blessings 50 years from now, we dare not fall prey to inaction and miss this moment of opportunity in education.

I pledge to take this Call to Action to the country, so that together, we can make American education, like America itself, the envy of the world.

To prepare America for the 21st century, we must harness the powerful forces of science and technology to benefit all Americans.

This is the first State of the Union carried live over the Internet. But we have only begun to spread the benefits of a technology revolution that should be the modern birthright of every citizen.

Our effort to connect every classroom is just the beginning. I challenge the private sector to help us connect every children's hospital to the Internet as soon as possible, so a child in bed can stay in touch with school, family and friends. A sick child should not be a child alone.

We will build the second generation of the Internet so our leading universities and national laboratories can communicate at speeds 1000 times faster than today, to develop new medical treatments, new sources of energy, and new ways of working together.

But we cannot stop there. As the Internet becomes our new town square, a computer in every home -- a teacher of all subjects, a connection to all cultures -- this will no longer be a dream, but a necessity. And over the next decade, that must be our goal.

We must continue to explore the heavens, pressing on with the Mars probes, the international space station, both of which will have practical applications for our everyday living.

We must speed the remarkable advances in medical science. The human genome project is now decoding the genetic mysteries of life. In the last year alone, American scientists discovered genes linked to breast cancer and ovarian cancer, and medication that stops a stroke in progress and begins to reverse its effects -- and we have discovered treatments that dramatically lengthen the lives of people with HIV and AIDS.

Since I took office, funding for AIDS research at the National Institutes of Health has increased dramatically, to $1.5 billion next year. With these new resources, NIH will now become the primary discovery engine for an AIDS vaccine. And every year we move up the discovery of an AIDS vaccine, we can save 3 million lives around the world. If you approve this budget, scientists from the private sector, universities, and our national labs will be able to work together more efficiently so that we can end the threat of AIDS.

To prepare America for the 21st Century, we must build stronger families and help parents pass on their values to their children.

With new pressures on people in the way they work and live, we should expand the Family and Medical Leave Law so workers can take time off for teacher conferences and a child's medical checkup. Now we should pass flextime so workers can choose to be paid for overtime in income, or trade it in for time off to be with their families.

We must continue, step-by-step, to give more families access to affordable, quality health care. 40 million Americans -- most of them in working, taxpaying families, <u>still</u> lack health insurance.

10 million children lack health insurance -- 80% of them have working parents who pay taxes. That is wrong. My balanced budget will extend health coverage to up to five million of those children. It will help all working Americans by ensuring that people who temporarily lose

their jobs can still afford to keep their health insurance. No child should be without a doctor just because a parent is without a job.

My Medicare plan provides support for respite care for the many families taking care of loved-ones afflicted with Alzheimers -- and for the first time, it would pay for annual mammograms.

Just as we ended drive through deliveries of babies last year, we must now end the dangerous and demeaning practice of sending women home from the hospital only hours after a mastectomy. With us tonight is Dr. Kristen Zarfos, a Connecticut surgeon whose outrage at this practice spurred a national movement and inspired this legislation. We thank her for her efforts.

In the last four years, we have increased child support collections by 50%. Now, we should go further and make it a felony for any parent to cross state lines in an attempt to flee from his or her most sacred obligations.

We must protect our children by standing by our action to ban the advertising and marketing of cigarettes that endangers their lives.

To prepare America for the 21st Century, we must build stronger communities.

Our growing economy has helped revive poor urban and rural neighborhoods. But we have more to do, to empower them to create the conditions in which families can flourish, and to create jobs through investment by business and loans by banks.

We should double the number of empowerment zones. They have already brought hope to communities like Detroit, where the unemployment rate has been cut in half in four years. We should expand the network of community development banks. We should restore contaminated urban land and buildings to productive use.

And together, we must pledge tonight that we will use this empowerment approach -- including private sector tax incentives -- to renew this great capital city, so that Washington, D.C. is a great place to live, and is once again the proud face America shows to the world.

We must protect our environment in <u>every</u> community. In the last four years, we cleaned up 250 toxic waste sites, as many as in the previous twelve. Now we should clean up 500 more of the worst toxic waste sites, so our children grow up next to parks, not poison. We should pass my proposal to make big polluters live by this simple rule: If you pollute our environment, you pay to clean it up.

In the last four years, we strengthened the nation's safe food and clean water laws. We protected some of America's rarest, most beautiful land in Utah's Red Rocks region, created three new national parks in the California desert, and began to protect Florida's Everglades. Now we must be as vigilant with our rivers as we are with our land. Tonight, I announce that this year I will designate 10 American Heritage Rivers, and help communities develop their waterfronts and clean up pollution in their rivers, proving once again that we can grow the economy as we protect the environment.

And we must also protect our global environment, working to ban the worst toxic chemicals and to reduce greenhouse gasses that challenge our health as they change our climate.

Next, we must press our fight against crime and violence. Serious crime has dropped five years in a row. The key has been community policing -- and we must finish the job of putting 100,000 community police on our streets. We should pass the Victims' Rights Amendment to the Constitution. And I ask you to join me in mounting a full scale assault on juvenile crime, with legislation that: declares war on gangs, with new prosecutors and tougher penalties; that extends the Brady Bill so violent teenage criminals will not be able to buy handguns; that requires child safety locks on handguns to prevent unauthorized use; and helps keep our schools open after dark, on weekends, and in the summer, so young people have someplace to go and something to say yes to.

My balanced budget includes the largest anti-drug effort ever: to stop drugs at their source, punish those who push them, and steer young people away from them.

Because so many of our young children do not have what they need to grow and learn in their homes, schools and neighborhoods, the rest of us must do more. That is why President Bush, General Colin Powell, and former Housing Secretary Henry Cisneros will join Vice President Gore and me to lead the Presidents's Summit of Service in Philadelphia in April. We intend to mobilize millions of Americans to serve in thousands of ways. Our national service program, Americorps, has already helped 70,000 young people work their way through college as they serve America. It is an American responsibility, which all Americans should embrace in their daily lives.

I'd like to make one last point about our national community. Our economy is measured in numbers and statistics. But the enduring worth of our nation lies in our values and our soaring spirit. So instead of cutting back on our modest efforts to support the arts and humanities, we should stand by them, and challenge our artists and writers, our museums and our theaters, to join with all Americans to make the Year 2000 a national celebration of the American spirit in every community -- a celebration of our culture in the century that has passed, and in the new one to come, so that we can remain the world's beacon of liberty and creativity, long after the fireworks have faded.

To prepare America for the 21st Century, we must master the forces of change in the world and keep American leadership strong and sure for an uncharted time.

Fifty years ago, a farsighted America led in creating the institutions that secured victory in the Cold War and built a growing world economy. As a result, today, more people than ever embrace our ideals and share our interests.

Already, we have dismantled many of the blocs and barriers that divided our parents' world. For the first time, more people live under democracy than dictatorship, including every nation in our own hemisphere but one -- and its day too will come.

Now, we stand at another moment of change and choice -- and another time to be farsighted, to bring America 50 more years of security and prosperity.

Our first task is to help build, for the first time, an undivided, democratic Europe. When Europe is stable, prosperous and at peace, America is more secure.

We must expand NATO by 1999, so countries that were once our adversaries can become our allies. At the special NATO summit this summer, that is what we will do. In addition, we must strengthen NATO's Partnership for Peace with non-member allies. And we must build a stable partnership between NATO and a democratic Russia. An expanded NATO is good for America. And a Europe in which all democracies define their future not in terms of what they can do to each other, but in terms of what they can do together for the good of all, that kind of Europe is good for America.

Second, America must look to the East no less than the West. Our security demands it: Americans have fought three wars in Asia this century. Our prosperity requires it: more than 2 million American jobs depend upon trade with Asia.

There, too, we are helping to shape an Asian Pacific community of cooperation, not conflict. But we must not let our progress mask the peril that remains. Together with South Korea, we must advance peace talks with North Korea and bridge the Cold War's last divide. And I call on Congress to fund our share of the agreement under which North Korea must continue to freeze -- and then dismantle -- its nuclear weapons program.

We must pursue a deeper dialogue with China -- for the sake of our interests <u>and</u> our ideals. An isolated China is not good for America. A China playing its proper role in the world is. I will go to China and I have invited China's president to come here, not because we agree on everything, but because engaging with China is the best way to work on common challenges like ending nuclear testing -- and to deal frankly with fundamental differences like human rights.

Third, the American people must prosper in the global economy. We have made it our mission to tear down trade barriers abroad, so that we can create good jobs at home, and to promote prosperity and freedom around the world. I am proud to tell you that today, America is once again the most competitive nation, and the number one exporter in the world.

Now, we must act to expand our exports, especially to Asia and Latin America, the two fastest growing regions on earth -- or be left behind as these emerging economies forge new ties with other nations. That is why we need authority now to conclude trade agreements that open markets to our goods and services even as we preserve our values.

We cannot shrink from the challenge of the global economy. We have the best workers and the best products. Give Americans the opportunity of an open market, and we can out compete anyone in the world.

We should all be proud that America led the effort to rescue our neighbor Mexico from its economic crisis -- and we should all be proud that last month, Mexico repaid the United States, three full years ahead of schedule, with a half a billion dollars profit for us. And today our exports to Mexico are at an all time high.

The events of the last few years prove that if we can link this entire hemisphere in a network of open and fair trade, it will not only increase our prosperity, it will advance the cause of freedom and democracy.

Fourth, America must continue to be an unrelenting force for peace -- from the Middle East to Haiti . . . from Northern Ireland to Africa. Taking reasonable risks for peace keeps us from being drawn into far more costly conflicts later.

With American leadership, the killing has stopped in Bosnia. Now, the habits of peace must take hold. The new NATO force will allow reconstruction and reconciliation to accelerate. Tonight, I ask Congress to continue its strong support for our troops there. They are doing a remarkable job for America -- and America must do right by them.

Fifth, we must strongly move against new threats to our security: weapons of mass destruction . . . terrorism . . . international crime and drugs. In the past four years, we agreed to ban nuclear testing; with Russia, we dramatically cut our nuclear arsenals, and stopped targeting each others citizens. We are acting to rid the world of landmines, and prevent nuclear materials from falling into the wrong hands. We are working with other nations, with renewed intensity, to stop terrorists and drug traffickers before they act, and to hold them fully accountable if they do.

Now, we must rise to a new test of leadership: ratifying the Chemical Weapons Convention. It <u>will</u> make our troops safer from chemical attack. It <u>will</u> help us to fight terrorism. This treaty has been bipartisan from the beginning, supported by Republican and Democratic administrations alike -- and already approved by 68 nations. Together, we must make the Chemical Weapons Convention law, so that we can begin to outlaw poison gas from this earth.

Finally, we must have the tools to meet all these challenges.

We must maintain a strong and ready military. We must increase funding for weapons modernization and we must take good care of our men and women in uniform.

We must also renew our commitment to America's diplomacy -- and pay our debts and dues to international financial institutions such as the World Bank, and to a reforming United Nations. Every dollar we devote to preventing conflicts . . . to promoting democracy . . . to stopping the spread of disease and starvation . . . brings a sure return in security and savings. Yet international affairs spending today is just one percent of the federal budget -- a small fraction of what America invested to choose engagement over escapism at the start of the Cold War. If America is to continue to lead the world, we here who lead America simply must find the will and pay our way.

A farsighted America moved the world to a better place over these last fifty years. And it can do so for another fifty years. But the words of a <u>short</u>sighted America would soon fall on deaf ears all around the world.

Almost exactly fifty years ago, in the first winter of the Cold War, President Harry Truman stood before a Republican Congress and called upon our country to meet its responsibilities of leadership. "If we falter," he warned, "we may endanger the peace of the world -- and we shall surely endanger the welfare of this nation." That Congress, led by Republicans like Senator Arthur Vandenberg, answered President Truman's call. Together, they made the commitments that strengthened our country for fifty years. Now let <u>us</u> do the same. Let us do what it takes to remain the indispensable nation -- to keep America strong, secure and prosperous for another fifty years.

In the end, more than anything else, our world leadership grows out of the power of our example, out of our ability to remain strong as one America.

All over the world, people are being torn asunder by racial, ethnic, and religious conflicts that fuel fanaticism and terror. We are the world's most diverse democracy. And the world looks to us to show that it is possible to live and advance together across those kinds of differences.

America has always been a nation of immigrants. From the start, a steady stream of people, in search of freedom and opportunity, have left their own lands to make this land their home. We started as an experiment in democracy fueled by Europeans. We have grown into an experiment in democratic diversity fueled by openness and promise.

My fellow Americans, we must never believe that this diversity is a weakness -- it is our greatest strength. For people on every continent can look to us and see the reflection of their own greatness, as long as we give all of our citizens, whatever their background, an opportunity to achieve <u>their</u> greatness.

We have not done that yet. Evidence of lingering division is all around us. We see it every day in the sullen, hopeless faces worn by too many of our young people. Too often, we see it in the corridors of power, in the schoolyards, in the streets of our cities. We see it in burnedout houses of worship and bombed-out clinics. Too many people still seek to exploit our differences. We must respect our differences, and each other. And we must never hate. We must never, ever hate.

A few days before my second inauguration, one of America's best known pastors, Rev. Robert Schuller, suggested I read Isaiah 58:12. It says: "Thou shalt raise up the foundations of many generations, and thou shalt be called, the repairer of the breach, the restorer of paths to dwell in." I placed my hand on that verse when I took the oath of office, on behalf of all Americans. For no matter what our differences -- in our faiths, our backgrounds, our politics -- we must all be repairers of the breach. We may not all share a common past, but surely we share a common future.

I want to say a word about two other Americans whose lives show us the way to that common future. Congressman Frank Tejeda was buried yesterday, [a proud American whose family came from Mexico.] He was only 51 years old. He earned the Silver Star, the Bronze Star and the Purple Heart fighting in Vietnam, and he went on to serve Texas and America fighting for our future in this chamber. We are honored to have his mother, Lillie Tejeda, with us tonight.

Gary Locke, [a proud American whose family came from China], is the newly elected Governor of Washington, the son of two of the millions of Asian American immigrants who have strengthened America with their hard work, family values, and good citizenship.

Rev. Schuller, Congressman Tejeda, Governor Locke, along with Kristin Tanner, Chris Getsla, Sue Winski and Dr. Kristen Zarfos -- Americans from different roots, whose lives reflect our shared values and the best of what we can become when we are one America.

Building that one America is our most important mission, "the foundation of many generations," of every other strength we must build for the new century. Money cannot buy it. Power cannot compel it. Technology cannot create it. It must rise from the human spirit.

America is far more than a place. It is an idea, the most powerful idea in the history of nations. We are now the bearers of that idea, leading a great people into a new world. We don't have a moment to waste. The children born tonight will have almost no memory of the 20th Century. Everything they will know of America, they will know only through the work we do now to build a new century.

Tomorrow morning, there will be just over 1,000 days until the Year 2000. 1,000 days to prepare our people. 1,000 days to work together. 1,000 days to our land of new promise. My fellow Americans, we have work to do. Let us seize the days and the century.

Thank you, God bless you, and God bless America.

"Work is the meaning of what this country is all about. We need it as individuals. We need to sense it in our fellow citizens. And we need it as a society and as a people."

Robert Kennedy

The President's Challenge to Corporate America

Last August as part of the welfare reform signing ceremony and again at the Democratic Convention, the President challenged the private sector to play a role in moving welfare recipients to work. At the convention, he said: "...[E]very business person in America who has ever complained about the failure of the welfare system [should] try to hire somebody off welfare, and try hard."

In September he went to Kansas City, MO, to praise the efforts of the Kansas City Full Employment Council. At that time he acknowledged two CEOs, Bill Esrey of Sprint and Robert Shapiro of Monsanto, for stepping forward and embracing this challenge. During the Kansas City visit, Sprint donated an 800 number so that any employer who wants to meet the challenge can call and learn how. Since the Kansas City visit, the number of CEOs who want to meet this challenge has grown to include more than 100 companies.

In October and November the President met with CEOs to seek their assistance with the jobs challenge, first in Stamford, CT and then Nashville, TN. Then on January 10th of this year, he met with 14 CEOs at The White House to further discuss the private sector commitment to this effort and to highlight existing programs that are working to meet this challenge.

Five of the CEOs he met with in January are among the first major corporations to commit to meeting the challenge of providing employment opportunities for people on welfare. As a result of this commitment, they were acknowledged during the President's State of the Union address. These five are: Robert Lowes, CEO, Burger King, Miami, FL; Robert Shapiro, Chairman & CEO, Monsanto, St. Louis, MO; Bill Esery, Chairman & CEO, Sprint, Kansas City, MO; Gerald Greenwald, CEO, UAL Corporation, Chicago, IL; Jim Kelly, Chairman & CEO, UPS, Atlanta, GA.

How Corporate America Can Put Welfare Recipients To Work

Emphasis on employment should permeate all components of the program as should an understanding that minimum wage jobs are a stepping stone to other more highly paid employment openings. The evidence indicates that work experience—the first rung on the ladder of work—leads to more and better work. The key is helping the recipient step up to the first rung.

To start, we ask that you hire welfare recipients to work at your places of business. Besides hiring welfare recipients yourselves though, there is much more you can do.

- You might recruit others from the business community to hire recipients.

- You might organize welfare-to-work efforts in your own communities to link business, nonprofits, religious organizations, educational institutions, and others to form welfare-to-work partnerships. These partnerships may create jobs and offer other services welfare recipients need to successfully enter the workforce.

- You may want to help those on welfare in your communities build the assets they need to stay off welfare once they find a job. You could encourage welfare recipients to save, even very, very small amounts, in Individual Development Accounts -- an option under the new law -- that allow the disadvantaged to save for a first home, higher education, or start a micro business without their savings counting against their welfare benefits. Even better, you could offer to match what welfare recipients save as a way to encourage them to save. This sort of asset building can help the poor **permanently** climb out of poverty.

Following are some specific hiring methods business can pursue as well a description of how business can benefit from each.

Unsubsidized Jobs and the WOTC

Full-time, unsubsidized employment is always the end goal for able-bodied welfare recipients. If an employer hires an unsubsidized welfare recipient, the employer may redeem the WOTC.

The Work Opportunity Tax Credit (WOTC) replaced the now expired Targeted Jobs Tax Credit (TJTC) as of October 1, 1996. WOTC provides employers with a tax credit of 35 percent of the first $6,000 in first-year wages. Members of a family receiving TANF assistance for at least 9 months are one of the seven WOTC target groups. A second target group is youth ages 18 through 24 residing in an EZ/EC. A third group includes youth in families on Food Stamps for 6 months or longer. The WOTC is scheduled to expire Oct. 1, 1997, though the President is submitting a proposal to Congress to continue and expand the WOTC.

However, not all welfare recipients are appropriate for unsubsidized jobs. Some need on-the-job training, need to learn basic job readiness skills, or receive other services before they are ready to work.

Subsidized Jobs

Under the new welfare law, subsidized jobs are one of several options a state may pursue as it sets up its welfare to work programs. Also called work supplementation, this option allows funds that would otherwise be paid to a family on welfare to go instead to a private or public sector employer to subsidize a job for a welfare recipient. The subsidy, paid directly to the employer by the state, can be no greater than the combined cash benefit and food stamp benefit. It is up to each state whether or not that state creates a job subsidy program and how that state chooses to structure its program.

In Oregon, both private and public sector jobs are subsidized for up to six months per placement. The job is subsidized at minimum wage and gives employers cashed out AFDC and food stamps benefits to cover the minimum wage. In addition, the employee is entitled to the Earned Income Tax Credit (EITC). If the minimum wage and the EITC do not bring the recipient up to the poverty line, the employer must make up the difference by paying up to $1 dollar an hour over the reimbursed minimum wage or may put $1 for every hour worked into an Individual Development Account (IDA). (Like Individual Retirement Accounts for the middle class, IDAs are tax-favored, annual contributions used only for college, home ownership, retirement, and small business start-up. Individual contributions are usually matched by government, churches, community groups, businesses, or unions.) Once a recipient is hired in a full-time, unsubsidized job, she becomes eligible for her wage, the EITC, *and* food stamps coupons previously used to subsidized her wage. Such a system creates an escalating financial incentive that always makes full-time, unsubsidized work the most attractive option

Job Placement and Support Intermediaries

Evidence now exists that private for-profit and nonprofit intermediaries offer a bridge to connect welfare recipients to jobs and help them achieve sustained independence. Intermediaries help companies in the following manner:

- Intermediaries prepare welfare recipients for work by offering basic job readiness training including computer skills and basic skills necessary to survive in the work environment -- how to show up to work on time, how to interact with your supervisor, how to dress for work, and how to handle crisis such as transportation and child care, that might interfere with work.

- Intermediaries offer business the opportunity to "try out" employees without actually hiring those employees.

- In the same vein, intermediaries can screen employees for employers, so the employer doesn't have top do the work.

- Finally, intermediaries can offer job follow-up or retention services to ensure that once an employer brings on a welfare recipient and invests in her, there is someone on the outside trouble shooting for her, counseling her, and ensuring that the relationship is a productive one for all involved.

Examples of three very different intermediaries follow:

Manpower, based in Milwaukee, Wisconsin, is a successful job placement agency with over 1200 offices around the country. Most Manpower offices currently conduct business in the suburbs. However, while there are jobs in the suburbs, Manpower has a severe shortage of people for those jobs. As a result, Manpower began opening branches in the inner-city and because they have met with success, are seriously considering a significant expansion in urban areas.

Manpower's business volume is not orders from customers, but is recruiting those who are job ready. If recruits lack specific job skills, Manpower will train them. However, Manpower does not provide basic education. People applying for placement through Manpower must be functionally literate as determined during the intake process, though a GED or high school degree is not required. Recruits are employees of Manpower until they are hired full time by an employer. Recruits are paid by Manpower while they are in temporary jobs, so both the employee and employer can assess each other. If there is a match, the recruit leaves Manpower for the new employer. About 40 percent of temporary workers end up in full-time permanent jobs. Manpower is paid only by the employer and will not take money from the recruit, including converted welfare benefits.

America Works, a small for-profit placement and support organization in New York, Indianapolis, and Connecticut has helped more than 10,000 welfare recipients find full-time private sector jobs. Recipients are hired permanently at an average wage of $16,000 per year, including health benefits. The state of New York found that 81 percent of those placed by America Works are still off the rolls after two years.

America Works typically charges a state about $5,400 per placement, and is paid in full only once a recipient is placed and remains in an unsubsidized job for seven months. When compared to the cost of $21,000 per placement for New York City's Job Training Partnership Act program a private placement intermediary such as America Works could move about four times the number of people from the welfare rolls than the state-run programs at a considerable cost savings.

The Goodwill Job Connection in Sarasota, Florida and Lafayette, Louisiana is a small nonprofit that offers job placement and support services to chronically unemployed members of the surrounding community. The Goodwill Job Connection spends about $1,500 per job placement compared to per person costs of about $4,000 for the Florida's work-focused JOBS program. Since the program began in 1987, it has placed more than 1,000 people in jobs. Goodwill works hard to build relationships with local employers and, after providing its clients with basic job readiness and on-the-job work skills, places people permanently into unsubsidized jobs and offers follow-up support to make sure they stay in jobs.

Microenterprise

Microenterprise is a market-oriented, entrepreneurial approach to reducing poverty and welfare dependence by promoting self-employment. Based on successful lending projects in developing nations, U.S. microenterprise ventures tap the entrepreneurial talents of poor people, especially women, who face limited options in formal labor markets.

A microenterprise generally employs less than five people and is usually capitalized with under $5,000. There are over 150 microenterprise projects in the United States that offer capital and training to small groups of low income people. Often, these projects rely on peer group pressure to achieve what are remarkably high loan repayment rates. The spread of the microenterprise movement, however, is impeded by scarce capital and technical support.

A corporation might make direct grants and loans to nonprofit groups that provide technical assistance, training, and credit to low income entrepreneurs. Or a corporation might directly offer technical assistance and training. Recipients would then attend technical and training classes and upon "graduation," receive the micro loan. Or a micro loan might go directly to a recipient who has previous work experience and a business plan.

A recent five year, multi-state study, the Self-Employment Investment Demonstration (SEID), found that self-employment, or microenterprise, attracts long-term welfare recipients, creates enduring businesses and new jobs, reduces welfare dependency, generates savings, and builds self-esteem, income, and assets. In fact, 79 percent of businesses started under this program are still operating after 2.6 years. Businesses as diverse as child care, jewelry repair, desk top publishing, and catering were created through SEID. The Corporation For Enterprise Development—a Washington, DC-based supporter of SEID—estimates up to 10 percent of all welfare recipients are candidates for self-employment.

Job Placement Vouchers to Build a Competitive Employment System

Job Placement Vouchers -- allowed under the new welfare law -- have been successfully used in many states with the education system and unemployment system. However, this concept has not yet been tried with welfare recipients. Job Placement Vouchers are coupons or vouchers financed by the states through the welfare block grant. Job Placement Vouchers would allow recipients to "shop" for employment services thereby stimulating the growth of the job placement market and improving service delivery through competition.

Recipients would give vouchers directly to vendors—private sector employers, government organizations, nonprofit and for-profit job placement organizations, microenterprise programs, and private sector employers—who would be paid for performance only, meaning placement in a full-time, private sector job for a minimum period of time.

By encouraging states to give Job Placement Vouchers directly to recipients, business benefits in the following manner:

- Vouchers offer a simple, non-administrative method to receive a payment for hiring and keeping a welfare recipient in a job;

- Vouchers would help build a growing market for intermediary organizations which would, in turn, create a larger pool of job-ready welfare recipients for corporations to test and hire;
- Vouchers would improve service delivery through competition, reduce costs, and shrink bureaucracy;
- Vouchers would empower low income citizens by giving them the resources to choose their own job service providers where and when they need them.