

In America

BOB HERBERT

Welfare Stampede

"Our children and our country cannot afford another four years of neglect from Washington," said Bill Clinton, in the campaign book he put together in 1992 with Al Gore. "The next generation of young people should not be America's first to grow up with less hope than their parents. It's time to act to help our children."

That last sentence was the important one. I misunderstood it when I first read it on page 47 of the amusingly titled book "Putting People First." I did not understand at the time that the future President's idea of helping children was to support legislation that would push another 1.2 million of them into poverty.

The Republicans who crafted the cruel welfare "reform" legislation that is now in the hands of Congressional conferees deserve the obloquy of decent and compassionate Americans. But it should not be forgotten that these Republicans passed quickly and joyfully through a conceptual

the resources that were supposed to be provided to keep poor people from being left in the lurch. The Republicans are being followed by huge numbers of Congressional Democrats, who recognize a political stampede when they see one, and even by Mr. Clinton, who is now looking furtively around for a safe way to slip through the door himself.

If he does, which is to say, if he signs the welfare legislation that is being hashed around in conference, it will be a betrayal and a disgrace that will leave Mr. Clinton on the wrong side of history. He will have done more harm to children with one stroke of his pen than Presidents Reagan and Bush combined.

Senator Daniel Patrick Moynihan stated the matter clearly: "For the first time since it was enacted in 1935, we are about to repeal a core provision of the Social Security Act — Aid to Families With Dependent Children."

The Senator described this as "an obscene act of social regression." He said it "visits upon children the wrath of an electorate disillusioned with government and lost to principle."

A report prepared for Congress by the Office of Management and Budget estimates that the welfare bill passed by the Senate could push as many as 1.2 million children into poverty, and the House bill as many as 2.1 million. Those estimates are conservative.

As Marian Wright Edelman, president of the Children's Defense Fund, noted: "The report assumes no recession in the next decade, which is unprecedented. It assumes that all states have time limits no shorter than five years, although a number of states have already proposed two-year time limits."

And, she said, "it assumes 100 percent maintenance of effort" by the states, even though on Friday House and Senate conferees agreed that states would only have to maintain at 75 percent of last year's level.

President Clinton has indicated that he could sign a welfare bill that was close to the Senate version. On Thursday his press secretary said, "He may have to accept that bill."

Well, of course, he doesn't have to. And he wouldn't if he believed, as James Agee did, that "in every child who is born, under no matter what circumstances, and of no matter what parents, the potentiality of the human race is born again." □

Clinton started it. Now what?

door that was opened by Mr. Clinton, who promised repeatedly in his campaign to "end welfare as we know it."

It was his biggest applause line. And as he delivered it with a finesse that could be envied by the most skilled demagogue, Mr. Clinton had to know that the screaming, whistling, foot-stomping audiences were cheering something quite different from the detailed plan that Mr. Clinton's aides were handing out to more thoughtful observers.

Those campaign audiences were cheering what they thought they were hearing — that Mr. Clinton planned to cut off welfare benefits to them. They did not realize that the detailed plan, which provided for education, job training, job placement, even job creation, would cost much, much more than welfare as we knew it. Had they known, they would have booed.

To watch Mr. Clinton do his welfare dance is to understand why his detractors call him Slick Willie.

In any event, the Republicans saw the door marked "End Welfare As We Know It" and they charged through it, not even thinking about

Abroad at Home

ANTHONY LEWIS

Truth And Its Effects

Four years ago this Sunday the Croatian city of Vukovar surrendered to besieging Serbian forces. The Serbs went to a hospital filled with refugees, took away hundreds of men, killed them and buried them in a mass grave. It was the first reported atrocity of the Serbian aggression in the former Yugoslavia.

In the years afterward Western governments tried to avoid confronting, head on, the fact of Serbian atrocities. In diplomacy and in the U.N. operation they essentially closed their eyes to Serbian responsibility for most of the horror taking place.

That is no longer possible. The reports of mass murder in the cause of Serbian nationalism have become too overwhelming to ignore.

Srebrenica has made the difference more than anything else. That Bosnian city, declared a U.N. safe area, was taken by the Bosnian Serbs last July 11. Their commander, Ratko Mladic, had thousands of Bosnian men, civilians, taken away. They have not been seen since.

In mid-August David Rohde of The Christian Science Monitor went to an area near Srebrenica and reported finding stomach-turning evidence of a mass grave, including parts of bodies sticking out of the ground. Two weeks ago this and other newspapers published lengthy reports of what happened in Srebrenica. Survivors said General Mladic had personally witnessed mass executions. As many as 6,000 unarmed civilians were killed: the worst single war crime in Europe since World War II.

The truth of that horror is already having consequences at the peace negotiations going on in Dayton, Ohio. The United States has put forward a draft constitution for Bosnia that would bar election of anyone under indictment by the International War Crimes Tribunal for the Former Yugoslavia — meaning General Mladic and the Bosnian Serbs' political

leader, Radovan Karadzic.

Assistant Secretary of State Richard Holbrooke, the organizer of the talks, has never had any illusions about the two Bosnian Serb leaders. He regards General Mladic as a psychopath. But it is hard to see how Dr. Karadzic or General Mladic would sit still for a peace settlement that would remove them from leadership and perhaps see them turned over to the War Crimes Tribunal for trial.

The unpleasantness of negotiating with two men under indictment as war criminals has been sidestepped by having the President of Serbia, Slobodan Milosevic, speak for the Bosnian Serbs. But that device is under stress.

Last week the War Crimes Tribunal indicted three officers of the regular Army of Serbia, one of them a general, for alleged involvement in the 1991 massacre in Vukovar. That brings the tribunal's process very close to Mr. Milosevic. Will he hand the indicted officers over? Can he, politically? If he does, might the officers agree to give evidence against him in order to save themselves or reduce their sentences?

Mr. Milosevic aroused the nationalist fervor among Serbs that led to the horrors of the last four years. He hoped to lead a Greater Serbia. Now he thinks his best chance to stay in power is to give up those ambitions and be a peacemaker.

The more we know the truth of the atrocities, the harder it is to make a peace that leaves their authors in place. Would we have ended World War II with Heinrich Himmler ruling part of Germany? Dr. Karadzic and General Mladic certainly must go.

Mr. Milosevic is a hard question. But if he can make even a sullied peace, we outsiders should not obstruct it. After all, we let the nationalism he aroused burn unchecked for years.

Some in the West have a particular responsibility for these terrible four years. George Bush and James Baker could have stopped the Serbian aggression at Vukovar — before Bosnia. Prime Minister John Major of Britain rivaled Neville Chamberlain in his eagerness to do nothing. And then there are the American policy analysts and commentators who insisted that genocide was not our business or that it was unfair to blame the Serbs.

The emerging truth about Serbian atrocities should make it impossible for us, at least, to abandon the War Crimes Tribunal. The Clinton Administration has repeatedly pledged its support. But it withheld so-called intelligence information from the prosecutors until shamed out of that posture. The tribunal complicates the world of diplomats, no doubt. But it is our obligation to history. □

Self-Censorship at CBS

The emerging picture of what cigarette manufacturers have known and done or failed to do about the health hazards of tobacco is one of the biggest and most absorbing news stories of the year. Nevertheless, "60 Minutes" has decided to spike an interview with a tobacco-industry whistleblower out of fear of a lawsuit that the industry had not even threatened to file. This act of self-censorship by the country's most powerful and aggressive television news program sends a chilling message to journalists investigating industry practices everywhere.

CBS's legal concerns over the interview were said to be based on fears that the subject of the interview, a former executive of the Brown & Williamson Tobacco Corporation, had an agreement with the company not to disclose internal company matters. The CBS lawyers argued that the tobacco company, instead of claiming that it had been libeled by a false report, would simply declare that its former employee was committing a contract violation. CBS, these lawyers said, could then be held liable and be directed to pay huge amounts in damages for inducing him to do so.

One disheartening aspect of CBS's decision is that the theory of liability for inducing someone to break a contract is almost wholly untested in news cases when First Amendment protections of freedom of the press are at stake. Many legal scholars argue that liability in such cases can be overridden when a public good is served, including public health. Were this doctrine to be accepted, it would devastate independent journalism, which counts on people to come forth and speak of wrongs they know about inside protective organizations. In any event, CBS's response to a feared suit under this doctrine was exactly wrong. New York-based news organizations often face legal challenges in unfriendly state courts. They have an obligation to defend the journalistic franchise rather than cave in at the prospect of litigation.

But the most troubling part of CBS's decision is that it was made not by news executives but by corporate officers who may have their minds on money rather than public service these days. With a \$5.4 billion merger deal with the Westinghouse

Electric Corporation about to be approved, a multi-billion-dollar lawsuit would hardly have been a welcome development. Some of the executives who helped kill the "60 Minutes" interview, including the general counsel, stand to gain millions of dollars themselves in stock options and other payments once the deal is approved. "60 Minutes" promises a report on this entire matter tonight. That report should include full disclosure of how much every business and news executive involved in this decision stands to make from the merger.

CBS and its general counsel insist that no one acted out of personal monetary interest, but the network's action shows that media companies in play lose their journalistic aggressiveness when they let lawyers and corporate executives make decisions that ought to be the province of news executives. The same issue was raised last summer, when ABC News settled a lawsuit with the Philip Morris Companies and the R. J. Reynolds Tobacco Company, rather than contest it in court. Last week, Mike Wallace, the correspondent who reported the story for "60 Minutes," acknowledged that CBS was influenced by that settlement when it killed the tobacco interview.

None of these concerns would be so important were it not for the fact that the atmosphere has been chilled by the big tobacco companies' attempt to save a dying industry by using money and legal threats to silence its critics. Their ugly effort will fail because the Government, the scientific and medical communities and the American people have turned against their killing products. The industry's campaign of intimidation and distortion — arguing, for instance, that curbs on advertising of cigarettes aimed at young people are an unwarranted intrusion by slovenly government bureaucrats — cannot hold back the truth or the stricter regulation that is on the way. Eventually, too, the inside secrets that people from the industry have to tell will make their way into the public. Given the tide of principle on this issue, it is a shame that CBS chose this moment to water down its report. The traditions of Edward R. Murrow and "60 Minutes" itself were diluted in the process.

Mr. Clinton's Fateful Welfare Decision

President Clinton has virtually promised to accept a welfare bill that his own experts calculate will force more than a million children into poverty. What a perverse twist on Mr. Clinton's pledge, when he ran as a new kind of Democrat in 1992, to "end welfare as we know it."

That formulation originally meant that Mr. Clinton, like the Democrats of old, still believed government had an important obligation to help the disadvantaged. But the formulation also rejected the unconditional handouts that over 60 years created dependency among the poor and poisoned the political atmosphere for disgruntled taxpayers.

Now the President is prepared to sign a welfare bill that guts Federal obligations to the poor. He virtually endorsed the Senate welfare bill in September and, last week, the White House press secretary said Mr. Clinton "may have to accept" the Senate bill. This statement came the same day the Administration released its own estimate that the Senate bill would throw 1.2 million more children into poverty.

Note the political calculation. The President has threatened to veto a budget bill that attacks Medicare for the elderly. But he refuses to threaten a veto of the same bill if it includes an attack on poor children. Children, of course, do not vote. Besides, Mr. Clinton has no stomach for walking into next year's campaign defending a veto of a bill the G.O.P. will claim goes after welfare cheats. As re-election strategy, the President's calculation appears impeccable. But it insults the 60-year heritage of his party in first creating, then expanding, the safety net for society's castoffs.

The Senate proposes to whack tens of billions out of cash assistance, tax credits, food stamps and

other poverty programs. The House cuts are even worse, forcing 2.3 million children into poverty. The House proposals would raise child poverty rates in the United States — already the highest among industrialized countries — by 20 percent.

Both bills would not only throw more families into poverty, but would also deepen the plight of those already in poverty.

The Republicans claim the current system breeds dependency and thereby perpetuates the malady it is supposed to cure. The accusation is partly true. But the answer is to put welfare parents to work, a costly, slow process. The Republicans' Contract With America proposed spending \$10 billion on job training. But when the G.O.P. translated the contract into legislation, the money was dropped.

Mr. Clinton once proposed a worthy welfare bill that would have put substantial money into job training, child care and, as a last resort, public-sector jobs. But after the electoral earthquake in 1994, Mr. Clinton changed his tune. In a recent interview, he went so far as to repudiate his welfare bill — the legislative high point of his Presidency — because it was too weak.

The decisions that Mr. Clinton will make on welfare, starting perhaps this week, will define his re-election strategy. They will also define his Presidency. He might decide that the only principle worth pursuing is his re-election, swallowing whatever the Republican dish out. But the better principle would be to veto, if need be, an endless series of budget bills that strip away the Federal guarantee of help to the poor or cut out money poor children need for food, housing and health care. That stance would not be new. But it would be honorable.

No Progress In Budget Negotiations

Tuesday Shutdown Of Federal Apparatus Appears Inevitable

By Ann Devroy and John E. Yang
Washington Post Staff Writers

President Clinton and Republican leaders failed yesterday to arrange budget talks aimed at averting a shutdown of the federal government, engaging instead in incendiary political rhetoric as time needed to reach an agreement slipped away.

After a morning of maneuvering over who would take part in the talks, Clinton and two Republican congressional leaders—House Speaker Newt Gingrich (Ga.) and Senate Majority Leader Robert J. Dole (Kan.)—had a brief afternoon phone conversation that produced no progress, officials said.

At issue is a short-term spending measure that would keep the government operating after midnight Monday, when current funding authority runs out. The president has said he will veto the measure unless Republicans eliminate a provision that would cancel a reduction in Medicare premiums.

The measure has passed the House and will be voted on by the Senate Monday, where it is expected to pass easily. If Clinton vetoes it, all nonessential services of the federal government will be suspended Tuesday. About 150,000 of the Washington area's 310,000 workers would be furloughed.

The short-term funding authority, called a continuing resolution, is needed because Congress has failed to pass nine of the 13 appropriations bills for fiscal 1996, which began six weeks ago. The short-term spending measure that Clinton and Congress agreed to in September expires at midnight Monday.

Clinton has canceled a planned trip to Boston Monday because of the likelihood of a government shutdown, an aide said.

"We've done our part—we are passing the bills," Gingrich told reporters at a news conference with Dole yesterday. "If the president will sign the bills, the government will stay open."

Dole said that rather than try to negotiate their differences during the phone call, the president in effect told him to "get lost." Gingrich said "the conversation was entirely one-sided and had nothing of practical usefulness."

White House press secretary Michael McCurry said Clinton told Gingrich and Dole that the White House would engage in no negotiations unless the Republicans dropped the provision that cancels a scheduled Jan. 1 reduction in Medicare premiums.

McCurry quoted Clinton as telling the leaders that including the Medicare provision in the temporary spending bill was "an unbelievably bad principle." He said Clinton has not dropped other objections to the bill—which provides temporary funding at only 60 percent of last year's levels—but that if Republicans were willing to delete the Medicare provision, it would give the two sides "a basis to talk."

Gingrich aides said the president cut the call short after about eight minutes to leave to speak at a Veterans Day event.

Gingrich said the call was "apparently designed to set up his press secretary promptly rushing in" to the White House press room to announce Clinton's "version."

The phone call was the first direct budget conversation Clinton and the two leaders have had since one at the White House two weeks ago when the President laid out his insistence that the broader battles over the direction of federal spending be carried out in the full budget negotiations—not in the crisis atmosphere of a possible government shutdown and a potential default on its outstanding debts—if the government's authority to continue to borrow runs out.

By midweek, the Treasury is likely to bump up against its \$4.9 trillion debt limit. A default, however, is unlikely, because the Treasury Secretary can dip into several trust funds for cash needed to make interest payments on government borrowing.

The House and Senate have passed a temporary debt-ceiling increase, but the president has said he will veto it because it puts too many restrictions on the Treasury secretary's ability to cope with a debt crisis and also contains too many unrelated provisions

such as limits on appeals by death-row inmates and restrictions on new government regulations.

House leadership aides said the debt-ceiling legislation could go to the president today. They said it was not sent to the White House earlier to keep Clinton from using it as a prop during his weekly radio address, when he had planned to announce a veto of the bill.

In his address, he characterized as "blackmail" the GOP's use of the debt limit and short-term spending bill to force him to come to terms with them on their goal to balance the budget by 2002. Clinton insisted he will not change his demand that Congress send him short-term funding and debt-ceiling legislation unadorned with extraneous policy matters. Republicans say they will not move off their position.

White House officials described the conversation between the president and the GOP congressional leaders as businesslike but unproductive. One administration official said Gingrich told Clinton that Democratic Congresses routinely had added riders to similar spending bills—and Republican presidents had signed them—while Dole argued that the Medicare provision was a reasonable one.

The telephone conversation came at the end of a day of political maneuvering over Clinton's offer, made in his radio address, to send White House Chief of Staff Leon E. Panetta to the Capitol to meet with Dole and Gingrich and Democratic leaders to see if there was a basis for further talks. Republicans refused that offer.

Dole and Gingrich said they would meet with Clinton, but not with Panetta. The White House then said it would send Panetta to meet with House Budget Committee chairman John R. Kasich (R-Ohio) and Senate Budget Committee chairman Pete V. Domenici (R-N.M.). But Clinton said the ranking minority members on the two committees—Rep. Martin O. Sabo (D-Minn.) and Sen. J. James Exon (D-Neb.) also should be present.

The GOP leadership said no.

"This is a struggle between the Republican Congress and the Democratic White House," said Dole, who canceled campaign visits to Georgia and Iowa in order to remain in Washington yesterday. "We don't need a lot of other people."

Both Clinton and GOP leaders relied on sharp political rhetoric to justify their positions, even though they may lead to a government shutdown. Clinton, in his radio address, focused on the Medicare provision in the short-term spending bill to portray Republicans as intent on throwing the elderly and children and veterans out in the cold for the sake of raising Medicare premiums.

The White House, with extensive polling to back its action, is concentrating its political fire on the Medicare element, believing that the Republicans have made a major tactical and policy error in allowing for premium increases as part of this debate.

In his talk, Clinton compared the Republicans to bankers, and the nation to a family seeking a short-term loan for an emergency: "The banker says to the family, 'I'll give you a loan, but only if you'll throw the grandparents and kids out of the house first,'" Clinton said. "Well, speaking on behalf of the family, I say, 'No thanks.'"

Gingrich and Dole spent the day shuttling between meetings as they pressed to settle the final differences between the House and Senate versions of legislation intended to balance the budget in seven years while cutting taxes, sending the Medicaid program to the states and overhauling the Medicare and welfare programs.

Saturday night, House and Senate Republican negotiators took steps to virtually complete action on the Medicare bill, including permanent changes in the Medicare Part B premium, currently at \$46.10 a month.

According to GOP staff sources quoted by the Associated Press, the Medicare premium would rise \$7 a month starting next January—and an estimated \$5 to \$7 a month each subsequent year through 2002, putting it at about \$90 to \$95 a month by 2002.

Under current law, the premium would rise to \$60.50 per month in 2002.

Lawmakers and aides met on tax provisions in a small room on the third floor of the Senate side of the Capitol, while others met on Medicare in a larger room on the second floor.

Sources said the lawmakers agreed to make sure that poor, working families would get as much from a proposed \$500-per-child tax credit as they would lose from a reduction in the earned income tax credit.

Gingrich said it was their "theoretical hope" to have work finished last night, but other lawmakers said work could continue into Monday. Congressional leaders hope to send the measure to Clinton by the end of this week. It too faces a veto.

While the balanced budget legislation is technically unrelated to the possibility of a government shutdown, the two inextricably are linked politically. Congressional Republican leaders have suggested that the shutdown could be a way to pressure Clinton to negotiate a deal to balance the budget in seven years. Gingrich and Dole have said they will not send any additional legislation to keep the government operating until after Clinton agrees to such a deal.

THE WASHINGTON POST
SUNDAY, NOVEMBER 12, 1995

The Washington Post

OUTLOOK

Commentary and Opinion

The Plain, Ugly Truth About Welfare

*Getting Kids Out of Bad Homes
Is the Key to Lasting Reform*

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, period. 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 if not downright disgusted.

First, national leaders in both parties wheeled out proposals for workfare and two-year limits as if they were brand new policy tires; in fact, they're late '80s retreads that have already been road-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, who in a rare post-health reform policy pronouncement dismissed all talk of orphanages as ridiculous. Gingrich responded on cable TV with the movie "Boys Town" (no less).

And only last week Rep. Bill Archer (R-Tex.), 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

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The Truth About Welfare

WELFARE, From C1

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 cost conscious 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 whites 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 senior proms, family reunions 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 ex-urban 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 visits) or dead (nobody mourns) well before their time.

The evidence is everywhere you turn. For instance, a December 1994 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 assigns 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. So 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 socio-economic 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 youth 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 2000, 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 require
ing states to follow "family preservation" poli-
cies manage only to imprison severely abused
and neglected children in bureaucratic sys-
tems and horrible homes. Policies that forbid
the creative, community-centered develop-
ment 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 al-
lowed 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, car-
ing adults and religious institutions half a
chance to care for abused and neglected kids,
America can make all its children bloom.

What Can Be Done About the Scourge of Violence Among Juveniles?

Reuben Greenberg

Chief of police
Charleston, S.C.



During the daytime, according to state law, children from ages 6 to 17 have got to go to school. The truancy law gives us the right to stop them whether or not they're engaged in criminal activity. We pack them up and deliver them to school. We've delivered 3,200 kids back to school in the three years we've been doing this, some from as far as 50 miles away.

It is not an education program on our part; it's a crime-prevention program. We took six and a half hours that they had the opportunity to engage in criminal activity in, and took it away from them. If they are suspended or expelled, we can't take them to school, so we take them home.

After school, we don't have any leverage till midnight. Then we have what we call Operation Midnight. If we see children walking around the streets after midnight, we pick them up and return them to their parents. We don't take them to jail; we don't arrest them.

We call the parents and say, 'Do you know your son is out here?' If they say, 'Yes,' then it's O.K. Otherwise, we bring them home. And if they think a 12-year-old can be out at 4 in the morning, we call a social worker.

The overall daytime crime rate has dropped 27 percent. Not only have children stopped committing crimes during the day, they have also not been the victims of crime. Not a single kid in this town has been shot or shot at during school hours. No kids have been shot from midnight to 6 in the morning either, and only one kid was stabbed. We did this with no arrests, no going to court, not putting anyone in jail and no overtime.

We have also invented our own kind of gun-buyback program. We'll pay \$100 to anyone who calls the police with detailed information about people who illegally carry guns in public places. Nobody needs a gun in school for protection.

Kids are the greatest snitches in the world to begin with, and when you give them \$100 they become super snitches.

John J. Dilulio Jr.

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If you have enough decent family members, friends and go to church enough, you will probably be all right. This is what we call socialization.

On the other side, the other thing that keeps people from committing a crime is coercion. But there is no amount of prison or jail or probation or treating kids as adults that will do as much as proper socialization.

The situation we face now is new: we don't know how to rebuild families. It is one thing to talk about replacing infrastructure, roads and bridges, or even political institutions, but what can't be rebuilt from the ground up are these incredibly intricate family networks.

I think the only practical answer is pretty simple. You have about one-half of 1 percent of children at any given time who are severely abused and neglected, kids sitting unchanged in dirty diapers, who are being beaten, who witness or participate in drug deals. By the time they are 5 or older they will have multiple contacts with government agencies — social service agencies, the police, the courts.

In all this fog of debate about welfare and orphanages, you have to remove these kids, under existing law, say after the second time they are seen by an agency.

The best way I know is to think about creating a black urban kibbutz. They should be black-run and black-staffed, with people from the neighborhood who have led good, stable lives. These are not orphanages and not boarding schools. The children will know who their parents are.

Ask yourself the following question: Suddenly one of your loved ones is transported to the inner city. What are you going to call for? More cops? More prisons? You might. But I know what you would call for in a second. You would want to get the child out of there and to a place where there are decent loving adults around.

Clementine Barfield

Founder
Save Our Sons and Daughters, a national support group based in Detroit for parents of children killed by violence



There is a lot more that we need to be doing to stop gun violence. We know guns are made to kill, but when they kill children, people seem to be surprised.

We have finally made the legislators pay attention to us, but now the legislators have introduced all kinds of stupid laws that won't change anything. We have not halted the manufacture and importation of guns.

Right now, there is still a free market for guns coming into the community, and the only people being hurt are the people in the community.

We can't expect children to be what we are not, to be peaceful if we are not. If we are consistently putting guns at their disposal, children will get killed.

Young people today have been exposed to so much. A lot of times we have to replace the ugly images they have, of friends being killed, of abuse, of seeing neighborhoods run down.

We have to replace these images with the image that I can get better, that yes, there is a future for me, that my neighborhood can be better, my school can be better.

In Detroit, there is a group of men, Brothers on Patrol, who go into a housing project each morning to make sure the children have a safe corridor to go to school. Every morning and every afternoon, before and after school, they set up a safe corridor for kids to get to school and home. Some of them are fathers, some of them are just young men in the community.

We started our organization when we found that black people don't have support groups. We have always had the church and the family, but we haven't had organizations outside them to help us grieve.

Vince Lane

President
Chicago Housing Authority. Grew up in a cold-water flat on the city's South Side.



You've got to get at the root causes — people living in poverty, families losing their values, kids not being able to get or hold jobs, the loss of religious beliefs — so that now young people will do anything at any time regardless of the consequences.

What I am trying to do is undo one fundamental flaw, the way we deliver public housing for poor people, so that neighborhoods can function properly. Well-intentioned people set up a standard for poor people, giving them welfare and public housing and then pushing them all off to one side.

But you can't maintain a viable population where most of the people living in a place are out of work and dependent on welfare. We now have third and fourth generations in public housing waiting for welfare checks. I met a little girl who said she couldn't wait to get pregnant so she can get welfare and her own apartment, because she doesn't like living with her grandmother.

I would like to demolish 12,000 to 15,000 of our 40,000 public housing units in Chicago. I would transfer the \$3 billion of assets of our public housing authority, to get the real cash flow from them, and build or acquire single family houses or condos. If people need money down, I will provide 25 percent down.

To get them there, I would enter into a pact with the Federal and local governments that created the problem of overconcentrated public housing and agree that we would never have two poor people living side by side. That would be low enough that home owners wouldn't have to worry about their values or schools, and it wouldn't create gangs.

There are now 150,000 people in Chicago in public housing. If you spread them over the nine million people in the city's metropolitan area, it would be no more than 1.5 percent per block. That would take us back to where we used to be traditionally, where we always had poor people, but they weren't so concentrated, and churches and community organizations could help them.

James Q. Wilson

Professor of management and public policy
University of California at Los Angeles



There are one million people in prison. We are not going to change them. We have boys on the streets; we can't change them. So we have to push the intervention back to where we know it is possible to make a difference: in childhood.

We certainly know the importance of disorganized families, of abusive parents, of parental criminality, of impulsive temperaments, of verbal deficits that lead to difficulty in school, of early drug use.

Not everybody who has these things is going to become criminal, but they are the best general predictors.

The crucial turning point is the third grade. It is not an iron law. There are a few late bloomers who turn to crime in their teens. But if kids are going to do badly in school, third grade is when it starts.

What I would do is consolidate fiscally all the current welfare programs — A.F.D.C., Medicare, Medicaid, food stamps — and aim them better at children to improve the life course of those children.

I would tell all teen-age mothers with children living in poor neighborhoods, white or black, that if they want to get Government subsidies they have to do one of several things. They have to move to a group shelter supervised by adults, where mothers are trained to be mothers. Drugs and alcohol won't be allowed. Or an alternative is to make available publicly funded boarding schools, with vouchers, where mothers can send their kids, away from the mean streets.

Suppose all the benefits that go to a 15-year-old with a child were taken out and endorsed to a group shelter. It might be possible that by pooling resources over 30 to 40 mothers per place you might be able to run a reasonably good shelter. The main goal in welfare reform ought to be saving the children, not necessarily making mothers work.

The Experts on Different Fronts of the Battlefield Discuss Strategies

Dr. Carl Bell

Director
Community Mental Health Council on
Chicago's South Side. A former gang
member who became a psychiatrist.



The mistake people make is that they do this broad-brush sweeping thing with poor people. They damn them. They talk about lost generations of black children. Give me a break. There are so many efforts to save kids it is not funny. I constantly

have uncles, sisters, cousins bringing kids in, saying they want to save this child. Their mother is on coke. There is a safety net in the black community. That's why 95 percent of the children who grow up in poverty don't become bad.

We need to be clear that most kids who carry guns do it to relieve a traumatic sense of helplessness. They turn to guns as a solution to being victims of violence, the Batman syndrome. Unfortunately, we've got many studies about the impact of violence on television, but very few about the impact of real-life violence.

The issue is, how do you take kids who have been victimized by violence and turn them into good guys?

Because studies show that children who are not wanted by their parents catch hell, I would prevent women from having unwanted children. Offer them birth control and education about how children turn out. An unwanted child is unrocked, unfed, unchanged, untaught, and as a result grows up deprived and out of control. They are sad, and as they get older, this gets covered over with anger. Then you have a kid with an attitude.

I would also do parent training. You need on-the-job training, staying with them. We use grandmothers. One proposal is, take every woman on welfare, select the ones that are good parents, and give them a job to help take care of a teen-age mother.

That's how Alcoholics Anonymous works. To do something about violence we are going to have to take an A.A. approach. Nice people are not going to go into these places. Take a welfare mother and give her a role in life.

Elvin L. Martinez

Florida State Representative who chairs
the Legislature's Criminal Justice
Committee, and is a major sponsor of the
state's tough juvenile justice law, passed in
April

We changed public policy from decades where the 'best interests of the child' were the first thing considered, to a policy where the first consideration is public safety.

So we decided that now, any juvenile who commits three violent felonies can be waived into adult court at any age and must be waived at 14. It's three strikes and you're an adult.

We made punishments more severe. We tripled the amount of spaces we have for commitment programs. We created boot camps. We created a new level of offender — maximum risk — that can be kept until age 21 or for 36 months.

We authorized judges to take juveniles into custody for contempt of court. If a judge tells a truant to go back to school, and the truant does not go back, now he is disobeying the judge's order.

The law also does away with the confidentiality of records for violent crimes committed by juveniles. And we attack the gang problem with RICO. If a gang initiation involves stealing a car, then all the members of the gang can be charged with car-theft.

We made it more difficult for a judge to impose juvenile sanctions in an adult court. He must enter a written order and find certain things, like why he thinks the child exhibits hope. Otherwise he must treat the child as an adult who falls under the sentence guidelines and goes to jail.

We allow the court to have jurisdiction over the parent, or the caretaker. The court can find them in contempt and make them pay for their children's actions. It will call attention to the fact that they have responsibilities for their children. We will provide parenting classes if they need them.

The most dramatic thing is that children no longer will be able to believe that the system is a joke.

Judge Judith Sheindlin

Supervising judge
Manhattan Family Court



We are spending substantial sums of money for the care of juveniles in placement facilities — \$70,000 to \$80,000 a year apiece in New York State. But there is a recidivism rate of 75 to 86 percent, depending on whose statistics you believe. If

you were in business and getting three-quarters of your product back, you'd soon be out of business. Taxpayers are not getting their money's worth.

I think by age 15 there is a small number of kids, who for whatever deprivations they have suffered, are cooked, as my grandmother would have said. They are gone. Whatever you do is not going to make a difference. They are functionally illiterate. They have a hopelessness they can't get over. So they have no empathy, no social morality. It is very hard in 10 months to inculcate those values and then send them back to the same dysfunctional society and say, 'Do your best.' You haven't given them anything.

I think the solution is to pare down the money we spend on those kids who are placed, which means you have spartan institutions. The residents in them get three meals a day, with set chores and schools, but that's it. You want exercise, go out in the yard and run. You have fewer staff. And you have made a statement to these bad kids, jail is not going to be a pleasant place.

With the money you save, you invest in the vast majority of kids who come from the same environments and are right on the cusp. Give them better schools, and after-school programs to help them get jobs. You need to say to those kids, we know you are not getting an adequate break, that you come from a dysfunctional family with parents on drugs, and we appreciate that you haven't yet crossed the line to criminal offending.

People will say, You are stigmatizing the bad kids. Well, if you have 36 kids in a classroom and 4 are throwing chairs at the teacher, you have to excuse them. Otherwise all will be lost. This is a war.

James Garbarino

Director
Family Life Development Center at
Cornell University



There are three things I would do.

At the earliest age, we need the home health visitor. You are trying to minimize the earliest damage and neglect, which includes everything from poor prenatal maternal nutrition to preventing neglect by

high risk parents. If these very young kids are hurt, you are building up the pool of high risk kids.

The key policy thing is the home health visitor ought to be thought of as part of the infrastructure of a community like potable water and sewerage. You can imagine that if we didn't have those things in place, we'd be faced with cholera victims support groups.

With elementary school children, I would try to identify and work with the traumatized kids, who have what amount to post-traumatic stress disorder. This is important because repeated findings in research show that aggressive behavior at age 8 is predictive into adulthood unless you intervene. The same program that is 75 percent effective with elementary school age children is only 25 percent effective with adolescents.

Make sure when children are in school to get a health history. Some of these children have been hit in the head. They may need medical help. The chances are, they will also need programs that teach them discipline and how to calm themselves.

At the adolescent level, if I could do one single thing it would be to ensure that teenagers are not in a high school bigger than 400 to 500 students. The research shows that small high schools create a situation that elicits more participation and have lower drop out rates. These effects are most pronounced for the most economically marginalized children. These marginal kids desperately need forces to draw them in to the school.

Mary Taylor Preville

Administrator
Camden County Youth Center, a pretrial
juvenile detention center in Gloucester
Township, N.J.



In 20 years in this business, I've discovered that the kids that are turned around in almost every case are attached or glued to one decent human being. It can be a family member, or a person in the neighborhood.

One of the causes for kids falling apart

is that these children have no one paying attention to them. As a result, they have no memories, no rituals and no traditions. I asked one kid, 'Give me a memory, something your family does every year,' and she couldn't think of one. She was 16.

That may not sound like a big deal, but memories of a daddy building a snow fort become a road map for the future, when they have a family. In here, there is a lot of father hunger. I see it in how the kids try to model themselves after our officers, asking to look at pictures of their families. The kids say, on the street where I live, there ain't one house has a father. Grown-ups have abandoned kids.

And the level of anarchy is getting worse. I am now getting the children of the kids I had years ago. Grandmothers at 28.

So any answer has got to start with families, with people spending time with their children. When I was a little girl, I was locked up in a Japanese concentration camp and separated from my parents for three years. The reason I didn't crumble was that we had teachers who gave us a safe feeling.

You also have to give children comforting predictable rituals, so that they know that every day they will get up at a certain time and go to school at a fixed time. The problem now is kids are in chaos. They don't know what is going to happen. Violence is the response to not knowing what is going to happen next. They become self-protective. Emotionally their fists are up at every moment, ready to punch out someone. Only now it is guns. They are so severely damaged, they expect to die.

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THE PRESIDENT HAS SEEN

12-27-94

The Bell Curve

Stephen Jay Gould

Museum of Comparative Zoology
Harvard University
Cambridge, MA 02138

The Bell Curve provides a superb and unusual opportunity for insight into the meaning of experiment as a method in science. Reduction of confusing variables is the primary desideratum in all experiments. We bring all the buzzing and blooming confusion of the external world into our laboratories and, holding all else constant in our artificial simplicity, try to vary just one potential factor at a time. But we often cannot use such an experimental method, particularly for most social phenomena when importation into the laboratory destroys the subject of our investigation -- and then we can only yearn for simplifying guides in nature. If the external world therefore obliges and holds some crucial factors constant for us, then we can only offer thanks for this natural boost to understanding.

When a book garners as much attention as The Bell Curve has received, we wish to know the causes. One might suspect content itself -- a startlingly new idea, or an old suspicion now verified by persuasive data -- but the reason might well be social acceptability, or just plain hype. The Bell Curve contains no new arguments and presents no compelling data to support its anachronistic social Darwinism. I must therefore conclude that its initial success in winning such attention (to be followed, in due course, by eclipse as careful reading lays

bare the fallacies of argument) must reflect the depressing temper of our time -- a historical moment of unprecedented ungenerosity, when a mood for slashing social programs can be so abetted by an argument that beneficiaries cannot be aided due to inborn cognitive limits expressed as low IQ scores.

The Bell Curve rests upon two distinctly different but sequential arguments, which together encompass the classical corpus of biological determinism as a social philosophy. The first claim (chapters 1-12) rehashes the tenets of Social Darwinism as originally constituted. ("Social Darwinism" has often been used as a general term for any evolutionary argument about the biological basis of human differences, but the initial meaning referred to a specific theory of class stratification within industrial societies, particularly to the idea that a permanently poor underclass consisting of genetically inferior people precipitated down into their inevitable fate.)

This social Darwinian half of The Bell Curve arises from a paradox of egalitarianism. So long as people remain on top of the social heap by accident of a noble name or parental wealth, and so long as members of despised castes cannot rise whatever their talents, social stratification will not reflect intellectual merit, and brilliance will be distributed across all classes. But when true equality of opportunity is attained, then smart people rise and the lower classes rigidify by retaining only the intellectually incompetent.

This 19th century argument has attracted a variety of 20th

century champions, including Stanford psychologist Lewis M. Terman who imported Binet's test from France and developed the Stanford-Binet IQ scale with its hereditarian interpretation (which Binet had vigorously rejected in developing this style of test), and, closer to our own day, Prime Minister Lee Kwan Yew of Singapore, and Richard Herrnstein, coauthor of The Bell Curve and of a 1971 Atlantic Monthly article based on the same argument minus the documentation. The general claim, with its foundational paradox, is neither uninteresting nor illogical, but it does require the validity of two shaky premises, both asserted (but hardly discussed or defended) in The Bell Curve: (1) the high heritability of IQ (probably true but not very interesting, and not bearing its usual vernacular meaning of inevitability in any case), and (2) the meaningfulness of abstracting intelligence as a single number capable of ranking people in linear order (almost surely false, and the fatal flaw in part one of The Bell Curve, as I shall discuss later).

The second claim (chapters 13-22), the lightning rod for most commentary, extends the argument for innate cognitive stratification by social class to a claim for inherited racial differences in IQ -- small for Asian superiority over Caucasian, but large for Caucasians over people of African descent. Again, the argument is as old as the study of race. The last generation's discussion centered upon the sophisticated work of Arthur Jensen (far more elaborate and varied than anything presented in The Bell Curve, and therefore still a better source

for grasping the argument and its fallacies), and the cranky advocacy of William Stockley.

The central fallacy in extending the substantial heritability of within-group IQ (among whites, for example) to the cause of average differences between groups (whites vs. blacks, for example) is now well known and acknowledged by all, including Herrnstein and Murray, but deserves a restatement by example. Take a trait far more heritable than anyone has ever claimed for IQ, but politically uncontroversial -- body height. Suppose that I measure adult male height in a poor Indian village beset with pervasive nutritional deprivation. Suppose the average height of adults is 5 feet 6 inches, well below the current American mean of about 5 feet 9 inches. Heritability within the village is high -- meaning that tall fathers (they may average 5 feet 8 inches) tend to have tall sons, while short fathers (5 feet 4 inches on average) tend to have short sons. This high heritability within the village does not mean that better nutrition might not raise average height to 5 feet 10 inches (above the American mean) in a few generations. Similarly the well documented 15 point average difference in IQ between blacks and whites in America, with substantial heritability of IQ in family lines within each group, permits no conclusion that truly equal opportunity might not raise the black average to equal or surpass the white mean.

Since Herrnstein and Murray know and acknowledge this critique, they must construct an admittedly circumstantial case

for attributing most of the black-white mean difference to irrevocable genetics -- while properly stressing that the average difference doesn't help you at all in judging any particular person because so many individual blacks score above the white mean in IQ. Quite apart from the rhetorical dubiety of this old ploy in a shopworn genre -- "some-of-my-best-friends-are-group-x" -- Herrnstein and Murray violate fairness by converting a complex case that can only yield agnosticism into a biased brief for permanent and heritable difference. They impose this spin by turning every straw on their side into an oak, while mentioning but downplaying the strong circumstantial case for substantial malleability and little average genetic difference (impressive IQ gains for poor black children adopted into affluent and intellectual homes; average IQ increases in some nations since World War II equal to the entire 15 point difference now separating blacks and whites in America; failure to find any cognitive differences between two cohorts of children born out of wedlock to German women, and raised in Germany as Germans, but fathered by black and white American soldiers).

I am disturbed by the anachronism of The Bell Curve, but I am even more distressed by its pervasive disingenuousness in three categories of content, argument, and program.

Disingenuousness of content: The ocean of carefully engineered publicity that has engulfed The Bell Curve since its publication has a basis in what Murray and Herrnstein (New Republic, October 31, 1994) call "the flashpoint of intelligence

as a public topic: the question of genetic differences between the races." And yet, since the day of publication, Murray has been temporizing and denying that race is an important subject in the book at all; instead, he blames the press for unfairly fanning these particular flames. He writes with Herrnstein (who died just a month before publication) in the New Republic: "Here is what we hope will be our contribution to the discussion. We put it in italics; if we could we would put it in neon lights: The answer doesn't much matter."

Fair enough in the narrow sense that any individual may be a rarely brilliant member of an averagely dumb group (and therefore not subject to judgment by the group mean), but Murray cannot deny that The Bell Curve treats race as one of two major topics, given as much space as the first subject of cognitive stratification within groups; nor can he pretend that strongly stated claims about group differences have no political impact in a society obsessed with the meanings and consequences of ethnicity. The very first sentence of The Bell Curve's preface acknowledges equality of treatment for the two subjects of individual and group differences: "This book is about differences in intellectual capacity among people and groups and what these differences mean for America's future." And Murray and Herrnstein's New Republic article begins by identifying racial difference as the key subject of interest: "The private dialogue about race in America is far different from the public one."

Disingenuousness of argument: The Bell Curve is a rhetorical

masterpiece of scientism, and the particular kind of fear and obfuscation that numbers impose upon nonprofessional commentators. The book runs for 845 pages, including more than 100 pages of appendices filled with figures. So the text looks complicated, and reviewers shy away with a knee-jerk claim that, while they suspect fallacies of argument, they really cannot judge. so Mickey Kaus writes in the New Republic (October 31st): "As a lay reader of The Bell Curve, I'm unable to judge fairly," as does Leon Wieseltier in the same issue: "Murray, too, is hiding the hardness of his politics behind the hardness of his science. And his science for all I know is soft... Or so I imagine. I am not a scientist. I know nothing about psychometrics." Or Peter Passell in the New York Times (October 27, 1994): "But this reviewer is not a biologist, and will leave the argument to experts."

In fact, the book is extraordinarily one-dimensional. It makes no attempt to survey the range of available data, and pays astonishingly little attention to the rich and informative history of this contentious subject (one can only recall Santayana's dictum, now a cliché of intellectual life: "those who cannot remember the past are condemned to repeat it"). Virtually all the analysis rests upon a single technique applied to a single set of data -- all probably done in one computer run. (I do agree that they have used the most appropriate technique -- multiple regression -- and the best source of information -- The National Longitudinal Survey of Youth -- though I shall expose a

core fallacy in their procedure below. Still, claims as broad as those advanced in The Bell Curve simply cannot be adequately defended -- that is, either properly supported or denied -- by such a restricted approach.)

The blatant errors and inadequacies of The Bell Curve could be picked up by lay reviewers if they would only not let themselves be frightened by numbers -- for Herrnstein and Murray do write clearly and their mistakes are both patent and accessible. All seem sufficiently willful to substantiate a charge of disingenuousness. I would rank the fallacies in two categories: omissions and confusions, and content.

Omissions and confusions: While disclaiming on his own ability to judge, Mickey Kaus (in the New Republic) does correctly identify "the first two claims: that are absolutely essential "to make the pessimistic 'ethnic difference' argument work": "(1) that there is a single, general measure of mental ability; (2) that the IQ tests that purport to measure this ability ... aren't culturally biased."

Nothing in The Bell Curve angered me more than the authors' failure to supply any justification for their central claim, the sine qua non, without which the entire argument collapses to meaninglessness: the reality of IQ as a number capturing a real property in the head, and known as *g*, the celebrated "general factor" of intelligence first identified by Charles Spearman in 1904. Murray and Herrnstein simply proclaim the issue decided, as in this passage from their New Republic article: "Among the

experts, it is by now beyond much technical dispute that there is such a thing as a general factor of cognitive ability on which human beings differ and that this general factor is measured reasonably well by a variety of standardized tests, best of all by IQ tests designed for that purpose."

Such a statement represents extraordinary obfuscation, achieved by defining "expert" as "that group of psychometricians working in the tradition of *g* and its avatar IQ." The authors even admit (pp. 14-19) that there are three major schools of psychometric interpretation and that only one supports their view of *g* and IQ -- the classicists ("intelligence as a structure"), the revisionists ("intelligence as information processing"), and the radicals ("the theory of multiple intelligences").

Whichever group is right (and I lean towards the third), the issue cannot be decided or even understood, without discussing the key and only rationale that *g* has maintained since Spearman invented the concept in 1904 -- factor analysis. The fact that Herrnstein and Murray do not present the factor analytic argument at all (the subject receives fleeting attention in two paragraphs) provides a central indictment and illustration of the vacuousness of The Bell Curve. How can authors base an 800-page book on a claim for the reality of IQ as measuring a genuine, and largely genetic, general cognitive ability -- and then not even mention, either pro or con, the theoretical basis for their certainty. Various clichés like "Hamlet without the Price of Denmark" come immediately to mind.

Admittedly, factor analysis is a difficult and mathematical subject, but it can be explained to lay readers with a geometrical formulation developed by L.L. Thurstone in the 1930's and used by me in a full chapter on factor analysis in The Mismeasure of Man (W.W. Norton, 1981). In brief, a person's performance on various mental tests tends to be positively correlated -- that is, if you do well on one kind of test, you tend to do well on the others. (Scarcely surprising and subject to either purely genetic -- the innate thing in the head that boosts all performances -- or purely environmental interpretation -- good books and good childhood nutrition to boost all performances. Therefore, the positive correlations say nothing in themselves about causes.)

Charles Spearman used factor analysis to identify a single axis -- which he called g -- that best captures the common correlation among the tests (for aficionados, this is the first principal component of the correlation matrix). But Thurstone later showed that g could be made to disappear by simply rotating the factor axes to different positions. In one rotation, Thurstone placed the axes near the most widely separated of attributes among the tests -- thus giving rise to the theory of multiple intelligences (verbal, mathematical, spatial, etc., with no overarching g) supported later by J.P. Guilford and today, most prominently, by Howard Gardner. In this perspective, g cannot have inherent reality, for it emerges in one form of mathematical representation for correlations among

tests, and disappears (or at least greatly attenuates) in another form that is entirely equivalent in amount of information explained. In any case, you can't grasp the issue at all without a clear exposition of factor analysis -- and The Bell Curve cops out completely on this central concept of its being.

On Kaus's second issue of "cultural bias," The Bell Curve's presentation matches Arthur Jensen's, and that of other hereditarians, in confusing a technical (and proper) meaning of bias (I call it S-bias for statistical) with the entirely different vernacular concept (I call it V-bias) that agitates popular debate. All these authors swear up and down -- and I agree with them completely -- that the tests are not biased in the statistician's definition. This means that the same score, when achieved by members of different groups, predicts the same thing -- that is, a black person and a white person with an identical score of 100 will have the same probabilities for doing anything that IQ is supposed to predict. Well, I should hope that mental tests aren't S-biased, for the profession isn't worth very much if it can't eliminate such an obvious source of unfairness by careful choice and framing of questions.

But V-bias, the source of public concern, embodies an entirely different issue that, unfortunately, uses the same word. The public wants to know whether blacks average 85 and whites 100 because society treats blacks unfairly -- that is, whether lower black scores record biases in this social sense. And this crucial question (to which we do not know the answer) cannot be

addressed by a demonstration that S-bias doesn't exist (the only issue treated, however correctly, by The Bell Curve).

Content: As stated above, virtually all the data in The Bell Curve derive from one analysis -- a multiple regression of the social factors that agitate us (crime, unemployment, births out of wedlock, etc.) against both IQ and parental socioeconomic status. The authors use a single technique and concept (which I do regard as most appropriate for the data). They first hold IQ constant and consider the relationship of social factors to parental socioeconomic status. They then hold socioeconomic status constant and present the relationship of the same social factors with IQ. In general, they find a higher correlation with IQ than with socioeconomic status (for example, people with low IQ are more likely to be chronically dependent upon welfare than people whose parents had low socioeconomic status).

But such analyses engage two issues -- form and strength of the relationship -- and Herrnstein and Murray only discuss the one factor that seems to support their viewpoint, while virtually ignoring (and in one key passage almost wilfully and purposely hiding) the other factor that counts so profoundly against them. Their numerous graphs only present the form of the relationships -- that is, they draw the regression curves of their variables against IQ and parental socioeconomic status. But they scarcely talk about the strength of these relationships -- that is, the amount of variation in social factors (dependent variables) explained by their independent

variables of IQ and socioeconomic status. They do not show anything about strength of relationship in their graphs, for they only plot the regression curve and do not show the scatter of variation about the curve -- in violation of all statistical norms that I ever learned.

Now why would they focus on the form and ignore the strength? Could it be that one supports their view and the other does not? Indeed, almost all of their relationships are very weak -- that is, very little of the variation in social factors is explained by either IQ or socioeconomic status (even though the form of this little bit lies in their favored direction). In short, IQ is not a major factor in determining variation in nearly all the social factors they study -- and their vaunted conclusions thereby collapse, or become so strongly attenuated that their pessimism and conservative social agenda gain no significant support.

They do admit as much in one crucial passage on page 117, but then they hide the pattern as I shall show. They write: "It almost always explains less than 20 percent of the variance, to use the statistician's term, usually less than 10 percent and often less than 5 percent. What this means in English is that you cannot predict what a given person will do from his IQ score... On the other hand, despite the low association at the individual level, large differences in social behavior separate groups of people when the groups differ intellectually on the average." Despite this disclaimer, their remarkable next

sentence makes the strong causal claim: "We will argue that intelligence itself, not just its correlation with socioeconomic status, is responsible for these group differences." But a few percent of statistical determination is not causal explanation. And the case is even worse for their key genetic claims -- for they are citing heritabilities of about 50 percent for IQ, so you must halve the few percent explained if you want to isolate the strength of genetic determination by their criteria!

Both God and the devil do dwell in the details. My charge of disingenuousness receives its strongest affirmation in a sentence tucked away on the first page of appendix 4, page 593, where the authors state: "In the text, we do not refer to the usual measure of goodness of fit for multiple regressions, R^2 , but they are presented here for the cross-sectional analysis." Now why would they exclude from the text, and relegate to an appendix that very few people will read or even consult, a number that, by their own admission, is "the usual measure of goodness of fit." I can only conclude that they did not choose to admit up front the extreme weakness of their vaunted relationships -- for, and we finally come to the key point, R^2 is the square of the correlation coefficient.

Herrnstein and Murray's correlation coefficients are generally low enough by themselves to inspire lack of confidence. (Correlation coefficients run from 0.0 for no relationship between variables to 1.0 for perfect linear relationship.) Most of their correlations, not atypically for such large social

science surveys involving many variables, are quite weak -- often in the 0.2 to 0.4 range. Now 0.4 sounds respectably strong to the untutored ear. But remember that the square of a number between zero and one is less than the number itself -- so a 0.4 correlation yields an r-squared of only 0.16, and this conventional coefficient of determination (the percentage of variation in the dependent variable explained by the independent variable) truly exposes the weakness, in any meaningful vernacular sense, of nearly all the relationships that form the meat of The Bell Curve. Study appendix 4 and note the weakness (the vast majority less than 0.1) of nearly all the conventional measures of R^2 excluded from the main body of text.

Disingenuousness of program: As with so many conservative ideologues who rail against a largely bogus ogre of suffocating political correctness, Herrnstein and Murray claim that they only want a hearing for unpopular views so that truth will out. (And here, for once, I agree entirely. As a card carrying first amendment (near) absolutist, I applaud the publication of unpopular views that some people consider dangerous. I am delighted that The Bell Curve was written -- so that its errors could be exposed, for Herrnstein and Murray are right in pointing out the difference between public and private agendas on race, and we need to impact the private agendas as well).

But The Bell Curve is scarcely an academic treatise in social theory and population genetics. It is a manifesto of conservative ideology, and I hope I have shown that the book's

sorry and biased treatment of data records its primary purpose of advocacy above all. We hear the dreary and scary drumbeat of claims associated with conservative think tanks -- reduction or elimination of welfare, ending of affirmative action in schools and workplaces, cessation of Head Start and other forms of preschool education, cutting of programs for slowest learners and application of funds to the gifted (Lord knows I would like to see more attention paid to talented students, but not at this cruel price).

The penultimate chapter presents a dreary vision of a society with a growing underclass permanently mired in the inevitable sloth of their low IQ's. They will take over our city centers, keep having illegitimate babies (for many are too stupid to practice birth control), commit more crimes and ultimately require a kind of custodial state, more to keep them in check (and out of our high IQ neighborhoods) than in any hope of an amelioration that low IQ makes impossible anyway. Herrnstein and Murray actually write (p. 526). "In short, by custodial state, we have in mind a high-tech and more lavish version of the Indian reservation for some substantial minority of the nation's population, while the rest of America ties to go about its business."

The final chapter then tries to suggest an alternative, but I have never ready anything so feeble, so unlikely, so almost grotesquely inadequate. They yearn romantically for the "good old days" of towns and neighborhoods where all people could be

given tasks of value and self-esteem could be found for all steps in the IQ hierarchy (so Forrest Gump might collect the clothing for the church raffle, while Mr. Murray and the other bright ones do the planning and keep the accounts. Have they forgotten about the town Jew and the dwellers on the other side of the tracks in many of these idyllic villages?). I do believe in this concept of neighborhood. I will fight for its return. I grew up in one within that mosaic known as Queens, New York City, but can anyone seriously find solutions (rather than important palliatives) to our social ills therein?

But then, if Herrnstein and Murray are wrong about IQ as an immutable thing in the head, with humans graded in a single scale of general capacity, leaving large numbers of custodial incompetents at the bottom, then the model that generates their gloomy vision collapses, and the wonderful variousness of human abilities, properly nurtured, reemerges -- and we must fight the doctrine of The Bell Curve both because it is wrong and because it will, if activated, cut off all possibility of proper nurture. Of course we cannot all be rocket scientists or brain surgeons (to use the two current slang synecdoches for smartest of the smart), but those who can't might be rock musicians or professional athletes (and gain far more social prestige and salary thereby) -- while others will indeed serve by standing and waiting.

I closed the chapter in my Mismeasure of Man on the unreality of g and the fallacy of regarding intelligence as a

single scaled innate thing-in-the-head (rather than a rough vernacular term for a wondrous panoply of largely independent abilities) with a marvelous quote from John Stuart Mill, well worth repeating to debunk this generation's recycling of biological determinism for the genetics of intelligence:

The tendency has always been strong to believe that whatever received a name must be an entity or being, having an independent existence of its own. And if no real entity answering to the name could be found, men did not for that reason suppose that none existed, but imagined that it was something particularly abstruse and mysterious.

The Real 'Bell Curve'

By CHARLES MURRAY

In the past few weeks, I have found myself occasionally leafing through "The Bell Curve" to reassure myself. Richard Herrnstein and I didn't really write the book people are saying we wrote, did we? We didn't.

"The Bell Curve" that you have read about in most publications is unrecognizably different from "The Bell Curve" that exists. I will not try to explain why it has been so blatantly misrepresented. I suspect that answer would require profound understanding of the American preoccupation with race. But at least I can outline some of the main ways in which the public commentary has kept people from understanding what the book is and says.

1. "The Bell Curve" is about race." "The Bell Curve" is about powerful, historically driven forces working at both tails of the bell curve that are fundamentally changing American life. Unless the nation comes to grips with the effects of these forces, American democracy is in danger. These forces have nothing to do with race.

This dominant theme is reflected in the book's organization. In all, "The Bell Curve" consists of 22 chapters. The first four chapters are about the cognitive stratification of American society. The next eight are about the relationship of IQ to social pathologies among whites—a device intended specifically so that the role of IQ in such topics as unemployment, school dropouts, family formulation, parenting, and crime could be contemplated without racial complications. Only then, 269 pages into the book, comes the first discussion of ethnic differences.

In all, ethnic differences are a major topic in four of the 22 chapters. In the two concluding chapters, the ones in which Richard Herrnstein and I describe in the broadest terms where we fear the nation is headed and what might be done about it, ethnic differences in IQ are mentioned once, indirectly, in a paragraph.

2. "The Bell Curve" says IQ is destiny." What we actually said, beginning in the Introduction, is how loosely an IQ score constrains an individual's achievements in life. We wrote: "One of the problems of writing about intelligence is how to remind readers often enough how little an IQ score tells you about whether the human being next to you is someone whom you will admire or cherish"—which certainly has proved to be prophetic—and we italicized the core statement: "Measures of intelligence have reliable statistical relationships with important social phenomena, but they are a limited tool for deciding what to make of any given individual." We repeated the message throughout the book.

3. "Herrnstein and Murray ignore evidence that doesn't fit their thesis." While I cannot prove in a few words that "The Bell Curve's" scholarship is fair and accurate, a few observations are pertinent.

First, you can check many such allegations for yourself. Take any article naming studies said to refute something in the book and see if we also discuss those studies. The answer will almost always be yes. Then compare what is claimed for the studies in the putative refutation and what "The Bell Curve" says about them. You will find that we generally give them as much real credit (in terms of actual statistical results, not the puffery) as is claimed for them in the critiques of the book.

Second, it should be remembered that Richard J. Herrnstein was one of the most respected psychologists of his generation. Aside from his pathbreaking work on rational choice theory, and aside from holding Harvard's oldest chair in psychology (he followed B.F. Skinner in it), he was for several years editor of Psychological Bulletin, a job for which the first requirements are scientific eminence and integrity.

4. "The Bell Curve" says that genes determine intelligence." The book's position

somewhere between 40% and 80% heritable—an example of wholly uncontroversial mainstream science. This means that a substantial portion of IQ is determined by environment, an implication we emphasized repeatedly and freely. The problem is not that genes determine everything, but that (1) as the environment becomes more uniform, the relative importance of genes is bound to rise, and (2) the differences in the environment that nurture intelligence have so far proved to be very difficult to manipulate through outside interventions. We look forward to a day when effective interventions will be found, and urge that the government sponsor the research that will lead to them.

5. "The Bell Curve" says that race differences are mostly genetic." If you have

*Richard Herrnstein
and I didn't really write
the book people are saying
we wrote, did we? We
didn't.*

not read the book and if you get your news from the New York Times, the Washington Post, The Economist, Time, The New Yorker, or any of the network evening news shows, that's what you'd think. No single allegation about "The Bell Curve" is more widespread. It is also untrue.

In some cases, the error can be put down to confusion. Because we say that IQ is 40% to 80% heritable and that ethnic differences in IQ cannot be attributed to test bias, many people reflexively assume that group differences must also be heritable. This assumption is wrong, and we open the discussion of genes and race with precisely that point ("A good place to start is by correcting a common confusion..."). Once again, we used italics for a key sentence: "That a trait is genetically transmitted in individuals does not mean that group differences in that trait are also genetic in origin." The only way a commentator could have failed to miss it is by failing to read that key section of the book.

As I write, the most recent example of misrepresentation of our position is Stephen J. Gould's review in The New Yorker. Mr. Gould's characterization of our position is unambiguous: The claim that "racial differences in IQ are mostly genetic in origin" is said to be one of the two central arguments of the whole book. He goes on to say that "Herrnstein and Murray violate fairness by converting a complex case that can yield only agnosticism into a biased brief for permanent and heritable difference." Now, compare Mr. Gould's words with what Richard Herrnstein and I wrote in the crucial paragraph summarizing our views on genes and race:

"If the reader is now convinced that either the genetic or environmental explanations [of ethnic differences in IQ] have won out to the exclusion of the other, we have not done a sufficiently good job of presenting one side or the other. It seems highly likely to us that both genes and the environment have something to do with racial differences. What might the mix be? We are resolutely agnostic on that issue; as far as we can determine, the evidence does not yet justify an estimate."

I do not know how we could have stated our position more clearly. It is hard to think of an innocent explanation for Mr. Gould's characterization of it.

6. "The Bell Curve" was crafted to advance a political agenda." In reality, "The Bell Curve" provides a lot of ammunition

the book showing that low-IQ people are statistically more vulnerable to everything from poverty to physical disability can easily be used to argue for a redistributive Rawlsian state involving more government intervention in people's lives, not more personal freedom. Mr. Herrnstein and I took another view, but we understood that our view had to be justified: it couldn't be treated as an inevitable conclusion. I suggest that you try to find any other book on social policy—virtually all of which are written by people with strong political views—that explicitly describes how and why the authors' political predispositions shape their overall view of policy, as we do in the book's concluding chapter.

7. "The Bell Curve is based on tainted sources." Charles Lane wrote an article in The New York Review of Books charging that "The Bell Curve" cites people who at some time or another had received funding from a foundation called the Pioneer Fund. The Pioneer Fund has in recent years supported some of the most important scholars of intelligence. But in the past—the worst charges involve events 50 and 60 years ago—the fund was allegedly associated with people of racist views.

Ergo... What? Apparently, Mr. Lane and The New York Review of Books want to set a new standard for scholarship: One must be able to vouch not only for the quality of a study one cites, or even for the integrity of its authors, but for the entire history of any institution that funded them at any point in their careers. Otherwise, one's work is to be discredited. It is not just through guilt by association, but guilt by association at third hand. I do not use scare words like "McCarthyism" lightly, but this is an appropriate occasion. The New York Review of Books has begun an intellectual witch hunt that should chill anyone who cares about scholarship.

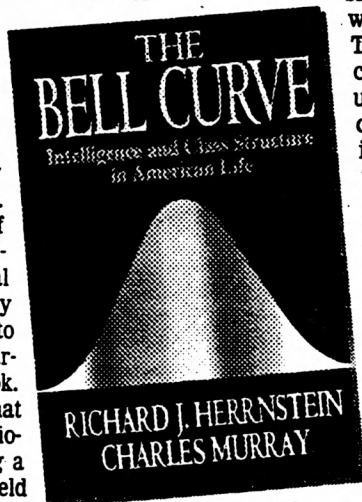
8. "At a time when racial tensions are running so high, writing 'The Bell Curve' was irresponsible." This concern has been voiced by friends as well as critics, not just since publication but since we began work on the book. This attitude reflects precisely what came to bother us about too many in the cognitive elite: American intellectuals in universities and in the media alike are taking on the attitude of a priesthood, making judgments about what the common folk should be allowed to know. We emphatically rejected that view.

I should acknowledge that our own thinking on this issue evolved. At the outset, Mr. Herrnstein and I

tried to pick and choose among topics, and even briefly thought about omitting ethnic differences altogether. We soon saw that was unrealistic. As time went on, we reached a conscious, explicit decision: If it was a topic that we knew readers would have questions about, and if we knew of solid data that bore on the topic, we would lay out our assessment of what was known with no holds barred.

The integrity of the book, we decided, depended on the reader having confidence that for once there would be no euphemisms, no self-censorship, no ducking of tough questions. As part of that decision, we said to ourselves that the question of irresponsibility must finally be determined by truth. As Mr. Herrnstein said shortly before his death: If what we say in "The Bell Curve" is not true, then there would be no responsible time to publish it. If what we say is true, there is no irresponsible time to publish it.

Mr. Murray is a fellow at the American



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The New Kings of the Hill

By ED GILLESPIE

Gramm Bids to Cut Spending Reagan Couldn't

Giddy Republicans and grumpy liberals are both asking how the 1994 GOP ascendancy differs from the last one of 1980. Here's an early tip: The Laffer Curve may be supplanted by the Gramm Dividend.

Economist Art Laffer's famous curve, the symbol of the Reagan tax cuts, held that sometimes cutting tax rates can actually raise tax revenue. This columnist thinks it worked, but liberals and other grouches blame it for the deficits of the 1980s.

Now in the 1990s comes Sen. Phil Gramm, Texas Republican and presidential hopeful, offering a different stairway to tax-cut heaven. He says he doesn't want to refight the 1980s' fight—for example, over whether a cut in the capital gains tax will yield more or less tax revenue. That's wasting political capital, he said yesterday in his Capitol Hill office.

Yes, the Texan still wants to cut capital gains taxes and double the family exemption (to \$5,000 a person from \$2,500). But if the Clinton White House wants to assert, as it will, that the cap gains cut in the House GOP Contract would "cost" the government \$56 billion over five years, that's fine with Mr. Gramm.

It's not that he likes this liberal math. As an economics Ph.D., Mr. Gramm knows that taxpayer behavior changes when tax rates do—and in this case would increase tax revenue by increasing the amount of capital gains transactions. But he won't fight for this "dynamic" tax scoring.

Instead he proposes a Gramm Dividend: Write the tax cut under White House revenue rules. But write the tax-cut language so that if the revenues turn out to be greater than estimated—and he's confident they would be—then the tax rate gets cut again and again. Automatically. No vote needed.

And besides, Mr. Gramm adds, White House math gives him just one more reason to cut spending by another \$56 billion!

"The only objection to this would be if you don't want to cut spending," says the man whose Georgia-turned-Texas

Potomac Watch

By Paul A. Gigot

drawl is destined for "Saturday Night Live" legend. "I'm not looking for a reason not to cut spending. I'm surrounded by people looking for a reason not to cut spending."

In a sense Phil Gramm's new prominence is condign punishment for liberals who trashed Reaganism. Liberal dogma holds that Ronald Reagan succeeded only because he offered gain but no pain—tax cuts but no spending cuts. (They don't like to mention the complicity of a Democratic Congress.)

Their implicit assumption is that spending can *never* be cut. But Mr. Gramm is saying that whether or not the 1980s were a time to cut spending, now is the time. So liberals may soon be describing Mr. Gramm as the 1980s returning to haunt, like Freddy Krueger.

Comparing the 1980s to 1994, the Texan explains that in 1980 voters were "unhappy with Jimmy Carter" and "wanted a few adjustments." Those included "tax cuts" but "there was greater ambivalence when you got to details about cutting spending."

But now, he says, "People no longer have a fear about losing so much government." For 40 years, Americans have been asked to give more money to government but "government hasn't solved our problems."

When Republicans met on the floor of the House Tuesday for the first time since Election Day, Rep. Bill Paxon (R., N.Y.), chairman of the House GOP campaign committee, exuberantly told his colleagues, "The day we won the majority was the happiest day of my life." Glancing at Rep. Susan Molinari (R., N.Y.), who shares with him the distinction of being half of the only married couple in Congress, he quickly corrected himself. "The second happiest day of my life," he said, to laughter from his wife and colleagues.

Republicans laughing on the floor of the House—one of the ways things have changed around here for members of Congress and their staffs.

The new political era hits different people in different ways. For Republican staffers, the change is visible on our desks. It now looks like a yellow-paper bomb exploded on Capitol Hill, raining down little squares marked "While You Were Out." Reporters, lobbyists and job seekers are constantly calling Republican staffers to gain insights on new chairmen, what's in the Contract With America and where the jobs are. I returned to my office recently after an hour-long meeting and tapped into my voice mail. "You have 34 new messages," the digital voice said. A month ago I could have left my office for a week and not gotten 34 messages.

"There are still some Republicans who doubt that the public really wants dramatic change," says Mr. Gramm, throwing a challenge to Bob Dole and other GOP presidential contenders. "I am convinced that the public on the spending issue and the reform issue is to the right of us."

Mr. Gramm is clearly saying no one will get to the right of him. And his spending-cut fervor will be valuable when his GOP colleagues begin to blink. I'm also attracted to his cap-gains play: It's almost liberal in its deviousness, planting seeds that grow to choke revenues to government over time.

The big question for 1996 is whether Mr. Gramm's message also symbolizes a philosophical change within the GOP. The centerpiece of Reaganomics in 1980 was the Kemp-Roth tax cut, a crusade for economic growth. The mood of that time was summed up by Jack Kemp's citation of JFK's line that "a rising tide lifts all boats."

This 1994 GOP era so far sounds more like Gramm than Kemp. To oversimplify, Republicans now talk less about growth and more about cuts, less about expanding opportunity and more about limiting government.

But can a hard conservative message be sold without the buoyancy of economic optimism? "I am optimistic," Mr. Gramm replies, optimistically. He regards his message of "liberation" from government as the new hope Americans want. "This was an election which was not just about the tax burden," he says. "It was about the government burden."

Mr. Gramm's unique visage was once likened to a wizened snapping turtle—a fact he isn't afraid to joke about. He says he has always wondered "whether someone as ugly," or as "conservative," as him could be elected president. But after Nov. 8, "I wonder less about the latter."

Mr. Gramm may be right about the public mood, but it wouldn't hurt either him or Republicans to remember that Reaganism was successful because it tried to lift all boats—even those with wizened snapping turtles.



Phil Gramm

It has been fascinating to watch Newt Gingrich and Dick Armey, in line to be the first Republican speaker and majority leader, respectively, in 40 years, as they plan this historic transition. Mr. Armey and Mr. Gingrich have managed to put aside two formidable egos (Newt has put aside Armey's and Armey has put aside Newt's) to form a productive working relationship.

In making the case last week for playing down seniority in favor of letting newly elected members play a leading role, Mr. Armey said the newcomers had just come through campaigns where Democrats portrayed them as "signing a pact with the devil."

"And in case you missed it," he said, nodding toward Mr. Gingrich with a laugh, "you were the devil."

Mr. Gingrich smiled back. "Isn't this fun?"

It is. Democrat congressional staffers are telling anyone who will listen that we Republicans are going to find governing tougher than we think, and that we don't have the skills necessary to be the majority. Maybe. But we're certainly settling in to the benefits of majority status.

Last week two workers came into Mr. Armey's personal office. They are currently tearing up the sidewalk around the Cannon House Office Building and you have to go through plywood tunnels to get in. They told the staff the noise was going to be pretty loud for a few weeks, but that shouldn't be a bother since Congress was out of session "and you probably won't be having many meetings here."

"Well, we're actually planning lots of meetings here," scheduler Julie Nichols said. "Congressman Armey is going to be here a lot during the break this year."

This news struck like lightning. "We're in Armey's office," the younger worker said to his supervisor with some excitement. The supervisor quickly produced a business card and advised Julie that if Mr. Armey was going to be having any meetings, she should just give him a call and the jackhammers would fall silent.

The Democrats named their transition team not long ago, appointing Rep. Ben Cardin (D., Md.) as its head. Recently a Cardin staffer expressed concern about a change in committee structure to one of our transition staffers, and she informed him that Rep. David Dreier (R., Calif.) is in charge of this aspect of the transition.

"Why don't you have Mr. Dreier call Mr. Cardin," suggested Mr. Cardin's staffer.

"Mmmmmm, why don't you have Mr. Cardin call Mr. Dreier," the GOP staffer replied.

A sudden look of realization crossed his face. "Right," he said.

Yes, in some instances learning the skills of being in the majority will definitely be easier than learning the skills of being in the minority.

Mr. Gillespie is the policy and communications director of the House Republican Conference.

The Welfare Gap

Problem No. 1: The Children

By Myron Magnet

Surveying a political landscape utterly transformed by the Congressional elections, President Clinton and Newt Gingrich gave the same reply when asked what they could achieve in the next two years: welfare reform. Their words are the same, their meaning worlds apart.

The workfare envisioned by Mr. Clinton has no common ground with Mr. Gingrich's call to junk the welfare system, leaving its clients to orphanages and other private charities.

The welfare debate promises to reorient the fundamental direction of government. That's all to the good, for workfare won't solve the underclass problem that welfare helps perpetuate and that is America's chief urban ill.

The real problem isn't about the employment prospects of young women, which workfare addresses. It is about children. Listening to the talk about workfare, you can forget what an enormous price children on welfare end up paying for the income their mothers gain from them. From the child's point of view, an incompetent mother on crack is no better than a Dickensian orphanage.

Welfare contributes to passing a legacy of failure from generation to generation. Anyone who looks at underclass children — neglected, abused, unimmunized, deprived of the moral and cognitive nurturing that families provide — has to ask whose welfare is advanced by a system that consigns so many children to emotional and intellectual stunting and to likely failure in school and later life. If welfare produced children who grew up to lead useful, fulfilling lives, you could argue that a society could afford to have several million able-bodied mothers supported by their hard-working neighbors. But not when the mechanism designed to promote children's welfare produces so many doomed to fail.

So Mr. Gingrich is right to revolutionize the debate. But surely there is a middle ground between the current mess and a cold turkey withdrawal, which is not politically feasible anyway. The goal ought to be to create a welfare system dedicated solely to the welfare of children. The bedrock of such a system should be a network of community hostels for needy kids and their mothers. Such hostels would provide structured, caring environments that nurture citizens by developing consciences and the ability to learn.

By the time today's underclass children are in Head Start — certainly by the time they start school — it's very late to begin teaching the whole array of cognitive and moral categories that one is supposed to learn in early childhood, that families normally teach and that underclass children don't adequately acquire. Without mastering these categories — this has nothing to do with any notion of inherited intelligence — it is hard to think, to apply yourself and thus to learn. The hostels should have rules of conduct for mothers, partly to help them get control of their own lives but above all to insure the order and structure children need.

The hostels should require mothers to take daily workshops in child-rearing in order to learn basics that young underclass women often don't know — that babies cry because they are needy, not because they are "bad"; that children need to be talked to and responded to, not ignored and hit, if they are to grow up able to function as members of society.

Mothers who don't want to conform to this system would be free to take their children and leave. If they can support them, fine. If the children are neglected or endangered, then the state must take them away, as it does now. But such children should be cared for in group foster homes far removed from the influence of the neighborhoods where they were born.

No doubt such a system would discourage many unmarried women from having babies they are unable to support and nurture — a worthwhile result. No less important, the smaller number of such babies who will be born despite all of society's discouragement will get a fair chance to grow up happy.

However sweeping these changes may seem, they have to be weighed against the dreadful reality of the present system, which condemns millions of children to grow up with so many excellences unawakened, lost to themselves and to society.

Myron Magnet, editor of the Manhattan Institute's City Journal, is author of "The Dream and the Nightmare: The Sixties' Legacy to the Underclass."

Plenty of Jobs? Where?

By Philip Harvey

Shortly after his inauguration, Mayor Rudolph W. Giuliani responded to criticism of his plan to rid the streets of squeegee operators by suggesting that they get jobs washing dishes. "There are plenty of jobs available," he said, recalling his own youthful experience as a dishwasher.

The Mayor's new plan to make childless welfare recipients work for their benefits — like the enthusiasm of Republicans in Congress for a two-year limit on welfare even for single mothers — is based on the same assumption about job availability. By eliminating what they see as a free ride on welfare, these politicians hope to motivate recipients to take low-wage jobs in the private sector. Unfortunately, the assumption that such jobs are readily available is at odds with the truth. There simply are not enough jobs — not even menial, low-wage jobs — to make this tough strategy work.

It's well known that unemployment statistics understate job needs, because they count only those actively looking for work. They do not include most able-bodied welfare recipients; the "discouraged," who have given up looking for work, and part-time workers who want full-time jobs but can't find them.

What isn't so well known is the other side of the ledger: job openings. No regular statistics are collected on vacancies that employers are seeking to fill. But there are techniques for estimating, and they cast grave doubt on the assertion that plenty of jobs are available.

Statisticians at the New York State Labor Department say about 20 percent of all job vacancies are listed with the State Employment Service. In October, the service listed 7,991 openings in New York City, though only 6,518 of those jobs were expected to last more

Philip Harvey, a visiting scholar at the Russell Sage Foundation, is author of "Securing the Right to Employment."

Create hostels for mothers and kids.

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than three days. That would mean there were about 40,000 job vacancies. (Similar estimating techniques have been used elsewhere, with similar results; they square with scientific surveys of job availability that have been conducted from time to time.)

The city's official unemployment figure for October was 271,000. So the jobless outnumbered available jobs by about 7 to 1. If we count involuntary part-time workers, "discouraged" workers and welfare recipients, the ratio is higher; and if we compare job seekers to available jobs in depressed neighborhoods, or among teen-agers, or for unskilled workers, the odds are grimmer still.

These figures not only contradict what much of the public believes about job availability. They tell us something about the perceived failures of our social programs, particularly welfare. By suggesting that the success of these programs depends on reducing the number of people who need public assistance, we preordain their failure: neither liberal carrots nor conservative sticks can move people into nonexistent jobs.

The labor market is a giant, fast-moving game of musical chairs. People who are skillful, unencumbered and highly motivated are more likely to find a seat, but it's crazy to think that these differences explain why everyone isn't sitting. The only way to make that happen is to add more chairs.

Viewed in this light, Mayor Giuliani's workfare plan is grossly inadequate, since it would create part-time jobs at wages well below the poverty line. For work like painting park benches, recipients would receive relief benefits and food stamps worth about \$5,000 a year, in a city where the official poverty line for a single person (which understates real needs) is about \$8,000.

Giuliani's solution is no solution.

This is cruel not because childless welfare recipients will be required to work. They must already accept available jobs or lose their benefits. It is cruel because they'll be forced to work for

starvation wages while being told it's their own fault they can't find real jobs.

Politicians who want to force welfare recipients to be self-supporting should be studying how to create enough decent jobs to make that possible. It is not enough to say that such an initiative would cost too much; the economic and social costs of joblessness are also very large. It is foolish to assume that we can't afford to close the job gap without even trying to figure out the net cost of such an initiative and how it might be financed. We might be in for a pleasant surprise.

THE PRESIDENT HAS SEEN
11-28-94
THE NEW YORK TIMES, FRIDAY, NOVEMBER 25, 1994

TS

THE WHITE HOUSE
WASHINGTON

May 20, 1994

MEMORANDUM FOR CAROL RASCO
JOHN PODESTA

FROM: Jennifer O'Connor *gmo*
SUBJECT: Secretary Shalala's memo to the President on Welfare Reform

Attached is a memo to the President on welfare reform which Secretary Shalala just sent over. Her staff said that the Secretary would like him to see it as soon as possible and they asked that we expedite it to him as quickly as we can.

I have only circulated it to the two of you and Christine. Please let me know if you want me to get it to anyone else, if you need any further assistance from me, and what you think the timeline will be so I can let them know.

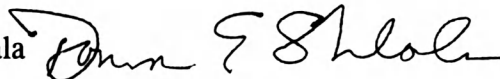
CC: Christine Varney

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THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

MEMORANDUM TO THE PRESIDENT

FROM: Donna E. Shalala 
SUBJECT: Time-Limiting the WORK Program
DATE: May 20, 1994

I am writing to express my very strong view that you should not put time-limitations on the WORK program. Doing so would violate the fundamental values underpinning your welfare reform proposal. Such limitations would endanger already vulnerable children, and alienate many progressive friends and a significant number of leading Democratic members of Congress. You should dismiss any compromise on this issue.

Values

Welfare reform is about work and responsibility. It is a very simple contract: if you take responsibility for yourself, if you are willing to work to support your family, then we will support your efforts. If you are not willing to help yourself, then you must face the consequences. The plan includes severe sanctions for people who refuse to play by the rules. People who refuse to take responsibility, people who refuse to work to support their children, people who turn down private sector job offers should be penalized. But for those citizens who do everything we ask, if they try to find a private job and fail, then we have an obligation to help--not with welfare beyond two years, but with a work opportunity. Any arbitrary limits (or state options for such limits) will inevitably send the message: "Even though you've done everything we asked, even though you played by the rules, even though you have not turned down any private sector job offer, and even though you are willing to work at a subsidized job that carries no EITC and thus pays 40% less than any private sector job, we will not help you. The safety net is ended."

How can we possibly explain such a position, such values? What do we say to the mother who used up most of her WORK time, found a private sector job, worked hard for a year, and was then laid off? Are she and her family essentially left with no safety net? Do the children go to foster care? Does the family become homeless? What do we say to the mother of very limited ability who can't quite make it in an unsubsidized job, but who is willing to try her best each day?

Vulnerable Children

Presumably the reason we would allow some sort of ultimate limit on WORK is that we fear that people who could get an unsubsidized job are somehow taking advantage of the system. Critics will say, "Other people don't have a guaranteed job." To them our answer will be: nor are other people required to work for 40% less than private sector jobs, or limited to no more than 12 months in any one job. Or forced to undergo intensive job search every 12 months.

Who will reach 2 or 3 years in this WORK program? People who are lazy and unwilling to support themselves? That hardly seems likely given that if they fail to cooperate or refuse an unsubsidized job they will be sanctioned and ultimately refused support. Rather it is likely to be people who really cannot find a job. They may be people who are just barely able to hold themselves and their family together--people who are only worth \$2 per hour to employers. These are the families at greatest risk in our society. Judy Gueron of MDRC described citizens who went through the Supported Work program and did not get unsubsidized jobs this way: "These were good people who really tried, and with ongoing support they could and did work. But when the program ended, even with all the efforts made to help them move off, they simply could not make it entirely on their own." Thus for some, a WORK slot becomes a kind of sheltered workshop.

We have crafted a first-rate welfare reform proposal which combines powerful economic incentives (EITC and health care), training, time limits, and work to clearly implement your vision. But we will not succeed in getting every welfare recipient to work in 2 years or even 5. Mary Jo Bane and David Ellwood's recently published book shows that 31% of young mothers who enter AFDC have total welfare time of 10 years or more today. Even if we cut the figure to 10%--a truly extraordinary feat--significant numbers of American children could be left without a safety net. Tens of thousands of American children, perhaps hundreds of thousands, could be affected.

Building Coalitions

We ought to have a welfare reform plan that a broad spectrum of the public and the Democratic party can support. You hit exactly the right tone in the State of the Union speech. Work and responsibility. Get the values straight. The left and religious organizations are wary, but willing to listen. They are already concerned about the fact that we are essentially cutting off families where a parent is not willing to work. Setting ultimate limits for those who are willing to play by our very strict rules is likely to drive liberals and many thoughtful moderates away completely. We don't see how the House Ways and Means Subcommittee will ever accept ultimate time limitations on the WORK program. Senator Moynihan has indicated in the clearest possible terms that he strongly rejects any notion that families will simply be cut off at some point.

We could try to craft some sort of compromise. Ultimate limits could only be imposed on certain types of people or in certain types of circumstances. But if we accept the principle that some people can face an ultimate limit regardless of their good efforts, how do we stop

the momentum when others want to add just a few more people in that group? If we allow states to cut off those with significant work experience in low unemployment areas, how do we respond to those who want to define significant work experience as ever having had a job and low unemployment as state unemployment below the national average? If we compromise now, where will the plan be when the political dust settles?

A Matter of Principle

This seems one place where we ought to stand on principle. Welfare reform is about values. Our message is powerful in its simplicity. It is a message of hope and opportunity linked to work and responsibility. Our message combines clear values, high expectations, and powerful economic incentives. However, it could all be lost if we simply walk away from vulnerable families. It could become a message of punishment and despair. We should be clear that legislation that does not expect work and responsibility of families should be strongly rejected. Similarly any bill which abandons families that do work and do take responsibility should also be strongly rejected.

Clinton Scales Back Plans to Overhaul Welfare Amid Election-Year Politics, Complexity of Task

By RON SUSKIND
And JACKIE CALHOUN

Staff Reporters of THE WALL STREET JOURNAL
WASHINGTON — Bill Clinton's politically potent campaign promise to "end welfare as we know it" is sounding a bit hollow these days.

Now that Mr. Clinton's welfare-reform plan has been drawn up and circulated to advisers, even some administration officials are surprised at how modest it is.

Rather than a sweeping overhaul, the Clinton plan, critics assert, is essentially a tinkering with welfare as we know it. It would cost \$9.5 billion over five years—about half the scope and funding of a plan offered at a cabinet meeting just a month ago—and is without many provisions that welfare-reform advocates, both liberal and conservative, had long been hoping for. The plan, which is based on a two-year limit on benefits, is especially shy of preventive measures to stop the flood of young, single mothers onto welfare. It phases in slowly, including only about 40% of all welfare recipients by 1999.

Election-Year Constraints

What happened? First and foremost, election-year politics. Facing tough congressional elections this November, Mr. Clinton was loath to propose a tax increase to finance welfare reform; last week, he rejected a plan to hit gambling establishments with a tax that would have allowed the welfare program to grow by \$3.1 billion. That meant a key preventive provision—child care for the working poor—would be short of funding, and his already cut-back plan would have to shrink one more time.

Another problem, says David Ellwood, an antipoverty expert and co-chairman of the president's welfare-reform working group, "is that no one is sure exactly what works" in preventing out-of-wedlock births. Mr. Ellwood says that "it's easy to fall into talking about changing this system as fast as we can. But anyone who's spent time in this area knows that changing the culture of welfare is the hardest thing imaginable, and that will take more time than people realize."

Still, Mr. Clinton's plan is already drawing complaints from critics who say he showed timidity on an issue that seems to demand boldness. Welfare rolls have been growing since 1989, now including 13.6 million people, and nearly 30% of all children in the U.S. are born out of wedlock—a phenomenon that many, including the president, believe may be encouraged by public assistance.

Room for Horse-Trading?

White House officials argue that, since passage of welfare legislation this year is highly unlikely, Mr. Clinton isn't precluded from coming back with a broader proposal—and the revenues to pay for it—next year. But Will Marshall, president of the Progressive Policy Institute, a research group associated with Democratic moderates, frets that "the trouble with an austere opening bid is, it doesn't allow you to lose much in the congressional horse-trading to come."

As well, the president's plan raises the prospect that Republicans and conservative Democrats could actually propose a more ambitious welfare overhaul because of their willingness to finance it by a

controversial denial of all federal benefits to immigrants, both legal and illegal.

Indeed, Rep. Nancy Johnson of Connecticut, a member of both the House Republican task force on welfare and the House subcommittee that handles the issue, faults Mr. Clinton's decision to cut back on two provisions she considers essential to true welfare reform: expanded

Downsized

Major differences between the \$15.5 billion, five-year welfare-reform proposal President Clinton considered and the \$9.5 billion model he approved:

	PREVIOUS PLAN (billion)	NEW PLAN (billion)
Child care for working poor	\$5.0	\$1.5
Assistance for two-parent welfare families	2.0	0.5
Job programs	1.5	0.5

child-care benefits and extension of welfare to two-parent families. The president, she says, must find other ways to finance those steps.

Administration officials realize they have given an opening to the forces of the political center and right, something a more sweeping plan might have avoided. But Republicans, at least, don't seem in much shape to capitalize, given their own divisions on the issue. For instance, an alternative that is widely supported by House Republicans has come under public attack from former Education Secretary William Bennett, former Housing Secretary Jack Kemp and former Rep. Vin Weber, co-directors of the conservative group Empower America. They urge a

more radical approach to requiring work and penalizing out-of-wedlock pregnancies.

Conservatives Spell Out Agenda

The objective, they wrote in a letter this month, should be "sharpening policy differences" with Mr. Clinton and the Democrats, not "blurring them with tepid legislative compromises," as they suggest the House GOP bill would do.

At a news conference called for tomorrow, Mr. Bennett will join conservative members of the House and Senate to introduce the "Real Welfare Reform Act of 1994," which would cut off benefits to unmarried mothers under 21 and force 50% of the welfare caseload into a work program by 1996.

Such "tough love" prescriptions offer political salve at a time of growing fear about the fate of America's exploding inner cities—the same appeal that Mr. Clinton tapped with his broad pledge to end welfare. The president's problem, though, is that the "love" part of tough love is so costly—training, job placement and, especially, child care.

"We have no money," Senate Finance Committee Chairman Daniel Patrick Moynihan of New York, Congress's leading welfare expert, says when he is asked about the no-frills Clinton plan. For emphasis, he waves the text of last week's speech by House Ways and Means Chairman Dan Rostenkowski of Illinois, which stressed that tax increases would be needed to fund health-care reform.

Some longtime welfare reformers were relieved to hear of the president's plan. "With a lot of mean-spirited politics swirling around expansive claims about ending welfare and changing everything, I think Mr. Clinton showed admirable reserve,"

says Richard Nathan, chairman of Manpower Demonstration Research Corp., a welfare-research group. "A sweeping, tough, hard-to-finance plan is not what welfare needs," says Mr. Nathan, who has been dealing with the issue since he helped President Nixon forge proposals for a guaranteed income. "We need to move along incrementally and see what works, which is what the president is doing."

But many other experts hoped for more from Mr. Clinton, who as governor of

Arkansas spearheaded the last major effort to reform welfare in 1988. "We more or less know how to move people off of welfare; the problem is preventing them from coming onto the rolls," says Irwin Garfinkel, a Columbia University professor who has advised members of the president's working group. But, he says, the Clinton plan's preventive measures, "especially in working-poor child care, are just not there, and that is a basic mistake."

Rolling Along: ICC Keeps Truckin' Though It Has Lost Some Power

The folks at Schneider, like many trucking companies, would be happy if tariffs were, indeed, consigned to history. The company says it will assign four employees and pay \$20,000 in filing fees this year to record its rates. To raise prices, truckers must wait at least a week after filing a tariff, a delay that could cost a bundle if fuel prices rose suddenly. But other truckers say they like the tariff-filing requirement because it keeps prices more predictable. Labor groups also support it.

Customers of those trucking companies rely on the ICC for another reason. In the past few years, many have been sued by the bankruptcy trustees of defunct trucking companies for getting lower rates than the tariffs spelled out. Tariff rates were routinely ignored in the 1980s. Richard Johnson, co-owner of a carpet wholesaler in Tampa, Fla., says he didn't even know tariffs still existed until he got two boxes full of bills last year from the trustee of BGR Transportation Co. of Calhoun, Ga.

The ICC has helped him and hundreds like him defeat the trustees' claims. Mr. Johnson says the agency decreed that the tariff that came back to haunt him was invalid in the first place because the now-defunct trucking company never filed the proper paperwork when it changed its name. While Mr. Johnson calls the ICC "filing clerks," he also hopes the agency sticks around.

Under Ms. McDonald, a Democrat, the ICC is trying to make tariffs more relevant. The agency has hired nine new inspectors to read filings. It installed three facsimile machines last month to receive copies of contracts, and it plans to start making tariffs available electronically. The agency has also halved its management ranks, cut paperwork and set up a toll-free telephone number for complaints from citizens ("We call them customers," the agency says). Last week, the commission said it would hold 36 training seminars in 29 states on a tariff law passed by Congress last year. It recently held brown-bag lunches for employees to learn what other employees do.

Looking Home

Congress has an interest in keeping the ICC alive. Despite the agency's lack of real power, the ICC can help lawmakers look important to the folks back home. Members of Congress sometimes pass on complaints to the ICC about moving companies that won't pay after breaking constituents' belongings. And they demand that the ICC hold public hearings when a railroad asks for permission to abandon money-losing stretches of track.

Congressional intervention is largely for show, though. In the past four fiscal years, railroads abandoned enough track to reach Miami from Seattle and back; the track the ICC stopped railroads from giving up would barely make the round trip from Seattle to Tacoma. And the ICC imposed just one fine against an errant mover in that time. ICC officials say that a

Exchanges Closed Today

Stock exchanges and commodity markets are closed today in observance of a national day of mourning for former President Richard M. Nixon.

Federal offices are closed. There isn't any regular mail delivery.

phone call is usually enough to get a moving company to shape up, and that the agency puts conditions on many of the rail abandonments it approves.)

Lawmakers' stature depends partly on how many agencies their committees oversee. Proposals to eliminate the ICC have gone nowhere within the Senate and House committees with jurisdiction over the ICC. And when House members outside two such panels offered an amendment last fall to kill the agency's funding, 42 of the 58 committee members voted against it. Rep. John Kasich of Ohio, who co-sponsored the amendment, says a fellow Republican "told me he voted against it because I was messing with his jurisdiction."

That support also was evident at a celebration last month to mark the ICC's 107th birthday. The agency formally unveiled a bronze bust of Clyde Bruce Aitchison, a commissioner from 1917 to 1952, as an eight-man military guard presented the colors and a 20-member chorus sang "God Bless America." House Public Works and Transportation Committee Chairman Norman Mineta displayed an alarm clock that plays "I've Been Working on the Railroad." And the California Democrat told the agency he would defend it against those wanting to cut off "the funding it needs so all of you can do your very, very important jobs."

THE WALL STREET JOURNAL WEDNESDAY, APRIL 27, 1994

Dollar Continues to Fall, Despite News Of Consumer Confidence Surge in U.S.

By GARY ROSENBERGER

Special to THE WALL STREET JOURNAL

NEW YORK — The dollar's slide continued yesterday, undeterred by fresh prospects for lower German interest rates and a surprisingly optimistic reading on U.S. consumer confidence.

Traders said bearish sentiment for the dollar is running so deep these days that even good news on the U.S. economic front is reinterpreted to create reasons to sell off the dollar.

For instance, the New York-based Conference Board, a business-research group,

said its April consumer confidence index rose to a three-year high at 91.7, from an unrevised 86.7 in March — up 24 points from a year ago, and far above forecasts of an 86.5 reading for April.

"Under other circumstances, there should have been a dollar rally," said Hillel Waxman, vice president at Bank Leumi Trust Co. in New York. "It could have been seen as a reason for the stock market to rally," he added. "But, of course, strong consumer confidence nowadays means more inflationary pressure that will disrupt the bond market and bring the dollar down."

Late in New York, the dollar was quoted at 1.6765 marks, down from 1.6795 marks late Monday in New York. The U.S. currency also was changing hands at 102.80 yen, down from 103.10 yen. Sterling was trading at \$1.5065, up from \$1.4915.

About noon Wednesday in Tokyo, the dollar was trading at 102.80 yen and at 1.6745 marks.

Mr. Waxman cautioned that the rise in consumer confidence may be short-lived. "I don't know why consumers are so confident. I don't think it's going to last."

U.S. Treasuries initially sold off on the consumer-confidence report but ended moderately higher on the day in a largely technical rally. The Dow Jones Industrial Average closed at 3699.54, off 6.24 points.

The currency market also shrugged off signs of further German interest rate cuts to come, that on better days might have lent support to the dollar against the mark. Mr. Waxman said.

Germany's six leading economic institutes said they see significantly more room for easing of short-term interest rates controlled by the Bundesbank and predicted a further two-percentage-point cut in the current easing cycle. The German central bank last eased its floor discount and ceiling Lombard rates on April 14 to 5.00% and 6.50%, respectively.

The institutes predicted the cuts would be in line with a rate of German inflation at around 2% in the second half of the year.

Mr. Waxman noted that the forecast of a cut in the easing cycle did more good for German stocks and bonds than it did for the dollar.

The dollar also got little support after Hans Tietmeyer, Bundesbank president, suggested German money-supply growth rates that continue to come in far above target won't necessarily crimp further Bundesbank rate cuts.

Germany's M3 money supply grew at an annual rate of 15.2% in March, far above the central bank's target corridor of 4% to 6%. M3, essentially the total of cash in circulation and short-term bank accounts, is the Bundesbank's preferred indicator of inflationary pressures.

2/2

THE PRESIDENT HAS SEEN 2/1/94

Preliminary Findings
The National Governors' Association
Survey of State Welfare Reforms
February 1994

Summary

Rising child poverty, the increasing proportion of births that are to single-parent families, and growing welfare caseloads have combined to make welfare reform one of the nation's top public policy concerns. President Clinton's campaign pledge to "end welfare as we know it" has revived the welfare reform debate at the national level while in the states many Governors are pursuing their own ideas on how to restructure the welfare system. Much of the recent media coverage of this issue has focused on the most controversial aspects of federal and state welfare reform initiatives, such as limiting the amount of time families may receive welfare, withholding grant increases for children conceived after a family has enrolled in welfare, or cutting benefits to families on welfare whose children have poor school attendance.

Yet the attention paid to these controversial initiatives has obscured a striking consensus among states on the changes needed to encourage work and reduce reliance on welfare. A survey of Governors' offices conducted by NGA has found that the bulk of proposed or enacted state welfare reforms are concentrated in six areas. Preliminary data reveals that more than 20 states have proposed or are implementing changes in these areas:

- encourage and reward work by reducing penalties in the welfare system on earnings and savings;
- enforce the responsibility of both parents to financially support their children;
- supporting intact families by eliminating certain welfare rules that penalize two-parent families;
- simplifying and improving the delivery of welfare benefits, especially through the use of "smart cards"¹ to provide benefits electronically;
- creating jobs for welfare recipients; and,
- improving access to child care and health care for families leaving welfare for work..

In addition, a number of states are considering proposals that would require work from all recipients after a certain number of months of receiving AFDC. Only one of these states, however, is planning to place an absolute limit, without a guaranteed job at the end, on the period of time that a family can receive welfare. Detailed findings from the survey are described in the attached appendix. The following is an overview of some of the key findings.

¹"Smart cards" are cards that store information electronically, such as automatic teller machine cards.

Background

The Aid to Families with Dependent Children (AFDC) program was initially created in 1935 by the Social Security Act as a cash grant program to aid needy children without fathers. Today, the program provides cash assistance for needy children who have been deprived of parental support or care because their father or mother is absent from the home, incapacitated, deceased, or unemployed. All states, the District of Columbia, and four of the five territories operate an AFDC program.

The AFDC program is voluntary. States have the flexibility to establish their own need standard (i.e., the amount of income the state decides is essential for basic needs such as food, clothing, shelter, utilities, and personal care), set their own benefit levels (i.e., payment levels that represent 100 percent or less than the need standard), establish income and resource limits (based on federal guidelines), and administer the program or supervise its administration. Funding is provided through a federal-state partnership, with federal resources covering from 50 to 80 percent of the cost of benefits and 50 percent of the cost of administration.

Eligibility for AFDC requires that a family meet two income criteria: a gross income test (defined as 185 percent of the state's need standard), and a net or countable income test (defined as 100 percent of the need

standard). To receive benefits, a family's net income also must be below the state's payment level. The payment level is below the need standard in thirty states.

Federal law requires that all income received by an AFDC family be counted against the AFDC grant unless explicitly excluded by definition or deduction. To provide a financial incentive for recipients to seek and maintain employment, current deductions for earned income include \$90 per month to cover work expenses plus \$30 and one-third of the remainder (of earnings), and up to \$175 per month per child (or up to \$200 per month for a child below age two) for child care expenses. The \$30 deduction expires after the first twelve months. The deduction of one-third of the remainder is available only for the initial four months following employment.

Under the current AFDC program, two-parent families fare much worse than single-parent families. To be eligible for assistance, single-parent families must only show that they are poor enough and that the other parent is not in the home. Two-parent families, in contrast, must show that one parent is either incapacitated or is unemployed and meets the various work history rules. Federal regulations require that an AFDC parent must work fewer than 100 hours per month to be classified as unemployed. In addition, the principal earner must have six or more quarters of work in

any thirteen-calendar-quarter period ending within one year prior to application for assistance or have received or been eligible to receive unemployment compensation within one year prior to application. The impact of these requirements is that many families are not eligible, especially young families with little or no work history.

AFDC Caseloads. By 1991 enrollment in AFDC had grown to more than 4.3 million families. These 4.3 million cases represent approximately 4.95 percent of the U.S. population and include an estimated 8.3 million children (12.9 percent of the total child population). Caseloads are expected to gradually increase to about 4.8 million in 1997. The percentage of children receiving assistance is expected to rise to slightly more than 13 percent in 1993. These children represent about 60 percent of all children in poverty.

AFDC Characteristics. AFDC families are not a homogenous group. They represent all races, ages, and levels of education. In 1990 about 38 percent of all AFDC families were white and more than 39 percent were African-American. The average family size was 2.9, with about 42 percent of all AFDC families having only one child. About 24.3 percent of children in AFDC families are younger than three, 21.5 percent range in age from three to five, and 27.5 percent range in age from six to eleven. Eligibility for 54 percent of all AFDC families is based on no

marriage ties (i.e., children born out of wedlock). In 16.5 percent of all AFDC families, the mother has one to three years of high school and in 19.3 percent of the cases, the mother has a high school degree. More than 80 percent of all AFDC families have no other source of income.

The median number of months on AFDC since initial application is twenty-three. More than 21 percent of all AFDC families have received assistance for longer than five years. Marital status is the most powerful predictor of long-term welfare receipt, with single mothers averaging nine years on AFDC. In addition, it is estimated that more than 40 percent of never-married mothers who enter the AFDC system at age twenty-five or below with a child younger than three years of age will spend ten years or more on AFDC.

The Family Support Act. The Family Support Act (FSA) was approved in October 1988, amending Title IV of the Social Security Act. The goal of FSA is to shift welfare from a program that fosters dependency to one that encourages work. It is based on the premise that there is a mutual obligation between government and its citizens (i.e., government has a responsibility to provide sufficient tools and opportunities for work, while recipients have an obligation to use those tools and seek employment). FSA provides support to individuals and families in four major areas.

- **Employment Assistance.** The Job Opportunities and Basic Skills Training program (JOBS) provides a variety of services to promote self-sufficiency, including education, job training, job placement, and child care. States are given broad flexibility regarding program design and administration. In fiscal 1993, the authorized appropriation for JOBS is \$1 billion.
- **Child Support Enforcement.** FSA strengthens states' ability to establish paternity and to improve the collection of child support payments through computerized tracking and wage withholding systems.
- **Child Care.** FSA guarantees child care for all JOBS participants, as well as AFDC recipients who are in other approved training, education, or employment programs.
- **Transitional Services.** Individuals who leave public assistance are eligible for twelve months of child care and medical services (Medicaid), as long as their incomes are low enough to meet program requirements.

The purpose of JOBS is to ensure that needy families with children are able to obtain the education, training, and employment necessary to help them avoid long-term dependency on welfare. States have great flexibility in the services they can offer and in the methods they can use to deliver services. JOBS participation standards are established

through fiscal 1995 for the AFDC caseload. States that fail to meet the standards face a reduction of federal matching funds. In addition, states must target resources to certain populations or face reduced funding.

President Clinton and Welfare Reform. In February 1993, President Clinton invited states to join him in developing a plan to "end welfare as we know it." The President described his plan as focusing on four areas: making work pay, increasing parental responsibility, making welfare a transitional program, and increasing employment and training opportunities for recipients. The National Governors' Association established the State and Local Task Force on Welfare Reform which met through the spring and summer of 1993 and issued in July a joint statement of principles to guide welfare reform. Among these principles are that welfare should be a transitional program, with work, education and job training available during the transition; that stronger child support enforcement is needed especially with regard to interstate enforcement; that states should have maximum flexibility in the transition to a new system; and that any new federal mandates must be fully funded.

In August 1993 incoming NGA Chairman Carroll Campbell established a Leadership Team on Welfare Reform to work with the administration and Congress on welfare reform as the President's initiative moved

forward. The Leadership Team is chaired by Governor John Engler of Michigan and Governor Thomas Carper of Delaware. Its members include Governor Carroll Campbell, Governor Howard Dean, Governor Pete Wilson, Governor David Walters, Governor George Allen, Governor Evan Bayh, Governor Mario Cuomo, Governor Zell Miller, Governor William Weld and Governor Edward Schafer.

Waiver Authority and State Welfare Reforms. Ten states -- Colorado, Florida, Georgia, Illinois, Iowa, Oklahoma, Vermont, Virginia, Wisconsin, and Wyoming -- have received new waivers in the last year to restructure their welfare systems. These new waivers are in addition to existing waivers in some of those same states and in Alabama, California, Maryland, Michigan, Minnesota, Missouri, New Jersey, New York, Oregon, and Utah. Section 1115 of the Social Security Act authorizes the secretary of the Department of Health and Human Services (HHS) to waive compliance with specified requirements of the statute that are judged likely -- based on experimental, pilot, or demonstration projects -- to promote the objectives of the AFDC, child support, or Medicaid programs. Demonstrations under waiver authority must be cost-neutral to the federal government and the participating state must agree to a rigorous evaluation of its demonstration project, usually based on an experimental evaluation design.

Federal waivers should not necessarily be equated with reform. They do, however, allow states to experiment with a variety of approaches to improve the welfare system. In addition, a number of states are pursuing welfare reform initiatives that do not require waivers of federal rules or laws.

NGA Survey Results

Forty-four Governors' offices provided information to NGA in December 1993 and January 1994, on welfare reforms in their states.² Forty-three reported state welfare reform initiatives, beyond those required under the federal reform law, in at least one of twelve categories listed on the survey.³ An overview of some of the key findings is provided here; more detailed information on their reform initiatives is summarized by type of reform in the appendix charts. The survey asked states to describe welfare initiatives in twelve different categories and to give the status of the initiative. In some cases, states

²All of the data is preliminary and subject to revision. The states that did not respond to the survey are the District of Columbia, Idaho, Mississippi, Pennsylvania, Rhode Island, Washington, and West Virginia. Puerto Rico is treated as a state for the purposes of the survey.

³Hawaii did not report having reforms in any of the categories listed on the survey, though the state has adopted a number of policies in the welfare reform arena. Hawaii's comprehensive health care reform plan is mentioned in the immunizations and health care chart since it is expected to benefit welfare families leaving AFDC for employment.

are in the early stages of developing a reform, as with many of the new policy changes announced by Governors in their 1994 state of the state addresses. In other cases, states are already implementing the changes.

Changes in the Treatment of Earnings or Assets

Thirty-six of the states responding have proposed or are implementing changes to allow AFDC families who go to work to keep and to save more of the income they earn. As described earlier, after a short time current AFDC rules reduce a family's AFDC grant by a dollar for every dollar that family earns. In addition, families receiving welfare cannot accumulate assets over \$1,000 and cannot own a vehicle whose equity value exceeds \$1,500.

Most of the thirty-six states pursuing reforms in this area are increasing the amount of earnings a family can have without it reducing their AFDC grant, extending the period of time that this earnings disregard is available, increasing the limit on allowable assets, and raising or eliminating the limit on the equity value of the vehicle that a family on welfare can own. Twelve of these states -- Alabama, Alaska, California, Illinois, Iowa, Michigan, New Jersey, North Carolina, Ohio, Utah, Virginia, and Wyoming -- have already implemented these changes while many of the others are in the planning and development states. Several of these states,

such as Vermont and Minnesota, will begin implementation within the next six months.

Improvements in Child Support Enforcement and Paternity Establishment

As part of the Family Support Act, every state has been implementing important changes in this area over the last five years, such as immediate wage withholding of overdue child support payments. Twenty-nine states reported taking steps beyond those required under federal law to increase the collection of child support from noncustodial parents and to establish the paternity of children in families receiving welfare. These steps include allowing families on AFDC to keep more of the child support collected on their behalf without it reducing their AFDC benefits, and revoking or suspending the professional or occupational licenses of noncustodial parents who are in arrears on their child support obligations. Some states are increasing employment and training opportunities for noncustodial parents to help them find jobs that better enable them to support their children. Three states -- Maryland, Missouri, and South Carolina -- plan to seek waivers to make paternity establishment a condition of receiving assistance.

Ten states have implemented changes in this area: Alabama, Florida, Georgia, Illinois,

Minnesota, New Hampshire, Ohio, Texas, Utah and Wisconsin.

Changes to Support Intact Families

As noted above, the current welfare system penalizes two-parent families in a number of ways. Twenty-six states have proposed or have reforms underway to reduce these penalties. States most commonly focused their reform efforts on changing four of these disincentives to intact families: the *100-hour rule*, the *deprivation* requirement, the *work history* test, and *stepparent deeming* rules. Under the *deprivation* requirement, a family is only eligible for AFDC if the children have been deprived of parental support or care because their father or mother is absent from the home continuously, is incapacitated, is deceased, or is unemployed. Under the *work history* requirement, a family with both parents living in the household must show that the principal earner has 1) six or more quarters of work in any thirteen calendar quarter period ending within one year prior to application for assistance, or 2) have received or been eligible to receive unemployment compensation within one year prior to application for assistance. The *100-hour rule* prohibits two-parent families from receiving AFDC if either of the parents works more than 100 hours of month, even if the family earns so little that their income would still qualify them for assistance. In addition, the AFDC program counts a portion of a stepparent's income as available to the

rest of the AFDC family when determining eligibility and benefit amounts. In addition, *all* of a stepparent's income is counted for purposes of AFDC eligibility and benefits in seven states where state law requires stepparents to assume the same legal responsibility as a natural or adoptive parent.

Seven states reported implementing reforms -

- Alabama, California, Illinois, Iowa, Michigan, New Jersey, and Wisconsin -- with many of the remaining nineteen in advanced stages of applying for federal permission for similar changes. Typically states are eliminating the 100-hour rule, the work history test, the deprivation requirement, and reducing the amount of stepparent income that is counted as available to the family.

Electronic Benefit Transfer

More than half of the states -- twenty-seven in the NGA survey -- are exploring ways to reinvent the delivery of public benefits through the use of "smart cards." These cards, which use the same technology as automatic teller machine (ATM) cards, can be used instead of issuing paper AFDC checks and Food Stamp coupons by crediting the client's account with the cash value of those benefits. The card can then be used by clients at ATM machines or in grocery stores. Many states are in the process of obtaining federal permission to experiment with this technology, while four states -- Iowa,

Maryland, Minnesota and Ohio -- already have been operating pilot projects to test it. In 1994 Maryland will become the first state in the nation to deliver a comprehensive set of public assistance benefits electronically statewide.

Job Creation

Twenty-five states reported they have proposed or implemented policies to create jobs for AFDC recipients. Seven of these states -- California, Illinois, Iowa, Michigan, Minnesota, New Jersey and Utah -- are implementing these job creation strategies. These reforms include diverting AFDC grants to subsidize wages in California, combining AFDC and Food Stamps to create subsidized jobs in Oregon, employing and training recipients to rehabilitate public housing in Illinois, and training AFDC recipients to create their own small businesses in Iowa, Minnesota, and South Carolina.

Transitional Child Care and Medicaid

Twenty-three states have taken or are considering steps to reduce the barriers facing families that leave AFDC for work by improving access to health care and child care. The most popular initiatives in this area are extending Transitional Medicaid and Transitional Child Care -- currently available for one year to families leaving AFDC for work -- for longer periods of time. Some

states are removing any time limit on these transitional services, and instead are putting in place sliding fee scales to ensure a more gradual transition for families that rely on them. Seven states have implemented proposals in this area: Georgia, Illinois, Iowa, New Jersey, Tennessee, Utah, and Virginia. Two states, Hawaii and Tennessee, are undertaking comprehensive reforms of their health care system that will generally improve health care coverage for low-income families, including those that leave AFDC for employment.

Finally, twenty-one states are considering proposals loosely connected by the idea that there should be some specific timetable that requires work by AFDC recipients after a certain transition period of assistance. These proposals vary greatly, however, ranging from a strict time limit on benefits with no guarantee of employment at the end in the Wisconsin pilot, to a time limit followed by public sector employment or community service in Vermont, to individually tailored "social contracts" in Iowa, with the contract's timetable for leaving welfare adjustable based on each family's circumstances. Most of these initiatives are in the early stages of planning and development. Only two states, Iowa and Michigan, are currently implementing programs based on this concept. In July, Vermont expects to become the first state to implement statewide a program similar to what President Clinton has outlined, with a 30-month time limit on

**AFDC benefits, followed by paid public
service jobs or community service work in
exchange for benefits.**

THE WHITE HOUSE

WASHINGTON

December 8, 1993

93 DEC 8 P3:21

MEMORANDUM FOR JOHN PODESTA

From: Joe Velasquez

Subject: Welfare Reform

Welfare reform resonates well with the public but can cut negatively with our base voters if not handled right. We must be sure not to send the wrong message to our key constituents.

We need to say up front and often that we:

- * won't throw kids and their families into the streets after two years on welfare,
- * will provide effective employment and training programs for welfare recipients,
- * will provide jobs with decent wages that will help people break out of the poverty cycle, and
- * will not displace current workers.

Please keep me advised.

Thanks.

c: Carol Rasco
Mack McLarty

THE WHITE HOUSE
WASHINGTON

December 1, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: DAVID GERGEN

SUBJECT: TOM BROKAW

Tom Brokaw will interview you Thursday for a piece he will air on Friday's nightly news. Tom is deeply distressed by the disintegration of the American family and has been airing a special series on that subject all week. Your conversation will be the closing segment (probably around 5-6 minutes), giving you an excellent opportunity to speak to a large audience about themes in your Memphis speech and on Meet the Press (with Brokaw and Russert).

Essentially, Tom wants to ask what you as President can hope to do -- through legislation, working with communities, exhortation, etc.

In terms of the nation, my sense is that questions surrounding family life now strike a deep, resonant chord with the public, touched off by concerns about children shooting children, the explosion in unwed children, joblessness, and a pervasive fear that the social fabric is rending.

For background, please find:

* A terrific memo by Bill Galston laying out key facts and talking points. (Bill has become one of the nation's best authorities on children and families.)

* An op-ed piece by Charles Murray that caused a stir about a month ago.

* A rejoinder to Murray (not so strong) by Bill Raspberry.

THE WHITE HOUSE
WASHINGTON

December 1, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: BILL GALSTON *WAG*
SUBJECT: TOM BROKAW INTERVIEW ON FAMILIES IN CRISIS

Introduction

The principal topic of your interview with Tom Brokaw tomorrow will be the issue you raised so forcefully in Memphis: the disintegration of so many American families, and the consequences of that disintegration for our society.

One element of family disintegration is the historic surge in births to unmarried mothers, many below the age of twenty. Another is the rise in the divorce rate over the past generation. Taken together, these two developments mean that far fewer children will grow up living with their two biological parents. 81 percent of white children born in the 1950s lived continuously with their two parents until age 17; the rate for white children born in the 1980s is projected to be less than 50 percent. 52 percent of black children born in the 1950s lived continuously with their two biological parents until age 17; for black children born in the 1980s, that figure is projected to be less than 10 percent.

Documented consequences of family breakdown include higher rates of poverty, crime, mental illness, and suicide among children and youth, along with the disintegration of neighborhoods and communities.

Factual Background

Three recently released reports dramatize the dimensions of the family crisis.

1. According to the Centers for Disease Control (CDC), over 1.2 million infants (29.5 percent of America's newborns) were born out-of-wedlock in 1991. By comparison, the figure for 1961 was about 240 thousand (5.6 percent); for 1971, about 400 thousand (11.3 percent); and for 1981, almost 690 thousand (18.9 percent). In short, both births out-of-wedlock and these births as a percent of total births are five times higher today than they were just 30 years ago.

While it is true that 68 percent of births to black women are now out-of wedlock, this is not just a problem afflicting black teenagers. In fact, less than one-eighth of the illegitimate babies of 1991 were born to African-American teenagers. Today, the illegitimacy rate for white women has reached 22 percent--roughly the level that led Sen. Moynihan to write his famous mid-1960s report on the looming crisis of the black family.

2. According to the Census Bureau, for blacks and whites alike, poverty rates were five times higher for children in single-parent families (almost all female-headed) than for children of married couples.

3. According to an annual statistical profile of America's children published by the Annie E. Casey Foundation, 79 percent of the children born to unmarried teenaged high-school dropouts are living in poverty, versus only 8 percent to children born to married high-school graduates. In short, if you leave high school before graduating and have a child outside of marriage before your twentieth birthday, that child is ten times more likely to be poor than if you wait until graduation and marriage.

The impact of family structure on family income is so large as to dwarf the impact of race. Average income for white two-parent families is about \$40 thousand, versus \$12 thousand for white single-parent families. Average income for black two-parent families is more than \$34 thousand, versus less than \$9 thousand for black single-parent families. In short, the average income for black two-parent families is nearly triple the average for white single-parent families.

Not surprisingly, these income disparities translate directly into child poverty rates. Among whites, about 9 percent of children in married-couple families are poor, versus 46 percent for children in single-parent families. For blacks, about 17 percent of children in married couple families are poor, versus 68 percent for children in single-parent families. In short, the poverty rate for black children in married-couple families is just one-third the rate for white children in single-parent families.

Some other key statistics:

- o Between 1960 and the mid-1980s, the rate of divorce rose by more than 250 percent before stabilizing. We now have the highest divorce rate (by far) in the entire industrialized world.

- o Between 1960 and the present, overall juvenile crime rates more than doubled, while juvenile homicide and suicide rates more than tripled.

- o Today, Americans under 18 are almost twice as likely to be poor as those over 65.

Possible Talking Points

In setting forth your views, you can build on the positions you espoused during the campaign and expanded in your Memphis speech.

- o The two great organizing forces of human life are work and family. We're doing everything we can to build economic opportunity--to create jobs, help Americans prepare for the jobs of the future, and make work pay. For example: I've often said, if you work full-time in America, you shouldn't be poor, and neither should your family. And when Congress accepted my proposal for dramatically expanding the Earned Income Tax Credit, that principle became a living reality.

- o But these changes from the outside in won't be enough unless they are matched by changes from the inside out. We need a new commitment to stable families throughout our country. After all, government can't do it all. Government doesn't raise children, parents do.

That's how we get beyond the outdated debate between left and right, between economics and family values. It's not work or stable families; it's work and stable families. Each reinforces the other. Family values won't feed a hungry child; but a welfare check won't nourish a child's soul. Families where parents work and support their children are much more likely to stay together. And families that stay together are much more likely to pass on the values of work, and personal responsibility, and caring for others, and believing in the future to their children.

We simply must build more opportunities and stronger families. We know what the alternative is: poverty, despair, crime, violence, the disintegration of entire neighborhoods and communities.

- o My policy for stronger families begins with a very simple principle: if you're biologically responsible for a child, then you're morally, emotionally, and financially responsible as well. You can't just create a human life and walk away.

We have to do a much better job of establishing paternity at birth, which can help keep fathers together with their children. And when that doesn't work, we have to create a much more reliable and effective system for enforcing child support payments.

- o We need to end welfare as we now know it, so that it is a bridge to independence rather than a way of life. That's why I asked some of the best people in my administration to develop bold proposals for my consideration, and I'll discuss them with the American people and the Congress as soon as I've made my decisions.

o I've talked about teen pregnancy and out-of-wedlock births. What's happening is sad--and intolerable. This isn't an easy issue, but we can't just drift along the way we're going. We're going to have to attack the problem head-on.

o The crisis of the American family isn't just a matter of individual responsibility, or government. It must involve all the institutions of our communities--religious institutions, youth groups, voluntary organizations, and the rest. The healthy parts of our society must mobilize their resources--and their will--to fight the tide of family disintegration that threatens to overwhelm us all.

o Ultimately, this is a challenge, not just to our policies, but to our hearts and spirit. We have to decide that our children come first and that only strong families can raise them. Government just doesn't have enough carrots, or sticks, to do the job. If we don't do the right thing for our children because it's right--if people don't get married and stay married and care for their children--nothing else can save us.

HEADLINE

The Coming White Underclass

By Charles Murray

LENGTH

ESTIMATED INFORMATION UNITS: 18.9

WORDS: 2562

DATE

10/29/93

SOURCE

WALL STREET JOURNAL (J), PAGE A14

Every once in a while the sky really is falling, and this seems to be the case with the latest national figures on illegitimacy. The unadorned statistic is that, in 1991, 1.2 million children were born to unmarried mothers, within a hair of 30% of all live births. How high is 30%? About four percentage points higher than the black illegitimacy rate in the early 1960s that motivated Daniel Patrick Moynihan to write his famous memorandum on the breakdown of the black family.

The 1991 story for blacks is that illegitimacy has now reached 68% of births to black women. In inner cities, the figure is typically in excess of 80%. Many of us have heard these numbers so often that we are inured. It is time to think about them as if we were back in the mid-1960s with the young Moynihan and asked to predict what would happen if the black illegitimacy rate were 68%.

Impossible, we would have said. But if the proportion of fatherless boys in a given community were to reach such levels, surely the culture must be "Lord of the Flies" writ large, the values of unsocialized male adolescents made norms -- physical violence, immediate gratification and predatory sex. That is the culture now taking over the black inner city.

But the black story, however dismaying, is old news. The new trend that threatens the U.S. is white illegitimacy. Matters have not yet quite gotten out of hand, but they are on the brink. If we want to act, now is the time.

In 1991, 707,502 babies were born to single white women, representing 22% of white births. The elite wisdom holds that this phenomenon cuts across social classes, as if the increase in Murphy Browns were pushing the trendline. Thus, a few months ago, a Census Bureau study of fertility among all American women got headlines for a few days because it showed that births to single women with college degrees doubled in the last decade to 6% from 3%. This is an interesting trend, but of minor social importance. The real news of that study is that the proportion of single mothers with less than a high school education jumped to 48% from 35% in a single decade.

These numbers are dominated by whites. Breaking down the numbers by race (using data not available in the published version), women with college degrees contribute only 4% of white illegitimate babies, while women with a high school education or less contribute 82%. Women with family incomes of \$75,000 or more contribute 1% of white illegitimate babies, while women with family incomes under \$20,000 contribute 69%.

The National Longitudinal Study of Youth, a Labor Department study that has tracked more than 10,000 youths since 1979, shows an even more dramatic picture. For white women below the poverty line in the year prior to giving birth, 44% of births have been illegitimate, compared with only 6% for women above the poverty line. White illegitimacy is overwhelmingly a lower-class phenomenon.

This brings us to the emergence of a white underclass. In raw

numbers, European-American whites are the ethnic group with the most people in poverty, most illegitimate children, most women on welfare, most unemployed men, and most arrests for serious crimes. And yet whites have not had an "underclass" as such, because the whites who might qualify have been scattered among the working class. Instead, whites have had "white trash" concentrated in a few streets on the outskirts of town, sometimes a Skid Row of unattached white men in the large cities. But these scatterings have seldom been large enough to make up a neighborhood. An underclass needs a critical mass, and white America has not had one.

But now the overall white illegitimacy rate is 22%. The figure in low-income, working-class communities may be twice that. How much illegitimacy can a community tolerate? Nobody knows, but the historical fact is that the trendlines on black crime, dropout from the labor force, and illegitimacy all shifted sharply upward as the overall black illegitimacy rate passed 25%.

The causal connection is murky -- I blame the revolution in social policy during that period, while others blame the sexual revolution, broad shifts in cultural norms, or structural changes in the economy. But the white illegitimacy rate is approaching that same problematic 25% region at a time when social policy is more comprehensively wrongheaded than it was in the mid-1960s, and the cultural and sexual norms are still more degraded.

The white underclass will begin to show its face in isolated ways. Look for certain schools in white neighborhoods to get a reputation as being unteachable, with large numbers of disruptive students and indifferent parents. Talk to the police; listen for stories about white neighborhoods where the incidence of domestic disputes and casual violence has been shooting up. Look for white neighborhoods with high concentrations of drug activity and large numbers of men who have dropped out of the labor force. Some readers will recall reading the occasional news story about such places already.

As the spatial concentration of illegitimacy reaches critical mass, we should expect the deterioration to be as fast among low-income whites in the 1990s as it was among low-income blacks in the 1960s. My proposition is that illegitimacy is the single most important social problem of our time -- more important than crime, drugs, poverty, illiteracy, welfare or homelessness because it drives everything else. Doing something about it is not just one more item on the American policy agenda, but should be at the top. Here is what to do:

In the calculus of illegitimacy, the constants are that boys like to sleep with girls and that girls think babies are endearing. Human societies have historically channeled these elemental forces of human behavior via thick walls of rewards and penalties that constrained the overwhelming majority of births to take place within marriage. The past 30 years have seen those walls cave in. It is time to rebuild them.

The ethical underpinning for the policies I am about to describe is this: Bringing a child into the world is the most important thing that most human beings ever do. Bringing a child into the world when one is not emotionally or financially prepared to be a parent is wrong. The child deserves society's support. The parent does not.

The social justification is this: A society with broad legal freedoms depends crucially on strong nongovernmental institutions to temper and restrain behavior. Of these, marriage is paramount. Either we reverse the current trends in illegitimacy -- especially white illegitimacy -- or America must, willy-nilly, become an unrecognizably authoritarian, socially segregated, centralized state.

To restore the rewards and penalties of marriage does not require social engineering. Rather, it requires that the state stop interfering with the natural forces that have done the job quite effectively for millennia. Some of the changes I will describe can occur at the federal level; others would involve state laws. For now, the important thing is to agree on what should be done.

I begin with the penalties, of which the most obvious are economic. Throughout human history, a single woman with a small child has not been a viable economic unit. Not being a viable economic unit, neither have the single woman and child been a legitimate social unit. In small numbers, they must be a net drain on the community's resources. In large numbers, they must destroy the community's capacity to sustain itself. Mirabile dictu, communities everywhere have augmented the economic penalties of single parenthood with severe social stigma.

Restoring economic penalties translates into the first and central policy prescription: to end all economic support for single mothers. The AFDC (Aid to Families With Dependent Children) payment goes to zero. Single mothers are not eligible for subsidized housing or for food stamps. An assortment of their subsidies and in-kind benefits disappear. Since universal medical coverage appears to be an idea whose time has come, I will stipulate that all children have medical coverage. But with that exception, the signal is loud and unmistakable: From society's perspective, to have a baby that you cannot care for yourself is profoundly irresponsible, and the government will no longer subsidize it.

How does a poor young mother survive without government support? The same way she has since time immemorial. If she wants to keep a child, she must enlist support from her parents, boyfriend, siblings, neighbors, church or philanthropies. She must get support from somewhere, anywhere, other than the government. The objectives are threefold.

First, enlisting the support of others raises the probability that other mature adults are going to be involved with the upbringing of the child, and this is a great good in itself.

Second, the need to find support forces a self-selection process. One of the most short-sighted excuses made for current behavior is that an adolescent who is utterly unprepared to be a mother "needs someone to love." Childish yearning isn't a good enough selection device. We need to raise the probability that a young single woman who keeps her child is doing so volitionally and thoughtfully. Forcing her to find a way of supporting the child does this. It will lead many young women who shouldn't be mothers to place their babies for adoption. This is good. It will lead others, watching what happens to their sisters, to take steps not to get pregnant. This is also good. Many others will get abortions. Whether this is good depends on what one thinks of abortion.

Third, stigma will regenerate. The pressure on relatives and communities to pay for the folly of their children will make an illegitimate birth the socially horrific act it used to be, and getting a girl pregnant something boys do at the risk of facing a shotgun. Stigma and shotgun marriages may or may not be good for those on the receiving end, but their deterrent effect on others is wonderful -- and indispensable.

What about women who can find no support but keep the baby anyway? There are laws already on the books about the right of the state to take a child from a neglectful parent. We have some 360,000 children in foster care because of them. Those laws would still apply. Society's main response, however, should be to make it as easy as possible for those mothers to place their children for adoption at infancy. To that end, state governments must strip adoption of the nonsense that has encumbered it in recent decades.

The first step is to make adoption easy for any married couple who can show reasonable evidence of having the resources and stability to raise a child. Lift all restrictions on interracial adoption. Ease age limitations for adoptive parents.

The second step is to restore the traditional legal principle that placing a child for adoption means irrevocably relinquishing all legal rights to the child. The adoptive parents are parents without qualification. Records are sealed until the child reaches adulthood, at which time they may be unsealed only with the consent of biological child and parent.

Given these straightforward changes -- going back to the old way, which worked -- there is reason to believe that some extremely large proportion of infants given up by their mothers will be adopted into good homes. This is true not just for flawless blue-eyed blond infants but for babies of all colors and conditions. The demand for infants to adopt is huge.

Some small proportion of infants and larger proportion of older children will not be adopted. For them, the government should spend lavishly on orphanages. I am not recommending Dickensian barracks. In 1993, we know a lot about how to provide a warm, nurturing environment for children, and getting rid of the welfare system frees up lots of money to do it. Those who find the word "orphanages" objectionable may think of them as 24-hour-a-day preschools. Those who prattle about the importance of keeping children with their biological mothers may wish to spend some time in a patrol car or with a social worker seeing what the reality of life with welfare-dependent biological mothers can be like.

Finally, there is the matter of restoring the rewards of marriage. Here, I am pessimistic about how much government can do and optimistic about how little it needs to do. The rewards of raising children within marriage are real and deep. The main task is to shepherd children through adolescence so that they can reach adulthood -- when they are likely to recognize the value of those rewards -- free to take on marriage and family. The main purpose of the penalties for single parenthood is to make that task easier.

One of the few concrete things that the government can do to increase the rewards of marriage is make the tax code favor marriage and children. Those of us who are nervous about using the tax code for social purposes can advocate making the tax code at least

neutral.

A more abstract but ultimately crucial step in raising the rewards of marriage is to make marriage once again the sole legal institution through which parental rights and responsibilities are defined and exercised.

Little boys should grow up knowing from their earliest memories that if they want to have any rights whatsoever regarding a child that they sire -- more vividly, if they want to grow up to be a daddy -- they must marry. Little girls should grow up knowing from their earliest memories that if they want to have any legal claims whatsoever on the father of their children, they must marry. A marriage certificate should establish that a man and a woman have entered into a unique legal relationship. The changes in recent years that have blurred the distinctiveness of marriage are subtly but importantly destructive.

Together, these measures add up to a set of signals, some with immediate and tangible consequences, others with long-term consequences, still others symbolic. They should be supplemented by others based on a re-examination of divorce law and its consequences.

That these policy changes seem drastic and unrealistic is a peculiarity of our age, not of the policies themselves. With embellishments, I have endorsed the policies that were the uncontroversial law of the land as recently as John Kennedy's presidency. Then, America's elites accepted as a matter of course that a free society such as America's can sustain itself only through virtue and temperance in the people, that virtue and temperance depend centrally on the socialization of each new generation, and that the socialization of each generation depends on the matrix of care and resources fostered by marriage.

Three decades after that consensus disappeared, we face an emerging crisis. The long, steep climb in black illegitimacy has been calamitous for black communities and painful for the nation. The reforms I have described will work for blacks as for whites, and have been needed for years. But the brutal truth is that American society as a whole could survive when illegitimacy became epidemic within a comparatively small ethnic minority. It cannot survive the same epidemic among whites.

Mr. Murray, a fellow at the American Enterprise Institute, is the author of "Losing Ground" (Basic, 1984).

(See related letters: "Letters to the Editor: A Profound Moral Paradox" -- WSJ Nov. 15, 1993)

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End of Story Reached

That Disturbing Charles Murray

Charles Murray is disturbing in a way other social iconoclasts are not. Pat Buchanan, Ralph Nader, Al Sharpton, Ross Perot, Thomas Sowell—all these can be embraced as prophets or dismissed as dangerous ideologues, depending on whether you agree or disagree with their philosophies.

Murray begins where you are and drags you, often kicking and screaming, much closer to where you thought you'd never go. Even when you see where his train of thought is headed, you may fail to find a convenient stop at which to exit. (I speak here of people willing to think about difficult issues; the rest can either embrace or dismiss Murray for what he is, without bothering to consider his arguments.)

He begins his recent Wall Street Journal piece in a particularly beguiling way: by citing statistics suggesting the rapid development of a white underclass, bigger and more disruptive than the much-analyzed black underclass. We all knew that out-of-wedlock birthrates were up among whites—now about 22 percent, according to a recent Census Bureau study. But it's the disaggregated numbers (not available in the published version of the census report) that tell the story.

"Murphy Brown" notwithstanding, women with college degrees account for only 4 percent of illegitimate births among whites. The bulk of those births—82 percent—are to women with a high school education or less. Fully 44 percent of births to white women who were below the poverty line the year before giving birth are illegitimate.

This illegitimacy begets illegitimacy—and crime, violence, school failure and all the other social ills associated with the underclass. Thus, the anticipated emergence of a large white underclass.

That's where he starts. Here's where he goes: to

cutting out welfare, leaving poor women to scuffle to take care of their own children or, if they cannot, to place the children in orphanages. *Nobody* wants to go there.

But listen:

"The ethical underpinning for the policies I am about to describe is this: Bringing a child into the world is the most important thing that most human beings ever do. Bringing a child into the world when one is not emotionally or financially prepared to be a parent is wrong. The child deserves society's support. The parent does not.

"The social justification is this: A society with broad legal freedoms depends crucially on strong nongovernmental institutions to temper and restrain behavior. Of these, marriage is paramount. Either we reverse the current trends in illegitimacy—especially white illegitimacy—or America must, willy-nilly, become an unrecognizably authoritarian, socially segregated, centralized state."

And how would he go about reversing illegitimacy? The old-fashioned way: by letting such improvidence be its own punishment. Societies historically have added some measure of social stigma to the obvious economic difficulties of units consisting of a single woman and her children. Our great mistake, says Murray, has been to remove both types of sanction. He thinks we need to reimpose them.

Restoring the economic stigma means simply ending Aid to Families with Dependent Children (AFDC) along with most other benefits, including subsidized housing and food stamps (but not health insurance). The social stigma will follow automatically.

And here's where you get off Murray's train. Or is it?

He won't have much trouble convincing you that

while AFDC may not *cause* illegitimacy, it subsidizes it—or that it's absurd to expect both subsidize a behavior and decrease its prevalence. You're also likely to agree that while hardly anyone will have a baby for the welfare check, a lot few single women (and girls) would have babies if welfare weren't an option.

But you wouldn't let babies starve in order to teach mothers a lesson.

Well, neither would Murray. Listen: "How does a poor young mother survive without government support? The same way she has since time immemorial. If she wants to keep a child, she must enlist support from her parents, boyfriend, siblings, neighbors, church or philanthropies. She must get support from somewhere, anywhere, other than the government."

And then, according to his theory, the whole dreadful cycle reverses itself. Enlisting the support of others increases the likelihood that a responsible adult will be involved in the child's upbringing. Few babies will be born to children looking merely for someone to love and cuddle. And the difficulties that befall the young women who get pregnant anyway will serve as a deterrent to their siblings, cousins and peers.

All these things taken together will regenerate the stigma.

And if none of it works, and the mother is unable to take care of her child? The last stop is adoption, and what Murray euphemistically calls "24-hour preschools." Orphanages.

I could state my objections and disagreements with at least some of what Murray says, but I think I'll wait, hoping his unrebutted analysis will draw the rest of us into a desperately needed debate.

mentary



COLUMN RIGHT/
CHARLES KRAUTHAMMER

Pull the Plug on Welfare to Solve Poverty

■ Government checks are supporting a deranged and harmful social structure.

"Sex Codes Among Inner-City Youth" is the title of a remarkable paper presented last week by University of Pennsylvania professor Elijah Anderson to a seminar at the American Enterprise Institute. Its 40 pages describe in excruciating detail the sex and abandonment "game" played by boys and girls in inner-city Philadelphia.

Anderson is a scrupulous and sympathetic student of inner-city life. "Streetwise," his book on life in a ghetto, is a classic of urban ethnography. Five years of intensive observation and interviews have gone into the sex-code study. It is the story of family breakdown on an unprecedented scale, of a place where "casual sex with as many women as possible, impregnating one or more and getting them to 'have your baby' brings a boy the ultimate in esteem from his peers and makes him a man." As for the girl, "her dream [is] of a family and a home." But in a subculture where for the boy "to own up to a pregnancy is to go against the peer-group ethic of 'hit and run,'" abandonment is the norm.

The results we know. Illegitimacy rates of 70%, 80%. Intergenerational poverty. Social breakdown.

Toward the end of the seminar, I suggested that the only realistic way to attack this cycle of illegitimacy and its associated pathologies is by cutting off the oxygen that sustains the system: Stop the welfare checks. The check generated by the first illegitimate birth says that government will play the role of father and provider. It sustains a deranged social structure of children having children and raising them alone and abandoned by their men.

It is a mark of how far the debate on welfare policy has come that my proposal drew respectful disagreement from only about half of the panel—including, I should stress, Anderson himself, who argued that the better answer is giving the young men jobs and hope through training and education for a changing economy.

In fact, the idea I proposed is not original. A decade ago in his book, "Losing Ground," Charles Murray offered the cold-turkey approach as a "thought experiment." Two weeks ago in the Wall Street Journal, he proposed it as policy.

Nor is this idea coming only from conservatives. Neo-liberal journalist Mickey Kaus proposed a similar idea in his book, "The End of Equality," though in a less Draconian variant: He would replace wel-

Pursuit of Knowledge

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benefits for individual regions of the country are determined? This issue is especially vexing for projects like the SSC, which require a long-term congressional commitment. It is further complicated both by the turnover of elected officials—which cripples institutional memory and commitments—and by the existing annual budget process, which encourages constant second-guessing of political decisions.

Finally, there is a lesson to be learned about public support for fundamental science. The super collider never captured broad support from the American public, in no small part because its scientific promise was difficult to understand even by those who are scientifically literate. As study after study has shown, science education in the United States lags far behind that of other industrialized nations. This suggests that a key to sustaining U.S. excellence in basic research will be aggressive efforts to improve scientific and technical literacy at every level of education.

With the help of a blue-ribbon panel on the future of high-energy physics, we are now putting the pieces back together from a project that blew apart after an extraordinary investment of human and national resources. The superconducting super collider held the promise of taking humanity to the next level of understanding about the origins of the universe and the fundamental dynamics of matter. Unless we are intent on stopping the pursuit of the knowledge that it would have delivered, we must find a way to achieve a truly international framework for large scientific and technological projects.

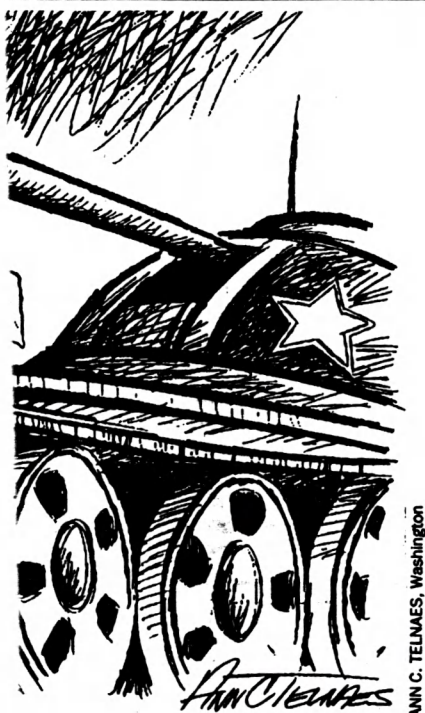
This will be the enduring challenge as the cranes and bulldozers in Waxahachie, Tex., come to a halt, as we attempt to soften the landing for SSC employees and as we look for the way

'By what moral logic should a taxpayer be asked to give a part of his earnings to sustain a child fathered by a young man who disappears, leaving mother and child wards of the state?'

of the universe and the fundamental dynamics of matter. Unless we are intent on stopping the pursuit of the knowledge that it would have delivered, we must find a way to achieve a truly international framework for large scientific and technological projects.

This will be the enduring challenge as the cranes and bulldozers in Waxahachie, Tex., come to a halt, as we attempt to soften the landing for SSC employees and as we look for the ways to continue the extraordinary journey of human inquiry that has brought us the scientific knowledge that underpins our society and fuels our economy.

Hazel R. O'Leary is U.S. secretary of energy. Rep. George E. Brown Jr. (D-Colton) is chairman of the House Committee on Science, Space and Technology.



ANN C. TELNAES, Washington

perity. Countries are increasingly focused on how much they export and how big their gross national product is. Individuals now want more and more material things, and governments have lost their moral bearings.

Regional cooperation in Asia has been lagging, and now threatens to be overwhelmed by an economic giant in China, which could threaten stability throughout the Asian-Pacific region. The Chinese people are ready for change. The only question is whether and how peoples and governments in the region will help them.

'By what moral logic should a taxpayer be asked to give a part of his earnings to sustain a child fathered by a young man who disappears, leaving mother and child wards of the state?'

fare with a neo-WPA jobs program.

And last year, candidate and "New Democrat" Bill Clinton gingerly approached the idea with his "two years and out" welfare-reform plan. But "two years and out," however well-intentioned, misses the point. The point is to root out at its origin the most perverse government incentive program of all: the subsidy for illegitimacy.

Why? Because illegitimacy is the royal road to poverty and all its attendant pathologies. The one-parent family is six times more likely to be poor than the two-parent family. In a competitive economy and corrupting culture, it is hard enough to raise a child with two parents. To succeed with only one requires heroism on the part of the young mother. Heroism is not impossible. But no society can expect it as the norm. And any society that does is inviting social catastrophe of the kind now on view in the inner cities of America.

The defenders of welfare will tell you that young women do not have babies just to get the check. Yes, there are other reasons: a desire for someone to love, a wish to declare independence, a way to secure the love of these elusive young men. But whether or not the welfare check is the conscious reason, it is the condition that allows people to act on all the other reasons. Take it away and the society built on babies having babies cannot survive.

Moreover, society will not long sustain such a system. Americans feel a civic obligation to help the unfortunate. There is no great protest when tax dollars go for widows and orphans. But by what moral logic should a taxpayer be asked to give a part of his earnings to sustain a child fathered by a young man who disappears, leaving mother and child wards of the state? Subsidizing tragedy is one thing. Subsidizing wantonness is quite another.

On Oct. 19, Sen. Daniel Patrick Moynihan held a Finance Committee hearing on "social behavior and health-care costs." He spoke of the explosion of illegitimacy: now 30% of all births, 5½ times what it was 30 years ago; a tragedy for the people involved, a calamity for society. "What are we going to do?" Moynihan asked.

Try this. Don't reform welfare. Don't reinvent it. When it comes to illegitimacy, abolish it.

Charles Krauthammer writes a syndicated column in Washington.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 12 / 7 ACTION/CONCURRENCE/COMMENT DUE BY: 12-9 noon

SUBJECT: DRAFT WELFARE REFORM PLAN

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	☒	☐	PASTER	☒	☐
McLARTY	☒	☐	QUINN	☒	☐
NEEL	☐	☐	RASCO	☐	☐
PANETTA	☒	☐	RUBIN	☒	☐
BAGGETT/VELASQUEZ	☒	☐	SEGAL	☐	☐
EMANUEL	☐	☐	SEIDMAN	☐	☐
GEARAN	☒	☐	STEPHANOPOULOS	☒	☐
GERGEN	☒	☐	TYSON	☐	☐
GIBBONS	☐	☐	VARNEY	☒	☐
HALE	☒	☐	WATKINS	☐	☐
HERMAN	☒	☐	WILLIAMS	☒	☐
LAKE	☐	☐		☐	☐
LINDSEY	☒	☐		☐	☐
McGINTY	☐	☐		☐	☐
MYERS	☐	☐		☐	☐
NUSSBAUM	☒	☐		☐	☐

REMARKS:

Please provide any comments/recommendations directly to this office no later than Noon on Thursday, 12/09.
Thanks.

RESPONSE:

S

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
Ext. 2702

THE WHITE HOUSE

WASHINGTON

December 2, 1993

93 DEC 7 P3:57

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Mary Jo Bane
David Ellwood

THROUGH: Carol Rasco 

SUBJECT: Draft Discussion Paper on Welfare Reform

The attached document outlines draft proposals developed by the Welfare Reform Working Group. This draft describes the basic direction and lays out key proposals. We believe it charts a bold new vision focussed on the values of work and responsibility.

We have not included specific budgetary costs and offsets. As we noted in our previous memo, we believe we can find savings and offsets in entitlement programs to fund the proposed changes. Costs, especially over the first five years, can be relatively easily adjusted by varying the speed of phase-in. We are currently working with OMB, Treasury, and HHS to lay out options for offsets in phase-in for your consideration over the next few weeks.

At some point in the near future, we will need to discuss the details of these proposals with key members of Congress and Governors. We have already had numerous exploratory meetings, but ultimately the specifics are what must be discussed. With a select few, we would like to actually share all or parts of the draft discussion paper. With most, we would like to begin orally vetting specific ideas and options.

We would like a signal from you as to whether you're comfortable enough with our basic direction before we begin the more detailed consultation process. You don't have to decide any of the major questions now. We'll make clear that no decisions have been made, and many things are still on the table. But you should know that to get the feedback we need from our likely allies on this issue, we will have to run the risk that some details may leak out.

We would be happy to meet with you at this stage if you desire. In the coming weeks, we will provide you with detailed decision memos on the key unresolved issues alluded to in this document, with a detailed list of pros and cons. We will also provide a detailed memo on costs and phase-in options.

CONFIDENTIAL DRAFT--For Discussion Only

2019-077452

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DRAFT DISCUSSION PAPER

HIGHLIGHTS

This paper discusses ideas and options for a plan which fulfills the President's pledge to end welfare as we know it by reinforcing traditional values of work, family, opportunity and responsibility. None of these options has been approved by the President, and the paper is designed to stimulate discussion--not indicate Administration positions. Key features in this plan are:

- ***Prevention.*** A prevention strategy designed to reduce poverty and welfare use by reducing teen pregnancy, promoting responsible parenting, and encouraging and supporting two-parent families.
- ***Support for Working Families with the EITC, Health Reform and Child Care.*** Advance payment of the EITC and enactment of health reform to ensure that working families are not poor or medically insecure. Child care both for the working poor and for families in work, education or training as part of public assistance.
- ***Promoting Self-Sufficiency Through Access to Education and Training.*** Making the JOBS program from the Family Support Act the core of cash assistance. Changing the culture within welfare offices from one of enforcing seemingly endless eligibility and payment rules to one focused on helping people achieve self-support and find jobs in the private sector. Involving able-bodied recipients in the education, training and employment activities they need to move toward independence. Using a social contract which spells out what their responsibilities are and what government will do in return. Greater Federal funding for the JOBS program and a reduced State match rate.
- ***Time-limited Welfare Followed By Work.*** Converting cash assistance to a system with two-year time limits for those able to work. People still unable to find work after two years would be supported via non-displacing community service jobs--not welfare.
- ***Child Support.*** Dramatic improvements in the child support enforcement system designed to significantly reduce the \$34 billion annual child support collection gap, to ensure that children can count on support from both parents and to reduce public benefit costs.
- ***Noncustodial Parents.*** Taking steps to increase economic opportunities for needy noncustodial parents expected to pay child support and to help them become more involved in parenting their children.
- ***Simplifying Public Assistance.*** Significant simplification and coordination of public assistance programs.
- ***Increased State Flexibility Within a Clearer Federal Framework.*** Increasing flexibility over key policy and implementation issues and providing the opportunity for States to adjust to local needs and conditions within more clearly defined Federal objectives.
- ***Deficit Neutral Funding.*** Gradual phase-in of the plan, fully funded by offsets and savings.

INTRODUCTION

THE VALUES OF REFORM: WORK AND RESPONSIBILITY

Americans share powerful values regarding work and responsibility. We believe work is central to the strength, independence and pride of American families. Yet our current welfare system seems at odds with these core values. People who go to work are often worse off than those on welfare. Instead of giving people access to education, training and employment skills, the welfare system is driven by numbingly complex eligibility rules, and staff resources are spent overwhelmingly on eligibility determination, benefit calculations and writing checks. The very culture of welfare offices often seems to create an expectation of dependence rather than independence. Simultaneously, noncustodial parents often provide little or no economic or social support to the children they parented. And single-parent families sometimes get welfare benefits and other services that are unavailable to equally poor two-parent families. One wonders what messages this system sends to our children about the value of hard work and the importance of personal and family responsibility.

This plan calls for a genuine end to welfare as we know it. It builds from the simple values of work and responsibility. It reshapes the expectations of government and the people it serves. Our goal is to move people from welfare to work and bolster their efforts to support their families and to contribute to the economy. One focus is on making work pay--by ensuring that people who play by the rules get access to the child care, health insurance and tax credits they need to adequately support their families. The plan also seeks to give people access to training for the skills they need to work in an increasingly competitive labor market. But in return, it expects responsibility. Noncustodial parents must support their children. Those on cash assistance cannot collect welfare indefinitely. Families sometimes need temporary cash support while they struggle past personal tragedy, economic dislocation or individual disadvantage. But no one who can work should receive cash aid indefinitely. After a time-limited transitional support period, work--not welfare--must be the way in which families support their children.

These reforms cannot be seen in isolation. The social and economic forces that influence the poor and the non-poor run deeper than the welfare system. The Administration has undertaken many closely linked initiatives to spur economic growth, improve education, expand opportunity, restore public safety and rebuild a sense of community: worker training and retraining, educational reform, Head Start, National Service, health reform, Empowerment Zones, community development banks, community policing, violence prevention and more. Welfare reform is a piece of a larger whole. It is an essential piece.

FROM WELFARE TO WORK

The vision of welfare reform is simple and powerful: we must refocus the system of economic support from welfare to work. However, changing a system that has for decades been focused on calculating eligibility and welfare payments will be a tall challenge. Still, we have already made an important beginning. The Family Support Act of 1988 serves as a blueprint for the future--a

foundation on which to build. It charted a course of mutual and reciprocal responsibility for government and recipients alike.

We recommend five fundamental steps:

1. Prevent the need for welfare in the first place by promoting parental responsibility and preventing teen pregnancy.
2. Reward people who go to work by making work pay. Families with a full-time worker should not be poor, and they ought to have the child care and health insurance they need to provide basic security through work.
3. Promote work and self-support by providing access to education and training, making cash assistance a transitional, time-limited program, and expecting adults to work once the time limit is reached. No one who can work should stay on welfare indefinitely.
4. Strengthen child support enforcement so that noncustodial parents provide support to their children. Parents should take responsibility for supporting and nurturing their children. Governments don't raise children--families do.
5. Reinvent government assistance to reduce administrative bureaucracy, combat fraud and abuse, and give greater State flexibility within a system that has a clear focus on work.

Promote Parental Responsibility and Prevent Teen Pregnancy

If we are going to end long-term welfare dependency, we must start doing everything we can to prevent people from going onto welfare in the first place. Teen pregnancy is an enduring tragedy. And the total number of children born out of wedlock has more than doubled in the last 15 years, to 1.2 million annually. We are approaching the point when one out of every three babies in America will be born to an unwed mother. The poverty rate in families headed by an unmarried mother is currently 63 percent.

We must find ways to send the signal that men and women should not become parents until they are able to nurture and support their children. We need a prevention strategy that provides better support for two-parent families and sends clear signals about the importance of delaying sexual activity and the need for responsible parenting. We must intensify our efforts to reduce teen pregnancy. Families and communities must work to ensure that real opportunities are available for young people and to teach young people that children who have children face tremendous obstacles to self-sufficiency. Men and women who parent children must know they have responsibilities.

Make Work Pay

Work is at the heart of the entire reform effort. That requires supporting working families and ensuring that a welfare recipient is economically better off by taking a job. There are three critical elements: providing tax credits for the working poor, ensuring access to health insurance and making child care available.

We have already expanded the Earned Income Tax Credit (EITC), which was effectively a pay raise for the working poor. The current EITC makes a \$4.25 per hour job pay the equivalent of \$6.00 per hour for a family with two children. Now, we must also simplify advance payment of the EITC so that people can receive it periodically during the year, rather than as a lump sum at tax time.

We should guarantee health security to all Americans through health reform. Part of the desperate need for health reform is that non-working poor families on welfare often have better coverage than working families. It makes no sense that people who want to work have to fear losing health coverage if they leave welfare.

With tax credits and health reform in place, the final critical element of making work pay is child care. We seek to ensure that working poor families have access to the quality child care they need. We cannot expect single mothers to participate in training or to go to work unless they have child care for their children.

Provide Access to Education and Training, Impose Time Limits, and Expect Work

The Family Support Act provided a new vision of mutual responsibility and work: government has a responsibility to provide access to the education and training that people need; recipients are expected to take advantage of these opportunities and move into work. The legislation created the Job Opportunities and Basic Skills (JOBS) program to move people from welfare to work. Unfortunately, one of the clearest lessons of the site visits and hearings held by the Working Group is that this vision is largely unrealized at the local level. The current JOBS program serves only a fraction of the caseload. The primary function of the current welfare offices is still meeting administrative rules about eligibility, determining welfare benefits and writing checks. We must transform the culture of the welfare bureaucracy. We don't need a welfare program built around "income maintenance"; we need a program built around work.

We envision a system whereby people will be asked to start on a track toward work and independence immediately. Each recipient will sign a social contract that spells out their obligations and what the government will do in return. We will expand access to education, training and employment opportunities, and insist on higher participation rates in return. At the end of two years, people still on welfare who can work but cannot find a job in the private sector will be offered work in community service. Communities will use funds to provide non-displacing jobs in the private, non-profit, and public sectors. They will form partnerships among business leaders, community groups, organized labor and local government to oversee the work program. The message is simple: everybody is expected to move toward work and independence.

Exemptions and extensions will be limited. The system must be sensitive to those who for good reason cannot work—for example, a parent who is needed in the home to care for a disabled child. But at the same time, we should not exclude anyone from the opportunity for advancement. Everyone has something to contribute.

Enforce Child Support

Our current system of child support enforcement is heavily bureaucratic and legalistic. It is unpredictable and maddeningly inconsistent for both custodial and noncustodial parents. It lets many noncustodial parents off the hook, while frustrating those who do pay. It seems neither to offer

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security for children, nor to focus on the difficult problems faced by custodial and noncustodial parents alike. It typically excuses the fathers of children born out of wedlock from any obligation to support their children. And the biggest indictment of all is that only a fraction of what could be collected is actually paid.

The child support enforcement system must strongly convey the message that both parents are responsible for supporting their children. Government can assist parents but cannot be a substitute for them in meeting those responsibilities. One parent should not be expected to do the work of two. Through universal paternity establishment and improved child support enforcement, we send an unambiguous signal that both parents share the responsibility of supporting their children. We explore strategies for ensuring that single parents can count on regular child support payments. And we also incorporate policies that acknowledge the struggles of noncustodial parents and the desires of many to help support and nurture their children. Opportunity and responsibility ought to apply to both mothers and fathers.

Reinvent Government Assistance

At the core of these ideas is our commitment to reinventing government. A major problem with the current welfare system is its enormous complexity. It consists of multiple programs with different rules and requirements that confuse and frustrate recipients and caseworkers alike. It is an unnecessarily inefficient system. This plan would simplify and streamline rules and requirements across programs.

Waste, fraud and abuse can more easily arise in a system where tax and income support systems are poorly coordinated, and where cases are not tracked over time or across geographic locations. Technology now allows us to create a Federal clearinghouse to ensure that people are not collecting benefits in multiple programs or locations when they are not entitled to do so. Such a clearinghouse will also allow clearer coordination of the child support enforcement and welfare systems and determination of which people in which areas seem to have longer or shorter stays on welfare.

Ultimately, the real work of encouraging work and responsibility will happen at the State and local levels. Thus, the Federal Government must be clearer about broad goals while giving more flexibility over implementation to States and localities. Basic performance measures regarding work and long-term movements off welfare will be combined with broad participation standards. States will then be expected to design programs which work well for their situation.

A NEW BEGINNING

Transforming the social welfare system to one focused on work and responsibility will not be easy. There will be setbacks. We must guard against unrealistic expectations. A welfare system which evolved over 50 years will not be transformed overnight. We must admit that we do not have all the answers. But we must not be deterred from making the bold and decisive actions needed to create a system that reinforces basic values.

Three features are designed to ensure that this bold plan is only the beginning of an even larger and longer process:

First, we see a major role for evaluation, technical assistance and information sharing. As one State or locality finds strategies that work, the lessons ought to be widely known and offered to others. One of the elements critical to this reform effort has been the lessons learned from the careful evaluations done of earlier programs.

Second, we propose key demonstrations in each of the plan's five areas. In each area, we propose both a set of policies for immediate implementation and a set of demonstrations designed to explore ideas for still bolder innovation in the future. In addition, we would encourage States to develop their own demonstrations, and in some cases we would provide additional Federal resources for these. Lessons from past demonstrations have been central to both the development of the Family Support Act and to this plan. They will guide continuing innovation into the future.

Finally, we intend to propose a realistic phase-in strategy, based in part on the level of resources available. Ideally, high participation requirements and time limits would apply first to people newly entering the system after legislation is enacted, with the rest of the caseload phased in over time. Some States and communities may choose to start sooner than others. This phase-in period will provide ample opportunity to refine the system as lessons from the early cohorts and States inform implementation for others.

In the end, this plan embodies a vision which was contained in the Family Support Act. It represents the next major step. But the journey will not end until work and responsibility enable us to preserve our children's future.

We turn now to the specifics of the plan.

PROMOTE PARENTAL RESPONSIBILITY AND PREVENT TEEN PREGNANCY

- A. CHANGING THE WELFARE AND CHILD SUPPORT SYSTEMS
- B. ENGAGING EVERY SECTOR OF SOCIETY IN PROMOTING RESPONSIBILITY
- C. ENCOURAGING RESPONSIBLE FAMILY PLANNING

NEED — The best way to end welfare dependency is to eliminate the need for welfare in the first place. Accomplishing this goal requires not only changing the welfare system, but also involving every sector of our society in this effort.

Poverty, especially long-term poverty, and welfare dependency are often associated with growing up in a one-parent family. Although most single parents do a heroic job of raising their children, the fact remains that welfare dependency could be significantly reduced if more young people delayed childbearing until both parents were ready to assume the responsibility of raising children.

Unfortunately, the majority of children born today will spend some time in a single-parent family. Teenage birth rates have been rising since 1986 because the trend toward earlier sexual activity has exposed more young women to the risk of pregnancy. Teenage childbearing often leads to school drop-out, which results in the failure to acquire skills that are needed for success in the labor market, and this leads to welfare dependency. The majority of teen mothers end up on welfare, and taxpayers paid about \$29 billion in 1991 to assist families begun by a teenager.

STRATEGY — The ethic of parental responsibility is fundamental. No one should bring a child into the world until he or she is prepared to support and nurture that child. We need to implement approaches that both require parental responsibility and help individuals to exercise it.

To this end, we propose a three-part strategy. First, we suggest a number of changes to the welfare and child support enforcement systems to promote two-parent families and to encourage parental responsibility. Some of these options are quite controversial, but we note that they are already being adopted by a number of States. Second, we seek to send a clear message of responsibility and opportunity and to engage other leaders and institutions in this effort. Government has a role to play, but the massive changes in family life that have occurred over the past few decades cannot be dealt with by government alone. We must not only emphasize responsibility; we must break the cycle of poverty and provide a more hopeful future in low-income communities. Third and finally, we need to encourage responsible family planning.

CHANGING THE WELFARE AND CHILD SUPPORT SYSTEMS

Throughout this draft paper we emphasize the responsibility of both parents to support their children. Through an improved child support enforcement system and efforts to achieve universal paternity establishment, noncustodial parents will be held accountable for providing greater support to their children. Mothers receiving cash assistance will become better prepared to enter the labor force

through required participation in activities intended to increase their employment and earnings capacity. Through time limits on assistance followed by work, parents will have the incentive to move toward self-sufficiency. The details of these measures can be found in subsequent sections of this proposal, but in addition to these steps, we need to change the welfare system to encourage responsible parenting and support two-parent families.

Support Two-Parent Families. First, we propose to eliminate the current bias in the welfare system in which two-parent families are subject to much more stringent eligibility rules than single-parent families. Under current law, two-parent families are ineligible for assistance if the primary wage-earner works more than 100 hours per month or has not been employed in six of the previous thirteen quarters. In addition, States are given the option to provide only six months of benefits per year to two-parent families, whereas single-parent families must be provided benefits continuously. These disparities would be eliminated.

Minor Mothers Live at Home. Second, we propose requiring that minor parents live in a household with a responsible adult, preferably a parent (with certain exceptions--for example, if the minor parent is married or if there is a danger of abuse to the minor parent). Parental support could then be included in determining cash assistance eligibility. Current AFDC rules permit minor mothers to be "adult caretakers" of their own children. States do have the option under current law of requiring minor mothers to reside in their parents' household (with certain exceptions), but only five States have exercised this option. This proposal would make that option a requirement for all States. We believe that having a child does not change the fact that minor mothers need nurturing and supervision themselves and are rarely ready to manage a household or raise children on their own.

Mentoring by Older Welfare Mothers. Third, we propose to allow States to utilize older welfare mothers to mentor at-risk teenagers as part of their community service assignment. This model could be especially effective in reaching younger recipients because of the credibility, relevance and personal experience of older welfare recipients who were once teen mothers themselves. One recent focus-group study of young mothers on welfare found that virtually all of the parents believed it would have been better to postpone the birth of their first child. Training and experience might be offered to the most promising candidates for mentoring who are currently receiving welfare benefits.

Demonstrations. Finally, we propose to conduct demonstrations which condition a portion of the assistance benefit, or provide a bonus, based on actions by parents and dependent children to achieve self-sufficiency. These demonstrations would include comprehensive case management focused on all family members, assisting them to access all services necessary to meet their obligations. The case management services would take a holistic approach to family needs in striving to prevent intergenerational dependency as well as assisting current recipients to get off welfare.

In addition, the following option is under consideration:

Option: Allow States the option to limit benefit increases when additional children are conceived by parents already on AFDC if the State ensures that parents have access to family planning services.

Non-welfare working families do not receive a pay raise when they have an additional child, even though the tax deduction and the EITC may increase. However, families on welfare receive additional support because their AFDC benefits increase automatically to include the

needs of an additional child. This option would reinforce parental responsibility by keeping AFDC benefits constant when a child is conceived while the parent is on welfare. The message of responsibility would be further strengthened by permitting the family to earn more or receive more in child support without penalty as a substitute for the automatic AFDC benefit increase under current law.

ENGAGING EVERY SECTOR OF SOCIETY IN PROMOTING RESPONSIBILITY

While it is important to get the message of the welfare system right, solely changing the welfare system is insufficient as a prevention strategy. For the most part, the disturbing social trends that lead to welfare dependency are not caused by the welfare system but reflect a larger shift in societal mores and values. Individuals, community organizations and other governmental and non-governmental institutions must, therefore, all be engaged in sending a balanced message of responsibility and opportunity. Many Administration initiatives already underway are intended to increase opportunity for children and youth, including Head Start increases, implementation of family preservation and support legislation, a major overhaul of Chapter 1, development of School-to-Work and an expansion of Job Corps. In addition to these building blocks, the following could be adopted to focus more on children and youth, especially those in high-risk situations:

Community Support. We should challenge all Americans, especially the most fortunate, to work one-on-one with at-risk children and adults in disadvantaged neighborhoods. We recommend working with the Corporation on National and Community Service to extend a wide variety of prevention-oriented programs employing volunteers--rather than paid employees--at the neighborhood and community level. This effort could include programs such as Big Brothers/Big Sisters for at-risk children and mentoring for adults at risk of welfare dependency.

National Campaign. We propose that the President lead a national campaign against teen pregnancy, which involves the media, community organizations, churches and others in a concerted effort to instill responsibility and shape behavior.

Demonstrations. We also propose to conduct demonstrations for local communities to stimulate neighborhood-based innovation. The purpose of these demonstrations would be to provide comprehensive services to youth in high-risk neighborhoods which could help change the environment as well as provide more direct support services for these youth. Efforts to coordinate existing services and programs would provide greater support for at-risk youth, as well as make the best use of Federal funds. Communities receiving demonstration funds would be expected to bring together a consortium of community organizations, businesses, colleges, religious organizations, schools, and State and local governments.

We further propose to conduct demonstrations that hold schools accountable for early identification of students with attendance and behavioral problems and for referral to and cooperation with comprehensive service programs which address the family as a unit. Early indications of high risk for teenage childbearing and other risky behaviors, such as substance abuse, include school absence, academic failure and school behavioral problems. This option would demonstrate the effects of providing middle schools and high schools with the responsibility and resources necessary to identify

early warning signs and make referrals to comprehensive service providers. Schools would be responsible for appropriate follow-up to ensure that appropriate education or training opportunities are available to these youth.

ENCOURAGING RESPONSIBLE FAMILY PLANNING

About 35 percent of all births result from unintended pregnancies, and the percentage is much higher for teen parents. Yet, funding for family planning services declined by approximately 60 percent in constant dollars over the last decade. This proposal strives to ensure that every potential parent is given the opportunity to avoid unintended births through responsible family planning.

Health Initiatives. In the President's health care reform proposal, family planning, including prescribed contraceptives, is part of the overall benefit package available to all Americans, regardless of income. However, insurance, while crucial, is not enough. Access and education must be improved. To this end, funding for Community Health Centers, a major source of primary care (including family planning and pre-natal care), is expanding. Also, traditional public health efforts through Title X and the Maternal and Child Health Block Grant will continue.

Demonstrations. We would also propose to conduct demonstrations to link family planning and other critical health care prevention approaches to welfare reform efforts. AFDC mothers overwhelmingly state that they do not want to bear more children until they can provide for them. This option would improve knowledge about and access to appropriate family planning services for these recipients and other low-income individuals.

MAKE WORK PAY

- A. CHILD CARE FOR WORKING FAMILIES
- B. ADVANCE PAYMENT OF THE EITC
- C. OTHER SUPPORT FOR WORKING FAMILIES
 - 1. Work Should Be Better than Welfare
 - 2. Demonstrations

NEED -- Even full-time work can leave a family poor, and the situation has worsened as real wages have declined significantly over the past two decades. In 1974, some 12 percent of full-time, full-year workers earned too little to keep a family of four out of poverty. By 1992, the figure was 18 percent. Simultaneously, the welfare system sets up a devastating array of barriers to people who receive assistance but want to work. It penalizes those who work by taking away benefits dollar for dollar, it imposes arduous reporting requirements for those with earnings, and it prevents saving for the future with a meager limit on assets. Moreover, working poor families often lack adequate medical protection and face sizable child care costs. Too often, parents may choose welfare instead of work to ensure that their children have health insurance and receive child care. If our goals are to encourage work and independence, to help families who are playing by the rules and to reduce both poverty and welfare use, then work must pay.

STRATEGY -- Three of the major elements that make work pay are working family tax credits, health reform and child care. The President has already launched the first two of these. A dramatic expansion of the Earned Income Tax Credit (EITC) was enacted in the last budget legislation. When fully implemented, it will have the effect of making a \$4.25 per hour job pay nearly \$6.00 per hour for a parent with two or more children. The EITC expansion is a giant step toward ensuring that a family of four with a full-time worker will no longer be poor. However, we still must find better ways to deliver the EITC on a timely basis throughout the year. Ensuring that all Americans can count on health insurance coverage is essential, and we expect the Health Security Act will be passed next year.

With the EITC and health reform in place, another major missing element necessary to ensure that work really does pay is child care.

CHILD CARE FOR WORKING FAMILIES

Child care is critical to the success of welfare reform. It is essential to provide child care support for parents on cash assistance who will be required to participate in education, training and employment activities. Child care support is also pivotal for the working poor to enable them to stay in the workforce. Substantial resources are required to expand the child care supply for both populations and to strengthen the quality of the care.

The Federal Government subsidizes child care for low-income families through the title IV-A entitlement programs (JOBS Child Care, Transitional Child Care, and At-Risk Child Care) and the Child Care and Development Block Grant. Middle- and upper-income people benefit from the

dependent care tax credit and child care deductions using flexible spending accounts. Because the dependent care tax credit is not refundable, is paid at the end of the year and is based on money already spent on child care, it is not now helpful to low-income families.

The welfare reform proposal should have the following goals related to child care: to increase funding so that both those on cash assistance and working families are provided adequate child care support, to ensure children safe and healthy environments that promote child development, and to create a more consolidated and simplified child care system. Our plan includes the following strategies to achieve these goals:

Maintain IV-A Child Care. We propose to continue the current IV-A entitlement programs for cash assistance recipients. These programs would automatically expand to accommodate the increased demand created by required participation in education, training and work.

Expand Child Care for Low-Income Working Families. We also propose significant new funding for low-income, working families. The At-Risk Child Care Program, currently a capped entitlement which is available to serve the working poor, is capped at a very low level and States have difficulty using it because of the required State match. We propose to expand this entitlement program and to reduce the barriers which impede States' use of it.

Maintain Child Care Development Block Grant. We would maintain and gradually increase the Block Grant, allowing States greater flexibility in the use of the funds to strengthen child care quality and to build the supply of care. However, no families receiving cash assistance would be eligible for services under this program.

Coordinate Rules Across All Child Care Programs. For all three of the above strategies, we would require States to ensure seamless coverage for persons who leave welfare for work. The requirement for health and safety standards would be made consistent across these programs and would conform to those standards specified in the Block Grant program. States will be required to establish sliding fee scales. Efforts will be made to facilitate linkages between Head Start and child care funding streams to enhance quality and comprehensive services.

Several questions must be answered in order to complete a child care strategy:

1. *How much new investment in child care is reasonable? Significant new investments are essential to ensure that both AFDC families and the working poor can access safe and affordable care. We need to assess how much expansion of child care for the working poor can be afforded.*
2. *Should we reduce further, or eliminate, the State match requirements for child care for the working poor under the IV-A entitlements? The welfare reform initiative will put greater demands on States to ensure child care for those entitled under the Family Support Act. Reducing or eliminating the match rate requirements for providing child care support to the working poor would provide a strong incentive for States to fund child care for families transitioning from welfare or at risk of entering welfare.*

3. *Should we also propose making the Dependent Care Tax Credit refundable? This approach will not help the lowest-income families who still would not have the up-front money to pay for child care; therefore, it should only be considered in tandem with other proposals.*

Demonstrations. We also propose to create two demonstration programs. One would allow a specified number of States to use IV-A funds to provide comprehensive services to children in IV-A child care programs and linkages to Head Start. Since the greatest identified shortage of child care is infant care, the second demonstration would focus on increasing the supply of infant care and enhancing its quality in a variety of settings.

ADVANCE PAYMENT OF THE EITC

For the overwhelming majority of people who receive it, the EITC comes in a lump sum at the end of the year. People who are working for low pay or who are considering leaving welfare for work must wait as long as 18 months to see the rewards of their efforts. Many others either fail to submit tax returns or fail to claim the credit on the return.

An essential part of making work pay is distributing the EITC in regular amounts throughout the year. To reduce the danger of overpayments, the credit could be partially paid on an advance basis with the remainder paid as a bonus at the end of the year after filing a tax return. Advance payment fosters positive work incentives because it provides an additional source of periodic and regular income to workers during the year, and it allows individuals to receive the credit **as they earn wages**--clearly illustrating the direct link between work effort and income. In addition, it provides greater economic freedom to low-income workers who may experience cash-flow problems and who need the EITC on an ongoing basis to improve their standard of living.

Strategies to expand the effectiveness of the EITC include:

- Expanded use of employer-based advance payments, particularly sending W-5 forms and information to all workers who received an EITC in the past year.
- Automatic calculation of EITC by the Internal Revenue Service (IRS). On the basis of information on individual tax returns, the IRS would automatically calculate the EITC amount and refund the payment to the family.
- Joint administration of food stamps and EITC to working families using existing State food stamp administrations. Electronic Benefit Transfer (EBT) technology would be utilized whenever possible.

OTHER SUPPORT FOR WORKING FAMILIES

One other policy needs to be addressed to adequately encourage work and support the working poor--ensuring that work is always better than welfare. Several options for achieving this goal are listed below. We also suggest demonstrations of innovative ideas.

Work Should Be Better than Welfare

The combination of the EITC, health reform and child care will largely ensure that people with fewer than three children can avoid poverty with a full-time, full-year worker. But full-time work may not always be feasible, especially for single mothers with very young children or children with special needs. However, in combination with support from the noncustodial parent, the EITC, and other government assistance, earnings from half-time to three-quarters-time work should allow most single-parent families to escape poverty.

Nevertheless, for larger families and in high-benefit States, welfare may still pay better than work. In addition, in many instances welfare is reduced by one dollar for each dollar of additional earnings. This results in situations where there is no economic gain from accepting part-time work. Some Working Group members believe that families in which someone is working at least half-time ought to always be better off than families who are receiving welfare in which no one is working. If this goal were accepted, there would be four options for achieving it:

Option 1: Allow (or require) States to supplement the EITC, food stamps or housing benefits for working families when work pays less than welfare.

States could supplement existing EITC, food stamp or housing benefits. Already some States have their own EITC. In most cases, a modest State EITC would make work better than welfare. Alternatively, States could supplement the food stamp program or housing assistance for working families after they have exhausted transitional assistance.

Option 2: Allow (or require) States to continue to provide some AFDC/cash assistance to working families.

One straightforward way to ensure that part-time work is better than welfare is to allow or require States to continue to provide some cash aid to part-time workers. This could be accomplished by simplifying the existing earnings disregards in the AFDC program, by eliminating their time-sensitive nature, and by not counting months towards a time limit if the adults were working at least part time.

Option 3: Use advance child support payments or child support assurance (See the child support enforcement section for more details).

Ensuring that women with child support awards in place get some child support through advance payments or child support assurance could effectively guarantee that even single parents who work at least half time can do better than welfare with a combination of EITC and child support.

Option 4: Allow States to match some portion of the earnings of recipients and place the money in Individual Development Accounts (IDAs) to be used to finance investments such as education, training, or purchase of a car or home.

Demonstrations

In addition, a series of demonstrations could be adopted to test ways to further support low-income working families. We propose the following demonstrations:

- Worker Support Offices. A separate local office could be set up offering support specifically for working families. At these offices, working families could get access to food stamps, child care, advance payment of the EITC and possibly health insurance subsidies. In addition, employment-related services such as career counseling and assistance with updating resumes and filling out job applications would also be available.
- Temporary Unemployment Support. There would be demonstrations of alternative ways to provide support to low-income families who experience unemployment. Low-paying jobs are often short-lived, and low-income families often do not qualify for Unemployment Insurance (UI). They may come onto welfare when they need only very short-term economic aid.
- Front-End Emergency Assistance. One example is a component of the AFDC program in Utah which provides diversion grants upon application to some recipients who have lost a job. Based on a caseworker's assessment of the individual's family situation, a one-time payment is provided to prevent the family from becoming part of the long-term caseload.

PROVIDE ACCESS TO EDUCATION AND TRAINING, IMPOSE TIME LIMITS, AND EXPECT WORK

- A. **ENHANCING THE JOBS PROGRAM**
 - 1. Immediate Focus on Work and Participation in JOBS
 - 2. Expanding the JOBS Program
 - 3. Integrating JOBS and Mainstream Education and Training Initiatives
- B. **MAKING WELFARE TRANSITIONAL**
- C. **WORK**
 - 1. Administrative Structure of the WORK Program
 - 2. Characteristics of the WORK Assignments
 - 3. Economic Development

NEED -- AFDC currently serves as temporary assistance for many of its recipients, supporting them until they regain their footing. Two out of every three persons who enter the welfare system leave it, at least temporarily, within two years. Fewer than one in five remains on welfare for more than five consecutive years.

However, a significant number of recipients do remain on welfare for a prolonged period of time. While long-term recipients represent only a modest percentage of all people who enter the system, they represent a high percentage of those on welfare at any given time. While a significant number of these persons face very serious barriers to employment, including physical disabilities, others are able to work but are not moving in the direction of self-sufficiency. Most long-term recipients are not on a track to obtain employment that will enable them to leave AFDC.

STRATEGY -- Changing the focus of the welfare system from determining eligibility and writing checks to helping recipients achieve self-sufficiency through access to education and training and, ultimately, through work demands a major restructuring effort. Our plan for revamping the welfare system has three elements:

- (1) Enhancing the JOBS program to make it the centerpiece of a welfare system focused on promoting independence and self-sufficiency.
- (2) Making welfare transitional so that those who seek assistance get the services they need to become self-sufficient within two years.
- (3) Providing work to those who reach the time limit for transitional assistance without finding a job in the private sector, despite having done everything required of them.

Each applicant would, within 90 days of entry, work out a plan to attain independence through work and would immediately thereafter begin taking the steps toward self-sufficiency laid out in the plan. Through expanded access to education and training, recipients would obtain the skills needed to find and retain private sector employment. Making work pay, dramatically improving child support

enforcement and providing education, training and job placement services should maximize the number of recipients who leave welfare for work within two years. Persons who follow their case plans in good faith but are nonetheless unable to find private sector jobs within two years would be offered paid work assignments in the public, private or non-profit sectors to enable them to support their families.

ENHANCING THE JOBS PROGRAM

Fundamentally changing the way individuals receive assistance from the government requires an equally fundamental change in the program delivering that assistance. The Family Support Act of 1988 set forth a bold new vision for the social welfare system: AFDC was to become a transitional support program whose mission would be helping people move toward independence. The JOBS program was established to deliver the education, training and other services needed to enable recipients to leave welfare.

Unfortunately, the current reality is far from that vision. Part of the problem is resources. Another part is the absence of effective coordination among the myriad of programs run by both State and Federal departments of education, labor and human services. The culture of the welfare bureaucracy, however, represents perhaps the greatest challenge to true welfare reform. From a system focused on check-writing and eligibility determination, we must create one with a new mandate: to fulfill the promise of the Family Support Act by providing both the services and the incentives to help recipients move toward self-sufficiency through work.

Strong Federal leadership in steering the welfare system in this new direction will be critical. To this end, we propose to:

- (1) Structure the welfare system so that applicants, from the moment they enter the system, are focused on moving from welfare to work through participation in programs and services designed to enhance employability.
- (2) Dramatically expand the JOBS program through increased Federal funding, an enhanced Federal match rate and higher participation standards.
- (3) Improve the coordination of JOBS and other education and training initiatives.

Immediate Focus on Work and Participation in JOBS

The structure of the welfare system would be changed to clearly communicate to recipients the emphasis on achieving self-sufficiency through work.

Social Contract. Each applicant for assistance would be required to enter into a social contract in which the applicant agrees to cooperate in good faith with the State in developing and following an employability plan leading to self-sufficiency, and the State agrees to provide the services called for in the employability plan.

Up-Front Job Search. At State option, most new applicants would be required to engage in supervised job search from the date of application for benefits.

Employability Plan. Within 90 days of application, each person, in conjunction with his or her caseworker, would design an individualized employability plan, which would specify the services to be provided by the State and the time frame for achieving self-sufficiency.

We recognize that welfare recipients are a very diverse population. Participants in the JOBS program do and will continue to have very different levels of work experience, education and skills. Accordingly, their needs would be met through a variety of activities: job search, classroom learning, on-the-job training and work experience. States and localities would, therefore, have great flexibility in designing the exact mix of JOBS program services. The time frames required would vary depending on the individual but would not exceed two years for those who could work. Employability plans would be adjusted in response to changes in a family's situation.

Narrower Exemption Criteria. We recognize that some who seek transitional assistance will, for good reason, be unable to work. Persons in this category could include individuals who are disabled or seriously ill or who are caring for a disabled or seriously ill relative. The current criteria for exemption from the JOBS program would, however, be narrowed. Parents of young children, for example, would be expected to participate. The question of participation requirements for grandparents and other relatives caring for dependent children is under study.

Expanded Definition of "Participation." As soon as the employability plan is developed, the recipient would be expected to enroll in the JOBS program and to engage in the activities called for in the employability plan. Enhanced Federal funding would be provided to accommodate this dramatic expansion of the JOBS program. The definition of satisfactory participation in the JOBS program would be broadened to include substance abuse treatment and possibly other activities such as parenting/life skills classes or domestic violence counseling if they are determined to be important preconditions for pursuing employment successfully.

Sanctions. Sanctions for failure to follow the employability plan would be at least as strong as the sanctions under current law.

Expanding the JOBS Program

Increased Funding. This plan envisions a dramatic expansion in the overall level of participation in JOBS, which would clearly require additional funding. States currently receive Federal matching funds for JOBS up to an amount allocated to them under a national capped entitlement. The cap needs to be increased.

Enhanced Match. States are currently required to share the cost of the JOBS program with the Federal Government. States have, however, been suffering under fiscal constraints which were not anticipated at the time the Family Support Act was enacted. This shortage of State dollars has been a major obstacle to delivery of services through the JOBS program. Most States have been unable to draw down their entire allocation for JOBS because they cannot provide the State match. In 1992, States drew down only 62 percent of the \$1 billion in available Federal funds. Fiscal problems have limited the number of individuals served under JOBS and, in many cases, limited the services States offer their JOBS participants. Nationwide, about 15 percent of the non-exempt AFDC caseload is participating in the JOBS program. To address the scarcity of State JOBS dollars, the Federal match

rate would be increased. The match rate could be further increased for a particular State if its unemployment rate exceeded a specified level.

Dramatically Increased Participation. With increased Federal resources available, it is reasonable to expect dramatically increased participation in the JOBS program. Current law requires that States enroll 20 percent of the non-exempt AFDC caseload in the JOBS program during fiscal year 1995. Under the proposal, higher participation standards would be phased in, and the program would move toward a full-participation model. As discussed above, participation would be defined more broadly and most exemptions eliminated.

Federal Leadership. The Federal role in the JOBS program would be to provide training and technical assistance to help States make the program changes called for in this plan. Federal funds would be used to train eligibility workers to become more effective caseworkers. Through technical assistance, the Federal Government would encourage evaluations of State JOBS programs, help promote state-of-the-art practices, and assist States in redesigning their intake processes to emphasize employment rather than eligibility. These activities would be funded by setting aside one percent of Federal JOBS funds specifically for this purpose.

Federal oversight of the welfare bureaucracy would change to reflect this new mission as well. Quality control and audits would emphasize performance standards which measure outcomes such as long-term job placements, rather than just process standards.

Integrating JOBS and Mainstream Education and Training Initiatives

The role of the JOBS program is not to create a separate education and training system for welfare recipients, but rather to ensure that they have access to and information about the broad array of existing training and education programs.

Among the many Administration initiatives which should be coordinated with the JOBS program are:

- **National Service.** HHS would work with the Corporation for National and Community Service to ensure that JOBS participants are able to take full advantage of national service as a road to independence.
- **School-to-Work.** HHS would work to make participation requirements for School-to-Work and for the JOBS program compatible, in order to give JOBS participants the opportunity to access this new initiative.
- **One-Stop Shopping.** The Department of Labor would consider making some JOBS offices sites for the one-stop shopping demonstration.

The plan would also include pursuing ways to ensure that JOBS participants make full use of such existing programs as Pell grants, income-contingent student loans and Job Corps. In particular, HHS would work with the Department of Labor to improve coordination between State JOBS and Job Training Partnership Act (JTPA) programs. We would also encourage the development of training programs to prepare people to take advantage of the many jobs that would be available in the expanded child care system.

The plan would make it easier for States to integrate other employment and training programs (e.g., the Food Stamp Employment and Training Program) with the JOBS program and to implement "one-stop shopping" education and training models. Specifically, we would create, perhaps under the aegis of the Community Enterprise Board, a training and education waiver board, consisting of the Secretaries of Labor, HHS, Education and other interested Departments, with the authority to waive key eligibility rules and procedures for demonstrations of a more coordinated education and training system.

MAKING WELFARE TRANSITIONAL

People seeking help from the new transitional assistance program would find that the expectations, opportunities and responsibilities have dramatically changed from those in the present welfare system. The focus of the entire program would be on providing them with the services they need to find employment and achieve self-sufficiency.

Placing a time limit on cash assistance is part of the overall effort to shift the focus of the welfare system from issuing checks to promoting work and self-sufficiency. The time limit gives both recipient and case manager a structure that necessitates continuous movement toward fulfilling the objectives of the employability plan and, ultimately, finding a job.

Two-Year Limit. A recipient who is able to work would be limited to a cumulative total of two years of transitional assistance. Those unable to find private sector employment after two years of transitional assistance would be required to participate in the WORK program (described below) for further government support. Job search would be required for those in their final 45-90 days of transitional assistance.

Any period during which a State failed to substantially provide the services specified in a participant's employability plan would not be counted against the time limit.

At State option, months in which a recipient worked an average of 20 hours or more per week or reported over \$400 in earnings would also not be counted against the time limit.

Extensions. States would have flexibility to provide extensions in the following circumstances, up to a fixed percentage of the caseload:

- For completion of high school, a GED or other training program expected to lead directly to employment. These extensions would be contingent on satisfactory progress toward attaining a diploma or completing the program.
- For post-secondary education, provided participants were working at least part-time (i.e., in a work/study program).
- For those who are seriously ill, disabled, taking care of a seriously ill or disabled child or relative, or otherwise demonstrably unable to work.

Credits for Additional Assistance. Under the plan, the time limit would be renewable; persons who had left welfare for work would earn months of eligibility for future assistance for months spent working and not on assistance.

WORK

The redesigned welfare system would be designed to maximize the number of recipients who leave welfare for employment before reaching the time limit for transitional assistance. There will, however, be people who reach the time limit without having found a job, and we are committed to providing these people with the opportunity to work to support their families.

Each State would be required to operate a WORK program which would make paid work assignments (hereafter WORK assignments or WORK positions) available to recipients who had reached the time limit for cash assistance.

The overriding goal of the WORK program would be to help participants find lasting employment outside the program. States would have wide discretion in the operation of the WORK program in order to achieve this end. For example, a State could provide short-term subsidized private sector jobs, in the expectation that many of these positions would become permanent, or positions in public sector agencies, or a combination of the two.

Administrative Structure of the WORK Program

Eligibility. Recipients who reach the time limit for transitional assistance would be permitted to enroll in the WORK program. However, an individual who refuses an offer of full- or part-time employment outside the WORK program without good cause would not be eligible for the WORK program for six months, and any cash benefits would be calculated as if the job had been taken. The sanction would end upon acceptance of a job outside the WORK program.

Funding. Federal matching funds for the WORK program would be allocated by a method similar to the JOBS funding mechanism. A State's allocation could be increased if its unemployment rate rose above a specified level.

Flexibility. States would have considerable flexibility in operating the WORK program. For example, they would be permitted to:

- Subsidize not-for-profit or private sector jobs (for example, through expanded use of on-the-job training vouchers).
- Give employers other financial incentives to hire JOBS graduates.
- Provide positions in public sector agencies.
- Encourage microenterprise and other economic development activities.

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- Execute performance-based contracts with private firms such as America Works or not-for-profit organizations to place JOBS graduates.
- Set up community service projects employing welfare recipients as, for example, health aides in clinics located in underserved communities.

Capacity. Each State would be required to create a minimum number of WORK assignments, with the number to be based on the level of Federal funding received. If the number of people needing WORK positions exceeded the supply, WORK assignments, as they became available, would be allocated on a first-come, first-served basis.

Waiting List. Recipients on the waiting list for a WORK position would be expected to find volunteer work in the community at, for example, a child care center or community development corporation, for at least 20 hours per week in order to receive benefits (distinct from wages). States might be required to absorb a greater share of the cost of cash assistance to persons on the waiting list.

Administration. States and localities would be required to involve the private sector, community organizations and organized labor in the WORK program. For example, joint public/private governing boards or local Private Industry Councils might be given roles overseeing WORK programs.

Anti-Displacement. States would be required to operate their WORK programs such that public sector employees would not be displaced. Anti-displacement language is currently under development.

Supportive Services. States would be required to provide child care, transportation and other supportive services if needed to enable individuals to participate in the WORK program.

Job Search. Persons in the WORK program would be required to engage in job search.

An important question remains as to whether States should be allowed to place limits on the total length of time persons would be permitted to remain in the WORK program.

One option would be to allow States to reduce cash benefits, by up to a certain percentage, to persons who had been in the WORK program for a set period of time and were on the waiting list for a new WORK position. States would only be permitted to reduce cash assistance to the extent that the combined value of cash and in-kind benefits did not fall below a minimum level (a fixed percentage of the poverty line).

Characteristics of the WORK Assignments

Wage. Participants would be paid the minimum wage (or higher at State option).

Hours. Each WORK assignment would be for a minimum of 15 hours per week (65 hours per month) and no more than 35 hours per week (150 hours per month). The number of hours for each position would be determined by the State.

Not Working. Wages would be paid for hours worked. Not working the set number of hours for the position would result in a corresponding reduction in wages.

Type of Work. Most of the jobs, whether private or public sector, are expected to be entry-level but should nonetheless be substantive work that enhances the participant's employability. Programs would be encouraged to focus their efforts on developing WORK positions in occupations which are currently in demand and/or which are expected to be in demand in the near future.

Treatment of Wages. Wages from WORK positions would be treated as earned income with respect to Worker's Compensation, FICA and public assistance programs. Earnings from public sector WORK positions would not count as earned income for the purpose of the Earned Income Tax Credit (EITC), in order to encourage movement into jobs outside the WORK program.

WORK positions in the private and not-for-profit sectors would be required to meet the minimum standards described above with respect to hours and wages, but States would otherwise be granted considerable flexibility concerning the form of these WORK assignments.

Under the WORK program as described above, participants would work for wages. Described below is a different type of WORK program, under which persons who had reached the two-year time limit for cash assistance would work for benefits.

Option: Permit a State to enroll all or a limited number of the recipients who had reached the two-year time limit in community work experience program (CWEP) positions, as opposed to paid WORK assignments. These CWEP positions would take the following form:

Benefits. Participants would be required to work in order to continue to receive cash assistance. The check received by the participant would be treated as benefits rather than earnings for any and all purposes.

Hours. The required hours of work for participants would be calculated by dividing the amount of cash assistance by the minimum wage, up to a maximum of 35 hours a week.

Child Support. At State option, the amount of the child support order could be deducted from the cash benefit for the purpose of calculating hours. A delinquent non-custodial parent could be required to work off the child support arrearage in a CWEP position.

Sanctions. Failure to work the required number of hours would be accompanied by sanctions similar to those for non-participation in the JOBS program--a reduction in cash assistance.

Economic Development

Emphasizing movement into private sector employment requires that serious attention be paid to investment and economic development in distressed communities to expand job opportunities and stimulate economic growth. Increasing capital investment could expand the sustainable private employment opportunities for graduates of the JOBS program. Strategies to promote savings and accumulation of assets are also key to helping recipients escape poverty through work.

Community Development. Initiatives that are under consideration to ensure that JOBS graduates are able to take full advantage of the Administration's community development initiatives include:

- Providing enhanced funding through the Community Development Bank and Financial Institutions proposal to support the development of projects that create work and self-employment for JOBS graduates.
- Increasing the number of microenterprises by allocating additional funds to the Small Business Administration's Microloan and other programs for set-asides for JOBS participants.
- Enhancing HHS job development programs which provide grants to community-based economic development projects to provide work for JOBS graduates.
- Ensuring that JOBS graduates are able to take advantage of the opportunities which would be created through the Administration's commitment to enterprise communities and Empowerment Zones.

Individual Economic Development. We would also propose the following steps to encourage people receiving transitional assistance to save money and accumulate assets, in order to help them escape poverty permanently:

- Raising both the asset limit for eligibility for cash assistance and the limit on the value of an automobile. Consideration would be given to exempting, up to a certain amount, savings put aside specifically for education, purchasing a home or starting a business.
- Supporting demonstrations of the concept of Individual Development Accounts, through which participants would receive subsidies to encourage savings for education, training, purchasing a home or car or starting a business. The IDA demonstration would be linked to participation in the WORK program or taking jobs outside the work program.

ENFORCE CHILD SUPPORT

- A. CHILD SUPPORT ENFORCEMENT
 - 1. A Universal and Simplified Paternity Establishment Process
 - 2. Appropriate Payment Levels
 - 3. Collection and Enforcement
 - 4. Providing Some Minimum Level of Child Support
- B. ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NONCUSTODIAL PARENTS

NEED – The typical child born in the U.S. today will spend time in a single-parent home. Yet, the evidence is clear that children benefit from interaction with two supportive parents. Single parents cannot be expected to do the entire job of two parents. If we cannot solve the problem of child support, we cannot possibly adequately provide for our children.

In spite of the concerted efforts of Federal, State and local governments to establish and enforce child support orders, the current system fails to ensure that children receive adequate support from both parents. Recent analyses suggest that the potential for child support collections exceeds \$47 billion. Yet only \$20 billion in awards are currently in place, and only \$13 billion is actually paid. Thus, we have a potential collection gap of over \$34 billion a year.

The problem is threefold: First, for many children a child support order is never established. Roughly 37 percent of the potential collection gap of \$34 billion can be traced to cases where no award is in place. This is largely due to the failure to establish paternity for children born out of wedlock. Second, fully 42 percent of the potential gap can be traced to awards that were either set low initially or never adjusted as incomes changed. Third, of awards that are established, government fails to collect any child support in the majority of cases, accounting for the remaining 21 percent of the potential collection gap.

STRATEGY – There are two key elements within this section. The first major element involves numerous changes to improve the existing child support enforcement system. For children to obtain more support from their noncustodial parents, paternity establishment must be made more universal and should be completed as soon as possible following the birth of the child. A National Guidelines Commission will be formed to address variability among State levels of awards, and awards will be updated periodically through an administrative process. States must also develop central registries for collections and disbursements which can be coordinated with other States; enhanced tools will be available for Federal and State enforcement. A major question remains regarding the possibility of providing some minimum level of child support. The second major element is demanding responsibility and enhancing opportunity for noncustodial parents. They should be required to pay child support and in some cases, should be offered increased economic opportunities to help them do so.

CHILD SUPPORT ENFORCEMENT

Components of the improved child support enforcement system are:

A Universal and Simplified Paternity Establishment Process

- Require States to immediately seek paternity establishment for as many children born out of wedlock as possible, regardless of the welfare or income status of the mother or father.
- Establish performance standards with incentive payments and penalties. State performance would be based on all cases where children are born to an unmarried mother.
- Conduct outreach efforts at the State and Federal levels to promote the importance of paternity establishment both as a parental responsibility and a right of the child.
- Provide expanded and simplified voluntary acknowledgment procedures.
- Streamline the process for contested cases.
- Impose clearer, stricter cooperation requirements on mothers to provide both the name of the putative father and verifiable information so that the father can be located and served the papers necessary to commence the paternity action. Good cause exceptions would be granted.

The major options in this area relate to the role that government programs should play in encouraging or requiring mothers and fathers to cooperate and in encouraging States to establish paternity:

Option: Provide a bonus of \$50 per month in additional AFDC payments to mothers if paternity for the child has been established (instead of the \$50 passthrough under current law).

Option: Deny certain government benefits to persons who have not met cooperation requirements. Good cause exceptions would be granted.

Option: Reduce Federal match on benefits paid to States which fail to establish paternity in a reasonable period of time in cases where the mother has cooperated fully.

Appropriate Payment Levels

- Establish a National Guidelines Commission to explore the variation in State guidelines and to determine the feasibility of a uniform set of national guidelines to remove inconsistencies across States.
- Establish universal and periodic updating of awards for all cases through administrative procedures. Either parent would have the option to ask for an updated award when there is a significant change in circumstance.
- Revise payment and distribution rules designed to strengthen families.

Collection and Enforcement

- Create a central registry and clearinghouse in all States. All States would maintain a central registry and centralized collection and disbursement capability. States would monitor support payments to ensure that child support is being paid and would be able to impose certain enforcement remedies at the State level administratively. A higher Federal match rate would be provided to implement new technologies.
- Create a Federal child support enforcement clearinghouse. This clearinghouse would provide for enhanced location and enforcement coordination, particularly in interstate cases. There

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would be frequent and routine matches to various Federal and State databases including IRS, Social Security and Unemployment Insurance. The IRS role in full collections, tax refund offset, and providing access to IRS income and asset information would be expanded.

- Require routine reporting of all new hires via national W-4 reporting. New hires with unpaid orders would result in immediate wage withholding by the State.
- Eliminate most welfare/non-welfare distinctions to achieve broader, more universal provision of services.
- Increase tools for Federal and State enforcement, including more routine wage withholding, suspension of driver's and professional licenses and attachment of financial institution accounts.
- Enhance administrative power to take many enforcement actions.
- Simplify procedures for interstate collection.
- Create a new funding formula and place an emphasis on performance-based incentives.
- Reinvest State incentive payments in the child support program.

Providing Some Minimum Level of Child Support

Even with the provisions above, enforcement of child support is likely to be uneven for some time to come. Some States will be more effective at collecting than others. Moreover, there will be many cases where the noncustodial parent cannot be expected to contribute much because of low pay or unemployment. An important question is whether children in single-parent families should be provided some minimum level of child support even when the State fails to collect it. The problem is especially acute for custodial parents who are not on AFDC and are trying to make ends meet with a combination of work and child support. The President has not endorsed Child Support Assurance, and there is considerable division within the Working Group about its merits.

Options under consideration include the following:

Option 1: Advance payment to custodial parents not on welfare of up to \$50 (or \$100) per child per month in child support owed by the noncustodial parent, even when the money has not yet been collected.

Advance payments could not exceed the amount actually owed by the noncustodial parent. States would have the option of creating work programs so that noncustodial parents could work off the support due if they had no income.

Option 2: A system of Child Support Assurance which insures minimum payments for all custodial parents with awards in place.

Minimum payments might exceed the actual award, with government paying the difference between collections and the minimum assured benefit. States might experiment with tying guaranteed payments to work or participation in a training program by the noncustodial parent. For those on AFDC, Child Support Assurance benefits would be deducted entirely or in part from AFDC payments.

The national system would be phased in slowly with State participation conditioned on progress and improvements in their child support enforcement system. Cost projections would also have to be met before additional States could be added.

Option 3: State demonstrations only, of one or both of the above options.

ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NONCUSTODIAL PARENTS

Under the present system, the needs and concerns of noncustodial parents are often ignored. The system needs to focus more attention on this population and send the message that "fathers matter". We ought to encourage noncustodial parents to remain involved in their children's lives--not drive them further away. The child support system, while getting tougher on those that can pay but refuse to do so, should also be fair to those noncustodial parents who show responsibility toward their children. Some elements described above will help. Better enforcement of payments will avoid build-up of arrearages. A simple administrative process will allow for downward modifications of awards when a job is involuntarily lost. Other strategies would also be pursued.

Ultimately, expectations of mothers and fathers should be parallel. Whatever is expected of the mother should be expected of the father. Whatever education and training opportunities are provided to custodial parents, similar opportunities should be available to noncustodial parents who pay their child support and remain involved. If noncustodial parents can improve their earnings capacity and maintain relationships with their children, they will be a source of both financial and emotional support.

Much needs to be learned, partly because we have focused less attention on this population in the past and partly because we know less about what types of programs would work. Still, a number of steps can be taken, including the following:

- Provide block grants to States for access- and visitation-related programs, including mediation (both voluntary and mandatory), counseling, education, and enforcement.
- Reserve a portion of JOBS program funding for education and training programs for noncustodial parents.
- Make the Targeted Jobs Tax Credit (TJTC) available to fathers with children receiving food stamps.
- Experiment with a variety of programs in which men who participate in employment or training activities do not build up arrearages while they participate.
- Conduct significant experimentation with mandatory work programs for noncustodial parents who do not pay child support.
- Make the payment of child support a condition of other government benefits.
- Provide additional incentives for noncustodial parents to pay child support.

REINVENT GOVERNMENT ASSISTANCE

- A. SIMPLIFICATION ACROSS ASSISTANCE PROGRAMS
- B. PREVENTING WASTE, FRAUD AND ABUSE
- C. PERFORMANCE STANDARDS AND STATE FLEXIBILITY

NEED -- The current welfare system is enormously complex. There are multiple programs with differing and often inconsistent rules. The complexity confuses the mission, frustrates people seeking aid, confuses caseworkers, increases administrative costs and leads to program errors and inefficiencies. In addition, the web of Federal-State-local relations in the administrative system largely focuses on rules rather than results. If ever there were a government program that is deeply resented by its customers, it is the existing welfare system.

STRATEGY -- The lessons of reinventing government apply clearly here. The goal should be to rationalize, consolidate and simplify the existing social welfare system. Creating a simplified system will be a major challenge. Clearer Federal goals which allow greater State and local flexibility in managing programs are also critical. Finally, a central Federal role in information systems and interstate coordination would prevent waste, fraud and abuse and would also improve service delivery at the State and local levels.

SIMPLIFICATION ACROSS ASSISTANCE PROGRAMS

The simplification of assistance programs at all levels of government has been the "holy grail" of welfare reform--always sought, never realized. The reasons are many: disparate goals of different programs, varied constituencies, departmental differences, divergent Congressional committee jurisdictions and the inevitable creation of winners and losers from changing the status quo. Yet everyone agrees that recipients, administrators and taxpayers are all losers due to the current complexity.

There are two basic options for reform:

Option 1: Simplify and coordinate rules in existing programs.

Considerable improvements could be achieved by modifying existing rules in current programs. Such changes could include the following:

- Reduce Federal program rules, reporting and budgeting requirements to a minimum.
- Simplify and conform income and asset rules in the AFDC and Food Stamp programs.
- Adopt regulatory and legislative recommendations (as developed by the American Public Welfare Association), to streamline application, redetermination and reporting processes.
- Base eligibility for programs, such as child care for working families, on simplified Food Stamp rules or AFDC-like rules.
- Freeze subsidized rents for a fixed period of time after the recipient takes a job in order to enhance the benefits from employment.

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- Eliminate the special rules pertaining to two-parent families, such as the 100-hour rule and the quarters-of-work rule, as discussed in the Make Work Pay section of this paper.
- Simplify and standardize earnings disregards.
- States would be required to use a standard procedure to determine need standards but would be allowed to decide what fraction of need would be met in their State.

Option 2: Develop a simplified and consolidated eligibility process for the new transitional assistance program. Strive to bring other aid programs into conformity.

In addition to the provisions described under option 1, this option would solve the problem that AFDC and food stamps currently have different filing units for purposes of establishing eligibility. AFDC is designed to support children "deprived of parental support," so it is focused on single parents, it excludes other adult members in the household, it treats multiple-generation households as different units, and it excludes disabled persons receiving SSI from the unit. The Food Stamp program, by contrast, defines a filing unit as all people in the household who share cooking facilities.

This option standardizes the definition of the filing unit under AFDC and food stamps. States would continue to set benefit levels for cash assistance.

PREVENTING WASTE, FRAUD AND ABUSE

Multiple and uncoordinated programs and complex regulations invite waste, fraudulent behavior and simple error. Too often, individuals can present different information to various government agencies to claim benefits fraudulently with virtually no chance of detection.

The new program of transitional assistance, in and of itself, will go a long way toward preventing waste and fraud. During the period of transitional cash benefits, there will be enhanced tracking of a client's training activities and work opportunities, as well as the electronic exchange of tax, benefit and child support information. Also, the newly expanded EITC largely eliminates current incentives to "work off the books" and disincentives to report all employment. With the EITC, it is now advantageous to report every single dollar of earnings.

New technology and automation offer the chance to implement transitional programs which ensure quality service, fiscal accountability and program integrity. For example, EBT technology offers the opportunity to provide food stamps, EITC, cash and other benefits through a single card. Program integrity activities need to focus on ensuring overall payment accuracy, and detection and prevention of recipient, worker and vendor fraud. Such measures include the following:

- Coordinate more completely the collection and sharing of data among programs, especially wage, tax, child support and benefit information.

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- **Re-assess the Federal/State partnership in developing centralized data bases and information systems that improve interstate coordination, eliminate duplicate benefits and permit tracking. At a minimum, information must be shared across States to prevent the circumvention of time limits by recipients relocating to a different State.**
- **Fully utilize current and emerging technologies to offer better services at less cost, targeted more efficiently on those eligible.**

PERFORMANCE STANDARDS AND STATE FLEXIBILITY

A reformed welfare system requires clear objectives to aid policy development and performance measures to gauge whether policy intent is achieved. Performance measures in a transitional program of benefits should reflect the achievement of all program objectives and relate to the primary goal of helping families to become self-sufficient. Standards should be established for a broad range of program activities against which front-line workers, managers and policymakers can assess the efficiency and effectiveness of the program. To the extent possible, results--rather than inputs and processes--should be measured. States and localities must have the flexibility and resources to achieve the programmatic goals that have been set.

- **The Federal Government should transition from a role which is largely prescriptive to one which establishes customer-driven performance standards in collaboration with States, local agencies, advocacy groups and clients. The exact methods for accomplishing program goals are difficult to prescribe from Washington, given the variation in local circumstances, capacities and philosophies. Therefore, substantial flexibility will be left for localities to decide how to meet these goals, facilitated by enhanced inter-agency waiver authority at the Federal level.**
- **The Federal Government should provide technical assistance to States for achieving these standards by evaluating program innovations, identifying what is working and assisting in the transfer of effective strategies.**

Faking Reform

Clinton Talks Tough, but Aides Work to Keep W

By Rick Santorum

PRESIDENT CLINTON campaigned forcefully to "end welfare as we know it" by requiring parents on welfare to work. Since his inauguration, he has returned to this theme on several occasions. To translate a vague campaign promise into a detailed legislative proposal, the president has resorted to one of the most reliable tactics of political delay—appointing a task force.

Although the group's recommendations have not been submitted to the president, its members have decided that the president's legislation will be based on four goals: improved child support, more money for education, time limits on unconditional welfare payments and making work pay.

On their face, these goals seem supportive of the president's New Democrat rhetoric. But it would not be surprising if, in the working out of the details, their pursuit will lead not to the end of welfare but to more welfare. After all, the kind of tough reform implicit in the president's promise to end welfare is opposed by a host of interest groups and many Democrats in Congress.

To begin with, the four goals obscure the dirty little questions of mandatory work: What's the best way for local welfare agencies to increase the flow of welfare parents into private-sector jobs? How will agencies find and administer a million or more placements in community jobs for mothers who do not find private-sector jobs? How can the opposition of public employee labor unions be overcome? Where's the money?

In seeking to answer these questions—without antagonizing the president's core Democratic support—the task force has actually constructed significant barriers to serious work requirements in several areas:

■ Child support. Everyone agrees that noncustodial parents should pay support. But after 20 years of the expensive federal-state program designed to locate absent parents and make them pay support, we now have 41,000 child support workers in the states, supported by almost as many regulations and computers. Yet in the past three years taxpayers spent nearly \$500 million more collecting child support than they saved in offset welfare costs.

Moreover, after two decades and billions of dollars, the program still collects child support from only about one of nine fathers with children on welfare. Reformers must face reality—fathers will not contribute much to the financial security of welfare mothers.

None of this means we should abandon efforts to improve child support. The danger is that the welfare task force will use the poor child support record as a reason either to federalize the system or to offer a government guarantee of child support payments. The former solution would add several thousand federal workers to the already huge state system; the latter would create an expensive new entitlement program that pays people to become single parents. Either of these solutions would create more welfare as we know it.

■ Education. The second goal on the planners' reform agenda is to make sure welfare mothers get plenty of education. Who could possibly oppose that? Unfortunately, two decades of research fails to show that classroom education for welfare mothers significantly increases their success in the job market. Welfare mothers are often school dropouts who are not anxious to be subjected to more failure.

We can expect to hear a great deal of worn rhetoric in

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the coming welfare debate about education for "good jobs." But the simple truth is that most welfare mothers will start out working at places like 7-Eleven or McDonald's. And what's wrong with that? Millions of Americans work for \$5 per hour. The reason is clear if harsh: That's what their skills and experience are worth. But let them work for a year, show up on time, get along with co-workers, demonstrate some initiative, and then they will have a good chance of moving up.

A recent study by the Congressional Budget Office showed that 70 percent of workers who entered the labor market at \$5 per hour or less were still employed a year later, that 45 percent had received wage increases of 20 percent or more, and one-third who started without health insurance acquired it through their employers. Similarly, a major experiment with welfare mothers in Illinois and New Jersey found that 80 percent of those who found jobs were able to escape poverty compared with only 2 percent of those who did not take jobs. Work, not education, is what works. Emphasizing education could have the paradoxical effect of preserving welfare as we know it.

■ Time limits. The most central, specific—and difficult—part of the president's welfare reform pronouncements is that mothers must work after two years. This promise raises another harsh fact. Starting a career in a turbulent, skill-driven economy at \$10,000 per year is risky. The typical welfare package of cash, food stamps and Medicaid is worth around \$12,000 per year. In more generous states, the package can be worth \$14,000. With benefits like these, many mothers, especially those without a work history or high school degree, make a rational decision to stay on welfare.

Because it is precisely these mothers we hope to get into the labor force, and because their choice between welfare and low-wage can lead to a rational decision for welfare, our reform must compel as well as induce. Thus the welfare subcommittee's endorsement of the time-limitation goal is critical. If mothers have not found a job after an initial period of job preparation, they should be

required to work at a job, after sufficient time cash welfare be

The problem with sanctions is that the children's advocates counter this, task force exclusions and ways a watered-down version of the president's constraints and thus an early departure displeasing to

■ Making work pay. The greatest reformer seems to be the health insurance, guaranteed minimum wage and per capita income tax expected, and above low-paying jobs.

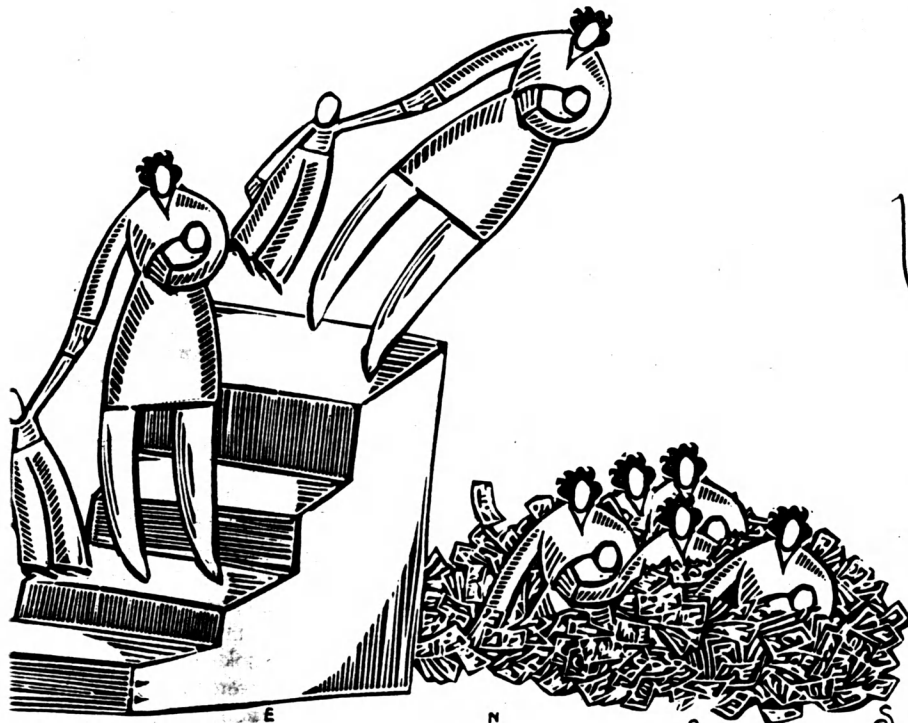
This position ignores steps the federal government takes to work pay. First, the federal cash wage has now been expanded. When the 1993 expansion of the EITC will augment earnings per year for low- and middle-income workers. Over the next five years, the EITC will provide an astounding sum of money to workers through the EITC.

But the EITC is not the government's commitment to welfare. The Muzak of deficit reduction played by advocates of welfare reform and Congress has a record of significant expansion since the 1980s.

If mothers get a job, their health insurance coverage is

Faking Reform

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ILLUSTRATIONS BY RANDALL ENOS FOR THE WASHINGTON POST

out education for "good at most welfare mothers like 7-Eleven or McDonald's? Millions of Americans n is clear if harsh: That's are worth. But let them me, get along with co-ative, and then they will

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mothers we hope to get e their choice between o a rational decision for as well as induce. Thus orsement of the time-ers have not found a job aration, they should be

required to work at least 30 hours per week. If they re-
fuse, after sufficient warning they should lose their en-
tire cash welfare benefit.

The problem with such serious requirements and sanctions is that they will be harshly attacked by chil-
dren's advocates and congressional Democrats. To counter this, task force members may propose numerous
exclusions and ways to avoid the work requirements. But a watered-down version of reform risks losing most of
the president's considerable support among Republicans and thus an early death for reform—an outcome not en-
tirely displeasing to Old Democrats.

■ **Making work pay.** Of all the planners' goals, this has the greatest reform-killing potential. The task force po-
sition seems to be that until Congress enacts universal health insurance, guaranteed day care, a hike in the mini-
mum wage and perhaps still another increase in the Earned Income Tax Credit, welfare mothers cannot be
expected, and above all cannot be compelled, to accept low-paying jobs.

This position ignores the impressive and expansive steps the federal government has already taken to make work pay. First, the Earned Income Tax Credit (EITC), a federal cash wage supplement for low-income workers, has now been expanded three times in seven years. When the 1993 expansion is fully implemented, the EITC will augment earned income by as much as \$3,500 per year for low- and moderate-income working families. Over the next five years, taxpayers will contribute the astounding sum of \$105 billion to working families through the EITC.

But the EITC is not the only evidence of the federal government's commitment to lower-income workers. The Muzak of deficient health insurance and rotten day care played by advocacy groups and many in the adminis-
tration and Congress seeks to drown out the actual record of significant expansions in these programs during the 1980s.

If mothers get a job and leave welfare, their health in-
surance coverage is guaranteed for one year. That's one

year longer than the government coverage provided for most working Americans who never went on welfare. And when the one-year guarantee is up, at least half the children in former welfare families, by our estimates, will be eligible for the Medicaid expansions enacted in the 1980s. The worst mistake the task force could make would be to hold welfare hostage to health reform. It might be a long wait. Moreover, if Congress enacts a health bill containing the administration's mandate on business, the supply of low-wage jobs available to welfare mothers might well shrink.

The day care picture is similar. Children's advocacy groups claim that supply is short, prices tall and quality crummy. But the evidence suggests otherwise. Sandra Hofferth, one of the nation's leading authorities on day care, recently wrote that "analysis of the number of centers and family day-care homes . . . over the past 15 years does not suggest any evidence of a shortage." Several recent surveys report remarkable stability in the price of care over the past two decades. And poor mothers like those we hope will be leaving welfare for work, are more likely to use free or inexpensive care by relatives than other Americans.

Equally important, the current level of government support for day care is substantial. As with health insurance, mothers receive a year of free care when they leave welfare for work. After that year is up, the federal government sponsors over 40 programs that provide \$9 billion annually for child care. Many states also offer free preschool education programs, especially for lower-income children. It is no wonder that in most state welfare-to-work programs conducted to date, day care has not been a major problem.

The real danger in the task force goals is that they may become distractions, diverting the president or Congress from the fundamental problem of America's welfare programs: the concept of entitlement. Over the past half century, the nation has developed a set of programs that simply give away money, food, housing, social services and health care. All people must do to maintain eligibility for many of the programs is avoid work and marriage.

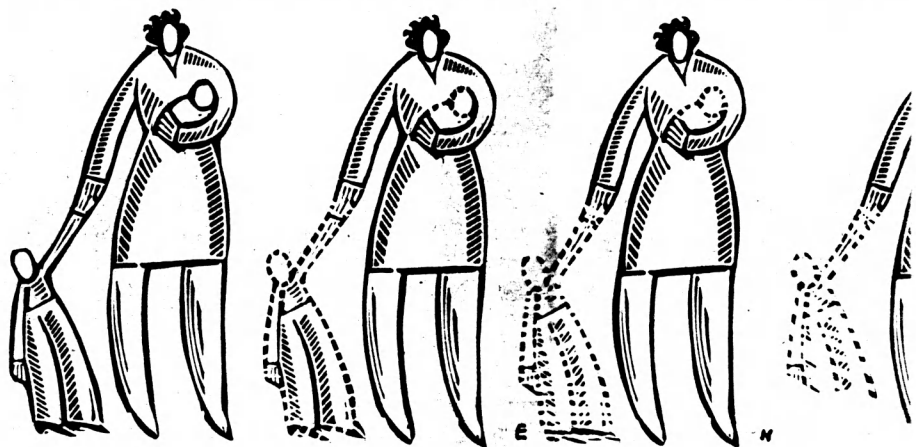
Over the past decade, politicians and students of social policy have increasingly attacked the basic concept of welfare entitlement. Why, they ask, are some citizens taxed so other able-bodied citizens can receive free, unconditional benefits? At the very least, receivers must do something to earn the benefits.

The welfare reform bill of 1988 nudged federal policy in this direction. Recipients were put under a legal obligation to participate in programs designed to help them prepare for work, and states were obligated to enroll at least some percentage of their welfare caseloads in these programs.

Now we are at the threshold of the next major step: requiring most welfare recipients, after a period of job preparation, to actually work for their benefits if they have not found a job in the private sector. President Clinton, who has already delivered on his promise to give states wide latitude in reforming their welfare programs, was both politically astute and correct on the merits when he promised to support, indeed initiate, this next step. Now, in making his final decisions, he must not allow his task force to undermine his resolve or erode his credibility.

Escaping the Dol

For Young Unwed Mothers, Welfare Reform Alone Can't



But the effects are unlikely to do little to prevent the mother on welfare in group is considering school distribution and abs available research suggests est impacts, at best.

Faking Reform

Clinton Talks Tough, but Aides Work to Keep Welfare

PRESIDENT CLINTON campaigned forcefully to "end welfare as we know it" by requiring parents on welfare to work. Since his inauguration, he has returned to this theme on several occasions. To translate a vague campaign promise into a detailed legislative proposal, the president has resorted to one of the most reliable tactics of political delay—appointing a task force.

By Rick Santorum



AT... The "End of" Welfare

Escaping the Dole

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The association between poverty, poor school performance and poor life prospects on the one side and out-of-wedlock births on the other is too obvious to ignore. As University of Pennsylvania sociologist Elijah Anderson notes, "Most middle-class youths take a stronger interest in their future and know what a pregnancy can do to derail it. In contrast, many [inner-city] adolescents see no future to derail—hence they see little to lose by having a child out of wedlock." The dearth of good jobs in the inner city, he argues, leads peer groups to emphasize sexual prowess as evidence of manhood, with babies serving as proof.

Because those young people who have the most to look forward to are the most responsible about their sexual practices, it does not seem an overstatement to say that good education and real opportunities in life are the best contraceptives. In fact, innovative programs like Best Friends in Washington base their appeal on the connection between sexual practices and opportunity. This program uses weekly group sessions, with an adult moderator, in which teen girls discuss boys, relationships and self-respect.

"We don't tell them that having sex is immoral," says Elayne Bennett, founder of Best Friends. "Instead, we tell them, 'If you want to get some place in life, you need to have a plan. This plan must include finishing school, and that means that you must not get pregnant.' And we tell them, 'The only guaranteed way to avoid pregnancy is to abstain from sex.'"

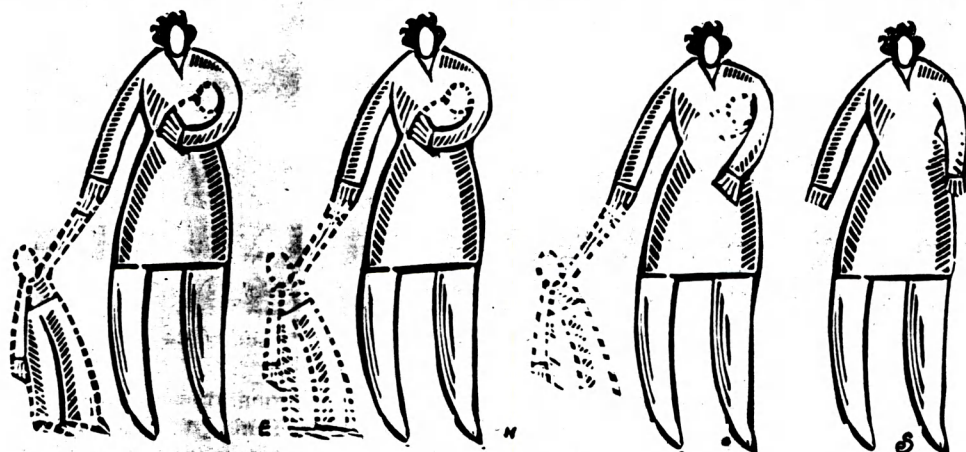
For this message to really take hold, though, young people need to feel that they have opportunities beyond low-paying, sporadic work. And this means a return to serious vocational education in our high schools.

The current emphasis on college preparatory courses in high school and on academic-like "basic skills" in job training programs leaves many disadvantaged youth without the skills for the well-paying jobs that are now available. Worse, seeing how few graduates from their neighborhoods seem to get good jobs makes them feel they have nothing to gain from staying in school. In high schools where more than three-quarters of students fail to graduate, what sense does it make to push 100 percent of the student body through college preparatory courses?

While everyone would like to see disadvantaged children grow up to be lawyers, doctors and accountants, or at least white-collar workers, the unalloyed truth is that most—like most Americans—are destined for more modest careers in service, clerical or manufacturing occupations. What is needed is renewed emphasis on vocational skills in high schools, supplemented by enhanced job-counseling and job-finding services and mentoring programs. This includes the newly popular "apprenticeship" programs, although the two-plus-two approach (two years in high school followed by two years in a training program or community college) comes too late for those who have already dropped out and may require too great an investment of time and energy for many others.

Reforming educational institutions, of course, may be even harder than reforming welfare. But that is where the solution lies. We should not try to fix welfare if the problem is caused by the education system. In the absence of good high schools—and good vocational education for young people who do not do well in classroom settings—no approach to welfare reform will work.

Unwed Mothers, Welfare Reform Alone Can't Make Work Pay



nt decide it didn't pay to work. —even ignoring the average which a welfare recipient with —leave her only some \$2,674 per-salaried mother and \$2,728 per-earning mother.

l she be lucky enough to get the s of her educational attainment, et wage of only about \$11.50 an she'd have to sacrifice not only nce to hold down a job in the in- ch unreported income is earned andiwork to illegal activities). ded EITC, after deducting the going to work, the net hourly t \$2.30 or less. If a young par- under these circumstances, it money.

ld have to be much larger to ac- " for unwed mothers. But by ready cost about \$1.8 billion a y expensive, a further increase rtions and inequities. Substan- EITC are available only to low- e children. At some point, their stion why those who have had ble to support them should get t subsidy while those who have ot.

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ated goal of making work pay unwed mothers. Recognizing rking group have proposed to fter two years, a welfare moth- e job, she would be placed in a hat the job will both give her rve as an incentive to get off ve to work anyway.

uch merit to such mandatory g a viable program is not easy. ce jobs are very expensive to CBO estimates indicate that

monitoring each job would cost \$3,300 annually, and day care would cost \$3,000 per participant—and perhaps much more. That means the cost of a mandatory work program would average \$6,300 per participant. Since the average Aid to Families with Dependent Children (AFDC) grant is about \$5,000 per year, welfare costs for those in the work program would more than double—without recipients receiving any increase in payments to them.

Second, mandatory community service will likely engender much opposition. When Sen. Russell Long (D-La.) proposed the idea in the 1970s, it was promptly labeled "slavefare" by welfare advocates. Hence, the administration is under intense pressure to deliver "real jobs" at "decent wages." But doing that would not only make the program even more expensive—it could also make it a magnet to attract and keep more young mothers on welfare. To counter that, the Clinton planners are also considering a plan to time-limit the community service program as well. After a set period, possibly 18 months, the mother would go back on regular welfare, although perhaps at a somewhat lower level—a feature that will also stir controversy.

Because our ability to help young women become self-sufficient once they have become mothers is so limited, the best strategy is to focus on postponing parenthood until these women are financially and emotionally ready. This is what leads many people, such as my colleague Charles Murray, to advocate ending welfare altogether.

The president's working group did not contemplate such a radical solution, but it does make a long-overdue connection between out-of-wedlock births and welfare dependency. Some options being considered by the group make sense. For example, providing contraceptive services to all AFDC recipients, prohibiting higher welfare payments for additional children born on welfare and requiring teen mothers to complete high school would all help discourage young mothers from having another child.

But the effects are unlikely to be dramatic, and they would do little to prevent the initial birth—which puts the mother on welfare in the first place. For this, the group is considering school-based sex education, condom distribution and abstinence programs. Again, the available research suggests that such efforts have modest impacts, at best.

Faking Reform

ough, but Aides Work to Keep Welfare as We Know It



year longer than the government coverage provided for most working Americans who never went on welfare. And when the one-year guarantee is up, at least half the children in former welfare families, by our estimates, will be eligible for the Medicaid expansions enacted in the 1980s. The worst mistake the task force could make would be to hold welfare hostage to health reform. It might be a long wait. Moreover, if Congress enacts a