SB

98

Alaska State Legislature

Sen. Lyda Green, Chairman
Sen. Loren Leman, Vice-Chairman
Sen. Mike Miller
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Sen. Judith Salo

State Capitol
Room 123
Juneau, Alaska 99801-1182
907-465-3762

Senate Committee on
Health, Education and Social Services

SB 98
"Personal Responsibility Act of 1995"
SPONSOR STATEMENT

SB 98 is designed around the premise that government public assistance is a helping hand to self-sufficiency, not a replacement for self-sufficiency.

The legislation follows the lead of successful reform programs in other states; offering innovative ideas and programs in an attempt to break the cycle of dependence and to repair a broken system.

The growing number of welfare recipients nationwide and the associated costs have forced many states and the federal government to propose better and more effective alternatives. Alaska should be pro-active and learn from the mistakes of other governments by changing our welfare system to avoid the destructive situations occurring throughout the United States.

The basic premise behind this bill is to help those who are on welfare to find jobs and become self-sufficient. The current welfare system discourages work and encourages long-term dependence on government.

SB 98 is designed to alter the focus of the government's efforts: work, self-reliance and personal responsibility are to receive the highest emphasis. Recipients need to be empowered with the tools to get them back on their feet again and to be self-sufficient; this legislation offers that helping hand.

In general terms, the main provisions of the bill provide for:

* Incentives to go to work, graduate from high school or a vocational program;

* Elimination of the 100-Hour Rule that discourages employment; raising the automobile allowance from $2000 to $5000 to better assist recipients with transportation to work;

* A workfare pilot project in areas with the highest number of AFDC recipients;

* Permanent ineligibility for individuals convicted of welfare fraud;

* The signing of a personal responsibility agreement by recipients of AFDC;

* A two-year time limit on benefits for those recipients in the workfare program or the JOBS program;

* Additional 12 months of Medicaid coverage during transitional period from welfare to work;

* No increase in cash benefits for additional children conceived on welfare;

* A single parent 17 or under to live with parents, adult relatives or other adult-supervised arrangements in order to qualify for AFDC;

* Reduces AFDC to federal minimums. Alaska's cash welfare payments for a family of three ($923.00) are far above the national median ($367.00);

* Maximum of five years of public assistance for able-bodied recipients, with specified exceptions (does <u>not</u> apply to physically or mentally disabled recipients);

* Parentage establishment at the time of AFDC application, with specified exceptions;

* Establishes an "Immediate Referral Policy" directing new applicants into the JOBS program and assisting with developing a self-sufficiency plan for the family, prior to approval for AFDC;

* Establishes a noncash, temporary assistance policy to help needy families through a crisis situation. The DHSS may grant food stamps, child care assistance and/or Medicaid for up to six consecutive months, instead of cash AFDC benefits.

Workfare and the JOBS program will be used for training, work experience and to instill a work ethic. Additional incentives and sanctions will encourage recipients to make sure that their children are in school on a regular basis; to finish training programs; to graduate from high school; to complete treatment programs and to retain the jobs that they secure.

The time has come to make real changes to welfare. Public assistance can, and should be, an effective transitional program for those in need of temporary assistance. SB 98 will establish a reformed welfare system that is designed to break the cycle of dependence and help welfare recipients become more productive, self-sufficient and financially independent.

IMPACTING
Families Through Work: "An action plan for self sufficiency"

APPROVED

Partnership for Personal Responsibility

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State of Indiana

Evan Bayh, Governor

December 15, 1994

OFFICE OF THE GOVERNOR
INDIANAPOLIS, INDIANA 46204-2797

EVAN BAYH
GOVERNOR

December 15, 1994

Fellow Hoosiers:

Acre by acre, and brick by brick, Hoosiers have worked hard building our beloved state for over 175 years. Together, we have succeeded in creating an economy and a society that today is envied by so many others.

Through good times and bad, Hoosiers have persevered because we remain committed to the same core values that guided our state's founders so many years ago: The dignity of hard work, a deep belief in family, a commitment to community, and the importance of assuming personal responsibility.

When looking for solutions to the long-standing problems of welfare, the time has come to commit ourselves — not to some new bureaucratic initiative — but to something tried and true: the same core values that have made our state great.

Regrettably the current welfare system is inconsistent with these values. Today welfare encourages dependence, not independence. It undermines the dignity of hard work. And, causing irreparable damage, welfare provides incentives to tear families apart. It is a system that does not work.

Indiana's welfare reform plan will make work pay, encourage family unity, build our communities, and demand personal responsibility.

I am pleased the federal government approved our plan to fix the welfare system, and make it consistent with the same values Hoosiers have always cherished.

Sincerely,

Evan Bayh

OFFICE OF THE GOVERNOR
INDIANAPOLIS, INDIANA 46204-2797

EVAN BAYH
GOVERNOR

For immediate release: Thursday, December 15, 1994

GOVERNOR BAYH ANNOUNCES COMPREHENSIVE WELFARE REFORM PACKAGE;
PLAN WILL CUT WELFARE ROLLS IN HALF

Governor Evan Bayh said today his administration has won approval of the most aggressive and comprehensive welfare reform program in the United States.

"Indiana's welfare reform program ensures that those who can work, will work," Governor Bayh said. "It will change welfare from a system that focuses on writing welfare checks to one that makes able-bodied people earn paychecks."

"We are affirming the core values Hoosiers share - work, family, opportunity and responsibility - in an aggressive, but fair manner," the governor said. "Indiana's welfare reform program makes work pay and provides assistance families need to move from dependence to independence."

The governor's reform program, consisting of 42 waivers to federal regulations governing welfare, was submitted to the federal government in June, 1994. The U.S. Department of Health and Human Services notified the state today that the majority of individual waivers are approved. Several of the requested waivers dealing with administrative matters could not be granted without changes to federal law while the others can be implemented with state plan amendments.

"No state has such a statewide, comprehensive approach to welfare reform as Indiana is taking, beginning today," Governor Bayh said.

Features of the welfare reform program include:

* Time limited (24 months) assistance provided to certain Aid to Families with Dependent Children recipients while they look for work.

* A family cap, halting increases in cash benefits for children born more than 10 months after a family begins receiving AFDC.

* Requiring all AFDC applicants to sign a Personal Responsibility Agreement that ties AFDC payments to specific promises by the recipients, including promises that their children will attend school and receive appropriate vaccinations against disease at the appropriate age.

* Allowing eligible AFDC recipients to earn a paycheck without immediately losing necessary support services such as health care.

* Sanctions for those who abuse the system, including permanent ineligibility for individuals convicted of welfare fraud.

* Private sector job placement and extended wage supplements.

* Minor parents required to live with parent or responsible adult.

* Immunization of children required on schedule or parents lose $90/month.

* Children must attend school or parents lose $90/month.

* All children will retain all Medicaid eligibility regardless of parent non-compliance.

Governor Bayh saluted both Democratic and Republican legislators who have worked closely with the administration to fashion a program with bipartisan support. "This has been a long and arduous process, but this new approach to getting people off of welfare and back to work incorporates ideas and suggestions from both Republican and Democratic legislators," the governor said, pointing out that legislators from both parties have been instrumental in fashioning the program that has received federal approval. "I will continue to meet with our bipartisan task force and look forward to pursuing our program in the General Assembly."

During the next seven years, the governor's welfare program will achieve more than $140 million in savings and move approximately 37,000 adults to self-sufficiency, reducing the welfare rolls by nearly 50 percent. There are currently 70,505 adult AFDC recipients.

Under the governor's program, 9,000 to 12,000 AFDC adult recipients will participate in the IMPACT program's job placement track at any given time. From the date recipients are placed in this track, they will receive a maximum of 24 months of AFDC assistance and 12 additional months of transitional child care and transitional Medicaid benefits. At the end of this time period, recipients must wait three years before applying for AFDC.

IMPACT will demand that participants engage in intensive case management and job placement. Vocational and educational training will be provided only as needed. The number one priority will be to connect recipients to jobs.

Adults with the ability and circumstances that allow them to work will get no benefits if they refuse to move toward self-sufficiency. AFDC and Medicaid benefits for children of those adults, however will continue.

All AFDC applicants and recipients will sign a Personal Responsibility Agreement, beginning in January. Preparation for the 24-month time limited assistance portion of the welfare reform program is underway. Full implementation will begin no later than July 1, 1995.

The governor also restated his support for legislation that would insure that township trustees have the right to deny taxpayer money to those who have refused a job under the governor's welfare reforms.

"Indiana's trustees share our goal of putting people to work, and we want to do whatever it takes to give them the legislation they need to protect taxpayers," the governor said. He noted that members of his reform team have been consulting regularly with members and leadership of the Township Trustee Association.

"Indiana's welfare reform program is based on the belief that work is the best social program ever devised," Governor Bayh said. "It is the foundation on which we will strengthen our families and communities."

For more information: Fred J. Nation 317-232-4578
Steve Campbell 317-232-1012
Melissa Skolfield U.S. HHS--202-690-6853

OBJECTIVES OF INDIANA'S WELFARE REFORM

The objectives of Governor Evan Bayh's welfare reform are:

- ✓ To help all AFDC recipients become employed and self-sufficient through acceptance of personal responsibility for themselves and their families.
- ✓ To make work more financially rewarding than public assistance.
- ✓ To make public assistance temporary, not a permanent way of life.
- ✓ To develop a partnership between business and government to stimulate economic development to increase the capacity for new jobs.
- ✓ To develop a partnership between the public assistance recipient and government to ensure that a recipient's individual commitment to self-sufficiency complements the efforts of government to provide basic opportunities during the public assistance period.
- ✓ To punish abuses of the system by those who do not accept responsibility for themselves and their families.

> "Indiana's welfare reform plan gives those on public assistance both the opportunity and strong incentive to become self-sufficient."
>
> Evan Bayh, Governor

INDIANA'S WELFARE REFORM MOST AGGRESSIVE IN THE NATION

	Georgia	Illinois	**Indiana**	Michigan	New Jersey	Wisconsin
Statewide	✓		✔		✓	
Time Limited Benefits			✔	✓		✓
Family Cap	✓		✔		✓	✓
Personal Responsibility Agreement			✔	✓		
Extended Grant Diversion			✔			
Immunization for Children			✔	✓		
Minors Live at Home			✔			
Mandatory School Attendance			✔			✓
100 Hour Rule		✓	✔	✓		✓
Quits Employment			✔			
More Aggressive Sanctions	✓		✔	✓	✓	✓
Resource Limits		✓	✔	✓	✓	✓
Local Government Partnerships			✔			✓
Decrease in Bureaucratic Processing			✔			
Elimination of JOBS' Exemptions			✔	✓	✓	

FSSA 12/15/94

EXECUTIVE SUMMARY

Public assistance should be a process to self-sufficiency, with a work ethic and temporary help focus. It begins with the reasonable expectation that a family's request for public assistance is a request for temporary help, and with the understanding that self-sufficiency is a personal responsibility and not an obligation of the government.

A critical component of reforming public assistance must be to stress self-sufficiency through employment. Private businesses should be asked to play a role in developing new jobs to provide an expanded base for our communities. Businesses may be particularly well-suited to form partnerships with government to enhance economic development efforts that provide employment to public assistance recipients. This will enable recipients to receive a paycheck from an employer, instead of a handout from government

Through the Partnership for Personal Responsibility, employers will be encouraged to hire public assistance recipients through subsidies equivalent to recipients' AFDC payments. The advantage to the employer is the employment of an employee at a subsidized rate. The recipient is given an opportunity to earn wages for work with a potential for permanent employment.

No appointment is necessary to get this process in motion. It is an opportunity for Family and Social Services Administration employees to help a family refocus its direction and begin to eliminate the barriers that brought about the need for help

Those needing state assistance through the Aid to Families with Dependent Children program will get an appointment for a first interview... an intake session. This will include assessment of the family's needs and strengths. No benefits will be granted until an applicant signs an agreement promising to do everything possible to work toward self-sufficiency and provide a healthy and safe environment for children. This Personal Responsibility Agreement ties welfare payments to specific promises by the recipient.

The agreement states that the family receives no additional payments for any children born while the mother is receiving AFDC. Minors who are parents or who are pregnant will promise to live with their parents or in some other adult supervised setting.

All recipients will promise to make certain their children receive all appropriate vaccinations against disease at the appropriate age.

All will promise also to accept any reasonable employment as soon as it becomes available. They also must agree to follow an Individual Self-Sufficiency plan. This is an action plan that will be developed by the family and the caseworker.

Returning to Welfare

Most who leave but return to welfare do so within a year.

EXECUTIVE SUMMARY (Cont.)

IMPACT is Indiana's version of federal JOBS legislation. An estimated 12,000 people per year will participate in the IMPACT self-sufficiency program. Allowing for turnover in the program, about 9,000 will be participating at any given time.

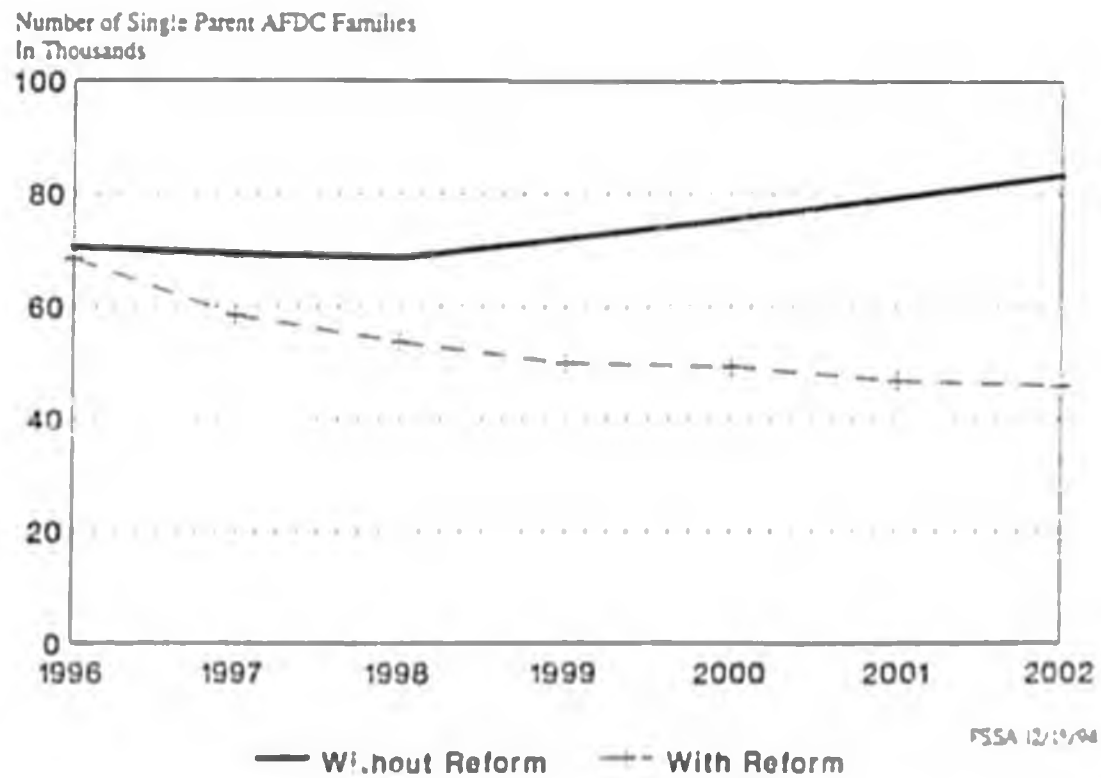
The agreement applicants sign will state they understand that, if placed in IMPACT's progressive job seeking track, their AFDC benefits will end two years from the date of that admission. Those who are not suited for the progressive job seeking track because of age, lack of readiness or other debilitating conditions are ineligible for progressive job placement will be placed in IMPACT's Job Readiness program.

Parents under age 18 who must care for a child under age 3 and who have not completed high school or the equivalent may be provided care coordination services. Periodic reassessments will be provided.

The state will commit itself to assist the family in meeting the agreement by providing appropriate benefits and services. These can include counseling, training, education, child care, family planning and other services. The state will allow recipients to keep their paycheck, while diverting the recipients' AFDC grant to an employer for business development and employee benefits.

IMPACT will help employers recruit and train quality employees. To ease the risk for employers, IMPACT will provide on-the-job training funds, work supplementation funds and targeted job tax credits.

WELFARE REFORM: FOCUSING ON EMPLOYMENT



TWO YEAR PROCESS TO SELF-SUFFICIENCY

SELF-SUFFICIENCY PLAN
(Within 30 Days)

- Family Assessment.
- Personal responsibility agreement signed.
- Self-Sufficiency Plan developed.

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JOB SEARCH OR JOB READINESS
(30 - 90 Days)

- In-depth educational and vocational assessment.
- Self-Sufficiency Plan initiated.
- Time limited assistance while looking for work.

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JOB PLACEMENT

- Employment supportive services (Child Care, Transportation, Medicaid).
- Monthly review of progress continues.

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TRANSITION AND SELF-SUFFICIENCY

- Case management services available.
- Limited transitional services begin (Medicaid & Child Care).

THE INDIANA COMPREHENSIVE WAIVER

Indiana obtained approval from the federal government to set aside rules and regulations that stand in the way of achieving self-sufficiency. Major waivers are:

- Twenty-four month time limit on AFDC benefits for participants in the Job Placement Track.
- No increase in benefits for children born more than 10 months after a family begins receiving AFDC.
- Development of a Personal Responsibility Agreement with each AFDC recipient which commits the recipient to child immunizations and job search in exchange for AFDC benefits.
- Extension of the AFDC grant diversion to an employer beyond the current nine months, to a maximum of 24 months, in order to encourage jobs and benefit development by the private sector.

Other waiver components include:

- Eliminate the food stamp requirement to hold hearings requested verbally to reduce the high rate of hearings which are scheduled but not attended by the persons requesting the hearing. Hearings would have to be requested in writing.
- Permit diversion of the AFDC grant to employers for training and other employment related costs.
- Eliminate the 100 hour rule, which prevents two able bodied parents living in the same house from working more than 100 hours in a month.
- Fix the AFDC payment during the 24 month participation in IMPACT until 100% of poverty is reached to minimize the financial risk to the family and serve as an incentive to encourage people to find and maintain employment.
- Allow additional earned income during the period of IMPACT participation.
- Establish more aggressive sanctions for non-compliance, including a minimum two months of program ineligibility as a result of non-compliance; twelve months ineligibility for the second non-compliance; and thirty-six months for the third non-compliance.
- Extend case management services following the 24 month program.

PERCENTAGE OF POPULATION RECEIVING AFDC ASSISTANCE

- Denial of AFDC benefits to individuals who quit a job within the three month period immediately preceding receipt of the first check for benefits.

- Require school attendance for the teen parent.

State Plan amendments include:

- Deny AFDC benefits to parents who obtain physical custody of their children for the sole purpose of attaining AFDC eligibility.

- Require a minor parent to live with a parent or other responsible adult.

- Require permanent ineligibility for an individual convicted of welfare fraud.

INDIANA'S WELFARE REFORM PLAN: FOCUSING ON FAMILIES

Indiana's welfare reform plan focuses on families. Families must enter into a partnership with the state to achieve self-sufficiency.

State agencies, in turn, will enter into partnerships among themselves and with businesses to assist families moving from dependence to independence.

Taxpayers also are part of this partnership. They provide the money that pays for welfare. Taxpayers will benefit from reforms that ensure welfare is a temporary condition, not a way of life and ensure Indiana's welfare system demands responsibility and independence, not dependence.

The responsibilities and roles of these partners are outlined on the following pages.

PARTNERSHIPS WITH FAMILIES

FAMILIES SHALL:

- Understand welfare is temporary assistance, not a way of life.
- Develop a self-sufficiency plan and go to work as quickly as possible.
- Recognize sanctions will be imposed for quitting a job, refusing to accept a job or dropping out of IMPACT.
- Take responsibility for children receiving all appropriate vaccinations against disease at the appropriate age.
- Ensure children attend school.
- Understand AFDC benefits will be limited to number of children in family within the first 10 months of qualifying for AFDC.
- Live with parents or other adults if the recipient is a teenager.
- Understand AFDC assistance will last only two years once placed in the IMPACT Job Placement Track.

PARTNERSHIPS WITH STATE GOVERNMENT

FAMILY AND SOCIAL SERVICES ADMINISTRATION SHALL:

- Provide child care for up to 3 years, including 24 months of child care AFDC recipients receive while on IMPACT, and 12 months of transitional child care.
- Provide Medicaid for up to 3 years, including 24 months of Medicaid benefits AFDC families receive while on IMPACT, and 12 month of transitional Medicaid benefits.
- Freeze the food stamp benefit for the first six months AFDC recipient is employed.
- Stop penalizing two parent families by eliminating the rule that limits either parent from working more than 100 hours a month.
- Provide job training and job placement assistance for up to two years.
- Permit earned income up to 100 percent of the federal poverty level.
- Identify one caseworker per family to ensure the self-sufficiency plan is implemented.
- Aggressively continue to collect child support on behalf of AFDC recipients. Indiana child support collections have increased more than 476 percent since 1985, growing steadily every year. Collections in 1994 are likely to total $170 million, compared to $149.7 million in 1993.

DEPARTMENT OF HEALTH SHALL:

- Work with hospitals to provide an opportunity to new parents for establishing paternity.
- Work with FSSA to ensure immunizations are available to all AFDC families.

DEPARTMENT OF WORKFORCE DEVELOPMENT SHALL:

- Identify job openings on a county-by-county basis and share information with FSSA's Division of Family and Children county offices.
- Install kiosks in a number of FSSA's Division of Family and Children county offices for families to identify available jobs rather than enrolling in AFDC.

BUREAU OF MOTOR VEHICLES SHALL:

- Exchange data with FSSA that will assist in eligibility determination and fraud investigation.

DEPARTMENT OF EDUCATION SHALL:

- Work with FSSA to ensure children attend school.
- Enable a limited number of FSSA caseworkers to be placed in some schools to help reduce the dropout rate of teen parents.

PARTNERSHIPS WITH BUSINESSES

- AFDC grants diverted to employers for up to 24 months for new jobs.
- IMPACT employees trained in basic skills.
- AFDC grants can be used for on-the-job training.
- Employers can receive a federal tax credit of up to $2400 for hiring IMPACT employees.

PARTNERSHIP WITH TAXPAYERS

- When welfare reform is implemented, taxpayers will benefit.
- The cost of AFDC is shared by county, state and federal governments. The county's share is 14.5 percent, the state's share is 22 percent and the federal share is 63.5 percent. As welfare rolls are reduced, the drain on scarce resources for public assistance will lessen.
- During the seven year demonstration period of welfare reform, more than $140 million in state dollars will be saved by moving approximately 37,000 adults to self-sufficiency.

STATUS OF FAMILIES ON AFDC

- In State Fiscal Year 1994, $206,188,773 in AFDC benefits were distributed to Hoosier Families.
- On an average monthly basis, approximately 195,000 people receive AFDC, 125,000 are children and 70,000 are adults.
- The percent of population in Indiana receiving AFDC averages 3.5 percent, compared to 5.3 percent nationwide.
- Approximately 190,000 families made up of 510,000 individuals receive food stamps at an annual cost of $417 million.
- Approximately 90 percent of the adult AFDC recipients are female.
- The average age of an adult AFDC recipient is 28. Seven percent of AFDC recipients are teenage mothers
- Approximately 5,200 children are born annually to a mother who is receiving AFDC.
- The average number of people in an AFDC family is three; the average number of children is two. The average AFDC monthly benefit is $288.
- Forty-six percent of parents receiving AFDC have a high school degree or GED. Eleven percent have some post high school education and one percent have a college degree.
- Thirty-three percent of families on AFDC remain on the program for less than one year; 21 percent remain on AFDC for to two years; 13 percent remain on the program two to three years; and 33 percent remain on AFDC three years or more.
- In 1992, the identity of the father was not determined for 24.7 percent of the children born to AFDC families, compared to 29.5 percent nationwide.
- The unemployment rate averages 4.4 percent in Indiana, compared to 5.6 percent for the nation.
- A parent and two children, with an annual income of $12,320, are at 100 percent of the 1994 federal poverty guidelines.

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Va. Overhauls Welfare, Giving Allen a Victory
Revisions Are Among Nation's Toughest
By Spencer S. Hsu
Donald P. Baker
Washington Post Staff Writers

RICHMOND, Feb. 25 -- The Virginia General Assembly passed one of the most restrictive welfare overhaul programs in the country tonight, ending a tumultuous session by bowing to Gov. George Allen's plan to force recipients into jobs after 90 days and to cut off their benefits after two years.

In a final day of feints and thrusts before the 1995 session adjourned, Democratic leaders reined in House members furious over what they considered Allen's premature announcement that an accord had been reached 24 hours earlier.

Shortly before 7 p.m., the House of Delegates voted 90 to 9 in favor of Allen's compromise. Minutes later, the Senate concurred 33 to 6. All 13 members of the Legislative Black Caucus dissented.

"It's been a tough session. There's been a lot of missed opportunities," Allen said as the final votes were held. But he gushed over his victory. "It looks very good. This will be as tough as any in the nation."

Lt. Gov. Donald S. Beyer Jr. rejected angry charges from poverty groups and his party's liberal wing that the Democrats had capitulated to the governor, insisting that Democratic negotiators had strengthened case worker and benefit portions of the legislation. The adjustments, however, were largely technical.

"Any successful negotiation is win-win. . . . We have a bill here stronger than either approach we started with," Beyer said. "We're so close it's almost impossible to tell the difference." The legislation's ultimate passage left one pillar of Allen's conservative agenda standing amid the ruins of the broadest legislative repudiation of a Virginia executive in memory. Over the last six weeks, legislators have killed Allen's bids to cut income and business taxes by $2.1 billion, repeal mandatory sex education and allow state-funded "charter schools," and to slash funding for many programs by $403 million, including social services, arts and higher education.

Allen believes his vision of smaller government and social change still will be redeemed by this fall's election -- which frequently seemed a major factor in debate during the last six weeks. With all 140 seats in the General Assembly up for election, Republicans need to gain just four in the House and three in the Senate to take control for the first time.

Yet even Allen's fellow Republicans concede the governor badly misjudged how to play the session, especially compared with his legislative sweep last year. As he pushed conservative initiatives that would have transformed much of Virginia government, he alternately ignored his own party leaders and called their Democratic counterparts "dinosaurs" and "fat cats."

Del. William C. Mims (R-Leesburg) resorted to football analogies today. "On Allen's first play from scrimmage in 1994, he completed a long bomb," Mims said. "On the second play in 1995, he was caught behind the line of scrimmage."

As reflected in polls, Allen's failures have, at least for now, diminished his stature. "I don't think he's as damaged goods as Clinton was," said Mason-Dixon Poll analyst Del Ali, "but this rising-star thing has been put on hold temporarily."

Still, the Democrats' success at blocking Allen's activism carried its own price. For the first time in several years, lawmakers passed little major legislation. Virtually no new transportation projects moved forward. No progress was made on equalizing state funds to school districts.

"When you think about it, there really wasn't a lot done. It's gridlock," said Del. Vincent F. Callahan Jr. (R-McLean), co-chairman of Northern Virginia's 34-member legislative delegation. "The major news is restoration of [Allen's proposed] cuts, but all we've done is the same as where we were last year. Nothing's changed."

Welfare revision was the session's sole surviving drama, one that would affect 74,000 poor women and their children across the state. Both the Democrats' plan and Allen's eleventh-hour effort would require teenage mothers to live with their parents and identify the fathers of their children. It also would deny payments to additional children born to aid recipients. Only Massachusetts has approved such restrictive provisions.

Allen emphasized that his plan would save money -- $136 million over five years -- and commit Virginia to the philosophy of self-sufficiency, but Democrats offered a different focus. They said theirs would provide a carrot as well as a stick, easing barriers to working by providing more generous health and child care, a car allowance and income credits.

Today's suspense grew largely from divisions among Democrats over whether to go along with Allen or reject him once again. Friday evening, Allen had announced success in reaching an accord that would require many of the single mothers on welfare to find jobs in private companies or community service withing 90 days of receiving their first check. Democrats wanted to allow up to a year, although they, like Allen, would end all assistance after two years.

Beyer, the Democratic party's titular head and chief negotiator with Del. David G. Brickley (D-Woodbridge), had crafted the compromise with the administration and was pushing colleagues to accept it. But House Majority Leader C. Richard Cranwell (D-Vinton) threatened for hours to throw out the governor's proposal and force him to veto a similar Democratic plan.

All day, the two negotiators shuttled between their chambers and the governor's office. At midday, they handed Allen a list of seven changes they needed to satisfy critics in the Legislative Black Caucus. Allen agreed to four of them.

That made little difference to liberal Democratic lawmakers and the Legislative Black Caucus, which refused to back what it called an irresponsible and insensitive law

"I beg you not to play politics with the lives of poor women, poor children and poor people," said Del. Jerrauld C. Jones (D-Norfolk), black caucus chief. He said the law was "unnecessarily punitive; it's all politics." With his comments, Jones insinuated that Democratic leaders wanted to prevent Republicans from claiming the issue this fall.

Only a few votes on other issues remained by today. Late this week, the assembly passed a law making it possible for virtually any law-abiding citizens over the age of 21 to obtain a permit for carrying a concealed weapon. The measure succeeded despite a frenzied lobbying effort by gun control forces and a personal appearance by former Reagan aide James S. Brady, who was critically injured in the 1981 assassination attempt on the president.

Allen did get his way on a host of deregulatory and market initiatives, such as a bill granting civil amnesty to companies that detect their own pollution problems and begin to clean them up. Other laws heading to his desk for signature include one turning over regulation of auto dealers to a board dominated by dealers and another that will legalize private-public authorities to fund transportation projects.

But a proposal to allow riverboat gaming was killed in the Senate for another year, as was an effort to limit campaign donations to candidates for state office. The campaign bill passed the Senate but stalled as House members refused to vote, complaining its rules were too complicated.

Lawmakers slashed Allen's $403 million prison-building program to $104 million, only months after eliminating parole at the governor's request.

Their decision led Allen to warn that with Virginia facing a massive inmate influx, state leaders were risking federal lawsuits over crowding in state and local prisons.

Allen also was rebuffed on a parental notice requirement for teenagers 17 and under who sought an abortion. Allen vetoed a measure last year that he considered too lenient.

Staff writer Peter Baker contributed to this report.

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AMERICA'S SHOCKING DISABILITY SCAM

Wanted: drunks, junkies, child abusers and other misfits willing to share $25 billion from taxpayers. Contact the federal government for details

America's Shocking Disability Scam

BY RANDY FITZGERALD

It's the first of the month in New York City, and several dozen occupants of the seedy Concourse Hotel in the Bronx are waiting anxiously outside for the mail carrier to deliver their U.S. Treasury Supplemental Security Income (SSI) checks. A red Buick slowly circles the block like a shark sizing up its prey.

Once the stack of envelopes has been distributed, the residents parade to a check-cashing store two blocks away. Then one by one, cash in hand, they approach the Buick, now parked in front of the hotel. "How much you need?" a passenger asks 33-year-old Elizabeth, whose skeletal, twitching hands clutch a wad of $20 bills.

"Enough to get me through the week," she replies hoarsely. He takes the money and gives her a fistful of vials containing crack cocaine. Over the next hour, tens of thousands of dollars will be spent in the neighborhood on cocaine and heroin, courtesy of U.S. taxpayers.

SSI, one of the nation's largest and fastest growing cash welfare programs, was established by Congress in 1974 to assist low income Americans who were elderly, blind or otherwise unable to work. This year six million recipients will pocket $25 billion in SSI benefits, up from 4.8 million recipients and $16.1 billion just four years ago. What's more, 2.2 million *new* SSI applications were filed last year, swamping local agencies that review cases.

Once on SSI, the vast majority of recipients get cash—often retroactive lump sum benefits—but no rehabil itation or job training. The result: few people—including addicts and those who could be trained—ever leave SSI, making the program an entitlement for life.

"SSI tends to perpetuate the very conditions—alcoholism, drug addiction, certain forms of mental illness—that preclude work and promote dependency," says Carolyn Weaver, director of Social Security and Pension Studies at the American Enterprise Institute, a think tank based in Washington, D.C. And because SSI can be a golden key to other federal programs like Medicaid and food stamps, some people will do just about anything to qualify.

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An estimated 250,000 alcoholics and drug addicts receive nearly $1.5 billion a year from SSI and its companion program, Social Security Disability Insurance (SSDI). But only three percent are known to be receiving the required treatment for their addictions. (SSDI is for workers who paid into the Social Security system and who are now disabled, while SSI is for the poor.) "Taxpayer dollars are used directly to subsidize and perpetuate drug and alcohol abuse," according to a minority staff report earlier this year by the U.S. Senate Special Committee on Aging.

Death by Installment. In the office of the homeless shelter Bob Coté runs in Denver hang nine photographs. There's sad-eyed Clark Pittman, 53 years old when his heart stopped. After receiving his first SSI check, he bought two fifths of high-proof bourbon instead of the cheap wine he had used for years. Over the next six hours, he drank himself to death.

Nearby is a photo of Billy Palmer, 62 years old when he got a lump-sum SSI payment of $6000 and left Coté's shelter. He died of an alcoholic seizure after weeks on a binge. Then there's Bob Paxton, a bus mechanic from Iowa who cashed his SSI checks at a nearby liquor store and died, in a drunken stupor, at 57.

Coté first became aware of what he calls SSI's "suicide on the installment plan" in 1990. He noticed four federal workers on Denver's skid row putting pamphlets in the hands of drunks passed out on the sidewalk. Coté picked up one of the brochures, published by the Social Security Administration (SSA). "Are you an alcoholic or a drug addict?" it asked. "Then you may qualify for SSI." Law firms that specialized in SSI created billboards soliciting skid-row business.

Steve and Ray are typical of those who signed up. Steve and his wife had been heroin addicts for two decades when they got lump-sum SSI payments of $2500 each in 1990.

"We bought drugs," Steve admits. "It only kept us going about a month. Then we had to boost [steal] again. I don't know of anyone on SSI who's made a clean break from drugs or

alcohol." Steve's wife has since died, and today Steve's monthly checks reach him through his brother, a "representative payee" who is supposed to look out for Steve. His brother, too, is a heroin addict.

Ray got on SSDI in 1991. The first of every month he rents a motel room with his $530 SSDI check, buys whiskey, cocaine and marijuana, invites friends over and parties for two or three days until the money is gone. Asked if this was a responsible use of taxpayer money, Ray replied, "It's none of anybody's business."

In Chicago, Administrative Law Judge Francis O'Byrne has spent the past 20 years handling SSI cases. But he has never been as frustrated by the system as he is today. He has a backlog of 500 appeals, and under current rules he finds himself approving benefits in 70 percent of them. "We've created a monster," Judge O'Byrne says. "No one who is incompetent to handle their own money should have their hands on taxpayers' money."

Not since 1972 has Raymond Corrao, 56, been legally employed. He has supported himself and his heroin addiction by dealing drugs in California. In 1989 Corrao applied for SSI, claiming he was disabled by heroin and alcohol addiction. But a year later, a judge ruled that Corrao was ineligible because his drug dealing constituted "substantial gainful activity."

Corrao sued in federal court to reverse the ruling. Last April, the U.S. Court of Appeals remanded the case to the district court for reconsideration. If the lower court rules in his favor, Corrao could receive a lump-sum SSI payment of more than $30,000, along with continued monthly benefits.

"Something is wrong with this system," fumes Sen. William Cohen (R., Maine). "The message is, show us you are a hard-core drug addict and, as long as you continue to shoot up or drink up, the money is going to keep coming."

Shopping Spree. Before Administrative Law Judge David Tennant of Raleigh, N.C., stood a frightened eight-year-old and her parents. The girl had terrible scars all over her body, where her father had burned her with cigarettes. She was under psychiatric care at a government clinic. Now her parents were seeking SSI children's disability benefits for the very conditions they had caused.

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Judge Tennant had no illusion that the SSI checks would be spent on the girl's care. If he approved the application, the SSA would be subsidizing an abusive father and an indifferent mother. Yet Tennant had no choice. Under current law the parents were entitled, on the child's behalf, to receive the monthly largess.

Applications for children's disability have exploded in volume since the Supreme Court ruled in 1990 that children should be evaluated for

SSI in a manner similar to that for adults. In response, SSA issued new rules defining certain behavior in children—such as extreme shyness or public disruptiveness—as indicative of a disabling impairment. Suddenly some 230,000 children who had been denied benefits under the previous narrower rules were awarded lump-sum back payments averaging $10,000 each, for a total of $2.3 billion.

Unfortunately, Congress had previously legislated that back payment of all but $2000 had to be spent within six months if a family wanted to remain eligible for SSI. The result: a shopping spree at taxpayer expense. Consider a Greenville, Ky., woman who got $13,000 in 1992 for her hyperactive 11-year-old. She splurged on a car, refrigerator, stove, washer, dryer, television and computer.

In eastern Arkansas, SSI checks are known as "crazy money," and children's disability cases have soared.

After the court decision, SSA pursued an outreach program to recruit children onto the rolls. In less than four years, the children's SSI caseload more than doubled to 775,000, and outlays soared to $3.1 billion. Because most recipients automatically qualify for Medicaid, that entitlement program's budget is rising sharply as well.

Coaching Sessions. With outreach comes abuse. In Chicago a woman force-fed her son so he would be grossly overweight and qualify as the victim of an eating disorder. In Tampa, Fla., principal Stephanie Moffitt of the Sulphur Springs Elementary School heard from staff members that more than a dozen students admitted to being coached by their parents to act up in school so the family could get an SSI check each month. How did the parents learn of SSI? Through "public service" ads on TV and word of mouth.

In eastern Arkansas, monthly SSI checks are known as "crazy money." In some counties, children's disability cases have soared as much as 255 percent in two years. One family managed to get all 11 children on SSI rolls. Cost to taxpayers: $61,512 a year.

"What the children who honestly qualify for SSI need most is free medical care," says Judge Tennant. "Give them medical services, not money. Judges should also have case review power after a year. Taxpayers deserve to see how their money is spent."

A Laotian refugee was so outraged by SSI fraud in Southern California that he complained to state officials. They asked him to adopt a new identity, "John," and wear a hidden microphone to document the scam.

John employed what is known in immigrant communities as a middleman—an expert for hire who navigates the maze of government benefit programs. Middlemen fill out the SSI forms, coach applicants on how to act with the physician, and interpret during these sessions.

The "body mike" John wore captured his middleman's instructions: "Just say headache, nightmares, loss of memory. You can receive a lot of money, seven or eight thousand the first year. You pay me three thousand, and the rest you get to spend, okay?"

John was then driven with nine other immigrants to a clinic. All ten had a 7 p.m. appointment with the same doctor. As they waited, John overheard the others joking about the "free money" they were about to receive. Doctors filled out the forms in a veritable assembly line.

At the next interview, with an SSA representative who spoke only English, the middleman again acted as interpreter. The middleman reported that John had back pain from an old rib injury. Unable to challenge the story, the examiner dutifully verified the doctor's findings. John could now obtain up to $603 a month—indexed for inflation—for the rest of his life.

At one clinic in Orange County, California, state investigators found the names of almost 2000 immigrants receiving SSI who had been brought in by middlemen. As of last November, this one group had collected $39 million in SSI payments in less than three years.

"We think this is happening in virtually every immigrant community in the nation," reports Chris Rodriguez, a deputy chief investigator for the California Department of Justice. According to one estimate, the middleman problem may cost U.S. taxpayers more than $600 million a year in California alone.

Dumping Ground. During its investigation, the California Department of Justice also stumbled across a new scam: state prison inmates collecting SSI for drug addiction and alcoholism while behind bars. At a single facility, investigators discovered 100 inmates on SSI. Last year Bureau County, Illinois, state's attorney Marc Bernabei notified the SSA that SSDI checks—$771 a month—were going to Lee Adams, who had been sentenced in 1993 to life in prison for stabbing to death his nine-month-old son.

Another reason federal disability spending has nearly doubled in the past four years is that state and city officials are using the federal program as a dumping ground to relieve the financial stress on their own welfare systems. In Illinois lawyers are paid a $1300 bounty by the state for each person they transfer from state welfare rolls onto SSI.

Middlemen may cost taxpayers more than $600 million a year in California alone.

Disability applicants have told Judge O'Byrne how social workers threatened to drop them from the state's roll if they did not apply to the federal program. Similarly, New York City caseworkers encourage recipients to apply for SSI, which pays over $150 per month extra.

"HRA [the Human Resources Administration] encourages clients to apply for all benefits to which they may be entitled, including SSI," remarks Cesar A. Perales, former deputy mayor for Health and Human Services. "It is in the city's fiscal and programmatic interest to ensure that all eligible clients receive federal assistance."

Double Jeopardy. Last March the U.S. Senate approved a proposal by Senator Cohen to require drug addicts and alcoholics to enter treatment in return for benefits. Payments would stop after three years if substance abuse was the basis of a disability claim. In May the U.S. House approved similar legislation, adding the provision that retroactive payments be made over a period of months rather than in a lump sum.

Legislative authorities predict that even after Congressional action, it will take the SSA at least a year to implement these changes. There is also no guarantee that the agency will administer the reforms in the spirit Congress intended. For example, most substance abusers develop medical conditions as a result of the addictions, and these conditions could still qualify them for benefits whether or not they are in treatment. The SSA's continued emphasis on using its resources for "outreach" rather than "caseload review" may undermine the intent of Congress.

Even more can and should be done to protect taxpayers:

1. Illegal acts—including drug possession and sales—should be grounds for the revocation of disability benefits.

2. Instead of lump sums or monthly cash, SSI recipients should be given vouchers for use in obtaining appropriate treatment.

3. Congress must demand a systematic SSA review to weed out recipients who no longer qualify.

4. Administrative law judges should receive the power to review cases periodically to help protect children subject to abuse.

5. The SSA must be given authority to levy monetary sanctions against physicians and clinics making false statements in SSI filings.

6. The SSA should hire employees with foreign-language skills, to eliminate the use of middlemen as interpreters.

WASTE, fraud and abuse in SSI victimize both the truly disabled and those who pay the bills. Says Thomas Schatz, president of Citizens Against Government Waste, "Perhaps no single government social program mocks our best-laid plans more than SSI."

Reprints of this article are available. See page 202.

Siren Song

A HIGH-POWERED EXECUTIVE was speeding down a Detroit street, talking on his car phone. The police soon pulled him over. The executive completed his call and looked up at the officer. "Yes?" he said.

"I bet you don't even know why I stopped you!" the officer replied.

Said the executive, "You want to use my phone?"

—Contributed by [illegible]

scan appointment, Dr. Kassell looked very serious. He waited till we both sat down, then said, "I'm sorry, but things are worse than I thought. The tumor is far too large for the gamma knife."

"Isn't there anything you can do?" I asked.

Dr. Kassell hesitated. "We could carry out a surgical operation to reduce the tumor to a size where we could use the gamma knife. But the tumor is in a very bad place. Craig could die on the operating table. The most I think it would give him would be another six to nine months of life."

Poor Ernie was gulping. I felt numb. Dr. Kassell looked at the floor.

"Have you got children, Dr. Kassell?" I asked.

He nodded. "Three daughters."

"If one of them were in this situation, would you operate on her?"

He looked taken aback. "Marion, I don't know." He shook his head. "Only you and Craig can decide if it's a risk you want to take. Go home for Christmas. Talk to your family and your doctors, and think hard about what I've said."

Then he added quietly, "If you decide to go ahead, I'm willing to operate."

By the time we had returned to England, Ernie's mind was made up. "There's no question about it, Mal. We've got to go back." But I was frightened. One night I prayed, "Please, God, tell me what to do." When I woke, I knew I had to talk to Craig.

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■ EDITORIAL

BY MORTIMER B. ZUCKERMAN
EDITOR-IN-CHIEF

WELFARE'S SCANDALOUS COUSIN

President Clinton, in his State of the Union address, referred his audience to a group of men and women who have volunteered for his imaginative community-service program. But there is another class of citizens – the untold hundreds of thousands who have been involved in the abuse of the trust and sacrifices of their fellow citizens. The engine of their mischief is the Supplemental Security Income program, which has had little attention compared with the Aid to Families with Dependent Children program.

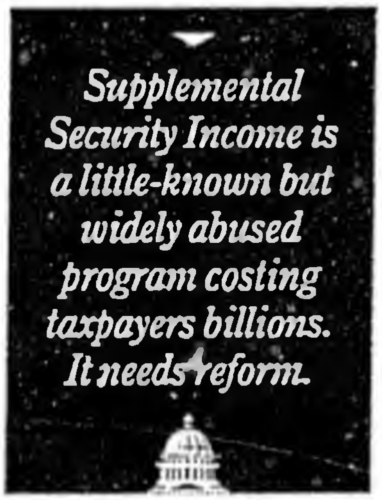
The original idea of SSI was splendid. It was to help old, disabled and blind Americans. It is no longer recognizable. Consider:

■ Old people legally brought to America by their families can qualify for SSI after three years on the basis of poverty. About 400,000 now qualify, turning SSI into a retirement program for people who have never contributed a cent to the Social Security funds during their working lives.

■ Refugees – a loose term – can begin collecting hundreds of dollars a month the moment they are admitted. Some 700,000 cost us almost $4 billion a year. Thousands have been encouraged by entrepreneurial "social workers" to qualify for SSI by fabricating tales of political and other wartime suffering that has left them too traumatized to hold a job.

■ Drug addicts and alcoholics can qualify as disabled, making it possible for virtually anyone hooked on dope or booze to get a monthly check, even if he has no other disability. Today the federal government is paying some $1.4 billion annually to 250,000 substance abusers – who often spend the money on the substance, not on treatment. Example: A Denver liquor store owner has been receiving $160,000 to run a tab for 40 alcoholics.

■ Many disability claimants now allege "vocational impairment" when their claims for physical impairments are denied. Heather Mac Donald in the current *City Journal* cites the example of Linda Zeitz, 42, a former sales rep for Coca-Cola who contends that she has suffered agoraphobia since 1978 because of her consumption of "birth control pills, junk food and large amounts of Tab." Such an applicant nowadays merely has to show that the impairments prevent the performance of past work, or, in the light of age, education and experience, any other work. Such subjective standards are too often a cover for social handicaps that no doctor can cure – the lack of an education, a self-destructive lifestyle, a poor work ethic and other behavior patterns that the average American would simply consider to be antisocial or even criminal. A disability industry has been created for attorneys, clinics and doctors who earn fees by helping claimants qualify. It has come to the point where work itself can be described as dangerous to mental and emotional stability, especially if the work can be described as "competitive."



■ Children with violent and destructive behavior can be rated as "disabled" rather than simply undisciplined. The courts have declared as impairments factors that limit the child's ability to engage in "age-appropriate activities." But the standards are hopelessly subjective – so much so that parents intent on abusing the system are encouraging children to misbehave in school or are holding their kids out of class so that they fail the age-appropriate tests.

Too many of the incentives of the SSI program are perverse. When recipients receive cash assistance, but no rehabilitation or job training, there is a disincentive to work. When the SSI payments are higher than AFDC payments, parents are egged on to qualify their children as disabled. The system gives cash awards for bringing up children badly. Drug addicts, offered cash for up to three years, have little incentive to conquer the addiction because it means losing SSI benefits. And states have an incentive to support a shift to SSI from AFDC since they bear about 45 percent of the cost of AFDC but none of SSI.

SSI – it should be renamed Social Security Iniquity – has created a set of incentives for fraud and failure. The loopholes should be closed. The sections on disability should be reformed so that compensation is reserved for the physically and mentally handicapped. The American taxpayer is willing to help those who genuinely merit help, but no longer to subsidize the addicted, the ignorant, the mischievous and the work-shy. ■

GOVERNMENT & SOCIETY

Let the Welfare Debate Begin

The role of government is at the core of congressional proposals to solve the problem of public aid

By Barbara Vobejda and Judith Havemann
Washington Post Staff Writers

REFORM

Fresh from a recent meeting with congressional leaders, Republican Wisconsin Gov. Tommy G. Thompson swept his arms from left to right, gesturing to show the dramatic shift that has taken place in the debate over how to rebuild America's welfare system.

"We made a light-year of advance in the last three months," Thompson said. "I never thought I would see the day."

As Congress opens its hearings on welfare reform, the discussion has moved far beyond the changes proposed by President Clinton last June, driven by the Republican electoral victory and a bipartisan recognition of the popularity of the issue.

The contentious fight that lies ahead is over deeply held beliefs about the role of government and its treatment of the nation's disadvantaged population. Congressional Republicans want not only to cut costs, but also create policies that discourage welfare dependence and attack what they see as a national crisis—the increase in out-of-wedlock births. Republicans, however, do not agree on the best way to accomplish this.

Governors like Thompson argue that they know best how to accomplish these goals and that Washington should turn over the money to them with few strings attached. And on the sidelines are the people who began this debate, President Clinton and the Democrats, who are struggling to secure a role in the process.

Whatever the outcome, the debate that has begun before a House Ways and Means human resources subcommittee is itself historic, a wholesale rethinking of four decades of social policy. Prompted by growing welfare rolls and increasing costs, elected leaders across the political spectrum agree on the need to change what they say is a deeply flawed program.

"We ended welfare as we know it in 1988, but six to seven years later it is clear that we did not really change the system," says Ways and Means Committee Chairman Bill Archer of Texas, referring to passage of the Family Support Act, the last round of welfare reform. Welfare, he says, "remains a cruel hoax that hurts its own beneficiaries."

But the Republican proposals before the committee are stirring serious controversy. If conservatives are cheering the competition in Washington to offer more and more revolutionary plans, liberals are wincing at the prospect of families being pushed off welfare.

Major battles are brewing over a number of issues, including the wisdom of providing unrestricted cash payments to the states and whether it is fair to deny benefits to unwed teenage mothers, children whose paternity has not been established and legal immigrants who have not become citizens.

Still, the enthusiasm—among Democrats and Republicans—to rewrite welfare policy is somewhat reminiscent of the euphoria early in the health care debate last year.

Rep. E. Clay Shaw Jr. of Florida, who is chairing the hearings, said at a briefing for reporters that he wants to "break down partisan lines" because "everybody is trying to move the welfare reform agenda."

But, as in health care reform, the euphoria could wither when details of the plan are scrutinized.

"I think we may be in for the same kind of gut-wrenching debate on welfare that we had on health care reform and come out producing a mouse," says Robert H. Haveman, economics professor at the University of Wisconsin's Institute for Research on Poverty.

Already, there is some disarray among Republicans. Although the proposal contained in the GOP "Contract With America" calls for cutting off cash assistance to legal immigrants who have not become citizens, House Speaker Newt Gingrich of Georgia says he thinks the party should "revisit the question" of a permanent ban on noncitizen benefits.

But Shaw says he has no plans to remove it from the bill. "I am not going to take an off-hand comment at a press conference as instructions," he says. And Archer says, "We do not believe that people who come to this country for opportunity and freedom should expect a handout."

DEMOCRATS HAVE THEIR OWN problems of disarray, and some are decrying the lack of leadership from President Clinton on the issue.

"The White House has not gotten together to come up with an alternative," says Democratic Rep. Charles B. Rangel of New York, a member of the subcommittee. "The Democrats in the House have not gotten together to come up with an alternative. . . . Everybody is so stunned by defeat we have become incoherent."

The debate in Washington will ultimately be felt on a diverse collection of disadvantaged families across the country. The largest program, Aid to Families with Dependent Children, includes 14 million recipients, nearly 70 percent of them children.

The average welfare family receives a monthly payment of about $380, as well as food stamps and Medicaid. State studies have shown that fewer than 15 percent of those on welfare receive AFDC continuously for five years, according to the American Public Welfare Association. Much more typical is a family that cycles on and off. Half of single parents who apply for welfare leave the program within a year, but nearly half of those return to the program within a year of leaving.

It is these parents and their children who could be harmed, warned Marian Wright Edelman, president of the Children's Defense Fund. "Congress needs to slow down, lay out the facts and the consequences of their actions," she said at a recent news conference. "While the American people voted for change, and for less government, they did not vote for callous government or to hurt millions of children."

The current round of welfare reform has been anticipated for more than two years, since Clinton promised during the 1992 campaign to "end welfare as we know it." When the administration introduced its proposal, which would force welfare recipients into work programs after two years, it was decried by advocates for the poor and some congressional Democrats as unduly strict.

The Democratic-led Congress and the administration decided not to push forward quickly with welfare reform, largely because Congress was mired in health care legislation. But that, many say now, was a mistake. The fall election essentially handed the Republicans an opportunity to push their own plan. At the same time, Republican governors—now numbering 30—were given a stronger voice than ever before.

That turn of events has led to the current state of play, a committee beginning hearings even as it continues negotiating with governors over what the legislation will ultimately look like.

Following an appeal after the election by governors for more spending flexibility, congressional leaders agreed to begin negotiating over a proposal to create huge block grants to the states, replacing more than 300 federal programs. Those negotiations have involved an extraordinary exchange between the staffs of House Republicans and a group of four Republican governors who have been active in welfare reform, leading to an announcement that several of the block grants had been agreed upon. That proposal, Republicans say, will ultimately replace the welfare legislation contained in the "Contract With America." The governors, led by Michigan Gov. John Engler, have pushed for block grants that would consolidate programs in several areas, including food and nutrition, cash assistance, such as Aid to Families with Dependent Children, and child care. The states would agree to no funding increases for five years.

That would mean a significant change in the current status. Individuals meeting eligibility criteria would no longer be guaranteed benefits, meaning if a state has spent its funds and a recession sends more families into poverty, they could be denied food stamps, for example, or be put on waiting lists.

But the block grant negotiations are far from complete and, while they enjoy broad support in concept, are likely to face political and technical obstacles when the spending formulas and other details are scrutinized.

THE FOOD AND NUTRITION BLOCK grant, for example, may face opposition from farm state legislators, grocers and members of Congress whose states could lose funding.

An analysis by the Center on Budget and Policy Priorities, an advocacy group for the poor, calculated that, under the block grant formula proposed by Republican governors, many states would face substantial losses in federal food assistance, such as food stamps. If the formula had been in effect since 1990, for example, California and Florida would have lost nearly half of the aid they received last year.

Thompson, Engler and other governors argue that they are willing to accept less funding because they believe the elimination of federal regulations and added flexibility will save substantial sums.

Also, it appears that members of Congress may agree to eliminate what has been an important principle in federal-state spending regulations for welfare, the "maintenance of effort" requirement that prohibits states from reducing their own spending when federal funds increase.

Still, there is not unanimity among governors, some of whom are concerned that they may find themselves picking up the tab for assistance to families formerly covered under federal entitlements. Others are concerned about the provision denying aid to legal immigrants, and many have asked that they not be required to follow other provisions contained in the "Contract With America" bill, such as an end to cash benefits for unwed teenage mothers.

Despite the lack of consensus on what a welfare bill should contain, there are some areas that seem acceptable both to Republicans and moderate Democrats, including requirements that teenage mothers live with a parent or guardian, that their benefits be reduced, that child support enforcement be stepped up, that work be required as a condition of receiving welfare, at least for some recipients, and that states be allowed—or required—to deny additional benefits to welfare mothers who have more babies.

"These are things that Republicans and Democrats campaigned on," says Douglas Besharov, a scholar at the American Enterprise Institute. "On these provisions, there is very widespread agreement."

Shaw says he hopes to finish his hearings by the end of January, begin marking up a bill early in February and send it to the full committee by the middle of next month.

Although Republican leaders have promised to act on the provisions of the "Contract With America," including welfare reform, within 100 days, Shaw says, "I wonder if we'd have done that if we knew we were going to win."

COMMENTARY

True Welfare Reform

Bring on the orphanages and remove children from bad—but not necessarily poor—homes

By John J. DiIulio Jr.

What can—and should—be done by government to save America's severely abused and neglected kids? The place to begin is with the simple truth: Children cannot be socialized by adults who are themselves unsocialized (or worse), families that exist in name only, and neighborhoods in which violent and repeat criminals circulate in and out of jail. [illegible] Only a small fraction of children are raised by abusive and neglectful adults, but the number is large enough to entail significant social costs, costs best measured not in welfare dollars but in lives lost to drugs and crime. The only way to prevent these losses is to remove the children from their homes to other stable settings.

These truths are backed up by a large body of research and practical experience. Yet anyone who had hoped that Washington's latest welfare reform debate would include forthright discussion of how government can best deal with this sad situation must now be sorely disappointed (and downright disgusted).

First, national leaders in both parties wheeled out proposals for workfare and two-year limits as if they were brand new policy ideas; in fact, they include [illegible] that have already been tried and tested with mixed results in several states.

Then House Speaker Newt Gingrich proposed taking kids away from welfare moms who failed to honor work requirements. Enter the First Lady, whose a rare post-health reform policy pronouncement dismissed all talk of orphanages as ridiculous. Gingrich responded on cable TV with the movie "Boys Town" for [illegible].

And only two weeks ago, Republican Rep. Bill Archer of Texas, chairman of the House Ways and Means Committee, used a public hearing to badger Health and Human Services Secretary Donna Shalala into admitting that, under the administration's welfare plan, able-bodied women who do not comply with work requirements could indeed lose their children to foster homes, group homes or adoption. But Archer couldn't quite get Shalala to say "orphanage."

Hey kids, knock it off! Apparently, you still haven't gotten the message: The American people want Washington to deal with pressing national concerns in a frank, forthright, creative and [illegible] way.

In the case of black, inner-city children, the truth is that we must begin at the very beginning. These kids are less likely than white kids to get adequate prenatal care. Buried in the race and IQ debate over Charles Murray and Richard Herrnstein's "The Bell Curve" is research showing that black kids who get good prenatal care do as well or better than others on IQ tests. Whatever their home circumstances, decent prenatal care gives kids a fighting chance in life.

But look beyond the inner city too. Recognize that about 75 percent of metropolitan-area blacks do not live in poverty. Instead, as recent research has suggested, they live in working- and middle-class neighborhoods where welfare dependency, crime and joblessness are less common than [illegible], family [illegible] and church going.

In such places, one can see that being born healthy to loving parents of whatever income is about the luckiest accident that can befall a human being.

Unfortunately, about one-half of 1 percent of all kids in this country grow up in circumstances where neither parents nor other adults adequately care for them. Many of these children are severely abused and neglected by deviant, delinquent or criminal adults, including their biological parents. A disproportionate number of them are black inner-city residents, but brutalized kids come in every race, creed and random ZIP code.

Today, in most states and big cities, these young unfortunates are "cases" that get "processed" by overburdened family courts, client- and budget-maximizing youth and family services bureaucracies, and dysfunctional foster care complexes. Nationally, a typical "at risk" kid will have numerous contacts with the system before he or she is "placed out." But by then it is almost always too little and too late. They live in one foster home after another. They become juvenile and adult violent crime victims and criminal predators. They end up jobless and on welfare. They do drugs and get sick. A high fraction of the black males finish life in prison (nobody cares) or dead (nobody mourns) well before their time.

THE EVIDENCE IS EVERYWHERE YOU turn. For instance, a December 1993 report by the New York City Comptroller's Office found that the city's Child Welfare Administration is so fixated on returning abused and neglected kids to their biological parents that it violates state laws, ignores its own policies on placing out, and consigns troubled children to one foster home after another. Papers filed in an ongoing lawsuit against Philadelphia's Department of Human Services document how that agency has failed to protect the children in its custody from severe abuse and neglect. And so it goes.

The social costs of tolerating this abuse and neglect are high—especially to the children. A recent study found that 75 percent of violent incarcerated juveniles had suffered serious abuse by a family member, and 78 percent had been witnesses to extreme violence. Over half of all youths in long-term state juvenile institutions have one or more immediate family members (father, mother, sibling) who have been incarcerated.

Most very bad boys, in fact, come from very bad homes in very bad neighborhoods, as do most very bad girls. About 47 percent of female prisoners have at least one immediate family member behind bars; 43 percent have been physically or sexually abused, and 34 percent have parents or guardians who abused alcohol or drugs.

In short, America's high-rate violent offenders did not become criminally depraved because they were economically deprived (whatever their material circumstances, only a tiny fraction of males, and an even tinier fraction of young females, ever commit violent crimes or become career criminals). Rather, they became criminally depraved because they were raised to be violent, impulsive, self-centered and remorseless by adults who taught these traits by example.

And the reverse is true. The vast scientific literature on what it takes to transform a troubled toddler into a good parent, conscientious student, loyal friend, dedicated worker or law-abiding citizen can be boiled down to two words: unconditional love.

Children of whatever socioeconomic status, bio-genetic disposition, or demographic description do better in all phases of life if they grow up believing that there are adults in their world who care desperately about their physical, emotional and intellectual well-being, and who want nothing in return save love itself. But kids who start out life abused and neglected only to be carted through a bureaucratic maze of foster homes, family courts and juvenile institutions learn a different and totally debilitating lesson: Life is brutal, rewards and punishments are arbitrary, the future is totally unpredictable; and human attachments are fleeting.

To help these children, America must think out loud about ways that government can help to make orphanages (call them what you will) urban America's version of the agriculturally based, communally organized Israeli kibbutzim. Some ideas:

■ In urban black areas, the orphanages should be staffed and run exclusively by blacks, including retirees, who live in metropolitan areas, and be formally connected to churches and unapologetically religious in character. The orphanages could turn any child over to state authorities for any reason. If this spells "creaming"—taking on only the youngest kids or the easiest cases—then so be it. Every life saved is in the plus column.

■ Consider giving such orphanages public support to match private support, with no strings attached. The institutions should be held accountable for results—producing children and young adults who are literate, well-behaved and prepared for the challenges of adult life. But they should not be subject to the procedural regulations that define government's failed bureaucratic networks of youth services agencies and foster care complexes.

CRITICS CRY THAT ORPHANAGES WOULD cost too much. That's true if we're talking about huge numbers of kids and working through the existing bureaucratic system of [illegible] homes, foster care and the rest. But that's most definitely not what we're talking about. We're talking about a radically different way of caring for severely abused and neglected kids, beginning with America's brutalized black inner-city kids.

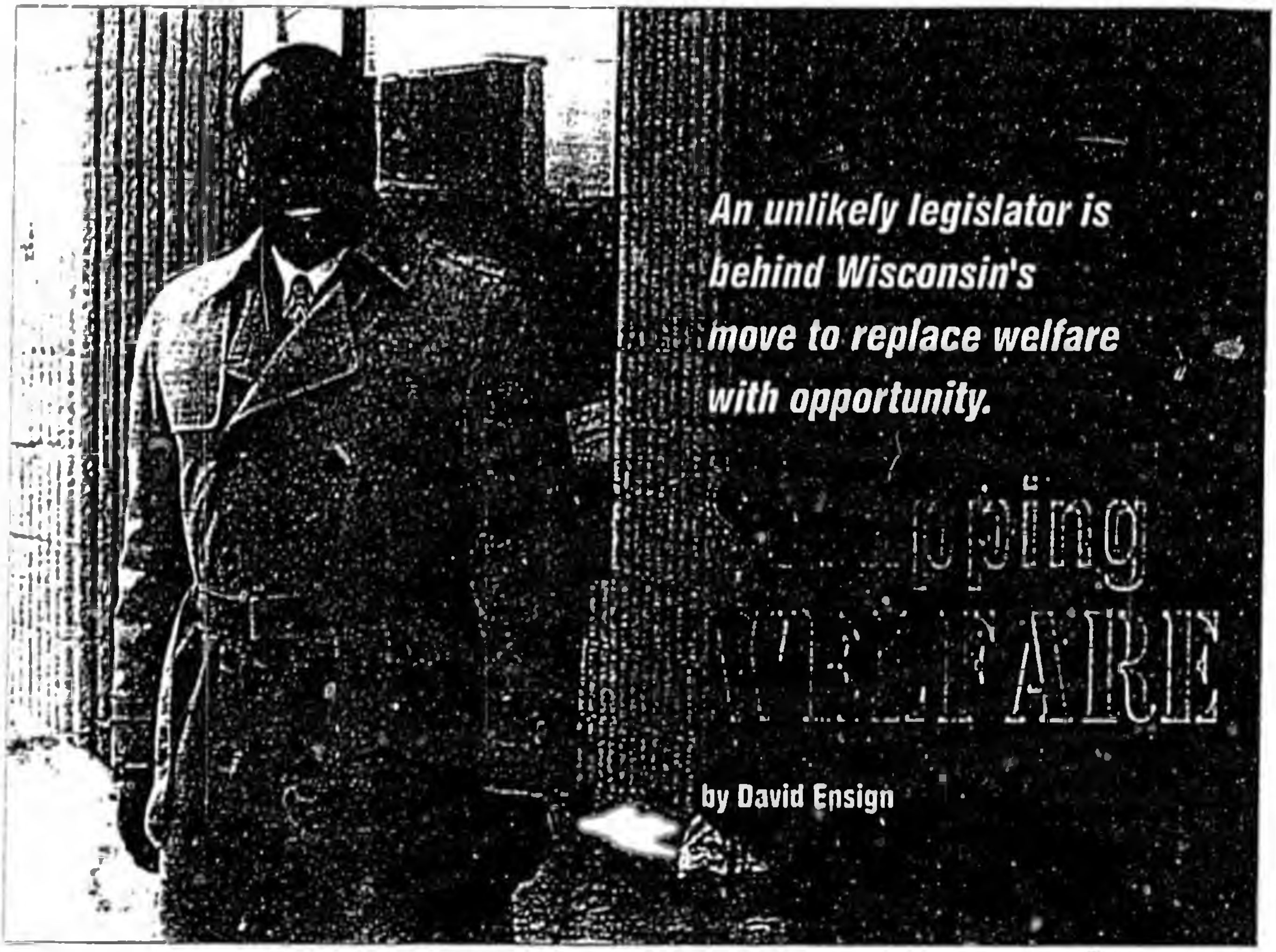
Let's get real. By the year 2005 there will be 500,000 more males between the ages of 14 and 17 in the population than there are now. Criminology tells us that 6 percent of these boys—almost without exception the 6 percent whose "family lives" are the most grim—will commit 50 percent of all the serious crime committed by the cohort and become high-rate, predatory offenders: 30,000 more killers, rapists, carjackers and thieves.

It's already too late for these kids. They're headed for the streets, prisons and graveyards. But if we removed the next 500,000 severely abused and neglected toddlers to stable settings where adults really cared for them, by 2010 we might get at least 30,000 more doctors, teachers, car mechanics and family men.

As things stand now, federal policies requiring states to follow "family preservation" policies manage only to imprison severely abused and neglected children in bureaucratic systems and horrible homes. Policies that forbid the creative, community-centered development of orphanages or like institutions must be counted among the real root causes of our welfare and crime problems.

In America, government for too long has allowed the criminally deviant to prey upon the truly disadvantaged; it has treated poor black inner-city kids like human refuse and mere statistics. But if government gives loving, caring adults and religious institutions half a chance to care for abused and neglected kids, America can make all its children bloom. ■

John DiIulio is professor of politics and public affairs at Princeton University and director of the Brookings Institution's Center for Public Management.



An unlikely legislator is behind Wisconsin's move to replace welfare with opportunity.

...ping WELFARE

by David Ensign

Photo by David Ensign

Wisconsin Rep. Antonio Riley wants welfare reform to help lift people in inner-city Milwaukee out of poverty.

Not too many freshmen lawmakers find themselves the subject of a *National Enquirer* piece. But then, not too many freshmen lawmakers are former welfare recipients leading the charge to scrap Aid to Families with Dependent Children. Add to his agenda the fact that Rep. Antonio Riley is a young African-American, and you get the kind of stereotype-shattering story that has brought network news cameras and national attention to the 30-year-old Wisconsin legislator.

Promises to "end welfare as we know it" have quickly become campaign cliches in many places, but Wisconsin gave its pledge the force of law late last year when Gov. Tommy G. Thompson signed the Riley-co-sponsored bill that, pending a federal waiver, will end the state's $450 million-a-year participation in AFDC. The move makes Wisconsin the first state to opt out of the Depression-era program that has become the nation's major form of welfare.

While many of those carrying the torch for welfare reform get their ideas from places like the Heritage Foundation, Riley gets his inspiration from inner-city Milwaukee and the people in his mostly poor district.

"The people that I represent want the opportunity to help themselves," says Riley. "The people who I talk to in my district who are on welfare, they want off of welfare."

AFDC clients in Riley's district and across Wisconsin have grown used to the idea of welfare reform. For several years, would-be welfare reformers have watched as the governor hatched a variety of programs such as Bridefare, Learnfare and the recently announced Crimefare. These controversial programs were designed to tackle problems of welfare mothers having additional children to collect benefits, children on welfare dropping out of school and welfare recipients participating in crimes. Thompson upped the ante last year when the federal government approved a waiver for this "Work Not Welfare" pilot proposal that will cut off AFDC benefits to recipients after two years. But lawmakers responded by amending the Work Not Welfare bill to repeal AFDC in Wisconsin altogether. They also extended the governor's pilot

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David Ensign is publications manager in the CSG Midwestern office program beyond two counties with relatively light AFDC caseloads to include Milwaukee County, which has more welfare recipients than any other county in the state.

While the governor used his veto powers to remove Milwaukee County from the pilot program, he accepted the legislature's challenge to remake welfare.

As Thompson told the *Milwaukee Journal*, "Wisconsin is probably in the best shape to do this because of our progressive nature, our good economy and the fact we have tried many welfare programs that have been successful."

Still, while critics of the most recent move say it goes too far, Riley says the other Thompson reforms miss the central problems. While acknowledging that the governor's efforts have had some success, Riley argues that those reforms have aimed at the recipients of welfare and not at the system itself.

"The beauty of this debate we are having now in Wisconsin is that we have successfully changed the focus from the recipient onto the system that tends to breed and to reward certain kinds of behavior that tends to create the cycle of dependency," he says.

"The people who I talk to in my district who are on welfare, they want off of welfare."

— Wisconsin Rep. Antonio Riley

Policy-makers from across the political spectrum have sounded a similar refrain in blasting a welfare system fraught with work disincentives.

"I see the impact of this system on a daily basis, the poverty pimps, the little corner stores that rip off the WIC (Women, Infants and Children) system and the children, who in most cases are the victims," says Riley.

Poverty among children in Wisconsin, as in many states, has increased dramatically in recent years. Nationally, the poverty rate for those under 18 reached 21 percent in 1991, the highest since 1965. The adult poverty rate stood at 11 percent. The U.S. youth poverty rate is the highest among Western nations, as is the gap here between youth and adult poverty rates. The increasing number of children raised in poverty has added a poignant new dimension to the rhetoric about the cycle of poverty.

The increasing number of children raised in poverty has added a poignant new dimension to the rhetoric about the cycle of poverty.

Having broken out of that cycle himself, Riley has a perspective on the issue unusual for a lawmaker. The self-described "bastard child of a bartender who was shot to death," Riley was born in Chicago but grew up in Milwaukee with his eight siblings, his mother and stepfather. When his stepfather, whom Riley refers to as Dad, was forced by a heart attack to quit his job as a cab driver in the early 1970s, the Riley family went on welfare. At times, he says, all he had to eat came from school breakfast and lunch programs.

But he managed to finish high school and become the first person in his family to earn a college degree. Even that experience included a short stint on general assistance one summer during the early 1980s recession when employment was scarce and money his mother made from selling candy out of her home was not enough to pay tuition. After graduating in 1987 from Carroll College in Waukesha, Wis., Riley took a job selling cosmetics. In 1990 he worked for the Democratic candidate for governor, and later as an aide to Milwaukee Mayor John Norquist. The local Democrats, in search of a candidate for an open Assembly seat, asked Riley to run in 1992, and he won a four-candidate race.

In Madison, Assembly Speaker Walter Kunicki appointed Riley vice chair of the welfare reform committee chaired by Rep. Barbara Notestein. From that position, Riley and Notestein set forth the proposals that, with Thompson's signature, have grabbed attention across the country.

The attention will wane in time, but the hard work is just beginning.

"The next steps, hopefully, involve a bipartisan effort to develop a program that would replace the AFDC program with one that emphasizes work and employment," says Notestein.

Thompson sounded a similar note at the bill-signing in December, saying "the new system should be less about welfare and more about work."

Work is exactly what most of Riley's constituents want. Nevertheless, his role in calling for an end to the system that supports many of his constituents has not been easy. People were skeptical as the policy developed, but support has solidified as they began to see the move as an opportunity to reinvent a system that most agree is not working.

"People who are professionals, people who are on welfare, people on general relief, people who don't have much of anything come up to me and they say, 'Mr. Riley, man, I'm with you. I know what you're trying to do, and it's about time.' "

For Antonio Riley, it's exactly the right time. While the media attention — with the notable exception of certain inquiring minds — has been gratifying, it's the memory of other times that drives him to take on one of the most daunting challenges facing state policy-makers.

"I've been there," says Riley. "But I haven't really found my way until I've reached behind me and brought others along. ... I remember so vividly what happened to me and my family, and when I see people that I represent, and I talk to them ... they need me to fight for them. And I fight for them by doing this." ☐

nesses and part of that time in classes.

The courses are designed around the mall itself. Thus, a student taking a course on environmental issues would broaden his understanding of how businesses and communities deal with recycling and waste by working with Browning Ferris Industries, the mall's waste contractor, which gave a $1 million grant to subsidize the project. Other courses explore career choices, entrepreneurship and business, and even "Arts in the Marketplace."

About 15 students are enrolled in each of the five mall courses. Some general state aid, which follows the students wherever they go, is transferred from the school districts to the mall's Learning Center.

Some educators have been critical of the mall school, arguing that the courses are centered around the needs of business and corporate interests rather than those of students.

But supporters point out that parents and teachers have a voice in deciding what the students do and that the internships are monitored closely. "What we were looking to do," says Mary Ann Nelson, a St. Louis Park assistant school superintendent, "is to make a change in delivery systems and to use the mall as a laboratory for us to try some new ideas."

—*James L. Dunn Jr.*

For more information, contact Mary Ann Nelson, Assistant Superintendent of Schools, 6425 W. 33rd St., St. Louis Park, MN 55426; phone 612-928-6067

ANTONIO RILEY: SPEAKING FROM EXPERIENCE

There are politicians all over the country clamoring for an end to the current welfare system. But there aren't many who see the problem the way Antonio Riley does in Wisconsin—from the perspective of a 30-year-old legislator who grew up on welfare himself in the 1970s, had to accept it again as a college student in the 1980s and now represents an inner-city Milwaukee district in which a large proportion of the residents are on AFDC.

Given all that history, one might expect Riley to be suspicious about current attempts to do away with AFDC, perhaps seeing them as likely to take away what little his constituents currently have.

But a few months ago, when conservative Republican Governor Tommy G. Thompson proposed a pilot program cutting off welfare benefits after two years, Riley led a successful effort to outdo him—and end AFDC altogether in Wisconsin in 1999. If the Clinton administration provides a waiver, the entire program will expire in Wisconsin that year, to be replaced, as Riley sees it, by a combination of supports that enable people to earn a decent wage.

"The issue for me is tough, given my district," Riley says. But he believes it is a risk worth taking. In his view, the current welfare system is simply a disaster. He calls it a jailer of people. "Look at the staggering number of poor in this state. The current system has failed," he says. "I don't think it's unrealistic to say we can do better."

Riley's father, a bartender, was murdered in a robbery on the streets of Chicago. His family moved to Milwaukee, where they had to accept relief when his stepfather, a cabdriver, suffered a heart attack. But he worked his way through college, prospered quickly as a cosmetics salesman, became an aide to Milwaukee Mayor John O. Norquist and made it to the Assembly in 1992.

Riley was assigned as a freshman to the welfare reform committee, where he took the lead in crafting a Democratic substitute to Thompson's "two years and out" welfare reform plan. To the surprise of many, Thompson endorsed parts of Riley's more ambitious but still vague idea of total overhaul. And Riley and the governor stood next to each other as the entire package was signed into law. "I had mixed emotions," Riley admits. "There is uncertainty when you want to change the system. But I felt relief that there would be no more tinkering, that the real work could commence." —*Penelope Lemov*

Three Towns Find a Way to Contain Crime: Loan-a-Cop

If there's a certain point where a city's problem becomes a region's problem, East Palo Alto, California, reached it in 1992, when 42 homicides occurred in the city of 25,000 people.

That was the year the FBI branded the 2½-square-mile municipality the murder capital of the nation. The news, however, didn't shock residents of East Palo Alto, where poverty, racial tension and drug trafficking contrast with life in the adjoining and more affluent communities of Palo Alto and Menlo Park. When East Palo Alto's violence began spilling out of its borders, the mayors of the three cities convened to see what could be done.

Since that meeting last March, a number of steps have been taken, but the one that has had the most

Harry Cook photograph

Doling Out Welfare Reform

For the president's plan to work, states and localities will have to do the heavy lifting.

BY DAVID RAPP

The idea that Washington and the states should provide for the basic welfare of poor children and their mothers has been an established national policy for 60 years. The main federal-state welfare program, Aid to Families with Dependent Children, now covers some 14 million people, including 9 million children, at a cost that approaches $25 billion a year.

The idea that the administrators of this largess—state and county governments—should be spending most of their time and energy getting the beneficiaries *off* the dole has been official policy only since 1988. That was the year when, thanks in large part to the aggressive lobbying efforts of one Arkansas governor, Congress created the Jobs Opportunities and Basic Skills Program. JOBS was the first explicit federal policy statement that welfare should be a transitional period to self-sufficiency rather than a way of life.

Obviously, the states have had more experience at maintaining their basic welfare programs than at educating and training people for self-subsisting employment. Yet Bill Clinton, now ensconced atop the huge federal welfare bureaucracy, is staking much of his political future on the bet that states and localities can make good on his campaign pledge to "end welfare as we know it."

The central tenet of Clinton's legislative promise, which he has now sent to Congress, is that most adult welfare recipients should count on only two years of help from the government before they must fend for themselves. It's a surefire applause line in Washington, but one that carries a sobering message to state and local governments: Who, after all, is going to educate and train millions of young mothers—many of them teenagers—to enter the private-sector work force? And failing that, who will keep them busy in community service jobs after they reach the welfare time limit?

Community service jobs, for one thing, are not that easy to create. The Comprehensive Employment and Training Act of the 1970s created 750,000 public service jobs, but they were of uneven (some say suspect) quality and, as such, created a storm of controversy for all levels of government. State and local initiatives have not fared much better. Under Mayor Edward Koch, for instance, New York City was able to put 3,500 to 4,000 people to work in community service jobs during an average month—out of an AFDC caseload of 250,000.

So the real test for states and localities is going to be in getting welfare recipients ready for real-world jobs. Again, governments at every level have created a dizzying array of programs to train people for jobs, but as often as not, these entail little more than showing participants how to write a résumé and dress for an interview.

Ending welfare "as we know it," then, clearly will take something on the order of what Riverside County has done with California's welfare experiment, called Greater Avenues for Independence, or GAIN. Riverside County officials have instituted an almost evangelistic program that communicates one message to every able-bodied person who walks in the door: You are here to get a job. Every element of the program, from orientation to education seminars to job searching, is provided under high expectations for both welfare recipients and welfare office staff. Under this regime, various outside experts have observed, "welfare feels temporary."

But Riverside is one county that was pretty much allowed under the 1988 federal JOBS law to frame and conduct its own demonstration project. As a result, entrepreneurial local leaders have been able to overturn and transform an entrenched bureaucratic mindset.

So what happens in states that don't have the freedom to experiment or the resources to spend large amounts on adult education and training? The JOBS experience shows what it will probably take. Tennessee, for instance, decided that the best way was to promote collaboration and integration of existing state and county programs for business, higher education and housing. The state has been able to meet its federal participation rate only through a highly orchestrated campaign of shared responsibility. Private industry councils, adult education programs, local housing and health programs, state universities and community colleges each have a role in getting welfare recipients into the work force.

Officials in Riverside County, in Tennessee and in other innovative places believe they are already moving in the direction Clinton wants to take welfare. But they also say it will require much more than JOBS has promised to make anything more than a dent in the problem. In other words, it will take more money.

This raises the political stakes even higher for Clinton, who has already had to scale back his original idea because he cannot find the money to pay for it. Applying the two-year time limit just to those recipients born after 1971, as Clinton now proposes, will still cost the U.S. Treasury $9.3 billion more than the current program over the next five years. Congress will probably go along, but the taxpayers still will have to be convinced that it is worth the price.

What will convince them? Surveys and focus-group studies make it clear that voters want welfare policy to reflect what they value—hard work, responsibility, initiative and self-improvement. There is no way that Washington by itself can mandate that kind of transformation in welfare. As former Governor Bill Clinton is well aware, the responsibility for success will rest on governments closest to the problem. ◻

The Welfare Monster

States and the federal government have created a welfare monster that fosters reliance on an antiquated, fragmented system. Five states are experimenting with ways to turn people from dependence to independence.

Dianna Gordon

To reform the antiquated welfare system, states battle the mythical Hydra. For every problem solved, two more crop up like regenerating heads. If you cut off one head by putting people in jobs, they lose vital health and child care. Tighten up on who is eligible, and children may go hungry. Attack hunger by increasing benefits, and there is less incentive for people to leave the system.

As in the myth where two heads grew for every one Hercules cut off, the welfare system has become a multiheaded monster of conflicting and duplicative programs that not only allow dependence, but in many cases encourage it.

All told, at least 75 separate federal programs are operating to aid the needy. Three that particularly affect the states and are critical to reform are Aid to Families with Dependent Children (AFDC), food stamps and Medicaid. Food stamps are subsidized by the federal government with administrative costs shared by the states. Medicaid and AFDC expenses are split between the states and the federal government.

AFDC originated in 1935 as a way to help widows and orphans. Operated by the U.S. Department of Health and Human Services (HHS), in 1992 the program served an estimated 13.5 million people at an approximate cost of $22 billion. Food stamps, instituted in the 1960s as a way to distribute surplus government food to needy families, are administered by the U.S. Department of Agriculture and provide coupons for food. The program helped feed 27.4 million people in 1993 at a cost of $24 billion. Medicaid arrived in 1965 and was designed to pay for health care for the poor. Expenditures have grown to an estimated $120 billion and participation has increased 40 percent since 1982 to 30 million recipients in FY 1992.

Excluding Medicaid, welfare programs cost the federal government about $53.4 billion annually. The states kick in around $15.3 billion each year.

In human terms, the number of people on AFDC or food stamps has risen virtually every month since 1989, approximately 36 percent between July 1989 and December 1993. An unprecedented number of people need assistance: One child in seven nationwide is a recipient of AFDC while one person in 10 is on food stamps.

While fulfilling the original, Depression-era goals of helping the desperate and downtrodden, welfare programs now have burgeoned into complicated bureaucratic systems that are costly and foster dependence instead of independence and self-sufficiency. It's little wonder that states have taken the lead in seeking ways to "end welfare as we know it."

"The public hates it, recipients hate it, politicians hate it, business hates it," says Representative Bill Purcell of Tennessee. "We must reward work rather than welfare."

Efforts to revamp an archaic system have been helped by a federal administration willing to grant waivers to states that want to experiment with new programs, although the process is still fraught with burdensome paperwork and myriad rules and regulations.

Recently Colorado, Florida, Iowa, Vermont and Wisconsin received waivers for demonstration projects. All of them seek to limit the time a recipient can stay on welfare, but in different ways.

"I think looking at those five, you can see how states can use the same language of time limits and mean totally different things," notes Mark Greenberg of the Center for Law and Social Policy.

Furor in Wisconsin

The idea of time limits was broached nationally by Bill Clinton, who suggested during his 1992 presidential campaign and reiterated in his January 1994 State of the Union message a possible formula of two years and out for welfare recipients with a transitional program followed by work. The president had in mind various exceptions to that formula and a safety net for families unable to comply.

But no one took the statement more literally than Wisconsin, where the federal bent bolstered Governor Tommy Thompson's efforts to put a strict two-year time limit on benefits. When Wisconsin submitted its waiver request last July, the plan called for dropping welfare recipients off the rolls after 24 months. It also denied benefits to any child conceived while a mother was on AFDC.

The governor says the program, Work Not Welfare, would make welfare "what it was meant to be—a temporary hand up, not a permanent handout."

Thompson calls the plan the "nation's most no-nonsense experiment with time-limited cash benefits in the AFDC program."

The federal government, however, stipulated that Wisconsin provide some protection for recipients living in an area where jobs were not available. Medicaid will continue for people who lose welfare benefits, and AFDC cover-

Dianna Gordon is an assistant editor for State Legislatures. Sheri Steisel and Laurie Ilian, who track human services issues for NCSL from the Washington, D.C. office, contributed to this article.

age continues, under certain circumstances, for children born while a mother is in the welfare program.

As approved by federal and state officials, the plan will:

- Require recipients to sign a statement pledging to work for benefits.
- Eliminate the "100-hour rule" that specifies that a principal wage-earner in a two-parent family enrolled in AFDC-UP (unemployed parents) can work no more than 100 hours per month.
- Set up "Independence Accounts" of cash in lieu of benefits that can be used over 48 months.
- Provide an additional year of transitional medical and child care benefits for recipients who find jobs.
- Makes recipients ineligible to receive any benefits for 36 months after initial grants run out.

The program, slated to begin after January 1995, will involve 1,000 people in two Wisconsin counties with good economic bases. Some say this is not a good test area.

"It's only about 1 percent of the 80-some-thousand families on welfare in this state," says Representative Antonio Riley, whose district includes inner city Milwaukee and Milwaukee County where 50 percent of the state's AFDC cases can be found. There's also a 25 percent unemployment rate for African American men in his district.

"We need to look at the 37,000 people on welfare in Milwaukee County. [The county] should have been included in the demonstration to find out if it will work," he says.

Under the legislation creating the Work Not Welfare project, Wisconsin will abolish AFDC Jan. 1, 1999—the first state to do so since the program was established in the 1930s. A proposal to replace it must be presented in 1995.

Reform legislators are already working on a plan. "We realize that one size is not going to fit all," Riley points out. "What we want to do is move people from welfare to work and from work out of poverty."

"And we must have programs for those who cannot help themselves," he adds.

In what amounts to a definitive description of the welfare system nationwide, Riley says, "This issue goes beyond welfare—it is a working poor issue. We need to provide them with the tools they need to stay in the workforce.

The Growing AFDC Caseload

July 1989 to November 1993

State	Cases (in thousands) July 1989	Cases (in thousands) November 1993	Percent Change
New Hampshire	5.3	11.2	+ 111.3%
Florida	121.6	254.5	109.3
Arizona	37.0	72.7	96.5
Nevada	7.4	13.7	85.1
Alaska	7.3	12.4	69.9
North Carolina	78.3	131.2	67.6
New Mexico	20.1	32.9	63.[illegible]
Delaware	7.3	11.5	57.5
Guam	1.1	1.7	54.5
Texas	183.6	283.4	54.4
Connecticut	37.7	58.0	53.8
Georgia	93.1	141.5	52.0
Tennessee	70.6	105.7	49.7
South Carolina	35.5	52.5	47.9
District of Columbia	18.1	26.7	47.5
California	604.7	888.1	46.9
Rhode Island	15.2	22.3	46.7
Indiana	51.0	74.8	46.7
Hawaii	13.9	19.9	43.2
Idaho	5.8	8.3	43.1
Vermont	7.0	9.8	40.0
Kentucky	58.3	79.7	36.7
Oregon	30.6	41.8	36.6
Virginia	54.2	74.0	36.5
Missouri	67.4	91.1	35.2
New York	336.6	443.7	31.8
Oklahoma	35.7	46.6	30.5
Washington	78.1	101.5	30.0
Montana	9.0	11.6	28.9
Massachusetts	87.6	112.7	28.7
Maine	18.0	22.9	27.2
Maryland	63.0	79.3	25.[illegible]
Colorado	33.2	41.1	23.8
Virgin Islands	0.9	1.1	22.2
Utah	14.8	18.0	21.6
New Jersey	100.1	121.6	21.5
Kansas	24.7	30.0	21.5
Pennsylvania	173.5	206.9	19.3
Illinois	198.5	236.7	19.2
Minnesota	53.7	63.4	18.1
Ohio	218.6	253.2	15.8
West Virginia	35.1	40.6	15.7
Alabama	44.5	51.0	14.6
Iowa	33.7	38.6	14.5
Wyoming	5.0	5.7	14.0
Nebraska	14.1	16.0	13.5
North Dakota	5.4	6.0	11.1
Arkansas	24.0	26.1	8.8
Michigan	210.2	226.7	7.8
South Dakota	6.6	7.0	6.1
Puerto Rico	59.4	59.6	0.3
Wisconsin	79.0	78.0	-1.3
Mississippi	59.2	58.0	-2.0
Louisiana	91.8	88.6	-3.5
United States	3,746.1	5,011.6	33.8

Source: American Public Welfare Association.

Federal Welfare Reform Debate Begins

A welfare system that has evolved over 50 years will never be transformed overnight. Congress and the administration are preparing proposals for a debate to "end welfare as we know it" that will certainly continue throughout the summer and during the fall campaigns.

As New York State Senator Jim Lack cautioned the U.S. Senate Finance Committee, "We are committed to working closely with you to fashion legislation that will comprehensively provide education, training and employment of welfare recipients and ensure that those who work will rise above poverty, and to improve child support collections. For state legislators, this means a new welfare reform policy we can implement, that takes into account how state laws are enacted, that gives the states the flexibility to innovate and address local needs and does not shift costs to the states."

In November, with 162 of 176 members signed on, House Republicans introduced their welfare reform proposal, HR 3500. "This bill emphasizes the view that the majority of people now on welfare want to support themselves and their families and will do so if given the proper encouragement and support," said Congressman Rick Santorum of Pennsylvania, co-chair of the Republican welfare task force. "Republicans want to provide the needed balance between new benefits to support the transition to the workplace and new requirements for benefits to motivate some welfare recipients."

The bill requires 90 percent of AFDC recipients to work for their benefits after two years of assistance, emphasizes the responsibility of parents to support their children, encourages states to refuse welfare to unmarried parents and requires unmarried minor mothers to live with their parents.

HR 3500 provides approximately $10 billion to the states and $9 billion toward deficit reduction by ending income support programs (including AFDC, food stamps, Medicaid and Supplemental Security Income) for legal immigrants. This has the potential of shifting the costs of serving legal immigrants to the states.

In the Senate, two notable Republican proposals echo demonstration programs under way in Iowa, Vermont and Florida. Minority Leader Bob Dole of Kansas and Colorado Senator Hank Brown have introduced a proposal to require a binding social contract between recipients and the welfare agency that requires recipients to prepare for a job. After two years, they must either have work or be placed in community service for benefits with sanctions for noncompliance.

U.S. Senator Nancy Kassebaum of Kansas recently introduced a new concept to the welfare reform debate—"the swap." She proposes that the federal government take full financial responsibility for Medicaid in exchange for states funding the total cost of the AFDC and Women, Infants and Children programs.

"Giving the states both the power and the responsibility for welfare—with their own money at stake—would create powerful incentives for finding more effective ways to serve families in need," she said in March. "Washington does not have a magic answer to the welfare problem. The governors and state legislatures have no magic solutions either, but they have the potentially critical advantage of being closer to the people involved and closer to the day-to-day realities of making welfare work."

House Democrats are split into several ideological groups that are developing competing welfare reform proposals.

Seventy-seven members of the moderate Mainstream Forum have urged Clinton not to give up on his campaign promise and to move forward on time-limited welfare reform. Eighty-six House Democrats led by Hawaii Representative Patsy Mink sent a letter to the president opposing time-limited benefits as "unacceptably arbitrary." Ways and Means Chairman Dan Rostenkowski of Illinois has stated firmly that welfare reform will have to wait until next year.

New York Senator Daniel Patrick Moynihan, who wrote the Family Support Act of 1988 and now, as chairman of the Senate Finance Committee, will be crucial to the passage of any welfare reform proposal, has said: "We do have a welfare crisis. And we can do both health care and welfare reform."

Through the American Public Welfare Association, state welfare commissioners have unveiled a time-limits proposal that builds on the current JOBS program and requires the federal government to provide 90 percent of the funds for reform.

An administration working group is preparing a proposal that the president will introduce in the spring. While no final decisions have been made, widely circulated drafts and newspaper accounts reveal a time-limited program phased in slowly, primarily for those born before 1972. The transitional program will emphasize an intensive two-year education and training period followed by work for wages in the private or public sector.

The cost of this reform could be as high as $7 billion annually, and the working group is grappling with how to find sufficient cuts in other programs and other means to fund the program.

Many questions remain about the details of these proposals. Can welfare recipients achieve self-sufficiency in the low-wage labor market? Are there enough jobs available, and how can states train recipients to compete for them? Will sufficient funding be available for child care? Will increased funding for welfare reform come at the expense of states through elimination of programs, cost-shifting and unfunded mandates?

"True welfare reform will only come in a partnership between the states, localities and the federal government," says Representative Bill Purcell, majority leader of the Tennessee House. "Our concern for children must remain paramount. But in order to support these children, we must find ways to enable their parents to support themselves. We must reward work rather than welfare."

—*Sheri Steisel, NCSL*

So You Think You Want a Waiver?

Despite a federal push to "end welfare as we know it," states wanting to experiment with reform are still hindered by a cumbersome bureaucratic machinery that slowly grinds out waivers to existing law.

To request a waiver, state officials are required to document their proposal extensively, listing all federal laws that must be waived for a demonstration project, including statutes and regulations for Aid to Families with Dependent Children (AFDC) and related changes, if needed, in Medicaid and food stamp procedures.

Governed by Section 1115 (a) of the Social Security Act, the secretary of the U.S. Department of Health and Human Services has the authority to grant waivers to states that comply with two major conditions:

- All programs must be budget neutral to the federal government; the state must bear any additional costs that a reform project may incur.
- All programs must undergo rigorous evaluation, with the state sharing that cost. There is random assignment of welfare recipients to the demonstration project, and the state must designate a control group of recipients who remain under the old system to provide a comparison.

Cost neutrality may be one of the biggest hindrances to innovative programs for welfare reform. Washington state can serve as a warning to lawmakers of what happens when that provision is violated. It cost the state $29 million more than expected last year when its successful Family Independence Program (FIP) ended because of federal time limits on waivers.

"When we got our waiver from the feds, the state agreed that it would fund any increase in caseload," says David Knudson, a House senior research analyst. Because the program offered education and training, a large number of residents wanted to switch from AFDC to FIP. The training components, however, also lengthened the time that benefits were paid. Despite limiting FIP to specific sites, Washington faced a cost overrun of about $29 million. And despite FIP's success, the federal government took little pity, making the state ante up that amount, which, as Knudson points out, is significant in a state with only 5 million people.

Limiting numbers, another condition for federal approval, can also erect barriers to state innovations. In many instances, lawmakers want to open a demonstration project to all state residents, but cannot because of the rules mandating random assignment to the program and the establishment of a control group.

Evaluations required by federal law (which must be paid for in part by the state) do not always indicate the success of a program. Wisconsin's Learnfare program was criticized by the Bush administration and the governor after it was reported that the graduation rates for Learnfare recipients (who were required to attend school or risk their family's benefits) were no different than for students who were not in the program.

A check of Learnfare by the Wisconsin state auditor's office, however, found that sloppy record keeping on the part of some school districts was

There's a transitional period when they [primarily women, the bulk of AFDC recipients] are ready to go to full-time employment, and they can't because they will lose child care, health care and money from their earnings to higher taxes. This system has to be deconstructed. People are suffering in the process."

Colorado Makes Work Pay

As in the other states, Colorado lawmakers aim to remove the "disincentives" for employment. Their plan is based on a Colorado study that identified "cliffs to self-sufficiency"—the points where a family begins losing money through job-related expenses and taxes.

Cliffs occur when an AFDC recipient takes a minimum wage job. Even with the wages, the standard of living won't improve, and the family might not be able to get off public assistance. As earnings from a job increase, the family is hit with a substantial decreases in spendable income.

"Folks on welfare who get jobs and go out on their own hit these barriers," explains Senator Claire Traylor, co-sponsor of the bipartisan Colorado Personal Responsibility and Employment Program that attempts to overcome these disincentives. "They can't even accept a raise—something like a 10-cent raise affects their asset limits, their housing, their food stamps. So they have to choose not to accept the raise or go back on welfare."

Colorado's waiver, granted in January, involves 4,000 families in five counties. The pilot program will:

- Combine AFDC, food stamp and child care benefits into a monthly cash payment to teach families fiscal responsibility.
- Allow recipients to earn more income by cutting fewer benefits when they get a job.
- Make it easier for recipients to own a car in order to travel to and from work.

In addition, Colorado will:

- Decrease aid to parents who do not immunize children under 24 months of age.
- Stop monthly payments to recipients after two years if they have not participated in educational or job training programs.

"Benefits will extend beyond two years if a family is working toward its goals. If the AFDC recipient is not trying, by the end of two years she will be phased out," Traylor says.

The Colorado program counts on business involvement. "We have a lot of organizations or companies that will look at opportunities to work with folks in pre-training or developing job skills for long-time employment that would provide a living for them and their families," Traylor says.

Local social service departments have been instructed to help match employers with recipients who have or can develop the skill levels the companies need. Caseworkers will also identify job possibilities for recipients.

Iowa: Malleable Social Contracts

Iowa is banking on a social contract between the state and recipients to sort out those capable of working and those who need some sort of public assistance to survive.

more to blame than the program itself. Another consultant has been hired to track Learnfare progress.

One obvious weakness of the waiver process is that legislators may get in on the act after the fact.

Under their executive powers, governors can apply for waivers without giving legislatures the opportunity to act. However, any changes in state law the project may need must be passed by legislators. "Too often, legislators are not included in the federal waiver process until after a waiver is granted," says Ohio Representative Jane Campbell. "Federal waivers should be granted only with the passage of state laws and when state legislators are consulted."

Going over the head of the legislature may not necessarily be a wise move—as California Governor Pete Wilson found out. He received a federal waiver in July 1992 for a welfare reform proposal opposed by the Legislature. The laws necessary for initiating the program were not enacted. The plan was then taken to the voters as a statewide referendum where it also failed.

And a waiver will not protect a state from litigation arising from a welfare reform move. California's program to provide benefits equal to the state from which new residents had moved (if those benefits were lower) was suspended by the state Supreme Court, which found that it restricted the constitutional right to relocate. A lawsuit was recently filed in New Jersey to challenge its family cap program that limits benefits based on the size of the family at the time they apply.

The most recent round of welfare waivers has been aimed at limiting the time—usually to five years—that a recipient can collect benefits. But it takes five to six years to evaluate the success or failure of the program. In fact, states are still waiting for the results of evaluations of the 1988 federal JOBS program.

If a program appears successful, renewals are hard to get unless the federal government agrees to take the program over or uses it as a model for other states.

Because of the initial paperwork and red tape involved in presenting a waiver request to Washington, D.C., the Clinton administration has urged states to begin the process as soon as they have drafted a viable plan for welfare reform. And since welfare has become a matter of concern for most of the nation, at last count 40 states have discussed possible reform projects with HHS, according to Mary Jo Bane, HHS assistant secretary. Since welfare reform was one of the major issues of his campaign, President Clinton has hoped to give the states leeway in their efforts, saying that waivers will be approved whether he agrees with the focus of the project or not. The requests must, however, meet the administration's policy requirements.

In Wisconsin, the Work Not Welfare program was not given federal approval until the state agreed to continue Medicaid assistance for those who were removed from the rolls through time limits.

As federal officials labor at revamping the welfare system, an offshoot that would be welcomed by the states would be a reform of the entire waiver process.

"We'd like to see the federal government give us leeway to amend our state plans, instead of requiring us to go through the waiver process," Knudson suggests. "And, realistically, if you don't want to spend the money, you are not going to reform welfare. So we'd be interested in getting away from the budget neutrality requirements."

—Sheri Steisel, NCSL

"We're not ready to say, 'Tough,' but neither are we satisfied with a system that is supporting people who are capable of supporting themselves," explains Representative Lee Plasier.

Iowa's Family Investment Plan, which took effect Nov. 1, 1993:

- Requires clients to sign a family investment agreement, participate in the state/federal Job Opportunity and Basic Skills (JOBS) training program and agree that on a certain date they will leave AFDC. Or clients can opt for a limited benefit plan that pays in full for three months and ends after six months.
- Disregards for benefit purposes 100 percent of the income earned the first four months of employment for families making less than $1,200 a month.
- Extends child care benefits for 24 months after families leave AFDC.
- Increases the amount of liquid assets a family may have.
- Eliminates the 100-hour rule.

"Iowa has provided powerful incentives to make work pay," Plasier explains. "In some cases, people will leave the system. Some will stay on it with limited levels of financial support and with earnings supplementing their welfare grants."

The statewide Iowa program applies to 35,000 people on welfare. About 4,000 others will receive benefits under the state's old system to meet federal requirements for a control group.

And what happens if a family does not fulfill its written contract? The plans can be rewritten or adjusted to allow for factors beyond human control, such as a downturn in the job market. If, however, a recipient is not making a good faith effort to find a job or continue education or training, benefits are reduced. At the end of six months if there is still no effort, benefits end.

Plasier says early indications are that the number of welfare cases has increased, but the state is actually spending less. Because the thresholds for eligibility were lowered, recipients are allowed to make more money and require less in welfare benefits.

Vermont Looks at Options

In a project that will start this July, Vermont is testing time limits and social contracts with three separate groups encompassing 80 percent of the state's welfare recipients.

Vermont's Family Independence Program features:

- Requirements that after 30 months on AFDC (15 for two-parent families) recipients find a job or do community work. The recipient's welfare grant will be diverted to the community employer to be paid out as a salary.
- Increases in the "earnings disregard:" The first $150 a family makes is ignored and so is 25 percent of their salary after that.
- Child care, transportation, career counseling, vocational rehabilitation and medical assistance.
- A requirement that teen parents live with their parents or in a supervised setting.
- Transitional Medicaid for 36 months for families earning up to 185 percent of the federal poverty level.
- Elimination of the 100-hour rule.

A unique feature of the Vermont plan is the three groups in the project. Sixty percent of new welfare recipients will be enrolled in the time-limited program. Twenty percent of the new recipients will be on the new program, but will not face any penalties. Twenty percent of the welfare population will remain under the current system.

The state will be allowed to create some jobs for those who cannot find employment, but the bulk of the bill is focused on real jobs, Back s says.

And what if a recipient flatly refuses to work? The state intends to make slackers totally dependent on public assistance.

"If you don't make the transition off welfare, we have what is known as the hassle factor—super dependency and loss of dignity," explains Senator Jan Backus.

Able-bodied people who choose to remain on welfare will not be penalized by a cut in benefits, but they will become dependent on state vouchers for their needs. "You'll get food stamps so you can eat; your rent will be paid; your electricity will be taken care of by the state." And the recipient will face the embarrassment of making more trips to the welfare office for handouts.

Another focal point of the Vermont reform is a family plan, much like Iowa's contracts.

"A family plan has to be made by mutual agreement," Backus explains. "The recipients must work with their caseworkers and set goals for training and job experience. There must be a mutual buy-in to the plan, and if you don't like your plan you can change it."

To make the system work, Backus says, there has to be a "change in the mindset of welfare workers" toward helping people get off the rolls. "We need to retrain our own people [in social services], reallocate how we use staff, teach them how to educate and train people for jobs; help welfare recipients find jobs, help them find a future."

Florida to Train Caseworkers

Making major changes in how social workers perceive their jobs is also a big part of Florida's reform effort, the Family Transition Program.

The project decreases the number of clients per caseworker from 400 to 80. With fewer clients, social workers will be expected to "become very creative and proactive in helping families succeed, according to Representative Cynthia Chestnut.

"We have never provided the support system that would make welfare families whole," she says. "As for child care, transportation, health care—as soon as they got a job, the rug was pulled out from under them. We want to provide a prescription for a family to make them self-sufficient."

"What we want to do is move people from welfare to work and from work out of poverty."

The Florida plan:

- Restricts future recipients to 24 months of benefits in a five-year period, but allows people with limited skills and no work history 36 months of welfare in a six-year period.
- Increases the family's allowable assets.
- Increases the amount of earnings disregarded.
- Provides transitional child care for two years.
- Requires that children of welfare families attend school or the family loses benefits.
- Requires parents to immunize children.

Chestnut says the cornerstone of the Florida reform is education and training. "We want people to be able to qualify for a job in their community, but one that is above $5 an hour. If you go flip burgers, you don't make enough money. You make more on welfare in Florida than at a $4.25 an hour job.

"I think we've turned out all the secretaries and clerks they'll need for awhile." She hopes people seeking to leave the dole can be steered toward such occupations as nurse's aide, operating room technician, paramedic or toward a similar field that will pay more than minimum wage.

Florida's pilot programs began this spring in two different counties—one voluntary, the other mandatory, for new welfare enrollees.

"I think we're going to see success with the voluntary model," Chestnut says. "If people want to change, if they care enough to volunteer, I think they will be more inclined to be productive and work hard to get off welfare."

Welfare Waiver Ideas: Approved, Pending and on the Drawing Board

Reform Features	States
Individuals required to work or participate in education or training	Colorado, Wisconsin
Family planning services and parental skills instruction offered by state to all AFDC recipients	Georgia
Learnfare: Incentives or sanctions aimed at keeping children in school, incentives to get high school diploma or GED; incentives for pregnant or parent teens to remain in school; requirement for teen participation in JOBS education program.	Arkansas[1], California[2], Florida, Illinois, Maryland, Oklahoma, Mississippi[4], Missouri, Oregon, Virginia, Wyoming, Wisconsin
Able-bodied individuals required to work in private or public sector	Florida, Georgia, Mississippi[4], South Carolina[1], Vermont, Wyoming
Time limits (wide variation in state approaches).	Colorado, Florida, Iowa, Vermont, Wisconsin, Virginia[1]
JOBS participation required	Illinois, Oregon, Utah
Noncustodial parents eligible for JOBS.	Illinois, Michigan
Education, training or employment-related activities required	New Jersey
Medicaid and/or food stamps available to those terminated from AFDC.	Georgia, Wisconsin
Certain benefits (i.e. food stamps, child care) provided as cash payment	Colorado, Mississippi[4], New York[5], Wisconsin
Earnings disregard increased.	Colorado, Florida, Illinois, Iowa, Minnesota, Mississippi[4], New York[5], Vermont, Wisconsin
Asset limit raised	Florida, Illinois, Iowa, Mississippi[4], Missouri, Utah, Virginia, Wyoming, Colorado
Vehicle, fully or partially, exempted from allowable assets or asset limit raised.	Colorado, Florida, Iowa, Utah, Vermont, Wisconsin
Child support: Payments disregard, disbursed directly to family	Missouri, Vermont
Child support "assurance" payments to current recipients; custodial parent required to get court order for child support to be eligible for program; child support "insurance" payments to former recipients	New York[5], Virginia
Family cap: No increase in total AFDC payment for new child born while mother on AFDC	Arkansas[1], California[2], Georgia, New Jersey, Wisconsin
Payments to new residents the same as in the state where they previously lived (if lower)	California[3], Illinois[1], Wisconsin
AFDC marriage penalty eliminated; stepparent income formula changed	New Jersey, Virginia
Immunization of children required.	Colorado, Florida, Georgia, Mississippi[4], Maryland
Prenatal, preventive care for children required.	Maryland
Transitional child and/or Medicaid.	Florida, Iowa, Vermont, Virginia, Wisconsin, New Jersey
Support services (child care, transportation, etc.) available to working recipients	Illinois, Vermont
Participants required to contribute to JOBS child care.	Massachusetts[1]
Social contract with state required; self-sufficiency plan required	Iowa, Michigan, Wisconsin, Utah
Employer incentives: Subsidies to provide wages in lieu of benefits; starting wage allowed equal to previous month's benefits	Illinois[1], Missouri, Virginia, Mississippi[4], Oregon[4]
Deposits in special individual development accounts exempt from eligibility guidelines	Iowa, Wisconsin
100-hour work rule eliminated.	Iowa, Michigan, Missouri, Texas, Wisconsin
Income earned by dependent children who are students disregarded	Michigan
Business-sponsored apprenticeships in public schools	Minnesota
Fingerprinting requirement	California

Note: Data is current through February 1994.
Not all approved waivers are currently implemented.
States are approved unless noted.

Footnotes
1 Waiver applied for
2 Waiver approved, voter referendum to initiate failed
3 Waiver approved, program ruled unconstitutional
4 Waiver request not yet submitted
5 Program congressionally approved through OBRA

Source: Laura Hill, NCSL

COVER STORY

WELFARE

THE MYTH OF REFORM

Both parties are vowing to get hundreds of thousands of Americans off the dole and into jobs. It may be harder than they think

Once there was a president of the United States who vowed to break the "spider web of dependency" ensnaring the nation's welfare recipients. He signed into law a historic reform of public assistance, which he said would "lead to lasting emancipation from welfare dependency." But today, seven years after Ronald Reagan put his pen to the Family Support Act, the nation's welfare rolls have soared to record levels. Nearly 1 in 7 American children is receiving Aid to Families with Dependent Children. Fewer than 1 percent of those on the dole work in exchange for their welfare check. And just last month, the U.S. General Accounting Office reported that only 11 percent of the 4.6 million parents on AFDC participate monthly in any of the education, training or job search programs set up by the 1988 law.

Few dispute the need to end the abuses in the welfare system or to expand welfare-to-work programs. But the idea that millions of low-income Americans can readily be moved from the relief rolls to the work rolls is the grand illusion of welfare reform, a bipartisan myth that sustains the legislative lurches of each new administration and Congress. Liberals believe more and better education and training programs will do the trick; conservatives think a forceful nudge will get the poor off their duffs. The stubborn reality, though, is that many of those who are most dependent on public assistance are unable to get and keep full-time jobs in either the public or the private sector – and that even the best work and training programs barely dent the relief rolls.

Chronic welfare recipients live in a world far removed from the committee rooms where lawmakers draft well-intentioned plans to put them to work. Many women who have been on welfare for years have so little work experience that social workers must rehearse them with scripts so they will remember to say "thank you" and "goodbye" at the end of job interviews. Roughly a third of those who live on public assistance cannot read a street map or fill out a Social Security card application.

Disabilities, alcoholism and depres-

BARRIERS TO EMPLOYMENT

A substantial share of women on AFDC have impediments to full-time work, including:

[illegible]	Abuse or neglect as adults
[illegible]	Partial disabilities (or disabled person in household)
25–40%	Learning disabilities
[illegible]	Substance-abuse problems

*Finding is based on survey in Washington State. *USN&WR* – Basic data: U.S. Dept. of Health and Human Services, Urban Institute

LACK OF EDUCATION. Aletha Townsend of Grand Rapids, Mich., at home with three of her children, has taken adult-education classes for 10 years but still has no diploma.

sion are rife, and women with bruised faces and broken limbs call in sick because their boyfriends have beaten them. Researchers say 25 to 40 percent of long-term AFDC recipients have handicaps that prevent them from holding a full-time job. Finally, many of those who have never had a job have never learned the work ethic: A woman in Grand Rapids, Mich., skips work to get her cable TV hooked up; another in Riverside, Calif., shuns jobs with early starting times because "I'm not a morning person."

Still, both parties pledge to put many AFDC recipients to work. The House Republicans' "Contract With America" vows that by 2003, half the adults on AFDC – 91 percent of whom are women – would be required to work 35 hours a week, usually in exchange for their benefits. The House Republican Conference projects that by 2001, the contract would require 1.5 million AFDC recipients to work, 29 percent of the total and 60 times the number working today. Clinton's plan seeks to limit aid to two years and expand education and training. It aims to put 566,000 recipients in public service jobs by 2004.

To examine the realities of welfare and work, *U.S. News* sent reporters to four states – California, Illinois, Michigan and Wisconsin. Republican Govs. Pete Wilson of California, John Engler of Michigan and Tommy Thompson of Wisconsin have earned national acclaim for getting AFDC recipients into jobs and are now seeking greater state control over welfare. Yet even in their states, comparatively few women on welfare work a full week, and most women still do not work their way off the dole.

U.S. News talked with women who have been on welfare for at least two years; at any one time, their families constitute 72 percent of those on the rolls. Unlike the many mothers who use welfare to weather a divorce or illness, these women cycle on and off AFDC or remain on it for long stretches. A closer look at these long-term dependents and the obstacles they face suggests that neither party has acknowledged how hard it is for many recipients to move from welfare to work.

HURDLE 1: SKILLS AND APTITUDE

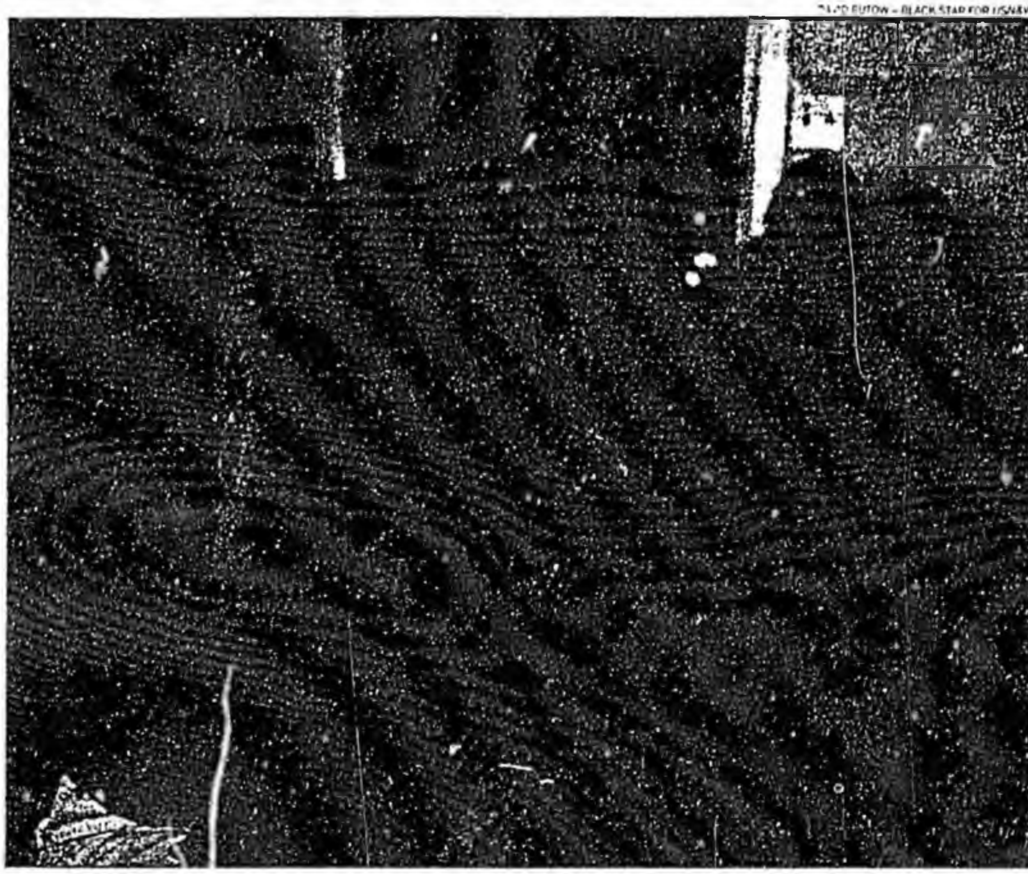
Two thirds of AFDC recipients who have been on the rolls for more than two years have not graduated from high school, and the average adult on welfare has eighth-grade reading and math skills. A 1994 paper by the Manpower Demonstration Research Corp. (MDRC), which evaluates welfare-to-work programs, found that 34 to 40 percent of all AFDC recipients tested at the "least proficient" literacy level. That means they could not find an intersection on a street map or figure the total cost of a purchase from an order form.

A forthcoming survey of 3,200 employers in Atlanta, Boston, Detroit and Los Angeles by economist Harry Holzer found that only 5 to 10 percent of the low-skilled-job openings in those cities were available to applicants with few skills or work experience. Moreover, says Warrine Pace, a counselor with Project Match, a jobs program in Chicago, some companies that once hired unskilled welfare mothers now insist that all applicants be over 21 and have a high school diploma. Employers, she says, say "I want [a woman] who can type 70 words a minute with Lotus 1-2-3."

The problem, in many cases, is not just a lack of schooling but a lack of aptitude. Most AFDC recipients score too low on intelligence tests to qualify for the armed forces, and nearly half of young AFDC mothers score below the 18th percentile for all women. When the mean aptitudes of female workers in different occupations are ranked, the lowest mean score, that of manual operatives – a category that includes gas station attendants and meat wrappers – is significantly higher than that of welfare mothers.

Aletha Townsend, an unwed mother of five children by four different men, dropped out of high school in the ninth grade and has been on AFDC since 1976. She lives in Grand Rapids, Mich., which has one of the most ambitious and successful job search and placement programs in the nation. Since the Carter administration, Townsend has briefly held one temporary job, inspecting car parts. Enrolled in adult-education courses for 10 years, she still does not have her general equivalency diploma. In 1992, about to have her last child, she quit school because "the math and English got too hard."

Townsend is now in her third Job Club, where she is supposed to be learning the skills she needs to find, apply for and land a job, but her skills are still at about a seventh-grade level. Her second Job Club was in June of last year, but officials cut $100 a month from her grant because the counselors said her "attitude was bad and I wasn't cooperating." Three weeks into another Job Club, she still hasn't called an employer. "I just have to get over my shyness and talk to the people," she says. "I haven't used the phone because I'm embarrassed I'll get turned down while everybody else is happy, saying, 'Look, I got an interview.'"



...FUTOW – BLACK STAR FOR USN&WR

MAKING EXCUSES. Rebecca Ybarra of Moreno Valley, Calif., with her children Robert and Rayleen, eliminates some potential jobs because she's "not a morning person."

HURDLE 2: EXPERIENCE AND ATTITUDE

It is "Shields Day" at the Job Club in Riverside, Calif., the most touted welfare-to-work program in the nation. A counselor has told 15 clients seated around three tables to draw a shield on a piece of paper. On each drawing, the unemployed men and women write five words that describe something positive in their lives. Rhonda, in a floral-print black dress, says she has "stayed out of trouble." Melanie, sporting a Georgetown Hoyas basketball warm-up jacket, allows that "I use to fool around, but now I've settled down." After each presentation, the Job Club members applaud, waving green pennants for the most impressive tales.

Building self-confidence is just a first step. In the Job Club, Melanie will learn how to write a résumé, fill out a job application and talk to a receptionist. Every other day she will spend several hours calling at least five employers that are hiring. Counselors provide gas money and bus passes for job interviews, buy uniforms for clients, arrange and pay for child care – whatever it takes. "I don't give a hot rock how my staff gets people jobs, so long as it's not illegal or inhumane," says Larry Townsend, the county director of social services.

Townsend's aim is to place as many welfare recipients as possible in private-sector jobs quickly. A 1994 evaluation by the MDRC found that the program boosted participants' earnings by an average of $3,113 over three years, an increase of 49 percent. For every net dollar invested, the program returned $2.84. Yet despite these impressive results, the Riverside program did little to shrink the welfare rolls. Most AFDC recipients did not earn enough to get off welfare. At the end of three years, fewer than half were employed – and just 23 percent were both off welfare and working.

Parents on AFDC for two years or more are more disadvantaged than short-term recipients

- [illegible]% Did not graduate from high school
- [illegible]% Had no work experience in previous year
- [illegible]% Have three or more children
- [illegible]% Have never married
- [illegible]% White [illegible]% Black [illegible]% Hispanic

USN&WR – Basic data: U.S. Dept. of Health and Human Services

CARING FOR THE ILL. **Bertha Bridges of Detroit, who has been on AFDC for most of the past 15 years, fixes her daughter Angel's hair. Her son suffers from depression.**

A government report released last month on seven jobs programs found that two thirds of the participants who had been on AFDC for two years or more earned nothing in the year before they registered for JOBS (Job Opportunities and Basic Skills), the work, training and education program set up under Reagan's Family Support Act.

Many women are hobbled not only by their lack of experience but also by their casual attitudes toward punctuality, dress and co-workers. Caseworkers tell of welfare mothers who believed they could skip work to pick up a free Thanksgiving turkey, did not know it was bad form to wear high-top sneakers and a cowboy hat to a job interview or thought they had to quit work because a child got chickenpox.

Rebecca Ybarra was once employed as a stocker in an electronics-assembly plant, earning as much as $7 an hour. But since she went on AFDC nine years ago, the high school dropout has worked only sporadically. A sign in one Riverside classroom says, "There are no excuses," but Ybarra has plenty of them. She has no phone and says her sister gives her messages too late to return employers' calls. She eliminates some jobs because "I'm not really a morning person" and rules out the 3 p.m.-to-11 p.m. shift because "then I wouldn't get to see my kids." Still, she says she wants to work and hopes her two children will one day look to her as a role model rather than as someone who sits home watching TV "just waiting for a check."

Project Match's Pace says getting off welfare can be frightening. "It's scary," she says. "You're about to leave a system where you know the check is going to come every month." And many women on welfare who do find jobs have trouble keeping them. Project Match officials have found that over a three-year period they can turn up jobs for most welfare mothers. But 70 percent either quit or are fired within a year, and more than half lose their jobs within six months. "The reality," says project director Toby Herr, "is not getting them the job, but keeping them in the labor force."

HURDLE 3: DEPRESSED AND DISABLED

The stereotype of the loud-mouthed "Cadillac queen" doesn't capture the fretful home life of many women on welfare. A substantial minority of AFDC mothers are depressed or anxious and find few diversions besides television. A 1991 analysis by Child Trends Inc., a private research firm, found that the TV is on seven hours or more every day in 55 percent of all AFDC households.

A third of AFDC mothers are disabled, have a disabled child or have a disabled adult living at home. In the recent seven-site JOBS program evaluation done by MDRC, 31 percent of enrollees who had been on AFDC for two years or more said they could not attend a school or training program because they, a child or a family member had a health or emotional problem.

Bertha Bridges, a Detroit resident who has been on AFDC for most of the past 15 years, might be able to work were it not for her depressed 12-year-old son, the middle of three children. At 8, her son was abused by a family friend; the boy has been in trouble ever since. Authorities sometimes send him home from school two or three times a week for profanity, fighting or disobeying his instructors, and he has been

BATTLING DEPRESSION. **Caseworkers in Kenosha, Wis., found 22-year-old Kim Towers struggling with depression and referred her to a therapist.**

suspended for fondling several girls. He was institutionalized twice for depression and diagnosed as having suicidal tendencies. Bridges has managed to complete her GED through Michigan's JOBS program, but her son's problems have prevented her from working more than part time. "It's so frustrating," she says tearfully, "not knowing how to help—or how to find it."

Even temporary emotional problems can slow some women's entry into the work force. The best data available indicate that 31 percent of those in public-assistance programs had one or more psychiatric disorders in the past year.

When caseworkers first interviewed Kim Towers, a 22-year-old mother of three in Kenosha, Wis., 10 months ago, they found she was struggling with depression and felt she would never "get anything done with my life." They referred her to a therapist for several sessions, and though she still hasn't found a job, she has nearly completed her GED.

SCOTT GOLDSMITH FOR USN&WR

SUFFERING ABUSE. Carmen Mattison of Grand Rapids is training to be a nurse's aide. The father of her first three children is in prison for molesting one of her children.

HURDLE 4: DOMESTIC ABUSE

A 1992 study in Washington State found that 55 percent of welfare mothers had been hit, kicked, punched or beaten up by a boyfriend or spouse. In fact, when women find jobs, their good fortune sometimes precipitates a beating from a boyfriend or spouse who feels threatened.

Carmen Mattison of Grand Rapids, who has been on AFDC for eight years, has four children by two different fathers. She says the father of her first three children once threatened to kill her with a kitchen knife when she arrived home five minutes late from a visit to the library because he thought she had been "fooling around" with another man. He is now in prison for molesting Mattison's daughter. Mattison, a high school dropout, has worked only sporadically but is now training to be a nurse's aide and hopes to become a licensed practical nurse.

Many women are worried about abuse not only for themselves but for their children. In the MDRC evaluation of JOBS, 28 percent of long-term welfare recipients said they couldn't go to a school or training program because they feared leaving their children in day care or with a baby sitter.

Princess Rowell, an unmarried mother of three in Milwaukee who has been on AFDC for nine years, ignored three requests from the city's welfare office to look for a job because "I didn't want to trust anyone having my kids. . . . I thought they needed me more than I needed to go out and get a job." For six months she lost half of her $517 monthly grant, though a friend she was living

LEGAL CHALLENGES TO WELFARE REFORM

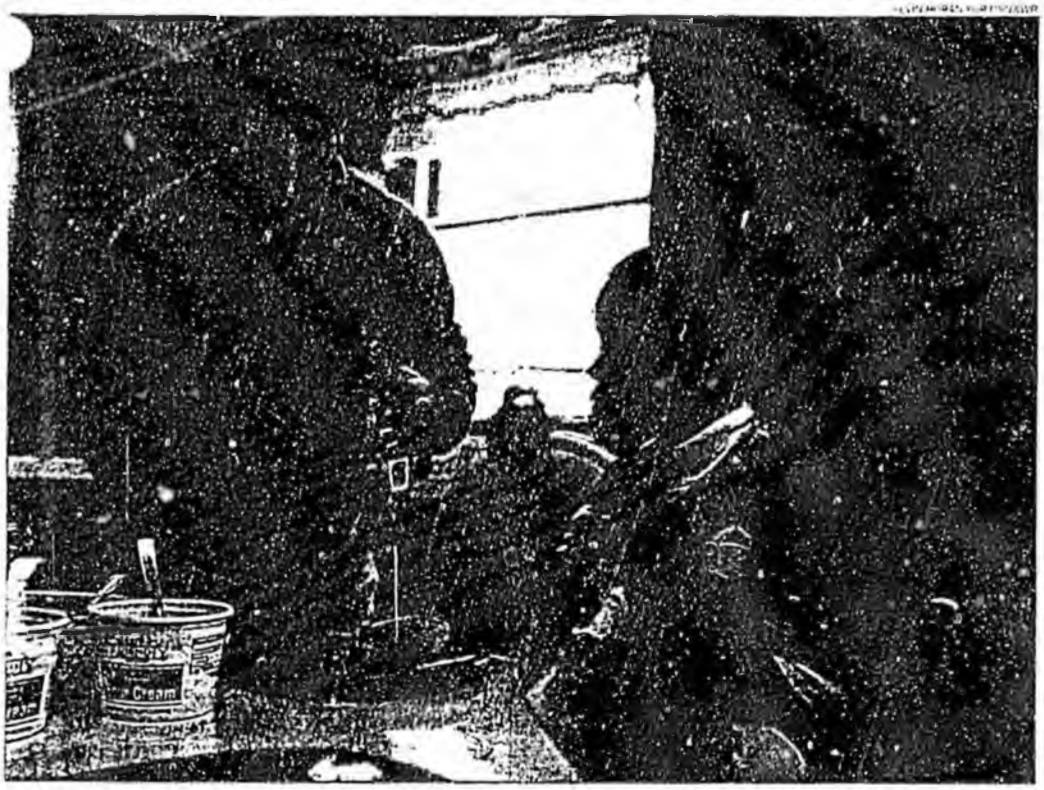
Courts: The next arena

Even if congressional Republicans agree with Bill Clinton on a plan to reform welfare, a new battle lies ahead in the courts. Aid recipients have won a string of rulings that cutting benefits violates their rights, and while their prospects may be dimmer in today's conservative-dominated Supreme Court, that will not deter lawsuits that could delay or derail some reforms.

Opponents of cuts in welfare argue that the Constitution's clauses guaranteeing citizens "equal protection" under the law and barring the seizure of property without due process mean some aid recipients are entitled to hearings before their benefits can be cut. "There's no right to welfare . . . in the Constitution," replies Virginia's Republican Gov. George Allen, who wants to require able-bodied welfare applicants to work.

Welfare-rights advocates will also challenge "any rule that attempts to impinge on parents' sexual relations and the nature of households," predicts political scientist R. Shep Melnick of Brandeis University, who tracks welfare lawsuits. The courts could scuttle core proposals in the House GOP's "Contract With America" to bar welfare for teens who give birth out of wedlock. Requiring applicants to establish their children's paternity and refusing aid to aliens legally in the United States would most likely be contested, too.

Some reforms being tried by states will get early court hearings. Next week, the Supreme Court will consider a challenge to a California law



JOB OR FAMILY? Princess Rowell serves breakfast to her children in Milwaukee. She avoided a training program because she thought they needed her more than she needed a job.

with helped cover her expenses. Finally, Rowell entered a high school equivalency diploma program, but she dropped out for a month after she got pneumonia and had a bout of depression. She is now back in the program and speaks with pride about doing her homework at night with her kids. "Every morning," she says, "they ask me if I'm going to school today."

HURDLE 5: DRINKING AND DRUGS

A Department of Health and Human Services study released last month found that 16 percent of welfare mothers have substance abuse problems that are likely to require treatment in order for the women to succeed in job-training programs. In Wisconsin, the No. 1 suggestion now advanced by state administrators for boosting JOBS's impact is to require treatment for drug and alcohol abusers.

Caseworkers often suspect drug and alcohol use among welfare mothers, but it is often hard to confirm. Betty Bass of Detroit went on AFDC in 1965 at age 15, when she had the first of four children, and she has been on public assistance most of the years since. She started drinking heavily and using drugs in the 1970s, when she married an abusive man who also used drugs.

During much of the 1980s, she was in and out of jail for passing bad checks, breaking and entering and cocaine possession, and in 1984 she was fired from a temporary job as a nurse's aide after she went to prepare afternoon baths and passed out in a drunken stupor. By 1992, she was "drinking 24 'n' 7"—24 hours a day, seven days a week—sleeping in bathrooms in abandoned buildings and guzzling pints of liquor.

It may have taken decades, but Bass could still become self-sufficient. Last year, after getting out of jail, she entered treatment, and in March she started working at a cab company, logging calls on a computer for $4.96 an hour. Her caseworker has arranged to pay for repairs to her 1986 Mustang and got her a $40 pair of glasses so she could see the computer screen better.

HURDLE 6: UNWED TEENAGE MOTHERS

The most controversial provision of the Contract With America would prohibit mothers age 17 and under from receiving AFDC and housing benefits if they had children out of wedlock. Yet as a number of conservatives have pointed out, there is no evidence that the government knows how to persuade expectant fathers to marry or how to deter teenage girls from getting pregnant.

Michigan at least is trying. It is one of only eight states that require a minor parent to live at his or her parent's home to receive AFDC—unless the par-

that prevents new residents from collecting more aid than they received in their former states. The case was filed by attorneys for women such as DeShawn Green, a mother of two who moved from Louisiana, where she got a monthly welfare check of $190, to California, where she would be denied the standard $624 if the law is upheld. Green says she needs the increase to meet California's higher cost of living.

Invisible wall. Lower courts have ruled that the state violated a constitutional "right to travel." States may not erect an invisible wall against interstate migration in the form of discriminatory treatment of newcomers," Green's attorneys argue to the Supreme Court. "Newcomers who are welfare recipients," replies the conservative Washington Legal Foundation, can "adjust to cuts through their choice of communities and lifestyles."

Another court fight is underway in New Jersey, which wants to bar additional aid for women who give birth while on welfare—another GOP contract idea. (The case is known as "the $64 question" because New Jersey provides women on welfare with an extra $64 a month when they bear another child.) Opponents argue that the measure would unlawfully interfere with women's right to bear children, and that both the law and the GOP contract discriminate against the young. The Clinton administration backs the state's argument that the law does not discriminate because aid goes to family units to allot as they wish.

"Someday, food, shelter and health care will be recognized as a constitutional right, but not in the foreseeable future," says constitutional law expert Erwin Chemerinsky of the University of Southern California. That means the battle over welfare reform is sure to create new jobs—at least for lawyers.

BY TED GEST

ent's home is unavailable (e.g., the parent is dead) or unsuitable (e.g., the parent is abusive). To date, the measure has not appreciably reduced the number of young, single mothers on AFDC.

Kiki Lee, 18, of Grand Rapids, had the first of her two children when she was 14. But because her mother was using Lee's AFDC grant to buy crack cocaine for herself, the Department of Social Services allowed Lee to move out at 15. A caseworker from Kent County's award-winning teen-parent program then intervened to help Lee, whose 4-year-old son, Duane, has the mental capacity of a 9-month-old. Recently, he took his diaper off and urinated into the oven. Lee's caseworker found specialized day care for Duane, and each weekday Lee bundles him into a special carrier that restrains him so he can be picked up for school. The county also provides a "traveling granny" for Lee, an older volunteer who has helped her locate cheap apartments and taught her to cook.

Despite the help, Lee – who has never worked – isn't going to be self-sufficient anytime soon. A little more than a year ago, she enrolled in a Job Corps center, but a girl who lived near the center found out Lee had been talking to her boyfriend and smashed her head with a metal bat. "The alcohol saved me," says Lee, who confesses to sharing eight cigar-size blunts of marijuana with friends earlier that day and downing a glass of Kiwi lemon "Mad Dog" wine. After getting 30 stitches in her head, she dropped out of the Job Corps. She is now in a GED program but won't finish for several years. "If they cut us off aid," she says, "I don't know what I'd do."

HURDLE 7: MONEY AND MANPOWER

Michigan Gov. John Engler, a champion of giving the states more responsibility for welfare, says that in his state "welfare reform means work." But of the 206,000 families on AFDC in Michigan last September, just 47,000 families – or about 23 percent of the caseload – were active in the state's JOBS program. Most of those participating were in school, though roughly 1 in 5 was being assessed and oriented and developing a plan to find work. Fewer than 3 percent – roughly 1,100 individuals – were in workfare slots, toiling in exchange for their grants. A new evaluation by Abt Associates of

JIM LO SCALZO FOR USN&WR

BEATING THE BOTTLE. Betty Bass of Detroit logs phone calls for a cab company for $4.96 an hour.

Engler's 1992 AFDC reforms found that one year after implementation, his initiative had increased the proportion of AFDC adults who did some work by only 1.7 percentage points and reduced the welfare rolls by 1 percentage point.

The pattern in Michigan of shunting JOBS clients into classrooms and job searches is repeated across the nation. It persists, in part, because workfare jobs are expensive to create and hard to monitor. The Congressional Budget Office projects that the average annual cost of filling a 35-hour-a-week workfare position in 1999 will be roughly $8,000, about half of which will go for child care. That is more than 10 times the cost per client of Riverside's jobs program.

Caseworkers in Michigan say that when they have tried to expand workfare placements, union representatives – fearing their members will be displaced – have bombarded the social-services department with grievances. It also is hard to see how caseworkers could take on the added responsibility of creating jobs and monitoring the performance of tens of thousands of welfare mothers. In one Detroit field office, six caseworkers each have an average of 246 JOBS participants to track, and one person is responsible for creating workfare slots for the 1,500-person caseload. A program official says the situation "borders on the absurd."

Simply getting welfare recipients to show up for an initial assessment can take several phone calls, threatening letters and paperwork to sanction uncooperative clients. The JOBS program in Kent County, Mich., unlike others, can provide free child care, transportation, drug treatment and other services on demand to all those required to participate in the program. And if a job program can flourish anywhere it is in Kent County, which has a labor shortage and an unem-

SCOTT GOLDSMITH FOR USN&WR

TEENAGE MOTHER. Eighteen-year-old Kiki Lee of Grand Rapids with her 4-year-old son, Duane, who is severely mentally impaired, and 2-year-old Shantavia. She left the Job Corps.

ployment rate of 4 percent. "We feel we have offered people a tremendous opportunity that costs them nothing," says program supervisor James Poelstra.

But Poelstra can't do much about the clients who don't seem to mind having their grants reduced (on average by about $100 a month) for failing to participate. Typically, if program officials schedule 80 people for a Job Club, 25 will show up. Then they reschedule the 55 who didn't show and 10 to 15 will come the second time, and so on. The MDRC study found that after six months, 68 percent of the clients referred to the JOBS program in Grand Rapids eventually attended an orientation meeting. That "show rate" is much higher than average.

While the obstacles that long-term welfare dependents face are daunting, they are not always insurmountable. Many Americans without high school diplomas work every day, and immigrants who speak no English often do, too. Seriously disabled individuals hold full-time jobs, and many employees drink too much or abuse drugs. Some women on welfare candidly allow that they could work more if they wanted to.

While work programs rarely operate the way politicians promise and voters have been led to expect, that does not mean nothing can work. Chronic recipients may take more than two years to become self-sufficient, but most eventually will leave welfare as they move in with boyfriends or spouses, their children enroll in school or they find jobs. And if the goal of reform is to make more welfare mothers work at least part time, then jobs programs can help, too.

Since 2 out of 3 AFDC recipients are children, cutting off benefits to parents might well compound their families' problems. In 1992, GOP congressional leaders sought to try competing reform approaches by authorizing a series of radical experiments at the state level. At relatively little expense, it would be possible to field-test the GOP contract, Clinton's competing proposal and other new ideas. The Department of Health and Human Services has already authorized waivers for 26 states to try various reform schemes, some of which are quite far-reaching. But the results of these experiments won't be available for several years, so a reform-by-trial strategy would require politicians to defer national reform. That might not win many votes, but it could just work. ■

BY DAVID WHITMAN IN MICHIGAN WITH DORIAN FRIEDMAN IN WISCONSIN, MIKE THARP IN RIVERSIDE AND KATE GRIFFIN IN CHICAGO

WELFARE

THE MYTHS OF CHARITY

Philanthropic groups are heavily dependent on the government and already overburdened

If Congress and the White House both want to cut spending for social programs, who will house the homeless, feed the hungry, care for the sick and help the poor? With many states and cities facing their own budget crunches, House Speaker Newt Gingrich says private charities should pick up much of the burden. "I believe in a social safety net, but I think that it's better done by churches and by synagogues and by volunteers," Gingrich told an interviewer.

In fact, it is highly doubtful that charities could pick up all or even most of the slack from the $76 billion to $450 billion in spending cuts now being proposed by Democrats and Republicans in Washington. The federal government, after all, began weaving a social safety net because states and cities, not to mention

KEVIN HORAN FOR USN&WR

WORKING OUT. Beatrice Glaberson exercises at the Council for Jewish Elderly's adult day-care center in Evanston, Ill., a suburb of Chicago.

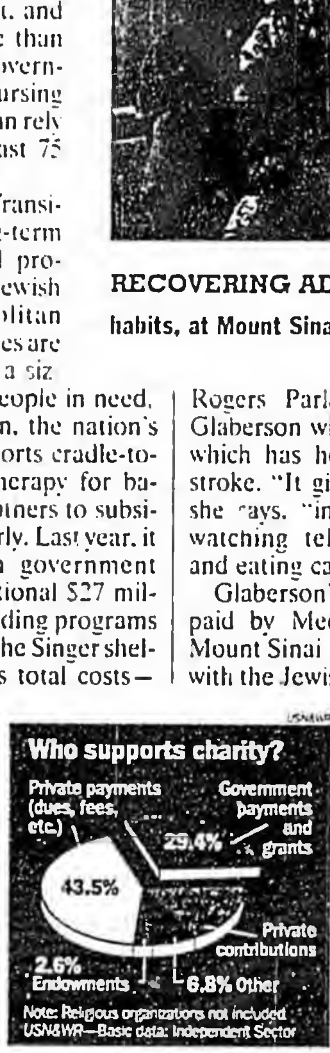
churches, synagogues and volunteers, could not cope with the Great Depression, urbanization, increased mobility, runaway health care costs, a swelling population and a declining sense of community in America.

Since the 1960s, private charities have become one of government's chief service providers. They are favored for their efficiency, and tax money has enabled them to serve more people. Nationally, charities now get about 30 percent of their funding from government, and many programs get more than half their money from government. Some, such as nursing homes and orphanages, can rely on government for at least 75 percent of their funding.

A look at the Singer Transitional Residence, a long-term shelter, and other social programs affiliated with the Jewish Federation of Metropolitan Chicago shows why charities are not prepared to take on a sizable new population of people in need.

RECOVERING ADDICTS. Raymond Holland and Carliss Holeman, both fighting cocaine habits, at Mount Sinai Hospital's Parenting Institute. Between them, they have nine children.

The Chicago federation, the nation's 67th-largest charity, supports cradle-to-grave programs—from therapy for babies of crack-addicted mothers to subsidized housing for the elderly. Last year, it received $23 million in government funds and raised an additional $27 million to pay for social-spending programs by its affiliated charities. The Singer shelter pays 65 percent of its total costs—from food to night staff—with public moneys. (President Clinton last month proposed eliminating the shelter's key federal grant.) "It doesn't take much rocket science to figure out that if the resources at our disposal are cut, we will serve fewer people," says the federation's Joel Carp.



The belief that charities can take over from government is rooted in two myths:

MYTH 1: CHARITIES PROVIDE A PRIVATE SOCIAL SAFETY NET

Federal and state transportation grants paid for the $36,000, dark-blue van, one of 19 belonging to the Council for Jewish Elderly, that picks up 80-year-old Beatrice Glaberson every morning and takes her to an adult day-care center in Rogers Park. The program provides Glaberson with intellectual stimulation, which has helped her recover from a stroke. "It gives you something to do," she says, "instead of sitting at home, watching television, playing solitaire and eating candy."

Glaberson's own day-care bill is largely paid by Medicaid. Chicago's 469-bed Mount Sinai Hospital, which is affiliated with the Jewish Federation, receives less than 1 percent of its funds from private donors, and 80 percent of its patients are on public health insurance.

MYTH 2: A GOLDEN AGE OF CHARITY CAN BE REKINDLED

Before the New Deal, there was a golden age of "neighborhood helpfulness," argues David Beito, an assistant professor of history at the University of Alabama. "When there was an accident in a plant, workers would all contribute to help the family," he says. "Today, people don't feel a need to do that. They think, 'I pay taxes for that. There's a program to take care of that.' " Reducing the size of government, Gingrich and others believe, will rekindle American generosity.

University of Pennsylvania history Prof. Michael Katz, however, says government has long supported the needy. The 13 original Colonies provided public relief, he says, and his study of welfare in Buffalo in the 1890s found that up to 75 percent of the programs were government funded.

If government has played a larger role in welfare than Gingrich supposes, Katz wonders if private donors are as ready to assume more of the burden as the House leader thinks. Experts dispute whether contributions to charities have gone up or down slightly in the past few years. But between 1963 and 1993, charitable giving soared from $70 billion to $126 billion, adjusted for inflation, according to the American Association of Fund-Raising Counsel. And Robert Bothwell of the National Committee for Responsive Philanthropy says some 30,000 new groups are formed each year "to deal with new issues and problems."

Gingrich has suggested more-generous tax deductions to spur people to give more to charity. But if it took 30 years for charitable giving to increase by $56 billion, it is hard to imagine that private donors can come up with at least $76 billion to take up the slack from Uncle Sam. Says Katz: "To think Americans will spend a tax cut on the poor, instead of at the mall, is a very generous interpretation of American character." ■

BY JOSEPH P. SHAPIRO IN CHICAGO WITH JENNIFER SETER

(10)

Contrasts. *Conventional wisdom in recent years is that the rich got richer and the poor got poorer in the 1980s. It's only half right.*

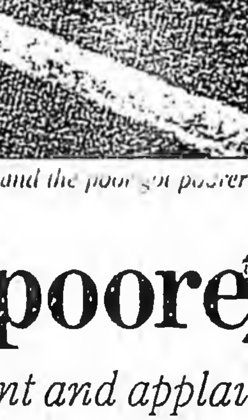
The poor aren't poorer

Liberal researchers rebut a popular lament and applause line of the '90s

America, land of opportunity, is fast becoming America, land of inequality – at least according to the conventional wisdom now enshrined in news stories, government reports and campaign speeches. Bill Clinton has said that "I believe with all my heart that I was elected on a commitment to bring an end to . . . an economic policy that makes the rich richer [and] the poor poorer." In the past five years, reporters cited the fear that the rich are getting richer while the poor grow poorer in more than 600 stories, and a poll in December confirmed 81 percent of adults share that belief.

As is often the case with the conventional wisdom, it is half right. Over the past two decades, the rich generally have prospered and the annual incomes reported by Americans have become more unequal. But research by a number of prominent scholars – most notably sociologist Christopher Jencks of Northwestern University – suggests that much of the accepted wisdom about the poorest households is wrong. The revisionists, many of whom share Jencks's liberal leanings, contend that the tax changes and domestic-program cuts of Ronald Reagan and George Bush did little to increase inequality; in fact, income inequality and poverty levels are significantly lower today than earlier in the century. In a series of forthcoming studies, Jencks and his colleague from the University of Chicago, Susan Mayer, show that in many respects the material lot of poor families actually improved during the past two decades. "Rich families with children do seem to have grown richer," says Jencks. "But poor families with children did not necessarily grow poorer."

Misleading numbers. At first glance, census statistics on poverty appear to refute him. In 1969, 13.8 percent of American children lived below the official poverty line; that figure rose to 21.9 percent in 1992. Moreover, families with children at the bottom of the U.S. income distribution experienced a 22 percent decline in inflation-adjusted income from 1973 to 1987. Yet as Jencks points out, such oft cited numbers are at best incomplete – and at worst misleading – since they are based on annual incomes reported by the poor.



Jencks. *The iconoclast*

One reason the numbers lie is that the poor often receive in-kind aid (particularly food stamps) that is not counted as income in official poverty statistics. On average, food stamps provided about 16 percent of the total family income of poor children in 1989. And as most consumers know, two families with the same reported income one year may live quite differently over time because their extended families –

and their borrowing, saving and taxes – differ.

Above all, annual income is a misleading measure of well-being because of a nettlesome little secret: Many poor families substantially underreport their incomes. Often, the poorest families conceal money they earn at odd jobs or receive from friends and family to ensure that they remain eligible for welfare benefits and to reduce tax liability. In fact, Jencks and Mayer's research documents that for more than a quarter of a century, America's poorest households have spent far more each year than the total income they have reported receiving, and the gap between consumption and reported income has grown in recent decades. In 1988-89, the poorest 10th of all households with children reported a mean income of $5,588, but Jencks and Mayer's analysis of government data shows that the same group of households acknowledged spending an average of $13,558 – more than *twice* their reported income.

By looking beyond the official poverty statistics, Jencks and other scholars present a fuller picture of the poor. Their research answers a number of fundamental questions:

■ **Has the material well-being of poor families with children deteriorated in the past two decades?** No – on the whole. Consumption and income among low-income households went in opposite directions during the 1980s. The mean income of the poorest 10th of households with children fell 4 percent in real terms, from $4,935 in 1979 to $4,745 in 1989. But the mean amount consumed by these households during the Reagan-Bush years *rose* 13 percent, from $12,022 in 1980 to $13,558 in 1988-89.

The disparity is especially important, says Jencks, because consumption and living conditions of low-income Americans provide a more realistic assessment of the material well-being of the poor than does income. The Jencks-Mayer research shows that consumption among the poorest 10th of households with children has edged upward a hair since the early 1970s; their living conditions and access to medical care also mostly improved. By 1990, households in the lowest decile were more likely to have at least one room per person, a complete bathroom, air conditioning, central heat, telephone service, a dishwasher and a clothes dryer (table). And members of low-income households actually saw doctors more often than did middle-class individuals throughout the 1980s. In 1989, members of households making less than $10,000 a year averaged 6.8 doctor visits; those making more than $35,000 a year averaged 5.4. However, most such improvements in material well-being took place from 1969 to 1979.

■ **Is there less upward mobility among the poor today than two decades ago?** No. During the past two decades, the rate of upward mobility has essentially remained constant. The good news is that there is substantial mobility out of the bottom of the income distribution, and the poor, on the whole, have tended to get richer over time. One analyst, Isabel Sawhill, who now works in the Clinton administration, co-authored a study that found individuals who started in the lowest fifth in 1977 increased their average family income 77 percent by 1986; those who started in the top fifth increased average family income by 5 percent. She concluded it was "simply not true" that "the poor were literally getting poorer over the last decade or two [or] that the incomes of the rich were skyrocketing."

But there is also bad news. First, the rate of upward mobility has not improved; second, very low income households tend not to move very far out of poverty. Research by Thomas Hungerford of the General Accounting Office shows that after averaging incomes, 60 percent of those in the bottom 10th in 1979 were still in the lowest decile in 1986; 9 in 10 had climbed no higher than the 30th percentile. "Rags-to-riches success stories," he concludes, "are fairly rare, as [are] riches-to-rags sob stories."

Other studies, such as those by Greg Duncan at the University of Michigan, have failed to find any net change in persistent poverty among black or white children from 1967-72 to 1981-86. More recent research by Duncan and two analyses in the May *American Economic Review* indicate there may have been a slight uptick in long-term dependence on welfare in the late '80s, notably among black children and young women. But for poor families, the big picture

A portrait of progress by the poor on some fronts

Researchers now find that the federal tax and spending changes made by the Reagan and Bush administrations did little to increase income inequality. They argue that many poor families improved their economic conditions in that decade, especially as measured by their consumption spending and their use of major modern household conveniences.

MARK LUDAK – IMPACT VISUALS

■ **Consumption table**

	Income	Consumption	Consumption as a share of income
1972-73	$7,488	$13,544	181%
1980	$6,465	$12,022	186%
1988-89	$5,588	$13,558	243%

■ **Percentage of households in lowest 10th of income with children with:**

HOMEOWNERSHIP	
1970	37.8%
1980	33.3%
1990	23.9%
COMPLETE BATHROOMS	
1973	90.4%
1981	94.4%
1989	96.6%
AIR CONDITIONING	
1973	29.0%
1981	38.1%
1990	49.4%
CENTRAL HEAT	
1973	56.2%
1981	67.7%
1990	72.0%

USN&WR – Basic data: "Trends in the Economic Well-Being of Children" by Susan Mayer and Christopher Jencks is that the big picture didn't change. In the '80s, dependence, persistent childhood poverty and upward mobility were nearly the same as in the '70s.

■ **Did most of the growth in income inequality in the 1980s stem from tax breaks for the rich and cuts in social programs?** No—although Reagan's tax-and-spending policies made matters somewhat worse. The rise in income inequality started in the mid-1970s and took place in Canada and some European nations, too. Most of it was due to "increased inequality in pretax earnings, and it is hard to blame that increase on any deliberate government policy," says economist Paul Krugman in his new book, *Peddling Prosperity*. Krugman, a *U.S. News* contributing editor, claims that Reagan and Bush should be blamed "only a little bit" for the rise in inequality.

The truth is that no one has a really compelling explanation for why wages have become more unequal since the energy crisis of 1973. Most economists cite trends such as the spread of technology and the globalization of world trade as factors that placed a premium on well-educated workers. Still, if the Republicans' policies had little impact on wage inequality, an important corollary is that Clinton-administration fiscal policies—including last year's tax increase on the wealthy—may do little to narrow the gap.

■ **Are inequality and poverty at unprecedented levels?** No, far from it. A recent study by Eugene Smolensky and Robert Plotnick for the Institute for Research on Poverty at the University of Wisconsin suggests that income inequality peaked around 1932. They conclude that "inequality was greater in the first three or four decades [of the century] than any period since." Yet the public has a tendency, as Jencks puts it, to mistakenly believe "that the rise in inequality is an inexorable trend line, with everything ultimately leading up to us."

One illustration: In 1992, 14.5 percent of the U.S. population lived below the official poverty line. Yet Smolensky and Plotnick found that at the turn of the century, 70 to 80 percent of all Americans lived in poverty, and half did so by the end of the 1920s. Only after the economic boom of World War II did the poverty rate fall below 30 percent. Those numbers are so high that the authors confess they seem "unreasonable". Americans today, they assert, have greater expectations than their forefathers about standards of living. Even so, they conclude, the standard of living among the poor plainly rose in the long term.

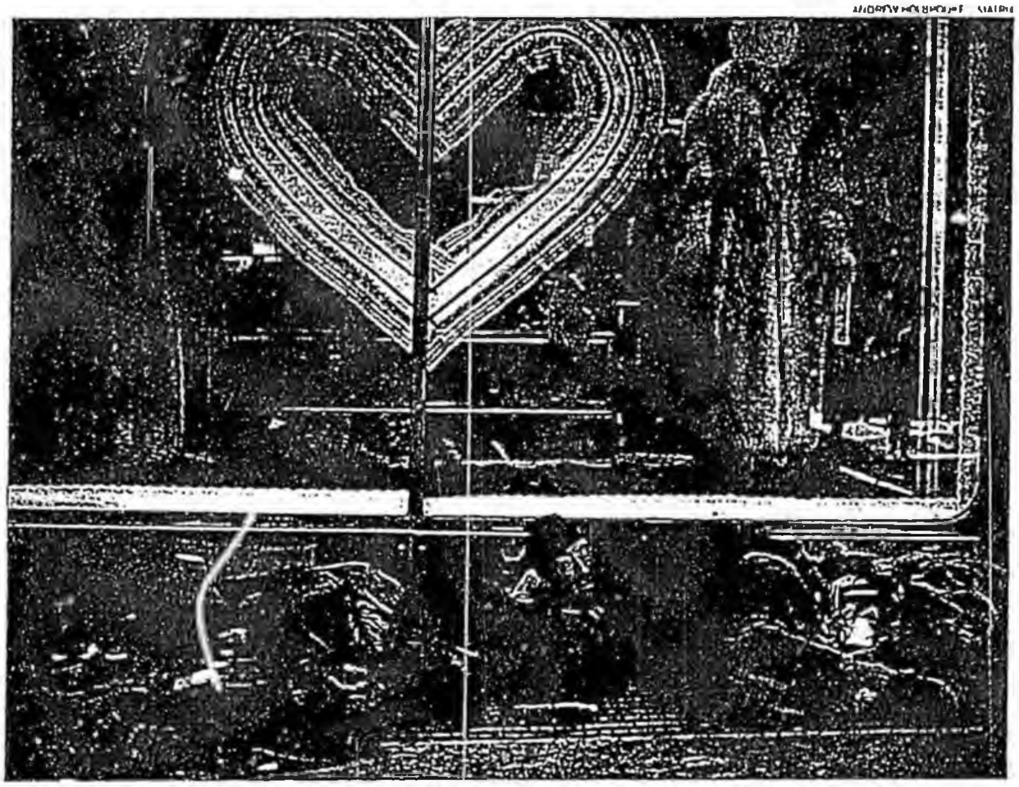
■ **Does underreporting of income by the poor mean that the extent of poverty in America is grossly exaggerated?** Not necessarily. Jencks and Mayer's results pertain only to households with children, so they say nothing about what has happened to the poorest of the poor—the homeless—or about changes in the lives of one especially troubled group, impoverished single males. As it turns out, even among households with children, homeownership in the bottom decile has plummeted: 37.8 percent of families owned their homes in 1970, but 23.9 percent did in 1990. The Jencks-Mayer data also capture only part of children's living environments; they do not quantify how today's poor child differs from his predecessor in terms of what he learns from his parents, television and music, or in his prospects for encountering street crime and growing up without a father at home.

Jencks himself explains his findings by saying that "poor households may have more income than we thought, but the poverty line ought to be substantially higher, too." In 1989, he says, the bottom 10th of households with children reported they had a mean per capita income of $4.11 a day to cover expenses.

It's important to remember, too, that not all income is created equal. In the case of poor children, more and more family income comes in the form of a welfare check and less in the form of mom's or dad's paycheck. A study last year by Leif Jensen and his colleagues at Pennsylvania State University found that in 1969, poor children lived in families that drew 63 percent of their mean income from earnings and only 18 percent from public assistance. By 1989, the proportion of family income derived from earnings had fallen to 46 percent and the proportion derived from welfare had doubled. As more poor children become dependent on welfare, more may also run the risk of being isolated from middle-class communities and mores.

The truth is that voters have often shown a fatalism about the nation's economic system. While 81 percent of American adults currently believe that the rich are getting richer as the poor get poorer, an almost identical proportion (76 percent) held the same conviction in 1980—before Ronald Reagan took office and the so-called decade of greed began. For better and worse, the fairness and inequality of the American economy are still gauged partly through the eye of the beholder. ■

By David Whitman



Familiar image. *Poor families' material gains in the last decade were not shared by the homeless.*

Idaho Statesman (II
February 6th, 1995

Poorest get best insurance

Medicaid aids those in need, but that means others fall behind

By Colleen LaMay
The Idaho Statesman

The poorest Idahoans have better health-insurance coverage than you do.

Disabled or poor people who qualify for Medicaid get free doctors' visits, free hospital care, free prescription drugs, free vision care and, for children, free dental care.

Meanwhile, many working-class folks have seen their coverage shrink and their premiums rise in recent years.

"It's ironical, and it isn't fair," said Rep. Bruce Newcomb, R-Burley, majority leader in the Idaho House. "Your taxes are going to subsidize people with lower incomes to get better health insurance than you can get."

Nothing is likely to change this year. State lawmakers are waiting for a signal from Congress, which has vowed to give all states more leeway in how they spend federal money, including Medicaid money.

Idaho's Medicaid program is funded through taxes — 70 percent federal taxes and 30 percent state taxes.

In the past nine years, Idaho's Medicaid costs have more than quadrupled, to $329 million, and the number of people who qualify for free care has risen 167 percent, to 82,800.

State lawmakers and health officials blame the increase on Congress' orders to cover more and more people.

Cost-saving ideas

The state Department of Health and Welfare is thinking up ways to control costs in what already is one of the skimpiest Medicaid programs in the nation.

Among the possibilities: Tightening income and other eligibility criteria, and requiring the poor to pay at least a little toward their care.

"My feeling is that everybody ought to make a payment of some kind for every service they get," said Grant Ipsen, R-Boise, chairman of the Senate Health and Welfare Committee.

"I don't care whether it's 50 cents or $5," he said. The issue is one of personal responsibility, he said. "We've done a great job of educating people to rely on somebody else or something else."

Jim Greenwood, a 41-year-old Boisean with epilepsy, wants to be responsible for his own health care, as Ipsen suggests.

The problem is that he can't find a job. No one will hire him.

"It seems the overall attitude is, if you have anything wrong, we don't want you," said Greenwood, who lives on about $600 a month in disability and other benefits.

"I'm not exactly a stupid individual," Greenwood said. "I do have a college education."

Greenwood's degree is in radio and television production, he said.

Now, he volunteers at the non-profit Idaho Citizens Network, answering phones and doing light office work.

To control the epilepsy that has plagued him since he was a child, Greenwood swallows dozens of prescription pills each month. He's not sure how much they cost, because Medicaid picks up the tab.

Many Medicaid patients can't afford to contribute to their own care. To qualify for the free care, people have to meet strict income and other criteria that differ by program.

Ann Kirkwood, Health and Welfare spokeswoman, gave this example: A woman with two children who lives on $621 a month in AFDC welfare payments and food stamps qualifies for Medicaid automatically.

"She's poor," Kirkwood said. "You're looking at an individual who must make choices about, 'Do I pay the heating bill, or do I buy medicine for my children?' Those are basic survival choices."

Covering the elderly

It's not young women and kids who are draining the Medicaid budget, anyway. The biggest chunk of Medicaid — about 30 percent of the budget in 1993 — covered the bills of elderly people in nursing homes.

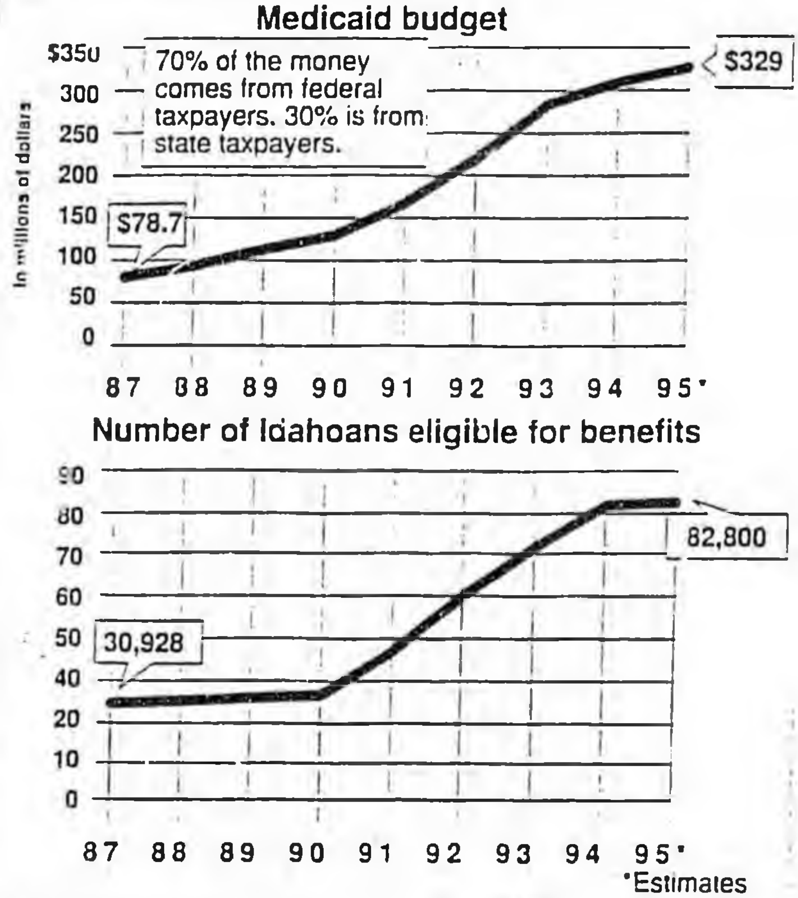
Most private health insurance doesn't cover long-term stays in nursing homes.

If he lost his Medicaid benefits, Greenwood isn't sure what

See Medicaid/2B

Skyrocketing Medicaid costs

In the past nine years, the cost of providing health-insurance coverage to poor Idahoans has more than quadrupled. The number of people who qualify for help also has increased dramatically, from 30,928 in 1987 to 82,800 this year.



Source: Idaho Dept. of Health & Welfare

Medicaid/ From 1B

he'd do. "That's a good question," he said. "There is no such thing as a free clinic in Boise. I don't know what I'd do."

Greenwood's boss at the Citizens Network, Roger Sherman, doesn't believe the answer to Idaho's Medicaid dilemma is cutting the benefits of the poor.

Instead, everyone should get the same comprehensive coverage, he said.

"Now it's a fairness issue, because we've designed a good system and made it available to poor people," Sherman said.

"We have a lousy system we make intermittently available to everyone else."

Putting Welfare On the Clock

Setting a time limit for welfare benefits is an easy idea to sell. But nobody is quite sure how it would work.

BY PENELOPE LEMOV

Talk about consensus: The vote in the Republican-controlled Iowa House was 99 to 1; in the Democrat-led Senate, it was unanimous. This was not on a question of whether motherhood was good for the state of Iowa. Rather, it was on the very touchy question of welfare reform in general and a controversial approach to that reform in particular. The Iowa legislature was voting to limit the length of time a family can stay on the welfare rolls.

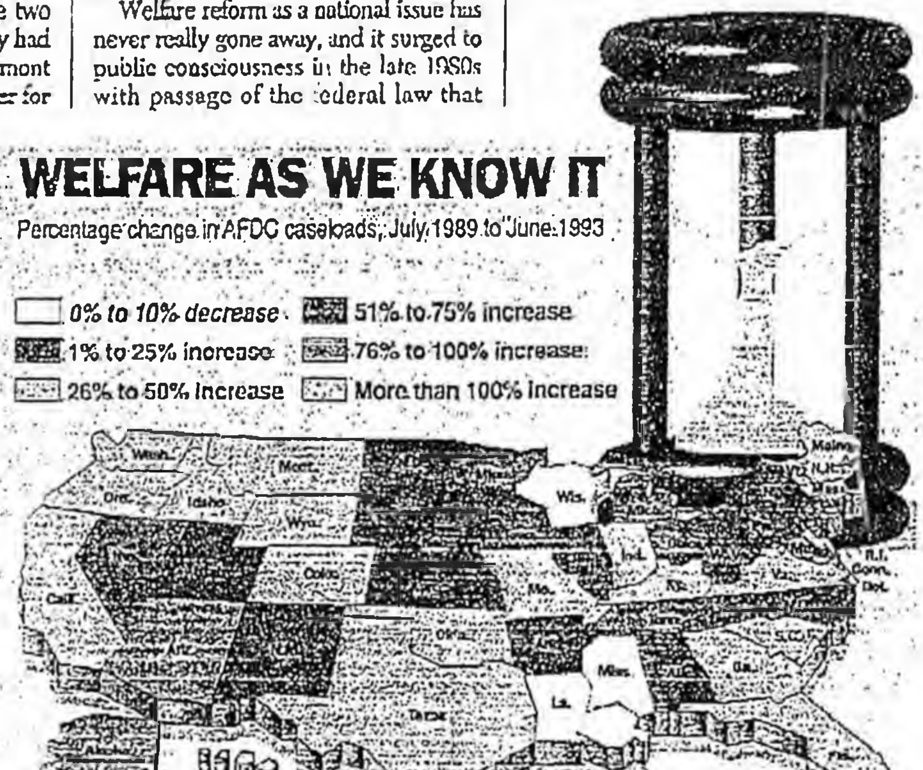
Welfare time limits are turning out to be a legislative hit everywhere they come up. Besides Iowa, they have been part of welfare reform proposals enacted in four states this year. Wisconsin, Colorado and Florida are all seeking waivers from the federal government to move ahead with demonstration programs in which adults would have two years to receive benefits before they had to get a job and be off welfare. Vermont has already received a federal waiver for a 30-month welfare time limit. Iowa got a waiver this summer for its plan to impose a flexible limit that will be set by social workers on a case-by-case basis. Meanwhile, several other states have placed the time-limit issue on their agendas for the coming year.

All of this is going on while the Clinton administration labors to draw up its own federal welfare reform bill to be sent to Congress sometime next year. The president has cited time limits repeatedly as a possible means by which the federal government and its state partners could, as the president has pledged, "end welfare as we know it."

The states are not, however, slowing down to stay behind Washington's lead. They have a strong fiscal incentive for proceeding on their own—they pay 50 percent of the freight for Aid to Families with Dependent Children (the basic "welfare" grant) and about that much for Medicaid, the health care coverage that accompanies AFDC. There is also a strong political incentive. Voters are angry. They are convinced that the welfare system is broken, that welfare recipients should accept more responsibility in exchange for their benefits, and that the states are as responsible as anyone—perhaps most responsible—for cleaning up the mess. "Joe and Sally Smith don't know the feds run welfare," says Kathy Keeley, of the Corporation for Enterprise Development, who has been running focus groups on the subject all over the country. "All they know is that they have to deal with the problems that welfare and poverty create."

Welfare reform as a national issue has never really gone away, and it surged to public consciousness in the late 1980s with passage of the federal law that keyed in on providing education, training and child care so welfare recipients could seek decent jobs. But the current wave of interest in time limits and tougher standards was born at the state level in 1991, when three big-state governors all proposed ways to deal with their rising caseloads through strict new rules that moved far beyond the largely painless incentives contained in the 1988 law.

In Maryland, Governor William Donald Schaefer proposed, and the legislature eventually passed, a bill that reduced welfare payments if parents did not pay their rent, keep their children in school and keep up childhood vaccinations. California considered a plan by Governor Pete Wilson to award teenage parents higher benefits if they attended high school—but also to reduce benefits if they dropped out. Then came New Jersey's bombshell: The legislature voted to eliminate the increase in a mother's AFDC grant if she gave birth to an additional child after she went on the welfare rolls. "Once it became clear that these three governors could propose drastic changes in welfare programs without being labeled anti-poor,



Mary E. Mailly graphic

racist or worse, politicians in other states followed," says Douglas Besharov of the American Enterprise Institute. "The proverbial cat was out of the bag."

Since then, the focus all over the country has been on what is now being called the "new paternalism"—plans that revolve around personal responsibility and use fiscal bonuses and penalties to reward and punish behavior.

TIME LIMITS, IN THEIR WAY, represent a marriage of the new paternalism and the 1988 federal law. They can be seen as a way of adding some powerful sticks to go alongside the carrots that law produced.

But at the moment, for all their political popularity, they are a concept without a blueprint. No one knows what a tough time-limit law would actually do. And there are troubling questions. Will there be enough jobs in the private sector to accommodate all the people forced off welfare who will be looking for employment? If not, as seems more likely, will the states create subsidized work in return for welfare benefits, or will they just kick a family off the rolls? If the only job available doesn't pay the rent, food and clothing bills, will the state step in and subsidize incomes? In the end, might it actually be more expensive than "welfare as we know it"?

"People need to be off welfare rolls and they need to work—everyone agrees with that," says Larry Jackson, Virginia's commissioner of social services. "But it won't cost less. It's cheaper in the short run to hand out a welfare check." Jackson notes that a single mother with two preschool children who works 40 hours a week at a minimum-wage job would earn $8,500 a year. In Virginia, that's $3,500 below the poverty level. It is unlikely that this single mother will be able to afford child care, health care, and transportation to work, all out of the skimpy paycheck. "Do we really believe that this can be done on a minimum-wage job with no subsidy at all from the government?" Jackson asks. "The numbers don't add up."

It seems inevitable that, under a time-limited welfare system, governments at various levels will have to be into the jobs business more intensively than they are now. And they will have to get better at job creation and training. "That's a critical part to running a time-limited system," says Judith Gueron, president of Manpower Development Research Corporation, which evaluates the effectiveness of many state programs.

Some lessons are already being learned from the jobs programs that states began crafting with the enactment of the 1988 federal law. One especially worth looking at is in California's Riverside County, where the results have been impressive. In part, this is because the county has had a strong labor market. But it is also because of the program's message: Riverside encourages quick entry into the labor force. Rather than tilt heavily toward education and training, as most job-placement efforts do, Riverside has concentrated on job-search assistance. Its philosophy has been, in effect, that people on welfare should get a job, any job, because even low-wage employment can lead to better opportunities somewhere else.

When the clock runs out, there has to be a job available that will pay the rent, food and clothing bills.

Even in a program widely acknowledged to be successful, however, many participants remain unemployed. A study by Manpower Development Research found that as many as 46 percent of the welfare recipients assigned to Riverside's program would have exceeded a two-year time limit had one been in effect. So switching to a strict two-year limit would require hard decisions and probably additional spending in Riverside: it would likely require an even more painful adjustment in a community that had not been working as hard at job creation before the limit was adopted.

IOWA DID NOT CHOOSE THE strict two-years-and-off rule other states have voted for. Instead, the state will develop a contract or plan with each family that spells out what steps the head of the household will take to become self-sufficient and what the state will do to help. Under the existing jobs program, the state has allowed those with "good cause"—a transportation problem or a lack of child care, for instance—to use that as a reason for not getting a job. The new approach will eliminate good cause and focus on solving the problem rather than exempting the person from work. Among the tools that will be used to accomplish those goals are one-stop "work force development centers" and expanded versions of the school-to-work programs that have junior high and high school kids whose families are on welfare working with local businesses.

Iowa has 37,000 families on public assistance, out of a state population of 2.7 million people. The state will make an initial investment of $3.5 million in its new program. If all goes well, the state anticipates that enough people will be moved off welfare and into jobs that the system will start saving the state $10 million annually by the third year and close to $60 million annually by its 10th year.

But those savings will depend heavily on four factors. One is the wellbeing of the Iowa economy, which has everything to do with the state's ability to place people in private-sector jobs. The others are health care reform, which could provide affordable health insurance; the availability of state funds for child care; and the effectiveness of a child-support payment recovery program that could add significantly to the income of single mothers.

There are no easy solutions when it comes to welfare. Time limits may not be a solution at all. They may, as Iowans are beginning to realize, create new problems at least as complex and expensive as the ones they were meant to solve. All those problems could be complicated by the federal reform effort, which has the potential to put any state's effort out of sync with new law.

But so far, at least, such fears are not enough to stop the new paternalism from evolving and winning converts in a wide variety of places. As Kathy Keeley, fresh from her focus groups, notes, "Politicians are reframing what they have to sell their constituents. It doesn't matter politically what the feds do. Locals are accountable. People want welfare changed." ◘

ROUTING REQUEST

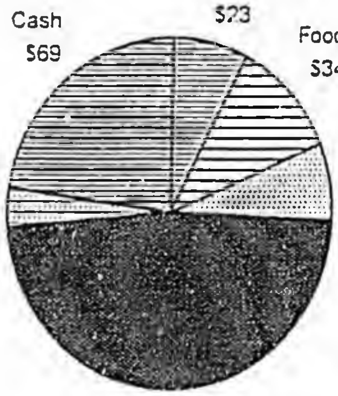
The Rise and Failures of the Welfare State

Welfare Spending Hits Record High

Welfare spending by federal, state, and local governments hit an all-time high of $306 billion in 1992. In constant dollars, welfare spending is now seven times greater than when the War on Poverty began in 1965.

The welfare spending total includes cash, food, housing, and medical aid, education and training, and social services targeted to poor and low-income Americans. Entitlements for the general population, such as Social Security and Medicare for the middle class, are excluded.

The 1992 Welfare State Spending in Billions



Welfare spending in 1992 exceeded 5 percent of Gross National Product, topping the previous record levels set during the Great Depression of the 1930s. Total welfare spending in 1992 equaled $8,270 for every poor person in the U.S.

Source: Robert Rector, "The Poverty Paradox: How America Spent $5 Trillion on the War on Poverty Without Reducing the Poverty Rate," *Heritage Foundation Executive Memorandum* #364, September 22, 1993.

Many Welfare Mothers Have Limited Earning Potential

A study by Child Trends Inc. shows that mothers in the Aid to Families with Dependent Children program have extremely low cognitive skill levels. Welfare mothers have significantly lower math and verbal abilities than other women of the same ethnic group who were not enrolled in welfare programs. When all U.S. women were ranked according to basic math and verbal skills, over half of welfare mothers were found to have cognitive skill levels placing them in the bottom 20 percent of the overall population.

Other research has shown that training programs do little to improve the cognitive skills and earnings capacity of welfare recipients. These findings underscore the difficulty of making single mothers on welfare economically independent through labor market earnings. Strategies to reduce illegitimate births and promote and sustain marriage are thus essential in any serious effort to reduce welfare dependence and raise living standards.

Source: Nicholas Zill, Kristin Moore, Christine Ward, and Thomas Stief, *Welfare Mothers as Potential Employees: A Statistical Profile Based on National Survey Data*, February 25, 1991, Child Trends Inc., 2100 M Street NW #610, Washington, DC 20037.

Job Training Has Little Effect on Earnings

The Job Training Partnership Act (JTPA) is the federal government's largest training program. A recent study commissioned by the U.S. Department of Labor found that the program had very little effect in raising the earnings of trainees. Adult males had no significant increase in earnings as a result of participating in JTPA. Teenage male dropouts actually showed a marked decline in earnings ability. JTPA did raise the earnings of adult women participants by between $50 and $75 per month by the end of the 18-month study period. The overall average increase in earnings for adult women was 7.2 percent. However, most of this increase was caused by an increase in the number of hours worked; the average hourly pay rate among adult women participants was increased by only 3.4 percent.

Source: Howard Bloom, et al., *The National JTPA Study: Title II-A Impacts on Earnings and Employment at 18 Months*, Research and Evaluations Report Series 93-C, U.S. Department of Labor, Employment and Training Administration, Washington, DC, 1993.

Information on this page was provided by Robert Rector, policy analyst for social, welfare, and family issues at The Heritage Foundation. For more information, contact The Heritage Foundation, 214 Massachusetts Avenue NE, Washington, DC 20002, phone 202/546-4400, fax 202/544-2260.

The Heritage Foundation

Intellectual Ammunition November/December 1993 © The Heartland Institute

Kids' welfare more important than intact families

SAN FRANCISCO — On a recent Wednesday morning, an abandoned 10-month-old, Shane Dineen, bundled in a new outfit and strapped securely in a stroller, was found several yards off Skyline Boulevard in Pacifica, a suburb of San Francisco. It was not until that Thursday, however, that mother Charlene Dineen, who is homeless, called police to report that her baby was missing.

Later that day, Shane's older sister, 3-year-old Katie Joe, was placed in foster care like her brother. Charlene Dineen maintained that Shane had been abducted on Tuesday night by a stranger in a van and she had spent the time since looking for him on the streets. Her story was especially suspicious in light of the fact that she was cited Wednesday at 3 a.m. on a misdemeanor charge of defrauding a taxi — at which time she did not alert police to Shane's alleged kidnapping. Dineen was charged with child abandonment after two witnesses placed her near the scene Wednesday at 1:30 a.m.

This is not your typical abandoned-baby story, and the Dineens are not your typical homeless family. By all accounts, Charlene Dineen, age 31, does not appear to have a drug problem. She seems to have taken good care of

DEBRA SAUNDERS

her children — at least until last week. Shane's lips were purple when he was found, but he had not succumbed to hypothermia. Other than that, Shane was in healthy condition and was wearing clean, new clothes. A University of California at San Francisco nurse told reporters that Dineen took good care of her children and never missed appointments.

Which begs the question: If Charlene Dineen was not a drug abuser and managed to take good care of her children, why was she homeless? Perhaps, as one state social services worker put it, sometimes homelessness is "a lifestyle choice."

Some may wish to fault the government for not providing enough services, but consider this: Dineen was eligible for and, according to police, receiving

Government has failed Shane and Katie Joe, not by a lack of services, but by a lack of standards.

12/15 ADN

Aid to Families with Dependent Children. Homeless AFDC families automatically are eligible for homeless assistance — including rent and utility deposit money — unless they have used the program already in the last two years. Dineen also is reported to have stayed in a shelter recently and to have been enrolled in a parent mentoring program while she was pregnant with Shane. (County officials will not verify whether Dineen was on aid.)

If it turns out that Dineen is mentally ill, it could be argued that government has failed both her and her children, by not having adequate permanent care for the mentally ill — which is another big issue.

No matter what the cause for Dineen's inability to keep a roof over her children's head, however, government has failed Shane and Katie Joe, not by a lack of services, but by a lack of standards. In a better world, authorities would have removed the children from Dineen until she found permanent housing.

It's against California law to remove children simply because they are sleeping on the streets. That law should be repealed.

Pending her trial, Charlene Dineen must be presumed innocent. Meanwhile, she may buck the stereotype of homeless mom by caring for her children and keeping all her doctor appointments, but her failure to provide a safe home for Shane and Katie Joe should of itself constitute child endangerment. Instead, California focuses on keeping families together, not keeping children safe.

In the name of compassion, the state actually may pay Charlene to keep her children in the great outdoors. Oddly, the left is outraged not at that frequent injustice but at the GOP's suggestion that orphanages might provide an answer. What a curious compassion that puts the feelings of parents before the welfare of children.

□ Debra Saunders is a San Francisco Chronicle columnist.

Welfare reform
ADN 12/19

Welfare program fails to make cut, GAO says

By ELIZABETH SHOGREN
and RONALD BROWNSTEIN
Los Angeles Times

WASHINGTON — A 1988 law designed to transform the nation's welfare system from a permanent support system into a temporary safety net has fallen far short of its goal of helping recipients find jobs, the General Accounting Office of Congress reported Sunday.

In a separate study, a conservative polling organization said the public overwhelmingly supports the concept of welfare reform, but strongly resists many of the key elements of the welfare initiative contained in the House GOP's Contract With America.

The GAO report, commissioned by the New York senator who drafted the 1988 law, was released just as Congress is preparing to overhaul the welfare system once again. It could influence the direction of the debate by identifying flaws in the previous reform effort.

Authored by Sen. Daniel Patrick Moynihan, D-N.Y., the Family Support Act restructured the government's principal form of welfare assistance, Aid to Families with Dependent Children. It created a new program, called JOBS, to help recipients get the training, counseling and job-placement services needed to leave the welfare rolls. The program was targeted at those recipients considered most at risk of long-term dependency on government benefits.

Although annual spending on the JOBS program had grown to $1.1 billion by 1993, its efforts "are generally not well-focused on recipients' employment as the ultimate goal," said the GAO, which conducts audits and investigations at the request of Congress.

The program's lack of success reflects two key weaknesses, the report said. First, administrators are only held accountable for the level of participation by welfare recipients, and not for their ability to successfully place recipients in jobs. In addition, most JOBS officials have done little to forge strong links with private-sector employers who potentially could hire welfare recipients.

While some localities developed programs that helped recipients prepare for and find employment, after three years no JOBS program was able to move a majority of its participants off welfare and into jobs, the GAO reported.

Participation has been disappointing, with roughly 11 percent of the 4 million parents receiving AFDC taking part in JOBS between 1991 and 1993, the agency said. Only 24 percent of teen-age mothers receiving AFDC participated in JOBS, even though they are especially prone to long-term dependency.

Public Welfare in America

Dick Armey, MC
United States House of Representatives

When President Lyndon Johnson launched his Unconditional War on Poverty, he boldly declared, "the days of the dole in the United States country are numbered." However, within two years of the enactment of his Economic Opportunity Act of 1964, a remarkable escalation in public assistance payments began. While President Johnson may have been correct that the days of welfare are numbered, that number is proving to be very large indeed.

Any attempt to reform welfare must begin with the recognition that the current system has not resolved – rather seems to be perpetuating – poverty. It has created behavioral disincentives that trap many recipients in poverty from generation to generation and has also created yet another unwieldy and unresponsive bureaucracy. The key dilemma of the welfare state is that prolific spending intended to alleviate material poverty has caused the collapse of the low-income family and led to a dramatic increase in behavioral poverty – dependency, lack of educational aspiration and achievement, increased single parenthood and illegitimacy.

Studies have consistently shown that higher welfare benefits decrease work effort and increase welfare dependence. Increased dependence, in turn, has strong negative effects on children's intellectual abilities and life prospects. If we hold constant a wide range of factors such as family income, parental education, and residence, long-term welfare dependence by a family is seen to reduce a child's intellectual ability by more than one-third compared to children in similarly low-income families that were not on welfare.[1] Children raised by families on welfare are more likely to fail in school, more likely to get caught up in crime, and more likely to end up on welfare themselves as adults.[2]

Welfare Spending

Although the poverty rate has remained relatively steady since 1965, welfare spending has risen from 1.5 percent of GNP when Lyndon Johnson launched the program in 1965 to 5 percent today.

The federal government spends more than $240 billion on welfare annually,[3] which is more than twice the money needed to raise every person on welfare out of poverty.[4]

Government Programs Destroying Families

It is no longer a question of whether this money has produced positive results, but rather what can be done to erase the debilitating effects welfare has had on society.

The current system has made marriage economically irrational for most low-income parents. Welfare has converted the low-income working husband from a necessary breadwinner into a financial handicap. It has transformed marriage from a legal institution that protects and nurtures children into an institution that financially penalizes nearly all low-income parents who choose it. Welfare benefits will be higher if a man and woman do not marry and are treated by the government as separate "households."

Too many mothers decide not to marry the fathers of their children; they marry welfare instead. As George Gilder, author of Wealth and Poverty observed, the modern welfare state has convinced poor fathers that they are dispensable. Through government programs, we send the message that men are most useful as procreators, not as family partners and providers. Government will pick up the tab for their children provided that they do nothing to help the mother or to assume responsibility.

Currently, the welfare benefit package (AFDC, Medicaid, housing, and food stamps) offers each single mother an average of between $8,500 and $12,000 in benefits, depending on the state.[5] The mother continues to receive that level of benefits as long as she does not work or marry an employed male.[6]

Research by Dr. Robert Hutchens of Cornell University estimates that a 10 percent increase in AFDC benefits in a state translates into an eight percent decrease in the marriage rate of all single mothers.[7]

The poverty rate among those living in traditional married couple families is less than half the overall poverty rate; the poverty rate for female headed families (with no husband present) is nearly six times the poverty rate for traditional two parent families. Individuals living alone outside a family similarly have very high poverty rates.[8]

Who Is On Welfare?

According to U.S. Census Bureau data, 64 percent of welfare recipients are white, 31 percent are black, 14 percent are Hispanic and five percent are classified as "other." 42 percent of recipients are under 18, 48 percent are between the ages of 18 and 64, 10 percent are over 65. 48 percent of recipients have less than four years of high school education, 33 percent are high school graduates, and 18 percent have had at least one year of college. 57 percent of recipients are female, 43 percent are male.[9]

More than 20 percent of the children born in the late 1960s have spent at least one year on welfare; more than 70 percent of black children born in the same period have done so.[10] More than 30 percent of all children born in 1980 will live on welfare, as will 80 percent of black children.[11] A majority (over 54 percent) of persons receiving means-tested income transfers in 1990 were not in poverty, as it is officially defined.[12]

Welfare's Culture of Dependency

Children raised in families that receive welfare assistance are themselves three times more likely than other children to be on welfare when they become adults.[13] This inter-generational dependency is a clear indication that the welfare system is failing in its effort to lift people from poverty to self-sufficiency. A recent study found that higher welfare benefits increased the number of women who left the labor force and enrolled in welfare. A 50 percent increase in monthly AFDC and Food Stamp benefit levels led to a 75 percent increase in both the number of women enrolling in AFDC and in the number of years spent on AFDC. The percentage of children receiving AFDC is higher in states with the highest AFDC payments and lower in states with the lowest AFDC payments.

The Office of Economic Opportunity conducted controlled experiments between 1971 and 1978 in Seattle and Denver, known as the Seattle/Denver Income Maintenance Experiment (SIME/DIME). The experiments found that increasing welfare benefits had a dramatic negative effect on labor force participation and earnings. For every $100 of extra welfare given to low-income persons, the earned income of the recipients fell by $80.[14] Welfare reduces the probability that a poor person or family will leave poverty in any given year by about 60 percent. The chances of rising above the poverty level are two and one half times greater if an individual or family does not receive welfare.[15] At any one time, more than half of welfare recipients have been on welfare for ten years.

Welfare's Debilitating Impact – The Rise of Single Parent Families

When the Great Society was launched in 1965, the illegitimacy rate among blacks was 25 percent; today, it is 66 percent. If current trends continue, the black illegitimate birth rate will reach 75 percent in ten years.[16] Thirty years ago, one in every 40 white children was born to an unmarried mother; today, it is one in five.[17]

The current system's financial penalties on marriage can be correlated with an unprecedented and growing number of unwed mother welfare recipients. The percentage of welfare recipients living in female-headed households increased from 29 percent in 1964 to 61 percent in 1976.[18]

White women raised in single parent homes are 164 percent more likely to bear children out of wedlock themselves and 111 percent more likely to have children as teenagers. Of those who do marry, marriages are 92 percent more likely to end in divorce than are the marriages of women raised in two parent families. Similar trends are also found among black women.[19]

Children raised in single parent families, when compared to those in intact families, are one-third more likely to exhibit behavioral problems such as hyperactivity, antisocial behavior, and anxiety.[20] Children in single parent families are two to three times more likely to need psychiatric care than those in two parent families;[21] they are also more likely to commit suicide as teenagers.[22] Children in single parent families score lower on IQ, aptitude and achievement tests.[23] With family income, neighborhood, parental education, and other variables held constant, young black men from single parent homes are twice as likely to commit crimes and end up in jail than are similar young men in low-income families where the father is present.[24]

Failed 1988 Attempt at Reform

Welfare rolls have increased sharply since the 1988 welfare reform legislation became law. Less than one percent of the welfare population is working today. And the program has cost us $10 billion more than expected – $13 billion instead of $3 billion. At the time of enactment, it was predicted that the number of families on AFDC

would not reach five million until late 1998. In fact, that milestone was reached in early 1993.

While Americans were told that the 1988 reforms required most welfare recipients to work for benefits, by 1992 only one percent of all AFDC parents was actually required to enroll in workfare in exchange for welfare benefits.[25]

Conclusion

Welfare reform must begin with the realization that most programs designed to alleviate "material poverty" generally lead to an increase in "behavioral" poverty. While the poor were supposed to be the beneficiaries of the War on Poverty, they instead have become its victims. For more than 40 years, the welfare system has been promoting non-work and encouraging single parenthood and has obtained dramatic increases in both. Policy-makers must realize that welfare is no substitute for stable families and welfare programs must be designed to avoid undermining the families even when trying to solve the problems of poverty.

Notes

[1] M. Anne Hill and June O'Neill, "The Transmission of Cognitive Achievement Across Three Generations," March, 1992.

[2] Robert Rector, "President Clinton's Commitment to Welfare Reform: The Disturbing Record So Far," Heritage Foundation Backgrounder, December 17, 1993.

[3] Art Pine, "Riot Aftermath," *Los Angeles Times*, May 27, 1992.

[4] Donald Lambro, "Questions Rise From the Rubble, 'Great Society' Not So Great, Critics Say," *Washington Times*, May 10, 1992, the expenditures are specifically for the years between 1965 and 1990

[5] This sum equals the value of welfare benefits from different programs for the average mother on AFDC.

[6] Technically, the mother may be married to a husband who works part-time at very low wages and still be eligible for some aid under AFDC-UP program. However, if the husband works a significant number of hours per month even at a low, hourly rate, his earnings will be sufficient to eliminate the family's eligibility to AFDC-UP and most other welfare.

[7] Robert Hutchens, "Welfare, Remarriage, and Marital search," *American Economic Review*, June, 1989.

[8] Richard Vedder and Lowell Gallaway, "The War on the Poor," The Institute for Policy Innovation," No. 117, June, 1992.

[9] Carrie Teegardin, "Debunking the Welfare Queen Myth: White Women with Children are Most Typical," *Atlanta Journal and Constitution*, December 11, 1992.

[10] Robin Toner, "New Politics of Welfare Focuses on its Flaws," *New York Times*, July 5, 1992.

[11] Thomas Sancton, "Hot To Get America Off The Dole," *Time*, May 25, 1992.

THE PRECEDING PAGES
WERE TREATED AS A UNIT
IN THE ORIGINAL FILE

Ken & Eleanor Nesting
7330 Silver Birch Dr.
Anchorage, Alaska 99502

March 20, 1995

Sen. Loren Leman
Alaska State Legislature
Juneau, Alaska 99801

Dear Sen. Loren Leman

My wife and I attended your meeting on March 13 in Anchorage addressing SB98. Because of the turn-out, we didn't get to testify.

We support SB98, as originally written, including the ineligibility of welfare recipients to receive Permanent fund dividends. I had a draft outlining all my arguments for favoring SB98. During the March 13 meeting, I picked up your hand-out brochure on the objectives of your bill, to find my arguments were, with one exception, outlined in your brochure, so, suffice to say, we think alike.

The one exception is one you need to stress. There are vast numbers of working poor out here; people in lower-paying jobs, raising families, living from paycheck to paycheck and depriving themselves of most of the things that make life pleasureable, in order to maintain the pride and dignity that self-sufficiency affords. These are the people who "lead lives of quiet desperation", people who realize most welfare recipients live far better than they. As prices and taxes increase and wages don't keep pace these people come ever closer to the limit, and more and more of them give up, swallow their pride, and go on welfare. This trend could easily become an avalanche, destroying our economy.

There are three things you legislators must do:
1. Keep inflation in check to hold down prices.
2. Lower taxes.
3. Make menial jobs more attractive than welfare.

As each individual drops out of the work-force in favor of welfare, the economy takes a double hit. Taxes these people pay, however miniscule, stop, and government welfare payments increase. As you in government have little control of private sector wages and benefits, you must make the welfare alternative less attractive. SB 98 is a big step in that direction.

Keep up the good work.

Sincerely,

Ken Nesting

PO Box 61
Russian Mission, Ak 99657
March 6, 1995
Phone 907-584-5528

Lyda Green; committee chairperson.
The committee on Health Education and Social Services.
State Capitol
Juneau, Ak. 99801

Dear Chairperson:

As a teacher in a Yupik village for 10 years, I want to express my opinion on the current welfare system. I feel, as many of the teachers I talk to in rural Alaska, that the dependence on welfare and entitlements is the #1 reason for the ineffectiveness of our local Native schools. Although you can point in a variety of directions for this ineffectiveness, most come back to the comfort level the majority of the people have under the current welfare situation. The role models that students see are varied, some work for their money, but most don't. It doesn't take long to determine who our students are going to emulate.

It is a common response from my Junior High students and even younger, "I can't wait until I'm 16 so I can drop out!" Certainly as they look around and see the benefits to staying in school as compared to dropping out, there is not that much distinction between the two at the local level. It is hard to have high goals when no goals is the norm. I'm not saying that they make a lot of money, but it must be comfortable enough. On a regular basis these same people are turning down job opportunities to substitute teach in the school, failing to apply for local jobs and certainly not taking advantage of ways to stretch the dollars they now receive. Ways such netting fish under the ice or trapping local animals for cash and meat. This has almost become a rarity in our village. Oddly enough it is people with jobs that take advantage of these opportunities. It has just gotten too easy for many and it is time that current levels of support was curtailed.

My wife and I both support the bill to garnish the permanent fund dividend to welfare recipients, to cut welfare by at least 15% to 20% and to find alternatives to entitlements after 2 years of service.

I will have to say that to just stop paying people in two years would be catastrophic, but I would support a work fair project in the village. I would be the first in line to pay taxes to support a program that would decrease the dependence on welfare. There are many things that could be done in the village to earn the money from a work fair project. This would begin to allow people to set new goals, feel good about themselves and their community and exhibit positive role models for students.

Things like mandatory education for welfare recipients either high school or GED, cut off for recipients who allow their students to stay home or fail in school, and most of all the need to give something for the money they receive.

Thank you,

Leonard Fabich

Leonard M. Fabich

Municipality of Anchorage

P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
(907) 343-6730

TOM FINK
MAYOR

ANCHORAGE WOMEN'S COMMISSION

June 21, 1994

Loren Leman
Alaska State Senate
716 W. 4th Avenue
Anchorage, Alaska 99501-2133

Dear Representative Leman:

The Anchorage Women's Commission is concerned about the impact that the present welfare system has on women. It is our belief that the current system provides little motivation for welfare recipients to become self reliant. In fact, the system itself affirmatively discourages personal improvement. In light of this, the Anchorage Women's Commission prepared a position statement which includes recommended target areas. This statement is attached hereto.

Recognizing that the federal government has regulations which limit welfare reform within the State of Alaska, the Anchorage Women's Commission is requesting your support in obtaining the necessary regulations which would allow our suggested reform to take place within our state.

The Anchorage Women's Commission stands ready to assist you in carrying forward this welfare reform legislation. Please contact Pat Jasper at (907) 243-4567 if we can answer any questions or if you request assistance.

Sincerely,

Sharon Nahorney /s.

Sharon Nahorney, Chair
Anchorage Women's Commission

Enclosure

Municipality of Anchorage

P.O. BOX 196650
ANCHORAGE, ALASKA 99519-6650
(907) 343-6730

TOM FINK
MAYOR

ANCHORAGE WOMEN'S COMMISSION

WELFARE REFORM POSITION STATEMENT

The Anchorage Women's Commission encourages welfare reform that results in the development of independence and self-reliance of people. The Commissioners believe that work is inherently good and that in order for welfare reform to be effective, it must encourage the recipient to attain employment.

It is the position of the Commission that one of the welfare systems most in need of reform is Aid to Families with Dependent Children (AFDC). It is further the position of the Commission that the enactment and implementation of legislation with the features listed below would assist in achieving the goals of independence and self-reliance.

1. Limit AFDC to six years maximum for each recipient (other forms of help such as unemployment benefits have a time limit).

2. Require that, in order to continue receiving benefits, an AFDC recipient must:
   a) take a job; or
   b) begin vocational training or college; or
   c) begin public service work when the youngest child who is conceived before applying for AFDC attains the age of six months (an agency such as Work Progress Administration (WPA) may need to be created to manage public service work if there are not sufficient job opportunities);
   d) except that a recipient may receive benefits for a period of six weeks after a child conceived after applying for AFDC is born.

3. Prohibit increases in benefits for children conceived and born after first applying for public assistance.

4. Eliminate penalties for obtaining education grants or loans by continuing AFDC and Medicaid while the recipient is receiving education or training.

5. Require recipients to take low paying jobs if other employment opportunities are not available. To maintain the recipient's status above the poverty level, AFDC could supplement wages and should continue medical coverage.

6. Raise financial restrictions which place a limit on assets of the sort that actually assist the recipient in seeking employment, ie., automobile.

7. Allow home ownership when the mortgage payment is comparable to or less than subsidized housing allowances.

8. Increase allowable limits on savings accounts in order to encourage responsible money management (i.e., to allow recipients to save for their children's education, for a vehicle, for a down payment on a house, etc.)

P.O. Box 90
Russian Mission, AK
99657
March 7, 1995

State Senator Lyda Green
FAX # 465-3805

Dear Sen. Green:

I support your proposed changes to welfare. It is too comfortable for people on welfare. They aren't motivated to stay in school or get a job.

We can't get people to be substitutes in school. I hear junior high and high school children saying they want to quit school when they are 16 years old and go on welfare.

I like your ideas; Keep working hard to make some real changes in welfare.

Sincerely,
Anne C. Peterson

Anne C. Peterson

Mr. & Mrs. Albert M. Saulsbury
P. O. 146
Palmer, AK 99645
February 3, 1995

Senator Linda L. Green
Chairperson Senate Finance Committee
Juneau, AK 99801

RE:WELFARE REFORM:

Dear Senator Green:

This letter is to follow up on our phone conversation of January 31, 1995. I believe that Public Assistance needs to be a "hand up" and not "a way of life." I do not advocate the elimination of Public Assistance. However, I do believe that the various programs can be more effective if they are combined under on agency's control with oversight by the legislators.

Under the present system, a family of 2 can receive a combination of Public Assistance, as well as have an earned income of 1,603 per month, for a total combined income of $34,140 per year. Where is the incentive to get off the public dole. Broken down I find the following:

1. AFDC for a family of 2 is $821.00 and for a family of 3 it is $923.00.

2. Unlimited health care at a cost of $5.00 to the individual, the balance being paid for by State and Federal Governments i.e. working tax payers. There are few restrictions as this Federal program administered by the State of Alaska is changing daily (Source; Wasilla branch of the Welfare Department, as of February 2, 1995).

3. A hunting, trapping, and fishing license for $5.00 (my cost $55.00).

4. Rental assistance is available to those earning $1,333.00 or less per month or $20,300 per year. For example; I find a two bedroom apartment that rents for $750.00 a month. I pay 30% or $225.00, and the State and Federal Governments pay 70% or $525.

5. A one time energy grant up to 400.00

EXAMPLE 1: FAMILY OF 2

$1,333.00 total income from all sources.

525.00 rent subsidy per month.

271.00 Food Stamps.

Per month $2,129.00

Per year $25,548.00

One time energy grant 400.00

Hunting, trapping, fishing 50.00

Permanent Fund Dividend 1,800.00 (2 x 900.00).

Total Welfare per year $27,798.00

EXAMPLE 2: FAMILY of 2

Allowed work income	1,603.00	(per mo. w/out rent subsidy)
Cash Welfare	821.00	(per mo.)
Food Stamps	271.00	(per mo.)
TOTAL PER MO.	$2,695.00	(per mo.)
TOTAL PER YR	$32,340.00	
with Permanent Fund	1,800.00	
Grand Total per yr.	$34,140.00	

Why should I (anyone) work more than part time?

This is by no means and exhaustive list of all Public Assistance available. They may qualify for; Child Care Assistance of $453.99 per month (for a 5 yr. old child); the JTPA work Subsidy Program; Federal Financial Grants for college education; Department of Vocational Rehabilitation Assistance; etc..

My earned income in 1994 was $33,958. I had to be away from my wife and son in the Alaskan Bush, living in poor housing, eg. a wooden floored tent or other substandard housing to earn this money. In the light of what is available from the various agencies, it makes me wonder who is the fool here.

Respectfully submited,

Mr + Mrs albert M Saulsbury

Mr. & Mrs Albert M. Saulsbury

Title	Mr.
FName	Matt
LName	Scully
Credential	
Job Title	
Organization	
Address1	6121 Austria Drive
Address2	
City	Anchorage
State	AK
Zip	99516
Phone	
Subject	reduce budget, supports welfare reform
Pro or Con	
Date Received	3/2/95
Comments	

Constituent Contact Sheet

NAME: Rita Delgado DATE: 3/3/95

ADDRESS:

PHONE: 376-2019 S.S.N.:

Rachel

REGARDING: Oppose $24 million welfare program. Supports welfare reform.

ACTION TAKEN:

RESPONSE TO CONSTITUENT:

FAX MEMO

To: Lyda Green AK Senate	From : David M. DeSonier 12835 Lindsey Circle Anchorage AK 99516
Subject : Welfare Reform	For Info Call: (907) 345-6608 / 263-4122
Date : 2/26/95 Time : 16:54:56	Fax Number: (907) 263-4392

Dear Senator:

Just wanted to say, "Way to go," regarding the proposed welfare reforms that I heard about Friday. I know you'll catch heat from many folks who feel they're entitled to that money. Don't give in; you're on the right track.

You many not remember, but you and Tom McKay and I had a wonderful conversation at ARCO's CAP dinner a few weeks ago. I also saw you Friday at the Lincoln Dinner, but didn't have a chance to speak with you.

Keep up the good work.

Sincerely,

David M. DeSonier

FYI

Constituent Contact Sheet

NAME: Vicki McNulty DATE: 3/3/95

ADDRESS: ______________________

____

PHONE: 733-1530 S.S.N.: ______________________

REGARDING: Supports Welfare Reform bill.

ACTION TAKEN: ______________________

RESPONSE TO CONSTITUENT: ______________________

ENCORE

PROMOTIONS

FAX TRANSMITTAL SHEET

To: Lyda Green

From: Joanne Vaskall

Fax Number: 465-3805 # of Pages 4

Date: 3/7/95

Message: On March 3, I sent a letter to the Governor supporting his "Four-Point Welfare Reform" Package. In light of your proposal going to the legislative committee this week, I wanted to share my story with you. I very much support the need to reform the system and would be more than happy to give public testimony if you need assistance.

Home: 248-9094 Office: 561-2006

Please call (907) 561-2006 if you have problems receiving this transmittal.

3335 Arctic Boulevard, Suite 200 Anchorage, AK 99503 (907) 561-2006

March 3, 1995

Tony Knowles
Governor
P.O. Box 110001
Juneau, Alaska 99611-0001

Dear Governor,

I am writing you to voice my support for your "Four-Point Welfare Reform Plan" As a recent "victim" of a the Welfare System, I am compelled to use my talents and contacts to help ensure the program is there to help those with real needs.

I've been very proud of the fact, that as a divorced mother of two, I have been able to provide for myself, my children (50% of the time), manage my own successful business and be an active member of the community. I've spent the last three years contracting my services to non-profit agencies. I assist them by coordinating and managing special events that will help raise funds to supplement their program budgets. Never in a million years did I think I would be going back to some of these agencies requesting assistance for myself and my children.

Due to a pre-existing condition, I have been unable to secure affordable health insurance for myself. Thankfully, my children's health care is taken care of by their devoted father.

The recent acceleration of my pre-existing condition, forced me to have major surgery. Since I had no health care coverage, I was able to get Alaska Regional Hospital and my physician to agree to a discount, if I paid cash up front for my estimated expenses. I took everything I had in savings, borrowed money from my mother and paid them over $13,000 before I went in the hospital on January 24.

The surgery went well, and I was pleased that once I recovered from the operation I could return to work (at least part-time in two to three weeks.) All my contracts are "work-in-progress" and since I stopped working on January 23, and had depleted my savings to pay for the surgery, I needed to get back to my clients as soon as possible.

On January 31, I was re-admitted with major complications. Five days after being re-admitted, I had to undergo a second operation. One week later I went home. I left the hospital with a vaginal catheter in place and administered I.V. antibiotic infusions to myself every six-hours, for ten days. I could not be alone and I could not afford a home health-care nurse, so my mother flew up from Washington to stay with me.

Fortunately, I share custody of my two children with their father. They usually live with him every other week, but since I was unable to care for them, they ended up staying with him for five weeks straight. Thank goodness for me and for the kids, that they have a wonderful father who would not deprive them of anything!

My recovery was slow and I continued to have set-backs that required doctor and emergency room visits. With medical bills in excess of $33,000 no income, and a very small amount of cash left in my bank account (not even enough to cover one months rent), I applied for emergency medical assistance from the State Division of Public Assistance.
While waiting to hear from the state, I allerted my landlord, daycare providers and creditors to my situation. Everyone understood and since I had a good track record, they were all willing to wait it out with me, until I received assistance from the state.

On March 2, I received notification from the State of Alaska Division of Public Assistance that I was <u>not eligible</u> for any emergency assistance. The reasons:

1). "Bank account balance was $542.84"
($42.84 over the amount allowed to have.)
2.) "Children were not deprived of their father at least 50% of the time for the month of February."
(It did not matter that I was either in the hospital or too sick to take care of them. It didn't even matter that I have a court-ordered shared custody arrange-meant with their father - and praise God they have a father that is active in their lives.)

I do not have to tell you, I no longer have $542.84 in my bank account - as a matter of fact, I have a lot less than that. Yes, I am back on the week-on week-off schedule with my kids, but I don't know how long I will be able to provide for them even my 50%. If not for the generosity of friends and family, who have provided groceries and meals, I could not provide for them at all.

In a matter of two months, I have gone from being a proud provider to being fearful of loosing my children, a roof over my head, my transportation and my business. By being denied eligibility for emergency assistance, I am being forced to be temporarily destitute and I still won't qualify for Public Assistance because my kids spend 50% of their time with their father.

I keep asking myself, how can something like this happen? If it happened to me, how many more people who have legitimate temporary emergency situations, been denied assistance. I personally know of people who are on "the system" and have made a career of it. All I needed was one maybe two months worth of public assistance and assistance with some of my medical bills and I would have been back on my feet.

As a member of Rotary International, I have been asking myself lately the Rotary "4-Way Test" of things we think, say and do:

1.) Is it the TRUTH?
2.) Is it FAIR to all concerned?
3.) Will it build GOODWILL & BETTER FRIENDSHIPS?
4.) Will it be BENEFICIAL to all concerned?

I wish our government leaders would put the Welfare System through this same test.

I know in my heart I will make it through this time in my life. I am a strong, resourceful person with tremendously wonderful family and friends. The people I feel sorry for are those who are in similar situations to mine and don't have anyone to lean on. God help them!

If we don't get a handle on our Welfare System soon, we are going to be forced as a state and a nation to set more money aside for homeless shelters, food banks and low-income housing. Wasn't the Welfare System designed to help people get back on their feet rather than knock them off their feet?

Proudly,
Joanne Marie Yaskell

Mr.	Ernest	Erickson			745-2626
PO Box 563					

			Distribution	Affiliation	Reg Voter
Palmer	AK	99645	20	Y	

Date POM Sent	Constituency	Bill Number	Response	Subject
SB 98	C	03/02/95	Supports	

I WANT SB 98 PASSED AS IS.

Mr. Leonard M. Fabich 584-5528

PO Box 61

Distribution Affiliation Reg Voter

Russian Mission AK 99657 05 U

Date POM Sent	Constituency	Bill Number	Response	Subject
SB 98	N	03/03/95	Supports	

TEACHING IN A NATIVE VILLAGE FOR 10 YEARS, I WANT TO EXPRESS MY EVER INCREASING CONCERN OVER THE CURRENT WELFARE SITUATION AND THE NEGATIVE EFFECT IT IS HAVING ON EDUCATION WHILE WELFARE IS CONTINUING TO SUPPORT FAMILIES FOR

DOING NOTHING. IT WILL CONTINUE TO BE A GOAL FOR OUR STUDENT POPULATION.