The proceedings of a House of Representatives hearing on opportunities for self-sufficiency for single women in poverty are presented in this document. Included are statements presented by three panels consisting of experts in the field of welfare and employment policy, the General Accounting Office, and representatives of the National Association of State Welfare Administrators; the Reagan Administration; and witnesses who address specific concerns about child care, adolescent mothers, and educational opportunities for welfare recipients. Questions discussed include the following: (1) How should the income support system be structured so that it is able to provide a decent life for families without resulting in permanent poverty for so many of them? (2) How should resources be targeted to people with diverse needs? What approaches work best for which groups? (3) What is the Federal role in assuring that adequate child care and medical care are available to mothers making the transition from welfare to work? (4) How should government make the initial investment needed to reach severely disadvantaged participants? (5) How should Federal programs be designed to effectively serve large numbers of people? (6) How does Federal policy affect the availability of better-paying employment options for women? (7) Are adequate evaluation methods in place to determine which welfare employment programs are most successful in helping women achieve self-sufficiency? If not, how can they be implemented? (KH)
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OPENING STATEMENT OF CHAIRMAN WEISS

Mr. WEISS. Good morning. The Intergovernmental Relations and Human Resources Subcommittee is now in session.

This morning, we begin 2 days of hearings on opportunities for self-sufficiency for single women in poverty.

In 1983, 12½ million poor people lived in female-headed families, including just over half of all poor children. About half of all female-headed families with children were poor, compared to 10.2 percent of all other families.

Because the number of female-headed families grew by 1 million, from 1979 to 1983, and is projected to grow in the future, keeping these families out of poverty becomes even more crucial.

The subcommittee's interest in this issue is a reflection of two concerns:

First, the subcommittee is charged with overseeing the activities and programs of the Department of Health and Human Services, which administers the Aid to Families with Dependent Children Program.

Second, welfare employment policy is an important intergovernmental issue, not only because of the nature of Federal/State funding, but also because it has been a major area of State and local innovation.

The hearings will address four primary issues: the strengths and weaknesses of current and proposed AFDC policies for promoting self-sufficiency among poor women; the role of support services,
such as day care and transportation; successful innovations in State and local welfare employment and training programs; and directions for future welfare employment policies.

The problem of single women in poverty defies easy solution. For example, providing a single woman with two children with a full-time job at the minimum wage means they will still be living below poverty level. The expected growth of low-wage jobs in the service sector, where most women are employed, will continue to make self-sufficiency an elusive goal, even for many working women.

Nevertheless, employment is still our best hope for reducing the numbers of female-headed families in poverty, and public policy must reflect this understanding. In designing such public policy, we begin with certain assumptions. The first is that women do not prefer to be in poverty and in need of public assistance.

What mother wants to feed her children only two meals a day in order to stretch her money to the end of the month? What mother wants to see her children denied opportunities so easily available to others?

The second assumption follows from the first. Women in poverty desire to be self-sufficient, and most desire work as the best means of getting there. Many studies support this assumption, but if any have doubts, I suggest one talk to a woman who has struggled to raise her children in poverty.

We must not forget that millions of women are working and striving to provide a decent living for themselves and their children more often than not at low-wage jobs.

The final assumption is that since most women desire to be self-sufficient by working, and, yet, so many find this to be an impossibility, the range of opportunities available to make the transition from poverty to self-sufficiency must be reexamined.

Education, training, and employment programs are a key link in the transition from income support to income earning. Contrary to the notion that employment and training programs do not work, there are many innovative and exemplary programs operating at the local levels to help women move toward economic self-sufficiency.

As we will hear, the availabilities to support services, such as day care and transportation, have been crucial to the success of these programs. Many of these local initiatives are designed with the understanding that although education, training, and employment programs are not appropriate for all AFDC recipients, they are a critical link for many women.

If we are to achieve the goal of economic quality, we must equip women with the tools they need to design their own route out of poverty. For this, a farsighted policy is needed on the Federal level.

Designing such a farsighted policy requires finding answers to a number of important questions.

First, how do we structure our system of income support so that it is able to provide a decent life for families without resulting in permanent poverty for so many of them?

Are we rewarding work and encouraging self-sufficiency?

Second, how do we target resources so that people with diverse needs get appropriate assistance? What approaches are working best for which groups?
Third, in making the transition from welfare to work, a mother must assure that her child’s needs will be met, including child care and medical care. What is the Federal role in assuring that adequate child care and medical care are available so that these women are not forced to slip back into poverty?

Fourth, while the short-term costs of assisting severely disadvantaged welfare recipients are the greatest, the cost of savings from reducing these long-term welfare dependents are also the highest. How can we ensure that we make the initial investment needed in order to reach severely disadvantaged participants?

Fifth, although we are experimenting with a range of employment and training programs, none of our efforts have served sufficient numbers of people. How do we design programs to effectively serve larger numbers of people?

Sixth, how does Federal policy affect the availability of better paying employment options for women.

And, last, are adequate evaluation methods in place to determine which welfare employment programs are most successful in helping women achieve self-sufficiency? If not, how can they be implemented?

While there are no simple answers to these questions, my hope is that these 2 days of hearings will help us explore new directions in welfare employment policies that truly foster economic self-sufficiency for women in poverty.

We have structured this morning’s hearings in the following order: we will begin with three panels consisting of experts in the field of welfare and employment policy, the General Accounting Office, and representatives from the National Association of State Welfare Administrators.

After these witnesses share their insight and experiences with us about current and proposed welfare policies, we will hear the administration’s testimony and give them an opportunity to respond and comment on the previous testimony.

Our final panel will consist of witnesses who will address specific concerns about child care, adolescent mothers, and educational opportunities for AFDC recipients.

[The opening statement of Mr. Weiss follows:]
This morning we begin two days of hearings on opportunities for self-sufficiency for single women in poverty. In 1983, 12.5 million poor people lived in female-headed families, including just over half of all poor children. In 1982, about half of all female-headed families with children were poor, as opposed to 10.2 percent of all other families. Because the number of female-headed families grew by 1 million from 1979 to 1983 and is projected to grow into the future, keeping these families out of poverty becomes even more crucial.

The subcommittee's interest in this issue is a reflection of two concerns. First, the subcommittee is charged with overseeing the activities and programs of the Department of Health and Human Services which administers the Aid to Families with Dependent Children Program. Second, welfare employment policy is an important intergovernmental issue, not only because of the nature of Federal/State funding, but also because it has been a major area of State and local innovation.

The hearings will address four primary issues: the strengths and weaknesses of current and proposed AFDC policies for promoting self-sufficiency among both adults and adolescents; the role of support services such as day care and transportation; successful innovations in State and local welfare employment and training programs; and directions for future welfare employment policy.

The problem of single women in poverty defies easy solutions. A single woman with a full-time job at the minimum wage who has two children will still be living below poverty level. The expected growth of low wage jobs in the service sector, where most women are employed, will continue to make self-sufficiency an elusive goal even for many working women. Nevertheless, employment is still our best hope for reducing the numbers of female-headed families in poverty and public policy must reflect this understanding.

In designing such public policy, we begin with certain assumptions. The first is that women do not prefer to be in poverty and in need of public assistance. What mother wants to feed her children only two meals a day in order to stretch her money to the end of the month? What mother wants to see her children denied opportunities so easily available to others?

The second assumption follows from the first: women in poverty desire to be self-sufficient, and most desire work as their best means of getting there. Many studies support this assumption but, if any of you have doubts, I suggest you talk to a woman who has struggled to raise her children in poverty. We must not forget that millions of women are working and striving to provide a decent living for themselves and their children, more often than not at low wage jobs.

The final assumption is that, since most women desire to be self-sufficient by working and yet so many find this to be an impossibility, the range of opportunities available to women to make the transition from poverty to self-sufficiency must be reexamined.

Education, training, and employment programs are a key link in the transition from income support to income earning. Contrary to the notion that employment and training programs don't work, there are many innovative and exemplary programs operating at the local level to help women move toward economic self-sufficiency.
Over the next two days, we will hear about a program which is training adolescent mothers in well-paid skills such as carpentry and welding, about programs in five States which are educating, training, and employing thousands of AFDC women, about a public housing project here in Washington where residents have created jobs and training for themselves, and about two programs which have enabled women to move out of poverty by becoming self-employed. Crucial to the success of these programs has been the availability of support services such as day care and transportation.

Many of these initiatives are the result of creative program design at the State and local level. They are designed with the understanding that, although education, training, and employment programs are not appropriate for all AFDC recipients, they are a critical link for many women. We must assure that existing and proposed Federal welfare policy is consistent with the expansion and improvement of these efforts. If we are to achieve the goal of economic equality, we must equip women with the tools they need to design their own route out of poverty. For this, a far-sighted policy is needed on the Federal level.

Designing such a far-sighted policy requires finding answers to a number of important questions:

First, how do we structure our system of income support so that it is able to provide a decent life for families without resulting in permanent poverty for so many of them? Are we rewarding work and encouraging self-sufficiency?

Second, how do we target resources so that people with diverse needs get appropriate assistance? What approaches are working best for which groups?

Third, in making the transition from welfare to work, a mother must assure that her child's needs will be met, including child care and medical care. What is the Federal role in assuring that adequate child care and medical care are available so that these women are not forced to slip back into poverty?

Fourth, while the short-term costs of assisting severely disadvantaged welfare recipients are the greatest, the cost savings from reducing these long-term welfare dependents are also the highest. How can we justify that we make the initial investment needed in order to reach severely disadvantaged participants?

Fifth, although we are experimenting with a range of employment and training programs, none of our efforts have served sufficient numbers of people. How do we design programs to effectively serve larger numbers of people?

Sixth, how does Federal policy affect the availability of better-paying employment options for women?

And, last, are adequate evaluation methods in place to determine which welfare employment programs are most successful in helping women achieve self-sufficiency? If not, how can they be implemented?

While there are no simple answers to these questions, my hope is that these two days of hearings will help explore new directions in welfare employment policies that truly foster economic self-sufficiency for women in poverty.
Mr. WEISS. Before proceeding with our first panel of witnesses, I would now like to yield to our distinguished colleague and subcommittee ranking minority member, Robert Walker of Pennsylvania, for any opening remarks that he would like.

Mr. Walker.

Mr. WALKER. Thank you, Mr. Chairman.

Mr. Chairman, there is a strong sense in this country that every American deserves a chance to build a decent life. Is that not really what makes this country great? The fact that each and every citizen is given an opportunity to be the best that he or she can be. Certainly, there are individuals who do not, for a variety of reasons, support themselves and maintain a minimum level of existence. In those cases, it is necessary and appropriate to provide a helping hand.

However, we have gone well beyond the necessary and the appropriate in too many cases. We have literally created a welfare class that is dependent upon handouts. For too long now, our social welfare programs have created disincentives for poor individuals and families to take responsibility for improving their own lives.

Recently, a book was written by an editorial writer for the New York Times by the name of Roger Starr, called "The Rise and Fall of New York City," and in it, Starr says that the once great metropolis has fallen because orthodox liberalism sold it out. He cites a disdain for traditional moral values, a decline of religion, and the effect of egalitarianism, and faith in government as the culprits.

Liberals, he says, created a hopeless ghetto. New York's primary problem, according to Starr, is the failure of the public and private institutions to deal with the increase in welfare recipients. The city now has more than 1 million people on welfare, most know nothing about work.

Instead of that kind of approach, we should be creating incentives for individuals and families to take the initiative, to seize the opportunity to move themselves out of poverty.

The question is dependency. Self-dependence leading to true independence or pure dependence? A helping hand or a handout? A crutch that helps restore strength and lead to full recovery or the crutch that inhibits recovery becoming a permanent support?

The keys to unlocking the chains that shackle the dependent are opportunity and growth. By providing opportunities through training, education, and job placement assistance, we can promote the development of self-help, self-esteem and self-satisfaction that all contribute to self-sufficiency and lead to true independence.

We should also look at the economic growth side of the picture. The fact is that the last several months of economic growth have seen the advantages for women increasing in particular. We are seeing, for instance, that 22 percent of all sole proprietorships are now owned by women, and the number of self-employed women increased in the last 10 years 5 times faster than that of self-employed men, making women the most dynamic segment of the small business economy.

In general, the group benefiting most from the explosion of new business that has taken place over the last several months, and particularly since 1981, has been women. Over 3 million women now own their own businesses, generating over $40 billion in
annual receipts. That is the kind of growth that will help women in general, but particularly women at the low end of the economic scale.

Obviously, as with any public policy question, there are two sides to this debate. But, I find it strange that despite decades of discussion and new spending programs, the debate continues to rage.

The most obvious conclusion to me is that we have been pursuing the wrong course of action. Increased flexibility and innovation at the State and local level with counsel and guidance from the Federal Government, not increased Federal funding, are of paramount importance to our efforts.

It is in this direction that the present administration has begun to steer us, shifting from past policies that emphasized direct Federal assistance. Many States and localities have been operating very creative work incentive programs to help AFDC recipients move toward self-sufficiency.

There are a number of new and exciting approaches being taken that have met with success. These early results are encouraging, and I look forward to hearing more about these programs from our witnesses today and tomorrow.

In my opinion, we should seize upon the successes, capitalize on the experience, and move forward to encourage and ensure future opportunities for growth.

Thank you, Mr. Chairman.

Mr. Chairman, I'm pleased the subcommittee is meeting to address barriers to self-sufficiency. It's an important topic and it deserves careful attention.

I'm not here to challenge the Federal Government's role as a provider of last resort for those who are not self-sufficient. We have a responsibility to help these people end their dependency and become self-sufficient. Sadly, though, in attempting to address this problem the Government has erected new barriers to self-sufficiency.

Unlike many others, I don't think our problem is too little Federal assistance. Our problem is one of faulty reasoning and misplaced priorities.

For too long, we have encouraged welfare recipients to accept their plight. Our welfare system has broken up families and broken down individual responsibility. The Government has been to the welfare recipient as a drug dealer is to an addict; offering only a quick fix for an immediate need. And, like an addict, our fellow citizens have been compelled to return to the only source of relief they know—the hand of the dealer.

How then do we guide the welfare recipient toward self-sufficiency? We do it by redirecting our efforts toward education and training, by addressing the problem and not the symptoms.

Another means is through programs like mandatory workfare. We meet immediate needs, but we encourage and even insist that the welfare recipient make an effort to end their dependency. Society has an obligation to take care of those who can't take care of themselves; in turn, they have a responsibility to those who collectively provide for their care.

As economist Walter Williams said, "Since the government made many people dependent, it has some responsibility for compassionate withdrawal. But it also has
the responsibility to stop destroying what may be some people's best alternatives.” Our welfare system acts as one barrier; unfortunately, there are many others.

For instance, we have Federal minimum wage laws that price unskilled workers out of the labor market and rob them of the job skills which employment brings. Without these skills, employment opportunity is limited and dependency is perpetuated.

We also have barriers in the form of de facto hiring quotas. The quotas place greater emphasis on the race and the sex of an applicant than on the desire and the ability to perform a job.

Unfortunately, many of those facing barriers to self-sufficiency are minorities. What is the cause? Many claim it is underfunding of Government programs. I disagree. It's sad to note, but one area where unemployment is the highest—amongst black teenagers—the problem is greater today than it was when there was not one Federal Government program.

Self-sufficiency lies not in make-work government programs or endless Federal hand-outs; these are our failures of the past. The only long-term answer to dependency is economic opportunity. To quote Dr. Walter Williams, “I await the day when some civil rights spokesman goes on national television and shocks the nation by saying blacks are going to pursue independence, freedom, and self-reliance. And they expect government to do its job in fostering the same.”

This Administration has strived to create an economic environment in which all people can flourish and prosper. It has challenged some of our misreasoned welfare policies. It has proposed a minority opportunity wage to enable those without job skills to acquire them. It has offered a Work Opportunities proposal which offers relief, yet which insists that welfare recipients match the efforts of those providing the benefits.

We have seen new and truly innovative local and State responses to this old problem. I applaud these efforts, and I am interested in learning more about them. Hopefully, we can be wise enough to learn from them and not repeat the mistakes of the past.

Mr. Weiss. Our first panel of witnesses this morning will be Dr. David Ellwood, associate professor of public policy of Harvard University; and Demetra Smith Nightingale, research associate of the Urban Institute.

If you will take your place at the witness table, I think that we are just about ready to proceed.

[Pause.]

Mr. Weiss. We have your prepared statements, and they will, without objection, be entered into the record in their entirety. You may, if you so choose, use that as a takeoff point to summarize or highlight the testimony. Because of time constraints, we would appreciate it if each of you would limit your remarks to about no more than 10 minutes.

OK; Dr. Ellwood, we are ready to have you proceed.

STATEMENT OF DR. DAVID ELLWOOD, ASSOCIATE PROFESSOR OF PUBLIC POLICY, JOHN F. KENNEDY SCHOOL OF GOVERNMENT, HARVARD UNIVERSITY

Dr. Ellwood. Thank you, Mr. Chairman, and members of the committee. I want to thank you for inviting me to testify before you today.

The problem of single mothers and the ways they can become self-supporting has been a major research interest of mine in recent years. It seems to me that one of the loftiest goals, indeed, as we hear this morning, one of the goals on which many can agree for public policy, is that the policy ought to actually help single mothers escape poverty and dependence on welfare.

As a result of my work, I am convinced that policy attention should be focused on the subset of single mothers who are likely to
be poor and dependent for an extended period. That is not, in fact, what we do now.

The dramatic growth in female-headed families by women is now widely discussed. There is little need for me to repeat the startling statistics. The growth largely reflects the combined effects of two other changes, declines in marriage rate and rises in divorces and separations. Women are increasingly eschewing their marriage and or at least postponing it, so a larger number of births are to unmarried women.

Furthermore, intact couples with children are separating more and more. The inevitable result is the creation of millions of new female-headed families.

To say that the causes of these changes are not well understood is really an understatement. There is nothing remotely approaching consensus in the academic or professional community about the forces driving these changes in our families. One factor which is frequently cited is the welfare system, particularly the AFDC, aid to dependent families and dependent children system, program, but research has generally not afforded that view.

Several years ago, Mary Jo Bane and I began an exhaustive, I should say exhausting, look at this issue, and, quite frankly, I was really convinced that we would find welfare as an important influence. We looked for links between welfare-benefit levels and family structures, both across States and over time, and we found very, very little.

Indeed, births to married women are often higher in States that have very low benefits than very high benefits. Most other research has generally found very little association in welfare and family structure.

One possibly very important explanation for the changes, though, particularly in the black community, has been highlighted by recent work by William Julius Wilson and his colleagues. Wilson emphasizes that unemployment among young black men has risen in much the same way that marriage has fallen, and it seems plausible that unemployment discourages marriage, but we really know altogether too little about the causes of the changing family structures, and we know still less about the ways in which these trends might be slowed or reversed.

So, the reality is that more and more women are heading households, and many are poor. Child support is extremely uncommon among women who are—even among women who were once married. It is virtually nonexistent among never-married mothers.

Finding and holding a job, particularly when there are young children at home, is often difficult. Many turn to the welfare system for support. But, for the majority of women who use it, AFDC will be a temporary source of support, a short period of modest dependence and followed by some sort of self-sufficiency or independence.

Most mothers will be on welfare for 2 or perhaps 4 years, and then they are done with it for good. Some of these women marry, remarry or reconcile with the separated husband, others are able to find work which pays enough to keep them off welfare. A few find other sources of economic aid, such as child support payments or help from relatives.
But, for an important minority, welfare will play a major role in their support for an extended period, and this is the long-term dependent population that everyone seems concerned about.

Some 25 percent will receive welfare for 10 years or more. Some of these women will be on continuously, others will leave welfare for a year or 2 but later return. It is this long-term group that, I believe, deserves our close attention.

They deserve our attention for both humanitarian and fiscal reasons. At the very least, we know that these mothers and their children are living in economic deprivation because welfare benefits are quite low. For many of the mothers who find themselves unable to provide for themselves, it is undoubtedly a source of alienation and frustration. Some analysts worry about that long-term receipt helps move people into an underclass with distorted values and few prospects for escape and independence.

But, fiscal concerns also demand that we consider the plight of the long-term recipients. Those who stay on AFDC for only a few years cost the system relatively little. By contrast, the cost of supporting someone who stays for 10 or even 20 years is vastly higher. As a result, 60 percent or more of our resources go to providing aid to the 25 percent of recipients who end up staying 10 years or more.

If we could help these long-term recipients become self-supporting, then we are simultaneously helping the truly needy and the truly costly.

We can make a reasonable prediction about who is likely to be the long-term recipient. Young mothers, particularly never married mothers, start on AFDC when they are very young, when their children are very young, have, by far, the weakest prospects. They have additional children, their outlook is even worse. Those with little work experience and poor education are likely to be the long-term recipients.

Now, the problems facing such women are often difficult and complex. Many have very young children. Others have had little contact with work. They need comprehensive programs which are often very expensive.

There is some evidence that our aid programs are most successful with those women whose prospects look worst. Supported Work Program focused on long-term recipients; earnings gains were reasonably large. Indeed, there is reason to expect programs geared to women with little work experience may achieve greater success in earnings gains and welfare cost reductions than those aimed at women who are almost job ready. Helping a woman find a job a few months earlier than she would have otherwise has little long-term effect. Finding one for a woman who would have remained entirely dependent on AFDC for years can have a major impact.

Unfortunately, our current programs, particularly the Work Incentive Program, WIN, are focused on exactly the opposite groups of recipients. Those who are likely to move off welfare quickly on their own. We concentrate almost entirely on women with children over 5, and then we often serve the most job ready.

The system yields higher placement rates for the WIN program, but it does little to help the really dependent recipients or to reduce welfare costs. Indeed, if our goal were to target our limited
resources on the group that is most likely to be long-term dependent, the WIN program badly needs to be redirected.

Consider the never married teenager who starts on AFDC when she has a child. WIN regulations do not require she be served at all until her child is at least 6, and then relatively meager services are provided. Thus, this young woman will be on AFDC for 5 years and even longer, if she has additional children, before any real attempt is made to help her.

Surely this sort of policy deserves reconsideration. One cannot and should not require work of women with very young children. But one can provide a host of services, including employment and training programs on a voluntary basis. The programs need to be comprehensive and sensitive to the problems faced by such women.

I will not pretend that we know how to help these women exactly, but I do not favor a massive nationwide program to aid such mothers. We just do not know enough to spend the money wisely, even if the fiscal realities allowed it. But, there are glimmers of hope. We are learning about programs which do make a difference. We desperately need to know more about how we can help.

Thus, I favor expansion of carefully conceived demonstration projects. Well-run demonstrations with control groups are unpopular for many reasons, but when they are done right, enormous gains in our ability to help people often follow.

The work bank by the Manpower Demonstration Research Corp. [MDRC], and you are going to have them here testifying before you today, really has been exemplary. Let me emphasize again the need for programs which can be effectively evaluated. We need answers. The welfare population is remarkably volatile, and my own view is a demonstration without control groups is really virtually impossible to evaluate.

Let me just, as an aside, add one point to that. You will hear about a lot of State programs in the next couple of days that have been supposedly quite effective and so on. The problem is it is very, very difficult to evaluate these programs on any kind of sensible basis. The reason is that so many welfare mothers go off welfare very quickly on their own, and if you just look at high placement rates, one might get the impression that we are doing a wonderful job. In fact, the people that you really ought to be concerned about, the ones that cost a lot of dollars and the ones that stay a long time, are not the group that move off welfare quickly. They are a group that would have a much lower placement rate and things would look even worse. Yet, in the long run, far greater benefits might be reaped.

Because the population is so volatile, without an effective means for evaluation, typically control group, I think that it is almost impossible to make any kind of reasonable decisions about program effectiveness.

Now, achieving the goal of helping long-term dependent recipients become self-sufficient will be difficult, and let me just emphasize one other point here as well. It is easy to be in favor of reducing long-term welfare dependency. Indeed, it is clearly, as I mentioned before, one of our loftiest goals. And, yet, I think we should be reasonable about what our expectations are. It is very difficult
for many mothers to work. And, other sources of help, notably child support, are rare.

An enormous fraction, well over half of all single mothers in poverty have children under 6. And, over 80 percent of women who are first starting on welfare have a child under 6. Now, for them to work and become self-sufficient, they are going to have to work pretty much full year, full time. That is a very, very hard thing to do for a woman with young children. Only about 25 percent of wives with children under 6 work full year and full time.

About 35 percent of female heads with children under 6 work full year, full time. To expect all of those women to become self-supporting is a very unrealistic goal. I am convinced that if our goal really is to move people off of welfare, we must find other sources of support as well.

And, I think that that means much, much more impressive and effective child support arrangements also need to be arranged. Nowadays, only on the order of 20 percent of poor single mothers receive any child support whatsoever. Among never married women, it is essentially nonexistent.

So, those never married mothers, who start on welfare when they have a child, are in a very bad position. They have to work full year, full time to be self-supporting. But that is going to be very difficult, and we have no serious child support for them now to supplement them.

All of this discussion is just to add a note of realism. I do think that there are exciting and innovative programs that are going on out there, and things that we can do to help women move much more quickly into self-support.

My view is that we need to move and redirect resources from a lot of the short-term recipients, those who are likely to make progress quickly anyway, to a much longer term group, and it is a long-term strategy, it is not a short-term strategy, and it will be one that will be difficult to evaluate.

Nevertheless, it ultimately is where we have to look if our goal is to help the long-term dependent, help the welfare recipient and to reduce our welfare costs.

Thank you very much.

[The prepared statement of Dr. Ellwood follows:]
TESTIMONY PRESENTED BY
David T. Ellwood
Associate Professor of Public Policy
John F. Kennedy School of Government
Harvard University

TO THE
UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES
COMMITTEE ON GOVERNMENT OPERATIONS
ON
BARRIERS TO SELF-SUFFICIENCY FOR SINGLE WOMEN IN POVERTY

JULY 9, 1985
Mr. Chairman and members of the committee, I want to thank you for inviting me to testify before you today. My name is David Ellwood. I am an associate professor of public policy at the John F. Kennedy School of Government at Harvard University. The problems of single mothers and the ways they can become self-supporting have been a major research interest of mine in recent years. It seems to me that one of the loftiest goals for policy would be to actually help single mothers escape poverty and dependence on welfare. As a result of my work, I am convinced that policy attention should be focused on a subset of single mothers who are likely to be poor and dependent on welfare for an extended period.

The dramatic growth in families headed by women is now widely discussed. There is little need for me to repeat the startling statistics here. The growth largely reflects the combined effects of two other changes: declines in marriage rates and rises in divorce and separation rates. Women are increasingly eschewing marriage or at least postponing it, and so a larger share of births are to unmarried women. And furthermore, intact couples with children are separating more and more. The inevitable result is the creation of millions of new female-headed families.

To say that the causes of these changes are not well understood is an understatement. There is nothing remotely approaching consensus in
the academic or professional community about the forces which are
driving these changes in our families. One factor which is frequently
cited is the welfare system, particularly the Aid to Families with
Dependent Children program (AFDC). But research generally has not
supported the view that welfare has played a major role. Several years
ago, Mary Jo Bane and I began an exhaustive look at this issue. Quite
frankly I was convinced that we would find welfare was an important
influence. We looked for links between welfare benefit levels and
family structures both across states and over time. We found very
little. Indeed, births to unmarried women are often higher in low
benefit states than in high benefit states. And most other major
research has similarly found little association.

A potentially powerful explanation for these changes, in the black
community at least, has been highlighted by recent work by William
Julius Wilson and his colleagues. Wilson emphasizes that unemployment
among young black men has risen in much the same way that marriage has
fallen. It seems plausible that unemployment discourages marriage. But
we know altogether too little about the causes of the changing family
structures, and we know still less about the ways in which these trends
might be slowed or reversed.

The reality is that more and more women are heading households.
And many are poor. Child support is uncommon even among women who were
once married. It is virtually non-existent among never-married mothers.
Finding and holding a job, particularly when there are young children at
home is often difficult. Many turn to the welfare system for support.

For the majority of women who use it, AFDC will be a temporary
source of support. Most mothers will be on welfare for two, or perhaps
four years, then they are done with it for good. Some of these women marry, remarry or reconcile with a separated husband. Others are able to find work which pays enough to keep them off of welfare. A few find other sources of economic aid such as child support payments or help from relatives.

But for an important minority, welfare will play a major role in their support for an extended period. Some 25% will receive welfare for 10 years or more. Some of these women will be on continuously, others will leave welfare for a year or two, but later return. It is this long term group which I believe deserves our close attention.

The long term recipients merit our concern both for humanitarian and fiscal reasons. At the very least, we know these mothers and their children are living in economic deprivation because welfare benefits are quite low. For many of the mothers who find themselves unable to provide for themselves, it is undoubtedly a source of alienation and frustration. And some analysts worry that long term receipt helps move people into an "underclass" with distorted values and few prospects for escape from dependence.

Fiscal concerns also demand that we consider the plight of long term recipients. Those who stay on AFDC for only a few years cost the system relatively little. By contrast, the cost of supporting someone who stays for 10 or 20 years is vastly higher. As a result, 60% and more of our resources go to providing aid to the 25% of recipients who end up staying 10 years or more. If we could help such women become self-supporting, we would simultaneously help the truly needy and the truly costly.

We can make reasonable predictions about who is likely to be a long
term recipient. Young mothers, particularly never-married mothers, who start on AFDC when they are very young (and their children are young), have the bleakest prospects. If they have additional children, the outlook is even worse. Those with little work experience and poor education are more likely to be long term recipients.

The problems facing such women are often difficult and complex. Many have very young children. Others have had little contact with work. They need comprehensive programs which are often expensive. Yet there is some evidence that our aid programs are most successful with women whose prospects look worst. The Supported Work program focused on long term recipients, and earnings gains were reasonably large. Indeed there is reason to expect programs geared to women with little work experience may achieve greater success in earnings gains and welfare cost reductions than those aimed at women who are almost job-ready. Helping a woman find a job a few months earlier than she would have otherwise has little long term effect. Finding one for a woman who would have remained entirely dependent on AFDC for years can have a major impact.

But our current programs, particularly the Work Incentive (WIN) program, are focused on exactly the opposite groups of recipients, those who are likely to move off welfare quickly on their own. We concentrate almost entirely on women with children over 5, and then we often serve the most job ready. This system yields higher placement rates for the WIN program, but it does little to help the really dependent recipients or to reduce welfare costs. Indeed, if our goal is to target our limited resources on the group most likely to be long term dependent, the WIN program badly needs to be redirected.
Consider the never-married teenager who starts on AFDC when she has a child. WIN regulations do not require that she be served at all until her child is at least 6. And then relatively meager services are provided. This young mother may have been on AFDC for 5 years—and even longer if she has had additional children—before any real attempt is made to help her. Surely this sort of policy deserves reconsideration. One cannot and should not require work of women with very young children, but one can provide a host of services, including employment and training programs, on a voluntary basis. The programs need to be comprehensive and sensitive to the problems faced by such women.

I will not pretend that we know how to help these women exactly. I do not favor a massive nationwide program to aid such mothers. We do not know enough to spend the money wisely, even if the fiscal realities allowed it. But there are glimmers of hope. We are learning about programs which do make a difference. We desperately need to know more about how we can help. Thus I favor expansion of very carefully conceived demonstrations projects. Well run demonstrations with control groups are unpopular for various reasons. But when they are done right, enormous gains/our ability to help people often follow. The work by Manpower Demonstration Research Corporation (MDRC) in this regard has been exemplary. Let me emphasize the need for programs which can be effectively evaluated. We need answers. Because the welfare population is so volatile, my own view is that demonstrations without control groups are virtually impossible to evaluate.

Achieving the goal of helping the long term dependent recipient become self-sufficient will be difficult. We can not expect all single mothers to completely support themselves. But the problems are far too serious and far too costly not to try a variety of programs. Now in this time of fiscal austerity, demonstrations which can point us to ways to help the long term recipient and cut program costs ought to command support from those on all sides. If we ignore the problem, it is likely to get worse.
Mr. Weiss. Thank you, Dr. Ellwood. Ms. Nightingale.

STATEMENT OF DEMETRA SMITH NIGHTINGALE, RESEARCH ASSOCIATE, THE URBAN INSTITUTE

Ms. NIGHTINGALE. Thank you, Mr. Chairman. I appreciate the opportunity to address you today, and I would like to just provide a general overview of Federal work and welfare policies.

First, I will briefly summarize some of the research concerning employment and training programs for welfare recipients, and the changes in Federal policy over the past 5 years.

Second, I will address the implications of some of the administration's proposed work requirements, and, third, I will present a few suggestions for future policy and research.

The dual intent of Federal welfare employment policy is to reduce overall welfare costs and improve the self-sufficiency of individual clients. The programs include both employment and training services and enforcement of the work requirements. Since 1967, the Work Incentive Program (WIN), has been the work component for AFDC, and is jointly administered by DOL and HHS.

In designing programs for welfare recipients, whether it is through WIN, welfare agencies, workfare, community-based organizations, or JTPA, one must be clear about whether the objective is to significantly improve the long-term employability of individuals or to reduce overall welfare costs.

If overall welfare savings is an objective, then expectations must be modest. At best, work programs have only led to about a 1 percent reduction in aggregate welfare case load and total cost. Any program will have a difficult time reducing overall welfare costs for three reasons:

First, as we have already heard, the turnover rate on AFDC is very high. Clients go on and off welfare in patterns totally unrelated to work programs or requirements.

Second, for legal and humanitarian reasons, sanctions for not participating in programs can only be imposed for a short time and must include extensive adjudication procedures.

And, finally, and perhaps most importantly, as we have already heard, a major cost of AFDC results from long-term dependents with multiple barriers to employment, including medical problems, low education and illiteracy, child care problems, lack of work experience, and family difficulties.

As we have also already heard, although half of all the female recipients will be on AFDC less than 1 year, over 20 percent remain on for several years. If the primary objective is to move as many welfare recipients as quickly as possible into regular employment, then group job search assistance or job clubs should be emphasized.

If the objective is to reduce long-term welfare dependency, then intensive employability training and remedial services are required to address the multiple problems.

Findings from a study of WIN that we conducted at the Urban Institute suggest that certain types of service delivery systems seem to work best. First, providing clients with job-seeking skills is essential. Second, individual case management is critical, especially
for dealing with clients with multiple problems, and, third, it is absolutely essential to have a wide range of social services available. Even if funding for provision of services is limited, trained social workers can counsel clients, assist them in developing their own child care, provide counseling on home financial management and refer them to other agencies where services might be obtained.

As might be obvious, we also found that it is important to have the professional expertise of both employment and training specialists and social service experts coordinating with the income maintenance department, regardless of whether they are in the same agency or in different agencies.

It is important to also note, as was already heard, that the welfare population is not homogenous. Some clients have recent work experience and sufficient education, so that only minimal services, such as job search assistance or help in arranging child care, are needed to help them become self-sufficient.

At the other extreme are those clients, the ones likely to become long-term dependents, with multiple barriers, who require a broad mix of services.

Welfare mothers under CETA benefited from both classroom training and subsidized employment. Also, Supported Work Program, which emphasizes developing work habits, motivation and basic work skills, shows substantial benefits to welfare mothers, especially those older, long-term dependents with little prior work history.

In addition, 61 percent of WIN clients score below the eighth or ninth grade level in math, and 44 percent score below that level in reading, suggesting a real need for basic remedial education.

Since 1981, welfare employment policy has been altered by three provisions initially presented under OBRA.

First, the WIN single agency demonstration program.

Second, the work supplementation and grant diversion program.

Third, CWEP or workfare where clients can be required to work in unpaid jobs in exchange for their cash assistance.

As part of the Urban Institute's large ongoing project examining the changes in social policy, we have tracked the changes in employment, training, and welfare programs, including the shift from CETA to JTPA and the implementation of WIN demos and CWEP. Under CWEP, States may design mandatory programs that can include training, supportive services, job placement, job search assistance, and workfare. The essential component of CWEP, however, and the most controversial of the Reagan initiatives, is workfare.

At least 23 States have a CWEP component for some AFDC recipients, but although half the States have CWEP, the component is active in only about 16 percent of all counties nationwide, usually in nonurban or rural areas and often on a demonstration basis.

In States with large CWEP programs, such as Michigan and Pennsylvania, the most urbanized areas do not participate. States have definitely experimented with CWEP, but usually not on a large scale, nor with the aim of reducing welfare costs or requiring clients to work off their grants. Rather, CWEP is usually viewed as a supplemental activity to provide employability development and limited work experience to clients.
As of January 1985, 22 States were in the WIN demo, which has had a positive effect in terms of increasing the visibility of the WIN program, providing the impetus for implementing more innovative services that have proven successful elsewhere in WIN, and encouraging the development of creative financing methods to fund the work programs.

Two ironic outcomes are worth highlighting, however. First, the work welfare programs that are evolving, even those with CWEP components, do not reflect the strict punitive welfare deterrence character of the administration's proposals, and, in fact, 23 States now report that because of budget reductions, fewer counties in 1983 had active work requirements for AFDC than in 1981.

Rather, States are implementing and expanding innovative service practices developed and tested and proven over the years under WIN and other demonstration programs.

Second, those communities that are implementing large workfare programs report that the jobs under CWEP are similar and often identical to former CETA PSE jobs, a program which the administration adamantly criticized for creating make-work jobs.

In other words, CWEP, a program strongly endorsed by the administration, has, in many ways, substituted for PSE, which it strongly opposed.

The experience of these programs over the past 4 years has implications for the administration's current legislative proposals as presented in S. 1081. I would like to just briefly address five aspects of the work requirement proposals.

First, allowable activities. According to the proposal, those clients mandatorily required to participate in work programs must be referred for active participation in either, one, an intensive employment search program; two, CWEP; three, an alternative employment directed work experience program; four, work supplementation; or, five, JTPA.

Three points can be made:

First, there is no provision in the proposal for training or education outside JTPA. But JTPA, as now designed, is not a realistic option for the majority of welfare clients. JTPA is selective in terms of who gets into training. Some welfare and WIN programs report that only about 5 to 10 percent of the clients that they send to JTPA are accepted.

Second, the administration's proposal makes no provision for social services or counseling, and many States will not initially be able to provide much child care on their own because of limited resources under title XX.

Third, the proposal does not clearly define intensive employment search beyond noting that it must be done on a regularly scheduled basis. States may feel it necessary to devise holding components for clients for whom positions are not immediately available.

The employment search is the obvious holding component where clients may be required to check in every few weeks or once a month, but with no real assistance or monitoring of activities.

The second aspect of the proposal concerns participation requirements. States would be required eventually to actively serve 75 percent of the mandatory clients, and financial penalties would be imposed if that participation requirement is not met.
The work programs will likely become churning mechanisms where clients are simply moved through the system routinely during some period, with less attention devoted to each client. There would be an increase in the rapid initiation of sanctions in order to document program nonparticipation. There would likely be increased paperwork and State reporting to protect the State itself against Federal audit exceptions, and the priority on program compliance will discourage experimentation and innovation, which would be considered too risky.

The third aspect of the proposal concerns two major changes in who would be subject to active work program participation, by requiring active services to AFDC applicants—rather than just registration for these people—and removing the exemption for clients who live in remote areas.

I agree with Dr. Ellwood that part of the problem is holding off too long before providing any opportunities for these people, but what the administration’s current proposal does is require a large increase in caseload instantly, without an appropriate phase-in, and States would be faced with financial penalties for not serving these new target groups.

The fourth point about the proposal concerns CWEP. The proposed amendment places emphasis on CWEP, but does not specifically require States to operate such programs. It does, however, require that the number of hours of participation be based on the total benefits for AFDC and food stamps rather than just AFDC.

Food stamp workfare is decreasing nationwide because of the complexity and AFDC CWEP is not typically being used to have clients work off their grants. As with job search for applicants, one attraction of CWEP to date has been that States can supplement their WIN funds and AFDC funds with separate AFDC 50/50 matching funds for the costs of administering CWEP.

The added complexity of CWEP is not likely to result in increased participation, particularly with reduced resources.

One final point on the proposal concerns funding. The proposed amendments would appropriate a fixed amount of funds to States for AFDC and a separate, fixed amount for work programs. WIN funding has been about $260 million annually since fiscal year 1983. That is for both regular WIN and WIN demos. With the 10-percent State match that is required, the total resources available are about $280 million.

The administration proposes $145 million for the work programs with no State match, which would represent about a 50-percent budget reduction and much more if the reimbursable amounts for CWEP and IV-A applicant job search could be estimated.

State and local managers report that they are already overloaded and have had to cut back employment services to welfare clients in many areas. It does not seem possible that States could serve more clients with significantly less money.

There is no reason based on past research to believe that these amendments would increase self-sufficiency or decrease welfare dependency. They would, of course, decrease welfare costs since AFDC funding would be capped, but that may also force States to restrict AFDC eligibility and deny assistance to some needy families.
Before making major changes to a system that is not yet stabilized from the policy shifts of the past 5 years, more attention should be paid now to the effectiveness of the programs as they currently exist. It will not be possible to make such an evaluation with existing program data.

The fragmentation of welfare employment policies at the Federal level, plus staff reductions in Federal agencies has dismantled the unified reporting system and the performance-based allocation system. It is virtually impossible to compare activity and performance levels between WIN and WIN demo programs, or between programs in 1985 and programs in 1980, and States are required to report only minimal data on CWEP. Many States and counties have exemplary demonstrations that are currently being evaluated, and some States are maintaining their own performance data.

There are currently, however, no valid national data on which to base major legislative decisions. Changes at this time which are intended to improve the welfare employment system are premature. Legislation should be considered only after the current State and local research findings are presented and after an objective, thorough, and nonpolitical evaluation of the current national work welfare system is conducted.

The national evaluation should also include an examination of ways to reduce long-term dependency and to place the several State and local research projects currently underway into a broader national perspective.

Finally, there is now a new urgency for stabilizing Federal welfare employment policies, because other federally funded activities, mainly under JTPA, and the Perkins Vocational Education Act, must target on welfare clients, single parents, and displaced homemakers.

Federal direction should encourage cooperation and coordination among the three systems to ensure that the welfare clients are afforded maximum opportunities to participate in the most appropriate training programs. Such direction is now lacking because the Federal systems are fragmented and policy on the welfare side is geared toward enforcement of the work requirement rather than long-term improving of self-sufficiency.

In conclusion, the primary concern now should be to allow the welfare employment system and funding to stabilize, and to provide clear, Federal direction to encourage more States to focus on program development and interprogram coordination. This would allow the most effective services to be adopted to help the Nation's welfare clients acquire training, education, and other services that they need to achieve long-term self-sufficiency. Thank you.

[The prepared statement of Ms. Nightingale follows:]
Employment Programs for AFDC Clients:  
Current Status and Prospects for the Future

Demetra Smith Nightingale*

* The author is a Research Associate with The Urban Institute. This testimony represents her personal views and not those of The Urban Institute or its sponsors.

Testimony before the  
Intergovernmental Relations and Human Resources Subcommittee  
Committee on Government Operations  
U.S. House of Representatives

July 9, 1985
Mr. Chairman and Members of the Committee:

I appreciate the opportunity to address you today. I would like to discuss three issues related to federal work and welfare policy. First, I will briefly summarize research concerning the effectiveness of employment and training programs for welfare recipients and the changes in federal welfare employment policy over the past five years. Second, I will address implications of the administration’s proposed work requirements. Third, I will present a few suggestions for future policy and research.

Current Welfare-Employment Policy

Federal and state laws require that welfare recipients who can work should be encouraged to do so. The dual intent of welfare-employment policy is to reduce overall welfare costs and improve the self-sufficiency of individual clients. Thus, programs for welfare recipients include both employment and training services and enforcement of the work requirement regulation. Since 1967, the Work Incentive (WIN) Program has been the work component for the Aid to Families With Dependent Children (AFDC) program. WIN is jointly administered by the U.S. Departments of Labor (DOL) and Health and Human Services (HHS), and at the state and local levels by the welfare agency and the employment security agency.

Welfare-employment policy, programs and demonstrations have been surrounded by controversy for several reasons. Programs have been criticized for not serving enough welfare recipients and for not significantly reducing welfare costs. There are emotional debates over whether mothers with children should be forced to work at all. In
addition, even well-funded "exemplary" programs have very little effect on overall welfare dependency.

Policy and legislative changes enacted since 1981 have altered the nature of the federal welfare-employment system, the roles of the different levels of government, and the types of services provided to individuals. Before summarizing the effect of these changes, it is useful to briefly note the results of some of the vast amount of research conducted over the past fifteen years that identifies what types of employment programs work best.

In designing programs for welfare recipients — whether it is through WIN, welfare agencies, workfare, community organizations or the Job Training Partnership Act (JTPA) — one must be clear about whether the objective is to significantly improve the long-term employability of individuals or to reduce overall welfare costs.

If overall welfare savings is a primary objective, expectations must be modest. At best, work programs for welfare recipients have only lead to about a one percent reduction in aggregate welfare caseload and total costs. 1/ Any welfare employment program will have a difficult time reducing overall welfare costs for three reasons. First, the turnover rate on AFDC is high, clients go on and off welfare in patterns unrelated to work programs or requirements. At any given time half of female-headed

cases will be off AFDC within one year. Second, for legal and humanitarian reasons, sanctions for not participating in programs can only be imposed for a short time and must include extensive adjudication procedures. Finally, and perhaps most importantly, a major cost of AFDC results from long-term dependents with multiple barriers to employment including medical problems, low education and literacy levels, child care problems, lack of work experience and family problems. Research shows that although half of all female recipients will be on AFDC less than one year, twenty percent will remain on for over three years.

If the primary objective is to move as many welfare recipients as quickly as possible into regular employment, then research suggests that group job search assistance or Job Clubs should be emphasized. The long-term effectiveness of this approach, however, has not been proven, and there is some concern that clients in some group components' tend to identify and accept low-wage jobs which may not have long-term security.

If the objective is to reduce long-term welfare dependency, then intensive employability training and remedial services are required to address the


3/ O'Neill, et al; and Bane and Ellwood.
multiple problems of these individuals. Evaluations of some demonstrations have shown that annual earnings can be increased by $1000 or more. 1/

Findings from a study of WIN conducted at The Urban Institute suggest that certain types of service delivery systems work best. 2/ First, providing clients with job-seeking skills in a formal Job Club, through more intensive individual counselling, or through a combination of the two approaches is essential. Second, individual case management is critical. For example, job development should be client-centered; staff should develop jobs or find openings for a specific client rather than develop a pool of openings and then try to find clients to fit the pool. Initial up-front personal staff attention is required to match a welfare client with an appropriate employer or with a training opportunity. The individual case management, or brokerage, approach is particularly important in dealing with clients with multiple problems.

Third, in serving welfare recipients it is absolutely essential to have a wide range of social services available. Even if funding for provision of services is limited, trained social workers can counsel clients, assist them in developing their own child care, provide counselling on home financial management, and refer them to other agencies where services can be obtained.


As might be obvious, we found that in order to really help welfare clients become employable, it is important to have the professional expertise of both employment and training specialists and social services experts coordinating with the income maintenance department. Addressing the employment problems of the welfare population requires the expertise, knowledge and services available from both professional systems. Receptivity of employers to hire welfare recipients must be cultivated by professionals who are intimate with the operation of the labor market and the needs of employers. Supportive services, counseling, children and family services are best provided by social work professionals. Bureaucratic and interagency hostility and competition about these responsibilities can seriously obstruct the development of an effective welfare-employment program.

It is important to also note that the welfare population is not homogeneous. Different types of services work best for certain types of clients. Much research has focused on specific target groups. First, some clients have recent work experience and sufficient education so that only minimal services, such as job search assistance or help in arranging child care, are needed to help them become self-sufficient. At the other extreme are those clients — the ones likely to become long-term dependents — with multiple barriers who require a mix of services in order to become self-sufficient.

Welfare women generally benefit from intensive training. For example, welfare mothers under CETA benefitted from both classroom training and subsidized employment. Their largest post-program gains in earnings occurred after participation in public service employment (over $1500 per
year), and from classroom training and on the job training ($400-$800 per year). Supported Work Experience which emphasizes developing work habits, motivation and basic work skills by providing jobs with graduated stress, close supervision and peer support shows substantial benefits to welfare mothers, especially those older long-term dependents with little prior work history. In addition, a study by The Educational Testing Service found that 61 percent of WIN clients scored below the 8th/9th grade level in math and 44 percent scored below that level in reading competency, suggesting a need for basic remedial education.

Thus, if the policy objective is to reduce long-term welfare dependency, then employability development services, career planning, basic education, job development, training and extensive individual social services must be available.

Much of the knowledge about what works best for welfare recipients resulted from extensive research and demonstration in the WIN and CETA programs in the 1970s. Since 1981, there have been major changes in both systems. More specifically, welfare-employment policy has been altered by three provisions initially presented under the Omnibus Budget Reconciliation Act of 1981 and later extended under the Tax Equity and Reconciliation Act of 1981.

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Fiscal Responsibility Act of 1982 and the Deficit Reduction Act of 1984. The three work provisions are: (1) the optional WIN single-agency demonstration programs (where state welfare departments are solely responsible for WIN); (2) optional Work Supplementation (or grant diversion programs); and (3) Community Work Experience Programs (CWEP), or workfare, where clients can be required to work in unpaid jobs in exchange for their cash assistance.

As part of The Urban Institute's large ongoing project examining the changes in social policy under the Reagan administration, we have tracked the changes in employment, training and welfare programs including the shift from CETA to JTPA and the implementation of WIN Demos and CWEP. The administration's response to the increasing cost of AFDC has in part been to strengthen the enforcement of the work requirement, and the three OSRA options allow state welfare agencies broad flexibility in designing and administering work requirement programs. First, under CWEP states may design mandatory programs that can include training, supportive services, job placement, job search assistance and workfare. The essential component of CWEP, however, and the most controversial of the Reagan welfare-employment initiatives, is workfare. All other components allowed under CWEP have been available under WIN since 1967.

The second major work-welfare option is the WIN Demo which allows states to operate the WIN program through a single-agency rather than the

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joint-agency structure. The state welfare department has total responsibility for the program. Over the years, WIN's dual agency structure has been both praised and criticized. On the one hand, the structure provides the opportunity to maximize the expertise and services available in both the employment security agency and the welfare department in removing clients' barriers to employment. On the other hand, the dual system is more complex to administer. Under WIN Demo, welfare departments must develop the employment and training expertise or contract with another agency to obtain it.

The WIN single-agency demonstration and CWEP options provide states with great discretion. At least 23 states have a CWEP component for some AFDC recipients. Although about half the states have some type of CWEP for AFDC clients, the component is active in only about sixteen percent of all counties nationwide, usually in non-urban or rural areas and often on a demonstration basis. In states with large CWEP programs such as Michigan and Pennsylvania, the most urbanized areas (Detroit, Philadelphia and Pittsburgh) do not participate.

States are definitely experimenting with CWEP, but usually not on a large scale nor with the aim of reducing welfare costs or requiring clients to "work off" their grants. Rather, CWEP is viewed as a supplemental activity to provide employability development and limited work experience, very much like the traditional WIN work experience component. There are exceptions, of course, and some (mostly non-urban) counties in Michigan, New York, Pennsylvania, Virginia and West Virginia have designed strict workfare programs.
As of January 1985, twenty-two states were in the WIN Demo and a few others applied for demonstration status between January and June. The WIN Demo has had a positive effect in terms of increasing the visibility of the WIN program (a problem in the past in low-performing WIN programs), providing the impetus for implementing more innovative services that have proven successful elsewhere in WIN, and encouraging the development of creative financing methods to fund the work programs. The core of all the "new" programs, however, is the client service model typically found in WIN. Most high-performing WIN programs did not choose the WIN Demo option, presumably because states were satisfied with their dual agency system.

At the same time that states are redesigning services, twenty-three states also report that because of the WIN budget reduction (about 30 percent since FY1981) and continued uncertainty about future funding, either the number of counties covered by the AFDC work requirement or the types of services provided were reduced after 1981. This means that fewer clients were subject to the work requirement in 1983 than in 1981.

Two ironic outcomes are worth highlighting. First, the work-welfare programs that are evolving, even those with CWEP components, do not reflect the strict, punitive, "welfare deterrence" character of the administration's proposals, and, in fact, fewer counties in 1983 had active work requirements than in 1981. Rather, states are implementing and expanding innovative service practices developed and tested over the years under WIN, a program which the administration has repeatedly proposed to eliminate. Second, those communities that are implementing large workfare programs report that the jobs under CWEP are similar and often identical to former CETA PSE jobs, a program which the administration adamantly
criticized for creating "make work" jobs. In other words, CVEP, a program strongly endorsed by the administration, has in many ways substituted for PSE which is strongly opposed.

Implications for Current Administration Proposal

The experience of welfare-employment programs over the past four years has implications for what might be expected if the administration's current legislative proposals as presented in S. 1081 are enacted. 10/

Five aspects of the administration's work requirement proposals can be addressed:

Allowable Activities. According to the proposal, those clients mandatorily required to participate in work programs must be referred "for active participation in an immediately available position" in one or more of five allowable activities:

(a) an "intensive employment search program;"
(b) CVEP;
(c) an alternate "employment-directed program," (which means work experience, but not training or education);
(d) work supplementation, or
(e) JTPA programs.

Based on research about the characteristics of the welfare population and the implementation of work and training programs, three points can be made. First, there is no provision in the proposal for training or education outside JTPA, but JTPA as it is now designed is not a realistic

option for the majority of welfare clients. JTPA is selective in terms of who gets into training; some welfare and WIN programs report that only about 5-10 percent of the clients they send to JTPA are accepted. In essence, the administration's proposal does not allow for much remedial education or vocational training, which is greatly needed if substantial numbers of clients are to become employed.

Second, the administration's proposal makes no special provision for social services or counseling. Many states will not initially be able to provide much child care for work program participants under Title XX/Social Services Block Grants because of limited resources and service priority designations. WIN, CWEP, JTPA and WIN Demo programs have depended on WIN funded social services as the primary child care resource.

Third, the proposal does not clearly define "intensive employment search," beyond noting that it must be "on a regularly scheduled basis." States may feel it necessary to devise "holding" components for clients if positions are not "immediately available." The employment search is the obvious "holding" component, where clients might be required to "check in" every few weeks or once a month, but with no real assistance or monitoring of activities.

Participation Requirements. Under the proposal, states would be required eventually (by FY1988) to "actively" serve 75 percent of the mandatory clients. Financial penalties would be imposed if the participation requirement is not met. This proposal might have four effects. First, the work programs would become "churning" mechanisms,
where clients are simply moved through the system routinely during some yet-unspecified period (e.g., monthly or quarterly), with less attention devoted to each client. Second, there would be an increase in the rapid initiation of sanctions to document program non-participation, even though typically most sanctions eventually are withdrawn when the client appears with an explanation for the "violation." Third, there would likely be increased paperwork and state reporting to protect the state against audit exceptions. Administrative costs would increase since more staff time would have to be devoted to client paperwork, monitoring, initiating sanctions and maintaining participation statistics to avoid AFDC error rates. Fourth, the priority on participation rates and allowable activities will further discourage program service experimentation and innovation which would be considered too "risky."

**Definition of Mandatory Participants.** The proposed legislation makes two major changes in who would be subject to active work program participation, by adding active services to AFDC applicants (rather than just registration) and by removing the "remoteness" exemption. These two changes would require substantial state program expansion. As already noted, since 1981 many states have essentially closed down their non-urban work programs because of budget reductions. The proposed legislation would require all states to operate statewide programs, but there is no provision for phasing in these rural operations. This could be a huge effort in some

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states, especially where there are state hiring freezes or other internal problems.

Similarly, although some states have implemented IV-A job search for applicants, most have not. Those that have done so were attracted by the possibility of increasing their AFDC funds since applicants services have been funded under the regular 50-50 AFDC reimbursement procedure. Most other states register applicants as federal regulations require, but they do not place priority on actively serving them until they become recipients. Requiring states to serve applicants as well as recipients will greatly increase their active caseload.

CWEPS. The proposed amendment places emphasis on CWEPS programs, but does not specifically require states to operate such programs. It does, however, add complexity by requiring that the number of hours of participation be based on the total benefits for AFDC and Food Stamps, rather than just AFDC. Food Stamp Workfare is decreasing nationwide because of the complexity and AFDC CWEPS is not typically being used to have clients "work off" their grants. As with job search for applicants, one attraction of CWEPS to date has been that states can supplement their WIN funds with separate AFDC 50-50 reimbursement for the costs of administering CWEPS. The added complexity of CWEPS is not likely to result in increased participation, especially with reduced resources.

Funding. The proposed amendments would appropriate a fixed amount of funds to states for AFDC and a separate fixed amount for work programs. I will leave the discussion of AFDC funding to others, and will

13/ Nightingale.
simply note that there does not appear to be a clear accounting distinction between the two sources, especially regarding the error rate penalties for not meeting the participation requirement. WIN funding has been about $260 million annually since FY1983. With the ten percent state match (in cash or kind), the total resources available has been about $280 million. The administration proposes $145 million for the work programs with no state match. This would represent about a 50 percent reduction, much more if the reimbursable amounts for CHEP and IV-A applicant job search could be estimated. State and local managers report that they are already overloaded and have had to cut back employment services to welfare clients in many areas. It does not seem possible that states could serve more clients (e.g., serving applicants plus increasing activity to meet participation requirements) with much less funding.

In summary, it would appear that the administration's proposal would drastically alter the work-welfare system for the second time in less than five years, and would force states to run "factory-style" programs by churning clients through the system. There are few provisions for training, education or social services, which are critical to this population. There is no reason, based on past research, to believe that this proposal would increase self-sufficiency or decrease welfare dependency. It would, however, decrease welfare costs, since AFDC funding would be "capped," but that may also force states to restrict AFDC eligibility and deny assistance to some needy families.
Future Directions

Before making major changes to a system that has not yet stabilized from the policy shifts of the past five years, more attention should be paid to the effectiveness of the programs as they now exist. It will not be possible to do such an evaluation with existing program data. The fragmentation of welfare-employment policy at the federal level between the joint DOL/HHS WIN office and the Office of Family Assistance, plus staff reductions, have dismantled the unified WIN program reporting system and the performance-based allocation formula. It is virtually impossible to compare activity and performance levels between WIN and WIN Demo programs. Furthermore, states are required to report only minimal data on CWEP.

Many states and counties have CWEP demonstrations that are currently being evaluated and some states are maintaining data on their own performance. There is currently, however, no valid national data on which to base major legislative decisions that will affect the lives and opportunities of millions of AFDC clients.

Major legislative changes at this time which are intended to improve the welfare-employment system are premature. Legislation should be considered only after the current state and local research findings are presented and after an objective, thorough and non-political evaluation of the current national work welfare system is conducted. The national evaluation should also include an examination of ways to reduce long-term dependency, and should place the several state and local research projects currently underway into a national context.
Finally, there is a new urgency for stabilizing federal welfare-employment policy because other federally-funded activities, mainly under JTPA and the Perkins Vocational Education Act, must target on welfare clients, single parents and displaced homemakers. Federal direction should encourage cooperation and coordination among the three systems to assure that welfare clients are afforded maximum opportunities to participate in the most appropriate training programs. Such direction is now lacking because the federal system is fragmented and policy is geared toward enforcement of the work requirement rather than improving self-sufficiency.

In conclusion, the primary concerns now should be to allow the welfare-employment system and funding to stabilize, and to provide clear federal direction to encourage states to focus on program development and interprogram coordination. This would allow the most effective services to be adopted to help welfare clients acquire training, education and other services needed to achieve long-term self-sufficiency.

Mr. Weiss. Thank you very much, Ms. Nightingale.

I wonder, before we ask questions, if each of you could just very briefly sketch in the context within which you make your presentation.

Dr. Ellwood, what kind of work have you been doing, what kind of studies have you undertaken, and for whom? Ms. Nightingale, if you could sketch in what the Urban Institute is doing and what your role in it has been.

Dr. Ellwood. I have done quite a number of studies looking at various aspects of the poverty population. A large part of my work has been focused on the dynamics of welfare and poverty. That is not just who is poor, but how long are they poor, how do they get out of poverty? When people escape AFDC, how do they do it, do they do it by working, do they get married, and so forth? A lot of my work has been with Mary Jo Bane, a colleague of mine at the Kennedy School, who is now deputy commissioner of social services in the State of New York. This work has been using primarily longitudinal data.

One example of my current work is a study with Mathematica which is being funded by HHS, looking at ways in which long-term recipients might be targeted more effectively. We have looked at what are the characteristics of the long-term recipients, and we have also been involved in some research about whether or not certain subsets of long-term recipients might be better served by the alternative programs.

Finally, I have done an awful lot of work looking at family structures and why they are changing, how welfare fits in, how other kinds of programs fit in.
So, it has been a wide range of activities, mainly focused—largely focused on single mothers, but not exclusively. I have done quite a lot of things.

Mr. Weiss. Thank you.

Ms. Nightingale.

Ms. NIGHTINGALE. I have been doing research on employment, and training, and welfare, and welfare employment programs for 12 years, and much of my research has focused on the implementation issues, intergovernmental issues, and the effectiveness of various programs. I have done several studies on the WIN Program.

I am currently participating in the Pennsylvania WIN demonstration and CWEP activities. I have worked with several cities and I have had many different contracts with almost all of the Federal social policy agencies.

My real focus is on the looking at the interactions between policy and operations, and the effect of policy and legislative decisions on decisions that are taken all the way down the line to the local level, and the incorporation of local factors into the assessment and evaluation of Federal employment and welfare programs.

I have done extensive work on the Job Training Partnership Act, and CETA, and various youth programs, programs for welfare recipients, child support, food stamps, day care, and other things like that.

The Urban Institute is a private, nonprofit, nonpartisan research organization here in Washington. We have about 100 researchers that do a broad range of social policy analysis on various economic and social issues. The large project that I referred to is the large on-going 5-year effort, funded by a variety of foundations, that has looked at the changes in domestic policy during the Reagan administration, since 1980, and the effect of those changes, and that has included about 50 different reports in various social policy areas.

Mr. Weiss. Good. Thank you very much.

Dr. Ellwood, in your testimony, you mentioned the need for thoughtfully designed demonstration programs. Can you elaborate on what kind of demonstrations you feel would meet this point?

Dr. ELLWOOD. One of the things that I have been most struck by in my most recent research is the extent to which the really long-term dependent group is the group of women who start on welfare at a very young age with very young children, particularly the never married mothers.

Now, my sense of the program is those women are largely unserved for a very long period of time. By the time we get to them, it may be 5, even 10 years after they start on welfare. That just seems crazy to me.

Now, there are very good reasons why we have avoided targeting programs on these recipients. The most important is that they typically have very young children. We are uncomfortable with requiring work of such people. It is very difficult. There are good reasons to be nervous and skeptical. They require much more services; they are more costly to serve.

And, yet, they really are the group that accounts for a large, really the bulk of our resources, and the bulk of the long-term dependent population.
So, I would like to see us engage in a variety of demonstrations that focus on that group and other very seriously dependent groups, people with very little work experience or people with very poor educational attainment. I think that we can do that. And I think there can be large payoffs.

But, I should also just emphasize once again that if your goal is to help long-term recipients, without a carefully designed control group, it is very, very difficult to learn much just by evaluating the program data. Of course, saying that you want a control group does not mean that you have to insist on a particular kind of program or a particular kind of thing. It really means only that you want to learn something.

Currently, MDRC has done a number of evaluations of CWEP, where they let the States more or less design programs as they would normally design them, but, then, insisted on some sort of an evaluation design that allows for control groups. With that sort of design, you really can learn and you really can see something. Otherwise, you get caught up in this business of one State saying, “Hey, we have very high placement rates” or “Gee, look at all the women that are working now that were not working 2 years ago or 1 year ago,” when, in fact, many of those things would have happened all by themselves.

And, I think that a lot of bad policy can be made simply on the basis of looking at the current indicators, which we use in JTPA and other places, like placement rates, rather than having a comprehensive kind of evaluation.

That sounds like a typical academic reaction, but as one that is an academic that has looked very hard at the question of how do you help the long-term recipient, I can say that it is very difficult to come up with any very serious answers, largely because of this enormous dynamics that you do find in programs.

Mr. Weiss. Thank you.

Ms. Nightingale, you also mentioned the inadequacy of past research on which to base major changes on welfare employment policy.

What kind of evaluation do you feel needs to be done to give us the necessary data?

Ms. Nightingale. I do not think I said past research, I think the current data are not adequate to make any more major changes in the system right now. As part of the devolution of authority—different agencies call it different things—has also been the devolution of reporting.

I agree with Dr. Ellwood that ideally you would have controlled experimental designs to be able to evaluate programs. Unfortunately, I think, in the fiscal condition that the Nation is in currently, that that is a luxury that we no longer can afford. In the past, we at least had some program data that you could go on, and I think right now we do not have that. What we have to do is wait for all the various evaluations to be completed before we have any sense of really what the effectiveness of the exemplary type of programs are that are going on.

But, meanwhile, the exemplary programs are limited. The majority of local communities around the country are not running exemplary programs. It is clear that a lot of the programs have shut
down totally because of resource problems, priority problems, and for any number of other reasons. The exemplary programs are a minority, not a majority of what is happening out in the field.

And, it is on those other programs that we do not have enough data to say what kind of a program or a Federal national policy is going to make the biggest effect on a nationwide broad basis.

Mr. Weiss. Mr. Walker?

Mr. WALKER. Thank you, Mr. Chairman.

Dr. Ellwood, it seems to me that you have hinted at this, and I just want to nail it down. You concentrate primarily on survey data.

Do I understand that the major increase of poverty-level families headed by women is with teen-aged, never-married mothers, and that what we see is an increasing number of those people? And that those individuals are really the long-term problems that you referred to?

Dr. ELLWOOD. I hear you asking two questions.

Mr. WALKER. Yes. OK.

Dr. ELLWOOD. Let me respond to them separately.

One, if the question is why are there increasing numbers of women heading families, the answer varies somewhat by race. Among whites, it is almost entirely a result of increased rates of divorce and separation among families with children. Among blacks, a combination of two factors: one, it is—there has also been some increase in divorces and separations, but, second, there has been a dramatic decline in the rate of marriage. In other words, fewer and fewer young women are getting married.

Among those who are unmarried, the same fraction are having children as ever had children. Indeed, there has been some drop. But, because so many more are unmarried, the same fraction having children means that a larger and larger fraction of all children are being born to unmarried women.

So, if the question is, has there been this dramatic increase in teen-age births and so forth, the answer is “No.” There has actually been a decline. But, because of a decline in marriage, and because of an increase in divorce and separation, we do have more and more women that are single mothers. I do not know if that answers the first part of your question. I will talk about long-term dependency.

Mr. WALKER. I will follow up, but go ahead.

Dr. ELLWOOD. As far as the long-term dependency, yes. If you wanted to pick a group that was going to be on welfare for a long time and for whom the society is going to devote an awful large proportion of its welfare resources, it would be young, never married mothers. They start on the program maybe as a teenager or in their earlier twenties at the latest.

That is a group that one can predict will have a very long period of welfare dependency, and, yes, that is the group that I would concentrate resources on. I think we do not know very much about it, and I think we need to do more for them.

Mr. WALKER. OK. First, a comment, and that is that your analysis of the first instance is interesting, because there has been a good deal of controversy around Congress when the issue of traditional family values has been raised as to whether or not the
breakdown of traditional family values has had an impact across the board in society.

It seems to me your analysis would show fundamentally that the breakdown of traditional family values has had an impact across the board, when it comes to increasing poverty levels among women.

Dr. Ellwood. There is no question that having more single parent families, whether this is caused by changing values or whatever else, has an enormous effect on poverty. Yes.

Mr. Walker. And, second, the group to which you refer, I think, is an appropriate subject of analysis. Is it not correct, though, to also point out that while they are unserved with job related services, that we are definitely providing welfare services to them, and that may, indeed, be a part of the problem, too?

I mean, some analyses have shown that you provide housing, you provide income, you provide a number of things which basically encourage them to have a child, to get out of the home situation that they may not particularly like. There are many teenagers who do not particularly like their home situation. This is an encouragement to move outside that home situation, and, yet, what you are pointing out is the fact that what we fail to do is provide them with any kind of incentive to move to self-sufficiency in the job search area.

Dr. Ellwood. I agree with the second half of your comment. The first half is something I used to think, but no longer do.

I really did, 2 or 3 years ago, believe that our welfare system was encouraging formation of female-headed families in many cases. As I mentioned in my testimony, Mary Jo Bane and I did a really extensive, and it is a very widely cited study looking at this very issue, and you will have to trust me in saying that I really looked hard for evidence of that proposition. In the end, I feel like I was very much beat up by all the evidence I found in the sense that I think there is very, very little evidence that these things are actually encouraging the formation of such families.

There is strong evidence to the contrary.

Mr. Walker. But, there is differing data on that, is there not? We just had testimony the other day before the Joint Economic Committee by a Professor Galloway from Ohio University, who has just completed a study. He says, quite plainly, that his study, along with economist Richard Vetter, suggested that some poor people lose their incentive to move out of poverty because of the availability of Government money.

He says, "There is some threshold level beyond which additional payments are counter-productive. That is, they lead to higher poverty rates rather than lower."

Dr. Ellwood. I have not seen his study. Somebody mentioned his testimony to me. I have not read it.

There is no question that having welfare benefits must serve as some modest incentive. But, I am somewhat of a reformed smoker on this issue, I have looked at all the studies very carefully from the point of view of someone who really wanted to show the welfare might be a very important role. I came away convinced that the evidence is quite strong in the other direction. Now, you can—you know, in all these things, you can always play a game one way
or another way and "prove" almost anything. I am just telling you that I found very little evidence that the welfare system per se was the major cause of the problem. There is some evidence that welfare influences the decision of single mothers to live independently rather than with their family. In other words, if you are a single mother, and you are in a relatively high benefit State, you are more likely to live independently than back with your mother or parents. I think that is a different order of problem.

What I would like to emphasize is the point that you made at the end, which is I see very little opportunity for self support in the current system. You called it incentives, well certainly, whatever incentives there were have been reduced lately by our elimination of 30 and a third in AFDC.

I see very little incentive or opportunity for these women who start a family at a relatively young age and who are likely to be long-term dependents to get served with the kind of services that they need. Indeed, the current direction is just in the opposite. We are going to be pushing hard to have States serve more and more people, with fewer and fewer resources, and we will be looking at very short-term kinds of measures-like placement rates—and what will happen is, inevitably, people will serve exactly the opposite groups: Women who have good education and have work experience that can be moved off quickly with relatively minimal resources.

I think that that is the real tragedy, regardless of where you are on the political spectrum. Because if you are really concerned about long-term dependency, you have to accept the fact that it is very, very difficult to move long-term dependent recipients off, and a program that is focused on moving lots of people in a short time off the program is not going to serve those people well.

Mr. Walker. One question for Ms. Nightingale. You seemed to indicate the level of resources is an important ingredient in all of this. How do you explain then that during the 1970's, the rate, poverty rate for female-headed households, was stuck at about 32.5 percent throughout the decade? It had actually increased from 32.5 to 32.7 percent during that period of time, and, yet, there was a 32.9-percent increase in Federal social welfare spending during that period of time, from $64.6 billion to $277.4 billion.

Ms. Nightingale. I was referring only to the resources available for employment and training targeted on welfare recipients. I am not talking about the entire social welfare budget because that includes a lot more.

But, when you look at what has happened to the employment and training budget, those resources have been drastically reduced, and I also stated in my testimony that employment and training programs cannot be expected to be the cure-all answer to the welfare dependency problem, and even the best run demonstrations that have been done, and costly ones, have not shown more than 1 or 2 percent reduction in the aggregate for welfare reductions.

So, I was not, in any way, looking at the total cost of social welfare or the relationship of that to poverty.

Dr. Ellwood. Can I comment on that?

Mr. Walker. Sure.
Dr. ELLWOOD. Yes; it is true. I mean, those facts that you cite are true.

Unfortunately, there are two really important things to keep in mind. Benefit levels in the AFDC Program did not rise during this period; they fell quite dramatically. Benefit levels are reduced by as much as a third, adjusting for inflation from what they were 10 years ago.

So, in fact——

Mr. WALKER. The period of time of the study was from 1970 to 1979.

Dr. ELLWOOD. Benefits-per-recipient declined during the period 1970 to 1980 in the AFDC Program. Adjusted for inflation, total costs rose only modestly, not because we were more generous, but because there were so many more single mothers in 1980 than 1970. Most of the increases that you are referring to came in: One, programs for the elderly, which, of course, do not help this group, and two, in in-kind benefits like food stamps and medicaid.

In-kind benefits do not get counted as income when we do our poverty statistics. So, no matter what increase there was in these programs, we would see no reduction in the measured poverty level for single families. We should not expect to see anything because benefits aren’t counted.

For these women, the main program that we give them in terms of cash assistance, which ought to show up in a reduction of poverty, is the AFDC Program, which did not change very much over that entire period. There has been very little change. The number of people on the program has remained stable and even fallen in recent years.

Mr. WALKER. It does raise the question, though, if the cash benefits program remains relatively stable, even with regard to inflation, but you take away the things that they need to spend their money for, such as medical care and such as food costs, and so on, it should have some impact.

It may also suggest the measurement device has some problems with it.

Dr. ELLWOOD. I agree with the measurement device issue. No question. But, since poverty rates are not measured on the basis of consumption, they are measured on the basis of what your gross income is, it does not follow that if you give people no more income, that poverty statistics could have been expected to fall.

Mr. WALKER. If you take away the things that they have to spend money for and replace them. In other words, it would help a great deal, in my budget, if I did not have to spend out of the resources that I have as income for food or for health care.

Dr. ELLWOOD. But, that is a statement that says poverty rates are not well measured. It is not a statement that says, “Gee, we have had all this increase in social spending, and we have had no impact on poverty.”

Well, in fact, if you do account for those things, poverty rates have declined——

Mr. WALKER. OK.

Dr. ELLWOOD [continuing]. During some of this period. Nevertheless, even accounting for all that, we still have an extraordinarily high poverty rate, particularly among women with young children.
So, I think that the inference that those programs are actually doing damage because in spite of massive spending increases, we have not seen very much reduction in measured poverty, is completely inappropriate. Most of the money is going either to the elderly, to the disabled, which are not typically the single families, or these in-kind benefits, which do not get counted. Some should be counted, but they are not.

Ms. NIGHTINGALE. If I could add just one point, I think that we have to consider also that even if employment and training and the social services—of these programs—have a small effect on the overall poverty rate, the effect that they do have on individual people is great, and I am sure that you will hear today and tomorrow testimony by people who have lots of information on the positive effects that it can have on the individuals.

It is in those programs where the budget has been severely reduced and for those individual people who may not show up in the aggregate poverty rate—when you are looking at the totals—that have been negatively affected by a lot of the changes in the budget.

Mr. WEISS. Thank you both very, very much. Thank you.

Our next witness will be Joseph Delfico, the Associate Director of Income Security Programs at the General Accounting Office.

Mr. Delfico will be accompanied by GAO staff members Janet Shikles, Harold Fossett, Patty Cole, and Mary Martin.

Mr. Delfico, as soon as you and your associates are seated, I think we are ready to proceed. [Pause.]

Mr. DELFICO. Mr. Chairman, with your permission, I would like to submit the full statement for the record and present a brief summary.

Mr. WEISS. Without objection, that will be done.

Mr. DELFICO. Thank you.

Mr. WEISS. Will you pull the microphone just a little bit closer to yourself?

STATEMENT OF JOSEPH F. DELFICO, ASSOCIATE DIRECTOR OF INCOME SECURITY PROGRAMS, GENERAL ACCOUNTING OFFICE, ACCOMPANIED BY JANET SHIKLES, HAROLD FOSSETT, PATTY COLE, AND MARY MARTIN, STAFF MEMBERS

Mr. DELFICO. Mr. Chairman, we are pleased to appear today to discuss findings from our ongoing study of families headed by single females in poverty. Today, we will focus on current poverty trends among families headed by women, and then discuss what steps the Federal Government is taking to help these women earn their way out of poverty. Finally, I will comment on the administration's current proposal regarding work-related programs for women on welfare.

In conducting our study, we interviewed welfare recipients, agency officials and other experts in State and local governments and academia, and reviewed studies by the public sector, poverty researchers, and advocacy groups. We examined the Department of Health and Human Services' [HHS] project files and analyzed data across States on 37 work-related demonstration projects. We also visited selected educational, training, and work sites.
The number of female-headed families in poverty, as you have already heard this morning, is substantial. In 1983, the latest year for which data are available, there were 3.6 million female-headed families in poverty in America, an increase of 1 million families since 1979. The number of these families is projected to continue to grow.

Linkage between being in a female-headed family and poverty is clear. In 1983, people in families headed by women were more than four times as likely to experience poverty as were people in other families. In that year, 40 percent of all persons in female-headed families were in poverty compared to 9.2 percent of persons in all families.

These female-headed families were composed of over 12 million people, representing one-third of all people in poverty. They included 6 million children under the age of 18 or more than half of all poor children.

The Federal response to the serious problem of women and children in poverty has consisted mainly of programs which provide cash and in-kind assistance for meet basic needs, primarily the AFDC, Food Stamp and Medicaid Programs. Poor female-headed families rely extensively on AFDC for cash income. However, the real value of AFDC benefits, which are not indexed for inflation, declined by an estimated 35 percent from 1970 to 1984.

Many women on public assistance want to work in order to provide for their families and reduce their dependency, but face obstacles such as low-skill levels, basic education gaps, and the need for affordable child care. Since 1981, the Congress has authorized several optional programs for States aimed at increasing the employability of women receiving AFDC. These optional programs have provided the States with an opportunity to experiment with the program types that work best for them. The States can choose to run these programs in place of or in conjunction with the Work Incentive Program [WIN]. These options include the Community Work Experience Program, or what is usually known as workfare; job search; work supplementation, sometimes known as grant diversion; and the Work Incentive Demonstration Projects, an alternative to the WIN Program.

Thirty-seven States have implemented one or more of the options, often through demonstration projects, and as part of our work for the subcommittee, we reviewed the results of demonstration projects implemented since 1981. These projects are designed to test workfare and other approaches. Our previous studies found that early workfare demonstrations did not provide useful evaluative information on whether workfare increases the employability of women on welfare, or whether it would reduce welfare costs. In response to our 1983 study, the Department assured us that improved monitoring and more uniform evaluative information would be forthcoming on later projects.

Our current review has found that the Department has made little improvement in project monitoring and information collection. For example, evaluations of workfare projects are generally of little value because of problems with the design and the number of participants. In addition, the Department has assembled little information or analysis which would aid in determining if the dem-
onstration projects on the whole help reduce welfare dependency and public expenditure.

Our analysis of available, though limited, data found that the demonstration projects so far have yielded little conclusive evidence that they could be implemented on a national basis. Many projects are still in progress and their general applicability is questionable. However, some are showing encouraging results. For example, San Diego’s job search and workfare project has reported significant impacts on the employment and earnings of AFDC applicants. Massachusetts’ employment and training program reports placing 10,000 of the 25,000 participants served in the program’s first year in unsubsidized employment.

Both of these locations have extensive experience with work programs, but, unfortunately, have demographic and socioeconomic characteristics that are not projectable nationwide.

The demonstration projects also reveal that States often face many barriers in implementing work programs, even on a small scale. These barriers include the participants’ need for support services, such as child care and transportation; participants’ lack of basic education and skills; difficulty in developing worksites for some programs; paying for workers’ compensation in workfare programs; working with inadequate or untrained staff; developing cooperative relationships with other programs; and the possibility that the value of the work performed by workfare participants will be greater than the value of their AFDC benefits.

Insufficient financial resources can and often do contribute to these problems. In the projects we reviewed, these problems caused implementation delays and restricted the number of participants which could be served.

The problems that current work programs are experiencing raise questions about the administration’s proposal for fiscal year 1986. The proposal would eliminate WIN and require all eligible AFDC applicants and recipients to participate in employment-related activities. By the third year of the program, 75 percent of the clients would have to participate or the State would be penalized financially.

This mandatory program would be funded by grants totaling $145 million in 1986, increasing to $287 million in 1989. The administration estimates that the program would save $147 million over 4 years, of which $52 million would be saved in the first year through grant reductions and avoidance, when participants leave the rolls or applicants are deterred from applying.

The net effect of the proposal would be to shift a greater share of work program costs to the States while mandating a high level of performance. The proposed first year funding would be approximately half of the current funding for WIN and other work programs. By the third year, funding would increase to approximately the current WIN level, but still less than the current funding.

Less Federal funding could affect States’ ability to meet the proposed Federal participation requirements. It is difficult to estimate the extent of the effect because the administration does not totally define participation. Even with a very loose definition of participation, most projects we reviewed currently fall far short of achieving a 75-percent participation level.
States with no current statewide program will probably face implementation or expansion problems to achieve expected performance levels. Some currently successful programs might have to change or curtail their activities because of reduced funding. In addition, the proposal suggests that any training be done through Job Training Partnership Act Programs, which may not be able to adequately serve women with severe employability problems.

Although the results of current work programs raise doubts about the feasibility of a nationwide mandatory program at this time, the administration, for the most part, did not base its proposal on these experiences. Instead, the documents HHS officials provided us as support for the proposal consist of studies of programs conducted between 1977 and the present. Overall, these programs either have not been rigorously evaluated, are not applicable to the AFDC Work Program, or are not representative of the Nation as a whole. They do not, in our opinion, provide support to back up the administration's proposal, either in terms of feasibility or cost savings.

In conclusion, poverty among single, female heads of families and their children is a serious and growing problem. GAO supports the need for enhanced efforts which could help many of these women achieve economic self-sufficiency. Some current State and local programs show some progress toward achieving this objective.

However, the administration's proposal by mandating a national program with high participation rates while at the same time reducing overall work program funding, may hinder States' ability to help welfare women reduce their dependency or to achieve savings in public expenditures. Instead, it could increase program costs because of the day care, transportation, and administration needs created by the high participation requirements.

When the current work projects are completed, they could provide the Congress and the administration with information useful in shaping work program policy. Based on our previous work and current study, we believe HHS needs to monitor these projects more closely to ensure proper implementation and the development of good evaluative information. Until better information on program results is available, we believe it would be premature to substantially alter current work program policies and training opportunities for these families.

Mr. Chairman, this concludes my statement; I will be happy to answer any questions you or other subcommittee members might have.

[The prepared statement of Mr. Delfico follows:]
STATEMENT OF
JOSEPH P. DELFICO
HUMAN RESOURCES DIVISION

Mr. Chairman, we are pleased to appear today before the Subcommittee to discuss findings from our on-going review of the poverty status of women and children, specifically those living in families headed by single females. As you requested, we will focus on current poverty trends among families headed by women and the factors influencing those trends. We will then discuss what steps the federal government is taking to help these women, particularly those who are dependent on welfare, earn their way out of poverty. Finally, we will examine the Administration's current proposal regarding work-related programs for women on welfare.

In doing our work, we reviewed numerous studies and surveys conducted by federal, state, and local government agencies, as well as academicians. We examined the project files on work-related demonstration projects targeted to families receiving Aid to Families with Dependent Children (AFDC) benefits and analyzed data on a multitude of work projects across states. We interviewed government and private agency officials, poverty researchers, advocacy groups, and persons who work with female-headed families on a regular basis. We also visited educational, training and work sites of welfare recipients.

CURRENT TRENDS

The number of female-headed families in poverty is substantial. In 1983, the latest year for which data are available, there were 3.6 million female-headed families in poverty in America. This represents an increase of 1 million families, up from 2.6 million in 1979.

The linkage between female-headed families and poverty is clear. In 1983, people in families headed by women were more than four times as likely to experience poverty as were people in other families. In that year, 40.2 percent of persons in female-headed families were in poverty compared with 9.2 percent of persons in all families. The female-headed families were composed of over 12 million people, representing over one-third
of all people in poverty. They included 6.7 million children under the age of 18, or more than half of all poor children.

Among poor blacks, the problems associated with female-headed families were much more pronounced than for all poor female-headed families. In 1983, more than two-thirds of all poor blacks, and three-fourths of all poor black children, lived in female-headed households. This compares to 40 percent of poor whites and poor white children who lived in families headed by women.

The number of female-headed families in poverty is likely to increase because the number of families headed by females is expected to continue to grow at a rate five times that of traditional husband-wife families. The continued growth in the number of such families living in poverty is associated with changes in family structure and income.

FACTORS CONTRIBUTING TO TRENDS

The formation of female-headed families is associated primarily with high rates of marital break-up and out-of-wedlock births, particularly among teenagers. Out-of-wedlock births numbered 715,000 in 1982. In 1983, 65 percent of women under age 65 heading families with children were either separated or divorced.

Separations, divorce, and out-of-wedlock births, because they usually lead to a loss in income, often cause these families to move into poverty. Studies of changes in family structure have found that marital breakup results in a significant drop in family income—a 51 percent decline for families of separated women and a 43 percent decline for families of divorced women—and causes 45 percent of female-headed families to move into poverty. Out-of-wedlock births to young women can limit future income by interrupting the mother's education, reducing her ability to find a well-paying job and increasing the likelihood of welfare dependency. Three out of four children born out-of-wedlock live in poverty.
Women may not be able to replace the income lost or foregone because of changes in family structure. Even if they are able to find a job, women generally earn about 40 percent less than men—differences that cannot be totally accounted for by labor force history and attachment.7 The high cost of child care and other work-related expenses can substantially reduce income. Many women do not receive child support from absent fathers to help provide for their children. The Census Bureau reported that in 1981, less than half (47 percent) of the 4 million women due child support received the full amount.8 Another 4.4 million women did not even have a child support award in force against the absent father.9

Regardless of the reason that they are in poverty, the end result is that an increasing number of female-headed families with children are trying to survive on very little income. In 1983, the average income for female-headed families in poverty was only $4,648 or an average $4,200 below the poverty line.10 Nationally, concern has been growing about the increasing number of women and children in poverty. Although approaches to dealing with the problems differ, there is agreement that some response is needed to help these families develop the ability to adequately support themselves.

**THE FEDERAL RESPONSE**

The federal government response to the serious problem of women and children in poverty has consisted mainly of programs which provide cash and in-kind assistance for meeting basic needs, primarily the AFDC, Food Stamp, and Medicaid programs.* Other responses seek to reduce dependency by providing alternate sources of income. For example, the Child Support Enforcement Program aids in obtaining support orders and payments from

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*Other programs in which female-headed families participate include the Special Supplemental Food Program for Women, Infants and Children (WIC); School Lunch; and Public Housing.
absent parents. Other programs which provide tax incentives or disregard some earnings in calculating benefits are designed to encourage work. Our focus today is on AFDC's use of work-related programs to help women increase their earnings in order to reduce their dependency on welfare and, ideally, earn enough to raise their families' income above the poverty line.

AFDC is designed to provide cash assistance to needy children and their needy caretakers who lack support because a parent is absent, incapacitated, or unemployed. Benefit increases and increases in the number of recipient families have caused total AFDC expenditures to grow from $4.9 billion in 1970 to $14.5 billion in 1984, an increase of 195 percent in current dollars. However, the average real benefit to the AFDC family actually declined by an estimated 33 percent over that period. This decline occurred because unlike other benefits such as Social Security and Supplemental Security Income for the elderly, AFDC benefits are not automatically indexed for inflation.

Poor female-headed families, especially those headed by young women, rely extensively on public assistance for their support. Poor families headed by women under 25 years old received an average 65 percent of their income from public assistance in 1983, compared to 40 percent for families headed by women between 25 and 64 years old. In contrast, poor families with male heads received only about 10 percent of their income from public assistance that year. Contrary to the stereotype of the large welfare family, the average size of AFDC families is 2.9 people, meaning that most families have only one or two children. A large number of families have young children present—60 percent have at least one child under 6 years old. About half of AFDC families are headed by a mother or other caretaker between the ages of 25 and 39. Young mothers under age 25 head 30 percent of the families, but only 3.3 percent are under age 18.
Many women spend only limited periods of time on AFDC. A 1983 study found that half of stays on AFDC last for 2 years or less. Two-thirds are over within 4 years. Only 17 percent of stays on welfare last 8 years or more. However, because extended users (8 years or more) stay on AFDC for so long, at any given point in time they account for about half of those women receiving benefits. Again, because their stays are so long, they receive more benefits over time and thus account for the bulk of AFDC expenditures. These findings are important in considering ways to help women on welfare, because they suggest that many women will leave welfare in a relatively short time on their own. But for those who do not leave within two years, the probability of their becoming extended users increases dramatically and they may require a great deal of assistance.14

WORK AND WELFARE

Many women want to work in order to reduce their dependency on AFDC; however, they face several barriers to entering, or even maintaining, employment. The characteristics of welfare families suggest some of the problems they must overcome. Older women and long-term recipients with few or outdated skills may have difficulty mastering new ones. Women with young children require child care which is often expensive. In fact, considering the substantial number of AFDC families with preschool aged children, day care looms as a potentially large barrier to work. Women of any age may need basic education or transportation assistance to get to a job. Any response to aid these families in achieving self-sufficiency has to be broad enough to address their different characteristics and unique needs.

Recent reports support the belief that many female heads of families receiving welfare assistance are willing, and in fact, do work even for minimal financial gain. For example, the Omnibus Budget Reconciliation Act (OBRA) of 1981 decreased the amount a person could earn and still receive AFDC benefits. GAO evaluated the early impact of these changes and found that most
earners who lost AFDC benefits did not quit their jobs in order to requalify for AFDC, in spite of the loss of Medicaid and shortages of money for food. GAO's report estimated that 1 year after losing benefits, only between 7 and 18 percent of those who lost benefits were back on AFDC. The Institute for Research on Poverty also studied the effects of OBRA, with similar findings. In a study of Supported Work Experiments, the Manpower Demonstration Research Corporation (MDRC) found that many of the women who participated sought and obtained jobs and remained employed even though the loss of their welfare benefits substantially reduced their income.

Other studies have shown that families rarely rely exclusively on welfare for their income, but supplement it with income from other sources, such as a job. For women with patterns of moving on and off welfare, earnings have been found to be more important than welfare income, with few depending on welfare for more than half their income.

There is a long history, marked by frequent changes in policy, of attempts to enhance AFDC recipients' ability to participate in the labor market. The Work Incentive (WIN) program was established in 1967 to provide training, work experience and public service employment. Over the years, WIN's emphasis has shifted several times and now focuses more on direct job placement. WIN also provides support services, such as day-care and transportation. It is jointly administered by the Departments of Labor and Health and Human Services. Program funding has declined sharply in the past few years, from $363 million in 1981 to $267 million in 1984. Because of limited resources, this program has had to concentrate on only the most job-ready participants.

RECENT WORK PROGRAM HISTORY

Since 1931, AFDC work program policy has undergone considerable change. At that time the Administration proposed
mandatory "workfare," which would have required employable recipients to work off their benefits. Instead of a mandatory program, the Congress, through OBRA and subsequent legislation, made workfare and several other approaches optional to the states. An alternative approach to WIN also was offered—WIN demonstration projects. Many states receive waivers of program requirements and special funding to operate variations of these programs as demonstration projects. The principal types of programs established since 1981 are:

1. Community Work Experience Program (CWEP), or what is known as workfare. This program is intended to provide job experience and to help form good work habits.

2. Job Search, which requires participants to look for a job in a structured manner, either individually or as part of a group in a "job club."

3. Work Supplementation, sometimes called grant diversion, which allows the participant's welfare grant to be diverted and used to subsidize an on-the-job training position, often in the private sector, which may become unsubsidized employment.

WIN demonstration projects differ from regular WIN programs because they are administered by the state AFDC agency, rather than the state employment agency. They also give the state more flexibility in designing the program. The WIN demonstrations usually offer a mixture of components, such as education, job search, work experience, classroom and on-the-job training. The OBRA work programs described above also may be run as part of a WIN demonstration project. Within the Department of Health and Human Services, the Office of Family Assistance (OFA), which administers the AFDC program, also administers the WIN demonstrations and the OBRA work programs.

Thirty-seven states have implemented one or more options provided since 1981. Twenty-three have WIN demonstrations.
States operate the other work programs as adjuncts to either a WIN demonstration or a regular WIN program. Twenty-three have work experience or workfare, twelve have job search, and eleven have grant diversion programs. Some of these programs are operated as demonstration projects. Thirteen states and the District of Columbia operate regular WIN programs alone, with none of the OBRA work programs.

STATE EXPERIENCES WITH WORK PROGRAM CHANGES

Even though states are still experimenting with work program options provided since 1981, the Administration has proposed for fiscal year 1986 a mandatory work program for welfare families which would require massive participation, penalize states for failing to reach participation goals, and reduce federal support for work programs. This proposal could have a significant impact on the states. To assess this impact we reviewed the results of demonstration projects to test workfare and other approaches as well as several operational programs, with the objective of determining the feasibility of implementing large scale mandatory work programs at this time. In conducting our review, we also followed up on actions taken by HHS in response to 1983 GAO observations regarding collecting information and the monitoring activities of the states' work programs.19

EXAMINATION OF EARLY EXPERIENCES WITH WORKFARE

Following the 1981 work program changes and the implementation of these programs by many states, GAO examined the projects set up to demonstrate Community Work Experience Programs (CWEP), or workfare, and the implementation of other workfare programs which were not demonstrations. We issued two reports identifying problems in project monitoring and evaluation for the work demonstrations and some of the implementation problems states were experiencing with workfare in general.
In 1983, GAO reported that HHS' evaluation program for the workfare demonstrations begun in fiscal year 1982 had not provided information on whether workfare was successful in moving recipients to unsubsidized jobs, reducing welfare costs, or meeting other goals. For information on the projects, HHS relied on state quarterly progress reports, which varied from one project to another, and on the federal project officer's monitoring activities, which differed in intensity from case to case.

The report indicated that demonstrations begun in 1983 might provide information on whether workfare "works." However, we pointed out that for the demonstrations to provide such information, the evaluations had to be implemented as proposed and the methodological integrity of their designs maintained. HHS' response to our report stated that "[HHS has] been carefully monitoring the second set of CWEP demonstrations and will ensure adequate evaluations are carried out." With respect to monitoring these projects HHS stated that "a standardized quarterly data reporting format is now under consideration by SSA for all CWEP sites."20

In examining the states' implementation of workfare, a second GAO report found that CWEP programs that were operational on February 1, 1983, in 16 states were limited in size and scope. We found that most employable adult AFDC recipients were not in the workfare program and that those who were, often were not required to work off the full value of their assistance grants at unpaid jobs.

Some of the obstacles states experienced in expanding their programs included the costs for child care and transportation and the difficulty in finding appropriate jobs, especially jobs close to the participants' homes. Many of the workfare programs received substantial indirect benefits from WIN, including staff, office space, equipment and procedures for screening and processing cases. Some states also benefited directly by using the 90 percent federal funding available for WIN to cover CWEP
costs rather than the 50 percent federal matching funds available for CWEP administrative costs.21

Early looks at workfare, therefore, left considerable uncertainty about the effectiveness of this approach for either reducing public expenditures or improving participants' employability. Much weight was attached to the anticipated results of the 1983 workfare projects, as well as the outcomes of projects to test other approaches, including the WIN demonstrations.

Current Work on AFDC Work Programs

Our current review of OFA work-related demonstration projects focuses on the results since 1983 of workfare and other projects designed to test approaches such as grant diversification and job search. A major objective of the Administration's proposal is to promote self-sufficiency through the implementation of these programs in the states. To determine whether these programs are helping women achieve self-sufficiency, we asked several questions:

--What type of intervention works and for whom?
--What is the prospect of widespread application of these methods?
--What are the barriers to implementing these programs?
--Do the programs save money or even pay for themselves?
--Do the jobs people find through these programs enable them to leave AFDC and, if so, how long are they able to stay off welfare?

We found, however, that in spite of earlier indications that HHS would assure adequate evaluations and monitoring, OFA has assembled little information or analysis which would help determine the extent to which these questions can be answered.

OFA relies mainly on project evaluations provided by the states for information on project results, but some of these evaluations may not provide useful data. For example, of the
seven workfare projects whose evaluation plans we examined in our previous review, only two have resulted in interim reports with statistically useful results. Two projects have completed project implementation, but have yet to issue an evaluation. One of these, however, is seriously flawed, because the project now must attempt to reconstruct critical data elements that were not analyzed during the project. Projects in two states have resulted in reports, but problems with the control groups and the small number of participants in the projects limit the results' usefulness. One state decided not conduct an impact evaluation of its project, because of the problems encountered during implementation. Although the evaluation plans originally looked promising, it appears that these demonstrations will yield very little useful information on the cost effectiveness of workfare.

Another available evaluation is a congressionally mandated report OFA prepared on the implementation of WIN demonstration projects. However, questions of data reliability require caution in interpreting the results of these projects. The data were collected using different methods across states and have not been validated. The report thus qualifies as "conditional" the numbers presented on participants who entered employment from the program.

Until formal evaluations of demonstrations are provided, most of the information the federal government has available about the projects comes from OFA's monitoring activities. OFA, however, does not put together collective or comparative information on the progress and problems the projects are experiencing. And, while HHS in responding to our earlier report stated it was considering using a standardized reporting format, current quarterly reports do not have a common structure or consistent data elements. In fact, substantial improvements in project monitoring have not been made since our earlier review. Other OFA monitoring methods include sporadic visits to project sites and telephone contacts with the states. The extent to which these contacts are documented varies.
Little outcome information is readily available on workfare or other programs that are not demonstrations, because OFA does not routinely receive such information from the states. States sometimes provide information to OFA regional staff, but rarely is it systematically analyzed and forwarded to Washington.

**GAO ANALYSIS OF CURRENT WORK PROGRAMS**

Because OFA has made little effort to compile information on the success or failure of work programs nationally, we conducted our own analysis based on available data. We examined OFA's project files for 34 work-related demonstration projects and collected information on 3 additional projects and, in spite of difficulties with the inconsistency of the data, were able to construct a picture of the states' current experiences. We found little evidence to indicate that the demonstration projects could be implemented on a national mandatory basis, because 30 projects are still in progress, and those that have been completed yielded inconclusive or unreliable outcome data. While some are showing encouraging interim results, their general applicability must be viewed with caution. We did identify seven barriers or problems which various states faced in implementing work programs even on a small scale or demonstration status.

Some work projects are demonstrating that they can have a positive effect on the employment and earnings of welfare women. For example:

--The San Diego Job Search and Work Experience Project has had significant impacts on the employment and earnings of AFDC applicants when compared to a control group. Some grant savings were achieved, but in the short term the administrative costs outweighed the grant reductions.22

--Maryland's Employment Initiatives Program, although it had to exempt a large number of people or place them
in a holding status, 23 reports placing a large proportion of those who actually participated in unsubsidized employment: 60 percent compared with a 27 percent rate for all those who registered with the program. Massachusetts' Employment and Training choices program served 25,000 people and placed 10,000 in unsubsidized employment during its first year of operation. The average cost per placement was $3,000, but the state estimates it still saved $3,000 from grant reductions for each placement. It should be noted that Massachusetts' program has no control group.

Projects such as these offer encouraging evidence that they can assist AFDC mothers in reducing their economic dependency on welfare. These successes, however, were influenced by particular combinations of factors which may not be found in other locations. For example, past work program experiments in San Diego and Massachusetts provided these sites with considerable experience in dealing with the problems of implementing such programs. Massachusetts' current program was implemented during a time of economic growth, which may have affected its outcomes. In addition it is heavily dependent on a large contribution of state funds. Maryland initially chose to concentrate its resources in two sites to ensure adequate financial support for its work program. Other states may not be able, or may not choose, to allocate significant amounts of resources to work programs.

These factors do not diminish the programs' success in positively affecting participants' lives. However, replication of a successful program from one state to another may be difficult, because of differences in economic conditions, financial resources, program experience, and welfare philosophy.

**Barriers to Implementing Work Programs**

Even work programs that achieve some success must overcome significant barriers. Our current review of work projects in
25 states has found considerable information about problems which should be considered in implementing a work program for welfare families. The problems or barriers we identified as the most critical include:

**Support Services**—Many women may not be able to participate in work programs without costly support services, such as child care and transportation. Adequate child care is critical if women with young children are to be included in a work program. Even though in some work programs the federal government will match part of the expense of these services, they still can be costly to the states and/or participants unless other sources of federal funding, such as Social Services Block Grant (Title XX) funds, can be used. Our assessment of projects found variation in the extent to which sites provide such services, ranging from sites which make no child care arrangements to sites which offer complete child care coverage. However, programs that did provide these services still at times had to exempt people from participation, because no day care slots or inexpensive means of transportation were available.

**Education and Training**—Some women lack the basic educational or skills background to enable them to find a job or even participate in work programs, including performing the basic tasks required at workfare sites. Baltimore’s program usually requires a high school education or its equivalent for participation in its training components. Ways in which programs have dealt with the problem of illiteracy include exempting illiterates from participation, requiring the person to participate anyway, or referring the person to remedial education.

**Work Slot Development**—Slots, or positions, in workfare and work supplementation programs may be hard to create. Twelve of the 37 projects we examined were workfare programs. Of these, 5 reported problems with developing worksites at all or finding
suitable sites for their clients. Because of difficulty developing sites for clients, one workfare program had as many as 35 eligible participants for each slot. A recent evaluation of 6 grant diversion programs found that all of them have had some difficulty cultivating private sector employers, who are reluctant to become involved in on-the-job training. This difficulty resulted in implementation delays for the programs.24

Worker's Compensation--In two workfare projects, the failure of the state initially to provide worker's compensation for its participants affected local agencies' willingness to provide slots. Officials in another program, concerned about reported increases in on-the-job injuries, are planning to study the problem and the allocation of compensation costs. Current federal regulations for workfare make the provision of Worker's Compensation optional to the state.

Staffing Problems--Inadequate staffing has resulted in implementation delays and lower participation rates. In one state's WIN demonstration program, lack of staff due to funding shortages in two sites severely curtailed the program by limiting the number of participants the program served. Other state programs were delayed because welfare staff had trouble adjusting to new tasks for which they were not trained, such as developing worksites.

Relationships With Other Programs--Programs with limited funding often need to draw on the resources of other programs. However, when differing program objectives prevent smooth cooperation, the work program's implementation may be impeded. For example, two workfare projects which depended on WIN staff for client referrals experienced participation problems because the WIN staff frequently referred clients who were unsuited for the program. Grant diversion projects which depend on Job Training Partnership Act (JTPA) staff to place clients in on-the-job training positions have had problems when they referred clients who the JTPA staff considered unemployable and were unwilling to place.
Value of Work Performed—In workfare programs, the hours a participant works usually are calculated by dividing the AFDC grant by the federal ($3.35 an hour) or state minimum wage. However, workfare jobs may be valued at a rate higher than the minimum wage; thus, the value of the work performed is greater than the value of the participant's benefit. The workfare participant may be working with regular employees doing the same or similar work for higher compensation. For example, we spoke with two participants at a workfare site who were performing clerical duties. Their supervisor described these tasks as the same as those performed by regular employees making at least $11,400 a year, or $5.46 an hour.

Some of these barriers, such as staffing problems or support service gaps, are caused directly or indirectly by insufficient financial resources. The level of available funding is therefore critical to a program's success. If barriers are not removed, programs may not be able to serve a substantial portion of clients, or in other words, achieve high participation rates.

QUESTIONS ABOUT THE CURRENT ADMINISTRATION PROPOSAL

Comparing the problems observed in current work programs with the features of the Administration's proposal for fiscal year 1986 raises questions about the proposal's feasibility. The proposal would replace WIN and WIN demonstrations with a requirement that all eligible AFDC applicants and recipients participate in employment-related activities. The states would have some flexibility in designing their components, which could include job search, Community Work Experience Programs, work supplementation programs, or alternate programs which provide practical work experience. Education and training are deemphasized. At least twenty-five percent of eligible clients would have to participate in the first year, increasing to seventy-five percent by the third year. Failure to reach these goals would result in financial penalties to the states.
The proposal would fund the new mandatory statewide work program with straight grants to the states totaling $145 million in 1986 and increasing to $287 million in 1989. The Administration estimates the program would save a net of $147 million over four years, of which $52 million would occur in the first year. These savings would be achieved through grant reductions and avoidance when participants leave the rolls or individuals are deterred from applying.

Potential Funding Problems

The proposed first year funding for the new program is significantly less than current expenditures for WIN, for which $267 million were obligated in fiscal year 1984. We found that states which run programs such as workfare often depend on WIN funds to provide support services, such as child care. In addition, the Social Services block grant, another major source of child care funds, has remained fairly constant in recent years after a significant decrease in 1982. The Administration proposes to fund it at current levels for the rest of the decade. However, states have decreased their allocations for day care. States would have to reorder their priorities to substantially increase their child care funds from this source.

The net effect of the proposed funding cuts would be to shift a greater share of work program costs to the states. If states could not compensate for lost federal funds, some currently successful programs might have to change or curtail their activities. Because adequate funding is often critical to resolving implementation problems, elimination of WIN funding and a decrease in overall work program funding could significantly impair the proposed program's effectiveness because fewer participants could be served.

Problems with Participation

The Administration's proposal would require high participation rates--75 percent of eligible recipients and applicants--by the program's third year of operation. States
which do not achieve this goal would be penalized by reductions in their total AFDC grant. The proposal, however, does not fully define participation in that it is not clear what activities would be acceptable, how extensive client involvement would be, and how the states' compliance with the participation goal would be determined.

While a few states may be able to approach the 75 percent threshold, it is unlikely that the majority of them will be able to serve such a high proportion of eligible clients. Largely because of the barriers we have described, achieving high participation rates was one of the most serious problems the demonstration projects reported. Few reached their participation goals, which were often modest in comparison with the Administration's proposal.

Even programs with relatively high participation rates did not achieve those rates by having all of the registrants participating at one time. For example, in San Diego over half of the registrants actually participated in a work activity, but this participation rate was achieved over a 9-month period. And participation was defined as being present for 1 day for job search and 1 hour for work experience.

The achievement of a successful participation rate is related to the feasibility of implementing a program statewide. For states which now do not have statewide programs administered by the welfare agency, the problems of implementation or expansion could be immense. Some states, for example, have experienced difficulty in implementing demonstration projects in only a few counties. The greatest problems could occur in rural areas, where day care and public transportation are less likely to be available. From the standpoint of program development, evaluations and progress reports from projects in rural areas report fewer prospects for developing work experience sites or private sector training slots.
Training and Education Needs

Under the Administration's proposal, low funding levels and the program's emphasis on job placement could limit programs' ability to serve participants' education and training needs. We identified in our assessment of current state projects problems of illiteracy and extremely low skills levels which hamper some programs. And teenage mothers, a key target group, may need extra support to enable them to stay in school. However, the Administration's proposal deemphasizes training and education provided by the welfare agency. It encourages the states instead to rely on training offered under JTPA. JTPA is required to target a proportion of AFDC recipients for its services, but it is not clear that it can serve all the training needs of the proposed AFDC work program if it is to be the primary training provider. A recent study of JTPA implementation found that the program had indeed targeted and enrolled a significant number of welfare clients. The study noted, however, that most JTPA Service Delivery Areas did not pay substantial attention to the program's mandate to serve those most in need of, or who can benefit most from its services, a category which could include many AFDC clients.25

BASIS FOR ADMINISTRATION'S PROPOSAL

Our assessment of the states' current experiences and problems in implementing work programs, including inadequate funding and difficulties in meeting day care, transportation, educational and training requirements, raises questions about the Administration's proposal to mandate a national program of work options.

Significantly, the Administration for the most part did not base its proposal and cost/savings estimates on current demonstrations of work programs for welfare mothers administered by OPA. Instead the documents HHS officials provided to us as the basis of the proposal consist of studies conducted between 1978 and the present of work programs with elements similar to
those in the proposal. The principal studies include a 1978 job search evaluation, a 1981 food stamp workfare evaluation, reports on the Utah Work Experience and Training project, a study of a job search project in Oregon which is still on-going, and a preliminary report on the San Diego demonstration project. The two latter projects are among the current group of demonstrations monitored by OFA.

The food stamp workfare evaluation notes that the demonstration should not be viewed as a test of a national workfare program. According to the report, the seven sites, six of which were rural, were not representative of the nation as a whole or any major segment of the country. The food stamp clientele also differed from the proposal's targeted AFDC population. In addition, GAO reported in 1981 that program information on costs and benefits was too sketchy to draw hard conclusions about the food stamp program's cost effectiveness.

Information on the feasibility and impact of the Utah Work Experience and Training program is limited to the state's management reports. The reports show that 11,143 AFDC grants were closed or reduced between June 1974 and December 1980. Because no formal evaluation of the Utah project was performed, however, it is impossible to determine the cause of the grant reductions.

A 1978 evaluation of job search projects in five cities showed that intensive job search services produced significantly higher placement rates for an experimental group when compared to a control group receiving no additional services. Four of the five cities included in the study, however, concentrated only on the most job ready recipients. A mandatory AFDC program would also have to deal with people with significant employment barriers, such as low education and skill levels.

After Oregon implemented its job search program, its AFDC caseload declined by nearly 1,900 families between January 1982 and January 1985. The effect of the job search program on this
decline is ambiguous, because the drop also coincided with program eligibility changes as a result of OBRA and the start up of a WIN demonstration. Further, the project is essentially a case study and has no concurrent comparison group. There is no way to tell if the results were due to the program or would have occurred anyway.

As noted previously, the San Diego job search and work experience project showed some promising interim results. However, this program was targeted at AFDC applicants rather than recipients, and thus cannot be generalized to the total welfare caseload. Applicant groups contain a higher proportion of individuals who will leave welfare after a short period of time. In addition, the experimental group had prior work histories and educational levels exceeding those for the welfare population generally.

Overall, these studies cover programs which have not been rigorously evaluated, are not applicable to an AFDC work program, or are not representative of the Nation as a whole. They do not, therefore, provide adequate support to back-up the Administration’s proposal, either in terms of feasibility or cost savings.

SUMMARY AND CONCLUSIONS

Poverty among single female heads of families and their children is a serious and growing problem. While the needs of these families are many and varied, there is agreement that some response is required to help them reduce their economic dependence on AFDC and assist them to earn enough to become economically self-sufficient.

Even though a majority of states are currently experimenting with various work programs to aid these families, the Administration has proposed major changes for fiscal year 1986. Basically the Administration’s proposal would require mandatory large scale participation in work programs for welfare families, impose financial penalties on states if this is not
achieved, and at the same time reduce federal funding to support work activities.

There are several problems with this proposal. First, we have identified sufficient obstacles to indicate that implementing a large scale work effort at the same time that federal financial support is reduced may not be feasible. There is little evidence to date that shows that these programs can be implemented on a large scale or that they achieve savings in public expenditures; instead a national mandatory program could increase day care, transportation, and administrative costs. If states could not make up the difference in lost federal support, this proposal could result in a reduction in current work programs and fewer opportunities for welfare families to achieve self-sufficiency.

We are also concerned about the Administration's failure to adequately document and evaluate current state work initiatives. Only a small amount of data from these projects was used to justify the Administration's fiscal year 1986 proposal. In addition, in spite of a commitment by HHS two years ago to improve evaluation and monitoring activities, we found that in many cases evaluations have been done poorly, monitoring is haphazard, and little effort has been made to pull together even descriptive information on the different work projects under HHS' responsibility. Many state projects are currently testing different approaches to work options for welfare families; these could provide valuable information. However, if current OFA practices continue, it is unlikely that information on the outcomes of these projects will be available to the public or the Congress in the future.

In sum, GAO supports the need for enhanced efforts which could help many female heads of families in poverty achieve economic self-sufficiency. However, the Administration's proposal, by reducing overall work program funding and mandating
a national program with high participation rates, is unlikely to enhance the states' ability to help welfare women reduce their dependency. Rather, it could reduce the efforts of some current programs which are providing work and training opportunities for these families and cause other programs to ignore intensive activities which, although expensive, might help the hard-to-employ.

When the current work projects are completed, they could provide the Congress with information useful in shaping work program policy. We believe HHS needs to monitor these projects more closely to ensure that they will be implemented properly and result in good information on their progress and problems experienced. Until better information is available for the Congress, we believe it would be premature to substantially alter current work program policy and training opportunities for these families.

This concludes my statement, Mr. Chairman. I will be happy to answer any questions you or other Subcommittee members might have.
NOTES


5Mary Jo Bane and David J. Ellwood, Slipping Into and Out of Poverty: The Dynamics of Spells (Boston, MA: Harvard University, August 1983), p. 25.


7Greg J. Duncan, Years of Poverty, Years of Plenty (Ann Arbor, Michigan: University of Michigan, 1984), pp. 153-154.


11U.S. Congress, House Committee on Ways and Means, p. 387.


14Bane and Ellwood, p. 10 - 12.


18Duncan, pp. 76, 78.


20GAO/IPE-83-3, pp. 14-15, Enclosure IV.


22Manpower Demonstration Research Corporation, Findings From The San Diego Job Search And Work Experience Demonstration (MDRC, 1985), pp. 7, 16-19, 27.

23Manpower Demonstration Research Corporation, Interim Findings From The Maryland Employment Initiatives Programs (MDRC, 1984), pp. 9, 82-83, 127.


Mr. WEISS. Thank you very, very much, Mr. Delfico.

In your written statement, you detail problems that the GAO found with the Department's monitoring and evaluation of State work programs.

Could you elaborate on those problems?

Mr. DELFICO. Yes; the problems we found dealt primarily with the quality of the evaluation information coming from the State programs.

We found that rigorous evaluations are not being done for the most part. With the exclusion of a few States, we found the evaluation designs to be wanting. Therefore, the information on the impact of these particular projects is questionable and we do not have confidence in them.

Mr. WEISS. You mentioned that GAO has found that the mandated participation rates in the administration's proposal are unrealistic and may actually impede existing State effort.

Could you explain how you reached that conclusion?

Mr. DELFICO. The way we see it is that the mandated rates are higher than anything the States are experiencing today.

In addition, when you expand the program this rapidly, you will be incurring additional expenses that you are not incurring today serving the clientele you are serving today.

So, the infrastructure problems will have to be solved and the funding problems, which are going to be severe, are likely to hinder the achievement of high participation rates.

Mr. WEISS. What will be the effect of deemphasizing education and training?

Mr. DELFICO. Our view is that the people who are hardest to place, as you heard in the first panel this morning—the long stayers—are going to be hurt most. These are the people that probably need education and training programs the most, and with the administration's proposal, they will probably suffer the most.

Mr. WEISS. You mentioned that the administration's proposal would result in a shift of costs from the Federal to the State level.

Do you have an estimate of how much that shift would be?

Mr. DELFICO. We have a very rough estimate. Mr. Fossett worked on that last night, and I think he may have a comment on that. I think it was something like a $100 million. Is that right?

Mr. Fossett. Yes. It is substantial. Mr. Chairman, if you look at what the WIN Program is providing at this time as well as what is being funded under the IV-A program, you have a total Federal contribution of about $285 million and a State contribution of about $45 million. The administration has now proposing to provide...
$145 million. For the States to maintain a program at approximately the same level, they will have to contribute approximately an additional $140 million more than they are contributing at this time.

Mr. Weiss. Do you have a breakdown of how much money is being spent on Welfare Employment Programs, including both Federal, State, and local funds?

Mr. DelFico. We do not have that with us today. We have Federal funds. They are fairly easy to compile. I think the breakout at the State level is the most difficult one to get.

Mr. Weiss. Could you try to submit that for the record for us? Mr. Fossett. Yes.

[The information follows:]

ESTIMATED WELFARE EMPLOYMENT PROGRAM ANNUAL FUNDING (FISCAL YEAR 1985)

<table>
<thead>
<tr>
<th></th>
<th>Federal</th>
<th>State</th>
<th>Local (1)</th>
</tr>
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<tbody>
<tr>
<td>WIN</td>
<td>$270</td>
<td>$30</td>
<td></td>
</tr>
<tr>
<td>IV-A (2)</td>
<td>15</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>285</td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>

(1) Unable at this time to determine any for- government contribution to either the WIN or IV-A work programs.

(2) Best data available based on a OFA estimate. To date OFA has not collected cost data on the IV-A work programs. OFA has now decided to collect these data; however, fiscal year 1985 data will not be available until after the end of the fiscal year.

Mr. Weiss. What direction can you give us that you think is appropriate in developing the appropriate role of the Federal Government in broadening opportunities for women in poverty? Can you rough out a Federal agenda in this area?

Mr. DelFico. We are in the midst of a study for the subcommittee that will deal with that whole topic, Mr. Chairman. But, one point that keeps recurring and you heard it in the first panel this morning, is that there may be quite a bit to gain by targeting Federal resources on the hard to place. You could again on two levels, one, the humanitarian level, and second, the financial level. In the long run, if you are successful with this group, you may reduce welfare grants more than any other way. We are still looking at that and will be reporting to you shortly.

Mr. Weiss. Thank you very much.

Let me make note of the fact that we have been joined by other members of the subcommittee, Mr. Rowland of Connecticut, and Mrs. Boxer of California. Thank you.

Mr. Walker.

Mr. Walker. Thank you, Mr. Chairman.

I must admit I am a little confused by your testimony. What data did you draw from that OFA does not have?

Mr. DelFico. We drew data from OFA files, as well as data acquired directly from interviewing State officials.

Mr. Walker. And, OFA does not have that data?

Mr. DelFico. Well, some of the people we interviewed, Mr. Walker, probably would be different than the people that were interviewed by OFA. OFA does have the other data. They have the data on the evaluation programs. That is where we got our data. We researched their files.
Mr. Walker. So, in other words, you were working with the same data base that OFA had?

Mr. DelFico. Yes, by and large, particularly the data base at the Federal level.

Mr. Walker. OK. You say in your testimony OFA has assembled little information or analysis which has helped determine the extent to which these questions could be answered, citing insufficient data, and, yet, you use the same data and come to conclusions.

Now, I am a little confused.

Mr. DelFico. Our conclusion is that the data is not adequate enough to come to a conclusion, and that is what our point is——

Mr. Walker. But, you draw the conclusion by the end of your testimony that despite the fact the programs are failing, that we ought to keep them and get more data.

Now, that is a pretty firm policy conclusion. Maybe it is an accountant's basis of what we ought to have as data rather than working programs.

But, I somewhat question the conclusion, if it is based upon the same data that OFA has.

Mr. DelFico. Our conclusions are not that we feel that we should throw away the programs. As a matter of fact, I think we agree with your comment in your opening statement that there is something good happening out there.

But, you are not going to find it out with the data you now have. There are few evaluations that you can depend on, and that is the only point we are making.

Mr. Walker. Well, no, my point is this, that in the time period that you studied, 1979 to 1983, we have seen the poverty rate increase among the affected group from 32.7 percent to 36 percent, which would indicate that there may be something wrong in the program base.

Yet, your conclusion is that the programs ought to be kept, do not make any changes, do not go with the administration's plan. You offer no recommendations for a plan of your own, but you say do not go with the administration's plan, and get more data.

Now, I guess my question is, how long do we hold on to failing programs, waiting for enough data that we can change them?

Mr. DelFico. I think the point we are trying to make, Mr. Walker, is that the programs are demonstration programs and experimental programs that have faced problems. We have enumerated some of them in our testimony. We believe more can be learned about how to solve those problems if we spend more time on better process evaluations and better impact evaluations.

With that understanding, we can then help shape policy in the future. I do not think, and I did not mean to imply, that these programs should be eliminated. I did not think I said that.

Mr. Walker. Well, but, you know, I went back to your testimony. I looked through your testimony here, and I looked through your footnotes. I do not find that there is any analysis of some of the data that has come out.

I cited Mr. Galloway here earlier. I do not see any indication that Mr. Murray's analysis was used, and that certainly has some impact.
Were any of those kinds of studies used as a part of your evaluation?

Mr. DELFICO. Yes. We are quite familiar with Mr. Murray's work. As a matter of fact, we had him in and we spent a morning with him discussing some of his comments. They do not apply to the topic we are discussing today. We are looking at the way these programs are being run, some of their impacts, and how the results are being measured. The question of the impact of the welfare policy on behavior patterns was not addressed in our study.

Mr. WALKER. And, the final thing is you come to the conclusion that the administration's program would hurt the people who are worse off in the system right now, primarily unwed teenage mothers. They would be the worst hit under the administration's proposal.

It seems to me that that does not, in any way, take into account what the administration is attempting to do, to give State and local governments more discretion in terms of how to meet some of those needs.

Now, is that not something where, in fact, in States and localities, recognizing that that is where the need lies, that what we need is some additional flexibility, and in some of those instances, you might find more services to those groups as State and local communities adjust their programs to meet locally perceived needs?

Mr. DELFICO. That could be the case. Our point—

Mr. WALKER. But, you come to the conclusion that would not be the case.

Mr. WEISS. Give him a chance to answer the question.

Mr. WALKER. Well, he just said in his testimony that they would probably be the worst off; now, he just says that could be the case.

Mr. WEISS. But, Mr. Walker, you cannot ask him long questions, as you did, let three words come out of his mouth, and say OK, that is the answer. You might want to perhaps give him a chance to talk for another 30 seconds before you interrupt.

Mr. WALKER. You are a better lawyer than I am.

Mr. WEISS. Right.

Mr. DELFICO. Thank you.

What we tried to do, Mr. Walker, was to point out that the funding problems are paramount. With the reductions or the repeal of WIN, and the elimination of the employment and training programs—programs that have been funded at a 90-percent level by the Federal Government—the States are now going to have to bear the costs of these programs. State officials have told us that this is going to be very difficult to do, and that even though they have the flexibility, they may not have either the funding or the infrastructure to provide the employment and training programs to this hard-core group. I think when you combine the infrastructure problem with the funding problem, that is what you run into.

Mr. WALKER. Well, I think there may be some validity to that.

On the other hand, it may also be that they will redirect the funding to meet the needs of the groups with the greatest needs. I think that that kind of discretion is an important part, and you wrote off the discretionary elements in your testimony, too. That is my complaint.
You can make the case with regard to resources, but what you did in this testimony is write off the elements of the program that also has some merit just as discretion, and I do not think that that is a proper analysis.

Mr. WEISS. Mr. Rowland.

Mr. ROWLAND. No questions.

Mr. WEISS. Mrs. Boxer.

Mrs. Boxer. I would like to join in with a bit of a comment here. Having served in local government for 7 years before I came here in 1982, I was elected, and this issue of discretion sounds very good. As a matter of fact, we, as the local board of supervisors, would have loved to have had the flexibility or the discretion to take care of our own people.

However, we needed to have the funding from the Federal Government, which has a much bigger basis of funding, obviously. So, to say that you can throw these problems at local government without the funding is a wishful dream. It is a nice dream, but it is not going to happen.

I have talked—from my own experiences, maybe it is different in Pennsylvania. Maybe the locals are chomping at the bit to pick up the tab for people in poverty, but I can tell you in my situation in a suburban county with its own problems, it was our feeling that when you look at women in poverty and you look at issues that really are dictated by the U.S. economy, you know, when your unemployment rate now is at an enormous 7 percent, you are going to have some built-in problems.

So, I think, for the record, the point I would like to make, having come in late and I apologize, I had an appointment my first 2 hours of my working day today, is that local government would like the flexibility, but they also would like the funding.

Thank you, Mr. Chairman.

Mr. WEISS. Well, thank you very much.

But, is not part of the problem with the administration’s proposal, in addition to the fact that they have not evaluated or provided the information for an evaluation as to whether and which of the demonstration programs are working and why they are working and why they are not working, that, in fact, there is a movement away from discretionary aspects of some of the administration programs, and that there is a reduction of flexibility rather than an increase in flexibility?

Do you want to address that, Mr. Delfico?

Mr. DELFICO. I think, if you eliminate the WIN demonstration programs, as has been proposed, and then propose, as the administration has, other programs which are fewer in number, yes, there is a limit to the discretion allowed by the administration’s proposal.

Mr. WEISS. Also, you have this 3-year phase-in, starting with the 25-percent rate of participation the first year, and the 75-percent rate of participation by the third year. Doesn’t this remove flexibility and result in not innovative, experimental, effective programs for the client, but rather a churning to make sure that the Federal requirements of having touched base in some way, however effectively, with 75 percent of the case load is met?

Mr. DELFICO. That is possible, yes.
The way it may go with lower funding levels is to run the least costly programs. These are the ones that I mentioned earlier that are not aimed at the hardcore unemployed. The least costly programs may include activities like job search, which is fine, it seems to have worked, but the program may not include the education and training needed by the hard-to-employ.

Mr. Weiss. It will look great as far as proposed numbers are concerned, but those people who are the most dependent, the ones that sustain the most severe problems, will end up still being on the welfare rolls, is that right?

Mr. Delfico. That is my belief, yes.

Mr. Weiss. Thank you very, very much. If there are no other questions of this witness, we thank you for your participation.

Mr. Delfico. Thank you, Mr. Chairman.

Mr. Weiss. Our next panel will be Cesar Perales, commissioner of the New York State Department of Social Services, representing the American Public Welfare Association, and Dr. Judith Gueron, executive vice president of the Manpower Demonstration Research Corp.

We welcome both of you, and, Mr. Perales, if you are ready, we—

Mr. Perales. We are ready. Thank you, Mr. Chairman.

Mr. Weiss. Again, your entire prepared testimony has been submitted to us, and will be entered without objection into the record in its entirety. If you can highlight your statement and keep it within 10 minutes maximum, it would be appreciated.

Mr. Perales. I will.

Mr. Weiss. OK.

Mr. Perales. Thank you, Mr. Chairman.

Mr. Weiss. Please proceed.

STATEMENT OF CESAR A. PERALES, COMMISSIONER, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES, REPRESENTING THE AMERICAN PUBLIC WELFARE ASSOCIATION

Mr. Perales. Members of the subcommittee, my thanks for the opportunity to appear before you today to discuss the States' views on unemployment programs for welfare recipients.

I am Cesar Perales, the commissioner of the New York State Department of Social Services, and I am the chair of the National Council of State Human Service Administrators Employment Committee.

New York has, for years, been in the forefront of the development of new approaches to welfare employment. It is for this reason that I am especially happy to be here today.

The State, in cooperation with local social service districts, conducted experiments with grant diversion as early as 1971. In the early 1970's, we had massive public service employment programs, Supported Work and Job Search Programs.

Early on, we learned that public assistance recipients can do and want to work, if meaningful jobs are offered at decent wages. In terms of the work ethic, public assistance recipients are no different than any other American. But, as with any group of individuals, public assistance recipients are not all the same.
To be successful, agencies delivering employment services must offer a variety of approaches in assisting recipients to find and retain employment. That is why it is so important that existing State flexibility to design and operate programs be maintained.

Mr. WEISS. Mr. Perales, with most witnesses, I ask them to pull the microphone closer. Would you push it away just a little bit? Thank you. That is good.

Mr. PERALES. In New York, we view unsubsidized employment as the key to self-sufficiency and self-respect. We view the issue of welfare employment as a serious one. In this regard, the Governor, Mario Cuomo, has made our programs an executive and legislative priority.

Recently, under the Governor's auspices, New York has embarked on a WIN demonstration program. We have streamlined the program and expect that 21,000 AFDC recipients will begin jobs during the first year of operation.

This number represents an increase in positive outcomes of 40 percent. It also represents an increase of 50 percent in WIN worker productivity. I know my colleagues in other States that are implementing programs designed to achieve similar results.

The State human service administrators are firmly committed to moving welfare recipients toward self-sufficiency. This commitment is evidenced by the increasing number of employment initiatives being developed and implemented across the States, and by the successful results of existing work programs.

We believe it is critical that investments be made and efforts designed to help welfare recipients, who often lack the skills and work experience, to otherwise compete successfully in today's labor market. This is in the recipients' best interests, as well as that of the State and Federal Government, which share in the resulting welfare savings.

Only 4 years ago, Congress granted States more flexibility to design and operate cost-effective work programs for the welfare population. In the short time since then, States have taken responsible advantage of the discretion they have been given to develop innovative work-related activities, ranging from job search clubs, to skills training, to wage supplementation.

As many as 37 States, as you have already heard, have implemented one or more of the optional work programs authorized by OBRA. With the addition of the discretion provided States last year, by the deficit reduction act, the design of effective grant revision programs, this number will likely increase.

That so many States have implemented optional work programs is significant, when you consider that less than 4 years ago, the role of title IV-A agencies and employment programs was essentially limited to providing needed support services. Most important, despite limited dollars, the States have had measurable success with their employment programs.

For example, in fiscal year 1984, States registered over 1 million AFDC recipients for WIN services nationwide. Roughly 35 percent of those registered found jobs, 33 percent more than had the previous year. The resulting savings attributed to welfare grant reductions totaling $587 million, more than double the $260 million in Federal money invested in grants for States for this period.
These savings, moreover, do not include savings attributed to welfare grant avoidance. Over $142 million in 1984 were the savings in food stamps or medicaid that result when the AFDC status of a family changes because of employment.

Few Federal programs probably come close to matching this kind of performance; $2 saved for every Federal dollar invested. This is a worthwhile investment.

States have opted to run WIN demonstrations. States that have opted to run WIN demonstrations have been equally successful. Oklahoma had 19,720 AFDC recipients registered for WIN demonstration services by the end of fiscal year 1984, of which 7,716, that is 39 percent, found jobs. And, the list goes on.

It is difficult to demonstrate similar results from some of the other welfare employment programs as national data are somewhat limited. However, based on State experiences, it is clear that given sufficient program flexibility, similar results are achievable. As a result of State IV-A initiatives, many recipients for the first time are getting the kind of support that can help them gain independence for employment.

Although States have made a great deal of progress with employment programs, much remains to be accomplished. Reducing welfare dependency by enhancing employment opportunities is a difficult task, one that requires the resources, ingenuity, and commitment of not only the States, but the Federal Government and private sector.

Continued progress also depends on maintaining program stability and flexibility. In this regard, we would like to share with you our concerns relating to the proposal put forth by the administration to modify existing IV-A work program requirements.

In our view, the administration's work opportunities and welfare program, as contained in Senate 1081, introduced by Senator Roth in May, is contrary to the very rhetoric embodied in the language in the title of it, “Work Opportunities and Welfare.” It would, one, substantially curtail the State's ability to effectively target work program services on certain categories of recipients, such as adolescent mothers, thus limiting our ability to move recipients into conformity.

Two, increase and shift additional operating costs to the States, and, three, prohibit work program innovations.

The National Council of State Human Service Administrators strongly opposes this proposal. Let me be more specific about our concerns.

First, States would be expected to expand required services with less money. Funding for WIN would be eliminated, a proposal, which is clearly unwarranted, given State success with the program. States would, nevertheless, be required to expand work program activities to applicants, and additional categories of recipients.

In addition, each State would have to ensure that the majority of its eligible participants are actively involved in a work activity on a regular basis. While the States do not object in principal to expanding work program services, without sufficient resources, expansion of this kind will simply lead to ineffectual programs.
The expansion of work program activities required by the work opportunities and welfare proposal would clearly entail substantial costs. According to an APWA survey conducted earlier this year, to ascertain the impact of this proposal, Connecticut would have to hire 161 new staff to operate job search for applicants and recipients alone; additional program costs the first year would be as high as $18.5 million. Delaware would have to spend $4.2 million to operate a statewide work opportunities and welfare program, 3½ times its current costs. Missouri would have to spend an extra $12 million to provide a work opportunities and welfare program for recipients, not now participating in a work activity.

Moreover, States estimate that costs for operating the program will escalate even further as the higher participation standards are in effect. Texas, for example, estimated the work opportunities and welfare program will increase its administrative costs by $1.6 million above current program costs in fiscal year 1986, bringing the total cost to $25.9 for the fiscal year.

In fiscal year 1987, with the requirement that the State involve 50 percent of its eligible participants in a work activity, additional costs are projected at $22.1 million, raising total costs to $51.6 million.

Given the fact that Federal financing for the New York program would be capped, States would either have to pick up these additional costs themselves or somehow identify methods of limiting services while still meeting Federal standards.

Second, unrealistic participation standards would be established. As I have already noted, the work opportunities and welfare program would require States to achieve certain participation standards that would be phased in over a 3-year period. In fiscal year 1986, a State would have to have at least 25 percent of eligible participants actually participating in a work program activity. In fiscal year 1987, the standard would increase to 50 percent, and in fiscal year 1988, it would rise to 75 percent. These standards bear no relation to realistic levels of performance. Only 3 of the 30 States that responded to an APWA survey reported participation rates higher than 50 percent. The average participation rate was reported at 28 percent.

I want to emphasize that these current levels of participation do not mean State programs are failing to operate effectively. On the contrary, States deliberately, quite appropriately, restrict eligibility and participation in work program activities to ensure that limited dollars are targeted to achieve the best results.

The administration's plan to impose participation standards in order to improve performance would have the ironic effect of compelling States to curb comprehensive work activities which provide for the best opportunity to increase employment potential, so that a greater number of recipients can participate. Put simply, States would be forced to dilute their efforts in order to serve more people ineffectively.

Third, States that fail to comply with the participation standards would have their already limited administrative dollars even further reduced. This, in turn, would make it even more difficult for a State to operate its program effectively.
Moreover, although the proposal does not specifically refer to quantity control, this is the mechanism that would likely be used by HHS to measure State compliance with the standard.

The present AFDC quality control system is neither an equitable or reliable measure of performance. The State human service administrators strongly object to extending use of this unfair system to determine fiscal penalties for States unable to achieve unrealistic standards of performance.

Fourth, allowable work program activities are too restrictive under the proposal. States would be precluded from providing classroom or similar educational work training activities, even though participation in a similar program funded under the Job Training Partnership Act is now permitted.

If the administration believes such employment and training activities are a valuable part of JTPA, it makes little sense for them to then be precluded under an IV-A work program. Nor does it make sense to conclude, as the administration has, that JTPA can fill the gaps where AFDC services are no longer available.

JTPA funding is already severely limited, given the substantial numbers of eligible participants, and the stationary funding.

In my own State, for example, JTPA provides services to 17,300 public assistance recipients annually. But, New York State has 220,000 welfare employables to deal with during the same period.

The problem is that even when combined with the 36,000 individuals who get served through the WIN demonstration, only 24 percent of our employables receive service.

Contrary to the administration, States have found training techniques, such as vocational and classroom training, effective methods in reducing welfare dependency.

Take, for example, the Massachusetts employment and training program, which I understand you will hear more about tomorrow. This program emphasizes the use of training and it is credited with the necessary $33.6 million in a little more than a 1-year period.

More than 14,000 recipients have found jobs since the start of that program. Furthermore, training is an important element in any package designed to help young mothers achieve self support. Given the fact that half of all AFDC expenditures go to households in which mothers have their first child as a teenager, it is clear that Federal provisions for such services should be maintained to enable States to effectively attack long-term welfare dependency.

In short, the administration's work program proposal, if implemented, would substantially hinder the States' welfare employment and training efforts. The States believe that the work program options allowed under current law generally afford the flexibility needed to design, test, and implement effective, comprehensive work programs structured to meet the needs of poor families.

Of course, improvements can be made, and before closing, I would like to just mention some of our recommendations in this regard.

No. 1. Efforts should be made to stabilize and enhance funding for the WIN and WIN demonstration programs so that States can plan effective work activities from year to year.

The current formula for allocating funds under the program should be reviewed.
No. 2. The WIN demonstration programs should be made a permanent State option. The deadline for submitting applications to implement the program was last month, and the majority of State programs are scheduled to terminate under current law on June 30, 1987.

The success that has been achieved to date supports the conversion to a permanent option.

No. 3. The Federal Government should look at ways of enhancing public/private partnerships to improve the effectiveness of welfare employment programs.

This should include promoting State efforts to expand use of grant diversion and other employment subsidies.

No. 4. The feasibility of establishing standards for the provision of JTPA services and AFDC recipients similar to the 40-percent standard in place for disadvantaged youth should be reviewed.

This concludes my statement, Mr. Chairman, and I would be happy to answer any questions.

[The prepared statement of Mr. Perales follows]
Testimony of
Cesar A. Perales
Commissioner, New York Department of Social Services

AND
Chair, National Council of State Human Service Administrators' Employment Committee

For
Subcommittee on Intergovernmental Relations
And Human Resources
Committee on Government Operations

On
Employment, Education, and Training Programs
For women in poverty

July 9, 1985
Mr. Chairman, members of the subcommittee, thank you for the opportunity to appear before you today to discuss the states' views on employment programs for welfare recipients. I am Cesar Perales, commissioner of the New York State Department of Social Services and chair of the National Council of State Human Service Administrators' Employment Committee.

I am pleased to be testifying today on behalf of the National Council of State Human Service Administrators, an affiliate of the American Public Welfare Association comprised of the public executives in each state, the District of Columbia, and the U.S. territories, charged with the responsibility for administering human service programs. This includes the administration of employment programs such as the Work Incentive (WIN) demonstration, Community Work Experience (CWEP), work supplementation (i.e., Grant Diversion), and applicant and recipient job search, as well as other employment services financed under Title IV-A of the Social Security Act. In states with a regular WIN program, we share administrative responsibility with the state employment service agency.

New York has, for some years, been in the forefront in the development of new approaches to welfare employment. It is for this reason that I am especially happy to be here today. The state, in cooperation with local social services districts, conducted experiments with grant diversion as early as 1971. In the early 1970's, we had massive public service employment programs, supported work, and job search programs.
Early on, we learned that public assistance recipients can do, and want to work, if meaningful jobs are offered at fair wages. In terms of the work ethic, public assistance recipients are no different than other Americans. But, as with any group of individuals, public assistance recipients are not all the same. To be successful, agencies delivering employment services must offer a variety of approaches in assisting recipients to find and retain employment. That is why it is so important that existing state flexibility to design and operate programs be maintained.

In New York, we view unsubsidized employment as the key to self-sufficiency and self-respect. We view the issue of welfare employment as a serious one. In this regard, the Governor, Mario Cuomo, has made our programs an executive and legislative priority. Recently, under the Governor's auspices, New York has embarked on a win demonstration. We have streamlined the program and expect that 21,000 AFDC recipients will begin jobs during the first year of operation. This number represents an increase in positive outcomes of 40%. It also represents an increase of 50% in win worker productivity. I know my colleagues in other states are implementing programs designed to achieve similar results.

The state human service administrators are firmly committed to moving welfare recipients towards self-sufficiency. This commitment is evidenced by the increasing number of employment initiatives being developed and implemented across the states, and by the successful results of existing work programs. We believe it is critical that investments be made in efforts designed to help

best copy available
WELFARE RECIPIENTS—who often lack the skills and work experience to otherwise compete successfully in today's labor market—obtain jobs. This is in the recipients' best interest as well as that of the state and federal governments which share in the resulting welfare savings. Only four years ago Congress granted states more flexibility to design and operate cost-effective work programs for the welfare population. In the short time since then, states have taken responsible advantage of the discretion they have been given to develop innovative work-related activities—ranging from job search to skills training to wage supplementation. As many as 37 states have implemented one or more of the optional work programs authorized by the Omnibus Budget Reconciliation Act of 1981, with the additional discretion provided states last year by the Deficit Reduction Act, to design effective grant diversion programs. This number will likely increase. That so many states have implemented optional work programs is significant when you consider that less than 4 years ago the role of Title IV-A agencies in employment programs was essentially limited to providing needed supportive services.

Most important, despite limited dollars, the states have had measurable success with their employment programs. For example, in FY 84 states registered over one million AFDC recipients for WIN services nationwide. Roughly 35% of these registrants, 354,396, found jobs—38% more than in FY 83. The resulting savings attributed to welfare grant reductions totaled $587 million: more than double the $260 million in federal money invested in grants to the states for this period. These savings, moreover, do not include
SAVINGS ATTRIBUTED TO WELFARE GRANT AVOIDANCE--OVER $142 MILLION IN 1984-- OR THE SAVINGS IN FOOD STAMPS OR MEDICAID THAT RESULT WHEN THE AFDC STATUS OF A FAMILY CHANGES BECAUSE OF EMPLOYMENT. FEW FEDERAL PROGRAMS PROBABLY COME CLOSE TO MATCHING THIS KIND OF PERFORMANCE--TWO DOLLARS SAVED FOR EVERY FEDERAL DOLLAR INVESTED. THAT IS A WORTHWHILE INVESTMENT.

INDIVIDUAL STATE PERFORMANCE FURTHER EXEMPLIFIES THE SUCCESS OF THIS PROGRAM. IN VERMONT--A STATE THAT HAS TRADITIONALLY BEEN SUCCESSFUL IN MOVING WELFARE RECIPIENTS INTO PAID EMPLOYMENT THROUGH WIN--MORE THAN HALF OF THE TOTAL NUMBER OF AFDC RECIPIENTS REGISTERED FOR WIN SERVICES IN FY 84. 3,626 OF 6,065 ENTERED JOBS. IN WASHINGTON, ANOTHER STATE WITH A SUCCESSFUL WIN PROGRAM, 9,667 AFDC RECIPIENTS FOUND JOBS IN FY 84, REPRESENTING 48% OF THE 20,172 REGISTERED. THE RESULTING PROGRAM SAVINGS IN WASHINGTON--$36 MILLION--WAS ALMOST 3 TIMES THE $12.2 MILLION IN STATE AND FEDERAL PROGRAM COSTS. IN IDAHO THE RESULTS ARE ALSO IMPRESSIVE. MORE THAN 75% OF ITS 2,091 AFDC REGISTRANTS -- 1,580--ENTERED EMPLOYMENT. AND, IN FY 84 FEDERAL AND STATE PROGRAM COSTS IN IDAHO WERE $2.1 MILLION WHILE SAVINGS EQUALLED $4.5 MILLION.

STATES THAT HAVE OPTED TO RUN WIN DEMONSTRATIONS HAVE BEEN EQUALLY AS SUCCESSFUL. OKLAHOMA HAD 19,727 AFDC RECIPIENTS REGISTERED FOR WIN DEMONSTRATION SERVICES BY THE END OF FY 84, OF WHICH 7,716--39%--FOUND JOBS. IN ARIZONA, 3,422 RECIPIENTS ENTERED EMPLOYMENT, REPRESENTING 39% OF THE 8,782 REGISTRANTS. THE ARIZONA PROGRAM YIELDED $5.9 MILLION IN SAVINGS ON AN INVESTMENT OF $2.4 MILLION IN STATE AND FEDERAL FUNDS.
It is difficult to demonstrate similar results for some of the other welfare employment programs as national data are somewhat limited. However, based on state experiences it is clear that—given sufficient program flexibility—similar results are achievable. As a result of states' IV-A employment initiatives, many recipients for the first time are getting the kind of support that can help them gain independence through employment.

We think these results are especially good in light of the limited funding available to states. The Council of Economic Advisor's report of Economic Indicators shows that in the past 10 years, the inflation rate for government purchased goods and services has risen by 14.6%. During this same period, there has been some fluctuation in the annual level of WIA appropriations. The bottom line, however, is that for FY85, the total national WIA appropriation of $256,760,000 is essentially $148,920,000 in 1975 dollars. In contrast, the 1975 federal appropriation was $400,000,000. The New York State share of $22,000,000 for FY '85 provides less than $200 per eligible individual.

Although states have made a great deal of progress with employment programs, much remains to be accomplished. Reducing welfare dependency by enhancing employment opportunities is a difficult task—one that requires the resources, ingenuity, and commitment of not only the states but the federal government and private sector. Continued progress also depends on maintaining program stability and flexibility. In this regard, we would like to share with you our concerns relating to the proposal put forth by the Administration to
MODIFY EXISTING IV-A WORK PROGRAM REQUIREMENTS.

PROBLEMS WITH THE ADMINISTRATION'S NEW WORK PROPOSAL

In our view, the administration's "work Opportunities and Welfare" program, as contained in S.1081 introduced by Sen. Roth in May is contrary to their rhetoric. It would: (1) substantially curtail the states' ability to effectively target work program services on certain categories of recipients such as adolescent mothers, thus limiting our ability to move recipients into employment; (2) increase and shift additional operating costs to the state; and (3) prohibit work program innovations. Faced with the unrealistic participation standards and limited dollars of this proposal, states may well have to shift the emphasis by spreading services more thinly in order to serve as many individuals as possible. The National Council of State Human Service Administrators strongly opposes this proposal. Let me be more specific about our concerns.

First, states would be expected to expand required services with less money. Funding for WtN would be eliminated—a proposal which is clearly unwarranted given states' success with the program. States would nevertheless be required to expand work program activities to applicants and additional categories of recipients. In addition, each state would have to ensure that the majority of its eligible participants are actively involved in a work activity on a regular basis. While the states do not object in principle to expanding work program services, without sufficient resources expansion of this kind will
SIMPLY LEAD TO INEFFECTUAL PROGRAMS.

THE EXPANSION OF WORK PROGRAM ACTIVITIES REQUISITED BY THE "WORK OPPORTUNITIES AND WELFARE" PROPOSAL WOULD ENTAIL SUBSTANTIAL COSTS. ACCORDING TO AN APWA SURVEY CONDUCTED EARLIER THIS YEAR TO ASCERTAIN THE IMPACT OF THIS PROPOSAL:

- CONNECTICUT WOULD HAVE TO HIRE 161 NEW STAFF TO OPERATE JOB SEARCH FOR APPLICANTS AND RECIPIENTS ALONE. ADDITIONAL PROGRAM COSTS THE FIRST YEAR COULD BE AS HIGH AS $18.5 MILLION.

- DELAWARE WOULD HAVE TO SPEND $4.2 MILLION TO OPERATE A STATEWIDE "WORK OPPORTUNITIES AND WELFARE" PROGRAM, 3.5 TIMES ITS CURRENT COSTS.

- MARYLAND CONSERVATIVELY ESTIMATES THAT AN ADDITIONAL EXPENDITURE OF $3.5 MILLION WOULD BE REQUIRED TO RUN A "WORK OPPORTUNITIES AND WELFARE" PROGRAM.

- AND MISSOURI WOULD HAVE TO SPEND AN EXTRA $12 MILLION TO PROVIDE A "WORK OPPORTUNITIES AND WELFARE" PROGRAM FOR RECIPIENTS NOT NOW PARTICIPATING IN A WORK ACTIVITY.

MOREOVER, STATES ESTIMATE THAT COSTS FOR OPERATING THE PROGRAM WILL ESCALATE EVEN FURTHER AS THE HIGHER PARTICIPATION STANDARDS GO INTO EFFECT.
Texas, for example, estimated that the "work opportunities and welfare" program will increase its administrative costs by $1.6 million above current program costs in FY 86, bringing total costs to $25.9 for the fiscal year. In FY 87, with the requirement that the state involve 50% of its eligible participants in a work activity, additional costs are projected at $22.1 million, raising total costs to $51.6 million.

To achieve the 75% participation standard, New York calculated the additional cost above current expenditures at $50 million. As many as 575 additional employees would be needed to run the program statewide.

Given the fact that federal financing for the new work program would be capped, states would either have to pick-up these additional costs themselves or somehow identify methods of limiting services while still meeting federal standards.

Second, unrealistic participation standards would be established. As I have already noted, the "work opportunities and welfare" program would require states to achieve certain participation standards that would be phased in over a 3-year period. In FY 86, a state would have to have at least 25% of its eligible participants actually participating in a work program activity. In FY 87 the standard would increase to 50%, and in FY 88 it would rise to 75%. These standards bear no relation to realistic levels of performance. Only 3
OF THE 30 STATES THAT RESPONDED TO THE APWTA SURVEY REPORTED PARTICIPATION RATES HIGHER THAN 50%. THE AVERAGE PARTICIPATION RATE WAS REPORTED AT 28%. I WANT TO EMPHASIZE THAT THESE CURRENT LEVELS OF PARTICIPATION DO NOT MEAN STATE PROGRAMS ARE FAILING TO OPERATE EFFECTIVELY. ON THE CONTRARY, STATES DELIBERATELY, AND QUITE APPROPRIATELY, RESTRICT ELIGIBILITY AND PARTICIPATION IN WORK PROGRAM ACTIVITIES TO ENSURE THAT LIMITED DOLLARS ARE TARGETED TO ACHIEVE THE BEST RESULTS. THE ADMINISTRATION'S PLAN TO IMPOSE PARTICIPATION STANDARDS IN ORDER TO IMPROVE PERFORMANCE WOULD HAVE THE IRONIC EFFECT OF COMPELLING STATES TO CURTAIL COMPREHENSIVE WORK ACTIVITIES—WHICH PROVIDE THE BEST OPPORTUNITY TO INCREASE EMPLOYMENT POTENTIAL—SO THAT A GREATER NUMBER OF RECIPIENTS CAN PARTICIPATE. PUT SIMPLY, STATES WOULD BE FORCED TO DILUTE THEIR EFFORTS IN ORDER TO SERVE MORE PEOPLE INEFFECTIVELY.

THIRD, STATES THAT FAIL TO COMPLY WITH THE PARTICIPATION STANDARDS WOULD HAVE THEIR ALREADY LIMITED ADMINISTRATIVE DOLLARS EVEN FURTHER REDUCED. THIS IN TURN WOULD MAKE IT EVEN MORE DIFFICULT FOR A STATE TO OPERATE ITS PROGRAM EFFECTIVELY. MOREOVER, ALTHOUGH THE PROPOSAL DOES NOT SPECIFICALLY REFER TO QUALITY CONTROL, THIS IS THE MECHANISM THAT WOULD LIKELY BE USED BY HHS TO MEASURE STATE COMPLIANCE WITH THE STANDARDS. THE PRESENT AFDC QUALITY CONTROL SYSTEM IS NEITHER AN EQUITABLE NOR RELIABLE MEASURE OF PERFORMANCE. THE STATE HUMAN SERVICE ADMINISTRATORS STRONGLY OBJECT TO EXTENDING USE OF THIS UNFAIR SYSTEM TO DETERMINE FISCAL PENALTIES FOR STATES UNABLE TO ACHIEVE UNREALISTIC STANDARDS OF PERFORMANCE.

FOURTH, ALLOWABLE WORK PROGRAM ACTIVITIES ARE TOO RESTRICTIVE UNDER THE
PROPOSAL. States would be precluded from providing classroom or similar educational or training activities. Even though participation in a similar program funded under the Job Training Partnership Act (JTPA) is now permitted. If the Administration believes such employment and training activities are a valuable part of JTPA II makes little sense for them to then be precluded under a IV-A work program. Nor does it make sense to conclude, as the Administration has, that JTPA can fill the caps where AFDC services are no longer available. JTPA funding is already severely limited given the substantial numbers of eligible participants and stationary funding. AFDC recipients are just one of many categories of disadvantaged individuals competing for JTPA services.

In my own state, for example, JTPA provides services to 17,300 public assistance recipients annually. But, New York State has 220,000 welfare employables to deal with during the same period. Programs under the Job Training Partnership Act do a good job for us with the number of persons they serve. A high percentage find jobs. The problem is that even when combined with the 35,000 individuals who get served through the WIN Demonstration, only 24% of our employables receive service.

Contrary to the Administration, states have found training techniques such as vocational and classroom training effective methods in reducing welfare dependency. Take, for example, the Massachusetts Employment and Training Program—which I understand you will hear more about tomorrow. This program emphasizes use of training and it is credited with net savings of $33.6
MILLION IN LITTLE MORE THAN A ONE-YEAR PERIOD -- MORE THAN 14,000 RECIPIENTS HAVE FOUND JOBS SINCE THE START OF THE PROGRAM.

FURTHERMORE, TRAINING IS AN IMPORTANT ELEMENT IN ANY PACKAGE DESIGNED TO HELP YOUNG MOTHERS ACHIEVE SELF-SUPPORT. GIVEN THE FACT THAT HALF OF ALL AFDC EXPENDITURES GO TO HOUSEHOLDS IN WHICH MOTHERS HAD THEIR FIRST CHILD AS A TEENAGER, IT IS CLEAR THAT FEDERAL PROVISIONS FOR SUCH SERVICES SHOULD BE MAINTAINED TO ENABLE STATES TO EFFECTIVELY ATTACK LONG-TERM WELFARE DEPENDENCY.

IN SHORT, THE ADMINISTRATION'S WORK PROGRAM PROPOSAL, IF IMPLEMENTED, WOULD SUBSTANTIALLY HINDER THE STATES' WELFARE EMPLOYMENT AND TRAINING EFFORTS. IN THE SHORT-TERM IT MAY ACHIEVE SAVINGS BUT AT THE EXPENSE OF HIGHER PUBLIC COSTS IN THE LONG-RUN AS THOSE RECIPIENTS WHO COULD HAVE BECOME SELF-SUPPORTING ARE DENIED THE ASSISTANCE THEY NEED TO WORK THEIR WAY OFF OF WELFARE. THE STATES BELIEVE THAT THE WORK PROGRAM OPTIONS ALLOWED UNDER CURRENT LAW AFFORD THE FLEXIBILITY NEEDED TO DESIGN, TEST, AND IMPLEMENT EFFECTIVE, COMPREHENSIVE WORK PROGRAMS STRUCTURED TO MEET THE NEEDS OF POOR FAMILIES. OF COURSE, IMPROVEMENTS CAN BE MADE, AND BEFORE CLOSING, I'D LIKE TO JUST MENTION SOME OF OUR RECOMMENDATIONS IN THIS REGARD.

RECOMMENDATIONS

(1) EFFORTS SHOULD BE MADE TO STABILIZE AND ENHANCE FUNDING FOR THE WIN/WIN DEMONSTRATION PROGRAM SO THAT STATES CAN PLAN
EFFECTIVE WORK ACTIVITIES FROM YEAR TO YEAR. THE CURRENT FORMULA FOR ALLOCATING FUNDS UNDER THE PROGRAM SHOULD BE REVIEWED.

(2) The WIN demonstration program should be made a permanent state option. The deadline for submitting applications to implement the program was last month. And, the majority of state programs are scheduled to terminate under current law on June 30, 1987. The success that has been achieved to date supports the conversion to a permanent option.

(3) The federal government should look at ways of enhancing public-private partnerships to improve the effectiveness of welfare employment programs. This should include promoting state efforts to expand use of grant diversion and other employment subsidies.

(4) The feasibility of establishing standards for the provision of JTPA services to AFDC recipients, similar to the 40% standard in place for disadvantaged youth, should be reviewed.

This concludes my statement Mr. Chairman and I would be happy to answer any questions.
Mr. Weiss. Thank you, Mr. Perales. Dr. Gueron.

STATEMENT OF DR. JUDITH M. GUERON, EXECUTIVE VICE PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORP.

Dr. Gueron. I would like to begin by commending Mr. Weiss and the subcommittee for holding these hearings. Given the number of changes which have been introduced in the AFDC and WIN systems in recent years, it seems particularly important to step back and reflect not only on what we know about the problem, but also what we know about possible solutions.

This sort of review seems particularly critical now, as Congress takes a hard look at funding for social programs as part of the attempt to reduce the budget deficit, and is also asked to consider a substitute for the current WIN Program.

My perspective is that of a social policy researcher. The business of MDRC is to find out what works in helping disadvantaged groups become self-sufficient. Today, I will limit my remarks to lessons learned from MDRC's research on programs that provide employment opportunities for single, female heads of households who are either applicants for or recipients of AFDC.

This includes earlier studies, the National Supported Work Demonstration, the WIN Laboratories Project, and an ongoing Demonstration of State Work/Welfare Initiatives in which we are evaluating a variety of work-related programs for AFDC clients in 11 States. The particular program strategies that I will be discussing are job search, unpaid work experience, often called workfare and unsupported work.

Before discussing these programs and their results, I would like to make four general points.

First, while we do not have all of the answers, we do have some. We know that employment programs can make a difference. But, we also have to have realistic expectations about what such programs can accomplish. The evidence suggests that no one approach promises to be "the" solution for welfare dependency, but it can be part of the solution, and enough to justify the cost of the program.

Second, a consistent lesson from MDRC's research, and which you have heard about already this morning, is that program administrators should reach out to provide services to more disadvantaged people, as well as those who are more readily employable, and that it makes sense to reserve the most costly, intensive services for that group. Assessing program success is a complex job, but it is important for administrators to understand that high placement rates are not necessarily the best measure of success.

Third, States and localities are showing considerable diversity and experimentation in structuring their WIN and AFDC programs to help promote self-sufficiency. We feel that both Federal and State policies should continue to encourage such diversity. While States do demonstrate a growing interest in increasing the percentage of the AFDC caseload which is active in some work-related program, we have also found significant differences in program goals, objectives, administrative capacity, welfare characteristics, and local economic conditions. This diversity should mitigate
against any approach that would require uniformity of program treatment or outcome across the country.

Finally, because all of the answers are not yet clear, we feel it is important to maintain an environment that encourages experimentation and rigorous testing. Two preconditions for that environment are steady funding levels and a stable administrative climate in which program operators can both plan for the future and build on the experience of the past.

Let me be more specific now about what MDRC has learned regarding the effectiveness of different approaches, starting with job search, a relatively low cost program.

Our lessons here draw on two demonstrations. The WIN Laboratory Project in Louisville, KY, which tested voluntary job search programs, and the ongoing Demonstration of Work/Welfare Initiatives in 11 States, in which we are looking at initiatives that States have devised in response to the 1981 OBRA legislation.

Those current programs often combine job search with work experience, and an important aspect of many of them is that they are intended to be implemented as a condition of welfare receipt. To date, preliminary participation and impact data on these mandatory job search programs are available from San Diego and a program in two counties in Arkansas.

Our research indicates that, in general, AFDC applicants and recipients respond positively to group job search, when it is mandatory or optional. In San Diego, where participation was mandatory, 80 percent of the applicants thought the requirement was fair. Most of the participants liked the workshops.

In terms of program effectiveness, we found that, first, job search does have an impact in raising employment levels. The impacts are relatively modest, in the 5- to 15-percentage-point range, depending on the target population.

Second, these impacts appear to hold up over time. Third, the increase in earnings and employment occurs because more women are working, not because they have obtained more permanent or better paying jobs.

Fourth, even for this relatively modest intervention, the impacts were concentrated among those women who were harder to employ.

Finally, the impact on welfare receipt is less consistent than that on employment. While most studies show some modest reductions in average welfare grants, about $100 to $200 a year, it is less clear whether they will lead to actual reductions in the welfare rolls.

More information on the complex relationship between increases in employment and earnings, benefit levels, and welfare dependency will come from the emerging MDRC studies over the next year and a half. These will also provide information which will help assess the budgetary impact of such programs under different conditions.

Now, turning to unpaid work experience, in our current demonstration, we are looking at four States that are using community work experience—commonly called workfare—where the hours of work required are determined by dividing the AFDC grant by the minimum wage. Two others are operating WIN work experience, where the number of hours worked is unrelated to the grant level.
In most cases, States are running part-time work experience and limiting the work obligations to 13 weeks.

Although it is too early to speak reliably about the impact and cost effectiveness of these approaches, we can answer some important questions about the operational aspects of requiring a large segment of the caseload to participate in work programs.

This is a particularly important issue because the pre-1981 experience suggested that it could not be done.

The experience of the States we have studied is mixed. Some programs, notably West Virginia's CWEP Program for the primarily male AFDC-U caseload, and one combining CWEP with job search in San Diego, do appear to have successfully implemented a mandatory work requirement for a large segment of the caseload.

In other States, however, the level of participation has been much lower.

A second set of questions relates to how mandatory work programs look in practice. Here, our evidence indicates that the States are using unpaid work experience as a short-term transitional program, stressing its positive aspects as an opportunity to help clients get off welfare rather than as a punishment for being on welfare. Our findings show that the jobs are generally entry level, and do not provide substantial skill development. They are not, however, make-work. A very high proportion of the participants interviewed responded positively to a work requirement. However, they felt that the employer got the better end of the bargain.

Nevertheless, the majority of participants felt that a work requirement was fair. These results are consistent with findings of other studies that show that the poor want to work, and are eager to take advantage of opportunities to do so.

One of our field researchers commented that such programs did not create the work ethic, but found it.

Turning now to Supported Work. The findings from that demonstration, that MDRC conducted a number of years ago, strongly indicate that this is a promising approach for long-term welfare recipients. In that study, women involved in the study averaged about 3½ years on welfare.

This group showed significant increases in employment, earnings and wages, and reductions in welfare dependency. Earnings among enrollees increased by 50 percent compared to a control group, and a 3-year followup found no decline in those impacts over time.

Our research also showed that the benefits exceeded the costs of the program by substantial amounts.

Before turning to some brief recommendations, I would like to point to two operational lessons that emerge clearly from the research on these three programs.

First, that it makes sense to extend services in order to reach the most disadvantaged groups of the AFDC population, as well as those easily identified as more employable.

And, second, that we should target the most expensive programs, such as Supported Work, to the more disadvantaged group, on whom we spend the bulk of AFDC dollars, as David Ellwood outlined earlier.

The logic of targeting on the hard to employ grows directly out of an understanding of the dynamics of welfare dependency. The
work done by Bane and Ellwood indicates that, for many persons, welfare receipt is only a temporary source of aid, and about half of the recipients leave the rolls before the end of 2 years.

If programs achieve high placement rates by working with clients who would have found jobs on their own or cycled off welfare anyway, then the program has not accomplished much and the money may not have been well spent.

In contrast, a program working with those who would do very poorly on their own may look less successful—measured in placements, but, in fact, have made a major change in behavior.

Turning to some recommendations, our work with a number of States over the past few years suggests that there is a considerable amount of change going on in the welfare system and that many States are entering a period of experimentation and innovation. This has been spurred, in part, by the relaxation of Federal regulations in OBRA, and also as a result of a rethinking of some of the basic assumptions about the nature and needs of the welfare population and the extent to which welfare receipt should be linked to a work obligation.

As I have noted, there is a considerable degree of diversity in both programmatic approaches and administrative capacity across the States. This diversity offers an important opportunity to learn. I would urge that we use it and continue to build careful evaluations around the major alternative strategies.

While it is important that "modernization" take place and that an administrative system be flexible enough to respond to changing conditions, we feel it is also important to maintain some degree of stability in the WIN system if the results of the current initiatives are to be fully realized.

In conclusion, preliminary results from MDRC's multisite demonstrations suggest that a number of the new approaches are cost-effective, but to get these results, you have to spend money. Operating effective programs requires resources and qualified staff. A major reduction in funding at this point would be a major reduction in the capacity which has been built up in recent years.

It is important that States be provided with adequate resources—resources that would enable them to provide services, train staff, pool information about operational lessons, and keep informed about what works and does not.

Four years ago, Congress gave States the chance to experiment and redesign the relationship between welfare and work. Fruitful lessons from those early experiments are beginning to emerge, but we do not yet have all the answers.

For that reason, I would urge you to continue to allow States considerable flexibility in operating programs, not to prejudge the results, and to keep a careful eye on the findings as they become available.

Thank you.

[The prepared statement of Dr. Gueron follows:]
TESTIMONY OF
JUDITH M. GUERON
EXECUTIVE VICE PRESIDENT
MANPOWER DEMONSTRATION RESEARCH CORPORATION
BEFORE THE
INTERGOVERNMENTAL RELATIONS AND
HUMAN RESOURCES SUBCOMMITTEE
OF THE
COMMITTEE ON GOVERNMENTAL OPERATIONS

JULY 9, 1985
Good afternoon. I am Judith Gueron, Executive Vice President of the Manpower Demonstration Research Corporation. You have already heard a number of speakers talk about the dimensions of the problem of welfare dependency. I am here to talk about how the AFDC system can be used to help women break out of the cycle of dependency by providing them with help in getting jobs and the opportunity to acquire work experience while still receiving welfare benefits.

I would like to begin by commending Mr. Weiss and the Subcommittee for holding these hearings. Given the number of policy, administrative and funding changes which have been introduced in the federal and state AFDC and WIN systems in recent years, it seems particularly important to step back and reflect not only on what we know about the problem, but also what we know about possible solutions, what is already being done, and what more needs to be done. This sort of review seems particularly critical now, as Congress takes a hard look at funding for social programs as part of the attempt to reduce the budget deficit, and is asked to consider a substitute for the current WIN program.

My perspective is that of a social policy researcher. The business of MDRC is to find out what works in helping disadvantaged groups become self-sufficient. For over 10 years, MDRC has conducted rigorous research on employment programs for disadvantaged youths, adolescent parents, AFDC applicants and recipients, drug addicts, ex-offenders, young high school drop outs, and the mentally-retarded. Some of these programs were run under federal auspices; others were initiated by state governments. Funding for the evaluations was provided by private foundations as well as federal and state government agencies.
Today, I will limit my remarks to the lessons learned from MDRC's research on programs that provided employment opportunities for single female heads of households who were either applicants for or recipients of AFDC. These include the National Supported Work Demonstration, run between 1975 and 1980; the WIN Laboratory Experiment, conducted between 1978 and 1981; and our on-going Demonstration of State Work/Welfare Initiatives, in which we are evaluating a variety of work-related programs for AFDC clients in 11 states.

The particular program strategies that I will be discussing are job search, unpaid work experience, Supported Work, and grant diversion.

Before discussing the programs and their results in detail, I would first like to make a few general points:

- **First**, while we don't have all the answers, we do have some. We know that employment programs for AFDC recipients can make a difference. But we also need to have realistic expectations about what employment programs can accomplish. The evidence suggests that no one approach promises to be "the" solution for welfare dependency, but it can be part of the solution, and enough to justify the cost of the program.

- **Second**, a consistent lesson from MDRC's research is that program administrators should reach out to provide services for the more disadvantaged recipients, as well as for the more readily employable, and that it makes sense to reserve the most costly, intensive services for the most disadvantaged persons. Assessing program success is a complex job, but it is important for administrators to understand that high placement rates are not necessarily the best measure of success. This is a point I will come back to in discussing specific program findings.

- **Third**, states and localities are showing considerable diversity and experimentation in structuring their WIN and AFDC programs to help welfare clients become more self-sufficient. We feel that both federal and state policy should continue to encourage such diversity. While states do demonstrate a growing interest in increasing the percentage of the AFDC caseload which is active in some work-related activity, we have also found significant differences in
program goals and objectives, administrative capacity, welfare characteristics and local economic conditions. This diversity should mitigate against any approach that would require uniformity of program treatment or outcome across the country.

Finally, because all the answers are not yet clear, we feel it is important to maintain an environment that encourages experimentation and rigorous testing, and which promotes incremental change rather than imposing sweeping change. Two preconditions for that environment are steady funding levels, and a stable administrative climate in which administrators can both plan for the future and build on the experience of the past. Nor should the emphasis on state initiatives -- welcome as it is in many respects -- be used to mask the critical need for the federal government to continue to provide adequate resources, technical assistance, and guidance to the states.

Let me be more specific about what MDRC has learned regarding the effectiveness of different employment-related strategies for female heads of households.

Job Search

I will begin with job search, and draw upon two MDRC demonstrations.

In the first, MDRC conducted experimental tests on a variety of job search programs run for WIN registrants in Louisville, Kentucky. Enrollment in the project was voluntary.

In the other, an on-going demonstration on Work/Welfare Initiatives in 11 states, MDRC is looking at how states have responded to the administrative and programmatic flexibility offered by Congress in the Omnibus Budget Reconciliation Act of 1981. The innovative program strategies which MDRC is investigating include community work experience and grant diversion, as well as job search. (The characteristics of the state programs are shown in detail in the attached table.) An important aspect of many of these programs is that they are intended to be implemented as a condition of welfare receipt. To date, preliminary data
on the impacts of mandatory job search are available in two states: a San Diego program which combined job search with work experience, and a program run in two counties in Arkansas.

In both the Work/Welfare and Louisville projects, MDRC used an experimental research design to test the impact of the program on employment and earnings and welfare savings: that is, clients were randomly assigned to either an experimental or a control group, and the outcomes for the experimental group were compared with those for the control group. This allowed us to determine with confidence what difference the program treatment made.

The job search strategy is based on the assumption that many welfare recipients are currently employable, but they don't get jobs because they don't know how to look for them. Job search takes the approach that instead of training women for specific jobs, it is better to train them in how to look for a job. Group job search, which we looked at in both Louisville and the Work/Welfare states, is a relatively low-cost program which teaches job seeking skills in a systematic manner over several weeks. Clients are instructed in the use of resumes, interview techniques, how to identify and contact prospective employers. Under supervision, they engage in telephone solicitations of job openings. Since the activities are run in a group setting, peer support and confidence building play an important role in the program.

Our research indicates that, in general, AFDC applicants and recipients responded positively to group job search, when it was mandatory as well as when it was optional. In San Diego, where participation was mandatory, 80 percent of the applicants who were interviewed thought the
requirement was fair. Most of the participants liked the workshops, and valued them as an opportunity to learn interview skills and build self-confidence.

In terms of program effectiveness, we found that:

1) Job search does have an impact in raising the employment levels of single heads of households who are either applicants or recipients of AFDC. The impacts are relatively modest -- in the five to 15 percentage point range, depending upon the target population.

2) These impacts appear to hold up over time: in Louisville, the follow-up period was two years; in San Diego and Arkansas, clients have been tracked for about a year.

3) The increases in earnings and employment occurred because more women were working, not because they obtained more permanent or better-paying jobs.

4) Even for this relatively modest intervention, impacts were much larger for the women in the harder-to-employ subgroups. For example, the Louisville group job search tripled the employment rates for women who had not worked in the previous two years. Early results from San Diego and Arkansas show that most of the employment impact was concentrated among those who had no earnings in the year prior to welfare application.

5) The impact on welfare receipt is less consistent. While some studies show modest reductions in the average welfare grant (between $100 to $200 over the course of a year) with no decrease in dependency, others (the preliminary results from Arkansas) suggest there is a reduction in the welfare rolls. More information on the complex relationship between increases in earnings and employment for AFDC women, benefit levels, and
reduction in welfare dependency will continue to emerge from MDRC's forthcoming studies. The final reports on the states in the Work/Welfare Demonstration will also provide important information to assess the budgetary impact of such programs under a variety of conditions.

Unpaid Work Experience

MDRC's Demonstration of State Work/Welfare Initiatives is also providing new data about the use of mandatory unpaid work experience for AFDC recipients. Four of the states in the Demonstration are using the Community Work Experience Program (CWEP) formula -- commonly called workfare -- where work hours are determined by dividing the AFDC grant by the minimum wage. Two others are operating WIN work experience, where the number of hours worked is unrelated to the grant level. In most cases, states are running part-time work experience and limiting the work obligation to 13 weeks.

Although it is too early to speak reliably about the impact and cost effectiveness of these approaches, we can answer some important questions about the operational aspects of requiring a large segment of the caseload to participate in work programs. This is a particularly important issue since the pre-1981 experience suggested that it couldn't be done. Because of administrative problems, staff resistance, and implementation bottlenecks, no large-scale work program for AFDC recipients before 1981 was able to establish a smoothly functioning system to expeditiously identify employables, generate enough jobs to put them all to work, and ensure that they were not paid benefits if they did not participate in mandated work activities.

The experience of the states in MDRC's Work/Welfare Demonstration in
mandating participating is mixed. Some programs, notably West Virginia's CWEP project for the AFDC-U caseload, and the one combining CWEP with job search in San Diego, do appear to have successfully implemented a mandatory participation requirement for a large segment of the caseload. In other states, however, the level of participation has been much lower. In no case has a state tried to impose a participation requirement on the entire caseload.

There are a number of factors influencing the variations in participation rates across the states. Chief among them are differences in: staff experience and administrative capacity, the goals and intentions of administrators and program operators, the nature of the welfare population, and finally, local economic conditions and the structure of the job market.

Thus, while NDRC's findings do point to the feasibility, in some circumstances, of running large scale mandatory programs for a subset of the AFDC caseload on a time-limited basis, questions remain about what would happen if states tried to impose an open-ended work obligation on their entire caseload. Among the unknowns are the level of staff and funding resources that would be required, and the feasibility of slot development.

The second set of questions that our demonstration addresses relates to how mandatory programs look in practice. Here, our evidence indicates that states are using the unpaid work experience as a short-term transitional program, stressing its positive aspects as an opportunity to help clients get off of welfare, rather than as a punishment for being on welfare.
We conducted interviews with a random sample of participants and supervisors in five states, and the results show that:

- The jobs were generally entry-level positions in maintenance or clerical fields, park service and health services, and sometimes were slots which had been paid positions under the Public Service Employment program which Congress eliminated in 1981. On the whole, they did not provide substantial skill development, because most of the participants had the required skills at the time they began the work assignment.

- While the work experience positions did not primarily develop skills, they were not make-work, either. Supervisors judged the work to be important, and valuable to the functioning of their agencies.

- A very high proportion of the participants interviewed responded positively to the work experience. They were satisfied with their assignments, felt positive about coming to work, believed that they were making a useful contribution, and felt that they were treated as part of their workforce.

- However, many participants felt that the employer got the better end of the bargain, or that they were underpaid for their work.

- Nevertheless, the majority felt that the work requirement was fair.

These results are consistent with the findings of other studies that show that the poor want to work, and are eager to take advantage of opportunities to work.

However, the evidence from the Work/Welfare Demonstration should not be used to draw conclusions about how welfare recipients would react to a work obligation if programs were differently designed, operated at a larger scale, or of unlimited duration.

Grant Diversion

Still another approach being tested in some states in the Work/Welfare Demonstration is grant diversion funded on-the-job training (also known as Work Supplementation). In this transitional employment strategy, AFDC
recipients are placed in paid work positions (OJT) in the public or private sector. The AFDC recipient receives the same wage as a regular employee; the employer receives a subsidy to cover part of the wage during the training period, and is expected to hire the worker in an unsubsidized job at the end of that period. What distinguishes grant diversion from other OJT programs is the funding mechanism: the welfare grant that the worker would have received is used to pay all or part of the employer subsidy.

Grant diversion has substantial political and popular appeal as a means of "turning a welfare check into a paycheck." The technical difficulties of administering a grant diversion program have been greatly smoothed by changes in law and regulations since the passage of OBRA in 1981. Nevertheless, early data from the demonstration indicate that states are encountering serious problems in implementing the program on a large scale, and are experiencing many of the same operational constraints that have traditionally limited the use of OJT by manpower agencies.

Supported Work

Findings from a third demonstration that MDRC has conducted indicate a promising approach for long-term AFDC recipients. Supported Work, which was run as a national demonstration and enrolled 10,000 people at 21 sites, offered 12 months of well-structured, paid work experience as a transitional employment strategy for a variety of very disadvantaged groups, including long-term female AFDC recipients (their average length of stay on welfare was 8.6 years), ex-addicts, ex-offenders, and young high school drop outs.

Our research showed that the supported work approach was most effective for the AFDC recipients, who showed significant increases in
employment, earnings, wages, and reductions in welfare dependency. A two year follow-up found no decline in those impacts over time. Earnings among the enrollees increased by 50 percent (compared to a control group). The increase resulted not only from the fact that more women got jobs, but also that the jobs they got paid higher wages and were for longer hours than the jobs of the control group. Our research also showed that the benefits exceeded the costs of the program, by substantial amounts.

**Operational Lessons**

While interpreting the data on targeting and differential impacts is difficult, there are two major operational lessons to be drawn from this review of MDRC’s findings on job search, work experience, and supported work.

- First, it makes sense to extend services in order to reach the most disadvantaged groups of the AFDC population, as well as those whom staff would identify as “employable” when they come in to register.

- Second, it also makes sense to target the most expensive programs — such as Supported Work — to the most disadvantaged segment of the AFDC caseload, which is also the group on whom the bulk of AFDC benefit dollars is being spent.

The issue of how best to target scarce resources is a complicated notion that I would like to talk about in some detail because it is such an important one, and the research findings tend to push in a different direction than traditional performance indicators.

A consistent finding in our AFDC demonstrations is that the impacts of a program are greater for the enrollees who would be considered the most-disadvantaged or “least employable” in terms of previous work experience and length of welfare receipt. For example, the greatest increases in employment and earnings in the job search projects (compared to a control
group) were found among women who had the least recent work experience before enrollment. Similarly, Supported Work was most effective in increasing employment and earnings for very-long term welfare recipients (over 8 years on the rolls, on the average).

This does not mean that these very hard-to-employ groups had the highest placement rates and highest levels of post-program employment. On the contrary, a close look at the data shows that placement rates and post-program employment were higher for the individuals who were more job ready. Nevertheless, program impacts were largest for those who were less job ready.

While this may seem contradictory, it emerges directly from an understanding of the dynamics of the welfare population. The work done by Mary Jo Bane and David Ellwood indicates that for many persons, welfare receipt is only a temporary source of aid, and about half the recipients leave the rolls before the end of two years. If a program achieves high placement rates by working with clients who would have found jobs on their own or cycled off welfare anyway, then the program has not accomplished much, and the money may not have been well-spent. In contrast, a program working with those who would do very poorly on their own may look less successful (measured in placements), but in fact have made a major change in behavior. The surprise is that this relationship is not only true for Supported Work, but also for a low cost program such as job search.

Let me give you another example, drawn from the Louisville job search project.

When we began that experiment, WIN staff wanted to limit participation to those clients whom the staff considered job ready. As an experiment,
they agreed to assign everybody to job search, but to continue to rate the clients' job readiness, based on the women's background and experience, and the apparent level of motivation.

We found that these ratings were not good predictors of the client's success in completing the job search workshop or finding a job. Instead, unpredictable "situational factors" such as health, transportation, housing and family responsibilities were critical determinants of their success or failure.

This suggests that we should worry less about screening clients out of programs, and think more about using employment programs as a way of giving more people a chance. On the other hand, it does not seem to make sense to target expensive program services on clients who are likely to cycle off welfare on their own. Instead, these programs should be reserved for clients who have demonstrated long term dependency and/or have very little work experience.

A sensible scenario would be to use job search, a relatively low cost program, as a screen to help move some clients into jobs and to identify those that will require additional assistance. Conversely, programs like Supported Work, which can provide more intensive training and work experience, should be reserved for long-term welfare recipients. Furthermore, administrators should not be deterred from using Supported Work, despite its relatively high cost, because it has been shown to be cost effective.

The difficulty in applying these lessons in practice is that the traditional measures of success -- program placements -- create incentives and rewards that push people towards serving the more "advantaged" segments
of the welfare population. It is important to bear in mind that serving the more disadvantaged welfare recipients will not result in higher placement rates, but is likely to result in higher impacts, which we feel should be the real measures of a successful program. If many welfare recipients succeed on their own in getting jobs, we should be careful about claiming that it is employment programs per se that make the difference. The challenge for policy makers and program administrators is to push for high quality programs, and yet not be deflected from the ultimate goal of reducing welfare dependency by the allure of immediate high placements.

Recommendations

MDRC's work with the states over the past few years suggests that there is a considerable amount of change going on in our welfare system, and that many states are entering a period of experimentation and innovation. This has been spurred in part by the relaxation of federal regulations in OBRA and the opportunity for state welfare agencies to take over the administration of the WIN program under WIN Demonstration authority. It is also a result of rethinking some of the basic assumptions about the nature and needs of welfare population, and the extent to which welfare receipt should be linked to a work obligation.

As I have noted, there is a considerable degree of diversity in both programmatic approaches and administrative capacity across the states. One pattern that appears to be emerging, however is a growing interest in increasing the percentage of welfare recipients who are actively participating in some work-related activity. Some states are attempting to do this by taking a mandatory approach; others have tried to involve more
clients by offering a greater array of services. This diversity offers an important opportunity to learn. I would urge that we use it and continue to build careful evaluations around the major alternative strategies.

While it is important that "modernization" take place, and that an administrative system be flexible enough to respond to changing conditions, we feel it is also important to maintain some degree of stability in the WIN system if the results of the current initiatives are to be fully realized. We found that in some cases it has been difficult for states to adjust to the major funding reductions, staff outs, and administrative reorganization that have accompanied the recent policy changes. States are still in the process of consolidating, and a major policy or administrative change at this time would seem counterproductive to the intensified efforts to build programs that contribute to the economic self-sufficiency of the welfare population.

In conclusion, preliminary results from MDRC's multi-state demonstration suggest that a number of the new approaches are cost-effective. But to get these results, you have to spend money. Operating effective programs requires resources and qualified, trained staff. A major reduction in funding at this point would seem disruptive of the capacity which has been built up in recent years. Attempts to cut the federal deficit should not be short-sighted and merely shift the financial burden of fighting welfare dependency on to the states. It is important that states be provided with adequate resources -- resources that would enable them to do staff training, pool information about operational lessons, and keep informed about what works and what doesn't.

Four years ago, Congress gave states the chance to experiment and
redesign the relationship between welfare and work by passing the 1981 Omnibus Budget Reconciliation Act. Fruitful lessons from those early experiments are beginning to emerge, but we do not yet have all the answers. For that reason, I would urge you to continue to allow states considerable flexibility in operating programs, not to pre-judge the results, and to keep a careful eye on the findings as they become available.
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Mr. WEISS. Thank you very much, Dr. Gueron.

Because of the number of members of the subcommittee who have—who are now participating and because we promised our administration witnesses that we will attempt to get them on as early as possible because of other time constraints they have, I am going to have the 5-minute rule apply at this point. I thought the testimony was sufficiently comprehensive so I have very limited questions. I think that I will ask, Dr. Gueron, if you would just briefly expand on your description of your organization, whom you do work for, how long have you been doing it, and so on.

Dr. GUERON. MDRC is a nonprofit corporation located in New York City. It was founded 10 years ago, basically to test out whether social programs make a difference—do they work or not? It started with the National Supported Work Demonstration and a large project for youth called the Youth Incentive Entitlement Pilot Projects.

Our work is focused on employment programs and on examining the success of programs for welfare recipients. We have always thought that to get an answer to that question is very hard, and that you should do it right or not waste your time.

From the experiments that MDRC was involved in have used random assignment to evaluate the effects of different approaches, and I think have produced some credible results on whether programs work and for whom.

Mr. WEISS. And, who are your clients?

Dr. GUERON. Originally, the first project was funded by a group of Federal agencies, and the Ford Foundation. Most of the work we do now is under contract with State governments. Some for the Federal Government, but primarily foundation and State government support.

Mr. WEISS. And, have you done work for the Federal Government in the course of the last 4 years?

Dr. GUERON. Yes. We are currently beginning some work for HHS and OFA, looking at targeting and impacts of different employment programs, using data gathered in the Work/Welfare Demonstration.

We have just finished a demonstration directed at adolescent parents, that had some Federal funding, and we have also just completed a demonstration for the Department of Labor, testing out the effectiveness of Supported Work for mentally retarded youth.

Mr. WEISS. Thank you very much.

Mr. Walker.

Mr. WALKER. Thank you, Mr. Chairman. I will be brief, too.

The concerns that you raise about the 75-percent participation level have been raised by some other witnesses. They have some validity to them, and I have always been a little suspicious of quota-based systems, and this one, I think, has some problems with it, too.

I will say one thing, though, and that is that the problem for people in the position of trying to make some sense out of these programs at the Federal level and trying to figure out ways of achieving cost effectiveness, is that if, in fact, you have a 28-percent participation level, as you indicated we have across the Nation in the States, the argument around here that will be used to try to
increase funding at 329 percent per decade, as we did during the 1970's, will be that, well, you have 72 percent of the people that are not being served, and, so, therefore, obviously, we need facts, we need more resources, we need at least three times more resources in order to achieve the ends that we desire.

Maybe one reason why the administration is trying to encourage cost containment in moving toward that kind of a program, and I think I have some reason to question it, is that those arguments have been very effective in the past. I am not so certain, given your testimony, whether or not they are arguments that should have been used.

Mr. Perales. Well, my only comment has to be that I think Dr. Ellwood, I think, referenced your percentage numbers and the fact that it is really not a fair number to use when we are talking about the AFDC Program, and particularly when we are talking about WIN, which is what I was concentrating on.

I think that WIN funding has been static for some time, and I think the point I am trying to make is that I think we are finally beginning to learn some things. I think the other witnesses have indicated that we are getting better at working with welfare recipients and getting them into jobs, and to take away funding and tell us to serve many more people is just counterproductive.

I can tell you that I cannot do a better job if you take away the money that I have to administer a program, and ask me to serve that many more people over the next couple of years. I mean that is the reality.

I would be deceiving you if I told you that I could do a good job with less money, and serve more people.

Mr. Walker. Well, of course, my own opinion is that maybe you are helping me to gel that opinion even more. That is, we ought to take a lot of the social service money and combine it, we ought not to be targeting or allowing people to come in and simply say WIN is the one program for the folks on AFDC—that ultimately what we need is for the States to be given social services block grant money that allows them to respond to a whole variety of needs and do so in a discretionary way rather than having these narrow categories. We would be far better off with that kind of approach, but I am afraid that this Congress is somewhat wedded to categorical kinds of programs.

Thank you, Mr. Chairman.

Mr. Weiss. Do you want to answer?

Mr. Perales. I think the obvious comment is that as long as the money is the same, give it to us in a block grant. I have got absolutely no problems with that, but do not give us a block grant and cut it by 25 percent as has become the custom.

Mr. Walker. Well, I think we could stabilize funding if, in fact, we were able to get Congress to recognize the usefulness of block grants, but we have an awful lot of pride in authorship around here and tend to categorize everything.

Mr. Weiss. We also have an administration, as you and I know, that attempts to take away the major block grant funding in the form of general revenue sharing.

Mr. Walker. That is a discretionary program that we ought to keep.
Mr. Wiss. Right. Mr. Rowland.

Mr. Rowland. Commissioner, in your New York experience and in your national experience, have you found a reluctance by potential employers to participate in the work program?

Mr. Perales. Employees?

Mr. Rowland. Employers. Have you found a reluctance of employers to participate in the work program?

Mr. Perales. Yes.

Mr. Rowland. And, more specifically, have you found a situation where there are not enough jobs?

Mr. Perales. You cannot have—well, the unemployment rate that we have in this country and have had for some time and not take into consideration when you look at the effectiveness of programs to get public assistance recipients who are the least able to compete in the job market, and say that they are not doing well and, therefore, the programs do not work.

But, I think that you make a good point. One of the recommendations that I made is one that says the Federal Government ought to do more in terms of trying to get a public/private partnership in getting people employed.

I would like to see, for example, the President use his position and his popularity within the private sector to call upon them to try to participate in some of the programs that are being developed in many of the States, for example, grant diversion by the job tax credit and a variety of other programs.

The President has called on the public to deal with voluntarism. One of the areas in which we could be very, very successful is if the private businessman saw himself as being responsible for trying to get people who are necessarily not the most attractive employees, give them an opportunity, and to take advantage of some of the subsidies that are available. I think that would make a very, very big difference.

Mr. Rowland. You said it is a nationwide problem, not just New York, from your experience?

Mr. Perales. Well, I suspect it is a nationwide problem. I can tell you definitively that it is a problem in New York.

Mr. Rowland. With the movement towards taking away tax incentives, and so forth, do you believe that a good public relations job would be the best way to proceed at this point?

Mr. Perales. I do not know if that is the best way. I think that is one way. I—the best way would probably be some sort of subsidy to the employer. Offer him an incentive, but I do think that there is an opportunity to use public relations.

Mr. Rowland. Now, the first part of your testimony, you indicated some very good figures in New York with new jobs, and so forth.

In New York, have there been any special child care credits, programs, incentives for the same businesses to get involved?

Mr. Perales. No; what Governor Cuomo has done in the last couple of sessions is to increase funding for day care out of State dollars. The Federal support for day care, which is title XX traditionally, has really contracted. Inflation has really curtailed our ability to fund much day care out of title XX, so that what we are now doing in New York is beginning to use State funds for day
care and targeting that day care to people who get into private un-
subsidized jobs coming off welfare.

Mr. ROWLAND. Are there any unique day care program incen-
tives floating out there that you know about? That you can com-
ment on?

Mr. PERALES. Well, I could comment. I am certainly not an expert on it. I think that the role that we have played in my de-
partment is to try to get the money available to pay for it. I think there are lots of people who are going to provide good day care pro-
grams, if there is money there to have a poor woman enroll her child, and the salary levels of most of these women who come off AFDC and get jobs those salary levels are not enough to pay for good adequate day care, so that what we have found the most effec-
tive thing to do was to subsidize that day care.

Mr. WEISS. The panel following the HHS testimony, in fact, will deal with the child care question.

Mr. ROWLAND. Good. Thank you.

Mr. WEISS. Mrs. Boxer.

Mrs. BOXER. Thank you, Mr. Chairman.

I have one quick question to each of you. I thank you for your testimony.

Mr. Perales, you are aware—I get from your testimony that you are a fan of the WIN Program. You think it is a good program, and you are arguing for some stability in that program. I know that you are aware that the President has knocked it out of the budget and the Senate knocked it out, and the House restored it. Of course, we are in conference today where, if we are lucky, we can work out the details.

I wonder if you could tell us, in a very straightforward personal way, why you think the WIN Program—what is it about the pro-
gram? What happens to a person in the program, and what makes it a good program?

Mr. PERALES. Well, what is good about WIN, obviously, is that you have money coming to a State to allow a State to provide serv-
ices to women on welfare.

The bottom line is that if that money is withdrawn I am not so confident that States are going to be able to replace it.

Mrs. BOXER. My question is, the money comes. What happens to this woman? Give me an example.

Mr. PERALES. Well, women who are enrolled—

Mrs. BOXER. A success story.

Mr. PERALES. A success story. Well, I can tell you what we try to do in New York, is to assess women in the WIN Program. If we determine that, for example, what is needed is day care before we can enroll that person, for example, in classroom instruction, we perform individual assessments of people and it takes time and money to do that.

What I think is the most effective way of dealing with somebody on welfare, you have got to find out what their needs are, you cannot offer a woman who is a high school dropout, who has been out of a job market for 10 years, the same services that you are going to offer somebody who has had a history of work experience and has just been out of the work force for 18 months.

Mr. WEISS. Tomorrow, we are going to have some testimony.
Mrs. Boxer. Good. Well, I intend to be here, but I think what is important about hearing this from your perspective is that you told something that I was not that aware of.

In other words, you are getting enough resources to enable you to treat these people as human beings, different from one another. It is not a formula that says each woman shall do thus and so. You give them a chance to personally evaluate the individual, see what the needs are, try to move in an individual way to solve the problem.

Mr. Perales. Yes.

Mrs. Boxer. OK. I have a second question which is a little controversial, and it has to do with the root cause of all this problem. You know, we are dealing here with fallout of some very serious social problems, and as I look at it, as a person who, I hope, has some common sense and life experience, what I see is that there are pregnancies in teenage years which are leading to these situations.

Doctor, when you look at this problem, do you ever focus or has your work ever led you to the real root causes of these problems, because as I read your numbers, you are telling me that half of the people on AFDC are teenage mothers.

Mr. Perales. Went on AFDC as a result of having a child in their teenage years.

Mrs. Boxer. Right. So, obviously, when you get to the root cause of that, we may be more successful than just dealing with the problem.

I wonder if you could comment on that.

Dr. Gueron. Unfortunately, I do not think that anybody has come up with a solution for adolescent pregnancy or the route from adolescent pregnancy to welfare dependency.

The causes of welfare dependency are very complex. There is a substantial amount of work that has been done looking at adolescent pregnancy, some evaluations, and I would say they lead to more questions than answers.

However, clearly from the testimony you have heard this morning from David Ellwood, from everybody else, you cannot walk away from that problem because it is the cause of a great deal of welfare dependency, and it is the group for which you spend a lot of money.

Possibly one of the problems is that people have attempted to implement programs directed at adolescent parents that do not offer enough. Very often, we look at programs and we complain that they cost too much. I think they probably do not cost enough. This is a population that you have to work with intensively. You need remedial education. You need skills training and work experience, and while a young woman is involved in that, she probably also has to deal with day care and support services.

People have to be willing to make an expensive commitment up front in order to have a payoff down the line. I would suggest that that is an expensive approach, however, and an important effort that we could be involved in is testing a number of different models directed at such people, carefully and rigorously, to see whether any of them do work. I think that a lot of the testimony you have heard suggests that that ought to be done.
Mrs. Boxer. There are other countries that have had more success, have lower rates of teenage pregnancies. There are other countries in Europe, and I wonder whether you have ever taken a look at those models.

Dr. Gueron. The Guttmacher Institute released a study recently comparing adolescent pregnancy rates in different countries, and I think you are probably going to hear something about that later on also. One of the things it pointed to is that more information on contraceptives and opportunities to obtain contraceptives reduced rates of pregnancy. This is something that this country has a hard time grappling with.

Mrs. Boxer. I think that is a very simple statement. Thank you.

Mr. Weiss. Thank you very much. Dr. Gueron, and Mr. Perales, for your statements.

Our next witness will be Jo Anne Ross, Associate Commissioner for Family Assistance in the Department of Health and Human Services. Associate Commissioner Ross, if you will join us at the witness table, we are ready for your testimony.

If you have any staff people who you would like to have join you at the table, that is fine, or if, in the course of the questions, you want to refer to them in their seats, that is acceptable also. Whichever way you desire to proceed.

Ms. Ross. Thank you, Mr. Chairman. I appreciate that. As the committee has requested, I will summarize my written testimony.

Mr. Weiss. Your entire statement will be entered into the record without objection.

STATEMENT OF JO ANNE B. ROSS, ASSOCIATE COMMISSIONER FOR FAMILY ASSISTANCE, SOCIAL SECURITY ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ms. Ross. Thank you.

I am pleased to appear before the subcommittee today and particularly to have this opportunity to share my perspective as the administrator of the Aid to Families With Dependent Children Program on a major goal of this administration—promoting self-sufficiency for welfare recipients.

As expressed in the statute, the purpose of AFDC is to enable States to furnish financial assistance to needy dependent children and their parents, and to help these parents attain or retain capabilities for their maximum self-support and personal independence.

If you ask the average person what the purpose of AFDC is, most every one would tell you the first part—that AFDC should help parents with children meet basic financial needs. Few people would go on to address the second part of the AFDC mission—the obligation to foster self-support.

Somewhere along the way, I think we lost sight of a very important distinction—that it is OK to be on welfare if the need is there, but it is not OK to stay there if you have other options. We let AFDC become a program that permitted able-bodied adults to choose welfare over work. This is not a choice Congress intended, nor is it one that society supports. Until 1981, AFDC, or welfare, was viewed and operated almost solely as an income transfer program.
We did a very good job of proving we could respond to a family's financial crisis with regard to timely and continual issuance of benefits. But we were far less successful in fostering financial independence and promoting work efforts. And that is what I want to spend my time discussing today.

Welfare recipients, not surprisingly, if you think about it, are like everybody else: they feel the need to work and contribute to society as strongly as any of us. The administration's proposals were designed to provide them with the opportunity to do so.

The issue of economic dependence versus independence is certainly nothing new to anyone here today. It has been debated, discussed, and written about for years. The advent of work programs has provided us with an opportunity to take action and realize the benefits of economic independence. That is what work programs are all about—helping people choose economic independence and breaking the cycle of welfare dependency.

The work ethic that shaped our Nation and drives our lives is alive in AFDC recipients. The fact is that they feel the need to work and contribute as strongly as any American. The problem is that they lack some of the essential tools. Usually, when you and I speak of tools, we are talking about skills and equipment. But, in this case, we are also talking about something far more basic, about motivation and self-confidence.

A 26-year-old woman I talked with told me she had been on AFDC since she was 17 years old. She had never worked because she did not think she had anything to offer. Through CWEP, she had been working in a clerical position in a State office. In 4 months, she had learned to type, to file, and to answer the telephones.

She said: "I never thought I could even get up every day and catch a bus, much less get up every day, catch a bus, and go to work. Now, I know that if no one showed up in this office tomorrow, I could run it all by myself for the day."

You see, we have no corner on the work ethic and we never have. It is simply that finally the work ethic has become an operating principle in the welfare system. It is only in the last 3 years, with community work experience, job search, grant diversion, and WIN demonstrations that, for the first time, welfare agencies have had an opportunity to get involved and begin fulfilling the intent of the AFDC statute: To help adult recipients attain and retain capability for maximum self-support.

The charge today is to use that opportunity for positive change. The administration's welfare work opportunity proposal provides that opportunity. Under our proposal, for the first time, all States would be required to have a work program in which all able-bodied AFDC applicants and recipients would be expected to actively participate. However, States would have the flexibility they need to design programs which meet their local needs and constraints while providing maximum help to recipients.

In addition to work activities, such as the community work experience program or CWEP, grant diversion, job search, and the Job Training Partnership Act, or JTPA training, States could design alternative work-directed activities or develop innovative projects using demonstration authority.
The work opportunities proposal replaces the Work Incentive Program with a program which places primary responsibility with the welfare agency. Federal funding for the first year would be set at $145 million with funding for future years increased to accommodate higher levels of participation. The amount provided to individual States would depend upon the number of employable AFDC recipients in that State. States would be given a 3-year phase-in period to achieve a participation rate of 75 percent. We would continue to exempt from participation requirements individuals such as the aged, disabled, and those who take special responsibility for providing care at home.

This proposal would result in a net Federal AFDC savings of $52 million in fiscal year 1986. These savings would be achieved without any decrease in benefit levels; rather, savings would be realized from the success of individuals becoming self-sufficient, a goal we all share.

The experience of States, gathered from existing programs run by welfare agencies, provides strong and consistent evidence for this administration's belief that work programs work, that they are fair, and that they help recipients.

Our experience to date shows work programs can be successful with large numbers of recipients. For example, in the San Diego work program that combines job search and CWEP, of the nearly 5,000 welfare recipients expected to work, over 90 percent found jobs, left the rolls, or completed the program within 9 months of entering the program.

Adequate child care is available. Many States have found that they greatly overestimated the need to provide this service. They found that many recipients, like working mothers throughout the country, were able to identify and secure child care services on their own. Where recipients could not find services, States have found innovative ways to meet the needs.

The public, sponsors, and participants support work programs. Surveys of sponsors and participants have consistently shown that worksite managers and participants alike feel that the program provides welfare recipients the opportunity to make meaningful contributions to the work force while fostering their self-esteem and pride.

In addition, these programs have gained broad public support. Polls in San Diego and North Carolina show that nearly 90 percent of the public supported work activities for welfare recipients. Even more striking, surveys have consistently indicated that program participants overwhelmingly agreed that work requirements are fair. Finally, evidence from North Carolina indicates that the institution of a CWEP Program resulted in improvements in public attitudes about the welfare system and welfare recipients.

Administration of the work program belongs in the welfare agency. Evidence from the first year evaluation of the WIN demonstrations strongly suggests that the most successful States are those where the welfare agency has the primary responsibility for work programs. These agencies are in the best position to continuously involve AFDC recipients in work activities from the point they enter the system. In addition, welfare agencies ensure that
the most disadvantaged individuals receive the attention they need and deserve, and do not get lost in the shuffle.

Work programs promote self-sufficiency and reduce welfare dependency. For example, in San Diego, 52 percent of the mothers participating in job search and CWEP found jobs, an employment rate 25 percent higher than the rate for nonparticipants. In a smaller Washington State project, employment rates for job search and CWEP participants were twice as high as rates for nonparticipants.

In South Carolina, where pilot CWEP demonstrations were conducted in two counties, gains in employment for CWEP participants were dramatic. Overall employment rates for CWEP participants were almost three times those of nonparticipants—22 percent versus 8 percent. Equally important results have come from North Carolina: recipients in counties operating CWEP, who left AFDC, were more likely to remain independent than those in counties that have not implemented the program.

Participation must be mandatory. For example, in one project in the State of Washington, a mandatory Job Search Program was run in half the counties and a voluntary one in the other half.

In the mandatory counties, significantly more recipients achieved self-sufficiency than in the voluntary counties, where participation was virtually nonexistent. Mandatory programs serve more people and reach individuals who have low expectations of success but high potential, the very individuals who benefit most from these programs.

In a conversation I had with one woman who participated in CWEP and then was hired for a full-time job, I asked what she liked about the program, what she did not like, what she would change if she were in charge. Her response was: “I only have one thing to say. This program absolutely has to be mandatory.” As you may have guessed, that was not exactly the response that I had anticipated, so I asked her to elaborate. She continued by saying: “You see, if it had not been mandatory, I never would have participated. I have never really had a job other than doing pickup waitress work now and then, and I have been in a couple of job training programs which led no place. So, I would have opted to stay home every day if you had not made me work and just think what I would have missed. I would have never gotten the experience to get this job.”

AFDC is a program that deals with people and people’s lives, and by its very name, exists to help dependent children. Over the long term, I know of nothing better we can do for these children than help their parents become good role models, as productive and contributing members of society.

We cannot quantify things, like self-esteem, pride in a job well done, or the thrill of getting your first job, but we can certainly see the very real benefits that flow from them.

As I said in my opening comments, the AFDC Program has two stated purposes. Our first responsibility is to deal with a needy family’s immediate financial crisis. Our second responsibility is to help individuals achieve economic self-sufficiency. Our success in meeting this goal must be the cornerstone of any long-term solution to the problem of women in poverty. Our work programs offer
hope for the future through increased job opportunities and improved self-esteem.

When I asked one young woman what she liked best about CWEP, she said she liked the fact that when she got up in the morning and her son asked: "Mom, are you going to work today?" she could now answer: "Yes."

That is what the administration’s work opportunities proposal is all about.

Thank you, Mr. Chairman. I will be happy to answer any questions.

[The prepared statement of Ms. Ross follows:]
FOR RELEASE ONLY ON DELIVERY

STATEMENT

BY

JO ANNE B. ROSS
ASSOCIATE COMMISSIONER FOR FAMILY ASSISTANCE
SOCIAL SECURITY ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE THE

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES
COMMITTEE ON GOVERNMENT OPERATIONS

U.S. HOUSE OF REPRESENTATIVES

JULY 9, 1985
I'm pleased to appear before the Sub-committee today and particularly to have this opportunity to share my perspective, as the Administrator for the Aid to Families with Dependent Children Program, on a major goal of this Administration -- promoting self-sufficiency for welfare recipients.

As expressed in the statute, the purpose of AFDC is to enable States to furnish financial assistance to needy dependent children and their parents, and to help these parents attain or retain capability for their maximum self-support and personal independence. If you asked the average person what the purpose of AFDC is, most everyone would tell you the first part -- that AFDC should help parents with children meet basic financial needs. Few people would go on to address the second part of the AFDC mission -- the obligation to foster self-support.

Somewhere along the way, I think we lost the very important distinction that it's okay to be on welfare if need is there, but it's not okay to stay there if you have other options. We let AFDC become a program that permitted able-bodied adults to choose welfare over work. This is not a choice Congress intended. Nor is it one that society supports. Until 1981, AFDC, or welfare, was viewed and operated almost solely as an income transfer program.
We did a very good job of proving we could respond to a family's financial crisis with regard to timely and continual issuance of benefits. But we were far less successful in fostering financial independence and promoting work efforts. And that's what I want to spend my time discussing today. Welfare recipients, not surprisingly if you think about it, are like everyone else. They feel the need to work and contribute to society as strongly as any of us. The Administration's proposals were designed to provide them with the opportunity to do so.

In 1981, this Administration put forth legislative proposals to refocus the program and emphasize self-support. The Omnibus Budget Reconciliation Act of 1981, or OBRA, contained a number of provisions which centered on three major themes: Targeting assistance to those most in need, improving program administration, and strengthening work requirements.

As a result of the OBRA changes, States, for the first time, were allowed to require able-bodied recipients who did not have young children to participate in Community Work Experience Programs, or CWEP. Under CWEP, welfare agencies assign AFDC recipients to work in public or private non-profit agencies.
The recipients provide public service and acquire work experience in exchange for their benefits. The maximum number of required hours of work is determined by dividing the welfare payment by the minimum wage. By the way, required hours of work is an important distinction, because we've found that many CWEP participants voluntarily work longer hours. It's also important to point out CWEP participants are serving in a variety of jobs that cover the gamut of the workforce such as secretaries, data processors, paramedics and policemen to name a few. Since October 1, 1981, 22 States have implemented CWEP, seven on a statewide basis. And currently, more than one-fifth of the nation's counties have CWEP.

OBRA also created the WIN Demonstration Program, which allowed State welfare agencies to take over administration of Work Incentive programs. Twenty-three States have elected to transfer WIN from the employment agency to the social service agency, and many of these programs are using innovative approaches to help recipients enter the workforce.

In 1982, the Tax Equity and Fiscal Responsibility Act, or TEFRA, provided States with the options of requiring Job Search of AFDC applicants and recipients. Under Job Search, States are able to help individuals prepare for and find employment by providing a range of services that can include interviewing techniques, methods for identifying jobs and instruction in
completing job applications. Twelve States currently operate Job Search programs for recipients, and nine States require applicants to participate.

Finally, last year, in the Deficit Reduction Act, or DEFRA, Congress allowed States to operate Grant Diversion programs which pool the welfare benefits of a number of recipients to provide wage subsidies. Eleven States currently operate such projects.

These legislative changes are important, because of what they mean to people -- and I'd like to share with you my perspective on what these programs mean to the people you and I serve.

For over 2 years, I've been talking about exciting things going on in welfare work programs. At first, I got the information for my message from the usual sources: statistics, reports, press stories and staff briefings. All of the things I was reading, hearing and telling made it clear to me that there was an untold story behind all of the facts and figures -- a fundamental change in how we view our job of serving the recipients was occurring, and it was a change with far-reaching consequences -- and I decided I wanted to see it for myself.

I began to travel around the country visiting work program sites and talking with the people who are making it happen. What I found reinforced in a dramatic and personal way the extent of the changes in attitudes that's been taking place over the past few years.
I think we're witnessing a major shift in the debate about the nature of social welfare policy and about what kind of help really helps people. I also think the Administration's emphasis on work programs is the genesis of the change in attitudes and expectations about work and welfare.

For example, my visit to one local welfare office started with a briefing from the work program staff. Their opening dialogue went something like this: "Jo Anne, we want you to know that when our State legislature was considering the Community Work Experience legislation, we fought it tooth and nail. We were absolutely convinced it could never work. We thought it was a punitive program that only hurt the recipients. We wanted to tell you this up front because we're here today to tell you we've done a complete reversal because of the results of our program."

They went on to say that people were not only gaining skills and finding jobs, they were also finding a new or renewed sense of pride and self-worth. And they were using their new-found confidence and abilities to take responsibility for their own lives and economic support by moving into unsubsidized jobs.

That issue of economic dependence versus independence is certainly nothing new to anyone here today. It's been debated, discussed and written about for years. The advent of work programs has provided us with an opportunity to take action and realize the benefits of economic independence. That's what work programs are all about--helping people choose economic independence and breaking the cycle of welfare dependency.
The work ethic that shaped our nation and drives our lives is alive in AFDC recipients. The fact is they feel the need to work and contribute as strongly as any American. The problem is they lack some of the essential tools. Usually, when you and I speak of tools, we're talking about skills and equipment. But in this case, we're also talking about something far more basic—about motivation and self-confidence.

A twenty-six year old woman I talked with told me she had been on AFDC since she was 17 years old. She'd never worked because she didn't think she had anything to offer. Through CWEP, she'd been working in a clerical position in a State office. In four months, she had learned to type, to file, and to answer the telephones. She said, "I never thought I could even get up every day and catch a bus, much less get up every day, catch a bus and go to work. Now I know that if no one showed up in this office tomorrow, I could run it all by myself for the day."

You see, we have no corner on the work ethic, and we never have. It's simply that, finally, the work ethic has become an operating principle in the welfare system. It is only in the last three years, with Community Work Experience, Job Search, Grant Diversion and WIN Demonstrations, that for the first time, welfare agencies have an opportunity to get
involved and begin doing what the purpose section of the AFDC law has said since it was enacted: To help adult recipients attain and retain capability for maximum self-support.

The charge today is to use that opportunity for positive change. The Administration's Welfare Work Opportunities proposal provides that opportunity. Our proposal which was recently introduced by Senator Roth and is being introduced by Representative Campbell today, embodies a workable, fair and responsive approach for assisting AFDC applicants and recipients in their efforts to become self-sufficient. It would replace the current WIN program which has failed in involving large numbers of recipients in work activities and has not dealt effectively with recipients without recent work experience or job skills.

Under our proposal, for the first time, all States would be required to have work programs in which all able-bodied AFDC applicants and recipients would be expected to actively participate. However, States would have the flexibility they need to design programs which meet their local needs and constraints while providing the maximum help to recipients. In addition to work activities such as the Community Work Experience Program or CWEP, grant diversion, job search and Job Training Partnership Act or JTPA training, States could design alternative work-directed activities or develop innovative projects using demonstration authority.
The Work Opportunities proposal replaces the Work Incentive Program with a program which places primary responsibility with the welfare agency. Federal funding for the first year would be set at $145 million, with funding for future years increased to accommodate higher levels of participation. The amount provided to individual States would depend upon the number of employable AFDC recipients in that State. States would be given a three-year phase-in period to achieve a participation rate of 75 percent. We would continue to exempt from this requirement individuals such as the aged, disabled, and those who face special responsibilities for providing care at home.

This proposal would result in a net Federal AFDC savings of $52 million in FY 1986. These savings would be achieved without any decrease in benefit levels. Rather savings would be realized from the success of individuals becoming self-sufficient—a goal we all share.

The Work Opportunities proposal builds upon successful State work programs made possible by the changes in OBRA, TEFRA and DEFRA. In addition to those work programs which I've already described, State welfare agencies have undertaken thirty eight special demonstration projects to test and research innovative work program approaches. These include 11 model CWEP programs, 10 grant diversion demonstrations and 6 programs designed to increase the employability of women with children under age.
The experience from the States provides strong and consistent evidence for this Administration's belief that work programs work; they are fair; and they help recipients.

Our experience to date shows:

"Work programs can be successful with large numbers of recipients. For example, in a San Diego work program that combines job search and CWEP, of the nearly 5,000 welfare recipients expected to work, over 90 percent found jobs, left the rolls or completed the program within 9 months of entering the program.

"Adequate child care is available. Many States have found that they greatly overestimated the need for them to provide this service. They found that many recipients, like working mothers throughout the country, were able to identify and secure child care services on their own. Where recipients could not find these services, States have found innovative ways to meet the need. For example, in Idaho, CWEP workers' hours are arranged so that one day a mother watches another's children while the next day they trade places. In South Carolina, for each nine CWEP participants placed at a day care agency, 25 day care slots become available for children of CWEP workers.

"The public, sponsors and participants support work programs. Surveys of sponsors and participants have consistently shown that work site managers and participants alike feel that the
programs provide welfare recipients the opportunity to make meaningful contributions to the workforce while fostering their self-esteem and pride.

In addition, these programs have gained broad public support. Polls in San Diego and North Carolina showed that nearly 90 percent of the public supported work activity for welfare recipients. Even more striking, surveys have consistently indicated that program participants overwhelmingly agree that work requirements are fair. Finally, evidence from North Carolina indicates that the institution of a CWEP program resulted in improvements in public attitudes about the welfare system and welfare recipients.

"Administration of the work program belongs in the welfare agency. Evidence from the first year evaluation of the WIN Demonstration strongly suggests that the most successful States are those where the welfare agency has the primary responsibility for work programs. These agencies are in the best position to continuously involve AFDC recipients in work activities from the point they enter the system. In addition, welfare agencies ensure that the most disadvantaged individuals receive the attention they need and deserve, and don't get lost in the shuffle.

"Work programs promote self-sufficiency and reduce welfare dependency. For example, in San Diego, 52 percent of the mothers participating in job search and CWEP found jobs—an employment rate 25 percent higher than the rate for
non-participants. In a smaller Washington State project, employment rates for job search and CWEP participants were twice as high as rates for non-participants.

In South Carolina, where pilot CWEP demonstrations were conducted in two counties, gains in employment for CWEP participants were dramatic. Overall employment rates for CWEP participants were almost three times those of non-participants, 22 percent versus 8 percent. Equally important results have come from North Carolina: recipients in counties operating CWEP who left AFDC were more likely to remain independent than those in counties that had not implemented the program.

"Participation must be mandatory. For example, in one project in the State of Washington a mandatory job search program was run in half the counties, and a voluntary one in the other half.

In the mandatory counties, significantly more recipients achieved self-sufficiency than in the voluntary counties where participation was virtually non-existent. Mandatory programs serve more people, and reach individuals who have low expectations of success but high potential -- the very individuals who benefit most from these programs.

In a conversation I had with one woman who participated in CWEP, and then was hired for a full-time job, I asked what she liked about the program, what she didn't like, what she would change if she were in charge. Her response was, "I only have one thing to say. This program absolutely has to be
mandatory." As you may have guessed, that wasn't exactly the response I'd anticipated, so I asked her to elaborate. She continued by saying, "You see, if it hadn't been mandatory, I never would have participated. I've never really had a job other than doing pick up waitress work now and then, and I'd been in a couple of job training programs which led no place. So I would've opted to stay home every day if you hadn't made me work. And just think what I would've missed. I'd never have gotten the experience to get this job."

AFDC is a program that deals with people and people's lives, and by its very name, exists to help dependent children. Over the long-term, I know of nothing better we can do for these children than help their parents become good role models, as productive and contributing members of society.

We can't quantify things like self-esteem, pride in a job well done or the thrill of getting your first job. But we can certainly see the very real benefits that flow from them.

As I said in my opening comments, the AFDC program has two stated purposes. Our first responsibility is to deal with a needy family's immediate financial crisis. Our second responsibility is to help individuals achieve economic self-sufficiency. Our success in meeting this goal must be the cornerstone of any long-term solution to the problem of women in poverty. Our work programs offer hope for the future through increased job opportunities and improved self-esteem.

When I asked one young woman what she liked best about CW2P she said she liked the fact that when she got up in the morning and her son asked, "Mom, are you going to work today?" she could now answer "Yes."

That's what the Administration's Work Opportunities proposal is all about.
Mr. Weiss. Thank you very much, Ms. Ross.

Again, we are going to use the 5-minute rule, and I am going to defer most of my questioning until the other members have had a chance to ask questions. But let me ask, as I have some of the others, could you fill in for us some of your background?

Ms. Ross. Oh, certainly. I would be happy to.

I have served as the Associate Commissioner for Family Assistance since April 1983. Prior to that, I served as the Deputy Associate Commissioner for Family Assistance, beginning October 1, 1981. Prior to that position, I worked for 4½ years for Senator Roth, as his legislative assistant on domestic policy issues for the Finance Committee. Prior to serving in that position, I ran a title VII, it was then title VII, I believe it is now title III-C, nutrition program under the Older Americans Act, which fed 1,000 senior citizens a day. Before that, I served as a legislative liaison to the State Legislature for the Mental Health Association of Delaware.

Mr. Weiss. I do not know if you heard much of the testimony that was presented earlier today, but I think that if you have, or if you have staff people that have, you will note that just about everyone agrees on the effort that has to be made to provide an opportunity for people, especially those who seem to be trapped on welfare, to get into a position of self-dependency. The question and the issue really is, how do you best achieve that, not whether, in fact, that is a desirable goal.

There are several questions that have been raised which I would like you to address. How are you going to be able to focus on the small minority of people who stay on the longest and who cost the program the most, if what you are doing is reducing the amount of money that is available to the States for dealing with the problem while at the same time mandating that they deal with, by the third year, a 75 percent of caseload ratio? How is that achieved?

Ms. Ross. Well, Mr. Chairman, I believe that the experience that we have to date indicates that States are having great success in some of the projects with targeting, particularly, the long-term welfare recipients who have had little or no work experience.

As I indicated in my written testimony, I have visited 10 different work programs and interviewed approximately 55 to 40 of the participants in those programs, and many of them were just the type of individual you described. Individuals who had no recent work history and actually had been on the welfare rolls for a substantial period of time, about 4 to 6 six years. They were the people who were benefiting the most from the experience, as I learned through my discussions.

I believe that the results that we have seen in some of the demonstrations show that when you combined job search with CWEP, for example, in Washington State, CWEP actually had a greater impact on long-term welfare recipients. I believe that it is possible, through the variety of provisions that we offer in our proposal, for States to target any part of the caseload that they want to.

If I might, just for a moment, review exactly what our proposal represents, it allows States a tremendous amount of flexibility in terms of what they want to do. They can have a grant diversion program for the people who have had some work program experience—
Mr. WEISS. What about prohibiting States from providing job education and training?

Ms. Ross. Well, we are not prohibiting them from providing education and training; we allow any education and training provided under JTPA to count as participation, and, as you know, JTPA is funded at $1.8 billion for the economically disadvantaged, which——

Mr. WEISS. You are not suggesting that JTPA, in addition to the caseload that it is serving will pick up all the people who are on WIN as well? Is that your testimony?

Ms. Ross. I would not suggest that it could pick up all the people; I certainly think——

Mr. WEISS. What percent?

Ms. Ross. I would certainly think we could pick up more than we do currently. The statute mandates, as I am sure the committee is aware, that AFDC recipients receive a proportionate share of the available JTPA funding for the percentage that they represent in the population.

Mr. WEISS. Again, is not the issue that all AFDC recipients are not the same, that, in fact, if you want to target, you have to spend more by way of training on those who are the hardest to place in the market?

Ms. Ross. Well, if you want to target and I think, clearly, you would want to target different activities to different parts of the caseload, I think you are absolutely right.

We have certainly found that everybody is not ready for grant diversion, but that CWEP is particularly appropriate for people who have no work experience. Job search works very well for people who have no experience, and also for people who have had some recent experience in the work force.

Getting back to the issue I think you were discussing, which is targeting and using training funds to target the population that needs those, I think it is possible to do that using JTPA funds. If you target a certain segment of the AFDC population as being in need of training, then it would seem you would want to direct JTPA efforts to that segment of the population.

I think it is also important to point out——

Mr. WEISS. You know that one of the criticisms that has been made of JTPA to begin with is that it is being used as a training device for those who are most job ready.

Ms. Ross. Well, in fact, Mr. Chairman, I am aware of those criticisms and I would like to point out that I have been working very hard with the States to identify places where States have very good coordination between AFDC agencies and JTPA, and to try to spread that word. It helps other States so that they may do so as well.

Also, we undertook a contract last year with Jordan De Laurenti to provide training to States on work program management, and it is offered in about 10 different modules.

One of the modules specifically addresses is how to coordinate with JTPA and the successes in States, including what they did, how they went about making sure that the welfare recipients were getting their fair share of the funding being targeted, and so forth.

Mr. WEISS. I have taken up more time than I intended.
Mr. Walker.

Mr. WALKER. Thank you, Mr. Chairman.

The General Accounting Office had a few comments about your approach, and they said that your compilation of work program information was inadequate and I'd appreciate your comments.

Ms. Ross. Well, I believe that we have some very good information, Mr. Walker. The fact of the matter is when we look at the demonstration projects that are currently in existence in the Office of Family Assistance, and those that are coming to a close, I think it is very important to keep in mind that these projects started by and large in fiscal year 1982. Experience has shown us that from the point in time that a project is approved, there is usually about a 6-month lag period before the project is implemented in the State. By the same token, by the time a project ends, there is about a 6-month lag period until we get an evaluation or the completed final report from the project. So, if you look at that, you can see that we have lost a year, basically, right there. The majority of projects started in fiscal year 1982 and later. So, what we are talking about is only 2 years of actual experience. Thus, I think the fact that we have gotten some final reports and interim reports that show very positive results offers support for the administration's proposal.

Mr. WALKER. The data that GAO used for their analysis given to us today, as far as you know, is the same data that is available to you?

Ms. Ross. As far as I know, it is, yes, because GAO was using and reviewing our files for some time.

Mr. WALKER. Did they give you the courtesy of consulting with you about the conclusions that they have drawn prior to coming before the committee with those conclusions today?

Ms. Ross. They did not give us a briefing on what their conclusions were, Mr. Walker, no. They did ask us a number of questions and followup questions after reviewing the files.

Mr. WALKER. So, they utilized your data, drew their own conclusions, but then did not discuss those at all with you so that you had no chance to comment on their interpretation of your data, is that—

Ms. Ross. That is correct. Yes; it is.

Mr. WALKER. They were also highly critical of the source material used as the basis for the administration's work opportunities legislation. Would you care to comment on that?

Ms. Ross. On the source material used by OFA?

Mr. WALKER. Yes.

Ms. Ross. I assume, again, that is a criticism of the demonstration information that we have available, and, as I said before, I believe the information we have shows that our demonstration projects are good projects. I think it is important to point out that some of the projects are conducted solely by States and that States run them and conduct the evaluations. Other projects are conducted by the States, but have independent contractors conducting the evaluations.

For example, the Manpower Demonstration Research Corporation is doing evaluations of nine of the States that are also OFA demonstration projects. We have worked very closely, in fact, with
the States and MDRC in granting waivers to make it possible for them to do those programs. The results of the first MDRC reports are certainly extremely encouraging. So, I believe that the source data we use are very good data.

Mr. Walker. One final question. I stated earlier that I have some reasons to be suspicious when we start using quota-based systems to determine results, that your move from 25-percent to 50-percent to 75-percent participation rates does strike me as being something that ties the hands of people who participate.

Would you like to give us your justification for that?

Ms. Ross. Yes; I would be happy to comment on that.

As you may be aware, in the past, we have put forth legislative proposals that would have required 100-percent participation. The States expressed concern about being able to meet that kind of a requirement. From the experience we have had with our demonstration projects, we have seen that some States have been able, in the early years, to achieve 25-percent, 40-percent, and 50-percent participation levels—States working with the UP population up to 65-percent participation in the first year and a half.

We were trying to be more reasonable, quite frankly, and we were trying to provide some flexibility, that is why we set the 25-, 50-, and 75-percent phase-in levels.

I think it is also important to point out that the phase-in level ends at 75-percent participation and does not move up to 100 percent for the nonexempt caseload. So, it still allows the States to decide in what circumstances they think it would not be appropriate to require work or perhaps would not be as effective, because in 25 percent of the cases they can still not require people to participate.

Mr. Walker. Thank you.

Mr. Weiss. Mr. Rowland.

Mr. Rowland. Just a couple of quick questions.

Would you give us some examples of the kinds of demonstrations that States are conducting and their approaches to help AFDC recipients become self-sufficient?

Ms. Ross. Yes; there are a number of things going on.

We have seven community work experience, demonstration projects going, and those look at community work experience from a number of different vantage points. Some of them combine employment search activities with community work experience; some of them target mothers with children under age 6, some go down to, for example, to children ages 3 to 6, some below age 3.

We have two projects that are focusing on provision of day care through community work experience. We have two work saturation projects that we recently funded in Philadelphia and San Diego, to look at the way that a State would, in a large urban metropolitan area, get large numbers of welfare recipients involved in work programs, and those consist of a range of activities.

We have job search, solely job search, demonstration projects in progress. Also we have a number of grant diversion projects in progress which we had awarded through special grant funds to seven States, operating about a year and a half now. Grant diversion, as you may be aware, is the provision that was passed by the Congress last year, making it available to everyone. But, our
projects are still in progress, and, again, they are testing a range of things in grant diversion.

You may not be completely sure how grant diversion works, so I would like to take just a minute to explain it. It is a program in which you pool the monthly welfare benefits, for the participating recipients and you then make that money available to employers who use it as a wage subsidy to pay wages to the participating welfare recipients. This is one of the key features of grant diversion—it will move recipients away from the welfare system in that they no longer get a check from the welfare agency, rather they get a paycheck from the employer.

The kinds of things we are looking at in the grant diversion projects range from different time limits on participation—6 months or 9 months in grant diversion to different percentages of the wage being subsidized.

In some States, the subsidy level is about $180 per month; in other States, it is much higher, because, for example, in Florida, they are using JTPA funds as well as the AFDC grants. Those are some examples of the kinds of things that we are doing.

I would be happy to submit a complete list for the record, if you would be interested.

Mr. Rowland. Yes; I would be interested in that.
I. Job Search Assistance for Applicants

Oregon--"Coordinated Job Placement Project"

Grant No. 11-P-98080

Description: This Statewide WIN Demonstration tests the effects of a mandatory job search requirement for applicants and continuous job search for recipients. Applicants who are not exempt from WIN are required to participate in job search for a fixed period not to exceed 45 days. During this time an AFDC grant is not opened, but Food Stamps and support services are provided. If an applicant refuses to participate, he or she is ineligible for AFDC for a period of 30 days.

Waivers: Section 402(a)(19)(A)--to require parents with children age one to six to register for WIN. Section 402(a)(35)--to allow a fixed period not to exceed 45 days for job search, during which time an AFDC grant is not opened; to allow job search for recipients to exceed eight weeks; and to allow fixed sanction periods for applicants and recipients. Section 11:5(a)(2)--authority granted to provide FFP for certain expenses during the work search period.

Status: Approved August 15, 1981.

Washington--"Intensive Applicant Employment Services"

Grant No. 11-P-98083

Description: In its first year this demonstration tested a mandatory applicant job search program as compared to a voluntary program. Because there were few volunteers, the voluntary segment was dropped in the second year. In addition, Congress amended title IV-A to permit mandatory applicant job search. Therefore the demonstration was modified to compare mandatory applicant job search, in which AFDC eligibility is not delayed, to a program with a fixed, 30-day job search period prior to AFDC enrollment. Half the counties ran the first program, which followed the statute, and half the counties ran the experimental program.
Waivers: Section 402(a)(1)--to allow different requirements for applicants in different parts of the State.

Section 402(a)(19)(A)--to allow the State to require parents with children age three to six to participate and to allow exemption from WIN registration during job search.

Section 402(a)(35)--to allow an application to be delayed for 30 days while an applicant participates in job search.

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California--"A Private Sector Alternative to Welfare Dependency"
Grant No. 11-P-98090

Description: This demonstration tests the effectiveness of intensive job search assistance in moving people into unsubsidized employment. The project operates in San Diego and San Mateo counties. In San Diego, registrants participate in job club followed by a CWEP assignment. In San Mateo, registrants participate in job club followed by an individual job search component.

Waivers: Section 402(a)(1)--to allow the State to provide job search assistance in a limited number of counties.

Section 402(a)(19)(A) -- to allow job search to extend beyond eight weeks.

Section 1115(a)(2)--authority granted to provide FFP for intensive applicant job search assistance, including administrative expenses and support services.


Maryland--"Employment Initiatives"
Grant No. 11-P-98091
Description: This demonstration tests the cost-effectiveness of operating a job search assistance program for AFDC applicants. Job search assistance is offered through job clubs at two sites. The project requires participation of all AFDC applicants who are not exempt from WIN. Applicants who refuse to participate are removed from the grant; the agency continues to process the grant application for the rest of the assistance unit.

Waivers: Section 402(a)(1)--to allow the project to be run in only two counties.

Section 402(a)(10)--to allow the State to require applicants to search for work and to suspend applications of those who refuse to participate.

Section 1115(a)(2)--authority granted to allow FFP for administrative expenses and support services directly related to job search.

Status: Approved April 1, 1982.

Minnesota--"Northeastern Minnesota AFDC Demonstration"

Grant No. 11-?-98202

Description: This project tests a method for preventing long-term AFDC dependency by providing financial and employment assistance for six months to recently unemployed families who, except for the demonstration, would be ineligible for assistance because of excess personal property. Participants are required to pay back assistance when they sell excess property or obtain employment.

Waivers: Section 402(a)(1)--allows the State to operate the demonstration in only four counties of the State.

Section 402(a)(7)--to allow families who would be ineligible for AFDC because of excess non-liquid personal property to receive AFDC for up to 6 months with provisions for payback of assistance received.

Section 402(a)(22)--to allow the repayment of overpayments through CKEP participation.

New York--"ADC Training/Employment Assistance Program"  
(ADC/TEAP)  
Grant No. 11-P-98191  
Description: This project tests whether grant diversion is an effective technique for promoting employment of AFDC recipients. AFDC grants are diverted to a wage pool which is used to supplement wages for participants. Participants in this project are employed by private for-profit, private non-profit and public agencies. Wages are supplemented by diverted AFDC grants. The project operates in 29 counties and New York City. AFDC-Basic and AFDC-UP recipients may participate.  
Waivers: Section 402(a)(1)--to allow operation of the project in a limited number of counties.  
Section 402(a)(7)--to allow the State to disregard project earnings in order to freeze the base grant amount.  
Section 402(a)(18)--to waive 185% of the standard of need limit and allow the State to freeze the base grant amount.  
Section 402(a)(13)--waive retrospective budgeting;  
Section 402(a)(19)(A)--waives 100 percent WIN registration;  
Section 1115(a)(2)--authority granted to provide Federal Financial Participation for administrative costs of the project and allow matching for diverted grant funds.  
Status: Approved July 1, 1984.  
Utah -- "Utah Community Work Program for Two-Parent Families"  
Grant No. 11-P-98190  
Description: This demonstration tests an alternative to the AFDC-UP program. To be eligible to participate in this project applicants must have had recent attachment to the work force. Both parents must participate in the project and be willing to accept work in a public work project for 32 hours and job search for 8 hours each week to qualify for assistance. Assistance is limited to six months within a twelve month period, with payments made bi-weekly. Benefit levels range from $50.00 to $110.00 per week depending on household size. If a participant refuses to accept a job offer, the entire family is sanctioned.
Waivers: Section 402 (a)(1)--to allow differential treatment (experimental vs. comparison group to test the effect of a six month limit on benefits).

Section 1115 (a) (2)--authority granted to allow for the provision of limited benefits to families with dependent children where the adults in the household are ineligible for cash assistance through other Federal programs.

Section 1115(a)(2)--authority also provided to allow FFP program and administrative costs associated with operating work requirements.

Status: Approved August 1, 1984.

II. Saturation Work Programs

California--"The Saturation Work Initiative Model Project (SWIM)"

Grant No. 11-P-98201

Description: This project tests the feasibility of involving in any given month at least 75% of eligible program participants (WIN mandatories) actively in a work program component. The project operates in San Diego and targets 8,000 AFDC applicants and recipients. All participants are required to go through structured job search for three weeks followed by 13 weeks in CWEP. If employment is not found, a more intensive assessment occurs to determine which subsequent program activity is most appropriate (e.g. remedial education, skill training, OJT, re-employment search workshops, additional job search, etc.).

Waivers: None


Pennsylvania--"Demonstration of a Saturation Work Program in an Urban Area"

Grant No. 11-P-98199

Description: This project tests the feasibility of involving in any given month at least 75% of eligible program participants (WIN mandatories) actively in a work program
component. The project operates in Philadelphia and targets 12,000 AFDC applicants and recipients. Participants who are job ready are immediately referred for job placement with the Employment Service, private employment agencies or JTPA. Those not job ready receive an in-depth assessment of their functional and educational levels to determine which program activity is most appropriate (e.g. remedial education, English as a Second Language, Adult Basic Education or a training component such as CWEI, vocational skills training or grant diversion).

Waivers: Section 1115(a)(2)--authority granted to allow FFP for administrative expenses and support services directly related to job search.

Status: Approved September 30, 198

III. WIN Related Demonstrations

Oklahoma--"Assistance Payments--Work Incentive Exemption Waiver for Registration"
Grant No. 11-P-98106

Description: The project tests the effects of requiring single parents with children under the age of six to participate in WIN and CWEP. The project operates Statewide in conjunction with the State's WIN Demonstration Program. Services available to participants include job search, child care, assessment, medical, work experience and training.

Waivers: Section 402(a)(19)(A)(v)--to allow the State to require single parents with children under six years of age to participate in WIN and CWEP.

Status: Approved December 1, 1981.

Pennsylvania--"WIN Demonstration Program"
Grant No. 11-P-98150

Description: This project tests the effectiveness of allowing a State legislated Work Registration Program and the WIN Demonstration Program to operate under a unified set of regulations. Non-exempt AFDC applicants are referred to the
Office of Employment Security (OES) for work registration. Once an application is approved, the AFDC recipient must participate with OES for 15 days to find a job or training opportunity. If OES is unsuccessful, the recipient is referred to the local County Assistance Office (CAO) to participate in the Pennsylvania Employables Program (PEP) program for 15 days to secure employment or training. If the participant is still unsuccessful in finding employment or training, non-exempt recipients are required to participate in work experience. Job finding and training efforts of both the OES and CAO continues as long as the recipient receives cash assistance and remains non-exempt.

Waivers: Section 402(a)(19)(A)--to allow exemption criteria between the State work program and the WIN Demonstration to be compatible.

Section 402(a)(19)(F)--to allow the State to eliminate protective payee requirements, and to allow uniform sanction periods for the State Work programs and the Win Demonstration.

Status: Approved effective October 1, 1982.

Michigan--"Work Incentive Demonstration"

Grant No. 11-P-98110

Description: This project tests the impact of including a larger segment of the AFDC caseload as mandatory registrants in WIN Demonstration Project. Participation and completion rates for the groups covered by the waiver authority are being compared to the rates for the legislatively mandated group.

Waivers: Section 402(a)(19)(A)--to allow the State to require WIN registration of 16-20 year old parents without a high school diploma and not attending school full-time; to require registration of parents with children 6 months of age or older; to require registration of those employed 30 hours per week; to exempt persons 60 years of age or older and extend sanctions for voluntary reductions in earnings.

Status: Approved March 1, 1982.
Arizona--"Work Incentive Demonstration Program"
Grant No. 11-P-98111

Description: The demonstration tests the effects of requiring single parents with children age three to six to participate in WIN. The project operates in previous WIN sites in conjunction with the WIN Demonstration program.

Waivers: Section 402(a)(19)(A)(v)--to allow the State to require parents with children age three to six to participate in WIN.

Status: Approved May 1, 1982.

New York--"The New York State Modified Work Incentive Program (ModWIN) Demonstration"
Grant No. 11-P-98187

Description: This project tests whether providing WIN type employment assistance in non-WIN counties will decrease AFDC dependency and increase labor market participation. The project provides WIN type employment assistance to AFDC recipients who have been determined most employable. The project provides assessment, intensive job search assistance, OJT and referrals to other agencies for support services.

Waivers: Section 402(a)(1)--to allow the State to operate the project in 29 counties.
Section 402(a)(19)(F)--to allow the State to use a 30 day sanction period and to allow the State to forego the protective/vendor payments during the 30 day sanction period.
Section 402(a)(19)(A)--to allow for less than 100 percent WIN registration of mandatory recipients.

Status: Approved May 1, 1983

Arkansas--"Project Success"
Grant No. 11-P-98116
Description: This project tests whether placing AFDC recipients and applicants in a job search component at an earlier stage reduces dependence on welfare. The project focuses on applicants and recipient mothers with young children. The program operates in conjunction with the State's WIN Demonstration Program.

Waivers: Section 402(a)(1)--to allow the State to operate the project in only eight counties.
Section 402(a)(19)(A)(v)--to allow the State to require parents whose youngest child is between 3 and 6 years old to participate in WIN.

Status: Approved August 1, 1982.

IV. CWEP Demonstrations

North Carolina--"Community Work Experience Project"
Grant No. 11-P-98100

Description: This project pilot tested a work experience program (CWEP) thus providing information on program components for the State prior to a decision to allow CWEP at county option. The project operated in 8 counties, including rural areas and towns. The target group included AFDC recipients who are WIN mandatory as well as single parents with children three and older. Types of work experience included homemaker aides and county government positions.

Waivers: Section 402(a)(1)--to allow the demonstration to operate less than Statewide.
Section 402(a)(10)--to allow the State to require AFDC recipients to participate in a demonstration work program.
Section 1115(a)(2)--authority is granted to allow FFP for a demonstration work program.


California--"San Diego Experimental Work Experience Project"
Grant No. 11-P-98128
Description: This project tests the effects of CWEP on participants' employability and welfare dependency. It operates in San Diego. The project is linked to a mandatory applicant job search demonstration. Participants are required to participate in job search before participating in CWEP. Both AFDC-Basic and AFDC-UP recipients participate in the project.

Waivers: None


New Mexico--"Las Cruces Work Experience Project"

Grant No. 11-P-98135

Description: This project tests the effects of a service-intensive CWEP program on hard-to-employ recipients, including recipients about to lose eligibility because their youngest child is approaching eighteen, and single parents with six or more children. The project emphasizes assessment, client/job matching and monitoring.

The State tracks each participant to determine whether the participant's attitude toward work, work habits (punctuality and attendance) and job performance change significantly over the course of the project.

Waivers: NONE

Status: Approved October 1, 1982.

New York--"New York State's CWEP Demonstration Model Evaluation Plan"

Grant No. 11-P-98126

Description: This project tested various administrative procedures for operating a CWEP project. The project operated in 17 counties and used different administrative techniques in terms of sanctioning regulations, measuring cost and success. The project provided training in addition to work experience to prepare AFDC recipients for transition into regular employment.
Waivers: Section 402(a)(19)(F)--to allow the State to vary sanction period from site to site (30/60/90 days or 90/120 days)


Pennsylvania--"Demonstration and Evaluation of the Pennsylvania CWEP: Incentives for Employment"
Grant No. 11-P-98120

Description: This project tested the effects of providing employment related assistance to AFDC and GA recipients. Recipients were screened and referred to the Office of Employment Security (OES) for Work Registration prior to the authorization of public assistance. In the OES recipients received job counseling and vouchers for use by private employment agencies. If the recipient did not find a job a CWEP assignment was made. After a six month CWEP assignment recipients were referred back to the OES. CWEP sponsors covered the allowable transportation and work-related expenses of the CWEP participants.

Waivers: none

Status: Approved October 1, 1982.

South Carolina--"Community Work Experience Project"
Grant No. 11-P-98118

Description: This project tested the effects of CWEP on recipients' employment and welfare dependency. The project operated in one urban and one rural county. Participants worked at public or private non-profit agencies and participated in a two week job search training component.

Waivers: None


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Virginia--"Community Work Experience Demonstration Project"
Grant No. 11-P-98124

Description: This project tests the effects of providing employment assistance to AFDC recipients. Recipients initially participate in four weeks of job search, then are assigned to CWEP. Participants are reassessed after 13 weeks and may be referred back to the job search component.

Waivers: None

Status: Approved October 1, 1982.

Washington--"CWEP Demonstration Project"
Grant No. 11-P-98121

Description: This project tested the impact of providing various types of employment assistance to AFDC recipients with different characteristics. Participants of this demonstration project were randomly assigned to CWEP, the State Work and Training Program, or the WIN Unassigned Pool. CWEP was limited to a maximum of 128 hours per month for four months. The project operated in two sites, Tacoma and Spokane.

Waivers: None


Illinois--"Demonstrating A Model CWEP Management Information System"
Grant No. 18-P-00243

Description: The project tested a system which automated otherwise manual processes. It included a data base of CWEP sponsors and jobs to make information about sponsor status and job availability readily available and a participant data base which will record recipient work experience, employability characteristics, history of job referrals, case composition and referral results.
Waivers: None


Ohio--"CWEP Operated Daycare"
Grant No. 11-P-98160

Description: The project tests the feasibility of providing classroom training, on-the-job training, and work experience in daycare services to project AFDC recipients. When training is completed participants are referred for certification as daycare aides or daycare home providers. After certification they provide daycare services for other CWEP participants.

Waivers: Section 402(a)(1)--to allow the project to operate in a limited geographic area.

Section 402(a)(19)(A)--to allow the State to require participation of recipients with children three years of age or older.

Status: Approved October 1, 1983.

South Carolina--"A CWEP Demonstration to Establish Privately Owned and Operated Daycare Homes in Support of AFDC Recipients"
Grant No. 11-P-98180

Description: This project tests the feasibility of training AFDC recipients for careers in child care. The project involves four groups of 25 CWEP participants who receive training and assistance to prepare for careers in family daycare. Participants selected are provided a formal educational and occupational development program, including supervised practicum, a work experience phase, and a network of assistance and on-going training.
V. Grant Diversion Demonstrations

Maryland--"Grant Diversion of AFDC Recipients"

Grant No. 11-P-98138

Description: This project tests the feasibility of grant diversion as a technique for promoting employment of welfare recipients. The project operates in two sites, one urban and one rural. Grant Diversion is one of several components of the State's Employment Initiatives program. WIN mandatories whose employability assessment indicates a reasonable chance for success in the labor market are selected for Grant Diversion.

Waivers: Section 402(a)(1)--to allow the project to operate in only two areas.

Section 402(a)(5)--to exempt participants from 6-month redetermination requirements.

Section 402(a)(7)--to allow State to freeze the base grant amount.

Section 402(a)(8)--to allow the State to disregard income of participants

Section 402(a)(10)--to allow diversion to wage pool;

Section 402(a)(18)--to waive the 185 percent standard of need test and allow State to freeze basic grant

Section 402(a)(14)--to waive monthly reporting requirements for those not receiving a grant directly.

Status: Approved October 1, 1982.

Colorado--"Weld County Welfare Diversion Program"

Grant No. 11-P-98153
Description: This project tests the effects of a grant diversion program on participants' employability and welfare dependency. This three year demonstration requires AFDC applicants/recipients to participate in public service jobs at minimum wage for 8-week periods in lieu of receiving AFDC payments. The wages paid to participants are made up of funds diverted from AFDC grants they would have received, JTPA monies and other local funds. Intensive job search activities are also included. A participant who completes the 8-week job program, but does not obtain unsubsidized employment during the period may re-apply for AFDC, and, if there are no barriers to employment, he/she will be referred for another 8-week public service job.

Waivers: Section 402(a)(1)--to allow the project to operate in only one area.

Section 402(a)(5)--to exempt participants from 6-month redetermination requirements

402(a)(7)--to exclude project earning to freeze the base grant amount.

402(a)(8)--to allow the State to disregard the income of participants.

402(a)(13)--to waive retrospective budgeting

402(a)(14)--to waive monthly reporting requirements of those not receiving a grant directly

402(a)(18)--to waive the 185 percent standard of need test and allow State to freeze basic grant

402(a)(10)--to allow diversion to wage pool.

402(a)(19)(A)--to exempt project participants from WIN registration.

Section 1115(a)(2)--authority is granted to allow for matching of diverted grant funds, for costs associated with project evaluation and for providing Workmen's Compensation coverage to participants.

Arizona--"Jobs for Opportunity and Benefits"

Grant No. 11-P-98173

Description: This project tests the effects of a grant diversion program on participants' employability and welfare dependency. Employers are paid $180 per month for six months for hiring and retaining welfare recipients. Recipients are eligible to participate if they have received AFDC at least three months or have completed a job search component without finding a job. The project operates Statewide.

Waivers: Section 402(a)(1)--to allow project to operate in limited number of counties.

Section 402(a)(5)--to exempt participants from 6-month redetermination requirement;

Section 402(a)(7)--to exclude project earnings to freeze the base grant amount;

Section 402(a)(10)--to allow diversion to wage pool;

Section 402(a)(13)--to waive retrospective budgeting;

Section 402(a)(14)--to waive monthly reporting requirement for those not receiving a grant directly;

Section 402(a)(18)--to waive the 185 percent standard of need test and allow the State to freeze the base grant amount.

Section 1115(a)(2)--authority for grant diversion was also approved.

Status: Approved October 1, 1983.

Florida--"Trade Welfare for Work"

Grant No. 11-P-98174

Description: This project tests the effects of a grant diversion program on participants' employability and welfare dependency. Recipients who complete a job search component without finding a job are referred to the JTPA agency which tries to develop an on-the-job training (OJT) position for that individual. Employers who hire these recipients may receive a 50 percent wage supplement from JTPA plus $190 month from diverted AFDC grants. The project is intended to operate Statewide.
Waivers: Section 402(a)(1)--to allow the project to operate in a limited number of counties.

Section 402(a)(5)--to allow the State to exempt participants from 6-month redetermination requirement;

Section 402(a)(7)--to allow the State to exclude project earnings to freeze the base grant amount;

Section 402(a)(10)--to allow diversion to the wage pool;

Section 402(a)(14)--to waive monthly reporting requirement for those not receiving a grant directly;

Section 402(a)(18)--to waive the 185 percent standard of need test and allow the State to freeze the base grant amount;

Section 402(a)(8)(ii), (iii) and (iv)--to waive application of the income disregards during diversion period.

Section 1115(a)(2)--authority for grant diversion was also approved.

Status: Approved October 1, 1983.

Maine--"Training Opportunities in the Private Sector (TOPS)"
Grant No. 11-P-98149

Description: This project tests the effects of a grant diversion program on participant's employability and welfare dependency. Recipients participate in a three-phase program: a four-week orientation to work in a classroom setting; up to 12 weeks of work experience in a public or private non-profit site; and up to six months of on-the-job training (OJT) in a private company. A combination of JTPA funds and diverted AFDC grants is used to supplement 50 percent of the wage during the OJT phase. The project targets recipients who have been on the rolls at least six months.

Waivers: Section 402(a)(1)--to allow the project to operate in a limited number of counties.

Section 402(a)(5)--to exempt participants from 6-month redetermination requirement;

Section 402(a)(7)--to exclude project earnings to freeze the base grant amount;
Section 402(a)(10)—to allow grant diversion to a wage pool,
402(a)(14)—to waive monthly reporting requirement for those
not receiving a grant directly;

Section 402(a)(18)—to waive the 185 percent standard of need
test and allow the State to freeze the base grant amount.

Section 1115(a)(2) authority for grant diversion was also
approved.

Status: Approved October 1, 1983.

New Jersey—"Demonstration of Grant Diversion"

Grant No. 11-98172

Description: This project tests the effects of a grant
diversion program on participant’s employability and welfare
dependency. Recipients are placed in an on-the-job training
(OJT) position with public or private agencies and diverted
AFDC funds are used to supplement 50 percent of the wage.
The duration of the OJT component may vary depending on the
skill level of the job. The project operates in seven
counties.

Waivers: Section 402(a)(1)—to allow State to operate
project in limited number of counties.

Section 402(a)(5)—to allow the State to exempt participants
from 6-month redeterminations;

Section 402(a)(7)—to exclude project earnings to freeze the
base grant amount;

Section 402(a)(10)—to allow grant diversion to wage pool.

Section 402(a)(14)—to waive monthly requirement for those
not receiving a grant directly;

Section 402(a)(18)—to waive the 185 percent standard of need
test and allow the State to freeze the base grant amount;

Section 402(a)(8)(iv)—to waive application of $30 and 1/3
disregard to one experimental group.

Section 1115(a)(2)—authority for grant diversion was also
approved.
Status: Approved October 1, 1983.

Texas--"Job Training/Work Experience Project"

Grant No. 11-P-98185

Description: This project tests the effects of a grant diversion program on participants' employability and welfare dependency. Recipients are placed with public or private agencies and diverted AFDC funds are used to supplement $180 per month of their wage.

Waivers: Section 402(a)(1)--to allow project to operate in limited number of counties.

Section 402(a)(5)--to exempt participants from 6-month redetermination requirements;

Section 402(a)(7)--to allow the State to exclude project earnings to freeze the base grant amount;

Section 402(a)(10)--to allow grant diversion to wage pool;

Section 402(a)(13)--to waive retrospective budgeting;

Section 402(a)(14)--to waive monthly reporting requirement for those not receiving a grant directly;

Section 402(a)(18)--to waive the 185 percent standard of need test and allow the State to freeze the base grant amount;

Section 402(a)(19)(F)--to allow the voluntary project participation.

Section 1115(a)(2)--authority for grant diversion was also approved.

Status: Approved October 1, 1983.
Vermont--"Grant Diversion Program"

Grant No. 11-P-98178

Description: This project tests the effects of a grant diversion program on participants' employability and welfare dependency. Recipients are placed in OJT slots for up to nine months and diverted AFDC grants are used to supplement 50 percent of their wage. The project operates Statewide.

Waivers: Section 402(a)(1)--to allow project to operate in limited number of counties;
Section 402(a)(5)--to exempt participants from 6-month redetermination requirement;
Section 402(a)(7)--to exclude project earnings to freeze the base grant amount;
Section 402(a)(10)--to allow grant diversion to wage pool.
Section 402(a)(14)--to waive monthly reporting requirements for those not receiving a grant directly;
Section 402(a)(18)--to waive the 185 percent standard of need test and allow the State to freeze the base grant amount;
Section 402(a)(19)(F)--to allow for voluntary project participation.
Section 402(a)(8)(iv)--to extend the $30 and one-third income disregard for the duration of project participation.
Section 1115(a)(2)--authority for grant diversion was also approved.

Status: Approved October 1, 1983.

Ohio--"Subsidized Employment Project" (SEP)

Grant No. 11-P-98171

Description: This project tests the effects of a grant diversion program on participants' employability and welfare dependency. The project operates in ten counties. A public
or private employer is subsidized for hiring an AFDC recipient and FFP is available for up to a nine month subsidy period. The amount of the subsidy is the recipient’s entire AFDC grant.

Waivers: Section 402(a)(5)--to exempt participants from 6-month redetermination requirements

Section 402(a)(7)--to exclude project earnings to freeze the base grant amount

Section 402(a)(8)--to allow State to disregard the income of participants

Section 402(a)(10)--to allow diversion to wage pool.

Section 402(a)(13)--to waive retrospective budgeting.

Section 402(a)(14)--to waive monthly reporting requirements for those not receiving a grant directly.

Section 402(a)(18)--to allow the initial AFDC grant level to be frozen and diverted to an employer;

Section 402(a)(19)(F)--to allow voluntary acceptance of a SEP job and to require those who do not want to participate in SEP to be assigned to CWEP, job search, or WIN;

Section 402(a)(26)--to deduct child support payments from the initial grant amount and not include it in the wage subsidy.

SFPF: None

Status: Approved August 1, 1984.

VI. SUPPORTED WORK

Description: The following projects were part of the National Supported Work Demonstration Project (NSWDP) which began operating in 1976. The NSWDP tested the effects of providing work experience for four hard-to-employ groups: ex-offenders; ex-addicts; high school dropouts; and long-term recipients of AFDC with little work experience. The following projects provided employment assistance to AFDC mothers. The source of funds for these projects was the AFDC grant which was diverted to a wage pool.
Participants worked in public and private non-profit agencies under close supervision with other supported work participants. Performance standards were gradually increased until the participants' performance was equivalent to a regular employee.

Waivers: 402(a)(8); 402(a)(10); 402(a)(18); 402(a)(14)--to allow the AFDC grants to be diverted and maintain the base amount.

Massachusetts--"Massachusetts Supported Work Project"
Grant No. 11-P-90481

New Jersey--"Atlantic County Supported Work Program for AFDC Mothers"
Grant No. 11-P-57853
Status: Approved July 1, 1976.

New York--"Wildcat Service Corporation Supported Work Program"
Grant No. 11-P-90605
Status: Approved October 1, 1976.

West Virginia--"Supported Work Project for AFDC Mothers"
Grant No. 11-P-57846
Status: Approved July 1, 1975.

Wisconsin--"Wisconsin Supported Work Project"
Grant No. 11-P-90506
Mr. ROWLAND. Are welfare recipients getting the proper support services, such as day care, in your opinion?

Ms. Ross. Our experience indicates that, yes, they are. By and large, as I indicated in my testimony, everyone thought day care was going to be an absolutely overwhelming problem, but, in fact, it has not worked out to be that way in the vast majority of cases.

In some of the places I visited, I found that States are finding creative approaches to providing day care.

In Ohio, for example, they have CWEP sites that take care of children of CWEP participants. The same thing is going on in South Carolina, where, for every nine CWEP participants placed in a day care facility, the State receives placement slots for 25 children of AFDC recipients.

In Idaho, they worked out a situation where, if one day, one mother worked in community work experience and another mother watched her child, the next day they traded places.

In addition to those creative approaches, States can use title XX money. We also match at the 50 to 50 administrative rate, if the State chooses to contract with a day care provider.

So, there are a number of things that are being done to take care of day care.

In terms of transportation, we have seen similar kinds of creativity in the States. In West Virginia, and in other States, for example, the school buses stop and pick participants up along their routes and take them to the schools or the community facilities where they are participating in community work experience. In many cases, the States have made every attempt to locate placements for individuals that are as close to their homes as possible.

I think that is one of the really important things to look at in terms of why our work programs are really working and why the States' work programs are showing good results. The States clearly are approaching the whole idea very differently than they have in the past, and really looking to solve problems as opposed to sitting and belaboring them.

I think it is also significant that States are using the same kind of creativity in looking for job placements for the CWEP participants. CWEP participants currently serve in over 100 different kinds of positions that cover the gamut of the work force, such as paramedics, data processors, secretaries, receptionists, and food service workers. The different women that I talked with made it clear that the State people who are working in the program cared about trying to match the needs of the recipient with the placement, such as the convenience of the placement to their home and the recipient's particular interest. For example, if the recipient was interested in working in the food service business, they were put in some sort of food service job. If they were interested in getting involved in data processing, they were put in a position where they could learn how to use a word processor. Those kinds of things, I think, are all very significant in terms of the creative approaches States are using.

Mr. ROWLAND. Thank you.

Mr. WEISS. Ms. Ross, I do not want to seem rude, and please do not take my questions and comments as being that way, but I find your testimony almost incredible. I mean, with all the disagree-
ments or agreements that we may have about the problem, I have not heard anybody suggesting that day care, provision of day care, was not a very serious problem in the attempt to get mothers on welfare into a position where they can hold a job. You are not suggesting that the day care problem has been solved and that it is not a problem at all, are you?

Ms. Ross. I am not suggesting that; no.

Mr. Weiss. OK.

Ms. Ross. I am not suggesting that there is no need for day care, but I——

Mr. Weiss. Thank you.

Ms. Ross [continuing]. Was making clear that the need has been overstated, I think, from the original——

Mr. Weiss. OK.


Mr. Weiss. What percentage of the need has been overstated?

Ms. Ross. Well, that is very difficult for me to answer. I cannot quantify it in those terms.

Mr. Weiss. Thank you. So, when you made the statement that, in fact, day care is not a problem, you are pulling something out of the air, which is not related back to the facts at your disposal, is that correct?

Ms. Ross. Well, first, I do not believe I made the statement that day care is not a problem. I said the problem of day care had been greatly overstated by the States.

Mr. Weiss. But, you do not know to what extent it is overstated?

Ms. Ross. In the information that we have from the States, States are not telling us that they are unable to involve people in large numbers because of a lack of day care.

Mr. Weiss. We heard testimony here this morning that said that.

Ms. Ross. Well, that may be——

Mr. Weiss. You have more testimony.

Ms. Ross. There may be problems in certain areas. I am not trying to suggest there are not problems in certain places of the country, Mr. Chairman. I am simply trying to give a broader perspective on the issue. The fact is that day care is not the single greatest factor in terms of preventing States from involving——

Mr. Weiss. Let me ask you a factual question.

You cited the experience in the San Diego demonstration project, and there may be some disagreement as to whether there have been an 80- or a 90-percent success rate. I do not know what that means.

What does the 90-percent figure that you cited refer to?

Ms. Ross. The 90-percent refers to all the individuals who either completed the program in San Diego, which was job search and community work experience, or individuals who found unsubsidized jobs, or individuals who left the welfare rolls for some reason.

Mr. Weiss. Well, can you break that down into categories. What does job search entail? What does it mean that they completed the requirements for job search?

Ms. Ross. Well, job search involves an individual looking for work, and, in most cases, it is a directed kind of job search that
provides staff and peer support to the recipient. Some of the States have set up job banks and are getting information on how the——

Mr. WEISS. Are you saying that 90 percent of people who participated in this program found jobs?

Ms. Ross. No; I am not saying that.

Mr. WEISS. OK. What percentage found jobs?

Ms. Ross. That, I do not know, Mr. Chairman. It is my understanding that a representative from MDRC testified earlier today, and I think it would probably be more appropriate for her to talk about specifics of the MDRC study.

Mr. WEISS. Well, Dr. Gueron, will you come to the mike?

Dr. GUERON. Fifty percent of the women were working after 1 year, not all of that was due to job search, but the employment rate for the women was about 50 percent and for the AFDC youth, who were primarily male, it was about 60 percent.

There is a figure in the report that breaks out the 90 percent, and it is in the report there, but I do not have it on——

Mr. WEISS. OK. That 90 percent refers to all the various combinations of requirements in the program that were met by these people. Not that 90 percent of them, in fact, found jobs?

Dr. GUERON. Yes. It was constructed in order to show what percentage at the end of the 9 months had not been reached by the program at all, completed the requirements or moved off welfare.

Mr. WEISS. OK.

Dr. GUERON. But, they are not all employed.

Mr. WEISS. Do you have a breakdown as to what percentage of that 50 percent had found jobs, including the percentage of people who had been on the program for the 8-year time period?

Dr. GUERON. The San Diego program was only operated for applicants for welfare. It was not operated for long-term recipients.

Mr. WEISS. Now, do we have any statistics which indicate what percentage of long-term people have been placed in jobs in any of these demonstration programs?

Dr. GUERON. We have been looking at—in the San Diego demonstration and in some recently completed work in Arkansas, splitting the caseload in those that—in Arkansas, we were looking at recipients and applicants, people who had been on the rolls for 2 years or more and those who had not.

The results were confirming of other work. We had done, that the bulk of the welfare savings in that Arkansas program came from serving recipients and longer term recipients.

It is surprising because it suggests that even job search programs ought to be reaching into the caseload and working with the harder to employ. But, it does not yet get at whether that very—you know, if you can look at that very, very small group, about 15 percent of the caseload, that would have met, for example, supported work criteria, whether they are served in those programs.

Mr. WEISS. Thank you. Ms. Ross, as you heard, Dr. Gueron in her testimony indicated that she shares your enthusiasm about ongoing demonstrations. But, she said that she is particularly concerned that States desperately need some degree of stability if their current initiatives are to be realized and thoroughly evaluated.

She stated,
Major policy for administrative change at this time would seem counterproductive to the intensified efforts of those programs that contribute to the economic self-sufficiency of the welfare population.

Would you please comment on Dr. Gueron's conclusion?

Ms. Ross. Yes. My response to that, Mr. Chairman, is that the different facets of the administration's work proposal, in fact, do represent the very provisions that have been passed by the Congress since 1981. Community work experience was passed at that time in OBRA. Job search was passed in 1982 under TEFRA. Grant diversion was passed in 1984 under DEFRA, and JTPA was passed, I believe, in 1983.

Mr. Weiss. You have not had mandated programs for work by Congress——

Ms. Ross. No——

Mr. Weiss [continuing]. Nor have you authorization of experimental demonstration programs, is that not correct?

Ms. Ross. Well, actually it was authorization beyond experimental demonstration programs. Those provisions that I just mentioned, sir, were passed as options that the States may choose to do.

Mr. Weiss. Options. Right. Options.

Ms. Ross. They were not mandated, but they are in the statute and they are not demonstrations.

Mr. Weiss. I believe that you indicated earlier, correct me if I am wrong, that most of the programs have been in existence only for 2 years, and that the evaluations are still preliminary, is that your position?

Ms. Ross. I did indicate that many of the demonstrations projects have been in existence for a short period of time. There are some exceptions to that, and, for those, we have interim or final reports.

Mr. Weiss. If, in fact, those evaluations are still preliminary, then why are you pushing for such dramatic changes in the participation requirements in funding without more thorough evaluation and experience?

Ms. Ross. We believe that the reports that we have received, as well as the data that we gather on an ongoing basis from the existing projects, as well as the programs States are operating not necessarily in the confines of our demonstration effort, support the proposal that the administration is putting forth. Beyond that, I think we feel it is very important to make it a national goal, a national priority, that we believe that welfare recipients should be required to work because it is good for them, and it helps them, and it makes them employable. The people that you talk to, when you talk to the recipients who have not had jobs in recent years, will tell you that the single greatest reason they do not have jobs is because they do not have experience. That is one thing community work experience gives them.

Mr. Weiss. Did you indicate that your agency has just recently funded a demonstration project to assess whether high participation can be attained by mandatory programs?

Ms. Ross. Well, it was not just to assess whether it could be attained because, as I indicated, we believe we have evidence that shows that high participation rates can be achieved.

The two work saturation demonstration projects that I was referring to, in San Diego and Philadelphia, also look at the different
methods and the different activities, if you will, that might be most effective in terms of——

Mr. Weiss. When were those programs funded?

Ms. Ross. They were funded last September.

Mr. Weiss. And, how long are they to run?

Ms. Ross. They are to run for 2 years, I believe.

Mr. Weiss. You do not have results in on them?

Ms. Ross. Well, no, no, sir. The earliest we would expect a final report would be 6 months after the 2-year demonstration period.

Mr. Weiss. I am not charging you with not having it done, but I am suggesting that if you initiated this study because you wanted to gain additional information, why did you push again for a dramatic change in policy before the information was in?

My understanding is that in the voluntary programs that exist, there is an overbooking, an overregistration, for participation in these programs.

Ms. Ross. That has not always been our experience. In the voluntary programs, for example, in the State of Washington, the project I described earlier, they were conducting a voluntary program in some counties and a mandatory program in other counties. The mandatory program had 426 participants, I believe, in the first 6 months, and the voluntary program had 10 participants. In fact, at the end of the first year, the State requested to eliminate the voluntary part of the demonstration because they were having almost no participation.

Mr. Weiss. Massachusetts has a program which has about 10,000 participation, and probably double that amount waiting to participate in the voluntary program.

Ms. Ross. Well, I would contend, sir, that ET is not voluntary. I have talked with the administrator of the AFDC Program in Massachusetts at great length because, certainly, it is a program that has received a lot of visibility and attention. We are always pleased when States are operating successful work programs.

The fact is that the voluntary aspect of the Massachusetts program is at the point of deciding what the participants are going to do in terms of the kind of work activity—that is, they are allowed a choice, which is why it is called ET choices. They may choose to participate in job search or some kind of work experience; they may choose education and training; or they may choose to enter what is called an assessment program where they look at what the particular needs of the individuals are. But, that is the voluntary aspect of that program.

Mr. Weiss. Well, under your program, the education aspects will be eliminated unless the need can be met through the JTPA program.

Ms. Ross. The funding would be eliminated unless it is fundable under JTPA. That is correct. I think one thing that is important to point out, though, is that job search and CWEP activities are not full-time activities. In our existing public education system there are many opportunities for individuals to pursue acquisition of a GED during the day and at night. I do not think our proposal would prevent anyone from doing that.

Mr. Weiss. Well, the witnesses we heard from today have indicated that one of the most important reasons for flexibility in the
State programs is that there are significant differences in program goals, administrative capacity, welfare characteristics, and local economic conditions.

I assume that you agree, and that, in fact, the program that you cite which exists in the State of Washington may be quite different than the situation that existed in the State of Massachusetts. Trying to impose upon Massachusetts the Washington situation—a program which may not work in Massachusetts or vice-versa. It does not make any sense.

Ms. Ross. Well, I would agree with you, and I would say that we are not doing that in our proposal. We are allowing States flexibility to use any of the options they want to; they do not have to use all of them, they may take any of the options. In fact, we have a fifth option that allows the States to develop their own kind of work initiative that would be approved by the Secretary, because we wanted to leave the door open for creative ideas from the States.

So, I would suggest to the States, very strongly, that we are not attempting to force a model program across the Nation in every single State, but, rather, to allow States the needed flexibility, as you have described—

Mr. Weiss. Will the $145 million you were proposing for this program be adequate to cover a nationwide program?

Ms. Ross. We believe it will be adequate for the first year, for the 25-percent participation level, as I indicated in my testimony. We would expect that the dollar costs will increase in future years as participation rates increase.

I think it is important to point out that we also estimate that there will be about $197 million in programmatic savings as a result of people finding employment and leaving the rolls, and, therefore, we are anticipating a net savings, which the States would share in as well.

Mr. Weiss. Are you not concerned about the fact that your figures are going to show the people who currently are going on welfare and leaving on a temporary basis—who stay on for 6 months, 1 year, 9 months, whatever, 2 months, and then leave? Do you agree that is going to show the same characteristic that currently exists and use that as an example of a great success, when, in fact, you will have done nothing new except expended money on counting the same people who currently find jobs on their own?

Ms. Ross. Well, in fact, we do not have a lot of information in terms of people returning to the rolls. We do not generally have that information for any kind of work activity or education activity beyond 30 days. That is the normal tracking time for the WIN Program.

However, in a demonstration project in North Carolina, in comparing the counties that participated in CWEP versus those that did not participate, we saw a situation where there was an 11-percent reduction in the number of people coming back on the rolls in the CWEP counties.

Mr. Weiss. You do not disagree with the statistics that have been presented to us as to the high percentage of people who use welfare only for a very limited period of time, leave and find jobs of their
own, that it is only a small percentage of the total AFDC recipients who is in for a long stay? You do not disagree with that?

Ms. Ross. I believe that Bane and Ellwood said about 15 percent of the people who go on AFDC, or at any given point in time 50 percent of the people receiving AFDC, are in the midst of an 8-year or longer stay. About 50 percent of the people who go on AFDC will have a 2-year or shorter stay.

No, sir. I would not disagree with those figures.

Mr. Weiss. OK. You are not concerned that again, what you are going to end up doing is getting those people who are on for only a limited period of time, showing up in your figures as great success stories, when, in fact, they would have done exactly the same thing without the benefit of your $145 million?

Ms. Ross. The one thing that I would like to emphasize here, and perhaps it is because I have gone out and had personal experiences talking to the participants who have been involved in the programs, is that it is important we not underestimate the participants themselves and their attitudes once they succeed in getting off the welfare rolls and finding employment. Certainly, the women and men that I have talked to that have found employment as a result of AFDC work programs are very committed to continuing to work, to moving up the ladder, and they view the experience as a foot in the door.

Mr. Weiss. Nobody disagrees with that.

The question is whether, in fact, your program is going to be a giant step backward rather than a step forward. That is really the issue.

Ms. Ross. I obviously do not believe it will be a giant step backward. I do think it will be a giant step forward.

Mr. Weiss. You do not have the information to be able to tell at this point.

Ms. Ross. I believe we do, Mr. Chairman.

Mr. Weiss. I understand you have another appointment.

Ms. Ross. Yes.

Mr. Weiss. Thank you very much for your presentation.

Ms. Ross. Thank you, Mr. Chairman.

Mr. Weiss. The next and final panel for today will consist of Helen Blank, director of child care for the Children's Defense Fund; Aviva Breen, executive director of the Minnesota Commission on the Economic Status of Women; Margaret Dunkle, codirector of the Equality Center; Susan Berube, marketing coordinator of Synsort; and Dr. Sandy Weinbaum, director of Access for Women. If you will find appropriate places, we will please proceed with the testimony. Thank you.

[Pause.]

Mr. Weiss. Ms. Blank, we are pleased to have you with us. Please proceed with your statement.

STATEMENT OF HELEN BLANK, DIRECTOR, CHILD CARE, CHILDREN'S DEFENSE FUND

Ms. Blank. That is fine. I am ready. I just came from a hearing on the Higher Education Act, because we are seeking some child care support for mothers enrolled in institutions of higher learn-
I, again, am reinforced about the lack of support we provide to help mothers become self-sufficient.

I think it is very important, and I appreciate the opportunity to be here to day, and to talk about child care, as you look at how to help AFDC mothers and other parents seek self-sufficiency. I would like to finally set the record straight on child care.

We must not only talk about unmet needs. We find that the need is there in study after study. In Massachusetts, they have studied all their child care referral agencies, a third of the parents said they were not finding the child care they need at a price they could afford. Oakland, California's Child Care Impact Committee conducted a child care study. Again, one-third of the parents found that they had an adequate degree of child care support.

I would like to talk about the need for child care, as well as the gaps in our child care policy. I would also like to talk about the way we look at child care, and the way we look at helping parents attain self-sufficiency because it is certainly cockeyed. I would like to talk about where the administration comes down on all of this.

For the last 4 years, the administration has at least publicly, although it has done some quiet whittling away, very strongly supported a quality preschool program, Head Start. However, when they talk about child care for AFDC mothers participating in workfare and other similar programs, they fail to apply any of the principles of child development, which we have learned from the Head Start experience when designing child care programs. What we end up with are custodial programs at best.

We know that child care helps mothers reach economic independence. Study after study demonstrates this connection. A recent Census Bureau survey found that 45 percent of single women and 36 percent of low income women said they would work if child care were available.

In 1979, the California Post-Secondary Education Commission cited the lack of adequate low cost child development programs as the primary factor in the underrepresentation of ethnic minorities and low income women students in higher education. Other State studies demonstrate the same connection.

A mother in Massachusetts talks about the importance of child care to her ability to work:

Things are very difficult for me financially right now, but I am glad I have not lost my day care totally, as I thought I might at one point last year. I felt trapped in the welfare system. Day care has given me the freedom to get an education so that I can get empicment and some day get totally out of the welfare system.

Secretary Margaret Heckler, several years ago, when she testified before the Senate Finance Committee, agreed that “availability of adequate day care is an essential element if welfare mothers or others with young children are to work.”

We know day care is necessary to help mothers obtain training and education and go to work. We also know something else that is very important and should not be separated from the debate. Child care is essential to help children be more productive adults. We know that Head Start, and programs like Head Start, make a difference.

There has been much publicity about a study conducted by Highscope in Ypsilanti, MI, “Changed Lives.” It was a 20-year fol-
lowup of graduates of a preschool program similar to Head Start. “Changed Lives” found that the total economic benefits for 2 years of quality preschool to the individual child and to society as a whole outweighed the cost by seven to one.

We have seen that programs like Head Start, with a strong parent involvement component, can improve opportunities for low income parents. Twenty-nine percent Head Start staff are parents of current or former students. Head Start is a quality, comprehensive child development program. It costs about $2,400 per child, for a part day.

It assures that all the children's needs are met. When the administration claims it supports Head Start, and recognizes the impact it can have on the lives of children in families, it proposes work programs for mothers that do not provide the child care support that would enable their children to participate in quality child care programs. It recommends cutting Federal programs, such as title XX, that provide direct support for parents needing help.

It opposes Federal standards that would ensure that child care programs, like Head Start, must meet a uniform set of standards. I find it terribly ironic. We are talking about the same children, the children who meet Head Start eligibility standards, which are below poverty level, are the same children whose mothers are urged to participate in workfare programs using catch as catch can child care arrangements.

Why do mothers need direct help? Why do we have "fund slots in supported child care programs? We know that most mothers are working because they need the income. In 1983, two-thirds of women in the work force were single, married, widowed or divorced, who had husbands who earned less than $15,000.

Fifty-seven percent of employed women earn less than $10,000. We know single mothers need help. In 1990, one in four children in this country will grow up in a single parent household. In 1982, the average single parent earned less than $9,000. What kind of child care can she afford? If she wanted to enroll her child in a child care center, she would have to pay about $3,000, which is 30 percent of her income. Child care experts recommend that you pay about 10 percent of your income for child care.

Women are essential providers of family income in households with two wage earners. Eighty percent of women who work have husbands who earn less than $30,000. Even more striking evidence of the need for child care support is the fact that one out of four children under 6 is poor. Where are they during the day?

We know child care is a shared responsibility between parents and the private sector, and the Federal and State governments, but we must have direct Government assistance if children are going to get the support they need.

We are very concerned that we have a two-tiered child care system developing. Fifty-three percent of children of higher income parents are in preschool programs while only 29 percent of low income children participate in such programs.

Federal budget cuts have fueled this two-tiered system. If we look across the country at day care centers, we see the same situation. Consider Grand Rapids, MI. Talk about child care needs. Michigan used to have a $30 million child care program before the
title XX cutbacks. They now have approximately a $4 million program. One Grand Rapids center used to serve 55 children, all of whom were poor and received public subsidies. Now, they serve 31 children, none of whom receive a subsidy.

We have to have direct support to deal with this problem. A tax credit is not sufficient if you do not have the income to pay for child care, no matter what support you get, you cannot take it out of pocket. Mothers in school and training are not eligible for tax credits.

Where are we? What do we offer? We all know that title XX social services block grant was cut 21 percent in 1981. The pain inflicted on families and children needing child care was extraordinary. In 1983, 34 States served fewer children than they had in 1981.

We went back last year. We were curious. The media was full of information about the need for child care. The demographics have taken off. The majority of mothers of young children are working. How did States respond? In 1984, 25 States were still serving fewer children than they had in 1981. States made other reductions which affected the quality of child care, in number of staff and in eligibility standards which limited families’ access to child care.

What about the mothers that we are talking about this morning? What about mothers who are seeking to gain the training or education necessary to move towards self-sufficiency and participate in the administration’s opportunity society? States penalize these mothers even more.

Since 1981, 21 States have made it harder for mothers in school or training to get child care support. Nevada and Kansas do not offer any title XX funded child care for parents in training programs.

Washington State used to provide title XX subsidies to parents enrolled in up to 3-year training programs. What do they do now? Mothers beyond high school cannot get any help.

So, what do we have? We talk about welfare demonstration programs in the State of Washington. We know of a mother who had several children. She had alcohol problems and placed her 4-year-old child in foster care. The woman pulled herself together and sought help from Alcoholics Anonymous. She got her family together and was accepted to beauty school. She had finished high school, but she could not go to beauty school. She stayed on AFDC because that State provides no child care assistance to mothers who are in school beyond high school.

Texas limits eligibility for parents in school to 1 year of post-secondary education, and only provides child care support to mothers in training who participate in State employment programs. Other States have similar limitations.

What about other ways to provide child care? What we saw between 1981 and 1983 that was also troubling was a move by a number of States to move our lowest income families to the IV-A disregard. Under the IV-A disregard, welfare mothers pay for child care out of pocket and supposedly receive a larger welfare check. This system is riddled with problems. First of all, the money comes out of pocket, and because of retrospective accounting, a parent does not see it in their check for 2 months. Child care cen-
ters which operate on a shoestring cannot help tide a family over. Secondly, there are no standards on this care. Thirdly, the calculation method penalizes mothers on welfare versus mothers who are receiving title XX subsidies and they often end up with less income. Fourthly, mothers with very little income are forced to choose between feeding their children, paying the rent, paying the doctor bills, keeping the heat on and will generally use the lowest cost child care possible.

Michigan was the only State that conducted a study on the effects of this transfer. They found that the two-tiered system was being reinforced that I spoke about before. There was a decline in the use of child care centers and an increase in the use of family day care homes.

There is nothing wrong with family day care, but we want to assure that preschool children, who are low income, are getting the same kind of early learning experiences as higher income children. The number of AFDC families in family care dropped from 21 percent of the total in April 1983 to 5 percent in April 1982.

What else? I think it is very important to look at our whole child care system as we talk about moving AFDC mothers toward independence. The lack of resources in our child care system has led to eligibility policies which punish poor families who have managed to obtain child care assistance for small steps they take up an economic ladder.

We force families to be poor and stay poor to get help in meeting their child care needs. We have to look at the continuum of support to families. Our current system bounces young children, who need continuity of care, who need stable care givers, in and out of child care slots.

Eligibility limits in States are so tight that once you earn not even a decent salary, but simply rise above the poverty level, your children are bounced out of child care. In Texas, if a family earns more than 47 percent of their median income or slightly more than $11,000 for a family of four, it does not get any help. That is just above the poverty level.

Up until this year, Iowa's eligibility standards were below the poverty level. Utah is now debating whether to maintain a policy which has eliminated all two-parent, poor families from child care support. What are we saying to mothers?

In States that do not have a sliding scale, income guidelines, again, penalize parents who experience small wage increases. We talk to child care providers across the country who have parents turning down wage increases to remain eligible for child care support.

We must encourage policies, such as Massachusetts', which says that the continuity of care is the primary consideration in child care.

We know that shortsighted policies limited child care for mothers in school or training. We provide support for 1 year, but not the second year of training programs. Women who finally receive child care support when they are enrolled in training programs find that as soon as training is over, they lose such support. They are forced, when looking for a job (only a few States have recognized the im-
The importance of providing child care during job search, to leave children alone or in less than satisfactory arrangements.

When they finally find work in low paying jobs, they find themselves at the end of a waiting list for child care assistance or that their very low salary has made them completely ineligible for any support. Worse yet, the children have been shifted from care giver to care giver.

We, also, before I close, need to look at the total resource base in our child care system. I am very concerned that we are walking on a tightrope, and if we do not deal with this issue soon, we are going to pay an enormous penalty with so many of our children in child care.

Up until now, the child care system has been primarily undergirded by low income women. We talk about encouraging women to have jobs and child care. What futures are we encouraging them to pursue?

Two out of three center based care givers earn below poverty level wages, 87 percent of family day care providers earn below the minimum wage. What happens to children? We see enormous turnover such as a 41-percent turnover in a 15-month period between 1980 and 1981. Again, children cannot develop a stable relationship with care givers and day care directors cannot even schedule training programs because they have such high turnover.

I think we also need to look at who is providing child care. We talk about programs where mothers can provide child care for other AFDC mothers. We know that training makes a tremendous difference in the quality of child care.

Every study has demonstrated this fact. Some skills are necessary to work with young children, although not necessarily a 2- or 4-year degree. We must look at the kind of training we are offering our care givers. It is minimal.

Quality is also affected by standards. Two key components of quality care are staff child ratios and group size. We have States, such as North Carolina and Ohio, who allow one care giver to care for eight babies. What are the tradeoffs if we want to have more care givers?

Approximately 70 to 80 percent of a child care center's budget is made up of salaries. So, there is little elasticity. If we want to raise fees to parents in order to improve quality, where are we? The average fee in child care centers is now $40 to $60 for 4-year-olds, and, in some urban areas, over $100 for infants.

What is the median income in this country? It was $24,508 in 1983. There is not much room to maneuver if we are talking about not spending more than 10 percent of income for child care costs.

The States are not going to be able to solve this problem without increased Federal support; the private sector is not going to pay for the cost of child care. Where are we? What is the demand?

New Mexico is serving 3,700 children with its title XX funds. Child care services were frozen for half of this year. Yet, it estimates that more than 50,000 children need child care. Louisiana has a waiting list of 4,000 children for its title XX funded child care slots.

Given the fact that child care is essential to improving the futures of young mothers and their children, we have to move ahead...
to build a child care system that is consistent with these dual objectives.

As long as States and communities continue to have such long waiting lists for child care programs, mothers’ participation in training programs will be stymied. If we continue to ignore the wage, quality and affordability tradeoffs that plague our child care system, we believe that the long-term outlook for all working parents and their children is very dismal.

[The prepared statement of Ms. Blank follows:]
TESTIMONY CONCERNING THE AVAILABILITY OF CHILD CARE FOR LOW-INCOME PARENTS

INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE OF THE COMMITTEE ON GOVERNMENT OPERATIONS

by

Helen Blank
Director, Child Care
Children's Defense Fund

July 9, 1985
Mr. Chairman, members of the Committee, I am Helen Blank, Director of Child Care at the Children's Defense Fund. CDF is a national public charity created to provide a long-range and systematic voice on behalf of the nation's children. We are organized into four program areas: education, child health, child welfare, and child care and family support services. We address these issues through research, public education, monitoring of federal and state administrative and legislative policies and practices, network building, technical assistance to national, state, and local groups, litigation, community organizing, and formation of specific issue coalitions. We appreciate the opportunity to testify on the status of child care availability for low-income families.
Child care is a vital topic for families and children. Too often, policymakers discuss child care in a vacuum. They consider it as a part of an initiative to help mothers work or they examine how child care can help further the optimum development of young children. They fail however to recognize the inter-relationship of the two objectives. This leads to contradictory child care policies. For example, the administration strongly supports a quality preschool program such as Head Start. However, it fails to apply any of the principles of child development which we have learned from the Head Start experience when designing child care policies addressed to low-income working mothers. As a result, the child care programs advocated by the administration are custodial at best.

Child care helps mothers reach economic independence

We know that high quality child care is important for at least two reasons. Child care is essential if women are to participate in training programs or in jobs that allow them to move their families toward self sufficiency. A recent Census Bureau survey asked women who were not in the labor force whether they would work if child care were available at a reasonable cost. Forty-five percent of single women replied yes as did 36 percent of low-income women with family incomes under $15,000. The U.S. Commission on Civil Rights notes that the inability to locate
affordable child care restricts not only women's employment and training opportunities but also their ability to participate in federally supported education programs.

A task force appointed by the Governor surveyed Maine's child care needs. The survey reinforced the importance of child care as a service enabling families to move toward self-sufficiency. "Nearly 20 percent of working parents said they would work more if adequate affordable child care was available. More than 25 percent of the non-working parents said they would work if such care were available. Their survey also found that in nearly 25 percent of all households with young children, one or more of the adults was forced to quit work, was unable to take a job, or was unable to continue training or education because of lack of child care."

A mother in Massachusetts talks about the importance of child care to her ability to work:

"Things are very difficult for me financially right now, but I'm glad I have not lost my day care totally, as I thought I might at one point last year. I need day care so I can work and attend school. Even though the incentive is not there to work, I felt trapped in the welfare system. Day care has given me the freedom to get an education so that I can get employment and some day get totally out of the welfare system."

Secretary Margaret Heckler shares this mother's sentiments: "Availability of adequate day care is an essential element if welfare mothers or others with young children are to work."
Child care helps children to be more productive adults.

While child care is an essential component of any program to encourage self-sufficiency among young families, supportive child care is also essential to insure that young children are assured a brighter future because they have obtained the building blocks necessary to be productive adults. Programs such as Head Start have demonstrated that a high preschool experience can make a difference in the future of children.

*Changed Lives,* a 20 year follow-up of graduates of a preschool program like Head Start found that the total economic benefits for two years of quality preschool to the individual child and to society as a whole outweigh the costs by seven to one.

It found that the preschool program helped children once they are in school and had an impact on them for many years. Compared to their peers without a similar experience, preschool graduates were much more likely to graduate from high school and were less likely to be misclassified as mentally retarded or in need of special education. Children with preschool education did better on standardized achievement tests in reading, language, and math, and were more likely to go on to vocational or academic training after high school.

The study also found that the advantages gained by preschoolers continue into adulthood. They are more likely to be working and to
be satisfied with their jobs; they spend more time employed after graduation, and have better paying jobs than non-attendees.

The study also found that they are less costly to society than their peers. They were much more likely to be supporting themselves and less likely to be receiving food stamps, AFDC, Medicaid or general welfare assistance. Preschool graduates are less likely to be in trouble with the law and less likely to become teen parents than those without preschool experience. We have also seen that preschool programs such as Head Start with a strong parental involvement component can improve opportunities for low-income parents. Currently, 29 percent of Head Start staff are parents of current or former Head Start children.

While the Administration claims that it supports Head Start recognizing the impact it can have on the lives of both children and their families, it proposes work programs for mothers that do not provide the child care support that would enable their children to participate in quality child care programs, recommends cutting federal programs that provide direct support for parents needing help, and opposes federal standards that would insure that child care programs like Head Start meet a uniform set of standards.

It is ironic that the low-income children whose families must earn poverty level wages or below to be eligible for Head Start are the same children whose mothers are encouraged to participate in
workfare programs. However, when workfare or child care for AFDC mothers is contemplated, they are accompanied by policies such as a $25 a week allowance for child care which allows for custodial care at best.

Child care assistance must be provided directly

Why do mothers need direct assistance in meeting their child care needs? The Children's Defense Fund believes that low-income families must have access to child care support through a targeted program that enables them to purchase high quality care. We know that nearly all mothers are working because they need the income. In 1983, two-thirds of all women in the labor force were single, widowed, divorced, or had husbands who earned less than $15,000. Fifty-seven percent of employed women earn less than $10,000.

Over 12 million children or one in five live in a single parent family under 18 years of age headed by a single mother. By 1990 nearly one child in four will live in a single parent household, double the 1970 rate. Half of all black children now live with their mothers only. These female heads of households are the principal sources of support for their families. When they work, they need help in meeting their child care costs. In 1983, 55 percent of the children in single headed families were poor. The average single mother with children earned only $8,951 in 1982. She would
have had to pay almost one-third of her income (or $3,000) to purchase center-based child care in most communities. This is three times as much as the ten percent of income that is considered reasonable to pay for child care expenses. In Cleveland, 30 percent of the calls received by the Child Care Information and Referral Service in the first half of 1984 were from single mothers. Over 70 percent of these mothers earned less than $10,500 annually.

Women are also essential providers of family income in households with two wage earners. Among married women who work outside the home 25 percent have husbands who earn less than $10,000. In 1983 more than 50 percent had husbands who earned less than $20,000 and nearly 80 percent had husbands who earned less than $30,000 per year.

Even more striking evidence of the need for direct support for child care is the fact that one in four children under age six now lives in poverty.

Obviously, child care is a shared responsibility between, families, the government, and the private sector. However, there is no doubt low-income women must have help from the government if they are to be able to purchase quality child care.

The high costs of child care are contributing to a two tier system of care for our youngest children.

According to Dr. Sheila Kamerman: "Enrollment rates of children in preschool programs are significantly higher when mothers have larger income and more education. Fifty-three percent of three to four year olds with median or higher incomes attended a
preschool program in 1982 as contrasted with only 29 percent of those in lower-income families. Enrollment rates increase as mother's education levels rise and still more when mothers are employed. Not only is there growing use of preschool as a child care service for the three, four, and five year olds with working mothers, but there is an especially high use by affluent, educated, working families. Because most of these programs are private and relatively expensive, such high use by the more affluent raises serious questions about the consequences for those children in lower-income families without access to such programs whether or not their mothers work.

Budget cuts fuel the development of a two tier system.

Federal, state, and local budget cuts have placed great strains on child care centers and family day care homes already receiving fragmented and inadequate support. In order to keep their doors open, some child care centers have begun to serve fewer low-income children and families. New policies have eliminated child care for these families or resulted in fees that poor families cannot pay. Centers have switched to a greater number of high income families who can pay. This pattern can be seen across the country.

In January 1980, two child care centers in Black Hawk County, Iowa, served a total of 42 fee-paying children and 58 poor children subsidized under Title XX. In November 1982, the centers served 60 children whose parents paid full costs and only 42 children who received Title XX assistance.
In Wilmington, Delaware, the Salvation Army opened a center to serve the children of working poor families. Recently, it faced the prospect of closing because of dwindling enrollment. About two-thirds of its children used to be subsidized by Title XX; now only about one-third receive subsidies.

A Grand Rapids, Michigan, day care center used to serve 55 children, all of whom received public subsidies. Now the center serves 31 children, none of whom receives a subsidy.

Allowing a child care allowance that is not sufficient to cover the costs of quality child care will not help alleviate this two tier system.

A Dependent Care Tax Credit, which is our largest child care program, costing over $2 billion, and available to all families regardless of income can provide important help to lower-middle income families but it will also not affect the discrepancy which is described by Dr. Kamerman. Families with limited disposable income are simply not the primary beneficiaries of this approach to subsidy. Young mothers enrolled in school or training programs with little or no income cannot use a tax credit to help them meet their child care needs.

Federal Support for Child Care has diminished

The Title XX Social Service Block Grant, the largest source of direct federal support for child care and other services for children and families, is funded at $2.7 billion, $600 million less than its funding level would be if it had not been cut 21 percent in 1981. Even before the cuts, Title XX had experienced
minimal increases since it was first authorized in 1976. If inflation is taken into account, the FY 1984 authorization for Title XX should have been $4.5 billion. Furthermore, if population changes are considered, the level would have to be increased to $4.9 billion.

The cut made in Title XX in 1981 resulted in 34 states lowering spending for child care between 1981 and 1983. Sixteen states cut their Title XX child care expenditures more than 21 percent. Despite growing interest in child care, by the fall of 1984 half the states were still spending less for child care than they had in 1981.

Between 1981 and 1983:

- 31 states accomplished reductions in the number of children served by making it harder for families to become eligible.
- 19 states increased fees for services, imposed minimum fees or allowed copayments for Title XX child care.
- 24 states reduced funds for training child care workers.
- 33 states lowered their child care standards for Title XX programs.
- 32 states cut back on their number of child care staff to monitor and license programs. Texas now has 240 employees responsible for regulating over 26,000 child day care providers. In 1977 there were approximately 10,000 child care facilities in Texas and 600 employees in the licensing division.
Child care help for mothers seeking to gain the training necessary to obtain jobs and income to move their families out of poverty is now even harder to find.

Since 1981, twenty-one states have made it more difficult for low-income mothers in school or training programs to be eligible for Title XX funded child care. Nevada and Kansas no longer offer any Title XX funded child care to parents in training program. Washington State used to provide Title XX subsidies to parents enrolled in two-year training programs. Now child care subsidies are limited to parents in high school. To cut corners, Arkansas designated parents in training programs as the state's lowest priority for Title XX child care assistance. Texas limits eligibility for parents in school to one year of post-secondary education and only provides child care support to mothers in training who participate in state employment programs. Alabama just this year eliminated child care support for mothers in training or those seeking employment.

Delaware limited its Title XX child care subsidies for a number of women in school or training programs.

A Delaware mother was forced to drop out of school, where she was studying accounting and computers, in order to regain eligibility for child care. Now she's working attaching yokes to men's shirts in a sewing factor and earns little more than the minimum wage. She says, "I just had higher expectations for myself and my kids".
The following mothers are also not atypical:

- A Washington State single parent mother with three young children ages eight, four, and one struggled to keep her family together and move off dependence on welfare. A year and a half ago, she placed her four year old in foster care because she could not handle his discipline problems. She turned to Alcoholics Anonymous to help her cope with her own alcohol problem. A parent-aid volunteer group also helped her. She grew stronger and took her son back home. She also received a scholarship to attend a beauty school. However, the lack of child care for mothers on AFDC who are enrolled in training programs in Washington has not made it possible for her to take advantage of the scholarship.

- Jane Anderson had a baby in the fall of her senior year in high school. She earned her high school diploma by attending special classes for adolescent parents that included a nursery for the babies. Jane married the baby's father but it did not work and Jane left home with her child. After a year of dependence on AFDC Jane decided to go to a school so she could eventually support her child and herself. In May she applied for an educational grant and got on the waiting list for child care assistance so she could go to school in September. When she checked on child care assistance in August she was told that funds were still not available. In November a staff member called Jane and told her funds were available. Jane reported that she had forfeited her educational grants because she could not pay for child care herself.

- Mrs. Brown's husband left her with two preschool children. She tried to find a job to support the children and herself. Because she lacked formal training or special skills the jobs open to her were at the minimum wage level. Her gross income
would be $580 and her child care would cost $365. Taxes and work expenses would take up part of the remaining $215. She wants to work to preserve her self-esteem and dignity so she applied for child care assistance. Her name was added to the waiting list and she was advised that it might be a year before funds were available for her child care.

Mrs. Brown then decided to go to school so she could increase her job potential. She needed child care assistance in order to go to school and, again, her name was put on the waiting list and she was told she may have to wait for a year. To survive financially, Mrs. Brown applied for and received AFDC payments of $500 a month.

Focusing on the child care needs of mothers in training programs is important if self-sufficiency is a goal. However, it is equally important to ensure the continuance of adequate child care services to lower-income mothers who have completed training programs. Here the picture is also bleak.

A move by a number of states to support our lowest income children -- those whose working families are eligible for AFDC -- through the Title IV-A Child Care Disregard is troubling.

Since 1981 Colorado, Hawaii, Kansas, Michigan, Montana, North Dakota, Rhode Island, South Dakota, Vermont, and Washington State have completely shifted funding for child care for employed families receiving AFDC from Title XX to AFDC's Title IV-A Child Care Disregard.

The way in which these two programs work, however, is very different. Under Title XX, the family's child care costs are paid for either through a contract or grant with a particular child care center or family day care home or through a voucher.
to the family. Under the Title IV-A disregard, the family must make its own child care arrangements and pay out-of-pocket for these services. The state then "disregards" these child care expenses (subtracts them from the family's earned income) when calculating the amount of the family's AFDC grant. This results in the family's receiving a larger AFDC grant, or "reimbursement" for its child care costs.

Unlike Title XX, the Title IV-A Child Care Disregard is open ended. The federal government will reimburse states for at least 50 percent of their costs for AFDC benefits regardless of how high the total cost climbs.

Thus, states presumably can use AFDC to pay for at least part of the child care costs of low-income working families on AFDC and free up their limited Title XX dollars for other services. This would appear to be a creative approach to child care financing.

However, there are serious drawbacks to the Child Care Disregard that result in the program's funding an unstructured and inadequate child care system for poor families.

The reasons that the Title IV-A Disregard does not work well for families are numerous. First, families are limited to a maximum child care disregard of only $160 a month per child, regardless of the cost of care. States can set even lower maximums for part-time care. This limits families' access to quality care that may actually cost far more.
Second, child care centers that receive Title XX funding must meet minimum state or other applicable standards regarding the quality of care they provide. Under Title IV-A, families must locate their own sources of child care, which often are not required to meet similar standards for quality.

Third, through the Title IV-A Disregard, families with exceedingly low incomes are reimbursed after the fact for child care expenses. Because a family's current AFDC benefits are calculated on the family's expenses for the previous month, these benefits may not reflect increases in current child care costs.

Often, a family's day care costs are not reflected in the AFDC grant until two months later. However, welfare families cannot afford to carry this expense in the interim. And many child care programs, which are also operating on limited budgets, cannot wait one or two months for the family to receive its AFDC check and pay for services provided.

Fourth, AFDC benefits in most states are intolerably low, failing to provide even a maximum level of decency. A family's out-of-pocket costs for child care must compete with other, even more basic needs, such as heat, food, and clothing. Because the $160 a month cap on child care deductions does not reflect the real cost of care—which often ranges between $2,200 and $3,200 a year for center-based programs in urban areas—a family must
be willing to make up the difference if it chooses care in a child care center. Poor working families on AFDC simply cannot afford to make up this difference. Only four states, New York, Colorado, Wisconsin, and Iowa, make Title XX funds available to supplement the AFDC money a family has available for child care expenditures.

Finally, because of the method in which the Child Care Disregard is used to calculate a family's AFDC grant, these families can end up with less available income than working AFDC families who receive child care support through Title XX. The Child Care Disregard is subtracted from a family's earned income before the $30 and 1/3 disregard (which increases the size of a family's AFDC grant by disregarding $30 and 1/3 of the family's earnings before the size of the grant is calculated). Because a family's child care expenses are subtracted from its earnings first, the size of the $30 and 1/3 disregard is lowered. If, on the other hand, the family's child care costs were paid through Title XX, the family could receive a larger $30 and 1/3 disregard for working families after they have been on AFDC for four months.)

Many state officials express concern that funding child care through Title IV-A results in an inadequate catch-as-catch-can system for low-income children. "Cost of Day Care in FY '82: Savings of the Transfer to IV-A," a study by the Michigan Department of Social Services, is the sole formal analysis on the effects of the switch to funding child care with Title IV-A.
rather than Title XX. It reveals a decline in the use of child care centers and a corresponding increase in the use of family day care homes. The number of AFDC families using center care dropped from 21.2 percent of the total in April 1981 to 5 percent in April 1982.

*Policies punish families who make small steps toward independence.*

The lack of resource in our child care system has also led to eligibility policies which punish poor families who have managed to obtain child care assistance for small steps that they take up an economic ladder. Families are forced to be poor and stay poor if they want adequate child care for their children.

As we evaluate the need for supportive child care policies for families in welfare or training programs, we need to step back and look at the continuum of support to families. Our current system bounces very young children in and out of programs and frustrates their parents who are struggling to move ahead and participate in an "opportunity society".

Even before 1981, families earning little more than poverty-level wages were not eligible for child care assistance in many states. For example, Texas limits child care subsidies to families earning 47 percent or less of the state's median income, or $11,006 for a family of four. While Iowa, until this year, limited help to families earning 38 percent of their median income which is below the poverty level.
In states that do not have a sliding scale for eligibility, income guidelines penalize parents who experience small wage increases. Mothers refuse promotions because even a minimal pay increase can lead to the loss of a $2,500 child care subsidy. A very frustrated New Orleans child care provider describes hard working mothers earning less than poverty-level wages who lose eligibility for child care support and are forced to move their children from familiar caregivers and friends to less costly and less supportive child care arrangements. We know that continuity of care is a very important principle for young children. It is extremely damaging to be shifted from caregiver to caregiver. Yet our child care policies fail to take this into account. We must encourage sound policies such as Wisconsin which allows families earning up to 70 percent of the state's median income to be eligible for child care assistance initially. Once families receive help, they are allowed to earn up to 84 percent of the median income. Massachusetts makes continuity of care a primary consideration in their eligibility policies.

Short-sighted policies limit child care for mothers enrolled in school or training programs. While some states deny any support for mothers seeking skills beyond high school, others may limit child care assistance to one year making it impossible to complete a two-year degree or training program. Women fortunate enough to receive help in meeting their child care needs often find that
such support ends immediately after they complete their training. They are left with no child care while they search for a job. When they do find work in low paying jobs, they face a waiting list for child care assistance or find that their very low salaries are still too high to receive child care assistance. Worse yet, if child care support is not continued from training through employment, children are again shifted among different caregivers.

Inadequate resources forces other unpalatable trade-offs.

A discussion of how to facilitate access to supportive child care must touch upon other issues which characterize our child care system and present additional serious and unpalatable choices. The first involves the wages paid to caregivers. Low-income women themselves now provide the largest subsidy undergirding our child care system.

Two out of three center-based providers earn below poverty level wages. Family day care providers earn even less. As a result the turnover in child care is very high - 41.7 percent in a fifteen month period in 1980-1981. We pay a high price for this turnover. Children are unable to develop a stable relationship with their caregivers. Child care directors also report that it is even difficult to schedule training programs which are intimately linked to quality because of this rapid turnover. This problem will intensify as women continue to enter the labor force and take jobs which are more remunerative than child care.
Quality is obviously also affected by the standards that child care programs must meet. Two key components of quality care are staff/child ratios and group size. If more caregivers are required, programs must shoulder an additional salary. What is the trade-off? North Carolina allows a single caregiver to be responsible for eight or nine infants. Can one person carry eight infants out in the case of a fire? Lowering staff/child ratios, raising caregiver qualifications, requiring more costly equipment or nutritious meals are all items that add costs to the budgets of child care programs. There is little elasticity in these budgets since approximately 70 to 75 percent is taken up by wages.

The lack of resources in child care results in a constant trade-off between costs or affordability, quality, and caregiver wages. Raising wages involves raising fees. The average fee parents pay in child care centers ranges between $40 and $60 for four year olds while center-based infant care can cost over $100 in urban areas. Since most parents cannot afford to pay more than ten percent of income for child care and the median family income was approximately $24,500 in 1983, there is not much room to maneuver this fee schedule. Median family income has actually declined by over nine percent in real terms over the last five years. It was $26,885 in 1979.

The states will not be able to solve this problem without increased federal support. While some states have approved incremental increases to child care budgets this year, the gaps that need to be filled are large.
A report prepared for the governor of Maine by the Child Care Task Force reveals that 500 children age five or younger spent time during a typical week caring for themselves. Another 2,500 children under age three and 1,000 children ages three to five were sometimes left at home alone, with only a neighbor or friend occasionally looking in on them. Almost 25,000 Maine children, ages six through 12, spent an average of more than four hours caring for themselves during a typical week.

New Mexico is serving approximately 3,700 children, but estimates that more than 50,000 children need child care.

Cuyahoga County, Ohio, estimates that an additional $8.2 million would be needed to serve the number of families who need assistance with child care. It currently spends $9.1 million a year for child care assistance.

Recent data from Massachusetts' resource and referral programs suggests that only about a third of the states families needing day care are able to find the kind of care they want at a price they can afford.

Oakland California's Child Care Impact Committee found almost one-third of surveyed parents "were forced to take whatever they could find." Only a third thought they had an adequate degree of choice.

Louisiana has a waiting list of 4,000 children for its Title XX funded child care services.

Given the fact that child care is essential to improving both the futures of young mothers and their children, we must move ahead to build a child care system that is consistent with these dual objectives. As long as states and communities continue to have such long waiting lists for child care programs, mothers participation in training programs will be stymied. If we continue to ignore
the wage, quality, and affordability trade-offs which plagues our child care system, the long-term outlook for all working parents and their children is indeed dismal.
Key components of a training program

CDF believes that any education or training program must be limited to voluntary participation and include at least eight key components:

1) An individualized assessment and plan for each program participant that address their unique educational, employment training, and supportive services needs;

2) A strong remedial education program which ensures each participant, where appropriate, a high school diploma or equivalent;

3) A meaningful program of job counseling, peer support, employment readiness, and job placement that ensures participants not only the necessary skills for long term employment but the confidence necessary to function and remain in a job;

4) A range of supportive services, including but not limited to appropriate child care, health care, and transportation, necessary to enable the young mothers to participate effectively in the program;

5) Transitional services, including child care and medical assistance, to help a young mother and her family progress from the education and training program to full participation in the workforce;

6) Active and effective outreach to ensure program participation;

7) Coordination of the program with various other federally funded social service and employment programs and other community service providers; and

8) A series of protections whereby participants in the program or their children will not be disadvantaged financially or otherwise.

The limited evidence available to date from sites in Massachusetts, New Jersey, Utah and other states, shows that comprehensive education and training programs can work to move young mothers toward increased self-sufficiency. The importance of education to future economic progress has also been well documented.
Mr. Weiss. Thank you very much, Ms. Blank.
Let me make a welcome note of the presence of our colleague from Michigan, Mr. Levin.
Mr. Levin. Thank you. I am sorry I missed the earlier testimony, but I will be reading all of the testimony with interest, and I understand before I arrived, there was some further—
Mr. Weiss. We have lots of good testimony.
Mr. Levin. I will look forward to reading that.
Mr. Weiss. I know how hectic your schedule is, and thank you for participating.
Mr. Levin. I will need to read the transcript, too.
Mr. Weiss. Ms. Breen.

STATEMENT OF AVIVA BREEN, EXECUTIVE DIRECTOR, COMMISSION ON THE ECONOMIC STATUS OF WOMEN, STATE OF MINNESOTA

Ms. Breen. Thank you for the opportunity to address you. I will try not to repeat the statistics which Helen gave you because you have heard them a lot, but maybe it is good to hear them again anyway, so it reminds us how important they are and that we have to disagree a little bit with the suggestion that child care needs are overstated.

I think it is really important for policymakers to focus on the conditions that face mothers with young children because if we do not do that, we really are operating in a vacuum and we are not looking at reality.

There are three demographic changes that have made child care so essential, and they are not going to change.

One is the increase in labor force participation rates of women.

The other is the increase in the number of single parents, and, finally, the increase in the number of two-earner families.

I know you have heard this many times, and I will tell you only that in Minnesota, 64 percent of all Minnesota women are in the labor force. Eighty-three percent are female heads of families with school-age children that are in the labor force. Eighty-three percent. That is basically everyone.

And, even for married mothers with children, we are talking about 65 percent with school-age children.

So, we have children who need care because their parents are working. These figures do not include the growing numbers of women in job training, in vocational education, or in 2- and 4-year degree programs. In fact, almost three-fourths of the children in child care programs are there because their mothers work or are in school.

And, in addition, as you heard, parents are decreasingly using home or family members for child care, and are becoming more reliant on formal structures. Well, that brings with it an extra financial burden.

A 20-year-old woman today can expect to spend close to 30 years in the labor force, regardless of whether she is married and regardless of whether she has children. Of course, we know also that more of the people who are poor today live in families where a woman is the main provider.
Female-headed single parent families are 42 percent of all families in poverty in Minnesota, but only 11 percent of all families. Median income for married couple families was $23,800. For female-headed families with children, it was $9,200.

And, in addition, of course, the number of single female-headed families is increasing so enormously, 46 percent from 1970 to 1980. We do not have more recent figures, but we know that the numbers are growing, and I suspect Minnesota is not unique. It is a group which is of special concern to us and the commission because it is growing so quickly and because it is so economically vulnerable.

And, although not all female-headed families have children, it is primarily the presence of children that contributes to their poverty. And, female-headed families are more likely than any other family type to have at least one child at home.

They are also far less likely, than other families, to include more than one worker. We have talked a lot about the two-earner families and two-parent families, and working mothers and married families. Sixty-one percent of the Minnesota families have two or more earners. But, the two-parent married couple family with children and only one earner now represents less than 25 percent of all families in Minnesota.

Clearly, the statistics show us that we have to look seriously at the growing need for more affordable, quality child care. There are no Federal requirements that States provide child care, even to low income families. But, there are many requirements for participation in employment and training.

Minnesota is taking some initial steps toward including child care overall in an employment strategy. The 1985 legislative session took three steps, which I think will strengthen the commitment to child care for low-income parents, but I have to stress to you that the funding is not adequate to even begin to do what the legislature decided to do.

First, funding for child care has been included in the employment and training programs that the legislature adopted. That is, mention of child care, acknowledgment of the need for child care, and I will go into some of those in detail. But, the funding is inadequate to deal with all those who would need it.

The administration of child care funds has been transferred from the department of human services to the department of jobs and training, and while that may sound like a cosmetic change, the notion is to begin to look at child care as part of an employment strategy. It is not a social service that we do for people who need something special.

Child care is part of what we look at when we look at services that go along with employment. Finally, for the first time, counties are going to be required to participate in the State Sliding Fee Child Care Program. We have 87 counties in Minnesota, and we have had the Sliding Fee Program since 1976, and approximately 27 counties participate. Some counties have participated and dropped out because the funding was not adequate, the subsidy from the State is not adequate; some dropped out because they did not need child care in the county, they indicated; and others dropped out for a variety of reasons.
In any case, it will be interesting to see what happens now that counties are required to participate. I will tell you that the legislature appropriated a total of $10.2 million for child care funding in the State. An estimate of the amount needed to fully fund the Sliding Fee Child Care Program in 1983 was $43 million.

So, with the increased number of people who need—and 10.2 is triple the amount that was funded in the last biennium. So, we are doing very well. We have tripled the amount. Now, we are at 25 percent of what we need, maybe, and probably the numbers who need it have increased. So, we are maybe less than 25 percent.

I included in my testimony some examples of programs that have acknowledged the need for child care and that are using it in Minneapolis. The Job Training Partnership Act Program spent 80 percent of its support services money on child care.

Interestingly, that program could not meet its goals for the placement of women until it began to use that money for child care, and once it did, it was able to meet its goals. It is the only program in the State that used its money for child care. In fact, we looked at some JTPA plans which indicated that they were not planning to serve women because there are other programs that served women. So, the gamut that we run from those that acknowledge the need for child care to those that do not even want to start by serving women is very great, and I think we have a lot of attitudes to deal with in terms of how necessary and important child care is and whether it really goes along with the need for jobs programs.

I have a lot of information in my testimony about the Sliding Fee Child Care Program. I think you probably understand what that is, the concept is very simple. The dollars are provided by the State, the county has to match 5 percent this year and 15 percent in the years to come, and the county will administer its own program, although now they are all required to participate.

The money is available to AFDC—in order to be eligible you have to be on AFDC, have household income below the eligibility level for AFDC, or be between 70 and 90 percent of the State median. If you are at that third category, that is where the slide begins, and the more you earn, the more you pay, until you are off the program.

The child care has to be needed to keep employment or to obtain training or education needed to find new employment. Those are very broad words and counties interpret them very differently, and they do that because they do not have enough money to serve everybody. For example, in Hennepin, which is the county that Minneapolis is in and is our most populous county, they have got some very interesting rules about education and who is going to get the money because they have such a long waiting list.

If you are doing real well and you are working, you are probably not going to get sliding fee money because you are going to make it anyway. If you are not making very much, you are probably not going to get sliding fee money because you are not going to last in your job very long.

So, if you are in the middle, you will probably be eligible for sliding fee money because you are the one that will be able to use it best. We can—we make a lot of jokes and get pretty cynical about
it. On the other hand, I am sympathetic to the county because it is no less arbitrary than any other system they are going to use to try and figure out how to make the dollars go where there are just not enough of them.

But, the program is cost-effective. There has been some analysis of the program that shows that for every $1,000 spent, that is the total benefit, including taxes withheld from the working parent and an estimate of savings in AFDC payments, the benefit was $1,637. This was a small sample that the study was done on, but what has happened is that is a very cost-effective program, and it would be wonderful to expand it, if we had $43 million to fully fund it, but we do not.

On the other hand, if our goal is to see people who have jobs or have an opportunity to get jobs or who can get some training to get jobs, become self-sufficient and remain that way, it is going to take a big investment of money in child care funds, and I think we really have to acknowledge that.

Minnesota is planning to amend its State AFDC plan to use AFDC special needs money to provide child care and transportation. But, up until this year, the appropriation for AFDC special needs has been $150,000, and that money was usually used up in the first 2 weeks that it was available.

Now, the appropriation is $650,000, but I hardly think that that will go far enough to deal with all the child care needs. But, it is a start.

Finally, in the employment and training legislation that we passed this year, income maintenance and support services is defined to include child care. The commissioner is supposed to receive a report from each county on the performance and effectiveness of the provision of the support services including child care.

AFDC recipients are a priority category for placement in subsidized jobs, and at least 25 percent of all the State and Federal funds appropriated for the work incentive program, if it continues, must be spent for direct client services, including child care.

Finally, for the first time ever, a request for direct funding of child care services in vocational technical schools, community colleges, and the State university system was made before our higher education committee, and although they asked for an amount which would have served quite a number of children, the legislature did not choose to fund that this year, but I think it is another place we have to look.

We look at women getting into nontraditional jobs and improving the opportunities to make enough to stay off public assistance programs. We cannot do it if we do not assist them with their child care.

The need is documented but the funding is tenuous, and if we look at those programs in a vacuum, we are not going to ever have enough.

[The prepared statement of Ms. Breen follows:]
Child care is one of the most significant issues of the 1980's for women and their families. Policy makers must focus attention on the conditions facing mothers with young children and the needs these women must satisfy to provide the family life they desire for their children. There are three demographic changes that have made child care more essential than ever before: an increase in labor force participation rates of women, an increase in the number of single parents, and an increase in the number of two earner families.

Labor Force Participation Rates

The dramatic influx of women into the labor force in the last ten years is continuing. Women in Minnesota now constitute 43% of the total labor force. In 1980, 64% of all Minnesota women were in the labor force and the numbers continue to grow. While labor force participation is higher for female headed families - 83% for those with school age children, the rate is 65% for married mothers with school age children. In fact, overall, 72% of single mothers with children and 58% of married mothers with children under 18 are in the labor force. These figures do not include the growing numbers of women who are in job training, vocational education, or two or four year degree programs whose child care needs are also often unmet. Almost three-fourths of the children in child care programs are there because their mothers work or are in school. In addition, parents are decreasingly using home or family members for child care and are becoming more reliant on formal structures such as child care centers.
This brings with it an extra financial burden.

The majority of women work because of economic need. Nearly two thirds of all women in the civilian labor force in March 1984 were either single (never married, 26%), divorced (11%), widowed (5%), separated (4%), or had husbands whose 1983 incomes were less than $15,000 (19%). A twenty year old woman today can expect to spend close to thirty years in the paid labor force, regardless of whether she marries and regardless of whether she has children.

**Single Parent Families**

Most of the people who are poor today live in families where a woman is the main provider. Female-headed single parent families constitute 42% of all families in poverty in Minnesota, even though they are only 11% of all families with children. The disparities in income are dramatic. The median income of married couple families with children in 1979 was $23,800. For female-headed families with children it was $9,200. In addition, the number of female-headed families increased by 46% from 1970 to 1980 in Minnesota. And I suspect Minnesota is not unique.

This group of female single parents is a group of special concern because it is growing so quickly and because it is so economically vulnerable. Although not all female-headed families have children, it is primarily the presence of children that contributes to poverty for this group. And, in fact, female-headed families are more likely than any other family type to have at least one child at home.

Female-headed families are far less likely than other families to include more than one worker. Hard times are chronic for the female family head in the labor force. Since lower income families spend a larger proportion of their income for child care, the availability of child care and the affordability of quality child care are significant issues which deal directly with the economic well-being of women and children.
Two Earner Families

Women's employment is crucial to the family. In 1982 nationally more than 2.5 million wives were the only employed members of their families. Between 1978 and 1981 the percentage of unemployed husbands whose families included no other earner declined by more than 10%. On the other hand, the number of female-headed single parent families increased. 61% of Minnesota families have two or more earners. The two parent married couple family with children and only one earner now represents less than 25% of all families in Minnesota.

The additional income from the wife's employment has enabled many families to maintain their purchasing power during periods of high inflation or recession. The implications for the economy are clear. A study by the National Bureau of Economic Research reported in Business Week showed that dual wage earner families spend about 54% more on clothing than single earner families, 45% more on durable goods such as automobiles, home furnishings and appliances, 34% more on transportation, 2% more on food and 4% more on services. The significance of the difference that occurs when there are two earners in the family is obvious when we compare median incomes for single parent and two parent families.

Clearly these statistics show us that we must look seriously at the growing need for more affordable, quality child care and assess the best way to ensure that everything is done to enable working parents, especially single mothers to accommodate the sometimes conflicting demands of family and job.

There are no federal requirements that states provide child care, even to low income families. Yet there are many requirements for participation in employment and training. Minnesota is taking some initial steps toward including child care in an overall employment strategy. Three actions were taken in the 1985 legislative session which will strengthen the commitment to child care for low income parents. First, funding for child care has been included in several employment and training programs. Although the funding is inadequate to serve all those who would be eligible, it is a start.
Second, administration of the child care funds has been transferred from the Department of Human Services to the Department of Jobs and Training. This is more than a cosmetic change. It facilitates the coordination of participation in jobs programs with the need for child care. Finally, for the first time, counties are required to participate in the state Sliding Fee Child Care Program.

Following is a description of some steps Minnesota is taking to address child care needs.

1. **Job Training Partnership Act**
   
The Minneapolis JTPA program has allocated and spent, for the fiscal year just ended, $132,077 of its $158,000 of support services money for child care for its participants. This amounts to 80% of the total amount. It is significant that once child care dollars were made available, more opportunities were available for low income women and their participation increased. In fact, the director of the program indicated to me that she believes without making child care available the program is discriminatory, providing opportunities for women without children, but not for women with children.

2. **Minnesota Emergency Employment Development Act**
   
The emergency jobs program passed by the 1983 legislature included funds specifically allocated for child care for participants. All of the dollars appropriated for child care were used.

3. **Sliding Fee Child Care**
   
The sliding fee child care program provides a subsidy to low income parents who are in employment, training, or, on a limited basis, work search. The concept is simple. The dollars are provided primarily by the state, with a match from the county (5% in 1985, and 15% thereafter). The county administers its own program and until the 1985 legislation each county had the option of deciding whether or not to participate. Beginning August 1, 1985 participation is mandatory statewide.
In order to be eligible a family must be receiving AFDC, have household income below the eligibility level for AFDC, or have household income between 70 and 90% of the state median income. In addition, child care must be needed to keep employment or to obtain the training or education needed to find employment. The sliding fee program pays the difference between the cost of child care and the amount the parent is required to pay based on household income. The share paid by the parent increases as household income increases. The law allows a county to set a maximum rate for payment to a child care provider at 125% of the median rate for child care in that county.

An analysis of the program in St. Paul in March, 1984 showed that for every $1,000 spent, the benefit to the state, including taxes withheld from the working parent and an estimate of savings in AFDC payments, was $1,637. Evaluation of the program by the Department of Public Welfare (now the Department of Human Services) concluded that the program has had an impact on reducing the dependence of participants on public assistance and that the cost of assisting these families on sliding fee is less than the cost for other public assistance subsidies.

The cost of the program is high, but the program is extremely cost effective. The estimated cost of providing child care to all eligible families in fiscal year 1985 statewide was $43,000,000. The legislature made $10.2 million available. Cost benefit factors indicate that the net effect of the program is to produce tax revenue for the state. If the ultimate goal is to see working members of society remain self-sufficient and productive taxpayers, investment in sliding fee child care is a positive step. The program provides low income families with an opportunity to keep employment in the private sector and become independent without having to sacrifice the quality of care received by their children.

4. AFDC Special Needs

Minnesota intends to amend its state AFDC plan to use AFDC special needs money to provide child care, transportation, tuition and items associated with education and employment.
5. **1985 Employment and Training Legislation.**

The 1985 legislation governing employment and training programs administered by the new Department of Jobs and Training contains several provisions which expand and emphasize the commitment to child care in connection with jobs and training programs.

a. Income maintainance and support services is defined to include child care.

b. The performance and effectiveness of the provision of these support services are to be reviewed by the commissioner.

c. Coordination of data base and information systems is required in order to improve performance and effectiveness of the delivery of support services.

d. AFDC recipients are now a priority category for placement in subsidized jobs.

e. At least 25% of all state and federal money appropriated to the work incentive program must be spent for direct client services including child care, transportation, institutional training and on the job training.

f. Counties are required to maintain their effort with respect to child care services now funded by federal, state and county dollars.

g. The annual plan which must be submitted by local services units must contain a section dealing with the use of sliding fee child care.

6. **Higher Education.**

This year, for the first time, a request for direct funding of child care programs in vocational technical schools, community colleges and state universities (other than the University of Minnesota) was made to the Higher Education Committees in the Minnesota legislature. The Board of Vocational Technical Education, for example, requested $1.5 million dollars which would have funded 780 children in the 33 vocational technical schools. One of those schools estimated enrollment would increase by 10% if the funds were available. Inquiries about child care come from one of every three enrolling students. Although the legislature did not fund this request, it is clear
that if vocational education is to be a road to better jobs for low income women, child care needs must also be met.

The need for child care is well documented. Its tenuous funding is also apparent. A recent study of the impact of the 1981 changes in AFDC on former recipients in Hennepin County produced a disturbing finding. While 75% of the former recipients who had been terminated because of excess earnings continued to remain off AFDC and working, many indicated that they were only able to do so by reducing the quality of child care. In some cases this meant using neighbors, friends or relatives, or older siblings. In other cases it meant leaving children alone.

If the desire to remove barriers to self-sufficiency is sincere, then this need cannot be ignored. Our goals cannot be successful if employment and training programs exist in a vacuum. If these programs do not contain adequate funds for child care they will not help low income women.
December 12, 1984

State of Minnesota
Council on Economic Status of Women
State Capitol
St. Paul, Minnesota

I am writing to you because I just do not know where else to turn.

Let me introduce myself. I am a divorced mother of two young children, ages 4½ and 3. Because of being a single parent and wanting to keep my house, my children, and my sanity I am a full-time worker. I make what some would call a "decent" wage for a woman ($7.25 hr) Recently I asked for a raise and soon will receive another .52c per hour.

The background on my problem is this: My children are not yet school age, therefore I must find a "day-care" for them. I love my children and am very concerned about their mental happiness as much as their physical happiness. I had them going to a neighbor and paid her $80.00 per week. Because she is not licensed I cannot claim this money on my taxes. My children did not enjoy going there because there was a lack of structure and caring in their day. I had to listen to them all evening and every morning fuss and cry because they did not want to go to "Jane's" house. (a false name) Thinking that my oldest will be starting kindergarten next fall I had to make arrangements to get him too and from school. Jane was also going to raise her price, so I finally acted. My children are now at the neighborhood Daybridge Learning Center. They enjoy going there, and are much happier, and I do not worry about them being bored.

My dilemma is this: The Learning center is costing me $140.00 a week. I take home a little over $200.00 per week. How in the world can I afford this better day-care service, pay heat, gas, water, phone, put gas in the car and keep it in running order, and put food on the table. How can this problem of middle income single parents be solved? Should I swallow my pride and go on welfare, sit at work and be consumed by the thought of "Will I Make it through payday? Will I be able to pay the bills? Will I ruin my credit rating low that I must establish a new one under a single parent status? I make too much money to qualify for any kind of "aid". What do I do until my children are old enough to take care of themselves?

I would appreciate any suggestions you would have.

Sincerely
Mr. Weiss. Thank you very much.
Ms. Dunkle.

STATEMENT OF MARGARET DUNKLE, CODIRECTOR, THE EQUALITY CENTER

Ms. DUNKLE. I appreciate the invitation to testify today. My testimony focuses on the educational needs and concerns of women, especially low-income women receiving AFDC payments.

While my statement focuses on higher education, it is important to realize the pipeline that leads to postsecondary education—a high school diploma and adequate academic preparation—often fails women and girls, especially those who are low-income, at a much earlier point.

Improving postsecondary educational opportunities is not enough. The entire educational pipeline needs to be repaired, so that young—and older—women are prepared to become economically self-sufficient, so that pregnant and parenting teenagers are encouraged to continue their education—rather than just being passively allowed to stay in school—and so that girls can actively pursue a wide range of subjects of training, including those in higher paying traditionally male jobs and fields.

Education, especially higher education, has traditionally been a very American way to pull oneself up by his or her bootstraps. But, in our land of equal opportunity, some bootstraps are longer than others, and the bootstraps of women receiving public assistance have historically been so short that pulling oneself up by them requires contortions worthy of Mary Lou Retton.

The feminization of poverty is a growing phenomenon. Increasingly, people who are poor are women and their children. Female-headed families with children are three times more likely to be poor than any other type of family. About half of the 7 million female-headed households with children in this country have incomes below the poverty line.

Cash public assistance, mostly AFDC, is the major source of income for these 3.3 million poor female-headed families with children.

The barriers to postsecondary education for AFDC women are many and complex. They include: requirements for AFDC recipients to register for work in the Work Incentive Programs, strict interpretations of Federal requirements that mothers of young children be absent from home only for "brief and infrequent absences," State-imposed limitations on the length of training and education programs, and negative attitudes by social workers and society.

My testimony today focuses on five major areas. The first has to do with the AFDC recipient as a college student. The second has to do with child care. The third has to do with the information gap. The fourth concerns preventing the conditions that foreshadow dependence on public assistance, and the fifth raises some policy questions.

First, the AFDC recipient as college student. The woman receiving AFDC payments who is considering postsecondary education is the exception and, at least in some ways, already much more fortu-
nate than her counterpart, who does not already have a high school diploma or G.E.D., who lives far away from any college, and has fewer hopes and aspirations for the future.

It is the rare AFDC woman who is enrolled in school today, be it high school, vocational school, college, or other training. In 1983, only 2.2 percent of AFDC mothers were in school or receiving training. This translates into about 82,000 women or 3.7 million families receiving AFDC payments. This figure represents a decline in both number and percent since 1979, when 2.2 percent of AFDC mothers, or approximately 91,000, were in school or receiving training.

Although they only rarely have the opportunity to receive additional education, the demographics of the AFDC population show that many could benefit from it. More than three out of five of all women aged 16 to 34 with poverty incomes are at least high school graduates. Fully 20 percent have at least some education beyond high school. Over 40 percent of mothers whose children receive AFDC payments have already graduated from high school. An unknown number of these AFDC recipients with at least a high school education could benefit from postsecondary education. And, for some, the additional education could make the difference between long-term AFDC dependency and economic self-sufficiency.

While college-educated women do not fare very well when compared to equally educated men, they do fare much better than women with less education. A woman with a college degree earns an average of $350,000 more over her lifetime than a woman with less than a high school education.

The benefits of additional education for mothers receiving AFDC payments can go beyond additional long-term earning power. A mother's educational level is directly correlated with the health of her family. Children of highly educated mothers are more likely to receive medical or dental care than children of mothers with less education. This is true regardless of the family's income or whether the child lives with the mother only. That is, a child with a poorly educated mother in a high-income family is no more likely to receive health care than a child with a poorly educated mother in a low-income family.

Let me speak for a minute about the job search and work requirements in current law. These requirements of AFDC currently pose huge barriers to enrollment in postsecondary education by women. The college entrance examination board has concluded:

If there is one aspect of AFDC that may raise insurmountable barriers for recipients desiring to enroll in postsecondary education, it is job search and work requirements that were significantly strengthened in the Omnibus Budget and Reconciliation Act in 1981. That act reflected and enhanced the trend in AFDC away from dealing with postsecondary education and training as options for AFDC beneficiaries.

The disincentives to long-term training, either college or vocational, are substantial. For example, one State limits training to a maximum of 92 days, 3 months.

AFDC parents with young children often face an additional problem. These people are the only ones who are usually exempt from WIN registration and work requirements. At the same time, they may be away from home only for "brief and infrequent absences."
But, when AFDC officials determine that college attendance violates the brief and infrequent absences rule, as, indeed, they have the authority to do, these parents lose their WIN exemption.

In a few cases, college personnel have worked with AFDC officials to have education included as part of the individual employability plan, a plan that is generally developed for WIN registrants. There is evidence that these and other efforts to include postsecondary education as a way to become economically self-sufficient have worked in at least two States.

For example, a joint effort in California focuses on community college enrollment by single heads of households. Here, receipt of need-based financial aid is not considered income by AFDC. Similarly, in Massachusetts, welfare policy recognizes education through a bachelor's degree as an acceptable activity for AFDC recipients and some community college tuition waivers for AFDC recipients are given. There is more description of this program in appendix D to my testimony, and I know you will be hearing more about these policies tomorrow.

Regarding AFDC and student financial aid, the inter-relationship between these two programs are complex and often punitive to recipients. According to a recent college board report:

Unfortunately, the complicated laws and regulations governing these two sets of programs tend to conflict and leave the individual in a "catch-22" situation. Instead of encouraging low-income people to undertake education programs that might help them leave the welfare rolls, contradictory policies often penalize those who try to enroll in college.

A person's welfare benefits may well be reduced if he or—more often—she receives student financial aid. There is a kind of welfare roulette involved in calculating need and eligibility under both AFDC and the Federal student assistance programs. The welfare recipient may not know what her income will be until after she is enrolled in college. Those who cannot take this gamble never enroll. In fact, two AFDC recipients attending the same college, with the same income, the same number of children, the same educational costs, the same student aid funding, and even the same caseworker, could be treated differently under current AFDC and Federal student aid rules.

Medicaid coverage, which accompanies AFDC eligibility, may be even more important than cash payments to a mother and her family. This is especially true for the many women receiving AFDC payments who were pregnant teenagers. Babies born to teenagers are twice as likely as other babies to be low-birthweight babies, a condition that means they are more likely to die in infancy, to have serious disabilities and—once in school—require special education services. These mothers cannot afford to risk losing medical benefits.

Mr. Weiss. Ms. Dunkle, at this point, I am going to have to call a brief recess. There is a vote on the floor on the foreign assistance bill. I will try to get back in 10 to 15 minutes.

[Recess taken.]

Mr. Weiss. The subcommittee is back in session, and we apologize for the interruption. Ms. Dunkle, if you would continue.

Ms. DUNKLE. Thank you very much.
Child care responsibilities and lack of adequate child care arrangements are major barriers to higher education by women. A recent survey found that child care problems were serious or very serious for about a quarter of all students. I will not talk more about these issues, because they have been so well covered earlier in testimony today.

The third area I would like to raise is the information gap for AFDC recipients and for professionals in both the student aid and social services field. Many women receiving AFDC have little information about the education options available to them, and they are unlikely to pursue options they do not know about.

Traditional ways of disseminating information do not reach AFDC recipients. They do not have informed parents or access to high school guidance counselors. They may think they are not eligible for aid because they are too old or because they go to school part time. They may be intimidated by the complexity of the application process, the various sources of aid, and the forms that must be filled out. This red tape barrier is enough to discourage some potential students from applying for student aid or, indeed, even applying for college.

The best solution to the issue of women, welfare and education is to prevent welfare dependency in the first place. There are two important and often overlooked prehigher education intervention points when looking at prevention.

The first has to do with teenage pregnancy and parenting. The second is high quality infant and early childhood education programs.

There are over half a million births to teenagers each year. Forty-one percent of the girls who drop out of school do so because of pregnancy and/or marriage. Most never return and over 25 percent of young mothers become pregnant again within a year. A longitudinal study found that, for matched samples of students, less than 2 percent of the women who bore children before age 20 completed college, compared to 22 percent of those who had no children by age 24.

Many teenage mothers and former teenage mothers depend on public assistance for support. Urban Institute researcher Kristin Moore reports that reducing the number of teenage mothers by half during the coming decade would cut costs for AFDC, medicaid and food stamps by over $9 billion.

A long-term look at the issue of women, welfare, and education requires developing strategies to prevent teenage pregnancies—strategies that go beyond family planning and sex education and which build hope, independence, and self-esteem for young women, as well as for young men.

In looking at the cycle of poverty and lack of education, it is difficult to look too early. A recent study of the long-term effects of Head Start programs documents striking results. Girls who participated in a high quality preschool program were, at age 19, less likely to receive welfare and, if they received it, to receive smaller payments.

Finally, there are many policy issues where more needs to be known in order to develop and implement sound public policies regarding female head of families and education.
The first has to do with the children, both male and female, of female-headed families. It is ironic that, while much is known about college students from their political preferences to whether or not they play on a sports team, little is known about their family structure. We do not know, for example, the number of college students, either male or female, who come from female-headed families.

The second area has to do with the short-term and long-term results of additional education for low-income women, including women receiving AFDC payments. For example: Exactly where did they go to school? What did they study? What services did they need or use? Who provided these services? What was their graduation rate? What kinds of jobs did they get? What made the difference?

The third area has to do with looking at the disproportionate effect on women of apparently neutral policies. For example, is the relative weight of loan burdens on women heavier since they have much lower life time earning expectations than men?

Providing long-term economic self-sufficiency for women receiving AFDC payments requires providing educational and training opportunities that look beyond the text minimum wage job. Now, with the increasing feminization of poverty, is not the time to further reduce the few opportunities that these women have to extricate themselves from welfare dependency.

It is the time to look for ways to help them find a better life and hopes for a better future for themselves and their children. Access to education at all levels is one more important way to do this.

Thank you very much.

[The prepared statement of Ms. Dunkle follows:]
Testimony
Before the
Intergovernmental Relations and Human Resources Subcommittee
of the
Committee on Government Operations
on
Barriers to Self-Sufficiency for Single Women Heads of Households
by
Margaret C. Dunle
Co-Director
The Equality Center

July 9, 1985
My name is Margaret Dunkle. I am Co-Director of The Equality Center, a nonprofit organization to advance human and civil rights. (The Equality Center is described more fully at Appendix A.) I was the first Chair of the National Coalition for Women and Girls in Education and served as Associate Director of the Project on the Status and Education of Women of the Association of American Colleges for five years. During the last reauthorization of the Higher Education Act, I was Special Assistant for Education Legislation in the Department of Health, Education, and Welfare.

My testimony focuses on the educational needs and concerns of women, especially low-income women receiving AFDC payments. My statement focuses on higher education and barriers to post-secondary education for these women. At the same time, it is important to realize that the pipeline that leads to postsecondary education -- a high school diploma and adequate academic preparation -- often fails women and girls, especially those who are low-income, at a much earlier point. Improving postsecondary educational opportunities is not enough. The entire educational pipeline needs to be repaired -- so that young (and older) women are prepared to become economically self-sufficient -- so that pregnant and parenting teenagers are encouraged to continue their education (rather than just being "allowed" to stay in school) -- and so that girls can actively pursue a wide range of subjects and training, including both academic and vocational training in higher paying traditionally male jobs and fields.
Education, especially higher education, has traditionally been a very American way to increase expectations and pull oneself up by his or her bootstraps. But, in our land of equal opportunity, some bootstraps are longer than others. And the bootstraps of women receiving public assistance have historically been so short that pulling oneself up by them requires contortions worthy of Olympian gymnast Mary Lou Retton.

The feminization of poverty is a growing phenomenon: increasingly, people who are poor are women and their children. Female-headed families with children are more likely to be poor than any other type of family. The poverty rate of female-headed families is three times that of other families. Thirty-six percent of female-headed families, compared to 12 percent of all families, were below the poverty level in 1983. Overall, 3.6 million female-headed households and 4.1 million other families had poverty incomes.\(^1\) Forty-eight percent of the seven million female-headed households with children in this country had incomes below the poverty line in 1983. This is four and a half times the rate for all other families with children.\(^2\)

Cash public assistance -- mostly AFDC -- was the major source of income for these 3.3 million poor female-headed families with children: approximately two-thirds received cash public assistance, which accounted for an average of about half
of their income.\textsuperscript{3}

In 1984, 3.7 million families -- 10.9 million individuals -- received AFDC payments. More than nine out of ten of these families were headed by single parents, primarily women. Most of these women are young: over half were under age thirty in 1983.\textsuperscript{4} Three-quarters of all periods of dependency on AFDC begin when a woman becomes the head of a family, while only 12 percent begin with the loss of a job.\textsuperscript{5}

Two-thirds of AFDC recipients were children, almost half of whom were less than eight years old. Most families receiving AFDC have preschool-age children: 60 percent had at least one child under age six in 1983.\textsuperscript{6}

The barriers to postsecondary education for AFDC women are many and complex. They include: requirements for AFDC recipients to register for work and the Work Incentive Program (WIN), strict interpretations of federal AFDC requirements that mothers of young children can only be absent from the home for "brief and infrequent absences," state-imposed limitations on the length of training and education programs, and negative attitudes by social workers and society.

This testimony addresses five areas:
The first area concerns the AFDC recipient as a college student and discusses barriers to postsecondary training imposed by AFDC job search and work requirements, and the current complex patchwork between AFDC and federal student aid programs.

The second has to do with child care.

The third has to do with the information gap -- both for AFDC recipients and for professionals both in student aid administration and social welfare programs.

The fourth concerns prevention -- preventing the conditions that often foreshadow dependence on public assistance.

And the fifth raises some policy questions that need to be addressed more closely.

THE AFDC RECIPIENT AS A COLLEGE STUDENT

The woman receiving AFDC payments who is considering postsecondary education is the exception and, at least in some ways, already much more fortunate than her counterpart who does not have a high school diploma or G.E.D., lives far from any college, and has fewer hopes and aspirations for her future and the future of her children.

It is the rare AFDC woman who is enrolled in school -- be it high school, vocational school, college or other training. In 1983, only 2.2 percent of AFDC mothers were in school or receiving training. (This number includes any AFDC recipient in school or receiving any type of education or training, including many participating in the Work Incentive Program.) This translates into about 82,000 women in the 3.7 million families receiving
AFDC payments in 1984. This represents a decline in both number and percent since 1979 when 2.6 percent of AFDC mothers (or approximately 91,000 of the 3.5 million adult recipients) were in school or receiving training.7

Although they rarely have the opportunity to receive additional education, the demographics of the AFDC population show that many could benefit from it. More than three out of five (62 percent) of all women aged eighteen to thirty-four with poverty incomes were at least high school graduates in 1983. Fully 20 percent had at least some education beyond the high school level.8 An estimated 42 percent of mothers whose children received AFDC payments in 1979 had graduated from high school.9 An unknown number of the 42 to 62 percent of AFDC recipients with at least a high school education could benefit from post-secondary education. And, for some this additional education could make the difference between long-term AFDC dependency and economic self-sufficiency.

Additional education can make a substantial difference in lifetime income for women. While college-educated women do not fare well when compared to equally educated men, they do fare much better economically than women with less education. For example, a woman with a college degree earns an average of $350,000 more over her lifetime than a woman with less than a
high school education.

A woman with less than a high school education can expect to earn $500,000 over her lifetime (in 1981 dollars). A woman with a high school diploma earns $634,000. A woman with some college earns $716,000. A woman with a college degree earns $846,000. And a woman with five or more years of college earns $955,000. Compared to men, a woman college graduate earns about the same ($846,000) over her lifetime as a male high school dropout ($845,000). 10

The benefits of additional education for mothers receiving AFDC payments can go beyond additional long-term earning power. National figures show that a mother's educational level is directly correlated with the health of her family. Children of highly educated mothers were more likely to receive medical or dental care than children of mothers with less education, according to a cross-tabulation from the 1975-76 National Health Interview Survey. This was true regardless of the family's income or whether the child lived with the mother only. A child with a poorly educated mother in a high-income family was no more likely to have received health care than a child with a poorly educated mother in a low-income family. 11

Appendix D-1 contains a paper by Susan B. Carter ("An 'Honorable Independence': The Need for Women's Higher Education
in the Eighties") which further documents the link between higher education and economic self-sufficiency for women.

The educational problems faced by low-income women, including those with children receiving AFDC payments, graphically demonstrate problems faced to a lesser extent by most women, regardless of their income level. The American Association of University Women recently documented many of the differences in a policy brief on "Women & Student Financial Aid."

The profile of women college students differs from that of men students. The key causes of the differences are women's greater child and dependent care responsibilities and their lesser financial resources.

This policy brief points out that:

- Over half of women students are older than the "traditional" 18- to 22-year-old student. Women make up two-thirds of the 1.5 million students over age 34.

- Women are more likely than men to be part-time students.

- Women college students are much more likely than men to have child and other dependent care responsibilities. The over 6.2 million families headed by women in 1984 -- double the number in 1970 -- accounted for one-fifth of all families with children that year, up from one-tenth in 1970.

- Women earn approximately 60 percent of what men earn. Two out of every three adults in poverty are women, and female-headed families have a poverty rate four times greater than that of other families with children.

- More women than men students come from low-income families.

- There is evidence that freshmen women are twice as likely as men to be self-supporting.
The AAUW publication, "Women & Student Financial Aid," is attached at Appendix C.

The problems with participation in higher education by women receiving AFDC payments are tied to omission -- policymakers ignoring or overlooking this population and its needs -- and commission -- with low and frequently self-fulfilling expectations about the abilities of women receiving AFDC payments.

Job Search and Work Requirements

The job search and work requirements of AFDC currently in effect pose huge barriers to enrollment in postsecondary education. These requirements were substantially tightened in the 1981 Omnibus Budget and Reconciliation Act, which focused on fast employment as a way of cutting AFDC costs. In a 1984 report, the College Entrance Examination Board concluded:

If there is one aspect of AFDC that may raise insurmountable barriers for recipients desiring to enroll in postsecondary education, it is the job search and work requirements that were significantly strengthened in the Omnibus Budget and Reconciliation Act of 1981. That act reflected and enhanced a trend in AFDC away from viewing postsecondary education and training as options for AFDC beneficiaries. Instead, the emphasis is increasingly on getting AFDC recipients into some form of employment as quickly as possible, in hopes of reducing the numbers in and cost of the AFDC program.
The disincentives to long-term training -- either college or vocational -- are substantial: for example, one state limits training to a maximum of 92 days -- 3 months.14

AFDC parents with young (under age six) children often face an additional problem. These people are the only one usually exempted from WIN registration and work requirements. At the same time, federal provisions stipulate that they may be away from home for only "brief and infrequent absences". In some places, these are the only AFDC recipients who can attend college because they have not had to register for WIN. But when AFDC officials determine that college attendance violates this "brief and infrequent absences" rule (as indeed they have the authority to do), these parents lose their exemptions from WIN work registration.15

In a few cases, college personnel have worked with AFDC officials and caseworkers to have education included as part of an individual's "employability plan," a plan that is generally developed for all WIN registrants.16 There is evidence that these and other efforts to include postsecondary education as a way to become economically self-sufficient have worked in at least two states. For example, a joint effort by the Community College System, and the Departments of Social Services and Employment in California focuses on community college enrollment.
by single heads of households receiving AFDC who have at least one child under age six. Here receipt of need-based financial aid is not considered income by AFDC and does not affect AFDC eligibility. Similarly, Massachusetts welfare policy recognizes education through a Bachelor's Degree as an acceptable activity for AFDC recipients. Massachusetts also supports limited community college tuition waivers for AFDC recipients.17

APDC and Student Financial Aid

The interrelationships between student aid and social welfare programs are complex, frustrating, and subject to different rules from state-to-state and different interpretations from office-to-office and even from caseworker-to-caseworker. As the recent College Board report, College Opportunity and Public Assistance Programs, said:

Unfortunately, the complicated laws and regulations governing these two sets of programs tend to conflict and leave individuals in a "catch-22" situation. Instead of encouraging low-income people to undertake educational programs that might help them leave the welfare rolls, contradictory policies often penalize those who try to enroll in college.18

The College Board paper is interesting in that it does not suggest legislative or regulatory changes. Rather, it suggests specific ways in which student financial aid officers and social workers can work together to encourage AFDC recipients to pursue
an education in the face of substantial obstacles.

College Opportunity and Public Assistance Programs is attached in its entirety at Appendix E. Also, Appendix G contains a 1982 College Board report, Income Maintenance Programs and College Opportunity.

A person's welfare benefits may well be reduced if he or (more often) she receives student financial aid. There is a kind of welfare roulette involved in calculating "need" and "eligibility" under both AFDC and federal student assistance programs: the welfare recipient may not know what her income will be until after she is enrolled in college. Those who cannot take this gamble never enroll.

In fact, two AFDC recipients attending the same college, with the same income, the same number of children, the same educational costs, the same student aid funding, and even the same caseworker could be treated differently under current AFDC and federal student aid rules and practices.

Medicaid coverage, which accompanies AFDC eligibility, may be even more important than cash payments to a mother and her family. This is especially true for the many women receiving AFDC payments who were pregnant teenagers. Babies born to teenagers are twice as likely as other babies to be low-birth-
weight babies -- a condition that means they are more likely to
die in infancy, to have disabilities (such as mental retardation, cerebral palsy, epilepsy, learning disabilities, and vision and hearing defects), and, once in school, requires special education services. Mothers of these children, with their high medical costs, cannot afford to risk losing medical benefits.

Appendix B, "Student Financial Aid and AFDC," more fully outlines some of the contradictions and problems regarding the interaction between these two programs. Also, Appendix D includes four papers from an April 1985 conference at Smith College on "Women, Welfare and Higher Education."

CHILD CARE

Child care responsibilities and lack of adequate child care arrangements are major barriers to higher education by women. A recent survey by the Association of Independent Colleges and Schools found that child care problems were serious or very serious for about a quarter of all students. In 1984, the Congressional Select Committee on Children, Youth, and Families concluded: "For the increasing numbers of women with children entering colleges and universities, the availability of child care can often make the difference between completion of a degree, cutting back on coursework or dropping out."
Perhaps not surprisingly, the proportion of college students who are female declines during the prime childbearing years of twenty to thirty. While women comprise over half of all college students, only 44 to 47 percent of students in their twenties are women. Women return to college later, however, when their children are older. Close to two-thirds (66 percent) of students over age thirty-four are women.22

Child care is only rarely available on campus. When it is available, its cost or structure typically make it most appropriate for faculty rather than students, especially low-income students. Further, state public welfare departments tend to focus child care services on AFDC recipients who work, with the result that a woman in postsecondary education may not have access to these child care services.23

A witness explained to a House of Representatives committee the problems an AFDC recipient and former teenage mother faced when she attempted to attend college:

Jane Anderson had a baby in the fall of her senior year in high school. She earned her high school diploma by attending special classes for adolescent parents that included a nursery for the babies. Jane married the baby's father but it did not work and Jane left home with her child.

After a year of dependence on AFDC Jane decided to go to a school so she could eventually support her child and herself. In May she applied for an educational grant and got on the waiting list for child care assistance so she could go to school in
September. When she checked on child care assistance in August she was told that funds were still not available. In November a staff member called Jane and told her funds were available. Jane reported that she had forfeited her educational grants because she could not pay for child care herself.

The actual provisions in the current student aid law take child care expenses into account in determining need for student aid. The law states that "expenses reasonably incurred for child care" are part of the cost of college attendance.25

In practice, however, these provisions in the statute regarding treatment of child care expenses have not been implemented. Child care expenses are not explicitly included as an allowable cost of attendance, nor is an adequate amount authorized for miscellaneous expenses under Pell Grant regulations. Beside tuition and fees and room and board, allowable costs of attendance include an allowance of 400 dollars for books, supplies and miscellaneous expenses for an academic year.26

Child care costs to enable education and training for students receiving AFDC payments could be provided in several ways. Improving the provisions in the Higher Education Act concerning child care for all students would also help AFDC recipients. At a minimum, the student financial aid need formula in current law should be implemented (to cover "reasonable" child care costs). The provisions could be expanded to include "actual" child care costs, perhaps with a maximum cap. It should
also be made clear, either through law or regulation, that allowable time for child care includes time for studying and transportation, as well as actual time in the classroom.

Further, child care for low-income students under Title XX of the Social Security Act and other Department of Health and Human Services-administered programs should be examined to see if they discourage the additional education that might lead to economic independence, and to assure that they provide incentives (rather than disincentives) to the education and training that can lead to long-term employment.

THE INFORMATION GAP

The third area is the information gap -- for AFDC recipients and for professionals in both the student aid and social services fields. Most women receiving AFDC have little information about the education options available to them. And they are unlikely to pursue an option unless they know about it. In addition, recruitment materials and materials describing financial aid rarely reach these women or meet their needs if they do reach them.

Traditional ways of disseminating information are inadequate to reach AFDC recipients. These women are unlikely to have informed parents or access to high school guidance counselors to
guide them through the maze of federal and state programs and forms. They may think that they are not eligible for aid because they are too old. They may think that they are ineligible for aid because they go to school part-time. They may be intimidated by the apparent and, indeed, real complexity of the application process, the various sources of aid, and the forms that must be completed. This red tape barrier is enough to discourage some potential students from applying for student aid, and even from applying for admission to postsecondary education.

Professionals in the field also know little about the AFDC-student aid interaction. The number of AFDC recipients enrolled in college is small, and caseworkers only rarely deal with student aid and its interaction with AFDC. Student aid officers may deal even more rarely with AFDC rules.

The publications by the College Board (such as College Opportunity and Public Assistance Programs) are very helpful in bridging this information gap. More such information efforts are needed, including technical assistance materials, and conferences and meetings aimed at the professionals who deal with low-income people and AFDC recipients. Further, efforts to get information directly to AFDC recipients about additional educational opportunities need to be expanded.

A report of the National Student Aid Coalition, "Closing the
Information Gap: Ways to Improve Student Awareness of Financial Aid Opportunities, is attached at Appendix F. This report provides detailed information and recommendations on providing students with information about financial aid.

PREVENTING WELFARE DEPENDENCY: REDUCING TEENAGE PREGNANCY & SUPPORTING EFFECTIVE PRESCHOOL PROGRAMS

The best solution to the issue of women, welfare and higher education is to prevent welfare dependency in the first place. There are two important and often overlooked pre-higher education intervention points when looking at prevention:

- The first has to do with preventing teenage pregnancy and parenting, and limiting the damage to mother, child and society when it occurs; and
- The second is high-quality infant and early childhood or preschool programs.

Families headed by teenage mothers, or former teenage mothers, are perhaps the most vulnerable of all families. Women who were teenagers when their first child was born account for more than half of the total AFDC expenditures in the country and comprised an astounding 71 percent of all AFDC mothers under thirty years of age in 1970.27

There are over half a million births to teenagers each year. For example, over 530,000 babies were born to mothers under age twenty in 1981. Close to 200,000 babies -- or 37 percent -- were born to mothers age seventeen or younger. And
almost 10,000 babies were born to adolescents age fourteen or younger. Almost all teenage mothers (96 percent) keep their babies rather than releasing them for adoption.

Forty-one percent of the female students who drop out of high school between their sophomore and senior years do so because of pregnancy and/or marriage. Most of those who drop out never return and over 25 percent of young mothers become pregnant again within a year. An Urban Institute study found that less than half of those women who became young mothers at age seventeen or younger ever complete high school. Another longitudinal study found that, for matched samples of students, less than two percent of the women who bore children before age twenty completed college, compared to 22 percent of those who had no children by age twenty-four.

Many teenage mothers and former teenage mothers -- with limited skills, interrupted educations and small children to clothe and feed -- depend on public assistance for support. In 1975 about half of the 9.4 billion dollars invested in the federal AFDC program went to families in which the woman had given birth while a teenager. About 60 percent of women in families receiving AFDC payments had given birth as teenagers, compared to about one-third of women not receiving aid. If present trends continue, two-thirds of school age mothers who are aged twenty to twenty-nine by 1990 will receive AFDC during the
coming decade. Reducing the number of teenage mothers by half during the coming decade would cut costs for AFDC, Medicaid and Food Stamps by over nine billion dollars.\textsuperscript{35}

A long-term look at the issue of women, welfare and education requires looking at ways to prevent teenage pregnancy and the negative consequences of a truncated education and welfare dependency that often accompany premature parenting. To do this, policymakers need to look not only at providing needed services for pregnant and parenting adolescents. They need to look at long-term strategies to prevent teenage pregnancy -- strategies that go beyond family planning and sex education and which build hope, independence and self-esteem in young women, as well as young men. The \textit{Choices} book published by the Girls Clubs, and the \textit{Life Planning Options} Program espoused by the Center for Population Options are good examples of systematic, curricular approaches to teenage pregnancy prevention which can have great long-term value.

In looking at the cycle of poverty and lack of education, it is difficult to look too early. A recent study of the long-term effects of Head Start documents striking results. The Perry Preschool Project, a longitudinal study of 123 black youths of low socioeconomic status, measured the long-term effects on these young people of participation in a program of high-quality early childhood education. Girls who participated in the Perry
Preschool Project had, at age nineteen, slightly over half the rate of teenage pregnancy (including live births) as similar students who did not attend preschool. Further, the nineteen-year-olds who had attended preschool were less likely to receive welfare and, if they received it, to require smaller payments. Eighteen percent of those who had been in preschool (but almost twice as many, 32 percent, of those who had not) were receiving money from welfare at age nineteen. The average annual payment for the non-preschoolers was more than twice that of those who had attended preschool -- $1,509 for non-preschoolers versus $633 for preschoolers.36

These findings of the long-term effects of early childhood education programs deserve increased attention as ways to break the cycle of poverty and prevent problems surrounding AFDC dependency among adult women.

POLICY ISSUES

Finally, there are many areas where more needs to be known in order to develop and implement sound public policies regarding female-headed families and education.

The first area has to do with the children -- both male and female -- of female-headed families. It is ironic that, while much is known about college students (from their political
preferences to whether or not they participate in organized athletics), little is known about their family structure. We do not know, for example, the number of college students (either male or female) who come from female-headed families. Given the statistics about the feminization of poverty, we can hypothesize that, since low-income students disproportionately come from female-headed families, they would disproportionately qualify for federal Pell Grants and other need-based student aid.

We can also hypothesize that a disproportionate number of these students never attend college in the first place or attend as older students (since low-income students are the most likely to have limited resources and to drop out of high school). Seventeen percent of students from low socioeconomic status families drop out of school between their sophomore and senior year in high school. This compares to ten percent of middle income students and seven percent of students from high socioeconomic status families.37

We need better information about the family structure of low-income college students. Existing data need to be analyzed in this light and new data may need to be gathered.

The second policy area has to do with the short-term and long-term results of additional education for low-income women, including women receiving AFDC payments. Where did they go to
school? What have they studied? What services did they need or use in order to continue or complete their education? Who provided these services? What is their graduation rate? What kinds of jobs did they get — with what kinds of salary and benefits? At what standard of living were they able to support themselves and their families after receiving additional education?

The third research area has to do with looking at the disproportionate effect on women of apparently neutral policies. For example, do low-income women students have greater difficulty than low-income men students in earning part of their educational expenses (because of sex segregation and sex discrimination in the job market, and a consequent lower earning power)? Is the relative weight of loans heavier on women, since they have a much lower lifetime earning expectation than men?

*********

Providing long-term economic self-sufficiency for women (and their families) requires providing educational and training opportunities that look beyond the next minimum wage job. Now, with the increasing feminization of poverty, is not the time to further reduce the few opportunities these women have to extricate themselves from welfare dependency. It is time to look for ways to help them find a better life and hopes for a better future for themselves and their children. Access to education at all levels is one important way to do this.


3. Ibid., p. 514.

4. Ibid., pp. 364, 368.


6. Committee on Ways and Means, pp. 364, 368.

7. Ibid., pp. 369, 364.

8. Department of Commerce, Characteristics of the Population, p. 44.


13. Paul L. Franklin, College Opportunity and Public Assistance Programs: Ideas for Resolving Conflicts (Washington, D.C.: College Entrance Examination Board, 1984), p. 6. The Omnibus Budget Reconciliation Act of 1981 eliminated federal payments to 18 to 21 year old dependents of AFDC families who were enrolled in college. As a result, heads of AFDC households are virtually the only group of recipients still able to attend college while retaining AFDC benefits. OBRA also imposed new work requirements and tighter restrictions on receipt of other income, which may include some kinds of student aid. These changes increased the chances the AFDC recipients would be required to participate in mandatory work programs rather than attend school and that, if they did manage to enroll in college, their AFDC benefits would be reduced. These disincentives were further heightened by the fact that Medicaid benefits are linked to the receipt of AFDC (so that loss of the latter threatens the former as well) and by new restrictions in the Food Stamp program affecting students as well as other recipients.

14. Ibid.
15. Ibid.
16. Ibid., p. 7.
17. Ibid., p. 8.
18. Ibid., p. 11.

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24. Select Committee on Children, pp. 35-36.


30. Samuel S. Peng, telephone interview regarding data from the National Center for Education Statistics' study, "High School and Beyond" (Washington, D.C., April 11, 1984).


34. Alan Guttmacher Institute, pp. 32-33.


36. John R. Berruet-Clement et al., Changed Lives: The Effects of the Perry Preschool Program on Youth Through Age 19, (Ypsilanti, Mich.: High/Scope Educational Research Foundation, 1984), pp. 2, 49, 50. This study documented other striking long-term consequences of participation in high quality Head Start programs as well. For example: At age 19, the rates of employment and attendance at college (or vocational school) were nearly double for those who had
participated in the preschool program. The former preschoolers spent about half the number of years in special education classes as their non-preschool counterparts. And preschool attendance led to a reduction of 20 percentage points in the detention and arrest rate, and nearly as much in the high school dropout rate.


APPENDICES

A. The Equality Center, A Fact Sheet
B. Student Financial Aid and AFDC
C. AAUW Policy Brief on "Women and Student Financial Aid"
D. Selected Papers Presented at the April 1985 Smith College Conference on "Women, Welfare and Higher Education: A Policy Conference." (Copies of the conference proceedings are expected to be available in the winter of 1985. For further information, contact Martha Acklesberg, Smith College, Northampton, Massachusetts 01063.)
   D1. "Who Does She Think She Is: Notes on Having Our Cake and Eating It, Too" by Ann Withorn.
E. College Opportunity and Public Assistance Programs: Ideas for Resolving Conflicts by Paul Franklin for the College Entrance Examination Board.
F. Closing the Information Gap: Ways to Improve Student Awareness of Financial Aid Opportunities by the National Student Aid Coalition.
G. Income Maintenance Programs and College Opportunity by Janet S. Hansen for the College Entrance Examination Board.
The Equality Center, a nonprofit tax-exempt organization, works to advance human and civil rights by addressing issues of importance to low-income families and individuals, women, minorities, the disabled and the elderly. The Center seeks to accomplish this goal through:

- Research and analysis;
- Education, training and technical assistance; and
- Monitoring the development and implementation of public policy.

Major activities of The Equality Center include:

- A study of civil rights enforcement in education which will recommend new approaches to enforcing federal civil rights laws;
- A project on sex equity and intercollegiate athletics;
- A project on teenage pregnancy and parenting;
- A contract to provide technical assistance to the U.S. Senate Committee on Labor and Human Resources on civil rights legislation;
- A project focusing on women in higher education, especially regarding student financial assistance; and
- A project regarding educational equity in the South.

The Co-Directors of The Equality Center are Margaret C. Dunkle and Cynthia G. Brown:

- MARGARET C. DUNKLE was the first Chair of the National Coalition for Women and Girls in Education. She was Director of the Health Equity Project, which examined sex discrimination in health services. She has also served as Special Assistant for Education Legislation in the U.S. Department of Health, Education, and Welfare, and as Associate Director of the Project on the Status and Education of Women at the Association of American Colleges.
CYNTHIA G. BROWN was the first Assistant Secretary for Civil Rights in the U.S. Department of Education. She has also served as Principal Deputy Director of the HEW Office for Civil Rights, Co-Director of the Federal Education Project at the Lawyers' Committee for Civil Rights Under Law, Program Associate at the Children's Defense Fund, and Coordinator of Planning at the University of Maryland.

The composition of The Equality Center's Board of Directors reflects the mission of the organization and includes persons knowledgeable about human and civil rights from a variety of perspectives. Board members are:

Linda Brown, Former Director
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Lawyers' Committee for Civil Rights Under Law

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Project on the Status & Education of Women
Association of American Colleges

David S. Tatel, Attorney
(Former Director, HEW Office for Civil Rights)

Margaret C. Dunkle and Cynthia G. Brown, Co-Directors
The Equality Center
APPENDIX B

Student Financial Aid and AFDC

The interaction between student financial aid and AFDC is complex and often punitive to recipients.

Disparities occur for two major reasons. First, the treatment of student aid by AFDC may vary according to the source of student aid funds. Second, the definitions of "allowable educational expenses" by the AFDC office and the student financial aid office frequently differ.

Regarding the source of funds, federal AFDC regulations state: "Any grant or loan to an undergraduate student for educational purposes made or insured under any program administered by the [Secretary] of Education shall be disregarded as income and resources in determining eligibility for public assistance and the amount of assistance."

This provision clearly includes most federal student aid funds — Pell Grants, Supplemental Educational Opportunity Grants, National Direct Student Loans and Guaranteed Student Loans. However, two other major federal programs (the College Work-Study Program and the State Student Incentive Grant Program) are not specifically mentioned. In fact, aid received under the College Work-Study program is frequently counted as income for determining both AFDC eligibility and the payment level.

In addition, there is no federal provision regarding treatment by AFDC of other kinds of aid, such as state or institutional aid. These are substantial and growing sources of college funding. For example, in 1984-85 states awarded an estimated 1.4 billion dollars in grant aid covering 1.6 million students in postsecondary education. Most of this aid, 85 percent, was awarded through need-based programs, the very programs that would benefit AFDC recipients.

Allowable educational expenses and living costs are also defined and treated differently by AFDC and student aid programs. Current AFDC regulations state that: "loans and grants, such as scholarships, obtained and used under conditions that preclude their uses for current living costs are not counted as income and resources in determining eligibility for assistance and the amount of assistance under the AFDC program. Any student aid funds used for current living costs are counted as income. (In some cases, funding for living expenses from the exempted federal programs is not counted as income; in other cases it is.)

Further, student financial aid is based on the assumption of a "modest but adequate" standard of living. According to a
publication of the National Association of Student Financial Aid Officers: "Extremes should be avoided; the aid recipient should live neither in luxury nor in poverty." Educational costs allowable in calculating student financial assistance typically include such living expenses as child care and commuting expenses, as well as basic educational costs (such as tuition, fees, books and supplies).

In contrast, the AFDC need calculation is much more stringent and based on a lower standard of living. For example, AFDC need calculations often include only a standard allowance for such expenses as books and commuting (even when documented expenses are higher) and may not recognize other increased costs to students. For example, child care may not be included in the AFDC family budget.

If a student receives financial aid sufficient to cover the costs as determined by the financial aid office, the "excess" cost over the AFDC budget can be viewed as "income" -- reducing the AFDC grant and perhaps eliminating eligibility for both AFDC and Medicaid.

Medicaid coverage, which accompanies AFDC eligibility, may be even more important than cash payments to a mother and her family. This is especially true for the many women receiving AFDC payments who were pregnant teenagers. Babies born to teenagers are twice as likely as other babies to be low-birthweight babies -- a condition that means they are more likely to die in infancy, and to have such disabilities as mental retardation, cerebral palsy, epilepsy, learning disabilities, and vision and hearing defects. Mothers of these children, with their high medical costs, cannot afford to risk losing medical benefits.

The regulations for the Pell Grant program, the largest student aid grant program, specifically include income from the AFDC program (and other income maintenance programs) in determining the effective family income of an individual or family for student aid purposes.

Some important obstacles to additional education by AFDC recipients could be eliminated by revising the definitions in the law across the board to make clear that all student financial aid funds (no matter what the source of funding) based on a federally approved needs calculation be disregarded in calculating eligibility and the amount of assistance under the AFDC and other means-tested programs (such as Food Stamps and Medicaid). This provision would make explicit in the law that student financial assistance -- including assistance from non-federal sources and assistance for other living expenses -- cannot be used to reduce AFDC or other awards or to eliminate a person from eligibility for these programs.
Following is draft legislative language which could put this principle into effect:

Any student financial assistance received pursuant to a need analysis approved by the Secretary of Education for determining eligibility for assistance under Title IV of the Higher Education Act shall not be considered income or resources for determining eligibility for assistance or the amount of the assistance payment under any other program funded in whole or part with federal funds.

Margaret C. Dunkle
July 1985

Footnotes to Appendix B

3. Franklin, p. 10.
7. Franklin, p. 9.
Women & Student Financial Aid

A college degree is a ticket to opportunity in America. Where once, women were finding that their economic security increased through occupational parity in positions requiring education. But the educational road to the American dream has a high price tag. Many students require financial aid to attend college and graduate school, but policies for awarding student aid do not benefit women and men equally.

Women are more likely than men to bear child, and other dependent care responsibilities, and to attend college as "older" (i.e., over age 25) students. Women working full-time in the past labor force earn less than equally educated men. These different educational and life patterns have implications for who does—and who does not—benefit from aid and the policies that shape those patterns and raise questions about how apparently equitable policies for awarding financial aid can be expanded.

This policy brief outlines some of these patterns and raises questions about how apparently equitable policies for awarding student aid can be expanded. It also offers opportunities to pursue college education.

Who Are Today's Women Students?

Today, over half of the 12.4 million postsecondary students in the United States are women. Over half of women students are older than the "traditional" 18-22 year old student, most are full-time students, but many attend part-time. Some are wealthy, but the educational goals of the women students are women. Over half of women students are older than the "traditional" 18-22 year old student, most are full-time students, but many attend part-time. Some are wealthy, but most are not. Most women are self-supporting, and many support children and other dependents, as well. Some are working to become teachers and nurses, some are doctors. Some are black, some are white, some are Hispanic, and some are Asian.

College attendance by women has increased significantly in the last decade. Thirty-five percent of women aged 18 to 21 were in college in 1983, up from 28 percent in 1972. The profile of women students differs from that of men students. The key causes of the differences are women's greater child and dependent care responsibilities and their lesser financial resources.

Women earn approximately 60 percent of what men earn. Two out of every three adults in poverty are women, and female-headed families have a poverty rate four times greater than that of other families with children. In 1980, close to half of the seven million female-headed families with children had incomes below the poverty line. About women than men students come from low income families. In 1984, 35 percent of freshmen women, compared to 26 percent of freshman men, came from families with incomes of less than $20,000 (see Chart 2).

There is evidence that freshmen women are twice as likely as freshman men to be self-supporting in a 1979 survey, 66 percent of freshman women, but only 34 percent of freshman men, were classified as self-supporting or "independent" students (see Chart 3). This is a crucial difference between women and men students, as self-supporting students must cover far more of their college costs.

Women are much more likely than men to bear child and other dependent care responsibilities. The over 6.2 million families headed by women in 1984—double the number in 1970—was for one-fifth of all families with children that year, up from one-tenth in 1970.

Tanya, aged 37, applied to law school after she graduated from college in 1970, but was not admitted because of admissions quotas on women—quotas that would be illegal today. Now, after working as a paralegal for ten years, she wants to pursue her dream to become a lawyer. She has been accepted by her state university and by a prestigious but more expensive private law school.
Women are more likely than men to postpone or interrupt their educations, due perhaps to their lesser financial resources, greater reliance on self-support, and responsibilities for dependent care. Women make up two-thirds of the 2.5 million students over age 34 (see Chart 1). Women re-entering college in adulthood are even more likely to have low incomes and need financial help to continue their educations.

Similarly, women are more likely than men to be part-time students. Among undergraduates, women and men are about equal in their part-time status. At the same time, two out of three college students over age 34 are women, and over 90 percent of these "older" college students attend part-time. Women graduate students are more likely than men to attend part-time (see Chart 4).

Juanita was at the top of her class when she graduated from college and married Jim. She worked to put Jim through law school and now, at a 30-year-old mother of two, she wants to enroll part-time in a master of business administration program. Her family and work responsibilities necessitate part-time enrollment.

Why Should Women Care About Financial Aid?

Women should care about student financial aid because it can mean the difference between getting a college education and not getting one. A college education can mean the difference between getting a good job, just getting by, and being poor. The degree to which student aid programs are responsive to the particular needs of women students can directly affect their and their families' future security. During the 1970s, women who had four years of college educations earned 25 percent more than women with high school diplomas.

All of the women in the profiles highlighted throughout this policy brief—Juanita, Mary, Beth, and Trudy—are pursuing the American dream of upward through education. But the educational dream has a high price tag. Postsecondary education of any type—university, community college, or four-year college—is one of the most expensive purchases many Americans ever make. In 1984-85, the average yearly cost of tuition, room, and board for undergraduate students was over $3,000 at public colleges and over $7,500 at private colleges.

Those high price tags force approximately 51 percent of today's college students to rely, at least in part, on some sort of student aid. Three-quarters of students at private colleges and 51 percent of students at public colleges receive some form of student aid. Further, rising educational costs have made student aid important for middle-income as well as low-income students.

High school graduates of the class of 1982 are at serious risk of falling short of their educational ambitions. Fifty-seven percent of the students planning to attend four-year colleges and 63 percent of the students planning to attend two-year colleges.

Income Awards to Women and Men in Selected Fields, 1981-82

<table>
<thead>
<tr>
<th>Field</th>
<th>Women</th>
<th>Men</th>
</tr>
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<tbody>
<tr>
<td>Social Sciences</td>
<td>51.4%</td>
<td>26.9%</td>
</tr>
<tr>
<td>Business</td>
<td>73.1%</td>
<td>53.8%</td>
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264
public colleges and 12 percent of those planning to attend four-year private or degree-reported sending student aid.

More women than men report that financial aid is important in making college choices. In 1984, 22 percent of freshmen women, compared to 18 percent of freshman men, reported that the availability of student financial aid was a major reason for their attending a particular college. Sixteen percent of freshmen women, compared to 12 percent of freshman men, indicated that financing their college educations was of major concern (see Chart 63).

Do Women Get Their Fair Share of Student Financial Aid?

Although the figures on women and student financial aid are not yet in, however, it appears that women sometimes receive less financial aid because students aid programs have been designed with "traditional" students in mind, and women are more likely than men to be "nontraditional" students. As we have seen, women students are more likely to attend part-time, to be self-supporting, and to have postponed or interrupted their education. In some cases, lack of family's lower incomes and higher child-care expenses, their resources are fewer and their costs greater than men's.

Many women who might qualify for student aid never apply because they do not realize that they are eligible for it. Most information about student aid is distributed by aid's high schools. Women, who are more likely than men to re-enter college after the age of 22, are less likely to have access to information or about their college and career options. Single mothers and displaced homemakers have reported that the lack of information about educational services and student aid programs has been a major obstacle to their exploration of educational opportunities.

Overall, the student aid situation for women is mixed. On the one hand, more women than men receive student aid (see Chart 71). On the other hand, women students' awards are often smaller. Among self-supporting students at public colleges in 1980-81, women students received smaller grants than men students, and a smaller proportion of their college costs covered by grants (see Chart 81).

Women receive less aid than men at both private and public colleges. In 1980-81, for example, loans covered an average of 28 percent of women students' costs, but 30 percent of comparable men students' costs, at public institutions.

Low-income women are less likely than low-income men to receive Guaranteed Student Loans. Four percent of low-income women, compared to 10 percent of low-income men received Guaranteed Student Loans in 1980-81.

<table>
<thead>
<tr>
<th>Year</th>
<th>Women</th>
<th>Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980-81</td>
<td>4%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Women graduate students receive less financial aid than do men, and have greater reliance on self-support. Further, women in graduate school are more likely to hold teaching assistantships rather than research assistantships that provide greater opportunities for professional advancement.

Women are more likely than men to be part-time students, who are excluded from receiving certain types of aid and are sometimes charged higher rates of tuition and maximum per-semester fees. Eligibility for Pell Grants, Guaranteed Student Loans, and National Direct Student Loans is restricted to students attending at least half-time (six credit hours), and institutions may only 10 percent of their allocations for the College Work-Study and Supplemental Educational Opportunity Grant programs for aid to less than half-time students.

Perhaps the biggest problem for women re-entering college is covering their child-care costs. Current federal student aid regulations allow campus student aid officers to ignore child-care costs in calculating student need—a factor that affects primarily women. Yet the few additional aid dollars that would allow these women to pursue their educations would pay for themselves very quickly.

In increased tax revenues, a woman college graduate earns over $200,000 more over her lifetime than a woman with simply a high school diploma.

Mary, a recently divorced mother of three, plans to enroll in a hotel management program at the college in her hometown. She now earns $9,800 as a secretary and needs a college degree so that she can improve her job prospects and earn more money. Her college expenses will include child-care costs for her three young children.

Women student, especially those who are older than the typical 18 to 22-year-old student, report that child care is vital to both their education and their employment. In a 1976 study, two-thirds of the women students at an urban university who had re-entered college reported that they had children at home. At a college in the University of Michigan...
found that over one-fifth of its women students would seek more employment or education if child care were available.

This problem has been a challenge for many meeting childcare needs. The University of California, Berkeley, in 1994, found that having and paying for adequate child care was a "serious" or "very serious" problem for very low-income women.

Both, a single parent, became pregnant in her junior year in high school and dropped out when her baby was born. Now, three years later, she has earned her General Equivalency Diploma and wants to take special classes at the local community college so that she can get a job and get off AFDC (Aid to Families with Dependent Children).

Of 72 percent of the women resentful as they have to go out to work to support their families, AFDC (Aid to Families with Dependent Children) programs in school were in 1984. These women are often penalized financially if they enroll in college, because student financial aid is frequently considered "unearned" and may make them ineligible for continued welfare benefits. The same is true of many other federal and state financial aid programs. Most institutions of higher education in general do not have well-defined policies for or need to consider the special needs of these low-income women. This is a major problem in the Long Range, since higher education is generally seen as the dependable route to economic security and financial independence.

Conclusion

This policy brief is intended to act as a guide for future research on student aid. Although it is unlikely that certain student aid policies were intended to discriminate against women, it appears that those who formulated them did not take into account the special needs of these women students as they move through the university and into the workforce.

As we have shown, student aid policies that respond to the needs of women students are important in meeting their participation in American higher education and in enhancing their poise-in America. Women students and their families are crucial participants in American higher education and in enhancing their poise-in America. During the 92nd Congress, current student financial aid programs were reviewed and debated in the House and Senate, with proponents and opponents arguing about the need for more aid. Members of Congress concerned with student aid programs may consider the opportunity to establish student financial aid policies and programs that will meet the needs of women students.

Federal Student Aid Programs

Federal student aid programs help students meet their college costs through grants, scholarships, loans, and work-study programs.

- Pell Grant program is the largest education program in the United States, which gives grants to undergraduate students based on their financial need.
- The Work-Study program provides part-time, low-cost loans to both undergraduate and graduate students.
- The National Direct Loan (NDL) program, and the Supplemental Educational Opportunity Grant (SEOG) program are administered at the campus level. The NDL and SEOG programs are available to students as well as undergraduate and graduate students. Institutions use 10 percent of their allotment for the NDL and SEOG programs for aid to students who earned less than half-time (4 or credit hours).

Selected sources


This policy brief was prepared by the AAMC Public Policy Department, 2400 Virginia Avenue, N.W., Washington, DC, 20037, 202/785-7721
APPENDIX D

SELECTED PAPERS PRESENTED AT THE APRIL 1985 SMITH COLLEGE CONFERENCE ON "WOMEN, WELFARE AND HIGHER EDUCATION: A PUBLIC POLICY CONFERENCE."

D1. "Who Does She Think She Is: Notes on Having Our Cake and Eating It, Too" by Ann Withorn.


Copies of the conference proceedings are expected to be available in the winter of 1985. For further information, contact Martha Acklesberg, Smith College, Northampton, Massachusetts 01063.
WHO DOES SHE THINK SHE IS?
NOTES ON HAVING OUR CAKE AND EATING IT TOO
ANN WITHORN

This collection of papers, like the conference out of which it arose, exists because some people in the academy finally noticed what poor women always knew, that the resources women need to maintain and advance themselves and their families do not match - by a wide margin - what is provided by welfare policies.

I also see this disparity and wish to suggest here that both of the major competing ways of viewing poor women and of designing welfare programs ultimately fail to respond to the problems low income women face. The directions I offer as alternatives - although they may seem unrealistic or even utopian - strike me as necessarily part of any long range plan to end women's poverty, or to create a better role for institutions of higher education in relationship to poor women.

THE UNDERLYING DILEMMA

I draw on two sources. My training in social policy analysis and my daily experience examining the history and current implementation of social welfare policy from a socialist feminist perspective is one. Currently, I am
looking at conservative ideology and its historical influence on the welfare state. I am also editing a collection to be called *For Crying Out Loud: Women and Poverty in the U.S.* Preparing the latter book has been instructive, especially in regard to the shallowness of attention currently being given to women's poverty. The most common comments from publishers who rejected our manuscript were, "Can't you make the topic more upbeat?" "Isn't there some way to make it more positive, less depressing?" They seemed deaf to the complexity of the issues for different groups of women - blacks, Latinas, older women, lesbians - as well as to the criminal inadequacy of our current "solutions" to the problem.

My second source results from eight years of teaching students at a college for human service workers and service recipients (from 7 to 15% of our students are on welfare) at the University of Massachusetts/Boston. My work with our welfare rights group, and numerous conversations with women on welfare at the school, have educated me in the problems women face when they try to go to school while living below the poverty line.

Indeed, it is from just such a conversation in one of my classes that I find a title and a focus for my paper. The class was called "The Circle Game: Human Services in Massachusetts".
Four students were meeting to discuss their joint project on employment programs. That evening Jeannie, a 26 year old white woman on welfare with 3 and 7 year old children, explained that she was applying to social work schools for the next fall, so that she could go to graduate school before the welfare department started to "harass her about getting a job". Even her soon-to-be-earned BA degree would not gain her a job with the adequate pay, benefits and flexibility she needed to care for herself and her children, she said.

As Jeannie talked, her fellow students grew increasingly agitated. Finally, Gary, a 30 year old white youth worker exploded with anger: "You've already been on welfare while you got a Bachelor's degree and now you think I should support your Masters degree too! I can't go to graduate school for years because I work for a living!"

Kay, a black welfare worker, who had once been on AFDC herself, was also critical, "Sure, recipients usually get a bad deal, but who do you think you are? This is going too far. You can't reasonably expect the rest of us working people to be happy about your getting what we can't have!"
As the conversation simmered, then boiled, Jeannie kept repeating that she had been legitimately eligible for financial aid to attend school. Earning her degree had not been easy, she protested, even though she entered after almost two years of prior work at a community college. She repeated how much money and benefits she needed to care for her children and how only a Master's degree could yield that salary in human services. She insisted, too, that she had a right to welfare and that, if she could manage and go to school, it was her business.

Finally, Pat, a white social service worker with years of community experience spoke up, “I know what you say is true about the job market and child care costs”, she admitted. “But somehow it doesn’t seem right to me - it sounds like having your cake and eating it too.”

To me, this discussion embodies many of the conflicting social values that underlie our society and its social policies, and which make the “intersection of education and welfare systems” such tricky ground. Let me explain.

There are two dominant but competing and differentially inadequate approaches to women, welfare and education which define our current social policies. The first I call the “Who
Do You Think You Are?” approach. It characterizes our notional administration, and unfortunately, much American popular opinion. One has only to read either the social science studies of popular attitudes or listen to the talk shows should there be doubt. The second, I call the “Be reasonable and accept as much as we can afford to offer” stance. It is embodied by most of what we call “liberal” professionals, including the Dukakis administration in Massachusetts. Without repeating all the statistics about women’s increasing poverty or the specific inadequacies of current programs, I want briefly to examine each of these ideological perspectives in terms of its arguments about (a) why women are poor (b) the nature of dependency, (c) what women need in order to overcome poverty and (d) the role of higher education in this arena.

Finally, I want to suggest a rationale for, and some elements of, a perspective I call “Having Our Cake and Eating It Too.” It is a position that, in my opinion, responds more adequately to the “realities” facing poor women, in stead of to the so-called realities policy makers think they themselves face.

WHO DO YOU THINK YOU ARE?

“Who Do You Think You Are” is the Reagan Administration’s position, as expressed by its own spokespeople and as
frequently delineated by writers for the Heritage Foundation, the Hoover Institute and other conservative think-tanks.\(^2\)

The basic argument goes like this: we have always had poverty and we always will, as part of a dynamic capitalist economy. To accept the benefits of this economy we must accept the immutability of poverty. Lest we feel troubled by this situation, we can be consoled by the “fact” that most poverty in a healthy economy is merely the result of individual misfortune, of temporary “blips” in the economic picture. (How so much human misery can be dismissed as a blip on some economic radar screen?) Poverty can also be the natural result of the first stage of assimilation for immigrants.

Women, in particular, are primarily poor because of bad luck, poor choice of mate, or “dysfunctional reproductive behavior”.

From this perspective, then, the problem is not poverty, as such, but dependence upon the state. Women on welfare are a drain on societal resources, moreover, a bad example to others. Accordingly, they constitute a serious “social problem”. Single women have been forced into (or “lured into”) what George Gilder calls the “womb of welfare”. Welfare programs, in turn, weaken individual initiative and
self esteem, all the while making women less willing to make the "compromises necessary" to live with men - according to New Right psychologist Harold Voth in *The Castrated Family*.3

Worse, welfare programs allow women to live without men and simultaneously make them feel unable to do anything without government support. Finally, their children are offered no models for success in America.

The New Right’s goals are obvious. At best, a woman who finds herself poor should immediately marry a successful male breadwinner, stop working outside the home, or at least stop making a big issue out of it. Failing this, she should accept being "poor but proud" and work at whatever jobs she can find without governmental assistance. My grandmother, for example, took in laundry to avoid the "dole"; now, perhaps she would install a home computer terminal and do "piecework" after the children fall asleep.

But, since so many women have already "fallen into" welfare, they must now be quickly "weaned from the state" (our womb is down a hole and has breasts, is this how the metaphor works?). This cannot be slow, however, with gradual reduction of benefits, as the "coddlers" would have it. No, it must be done with a terrible swift sword before the "cycle of dependency" is genetically encoded. As we saw with the 1982 Omnibus Budget Reconciliation Act (OBRA) cuts, for
example, the aim is to make welfare so undesirable that only
death is an alternative - not physical and emotional
exhaustion of the woman, latchkey children, or inadequate
child care. One high level official in state government, for
instance, actually asked whether the cuts were justified by
the lack of deaths after OBRA was enacted.

The remaining unfortunates have fallen from a status as
the "truly needy" to being labelled an "underclass" rather
quickly, perhaps because too many people might reasonably feel
"truly needy". They must be dealt with firmly and
unsentimentally. Society's obligation to them is the
provision of minimal benefits: "who do they think they are to
expect more?" The application of every imaginable pathology
becomes legitimate - from "dependency syndrome", to "lack of
motivation", to "poor life skills" or "poverty prone". Properly diagnosed, their very existence stands as massive
negative reinforcement - along with quarterly
redeterminations, forced work programs, longer distances to
welfare offices and other forms of bureaucratic harassment -
for women contemplating AFDC as a means of supporting her
family.

Under this model, education is only grudgingly provided
for short term basic skill training - to get women into low
level jobs. Four-year institutions of higher education have
little or no direct role with recipients. They are, of course, allowed to do research that identifies single parent families - not poverty - as the problem, or to study ways to reduce "dependency needs" among welfare recipients, or, most universally, to delude young women from imagining the possibility of welfare in their future. If by some chance a woman on welfare actually is accepted into college, she is to be treated just "like everyone else" and not provided with extra "coddling". Women on AFDC in such institutions learn to keep very quiet about their status. Here the Reagan cuts in WIN, CETA and programs like the Women for Higher Education in New Hampshire show what is now unacceptable.6

BE REASONABLE

For most of the readers of this volume I am probably beating a very alive but unappealing horse. It is the "Be Reasonable, Accept as Much as We Can Afford to Offer" approach which finds resonance in many of us. And surely, in comparison with our first option, it is more appealing, sweet reason itself - there being no other possibilities. Here we have a liberal, professional concern for poverty as structural, as resulting from inequities in the labor force's preparation and from discrimination and historical patterns of inequities in job opportunities. For women, poverty is viewed as an increasing problem, resulting from the interaction of
"socialization" with limited training and work experience as well as from the real lack of well paying jobs. And child care and educational supports are recognized as necessary parts of the solution.7

As far as it goes, who could disagree?

But dependence on welfare is still viewed as undesirable from this perspective, because of its high social cost and the problems "inevitably" associated with welfare status. Among these seemingly immutable circumstances are: persisting poverty on the rolls, lack of dignity, lack of control over one's life, association with undesirable peers in poor neighborhoods. Rather than presenting such difficulties as the creation of social programs, they are, instead, offered as justification for the argument that "independence" in the job market is the sole short and long range solution.

Therefore, the primary "Reasonable" solution, too, is to get women off welfare, away from public dependency - the identical goal of its "Unreasonable" twin. Employment in almost any job is still assumed to be a better "choice" than welfare, with the recognition that child care and health benefits may often be "temporarily" necessary while the family adjusts to the wage economy. The highest goal may be "compassion", not harassment, but, of course, only to the degree that compassion is politically and economically
feasible, and its perpetrators retain the right to control the substantive meaning of such concern.

Professionalism, with its so-called knowledge base, built upon "scientific" research, provides the underlying rational for this approach. The problem is studied, causes identified, and interventions suggested, all with the aura of detached "objectivity". Recipients are examined as to their motivation, their employability, the potential utility of training or educating them. Women on welfare are neatly sorted into categories, often under the guise of highly questionable "assessment techniques" which attempt nothing less than to "channel their preferences into realistic directions".

Education can be supported under this approach, but again, only within narrowly reasonable limits, as a means to assured employment. Not surprisingly, then, not only conservatives balk at support for 4 year degree programs - much less Jeannie's graduate program. The reality is that even the best employment and training programs have moved as quickly as possible to help women "restore their dignity" by getting off AFDC - escaping from the very programs which another branch of the Welfare Department duly administers!

Educators (and I must share guilt here) have often been forced to promise that degrees will lead to jobs - an
overstatement for any student anywhere, let alone for a single female head of household. The danger here is that, in order to show "success", we will be tempted to search diligently for only the "academically able" students. Therefore, women with middle class backgrounds and prior educational experience will be admitted, will pose no dramatic challenge to our standard processes, and may even be very grateful to us for the opportunities we offer. Once again, women described as having less academic "potential", and women with less faith in their own capacities for educational achievement, will be counseled into the narrow training or employment programs that will keep them poor. And also once again, patterns of racism and classism will be perpetuated while the academics wonder why.

Educators, particularly, should see the limitations on the human, as well as employment, potential of policies that promise to "support educational opportunities up to a reasonable point," or that set "realistic limits" on how much financial support women on welfare may receive to attend school. "Reasonable and realistic" for whom? we must ask ourselves.

HAVING OUR CAKE AND EATING IT TOO

The inadequacies of both competing perspectives lead me to suggest a third option. The title is less facetious than suggestive; it asserts that, only by questioning whether there
is a “problem” of dependency instead of a problem of inadequate support for the necessary work done by women, will we begin to address the range of needs of poor women.

Very briefly, then, “having our cake and eating it too” is a strategy which sees poverty as resulting from systematic undervaluing of some workers in this economy - resulting either from a so-called lack of “demand” for their labor, or from discrimination in all its complex manifestations. The crucial element which generates women’s poverty is not only extreme undervaluing of women’s paid labor, but the total economic denial of the caregiving work assigned to most women by gender, which they often experience as deeply satisfying as well as terribly difficult.9

I am refer here mainly to childrearing work, but I could include the unpaid work women provide in caring for elderly or disabled relatives, not to mention husbands. In such a context, AFDC can be seen as the woefully inadequate public payment we provide a woman for the care she gives to her children. For a woman to have real choices, welfare must be viewed as a right she can always choose - whether her children are teenagers or toddlers. The inherent difficulties involved when a single parent cares for her family, make assuming another job - either paid employment or acquiring an education - a brave undertaking indeed. Doing so should merit a full
array of supports and rewards (the Russian "Mother Heroes" come to mind), rather than all the derogatory remarks and condescending stereotypes so often bandied around.

Within this alternative framework, "dependency" is but another word for getting what you need and have a right to, in order to live. It is neither pathological nor demeaning. Receiving welfare should be no more stigmatized than "depending" on an employer to provide a job or a mate to share his income. A woman requiring resources should be encouraged to make the choice to receive welfare benefits not out of "compassion", but because it is a societal obligation to provide compensation for the valuable work she is doing. She should also be supported in choosing paid work and education, with the recognition that it is always done in addition to her essential caregiving work.

In sum, Having Our Cake and Eating It Too has several long term implications:

(1) It means reasonable benefits for child rearing - either through an upgraded welfare system (like the current demand for "up to the poverty level" welfare benefits) or more effectively, as Deanne Bonner thoughtfully suggests, through a system of caregivers' wages - which provide a base of concrete economic respect for the work women do. It is disconcerting that so much discussion, even among feminists, has shifted to
the question of employment and away from demands for more extensive, life-sustaining, benefits. Granted, many women want, and need, paid employment, but until the welfare system provides a supportive economic base from which a woman may seek such employment, job training programs and “work incentives” are a cruel sham.

(2) It means a demand that full-time work for everyone—men and women—be set at 25 to 30 hours a week, with pay equity. This is a necessary step if there is to be time for real shared caregiving among women and men. It would also allow more female heads of households to be employed and care for their family without the economic or social discrimination inherent in “part-time” jobs. Finally, it would provide more time for the structural recognition of the long hours and emotional energy involved in caregiving.

(3) It means that childcare and homemaker services be based on the need to reduce the overload of women’s caregiving, and not be tied only to the release of caregivers for other (paid) work.

(4) Finally, it means that educational support for women on welfare should be as much a priority as full-time jobs. The figures given elsewhere in this volume are compelling: education is a critical component of women’s success in the job market. Any program that truly aims to end
women's poverty must address the serious needs for education among poor women.

These demands are not fully developed, nor are they likely to be met tomorrow. Acknowledging them as legitimate goals for everyone which are not yet met for anyone, would certainly ease the kinds of tensions that surfaced in my classroom. Educators have often talked about the need to nourish the mind along with the body. Now we must develop programs which allow women reasonably to eat their educational cake, and change the attitudes of the rest of society about their doing so without pleading personal "exceptionality". It is also possible to begin insisting on a woman's right to keep a cake - not just today's unleavened bread - of adequate support in order to care for her family while she feeds her mind. Indeed, such demands suggest that these changes are needed for everyone - not only women on welfare. I close by recommending Jeannie's final answer to her inquisitioners:

"Listen", she reasoned, "I think we should all be able to get these things. Why accuse me for making the best I can out of a bad situation? Why don't we all insist on decent jobs and benefits that allow us to support our families and the education we need to get them? Why blame me for simply asking for what we all deserve?"
FOOTNOTES

1. I have written about Massachusetts and national welfare policies in *The Circle Game: Services for the Poor in Massachusetts 1966-1978* (Univ of Massachusetts Press, 1982), and about the possibility of linking social service practice and policy with radical politics in *Serving the People: Social Services and Social Change* (Columbia University Press, 1984). My current research is for a book entitled, *Fears of Dependence: The Conservative Critique of Social Welfare and Its Implications*. The *For Crying Out Loud* collection, on women and poverty in the U.S., is co-edited with Rochelle Lefkowitz and due for publication in Spring of 1986 by Pilgrim Press.


3. For a powerful critique of both George Gilder and Harold Voth see my source for these citations, Allen Hunter, "Virtue With A Vengence: The Pro-Family Politics of the New Right" (unpublished Ph.D. dissertation, Brandeis University, 1984).

4. See a recent unpublished MIT Masters in Planning thesis by Marian Darlington Hope, "The Effects of The OBRA cuts in Massachusetts" for a study of the individual effects of these cuts.

5. I have always wondered why we spend so much time studying what makes people "poverty prone", and so little examining what makes people "wealth prone".

6. Here I am drawing upon a yet unpublished study by Ann Coles, "Getting Out From Under: The Prospect of Education, Training and Affirmative Action as Ways Out of Poverty", to be included in my book *For Crying Out Loud*, which also analyzes these cuts.

7. For good examples of the "Be Reasonable" perspective see the Massachusetts Department of Public Welfare 1984 Report as well as most of the articles in *The New England Journal of Human Services* over the past four years.

8. I am particularly indebted for this conceptualization to Deanne Bonnar and her 1984 Brandeis dissertation, "When the Bough Breaks: A Feminist Analysis of Income Policies for Women" and to ongoing discussions with Betty Reid Mandell and Mary Jo Hetzel.

9. Again, see Deanne Bonnar's dissertation, and her upcoming articles in *For Crying Out Loud* for a fully elaborated discussion of the idea of "Caregiver's Wagea".
AN "HONORABLE INDEPENDENCE":

THE NEED FOR WOMEN'S HIGHER EDUCATION IN THE EIGHTIES*

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May 1985

* The phrase "Honorable Independence" was Catherine Beecher's. In the 1840's she urged young women to go to school in order to be able to support themselves if the need arose. See Barbara Miller Solomon, In the Company of Educated Women. (New Haven: Yale University Press, 1985), p. 32.
I. Introduction

Although female college graduates earn only as much as male high school drop outs, a college education for women is far more critical than ever before. The growing numbers of women fully responsible for their own and their children's financial needs mean that the ability to be financially independent, to be able to earn what I'll define later as a family wage, has become a necessity for an unprecedentedly large number of women. Higher education is women's surest route to financial independence. Section II describes why the ability to earn a family wage has emerged as a necessity for many women. Section III spells out the relation between higher education and a family wage. Section IV takes a public policy perspective, examining the private and social rates of return to higher education for women. Section V shows how governmental assistance is required to realize the benefits of higher education described in Sections III and IV.

II. The Importance of a Family Wage for Women Workers.

Women have had to endure low wages since the beginnings of wage work in America. In 1815 women's wages in agriculture and domestic activities were less than 30 percent of male wages. (1) Industrialization and the division of labor expanded employment opportunities for women, causing the average ratio of female to male wages to rise. This ratio reached its current level of approximately 60 percent by 1885 and has remained virtually
unchanged in the one hundred years since. (2)

This low ratio of female to male earnings means that the absolute level of women's earnings is and has been quite low. In 1982, the median income of year round, full time women workers was only $13,663. For all women workers the median was only $5,987. Less than a third of all working women earned more than the poverty level for a family of four in that year, $9,862. (3)

In the past the full effects of these low wages were softened for many women by their family connections to male wage earners. Although the first substantial female labor force boarded in corporate dormitories, this arrangement was atypical. It was much more common for single women wage earners to live with their parents. In rural Berkshire County Massachusetts in the 1880's, approximately 75 percent of female cotton and woolen mill workers resided with their parents. (4) In urban areas where a greater variety of paid employments reduced the necessity of moving, 84 percent of female factory workers lived with family members. (5)

While not without costs, these family connections permitted some women to live well and perhaps even indirectly benefit from the restricted wage earning opportunities for women. (6) The women without family connections to a male wage earner, however, faced grim prospects. The titles "widow" and "woman adrift" (single women not living in families) became virtually synonymous with "the poor". The situation was harshest for women with dependents to support since the most common occupation for single
women without an attachment to a male wage earner, domestic service, was often closed to women with dependents. (7)

The continuity of women's low wages has meant the continuity of the connection between women's independence and women's poverty. The only change is that today this poverty directly affects or threatens a far larger proportion of women. There were 137 divorced women for every 1,000 married women with husband present, more than double the 1970 figure of 60. Approximately 25 percent of all households added between 1980 and 1984 were families maintained by women. Thirty-seven percent of women 25 and older live apart from a spouse. Over half of all female householders under age 35 have one or more of their own children under age 18 living with them. Moreover, with approximately one out of two marriages currently ending in divorce, even those women who now have access to a male wage must prepare for the possibility of having to support themselves and their children on their own earnings. (8)

It has become crucial to a far larger proportion of women, then, that they have the opportunity to earn an adequate wage. I would like to refer to the adequate standard as a "family wage." I define a family wage for women workers as enough money to cover the cost of essential goods and services for herself and her dependents. Over and above the items generally recognized as essential, the family wage for women workers concept takes explicit recognition of the dollar value of child care services which working mothers must purchase. For purposes of discussion I set the family wage at approximately $15,000. In 1982 only
16.6 percent of women with some income received this princely sum or more (9).

III. Higher Education and a Family Wage for Women.

High levels of formal schooling have been an important route to a family wage for women since the earliest days of women's education. In the declining farm regions of New England as early as 1820 parents sought education so daughters might qualify as school teachers. (10) In the latter half of the nineteenth century women flocked to high school and evening classes in typing and stenography to qualify for the newly opened clerical opportunities for women. (11) By the turn of the century women outnumbered men in the high schools to prepare for the better paid, more pleasant jobs in the emerging white collar occupations. (12)

College educated women today enjoy the same employment advantages as did their well-educated great-grandmothers. In 1982 median earnings for full-time, full-year women wage earners with four or more years of college was $19,417 while the comparable figure for high school graduates was only $13,240. (13) Moreover, college educated women had an easier time finding jobs. Female college graduates experienced an unemployment rate of only 2.7 percent as compared with 6.3 percent for their high school educated sisters. (14) College education results in higher earnings for women primarily by helping them qualify for
the better paying occupations. Women who did not go to college occupy only 22 percent of managerial and professional jobs even though they account for 59 percent of the female labor force. By contrast, women with four or more years of college held 59 percent of jobs in this sector while their share of the total female labor force is only 21.7 percent. (15)

In 1982, full time, full year women in management and professions averaged $17,326 and $18,423 per year respectively. Comparable workers in sales and clerical, the sectors to which female high school graduates are relegated, averaged only $11,002 and $12,693 respectively. (16) Thus, a college education is essential to women's ability to earn a family wage.

Moreover, future prospects for women's employment in management and the professions are bright. Barriers against women in these occupations have fallen far more than in any other area. An index of sex segregation by occupational group finds that in the professions and management the degree of sex segregation was lower than in the labor force generally in 1970 and declined more rapidly between 1970 and 1979. Among professional and technical workers the index declined from 58.8 to 52.2 while among managers and administrators (except farm) the decline was from 50.7 to 40.2. (17) While there has been some restructuring of jobs in this sector which has reduced the autonomy and rewards in these jobs relative to what had been the case before 1970, nonetheless these jobs are still far better than traditional opportunities available to women. (18) By contrast, in highly skilled blue collar craft work the degree of
sex segregation in 1970 was greater than in the workforce generally. Between 1970 and '77 the degree of sex segregation in this sector actually rose slightly from 85.1 to 86.3. (19)

IV. Rates of Return to Higher Education for Women.

The advantages of a college education for women described above can be more precisely summarized with the rate of return to education concept. The rate of return to education is a more precise measure of the impact of education on earnings because it attempts to standardize for factors such as experience, on-the-job training and ability which also influence the level of wages. Of the two techniques used to empirically estimate the rate of return to education only one, the earnings function approach, results in reliable measures of the impact of education on women's earnings. (20) Using this approach Madden found that completion of college raised wages for white women by 26.6 percent and for black women by 51.5 percent. These rates are quite substantial and considerably larger than the 16.6 percent increase for white men and the 13.2 percent increase for black men. (21) Madden also compared the returns to a college education with those for high school and found that college graduation had a higher payoff than high school graduation for both men and women but, "the difference was considerably greater for women than for men." (22)
A careful review of this and other rate of return studies concluded,

"The results of these studies, although they must be interpreted with caution, suggest both the differential importance of educational investment for women...." (23)

Thus far I have discussed only private benefits, the advantages of higher education which can be directly appropriated by the individual who goes to school. But properly, all benefits accruing to the larger society should also be included in any measure of the returns to women's education. It has been shown that educated woman's children benefit in terms of increased scholastic performance. (24) Another social benefit of women's higher education is the reduced probability of college educated women becoming dependent on public welfare. In 1982, 29.5 percent of female household heads who were high school graduates lived below the poverty level, while among those with one or more years of college the rate was only 17.3 percent. (25) The implicit savings in AFDC and in all the other need-based programs such as Food Stamps, WIC, Housing Assistance, Low Income Energy Assistance, Medicaid, Child Nutrition and Head Start, attributable to women's college education must be properly included as a benefit. Also, the lower unemployment rates of college graduates imply savings in unemployment compensation.

In summary it appears that women's higher education represents an attractive investment opportunity yielding benefits to the one who undertakes the education and to the larger society.
V. The Necessity of Public Support of Higher Education.

Despite the substantial private and social benefits of higher education for women, a disproportionately large number of able women are unable to attend college. A detailed study of the high school class of 1972 found that 42.9 percent of white males but only 38.3 percent of white females attended college. Among the well-to-do college attendance rates of men and women were similar, but as family income fell, far more women than men found it impossible to attend. (26)

While the enrollment rates of women have grown faster than those of men since 1972, this enrollment growth has been concentrated in public, two-year institutions offering low tuition. The rapid enrollment growth in this sector has meant a drastic redistribution of the female college population. In 1970 only 25 percent of female college students were enrolled in public two-year institutions. By 1981 the proportion was 41 percent. (27)

As this evidence suggests, women college attendance is more sensitive to tuition and family income than men’s. The reason for this seems to be that women’s opportunities to finance a given tuition bill are more restricted than men’s. (28) Women’s wages are lower, thus it takes more hours in the market place to accumulate a given amount of money. Women are far less likely to have veterans’ educational benefits. Student financial aid covers a smaller share of college costs for female than for male recipients. (29) These factors result in substantial gender
differences in the impact of economic factors on college attendance. They imply that public subsidies to women's education are needed to affect true equality of educational opportunity.

V. Conclusions.

Higher education is the most straightforward route to the "Honorable Independence" which has become a concern for so many women. Moreover, higher education for women offers substantial private and social rates of return. But public assistance is needed to enable many women to take advantage of these opportunities. Expanded federal and state aid to women's higher education can help ensure equality of educational opportunity and promote equality of opportunity in the labor market.
NOTES


Educated Women, pp. cit.


(15) Ibid., Table 2.


(17) Val Burris and Amy Wharton, "Sex Segregation in the U. S. Labor Force," Review of Radical Political Economy 14 (3) (Fall 1982), 50. These numbers are derivatives of the Duncan index of segregation. It was calculated for each of ten major occupational sectors, computed as the ratio of the proportion of the total index of segregation attributable to occupations within a given major occupational group divided by the average proportions of the total male and female labor forces employed within that major occupational group. The index varies between zero and one hundred with values for an occupational category higher than the average for all occupations indicating disproportionately high degree of sex segregation in that occupational category.

(18) Michael J. Carter and Susan Boslego Carter, "Women's Recent Progress in the Professions, or Women Get a Ticket to Ride After the Gravy Train Has Left the Station," Feminist Studies 7(3) (Fall 1981): 477-504.

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(22) Lloyd and Niemi. The Economics of Sex Differentials. op. cit., p. 119.

(23) Ibid.


INTRODUCTION

Recently I have had the good fortune to meet with the field staff of the Massachusetts Department of Public Welfare. During these informal sessions, I learned a number of things about their attitudes concerning their careers with the Department. One of the most notable in regard to our theme is that they generally do not, by their own admission, acknowledge that they work for the Department. Rather, they use creative euphemisms like "I am a State employee" or "I'm in Human Resource Development." Sadly, they have learned that to publicly indicate that they work for the Welfare Department precipitates lengthy, sometimes hostile, diatribes that are occasionally personally abusive. In many instances they seem to feel that they suffer as much of a stigma by participating in the administration of the Aid to Families with Dependent Children Program as do the clients themselves. However, the abuse that we in human Services experience is in no way parallel to the mistrust, hostility, and dehumanization that the clients experience. Since it is safe to assume that most people do not generally cause conflict with others without serious provocation there must be something about "public aid" or "welfare" that precipitates these attacks. The word "welfare" has come to be synonymous with criminality, the undeserving, indolence, laziness, immorality and poverty.
It is the purpose of this paper to attempt to explore the mythology that imprisons the welfare recipient. We will consider nine statements that are generally regarded as facts by the American public. We flatly assert that these statements are largely mythological. These nine myths by no means begin to exhaust the possibilities for distortion and misunderstanding, but do highlight current folklore about welfare.

These myths are:

1. The majority of people who receive public assistance are able-bodied adults who don't work because they don't want to?
2. Families receiving welfare remain "on the rolls" for generations?
3. People move into Massachusetts for the sole purpose of collecting welfare benefits?
4. Most welfare recipients are Black or other minorities?
5. Large numbers of women have babies for the sole purpose of making themselves eligible for welfare benefits?
6. Most welfare mothers go on welfare as teen-agers?
7. The majority of people on welfare try to cheat the system?
3. AFDC grants provide money for luxuries?

and

9. The majority of welfare recipients have not completed high school.

Of course these are true statements, almost everyone says they are, but are they?

**Public Policy on Assistance**

Let us look at the history of the American public welfare system with particular emphasis on Massachusetts. We will identify the recurrent themes and attitudes which are entrenched in these commonly held concepts.

The American welfare system reflects English seventeenth century thought regarding poverty. This mode of thinking can be traced back over 2,000 years before the Colonists settled in the new world. Reflecting on the implication of mass poverty on the well being of the Greek Republic Aristotle wrote "poverty is the parent of revolution and crime". Subsequently, the advent of Christian thought and principles dramatically altered attitudes toward the poor. Christ taught that it was more blessed to "Give than to receive." This gave the fortunate an opportunity to use the previously wretched and offensive "poor" as a means of redemption. However, the poor were subject to the up and down turns of the well-to-do and their capriciousness. In the middle fourteenth century we see the first legislation governing the "giving of alms". The "Statute of Laborers", issued one year following the Black Death, which wiped out a major portion of the European population. This law effectively compelled the jobless
to work for anyone who offered the established minimum wage and prohibited the distribution of charity among the "sturdy and valiant" beggars.

Two hundred years elapsed before the English Parliament apparently felt the need to establish a more formalized system for containing the beggars. Predicated on the certification of inability to work, each pauper was assigned an area in which to beg. In this way the patrons of the poor could be assured that the poor person was worthy of alms and "truly needy". During this time period, alms giving was seen by the rich as a way of getting to heaven. The poor provided the wealthy with an opportunity to exercise the virtue of charity and therefore obtain salvation. Christian thought prevailed.

Although the custom was to provide private aid to the destitute, by 1560 poor tax payments by households became obligatory. A quarter of a century earlier a law had been passed which decentralized the distribution of charitable gifts making it the responsibility of local officials. Reinforced with this new legislation, a more predictable source of revenue for dissemination to the poor was made available. This decentralized method of discharging society's responsibility for the poor has endured.

The early seventeenth century saw the emergence of the Elizabethan "Poor Laws" which remained intact for over 250 years. For the first time, we see reference to the young poor. The new legislation provided for three groups of paupers:
- The sturdy vagabonds or the able bodied poor
- The lame, impotent, ole, blind and others unable to work
- Poor children.

It also placed a great deal of the burden for maintenance of family members on the familial unit. Parents were held to be responsible for their children and grandchildren. Conversely, children were responsible for unemployed parents and grandparents. Sturdy vagabonds were compelled to return to the towns of their birth.

A new assignment of public officials was created called the Overseers of the Poor. At their disposal was the maintenance of the obligatory tax for the poor as well as voluntary charity. Overseers also had the right to establish workhouses for the poor and to "bind out" children of the poor. The male children were indentured up to age 21 as trade apprentices allowing them a career option of sorts. However, the female young poor were always indentured as domestics for a period not exceeding their sixteenth year.

So we see the evolution of three major welfare principles which resulted from the Elizabethan Laws:

1. The responsibility for the poor was a local one;
2. Those localities held only the responsibility for their own citizens; and
3. Families within each jurisdiction were compelled to care for their own family members.

Joe Feagin suggests that attitudes about caring for the poor had become harsh and restrictive for two primary reasons. There was a continuing fear among the ruling classes that the poor were
ripe for rebellion and revolt. Doubtless they had read Aristotle on this point. Simultaneously, a sizable group of single unattached working men was developing. It seemed that they were afraid of growing numbers of men not committed to a family life-style. In this regard, they feared the weakening if not dissolution of the family which was, after all, the basic unit responsible for the care of the poor.

**THE COLONIES**

While the Colonies were quickly settled by those who sought individual rights and freedoms, they carted across the seas many of the same attitudes which predominated their lives in England.

Treatment of the poor in the new England evolved directly from the entrenched English practices. The system was administered by the local officials and available only to those who were considered to be inhabitants of that locale. The family unit continued to serve as the major form of prevention of poverty. In the original settlements each free man was considered a partner in joint enterprise. However, the idea of the pooling of resources or socialism almost caused the extermination of the colony. Colonists objected to sharing with people who made little or no contribution to the group. Consequently Joint Enterprise or pooling was replaced with the idea of individual property.

By 1670, the law required that an individual live with his/her family; single people could not live alone and if the person had no family in the colony, local officials selected one for them. When the head of household demonstrated his economic
Incompetence, the family unit was destroyed. Remaining property was then disposed of and the children were indentured as was the case in England. Widows were shuttled from place to place so that they would not become a burden on any one locality.

England also used the same strategy as early as 1617, the mother country was shipping undesireables to the colonies. Likewise this forced immigration began with dependent children and later included convicts, the mentally unbalanced and indigents. As a result, laws of inhabitance were established which stipulated that the locale was still responsible for the support of their poor. Later the responsibility for allowing only propertied people into the country was placed on the ship masters who were forced to post a sizeable bond to assure that passengers would not be potential liabilities to the community.

In Pennsylvania in 1718, being poor was felt to be a sign of immorality, unworthiness and laziness. Recipients of charity were required to wear the latter "P" on their sleeves. This labelling reflects an attitude of cruelty and intolerance toward pauperism just as the scarlet "A" forced upon the fictional Hester Prynne denounces immorality. Even as creative a mind as Benjamin Franklin embraced this concept of punishing the poor. He noted that by providing the poor with relief removed from people their greatest inducement to industry, frugality and sobriety. Not only were the poor subjected to community cruelty and scorn, but they were also disabused of their voting franchise.

Samuel Roberts published a tract paper entitled Mary Wilden, A Victim of the New Poor Law in which he alleged that the law condemned
the poor to "close imprisonment, famishing and disease - to brutal violence to horrible filth - and to premature death. We have laws to protect brute beasts from such horrible cruelty but it seems none to protect the most pitiable of all human creatures."

Laws concerning inhabitance were drastically revised in 1767. It defined an inhabitant as "Any person who had lived a year in any town without 'warning out', a process of community eviction, or who had obtained a settlement by birth, marriage or settlement somewhere else. The significance of these laws which were modified during the next 23 years, each time extending the period of inhabitance was to minimize the number of dependent poor. If a dependent poor person left a locale of stipulated inhabitance, the losing community was required to pay the receiving locale a maximum of one dollar per week per person.

When Boston became a city in 1820 the Commonwealth had created its first metropolitan government. The law was again changed to incorporate this concept of a city. Utilizing seventeenth century legislation, Boston created Temporary Homes for the poor and instituted workfare programs which required the shelter residents to work at jobs, like splitting wood. In 1842 William Gaspey wrote a poetry volume on the Poor Laws which contains the following lines:

Oh! glorious was that mortal's skill
who first devised the Poor Law Bill,
To teach in these enlightened times,
That Poverty's the worst of crimes.

Later the Commonwealth was the first state to initiate a centralized form of welfare by creating a Board of State Charities. This system was realized in 1863 and provided for the general supervision of charities. Relief was categorized into three principal forms:
1. Care and treatment of the mentally unbalanced or insane
2. Schooling and support of deaf, dumb and blind
3. Support of the dependent poor.

Over ten years later the state consolidated services to this group under one department called the state Board of Health, Lunacy and Charity. The responsibility of the deaf, dumb and blind was transferred to the Board of Education and somewhat later the responsibility for criminals was shifted to the Board of Commissioners of Prisons. The current system was established in 1919 when public charities were reorganized into the State Department of Public Welfare with a paid (until now volunteers had run the system) commissioner reporting to the Governor and the Legislature. The functions of this department were aid and relief, child guardianship and juvenile training.

Nationally there had been created a U.S. Children's Bureau as a result of the widows and mothers aid movement. The forerunner of the federal welfare movement was the Temporary Employment Relief Administration (TERA). This movement was influenced by the organization of the Charity Organization Society (COS) in Buffalo around the late nineteenth century. They saw their mission as the control of the poverty/eligibility of charity recipients.

Their list was designed to prevent the duplication of grants from different agencies and did not include Blacks at all. The deserving poor were certified eligible following a COS investigation. Certain community standards were established including the exclusion of drunkards from the list. Relief could be provided to women with children when the husband deserted them. On the other hand, there was no compassion or grants available to women who left their husbands.
Kosimar notes that the philosophy of the COS "was that pauperism was the result of personal inadequacy, laziness, drinking, lack of thrift and sexual immorality". Accordingly, the COS workers provided the poor with guidance and counsel. This established the case work model allowing the workers to diagnose and treat the personal ailments or deficiencies of the poor. It is important to note that the federal government used the COS list in its distribution of grants, effectively eliminating the participation of Blacks in this system.

The Bureau of Children, which acknowledged the sovereignty of the locale, promoted the Mother's Aid Laws and their adoption. "Established need" was a prerequisite for the grants which frequently excluded deserted, divorced or unwed mothers. It was feared that providing these groups with relief would encourage them to leave their husbands as well as to have children out of wedlock. Tests of character and fitness were required by some states. In order to qualify it was necessary to secure a certificate of character and fitness from at least two respectable townspeople. In other locales, the names of applicants were publicly posted so that citizens could protest individual grants.

The Great Depression radicalized general thought about the relationship between individual inadequacies and poverty. The depression served as a great equalizer, making the poor even poorer and the rich much less rich. It is clear that Aristotle's observations on potential problems were accurate.

There has been a cyclical expansion of relief assistance to defuse outbreaks of revolts. These expansions in aid were, in part, intended to defuse outbreaks of revolts of the poor and to mute civil disorders. One of the goals of the Social Security
Insurance Act of 1935 was the relief of suffering experienced by the destitute poor and to maintain the existing political order. Of significance is the need of the economy to right itself by placing disposable income in the hands of the real consumers, the poor. Of equal importance was the fact that Title IV which created the Aid for Dependent Children was the only means tested grant available.

Four categories of need were established by the Act in 1935: Old Age Assistance, Aid to the Blind, Aid to the Permanently and Totally Disabled and of course, Aid for Dependent Children.

Regarding the goal of reinforcing work norms and maximizing the work effort of the poor, Cloward and Piven in Regulating the Poor argue that once a political crisis is past, a capitalist government may retreat to a more restrictive posture in regard to welfare. These governments may embrace policies which insure even large numbers of low paid workers for business and industry. In order to insure an adequate labor pool, relief criteria are manipulated.

SUMMARY
This sojourn into the history of social policy regarding welfare was intended to assist us in determining how the strong, often hostile attitudes against those who suffer in poverty developed, and why workers and clients alike try to avoid sharing any information which might point to their participation at any level in the system. Are our nine myths true statements? The Research, Planning and Evaluation Unit of the Department of Public Welfare recently compiled the following responses to our myths. NONE of the nine is accurate.
AN EXAMINATION OF THE NINE MYTHS

1. THE MAJORITY OF PEOPLE WHO RECEIVE PUBLIC ASSISTANCE ARE ABLE-BODIED ADULTS WHO DON'T WORK BECAUSE THEY DON'T WANT TO?

Reality - Two out of three AFDC recipients are children.

Supporting Documentation - Almost half the children receiving AFDC in Massachusetts are under the age of 6, and 85% are under the age of 14. The average age of an AFDC child is 7½.

Ages of all AFDC Children

- 0-3 yrs. -- 26.9%
- 4-6 yrs. -- 19.4%
- 7-10 yrs. -- 20.0%
- 11-16 yrs. -- 25.7%
- 17+ yrs. -- 8.3%

2. FAMILIES RECEIVING WELFARE REMAIN "ON THE ROLLS" FOR GENERATIONS?

Reality - More than half the families were on welfare for less than one year.

Supporting Documentation - Nationally, about one-half of AFDC recipients receive assistance for less than one year. About two-thirds of AFDC recipients receive aid for less than three years.

Recent national studies have shown that most people who received welfare as children do not receive welfare as adults.
3. People move into Massachusetts for the sole purpose of collecting welfare benefits?

Reality - People do not move to Massachusetts to receive welfare.

Supporting Documentation - 93% of AFDC recipients have lived in Massachusetts since 1975.

93% of all Massachusetts residents have lived in the state since 1975.
4. MOST WELFARE RECIPIENTS ARE BLACK OR OTHER MINORITIES?

Reality - Two out of three recipients are white.

Supporting Documentation - Ethnic Characteristics of Massachusetts AFDC recipients.

- 18% are black
- 17% are Hispanic
- 9 out of 10 speak English

![Circle diagram showing the percentages of different ethnic groups.]

5. LARGE NUMBERS OF WOMEN HAVE BABIES FOR THE SOLE PURPOSE OF MAKING THEMSELVES ELIGIBLE FOR WELFARE BENEFITS?

Reality - Welfare families reflect the composition of the general Massachusetts population in terms of number of children. Note: (In order to qualify for AFDC, a family must have children)

Supporting Documentation - Of all AFDC families, 47% have one child while 37% of the general population have one child.
- Of all AFDC families, 29% have two children while 37% of all Massachusetts families have two children.
- Of all AFDC families, 15% have three children while 17% of all Massachusetts families have three.

AFDC families with four or more children represent 10% of the caseload as does the general Massachusetts population.
AFDC Families

1 child--47.5%
2 children--28.9%
3 children--14.8%
4+ children--8.8%

All Massachusetts Families
With Children

1 child--37.4%
2 children--37.4%
3 children--17.2%
4+ children--8.0%

6. MOST WELFARE MOTHERS GO ON WELFARE AS TEENAGERS?

Reality - Fewer than 3% of welfare mothers are teenagers, average age of AFDC mother is 32.

Supporting Documentation - Almost 45% of AFDC mothers are 21-29, 31% are 30-39, 15% are 40+, 7% are 19-20, fewer than 3% are under 18.
The Age of Parents of AFDC Families

- 21-29 yrs. -- 44.9%
- 19-20 yrs. -- 6.9%
- 0-18 yrs. -- 2.8%
- 40+ yrs. -- 14.4%
- 30-39 yrs. -- 31.0%

7. THE MAJORITY OF WELFARE RECIPIENTS TRY TO CHEAT THE SYSTEM?

Reality - In Massachusetts 5% of clients appear to have attempted to defraud the system.

Supporting Documentation - In 1982, the Commissioner of the Internal Revenue Service estimated that taxpayer failure to report income resulted in a loss of 20% of the revenue owed to the government. In comparison, only 5% of all AFDC payment errors in Massachusetts result from recipient failure to report information which would affect the amount of benefits.

Nationwide, less than 2.6% of AFDC cases are judged to be appropriate for fraud investigation.

8. AFDC GRANTS PROVIDE MONEY FOR LUXURIES?

Reality - An AFDC family of three has less than $2.00 per day for extras.

Supporting Documentation - After paying for food, clothing, fuel, utilities, and rent, and AFDC family of three has less than $2 a day available for transportation, household expenses, furnishings, and all other needs.

BEST COPY AVAILABLE
Monthly Resources for an AFDC Family of Three

<table>
<thead>
<tr>
<th>Resource</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFDC Grant</td>
<td>$396.00</td>
</tr>
<tr>
<td>Clothing Allowance</td>
<td>20.83</td>
</tr>
<tr>
<td>Food Stamps</td>
<td>144.00</td>
</tr>
</tbody>
</table>

The AFDC grant of $396 is based on the assumption that a family of three in Massachusetts needs $102 for rent and $46.50 for fuel and utilities. In fact, an AFDC family of three pays on average $240 for rent and $100 for fuel and utilities. The family is left with $56 a month for all other expenses besides food and clothing.

9. **THE MAJORITY OF WELFARE RECIPIENTS HAVE NOT COMPLETED HIGH SCHOOL?**

**Reality** - 50% of AFDC adults have completed high school or above.

**Supporting Documentation** - Educational levels of AFDC adults:

<table>
<thead>
<tr>
<th>% of AFDC Adults</th>
<th>List grade attended</th>
<th>MA. Adults</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. 15%</td>
<td>0 - 8</td>
<td>A. 28%</td>
</tr>
<tr>
<td>B. 35%</td>
<td>9 - 12</td>
<td>B. 36%</td>
</tr>
<tr>
<td></td>
<td>High School and above (50%)</td>
<td>C. 36%</td>
</tr>
<tr>
<td></td>
<td>High School degree only</td>
<td>C. 36%</td>
</tr>
<tr>
<td>C. 34%</td>
<td>Some college</td>
<td>D. 16%</td>
</tr>
<tr>
<td>D. 13%</td>
<td>College graduate</td>
<td>E. 20%</td>
</tr>
<tr>
<td>E. 5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CONCLUSIONS

By embracing these and other welfare myths, private citizens, social workers, educators and policy makers - in fact most of us tend to view the welfare recipient in an unfavorable light.

Welfare recipients are not seen as contributing members of our community. The reality is that they do not significantly differ from us. Misfortune alone separates us.

During the second Dukakis Administration, the former Secretary of Human Resources, the late Manuel Carballo, carefully avoided planning based on the myths. He consulted with policy makers, welfare clients, administrators, workers and welfare advocates; reviewed the input carefully and designed the structural framework for the Employment and Training Program (nicknamed E.T.)

Using Secretary Carballo's framework, Commissioner Charles M. Atkins and this writer fleshed out a program for the employment of welfare recipients which acknowledged and handled the significant barriers to employment faced by many unemployed people. It is a program of a wide variety of choices, some focusing on direct employment and others focused on enhancing the person's employability; it held that clients were expected to succeed, therefore disavowing any idea that the recipients were failures and/or inadequate; funds are provided for the client's transportation to and from job interviews or training; and funds are provided for daycare services providing an opportunity for women with children under six.
Since October, 1983, over 16,000 welfare clients have secured unsubsidized employment and another 7,000 have participated in some form of job readiness, including career planning, adult literacy, community college or skills training. Another 13,000 have participated in similar programs not funded by the Department. It is conservative to estimate that over 25,000 clients out of a group of over 100,000 adults receiving benefits have chosen to take part in this program. While great strides have been realized, it is recognized that problems still remain. We need to assure that discrimination in the hiring of women and minorities is drastically reduced; that the wages offered clients in their new jobs represent an adequate income above poverty level which would allow them to properly care for their children; and the availability of public transportation in suburban and rural Massachusetts. Also, daycare slots are not always available when clients feel ready to enter or reenter the labor force.

In general, however, it certainly demonstrates that the poor are not as the myths suggest.

History, present public attitudes, and the New Federalism notwithstanding, carefully planned and administered employment and training programs do work. These programs convincingly lay to rest even the most intolerant opposition to helping poor people - in the case of AFDC predominately women - "pull themselves up by their bootstraps." When the poor are helped to pull themselves up, they walk with pride and dignity into the economic mainstream.

This is not a myth.
Archives, Commonwealth of Massachusetts, State House, Boston, Massachusetts


WOMEN, WELFARE, AND THE IMPACT OF PUBLIC HIGHER EDUCATION

Delivered by
Dr. Gerard T. Indelicato
Special Assistant for Educational Affairs to Governor Michael Dukakis
at Smith College
Smith College, as described by its catalogue, began in the conscience of a New England woman. Precisely because of that conscience, still very much alive more than one hundred years after the college was founded, we have gathered to probe the topic of "Women, Welfare, and Higher Education."

Smith College is particularly suited, indeed, has earned the right, to host such a conference because Smith College has been doing something about the problems we are discussing. Helping women on welfare change their lives by earning a college degree has already been accomplished, and continues being accomplished, at Smith College because President Conway and the faculty, students, trustees and alumnae of Smith College have made it an integral part of this college's mission.

We all recognize that over the past 100 years Smith has been a pioneer in the field of women's higher education. A decade ago it took another leap forward in the field by establishing the Ada Comstock Program.
Well over $2 million dollars has been raised by Smith College from private sources to fund the Ada Comstock Program, including — specifically — a major grant from the Charles Stewart Mott Foundation which directly supports the education of mothers on welfare enrolled at Smith.

At this point I should tell you that I have a very special and personal sense of gratitude toward the Mott Foundation because I was fortunate enough to be designated as a Mott Fellow while pursuing my doctorate at the University of Connecticut. Therefore, I have more than one reason to be pleased to represent at this conference a Governor, Michael Dukakis, and an administration who care as much as Smith College obviously does about the problems of women on welfare.

It is important to be part of an administration that is deeply committed to finding ways to improve on a permanent basis the lives of such women, many of whom have known pain and frustration in measures beyond which most of us are capable of imagining.
At the outset it is important to establish the point that in the Commonwealth of Massachusetts, at least, there are substantial numbers of women who are turning their lives around through job training and higher educational experiences.

Perhaps you watched or listened to Governor Dukakis on the evening of January 16, 1985, as he delivered his annual "State of the State Address," which he entitled, "Opportunity for All."

The Governor spoke that evening from the rostrum of the Chamber of the Massachusetts House of Representatives. Seated a few feet away was a special guest of the Governor, a woman named Marie Bouchard. As he talked with confidence and optimism about the remarkable economic recovery the state has enjoyed, and particularly as he spoke about the human face of the recovery, Governor Dukakis said:

"Listen to Marie Bouchard. Ten years ago, untrained and without day care for her children, she had to go on welfare."
"Today she is a successful graduate of the Employment and Training Choices Program and she is off welfare, back in the mainstream, and employed full-time at the Cliftex Plant in New Bedford as a computer scanner operator."

I believe Governor Dukakis set a tone and drew special emphasis to several important themes when he made that reference at the opening of his "State of the State Address."

First, the Governor wanted it understood that the phrase "Opportunity for All" is not merely a slogan nor a casual expression but is, instead, a goal that is reachable, attainable, and, as he said, is within our grasp.

Second, this administration realizes the importance of breaking the so-called "cycle of poverty" which traps whole generations of Massachusetts citizens and denies them their rightful share of the best health care, adequate housing, and the educational opportunities which are so often the margin for individual improvement and progress.
That cycle can be broken. Marie Bouchard, and the women on welfare who are Ada Comstock Scholars at Smith, are evidence of that. And in their achievements we see the promise and potential inherent if we continue to deal aggressively and imaginatively with a problem of staggering and growing proportions. Marie Bouchard succeeded because, in the first place, she had the motivation and desire to do so. Motivation among such women is a tremendously important factor, and they seem to have it in abundance. But in addition to motivation, there has to be a vehicle for expressing that energy and drive.

In the case of Marie Bouchard, it was the Employment and Training Choices Program, a program sponsored by state government that gave her the skills and the confidence to complement her desire to get off welfare.

Welfare mothers are a unique challenge. We all know that. Indeed, of all the groups which could be classified as economically disadvantaged, they may face a steeper uphill climb than anyone else.
Says author Michael Harrington his book, The New American Poverty,¹ "The plight of the female poor is to occupy a disadvantaged position within an already disadvantaged occupational structure." Harrington's point is that although the woman on welfare may have an extraordinary desire to improve herself, she confronts a series of formidable obstacles.

She has all the same disadvantages that all women face in the job market, such as lower wages than men for many comparable jobs, and the fact that many of society's better-paying jobs are still dominated by men. She has these problems to contend with plus additional burdens. For example, she must balance whatever career aspirations she has with the very real demands of raising children, often as a single parent. She has to feed, provide for, and shelter her family on an income so limited that only the most basic necessities are granted.

Given all of the demands made upon her, and often there are those just cited and many more besides, one might conclude that such a challenge is beyond her reach. Yet Marie Bouchard is no anomaly.

She is, in fact, representative of a very large number of welfare mothers in Massachusetts who have turned their lives around. As Governor Dukakis noted in his "State of the State Address," the Employment and Training Program has already placed some 12,000 welfare recipients in permanent jobs.

So far, a total of 77% of all participants in that program have been women, and 18% of them have been women with children under the age of six. Incidentally, among the happiest statistics associated with this successful program is that those 12,000 welfare recipients placed in permanent jobs are being paid wages that are, on the average, at least double what they were receiving from public assistance programs.

No single program can meet the needs of every person in the Commonwealth. The welfare problem is neither simple nor easy to eradicate. The numbers involved are evidence of that.
For example, consider the statistics revealed in a recently published Ford Foundation Working Paper, quoted in a Boston Globe editorial: In the past two decades, the number of families headed by women has more than doubled; since a family headed by a woman is four-and-a-half times more likely to be poor, that is almost automatic poverty; and studies reveal that almost half of all female-headed families in Massachusetts are living below the official poverty line.

There are no simple, nor fast, nor easy solutions. But the evidence is that we can make a difference. Programs can be constructed that help people improve themselves. That is why many of us involved in education are enthusiastic about a relatively new state program entitled the "Adult Learner Program," which is less than two years old.

The primary purpose of the Adult Learner Program is to give financial support to women on welfare who want to go to college despite the demands of complicated and negative personal lives. The program is administered through the Massachusetts Board of Regents of Higher Education and involves both public and private colleges and universities cooperating to help women on welfare.
First priority is given to female AFDC recipients with children between the ages of fourteen and eighteen, and the second highest priority is given to all other categories of AFDC recipients. The program's fundamental purpose is to give women who meet these basic criteria the financial help so they can attend college through a combination of state funds and federal grants and scholarships. In the last fiscal year, according to the Board of Regents, a total of 27 public and independent colleges and universities throughout the Commonwealth participated in the Adult Learner Program. In the current fiscal year, that number has increased to 48 colleges and universities.

A year ago, there were 535 AFDC recipients enrolled in the Adult Learner Program. Today that number has increased to 665. The average financial aid award from state sources has climbed from $500 in the last fiscal year to $750 in the current fiscal year.

An important corollary of the program is that each participant continues to receive the same level of public assistance as they did before enrolling in college. What makes this program's potential so attractive, indeed, critical, are the following hard facts about jobs and educational expectations in the Commonwealth:
According to a recent study, of the ninety-five growth occupations in Massachusetts that yield at least $9,000 or more annually in salary, seventy-five require post-secondary education. Sixty-seven of these growth occupations require at least an Associate's Degree; thirty-eight require at least a Bachelor's Degree.

Anyone who has been following the trends that merge occupations with educational requirements is not surprised by such figures. Today many educators, economists, and career counselors agree that a college diploma has become the minimum passport to the middle class.

However, as James Fallows, in writing for the Atlantic Monthly stated, "The problem with the new passport is that it is distributed even less fairly than the old. If you don't get on the college track in high school, you'll probably never go to college. And if you're born into the wrong family, you may never know of the track at all. If we're serious about expecting people to move toward new opportunities, then we must also be serious about removing the barriers that stand in their way."

Fellows' points are valid and supported by reams of data and study after study. We are living in a time when more women are going to college than ever before. In fact, for the first time in our history with the possible exception of wartime, more women are enrolled in America's colleges and universities than men. Women of all family backgrounds, ethnic groups, and income levels recognize the value of possessing a college degree. And slowly, because of their increasing levels of education, and because of social changes, women are beginning to move into occupations that were previously bastions of male dominance.

To illustrate: Since 1972, there has been a thousand-fold increase in the number of women studying engineering full-time in America's colleges and universities. Fifteen per cent of all undergraduate students in engineering are now women; by 1990, the number of women earning undergraduate degrees in business will be eight times that of the 1960's.

As more and more women enter the labor force each year their impact and influence are enormous. Consider that in 1983 there were 48.5 million women working in America compared with 35.2 million in 1974, a difference of thirteen million in just ten years. Unfortunately, millions of women are still being left behind.
H.G. Wells once said, "History is a race between education and catastrophe." For many women on welfare, education is the only way out of catastrophe.

The Adult Learner Program is one answer for women with high motivation, high potential, but virtually no chance to improve their lives. Such women are out there now, enrolled at Bridgewater State College, Greenfield Community College, Worcester State College, and many other institutions of higher education across the Commonwealth.

Many of them are like a woman named Carol, who comes from Taunton, Massachusetts. Married, with two children, she has been on AFDC since her husband disappeared several years ago. Carol is a typical example of the kind of women who are taking advantage of the Adult Learner Program. Now a sophomore at Bridgewater State College, majoring in Management and effectively balancing the demands of the classroom, where she is an excellent student, with her role as an AFDC mother with two children, both of whom are under the age of seven. Women such as Carol have a high level of ability and a strong desire to finish their college education.
If such women share a common bond, other than the unfortunate circumstances which placed them on AFDC in the first place, it is that they are ready for this challenge. And Massachusetts need their enhanced skills and aptitudes because educating such women is an act of economic self-preservation. Employers are shifting their focus from cost to quality, and in the process are seeking out better educated and trained labor forces - not cheaper ones.

While the United States is more automated than ever before, a larger percentage of its people are employed than at any other point in its history.

In addition to these, I would like to stress another principle: Our nation has thrived on the principle of social mobility whereby an entire ethnic group -- be they Italians, Irish, Jews, or any other ethnic group -- were able to advance themselves because their toil was rewarded with better living and working conditions. Females living in poverty cut across all ethnic lines and cultural barriers. They represent an entire underclass all by themselves. They and their poor children are the most vulnerable members of our society.
But the future need not be bleak and without hope.

The Massachusetts experience is that government programs can make a difference, if they are realistic in their goals and offer a support network that enables poor people to take advantage of the opportunities such programs offer. The Adult Learner Program is certainly an ambitious and so far successful effort in the right direction.

The question becomes, "How can we expand this effort to reach more qualified and deserving people?" Massachusetts' public colleges and universities have special obligations in this regard. As state-supported institutions, the Commonwealth's public colleges, public universities, and community colleges are geographically accessible and economically affordable.

Since the first of these institutions was founded in 1839, this has been a part of their mission and purpose.
Massachusetts' public colleges and universities have a tradition of providing educational opportunities to people of all income brackets, particularly those who might not be able to otherwise afford a college education. It is vital to emphasize that the Adult Learner Program has flourished thanks to the splendid cooperation between public colleges and universities and independent institutions. However, I believe the future growth of this particular program must primarily be a high priority of state-supported colleges and universities, especially since threatened cutbacks in federal financial aid will hit this population as hard, or harder, than most other groups.

State-supported institutions are also integrally linked with other state agencies which are engaged in the effort to help improve the lives of women on welfare. That natural and already existing relationship should foster continuing progress and expansion.

In the end, it will be no single program nor single initiative that will provide the answer to each individual's special needs and circumstances. Rather, it will be a combination of different efforts with the same goals that will ultimately have a profound and lasting impact on the greatest number of lives.
As we concentrate our attention and focus our energy on the problems associated with relieving the despair of women on welfare, we would do well to keep in mind the words of Sophia Smith, who founded our host institution with this special mission as its purpose:

"It is not my intention to render my sex any less feminine," she wrote in her will, "but to develop as fully may be the powers of womanhood, and furnish women with the means of usefulness, happiness, and honor, now withheld from them."

Thank you.
College Opportunity and Public Assistance Programs: Ideas for Resolving Conflicts

The Washington Office of the College Board
The College Board

The College Board is a nonprofit membership organization that provides tests and other educational services for students, schools, and colleges. The membership is composed of more than 2,500 colleges, schools, school systems, and education associations. Representatives of the members serve on the Board of Trustees and advisory councils and committees that consider the programs of the College Board and participate in the determination of its policies and activities.

Washington Office

The Washington Office of the College Board conducts research relevant to public-policy issues in education. The office is located at 1717 Massachusetts Avenue, N.W., Suite 404, Washington, DC 20036; (202) 332-7134.

Acknowledgments

Paul L. Franklin, a consultant to the Washington Office of the College Board, prepared this report. Janet S. Hansen guided the project and provided editorial assistance.

In addition to his own research, Franklin drew heavily on information about public assistance and student aid provided to the Washington Office by Beatriz (Bea) Clewell and David Rosen.

A number of individuals provided assistance in preparing this report. The author is grateful to Jody Calle, Pamela Christoffel, Ann Coles, Joseph M. Crosin, Lawrence E. Glaudeux, William G. Jackson, Mary Ann Lawlor, M. Paulette Morgan, and the staff members from colleges, state agencies, and Educational Opportunity Centers who described their experiences with welfare recipients who want to attend college.

This report and the research upon which it is based are part of a project funded by a grant from the Ford Foundation.

Additional copies of this report are available for $6 each from College Board Publications, Box 886, New York, NY 10101. Orders for 5 or more copies receive a 20 percent discount.

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Foreword

This report suggests ways to overcome barriers that may discourage many of the nation's most disadvantaged citizens from trying to better themselves through education.

The federal and state governments help needy students meet the costs of postsecondary education and training through grants, loans, and work-study programs. At the same time, government helps maintain the income of individuals suffering from poverty, physical handicaps, unemployment, death of the family breadwinner, and other disadvantages. Unfortunately, the complicated laws and regulations governing these two sets of programs tend to conflict and leave individuals in a "Catch-22" situation. Instead of encouraging low-income people to undertake educational programs that might help them leave the welfare roles, contradictory policies often penalize those who try to enroll in college.

Earlier studies by the Washington Office of the College Board have documented such problems and have recommended changes in policy, particularly at the federal level, to address them. Reports to and by the National Commission on Student Financial Assistance have also called for action to resolve contradictions in student aid and public assistance policies that may impede educational access for the disadvantaged. These studies and reports are listed at the end of this report.

Rather than another call for overall or better coordination of the relevant federal policies, this report draws on actual experience at the state and local level to identify ways in which aid administrators and counselors can help students resolve conflicts between public assistance and student aid, within the context of existing laws and regulations. Research for this report, conducted by Paul Franklin, focused especially on the interaction of student aid and Aid to Families with Dependent Children (AFDC). The large contradictions in policy between these two kinds of programs remain; many welfare agencies do not accept the assumption that postsecondary education is a legitimate pursuit for AFDC recipients. Our investigation nonetheless reveals a number of ways to help individuals caught in the "catch-22" between welfare and student aid rules. The paper suggests six major strategies:

- developing effective communication with agencies administering AFDC programs;
- assisting AFDC recipients in negotiating job search, work, and other AFDC requirements that can conflict with enrollment in postsecondary education;
- influencing the way student financial aid is treated in the calculation of income and resources by AFDC agencies;
- assuring AFDC recipients in securing child care;
- helping AFDC recipients understand the complexities of student financial aid and AFDC programs, including their rights and responsibilities as recipients;
- staying abreast of regulations and administrative procedures in AFDC that may affect the way recipients enrolled in postsecondary education are treated.
More specific and detailed suggestions are contained in the report.

The promise of American society—social and economic opportunity—demands equal opportunity for higher education. That goal remains to be accomplished. We hope this report contributes to overcoming contradictions in public policy and helping individuals fulfill their educational aspirations.

Lawrence E. Gladieux
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College Opportunity and Public Assistance Programs
Introduction

This report is designed to be a "how-to" manual for student aid administrators, counselors, and others trying to help public assistance recipients pursue postsecondary education.

In a 1980 study for the College Board, Nancy Mudrick noted that:

American families with very low incomes are given financial support through a number of cash and in-kind public assistance programs. A family member pursuing postsecondary education may also be the recipient of a variety of governmental and nongovernmental student grants. Public assistance and student aid programs operate independently of each other, using different rules for calculating eligibility and assistance levels and for taking account of transfer payments from various sources. Despite this independence, public assistance and student aid programs have some or overlap in that both sets of programs can provide money for paying daily living expenses and instructional costs of postsecondary students.

Mudrick examined the interaction of the major public assistance program, Aid to Families with Dependent Children (AFDC), and the most important student grant program, Basic Educational Opportunity Grants (now called Pell Grants). She concluded that the exact outcome of this interaction varies by state. States are given fairly wide discretion in setting rules for AFDC, because they jointly fund the program with the federal government, and they differ in their treatment of student aid in determining eligibility for public assistance. She observed that:

The AFDC program has varying rules that sometimes count student aid as family income and sometimes do not, depending on the state involved and the source of the assistance. Federal rules prohibit AFDC from counting any federal grants as family income in determining AFDC benefits. In many cases, however, AFDC will count state and/or institutional grants as income to the extent that they exceed direct instructional costs and (for residential students) costs for room, board, and perhaps other living expenses. Since student aid grants frequently cover allowances for personal expenses, travel, and so forth, the net effect on the family may be a reduction in the AFDC payment equal to the amount of student aid received for these noninstructional education expenses. Furthermore, AFDC benefits for families of commuter students may be reduced because the allowance for living expenses given by student aid is usually more generous than the poverty-level standard used in public assistance programs.

These disincentives for AFDC recipients to attend college have been accentuated by developments since 1980. The Omnibus Budget Reconciliation Act (OBRA) of 1981, the legislation that restricted spending in a host of federal domestic social programs in the early 1980's, the Reagan Administration, eliminated federal payments for 18- to 21-year-old dependents in AFDC families who were enrolled in college. As a result, heads of AFDC households are virtually the only group of recipients still able to attend college while retaining AFDC benefits.

Other OBRA changes seemed likely to diminish the prospects for higher
education for even this remaining group of AFDC beneficiaries, which for the most part consists of single women with dependent children. The act imposed new work requirements and tighter restrictions on receipt of other income, which may ‘exclude some kinds of student aid. These changes increased the chances that AFDC recipients would be required to participate in mandatory work programs rather than attend school and that, if they did manage to enroll in college, their AFDC benefits might be reduced. These disincentives were further heightened by the fact that Medicaid benefits are linked to the receipt of AFDC, so that loss of the latter threatened the former as well, and by new restrictions in the food stamp program affecting students as well as other recipients.

The 1981 changes exacerbated an apparent contradiction in federal policy. On the one hand, the federal government has sought to increase educational opportunity by providing financial aid programs to help meet college costs for those unable to pay for postsecondary education on their own. The substantial federal investment in student aid programs is premised on the belief that attainment of a college education provides the best opportunity for low-income citizens to break the poverty cycle (Olneck 1977). On the other hand, low-income people may be penalized by the public assistance programs upon which they rely for basic subsistence if they try to take advantage of student financial aid programs and pursue higher education.

While changes in federal policy would be necessary to eliminate all of the disincentives that result from the incompatibilities in overlapping programs, much can be done at the state and local level. This is particularly true where AFDC benefits are involved. Since the AFDC program operates as a federal-state partnership, with both partners contributing financially to the program, basic policy is set in Washington but states have significant latitude in program implementation. In some states, rules and procedures may differ from locality to locality. Some program elements—such as job search requirements for recipients—may be emphasized more heavily in some places than in others. The complex, often changing, and frequently confusing regulations governing AFDC may be interpreted differently from county to county and sometimes even from caseworker to caseworker. These geographic and individual differences in program operation may make the AFDC system seem terribly complex, but they also provide opportunities at the state and local level to overcome problems facing AFDC recipients who wish to pursue postsecondary education.

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1 Student recipients of food stamps usually face similar disincentives. We have not focused on food stamps in this report for two reasons. First, there are relatively few student recipients left after restrictions enacted over the past decade. Second, food stamp regulations make it very difficult to prevent student aid from being counted as unearned income, except for amounts used to pay tuition and mandatory fees.
Strategies for Resolving Conflicts

To identify successful strategies for helping AFDC recipients pursue postsecondary education, we turned to institutional financial aid officers, the staffs of state aid agencies, and Educational Opportunity Centers, several of which have extensive experience with AFDC clients. We undertook a major review of activities in the state of Massachusetts, where the Educational Opportunity Center has taken a leading role in working with welfare clients, and we supplemented findings from that state with approximately 50 telephone interviews with individuals in 11 states and the District of Columbia. We attempted to include as resource people individuals in states where AFDC is administered by local offices of a state agency as well as individuals from states where counties administer the AFDC program. We also included states that operate Work Incentive Demonstration Programs and/or “workfare” programs as part of AFDC (options that were encouraged under OBRA), as well as states without these AFDC alternatives.

We found that the prospects for overcoming conflicts between AFDC and student aid vary significantly from place to place. They are poor where AFDC agencies or administrators place a high priority on reducing current public assistance costs by decreasing the welfare roll and where, as a result, postsecondary education is not viewed as a legitimate pursuit for AFDC recipients.

Nevertheless, our investigation suggests that officers and others have developed a number of strategies to improve the prospects that AFDC recipients can attend a postsecondary institution without jeopardizing their welfare benefits. These strategies can be grouped into the following categories:

- Developing effective communication with agencies administering AFDC programs;
- Assisting AFDC recipients in negotiating job search, work, and other AFDC requirements that can conflict with enrollment in postsecondary education;
- Influencing the way student financial aid is treated in the calculation of income and resources by AFDC agencies;
- Assisting AFDC recipients in securing child care;
- Helping AFDC recipients understand the complexities of student financial aid and AFDC programs, including their rights and responsibilities as recipients;
- Staying abreast of regulations and administrative procedures in AFDC that may affect the way recipients enrolled in postsecondary education are treated.

The following sections explore each of these categories in turn.
Communication

The Problem

The AFDC system is complex and fluid. State rules are overlaid on federal policy, and opportunities also exist for variations in program operation at the local level. Sometimes there are differences in the way individual caseworkers interpret regulations; and individual caseworkers may apply rules inconsistently from client to client. Moreover, policies, interpretations, and attitudes are often in flux.

Because caseworkers seldom deal with college financial aid programs, they may be unaware of how financial aid received by an AFDC recipient is supposed to be counted in calculating AFDC eligibility. Local AFDC offices often have the power to determine whether postsecondary education is a permissible option for AFDC recipients, though they may not have formal procedures for making such a determination. Even where state or local policy approves this option, local officials may thwart it by instructing caseworkers to withhold information about postsecondary opportunities, to narrowly interpret regulations regarding the treatment of student financial aid, and not arranging child care and other support services. The result is often confusion and movement into the way AFDC recipients attending or desiring to attend college are treated by the welfare office.

Strategies for Change

Establishing effective and continuing communication with AFDC offices is probably the most important action financial aid administrators and other educational counselors can take to ensure that postsecondary education remains an option for AFDC beneficiaries. Good communication between those administering student aid and public assistance programs can and often does minimize the significance of many of the problems discussed in the remainder of this report.

The key to effective communication is for financial aid administrators to know the critical points where AFDC decisions are made and where particular problems can be resolved. Some issues can be resolved only through changes at the state level and might be best addressed by the state student aid agency or the state association of financial aid administrators. Other problems can be worked out at the local level through cooperation between individual financial aid and AFDC offices.

There are no universally applicable rules for determining when state or local action is most appropriate. It does appear, however, that when AFDC is administered locally by county governments there is a greater likelihood of effecting change at the local level than when state agencies administer the program through their own local offices. Therefore, a useful first step in deciding how and with whom to communicate is determining whether the state or local government administers AFDC.

Depending on local circumstances, financial aid administrators can take the following steps to improve communications with AFDC agencies:

- Try to resolve problems that occur or recur for AFDC recipients at the administrative level rather than with individual caseworkers. If, for example, welfare officials are inappropriately threatening to reduce AFDC benefits if a recipient enrolls in college, discuss the problem with the local office supervisor so that any resolution reached can be applied to all caseworkers in that office.
• Develop a "memorandum of understanding" between the state AFDC agency and
the state financial aid association, or between a local college and the local AFDC
office, that stipulates how recurrent and potential problems will be treated. Wisconsin
and California are examples of states that have adopted this approach. If possible,
include copies of the agreement in the operating manuals of both the student aid and
AFDC offices so that it can serve as a reference if violations occur. Having such an
agreement seems to be particularly useful in ensuring that AFDC offices treat financial
aid programs consistently in determining AFDC eligibility (a problem that is discussed
more fully in the section on "treatment of financial aid by AFDC").

• Convene either a local or statewide meeting of key AFDC and student aid
administration and appropriate other individuals (such as Educational Opportunity
Center representatives) to work out solutions to identifiable problems. Such a meeting
could be a prelude to a memorandum of understanding.

• Develop a standard routine for communicating information to AFDC offices
regarding financial aid packages, changes in awards, and so forth for individual
students. In developing these procedures, identify and describe relevant statutes, court
cases, and state or local agreements that delineate how AFDC is to treat student aid in
calculating AFDC eligibility. Some of these statutes and court cases are cited in the
section on treatment of financial aid by AFDC; court cases in particular may apply in
some states but not in others and need to be monitored from time to time as new
developments occur.

• Have an information/training session for AFDC staff to describe the purposes and
eligibility criteria of student aid programs; the elements and principles of student aid
budgets; aid packaging procedures; student rights and responsibilities; and how AFDC
and other income maintenance benefits are treated in determining student aid eligibility
and packages. Such a session might be convened locally or though the state association
of student financial aid administrators.

• Invite representatives from the state agency administering AFDC to attend meetings
of the state financial aid association. Opportunities can be provided at these meetings to
discuss problems and seek solutions, and aid administrators can communicate changes
in student aid programs that might affect AFDC recipients.

Improving communications between AFDC and student aid administrators is an
ongoing task. It is also likely to alleviate problems only to the extent that there is some
flexibility in the AFDC system and a willingness on the part of AFDC administrators to
help clients who wish to pursue postsecondary education. In one state we surveyed,
where AFDC work requirements are so stringent that recipients simply cannot enroll in
regular college programs and retain their benefits, even the best of efforts by financial
aid offices to communicate with AFDC personnel will be ineffectual. Where rigid and
unflexible procedures are absent, however, developing contacts with AFDC and
knowing when and how to use these contacts have been keys to minimizing problems
for AFDC recipients attending college and in surmounting problems when they do
arise.
The Problem

If there is one aspect of AFDC that may prove insurmountable barriers for recipients desiring to enroll in postsecondary education, it is the job search and work requirements that were significantly strengthened in the Omnibus Budget and Reconciliation Act of 1981. That act reflected and enhanced a trend in AFDC away from viewing postsecondary education and training as options for AFDC beneficiaries. Instead, the emphasis is increasingly on getting AFDC recipients into some form of employment as quickly as possible, in hopes of reducing the numbers in and cost of the AFDC program.

OBRA gave states the option of establishing one or more of three programs aimed at providing jobs for AFDC recipients. These include the Community Work Experience Program (CWEP), often referred to as "workfare," where recipients work in public jobs in return for AFDC benefits; the Work Supplementation Program (WSP), where paying jobs are made available to AFDC recipients; and the Work Incentive Demonstration Program, which is designed to increase the unsubsidized employment of recipients.

Most states operate a Work Incentive Program (WIN), an older AFDC option, or a Work Incentive Demonstration Program; they may also offer CWEP or WSP in selected counties or cities. The difference between a "regular" WIN program and a Demonstration Program is that the latter is operated totally by the AFDC agency, while WIN is a joint Employment Service and AFDC program. Nineteen states have Demonstration Programs, and some 23 states have set up some form of "workfare" in selected areas.

Under either a regular or demonstration WIN program, most "able-bodied" AFDC recipients are required to register for work. What happens after registration depends on state AFDC policy and on state and local decisions about what options will be made available to registrants, including the option of postsecondary education. There is a mandatory job search requirement that may take precedence over other activities, including first-time or continued enrollment in a postsecondary institution. Job search may include attendance at workshops, participation in Job Clubs, and acceptance of any job the recipient may be offered. Failure to participate in job search or to be available for work and/or accept an offered job may—and often does—lead to withdrawal of all or part of the recipient's AFDC grant.

Even where education and training are viewed as legitimate alternatives to mandatory work requirements, limitations may still be imposed. One state, for example, limits to a maximum of 92 days the length of training or other activities that take AFDC recipients away from job search activities. Other states or counties may limit training to programs of one or two years in length, to specific types of education or training, and/or to specific types of colleges.

AFDC recipients with young children may face another hurdle. Parents of children under the age of six are usually exempted from WIN registration and work requirements, because federal law stipulates that they may be away from home for only "brief and infrequent absences." In some locations, such parents comprise the majority of AFDC recipients attending college, because they are not required to register for WIN. If AFDC officials decide that college attendance violates the "brief and
infrequent absences" provision, however, these parents may find their exemption from work regulation requirements revoked.

Because job search, work, and other related requirements are unevenly applied, financial aid officers and counselors may be able to help AFDC recipients enroll in college by assisting them in dealing with AFDC officials and by encouraging AFDC agencies to view postsecondary education as a legitimate option for welfare clients.

In some cases, insufficient funds to implement WIN for all AFDC recipients, inadequate resources for Job Clubs, and other such circumstances may mean that work requirements do not in fact affect AFDC beneficiaries as universally as might be expected. Thus, individuals interested in attending school might not actually experience the roadblocks that the formal work requirements suggest. In other cases, a sympathetic attitude on the part of AFDC caseworkers and acceptance of schooling as a useful way of preparing for employment can make it possible for AFDC clients to enroll.

Financial aid administrators and counselors can assist in this process by serving as advocates for AFDC recipients in general or on behalf of individual clients. They can encourage AFDC officials to accept postsecondary education as a legitimate alternative to job search or work requirements or to allow training as an option for recipients who have previously gone through mandatory job search without finding employment. They can also work with AFDC caseworkers to have education included as part of an individual’s “employability plan,” a plan that is usually developed for all WIN registrants. Some of the administrators we interviewed indicated that they have been able to get local AFDC offices to declare that current students receiving AFDC have “employability plans in progress,” thereby securing exemptions from work requirements that might have interrupted the students’ schooling.

One aid officer whose community college serves a large number of AFDC recipients notes that individual AFDC offices treat these students in varied ways. In all cases, students are allowed to attend the college as long as their program of study has a specific vocational goal. However, some AFDC offices require the student to move into a job search program after one year of school, while other offices allow two years of training. The only local solution to this uneven treatment that the aid officer has found is to have students limited to one year of schooling voluntarily give up a portion of their AFDC benefits after the first year, reducing AFDC to a level that provides only for dependent children. The aid officer makes up the difference in support for the parent through increased student aid.

While local options appear limited where strict AFDC work requirements are enforced, successful action has been taken at the state level in at least two states—California and Massachusetts—to make postsecondary education a recognized and accepted option for AFDC recipients.

- California has established the Cooperative Agencies Resources for Education (CARE) program, sponsored by the state Social Services and Employment Department and the Chancellor's Office of the Community College System. Operated cooperatively

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by local AFDC offices and individual community colleges, CARE focuses on single heads of household receiving AFDC who have one or more children under the age of six. Participants enroll in community colleges and receive financial aid and counseling through the colleges' Extended Opportunity Programs and Services program. Need-based financial aid is not considered as income by AFDC and does not affect AFDC eligibility.

CARE participants may be working to attain a high school diploma or equivalent, or be enrolled in a certificate program or a two-year associate degree program. Employment in both public and private sector jobs is often available for these students while they are enrolled in college.

The program uses postsecondary education as a training vehicle to help people break out of the "welfare cycle." It demonstrates how major state agencies and their local counterparts can set aside operational and regulatory differences and collaborate for the benefit of welfare recipients.

* Massachusetts welfare policy recognizes education through the baccalaureate level as an acceptable activity for AFDC recipients. The Department of Welfare's Employment and Training Program places heavy emphasis on collaboration with other agencies, including postsecondary institutions, to help welfare recipients "achieve economic self-sufficiency and long-term employment." Education is clearly seen as a primary vehicle for providing welfare recipients with adequate job skills to attain permanent employment.

  In addition, the Board of Regents, which sets policy for public higher education in the state, has established a fund to support limited community college tuition waivers for AFDC recipients. Designed to promote academic exploration by AFDC recipients with limited educational backgrounds, the waivers can be used for up to two community college courses per year per recipient.

  Massachusetts welfare policy is unusual and might serve as a model for other states. The policy did not develop overnight, however. It evolved over a period of years, through the administration of two governors, and was helped along by an active coalition of welfare advocates that promoted education as one of the best ways of enabling welfare recipients to gain self-sufficiency.

  In areas where job search requirements are stringently enforced and where education is not an approved option for welfare recipients, options are few. Voluntarily forgoing a portion of their welfare benefits may be the only way recipients can attend college. This, in turn, is likely to be feasible only if the college has sufficient student aid funds to replace lost welfare benefits.
The Treatment of Financial Aid by AFDC

Even when AFDC caseworkers are supportive and work requirements are not a problem, AFDC recipients may be discouraged from pursuing postsecondary education by the very real prospect that their welfare benefits will be cut if they receive student financial aid. Methods for determining the effect of student aid on AFDC eligibility vary from place to place and, even more confusing, depend on the exact nature of the student aid received. As Madsick observed in 1985:

It is practically impossible for an AFDC family to determine in advance what resources it will have available if one of its members goes to college, since public assistance benefits depend so directly on the exact nature of other assistance received. Not only will these resources not be known until the student is ready to enroll in school, but the family will be unlikely to detect any errors that may be made as AFDC is adjusted to account for student aid benefits received. In some states, the complexity of the systems actually seems to have made some public assistance administrators hostile to student aid, since the complicated adjustments that result when AFDC and student aid interact make the already cumbersome process of determining AFDC eligibility even more difficult.

One major difficulty stems from the fact that student aid and AFDC administrators have different views as to what constitutes educational expenses. Colleges are likely to include in student budgets not only direct costs such as tuition and required fees, but allowances for books, living expenses, and travel or commuting expenses. Sometimes child care expenses may be covered as well. When determining living expenses, colleges generally look either at actual room and board charges (for residential students) or estimate what a moderate standard of living in off-campus housing will cost. AFDC agencies, too, count actual tuition and fees as direct educational expenses and normally will disregard student aid that covers these expenses when determining AFDC eligibility. AFDC policies differ, however, in the treatment of other educational expenses. AFDC may include only a standardized allowance for such expenses as books and commuting, even when documented expenses are higher, and may not recognize that students may have higher expenses than nonstudents. Child care may or may not be included in the family's budget. Finally, AFDC tends to allow living expenses consistent with only a very low standard of living. For all of these reasons, AFDC usually uses a lower budget for a recipient attending college than does the institutional financial aid officer. If the student is given financial aid sufficient to cover the college-determined budget, AFDC often views the amount in excess of the AFDC budget as "income" that can be used to reduce the amount of the AFDC grant.

Whether or not an individual student will be caught in this "catch-22" situation depends not only on whether definitions of budgets and allowable educational expenses differ between the aid and AFDC offices, but also on the kind of aid package the student receives. In calculating AFDC eligibility, AFDC rules cover some student aid programs but not others.
Federal law stipulates that "any grant or loan to any undergraduate student for educational purposes, made or insured under any program administered by the Commissioner of Education" shall be disregarded by AFDC in calculating welfare eligibility and the amount of assistance. This provision clearly puts four major federal student aid programs in the category of aid to be disregarded as income: Pell Grants, Supplemental Educational Opportunity Grants, National Direct Student Loans, and Guaranteed Student Loans. It leaves ambiguous, however, the status of two other federal student aid programs: College Work-Study (which does not fall clearly under the "grant or loan" proviso) and State Student Incentive Grants (which are matching funds provided to match state appropriations in state grant programs). There is no federal law or regulation governing the treatment of other kinds of student aid by AFDC agencies. Thus, if a student receives a combination of federal, state, and institutional aid to meet educational expenses, the AFDC office may count the federal aid (which it must disregard in determining income) against its own version of allowable educational expenses and view some part of the state/institutional assistance as constituting excess income that can be used to reduce AFDC eligibility.

Financial aid administrators and others have found a number of ways of minimizing the problems that result from AFDC's treatment of state-aid aid. These include expanding the number of aid programs that are disregarded by AFDC in computing income, earmarking nonfederal aid for tuition or other allowable educational expenses so that it cannot be counted as income, and negotiating with AFDC agencies on a broader definition of these expenses. One state (Wisconsin) has developed a statewide agreement and set of operating procedures that shows how all these strategies can be combined to reduce the problems students face from overlapping aid and AFDC programs.

In many places, aid officers have never had a problem getting College Work-Study included under the federal law on income disregards. AFDC agencies in these circumstances have decided that the law covers all student aid under Title IV of the Higher Education Act, or state agencies have promulgated rules exempting the program from consideration as income. In other cases, the state association of financial aid administrators has negotiated with the state AFDC agency to achieve this exemption, or individual aid officers have reached similar agreements with local AFDC caseworkers.

Elsewhere, court action has been necessary to keep AFDC agencies from including work-study earnings in income calculations. In Ohio, for example, a court determined (In Brown v. Bates, 333 F. Supp. 897, N.D. Ohio 1973) that the state Department of Public Welfare must regard work-study income as a grant and exempt it from inclusion as available income. The court reasoned that Congress meant available income in the AFDC program to include income earned in permanent employment and for basic needs such as food, clothing, and shelter. It found that work-study earnings are not based on permanent employment and, because such earnings are intended for educational purposes, they are not exclusively available to meet basic needs. Thus the court said they constitute student grants.
In some states agreements have been struck to extend the student aid disregard to state as well as federal programs. In these cases, the key has usually been to convince AFDC administrators that there are federal grant monies (through the State Student Incentive Grant (SSIg) program) included in the state grants awarded to AFDC recipients. Under this rationale, the entire state grant should be exempted from consideration as income, regardless of the mix of federal and state funds. Aid administrators have used the following strategies to achieve this goal:

1. The state grant agency has assured the state AFDC agency that federal SSIg funds will be included in each state grant made to an AFDC recipient. The grant agency also secured and provided to AFDC a letter from the federal Department of Education indicating that any state grant that includes federal matching money falls under the statute exempting federal grants from being treated as income by AFDC.

2. Another state grant agency obtains a list of AFDC recipients from AFDC and does a computer match with state grant recipients. For students who appear on both lists, the grant agency retroactively includes federal SSIg funds in the state grant.

3. Some aid officers accomplish the same thing at the institutional level. 'Dear award letters to students specify that state grants are a combined "Federal and State Student Incentive Grant." By prior agreement, the AFDC office then disregards this combined grant in calculating income.

Where these strategies are insufficient, aid officers can sometimes keep state or institutional grants from being counted as income by designating them in aid packages as specifically designed to offset tuition. Since tuition is an allowable educational expense, the technique of counting state or institutional aid "first" against tuition costs can leave federal aid, which is exempt by law, to cover costs on which AFDC and the college disagree.

Sometimes, though less frequently, state or institutional aid administrators have been successful in getting AFDC to disregard other student aid as well or to broaden the AFDC definition of allowable educational expenditures. Several aid officers, through individual negotiations, have been able to convince AFDC to disregard all need-based student aid. They have helped AFDC officials to understand that welfare recipients attending college encounter living and other expenses beyond those factored in school. The AFDC workers have agreed to view these expenses as educational and thus to disregard all need-based aid that goes to offset them.

The state of Wisconsin offers an excellent example of how student aid and AFDC administrators can work together to ensure that receiving student aid does not unduly penalize AFDC recipients. The state association of student financial aid administrators and the Division of Family Services have agreed on joint procedures for handling individuals receiving benefits from both kinds of programs. The key to these procedures is a document called a Coordinating Memo. Exhibit 1 shows the current version of this memo being used at the University of Wisconsin.

Either an aid officer or a county AFDC caseworker can initiate a Coordinating
Memo. By completing Part A of the memo, the student authorizes the exchange of information between the AFDC office and the financial aid office of the school she wishes to attend.

Next, the AFDC caseworker completes Part B, detailing the student's monthly AFDC benefits, and sends the memo to the aid office. By prior agreement, the aid officer considers these benefits as resources to be applied against the college's student budget. This budget includes tuition and fees, books, transportation, child care, and additional maintenance expenses at 15 percent above the AFDC benefit level. AFDC has agreed to count the items in the budget so defined as allowable educational expenses.

Finally, the aid officer completes Part C on financial aid awarded, and returns the memo to the AFDC caseworker. The form has separate columns for aid awarded from disregarded funds and that awarded from nondisregarded funds. Most importantly, it also earmarks the nondisregarded funds for specific budget items that are allowable educational expenses in AFDC's eyes. This aspect of the process is crucial, as it ensures that AFDC benefits of a recipient attending school and receiving student aid should remain intact, regardless of the source of the aid.
AFDC recipients who desire to attend college are almost always single parents (usually women). In fact, the group perhaps most likely to find postsecondary education a viable option consists of recipients with children under six, since they are not normally expected to meet job search and work requirements. But this too cannot be exercised unless some provision for child care can be made. Federal funds for child care have become more problematic in recent years, since Social Security Title XX funds that used to be earmarked for this purpose have been folded into social service block grants to the states, making child care just one of several programs competing for reduced resources.

The Problem

Financial aid officers have worked mostly on the individual level in finding solutions to the child care problem for students receiving AFDC. They counsel students to apply for whatever subsidized day care is available through AFDC or other local agencies or to consider having relatives or friends take care of the children. If these options fail, the aid officer may include child care in the student aid budget and cover it by some kind of financial aid. If sufficient grant funds are not available, the student may have to take out a loan to cover this part of her expenses.

One aid officer at a college with day-care facilities for the children of students includes a standard allowance for each child in the budget of AFDC recipients who have no other resources for child care. He pays the child care center directly for the services provided to such students, however, rather than giving the money to the student. As a result, and regardless of the source of the aid, AFDC considers that assistance to be earmarked for specific educational expenses and does not reduce the AFDC benefit.

At another college, the aid office knows that free child care is generally available in the local area for older children. Thus aid administrators have worked out an informal agreement with AFDC to jointly cover the costs of AFDC recipients attending the college who have pre-school children. In this instance, too, AFDC has not regarded the student aid funds provided for child care as income, regardless of their source.

Finally, an advocacy group for AFDC recipients enrolled in a large university convinced the local county commission to set aside the necessary amount of its Social Service Block Grant funds to cover the child care costs of all AFDC recipients currently enrolled at the university. In addition, the commission made available another $85,000 to cover child care costs of AFDC recipients newly enrolling at the school.

Strategies for Change
Information for Students

The Problem

AFDC recipients often do not know that postsecondary education might be an option for them or that student financial aid is available. Even when they do, they are understandably confused about how the policies and practices of AFDC interact with student aid; and AFDC caseworkers may be no better off.

Strategies for Change

Student aid officers, counselors, welfare advocacy and student groups, and others have tried a number of strategies for informing AFDC recipients and caseworkers of their rights and responsibilities vis-a-vis postsecondary education.

To inform AFDC clients about college and student aid, some people have worked cooperatively with AFDC officials to include information along with AFDC checks or to develop flyers that can be distributed through AFDC offices and other social service agencies. One Educational Opportunity Center (EOC) produces a booklet for AFDC recipients describing financial aid programs and application procedures and the effects receipt of aid may have on AFDC benefits. It includes information on the responsibilities as well as the rights of students under both sets of programs and explains WIN, job search, work, and other requirements and how these may affect a recipient's prospects of attending college. Sometimes local social service agencies that have handbooks of services can be persuaded to include information about educational alternatives. One Educational Opportunity Center is listed in each handbook as the place for AFDC recipients to go for help in enrolling for a high school or GED diploma and for college and financial aid information.

Aid officers or EOCs may wish to assign a counselor to be available periodically at local AFDC offices to maintain communication with caseworkers and meet with individual AFDC clients, and to conduct meetings or workshops for AFDC recipients. These meetings can include local financial aid officers and social service agency staff who can explain their respective programs and policies as they affect recipients attending college. In addition to the benefit for individual clients, such meetings may promote better communications between aid and AFDC offices.

Some financial aid officers include special letters to AFDC recipients in their student aid award notices, explaining the problems that may arise with AFDC and how to deal with them. Some also provide AFDC recipients with statements about the laws and policies governing treatment of student aid for purposes of determining AFDC eligibility. They instruct the students to give this information to their caseworkers along with their student aid award letters, in hopes that this will minimize the chances that AFDC will be reduced inappropriately.

Finally, welfare advocacy groups can be an excellent source of assistance. In Massachusetts, for example, neighborhood legal service agencies and welfare rights groups update college and EOC staff on AFDC regulations, answer questions, and advocate for AFDC recipients who encounter difficulty with welfare departments.
Keeping Up with AFDC

The welfare system is complex and ever-changing. Modifications in federal and state regulations, funding levels, and the policies and practices of local AFDC offices seem to occur frequently. Such changes may increase or diminish the difficulties facing AFDC recipients who wish to enroll in postsecondary education.

Keeping up with changes in AFDC is difficult but important for financial aid administrators and others who work to help welfare clients attend school. Frequently, the students themselves provide a barometer for measuring change. When new problems seem to be cropping up with increasing frequency, it is a sign that shifts in AFDC policy may have occurred that need to be investigated.

Some aid offices have developed more systematic ways of keeping up with AFDC changes. This may involve assigning one aid counselor to be the office expert on AFDC; this person keeps up with policy developments, works with welfare students, and establishes communications links and procedures for handling problems with the AFDC office. Sometimes arrangements are made for the AFDC office automatically to send copies of proposed or actual changes in policy and procedure to the student aid office. The aid office in turn may have a financial aid procedures manual with a section on AFDC coordination issues, which it keeps up to date for the use of staff who deal with AFDC recipients. Individual aid offices or state associations of student financial aid administrators periodically invite AFDC officials to meet with them to discuss upcoming developments and their likely impact on college students. These meetings serve not only to keep aid officers informed, but can provide early warning signs of potential trouble spots that might need attention before changes are made that could complicate the situation for AFDC clients attending school.

The Problem

Strategies for Change
Conclusion

Looking at the programs as a whole, there appear to be serious and persistent contradictions in public assistance and student aid that can limit the prospects for the nation's most disadvantaged citizens to participate in post-secondary education. But, as this paper has shown, there are a number of ways of resolving conflict without waiting for changes in national policy. Thanks to the flexibility that exists within AFDC for states and localities to develop many of their own rules and procedures, there is room for cooperation and compromise between aid and AFDC officials who share a sense of responsibility and concern for the long-term welfare of the clients with whom they work. Such mutual goodwill may be the best assurance that contradictions in national policy will not keep would-be students from pursuing their educational goals.

References


### Part A — To Be Completed By Student

**Client's Name**

**Social Security No.**

**Home Address**

**Telephone No.**

---

I, the undersigned, understand that information may be exchanged between the County Department of Social Services and the Office of Student Financial Aid (OFSA) at [list school], regarding the kinds and amounts of grants or other aid which I am receiving and eligible to receive through either Social Services or OFSA, for the sole purpose of determining the type and amount of grants I should be receiving through each program. I also understand that I will be provided with a copy of any and all information concerning my files which is exchanged between Social Services and OFSA.

**Client's Name**

**Date**

(Student will mail to his/her Case Aide)

### Part B — To Be Completed By Social Services Representative and Mailed to Student Financial Aid Officer Named Above

We anticipate that the client will be eligible for the following types of aid:

<table>
<thead>
<tr>
<th>Aid Type</th>
<th>Monthly Amount</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>(If Applicable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFDC (before Public Assistance Withholding)</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Refugee Assistance</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relief for Needy Indian Persons</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WIN</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Card</td>
<td>Yes or No</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Social Services Representative**

**Date**

(Signature)
Client's Name ____________________________________________________________

Part C — To Be Completed By The Office of Student Financial Aids and Mailed to County Social Services Agency

1. The information below applies to the following term(s):
   - Academic Year (September 1983 - May 1984)
   - Summer (June - August 1983)
   - Semester I (September - December 1983)
   - Semester II (January - May 1984)
   - Revision of Previous Award

2. The student's financial aid will consist of the following funds.

   Disregard Funds:
   a. National Direct Student Loan (NDSL) $ ___________________________
   b. Supplemental Educational Opportunity Grant (SEOG) $ ________________
   c. Pell Grant $ ________________
   d. College Work-Study (CWSP) $ ________________
   e. Guaranteed Student Loan (GSL) $ ___________________________
   f. Wisconsin State Loan (WSL) $ ___________________________

   Nondisregard Funds:
   The nondisregard funds will cover the following items:
   a. Tuition and Fees $ ________________
   b. Books $ ________________
   c. Transportation $ ________________
   d. Child Care $ ________________

3. The student will not receive financial aid

   Financial Aid Officer ____________________________ (Signature)
   Date ____________________________

1/83
CLOSING THE INFORMATION GAP:
Ways to Improve Student Awareness of Financial Aid Opportunities

A REPORT OF THE
NATIONAL STUDENT AID COALITION

JANUARY 1985
CLOSING THE INFORMATION GAP:
Ways to Improve Student Awareness of
Financial Aid Opportunities

A Report of the National Student Aid Coalition
January, 1985
The National Student Aid Coalition

The National Student Aid Coalition provides a voluntary forum for focusing the perspectives and concerns of a variety of interested groups in identifying issues and effectively coordinating national student aid policies among Federal and state agencies and institutions. The Coalition consists of 37 member associations and organizations and five public members.

Executive Committee 1984-85

Francis Keppel (Chairman) Harvard University
Dallas Martin (Vice Chairman) National Association of Student Financial Aid Administrators
Robert Atwell (Secretary) American Council on Education
Dorothy Cann (Treasurer) National Association of Trade and Technical Schools
Mike DeSanto, National Coalition of Independent College and University Students
Peter Gossens, National Association of Independent College and Universities
Mary Haldane, National Association of Student Financial Aid Administrators
Dan Hall, College Scholarship Service of The College Board
Arnold Mitchem, National Council of Educational Opportunity Associations
Kenneth Reeher, Pennsylvania Higher Education Assistance Agency
John Brugel (ex-officio), Chairman of the Committee on Needs Assessment and Delivery
Director, Office of Student Financial Aid, Pennsylvania State University

Additional copies of this report are available for $3.00 each from the National Student Aid Coalition, One Dupont Circle, NW, Suite 540, Washington, DC 20036.

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ISBN 0-8268-1477-8
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This report to the National Student Aid Coalition expands on a section of a paper entitled "Student Aid: Four Suggestions for Improvement", prepared by a Coalition Task Force in January 1984. The Task Force was established to discuss a series of issues relating to the underlying purpose and intent of the student aid programs. In the process of their deliberations, the Task Force identified some general concerns about the delivery of student aid information. This report further examines the issue of student aid information and develops more detailed recommendations to improve the current system of providing information on financial assistance to students and their parents.

This report was prepared by Emily Gruss, staff assistant of the National Student Aid Coalition and Arthur Hauptman, a consultant to the Coalition with the assistance of Scott Miller, the Coalition’s Senior Research Associate. Mary Hayes and Brenda Brown completed the production work on the report.

The project was funded by grants from the Carnegie Corporation of New York and the Ford Foundation, however the content does not necessarily represent any endorsement by the supporting foundations.

The national Student Aid Coalition firmly believes that providing accurate, timely information to those considering postsecondary schooling is crucial to ensuring access and choice, the basic goals of the student aid programs. It is the Coalition’s hope that this paper will advance current information outreach efforts and encourage new, innovative approaches in this area.

The Coalition’s membership unanimously endorsed this report at its meeting on June 20, 1984.

Francis Keppel
Chairman, National Student Aid Coalition

Linda K. Berkshire
Staff Director, National Student Aid Coalition
EXECUTIVE SUMMARY

The primary goal of the Higher Education Act of 1965 and its subsequent amendments is to provide disadvantaged students with an equal opportunity to attain a postsecondary education. Despite the existence of student aid programs over the past two decades, however, the goal of equal opportunity remains far from being achieved. At each level of ability, students from disadvantaged families are less likely to attend postsecondary education than their wealthier counterparts. Participation rates of minority students in postsecondary education improved through the mid-1970's, but little progress has been made since then. (see p. 2)

A lack of adequate funding for student aid programs is one reason for the lack of progress toward the goal of equal opportunity. But more than funding for student aid is involved in explaining the continued underparticipation of disadvantaged and minority students in postsecondary education. Another key reason why participation differences have not narrowed over time is that the intended beneficiaries of the student aid programs are frequently not aware of their eligibility.

The major concern identified in this report is that information on student aid programs often does not reach the individuals who most need the aid -- disadvantaged, minority, and nontraditional students. Up-to-date and complete information on student aid programs does not reach into inner cities and other communities with heavy concentrations of disadvantaged and minority students. Colleges and universities do not recruit heavily in these areas, and reference guides, if they are available, are likely to be out-of-date. In addition, information on student aid is not made available early in the high school years when students are deciding whether to take college preparatory courses. Early information is especially critical for disadvantaged students who, without this knowledge, are likely to downgrade their educational plans or not attend at all. (pp. 3-4)

Information on aid is also sporadic for nontraditional students such as the high school graduate who works before continuing into postsecondary education, or the mother who wants to pursue further education, or the factory worker who requires retraining. Although these nontraditional students are the largest growing component of postsecondary enrollments, they often do not realize their opportunities for financial aid, principally because they are not in the high schools where information is most available. (p. 5)

Another concern discussed in this report is that for all students the information that is provided is often inaccurate, out-of-date, or hard to understand. The program rules and funding levels for the student aid programs tend to change frequently and the existing information system is not prepared to incorporate these revisions. Moreover, the process of providing information is not "personalized" enough. The counseling system is overloaded and many students and their parents find themselves overwhelmed by the diversity of financial aid programs and the complexity of the application process. (pp. 5-8)

To improve the ways in which information on financial aid programs is provided to disadvantaged, minority, and nontraditional students, we suggest the following:
o Development of a mass media advertising strategy to raise the awareness of underserved student populations about the availability of aid. (pp. 9-10)

o Expansion of TRIO information efforts to provide disadvantaged students with early knowledge about their potential eligibility for aid. (p. 10)

o Greater reliance on Information Centers outside of the high schools to serve as a resource alternative for disadvantaged and nontraditional students. (p. 10-11)

o Creation of a Seed Money Fund to encourage the development and growth of model and innovative information projects. (pp. 11-12)

In addition to addressing the particular informational needs of the underserved populations, steps must also be taken to improve the general quality of financial aid information that all students receive. To accomplish this goal we suggest:

o Establishment of a "Master Calendar" to help ensure the timely provision of application forms and information materials. (p. 13)

o Publication of a Comprehensive Source Document to help counselors and others accurately portray the financial aid system to students and their families. (pp. 14-15)

o Development of an Easy-to-Understand Guide to help students and their families grasp their potential eligibility for financial aid, especially in the early high school years when educational aspirations are being formed. (pp. 15-16)

The third section of this report examines how state grant and loan agencies provide information on student aid, based on a 1983 Coalition survey of these agencies. The survey indicated that:

o almost all of the state agencies rely on high school counselors to provide information on student aid;

o about one-third of the states send information directly to students and their families;

o only a handful of states have programs to provide information to students in the 10th grade or earlier; and

o less than half of the states apparently attempt to reach nontraditional student groups outside of the high school setting.

Responses to the survey also indicated that state agencies tend to provide more and better information on the programs that they administer than for federal programs or those programs administered by educational institutions. (pp. 17-22)

The final section of this report discusses a variety of model and innovative projects that local and regional organizations have developed to address and respond to the information needs of students. These examples are organized into three general categories: generating publicity about student aid programs; innovative counseling efforts; and reaching minority, disadvantaged and nontraditional student populations. Most innovative information efforts appear to be cost-effective and successful in raising students' awareness and participation in postsecondary education. (pp. 23-30)
INTRODUCTION

This report of the National Student Aid Coalition discusses two concerns about how information on financial assistance programs is currently provided to students and their families. The first of these concerns is that reliable information frequently does not reach the groups who need the aid the most, principally poor and minority students. This lack of information may be a key reason why these groups continue to be underrepresented in postsecondary education despite the substantial increase over time in funding for student aid programs.

The second concern addressed in this report is that the information provided to all students is often inaccurate, out-of-date, or hard to understand. The program rules and funding levels for the student aid programs tend to change frequently and the existing information system is not prepared to deal with these revisions. Moreover, the process of providing information is not "personalized" enough. The counseling system is overloaded and many students and their parents find themselves overwhelmed by the diversity of financial aid programs and the complexity of the application process.

The first section of this report discusses in more detail these two concerns about the current information system. In the next section, a number of suggestions are made about how the current procedures could be improved at modest additional cost. The third section examines how state grant and loan agencies provide information on student aid based on a 1983 Coalition survey of these agencies. Finally, several model and innovative information and counseling efforts are described.
I. CONCERNS ABOUT THE CURRENT INFORMATION SYSTEM

Reaching Students Who are Most in Need of Aid

The primary goal of the Higher Education Act of 1965 and its subsequent amendments is to provide disadvantaged students with an equal opportunity to attain a postsecondary education. To do this, the federal legislation provides a series of student aid programs and support services designed to remove financial and cultural barriers for these students.

Despite the existence of these efforts over the past two decades, however, the goal of equal opportunity remains far from being achieved. The most recent data -- from the High School and Beyond Survey of 1980 -- indicate that financially disadvantaged high school graduates are one-half as likely to continue their education as their wealthier counterparts. This represents virtually no improvement over the results reported in the National Longitudinal Survey of high school seniors in 1972.

When students are grouped by ability level, socioeconomic status still plays a major role in determining the likelihood that students will attend postsecondary education. Students judged to have average abilities are roughly 40 percent less likely to attend if they come from disadvantaged backgrounds. The participation rates of talented but poor students has increased to some considerable extent over time but these students are still 20 to 25 percent less likely to attend than students of equal ability from wealthier families.

Among minority groups, the participation in postsecondary education improved through the mid-1970's, but we seem to have lost ground since then. The participation of Blacks in postsecondary education increased dramatically from 1965 to 1975 but has fallen since then. The number of Hispanics enrolled has increased but the percentage enrolled has declined in the past decade. In short, the trend lines with respect to the participation of minorities in postsecondary education appear to be going in the wrong direction.

A lack of adequate funding for student aid programs is one reason for the lack of progress toward the goal of equal opportunity. Although funding for student aid has increased rather dramatically over the past two decades -- at least until the past several years -- it has not been sufficient to close fully the financial gap that exists among different socioeconomic groups in their ability to afford a college education. Moreover, recent efforts to spread aid dollars among a broader group of students has diluted the effect that these programs can have on the lowest income groups.

But more than funding for student aid is involved in explaining the continued underparticipation of disadvantaged and minority students in postsecondary education. Another key reason why participation differences have not narrowed over time is that the intended beneficiaries of the student aid programs are frequently not aware of their eligibility.

Information on student aid often does not reach into the inner cities and other communities with heavy concentrations of students from disadvantaged families. These are the areas where counselors are least able to pay individualized attention to their students, and where reference guides on
3

admissions and financial aid, if they are available, are most often out-of-date. As a result, many disadvantaged students, whose decision to attend postsecondary education often directly hinges on concerns about financing and support, do not realize that they are eligible for a wide variety of financial aid programs.

Surveys conducted on what students and their families know about student aid indicate that students from lower income families are generally the least well informed, despite their greater eligibility for aid. In the High School and Beyond Study of 1980, for example, parents and students were asked if they had talked with someone or read about financial aid. Among families of sophomore students with incomes below $10,000, only 1 in 5 had talked with someone or read of financial assistance. Only 2 in 5 families of seniors in this income group had received this information. The awareness levels of parents and students grew as family income increased, even though higher income families may not be eligible for aid.

State and local efforts to reach minority and disadvantaged students and their parents with information have often reaped benefits in terms of increased participation and awareness. The San Diego County Consortium of the California Student Opportunity Access Program, a regional group that provides information and counseling to economically disadvantaged and minority students, has maintained data that allow comparisons of college-going rates between the implementation of the project in the Fall of 1979 and the Fall of 1981. The data indicate that an increasing number of minority students from San Diego's high schools are enrolling in the University of California and the California State University, as illustrated in the following table.

Percentage Change in Enrollments of Students Served by San Diego County Cal-SOAP Consortium, from the Fall of 1979 to the Fall of 1981

<table>
<thead>
<tr>
<th>Enrolling in:</th>
<th>University of California</th>
<th>State University</th>
<th>Community College</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blacks</td>
<td>13%</td>
<td>30%</td>
<td>-10%</td>
</tr>
<tr>
<td>Hispanics</td>
<td>86%</td>
<td>15%</td>
<td>0%</td>
</tr>
<tr>
<td>Filipinos</td>
<td>12%</td>
<td>100%</td>
<td>800%</td>
</tr>
</tbody>
</table>

Percentage increases in enrollment at the University of California and California State University for the target group ranged from 12% to 100% over the two year period. At community colleges the patterns varied. Filipino enrollments at community colleges grew eight-fold, from 8 to 72 students, while Hispanic enrollments at these schools remained level. Black enrollments in community colleges fell, in large part reflecting their greater participation in four year college programs. Experience with experimental programs in other states supports the conclusion that information efforts can make a difference in raising postsecondary awareness and participation among disadvantaged and minority groups.

Many efforts to reach disadvantaged students have failed, however, either for lack of funds or commitment. For example, the federal government
contracted with private agencies several years ago to publish specialized information packets for students in inner cities and other disadvantaged areas. But, after federal funding was withdrawn from this project, neither educational institutions nor other groups were willing or able to sustain funding.

For many students from minority and disadvantaged families, resources such as churches, community groups, libraries, and alternative schools may have the best chance of providing information and encouragement.

The Need to Reach Students Early in High School. Studies of the student aid system all point to the importance of alerting students and their families to the availability of aid early enough in the high school years to allow for a reasonable college planning cycle. This need is especially critical for disadvantaged students who, if they are not fully aware of their potential aid eligibility, will often not take college preparatory courses.

Despite the consensus that exists with regard to the importance of early information, little is currently done to reach high school students or their families in their freshman and sophomore years. The federal government makes little or no effort to reach students before their senior year in high school and only a few states have initiated programs to start the information flow before the junior year. With a few exceptions, educational institutions do not contact prospective students before their junior year. Moreover, the students who are contacted by institutions are rarely those from disadvantaged families.

Thus, students far down the economic ladder do not realize the extent to which they may have financial resources available to them should they wish to continue their education past high school. Without this knowledge, many of these students downgrade their education plans or do not attend at all because they believe that they cannot afford a college education.

The TRIO Programs. A set of programs is already in place that attempts to address the needs of disadvantaged and minority students. The TRIO programs (so called because there were initially three, although now there are more) are intended to provide a comprehensive array of information, counseling, and support services. The primary purpose of the TRIO programs is to overcome cultural, social, and economic obstacles that disadvantaged students face. The TRIO programs include:

- **Upward Bound** projects provide intensive, on campus instruction in basic skills and counseling for disadvantaged students prior to their enrollment in postsecondary education.

- **Talent Search**, the first of the TRIO programs, attempts to identify qualified disadvantaged youth and provide them with information and assist them in applying for admissions and financial aid.

- **Special Services for Disadvantaged Students** are projects aimed at students already enrolled in postsecondary education and provide support services such as remedial instruction and tutoring, personal and academic counseling, and career and placement assistance.

- **Educational Opportunity Centers** are located in areas with high concentrations of disadvantaged families for the purpose of providing information and counseling on college admissions and aid resources to disadvantaged students.
Taken together, the TRIO programs serve several hundred thousand individuals each year. They are currently funded at roughly $165 million annually through federal appropriations and are supplemented by contributions from public and private sources. Less than half of TRIO funds, however, are devoted to information efforts; most are devoted to tutoring and other academic and cultural support services.

Unfortunately, a lack of adequate funding prevents the TRIO programs from accomplishing their purpose. Appropriations for the TRIO programs are sufficient to serve only a small proportion of the population that is eligible to receive such assistance. Most estimates indicate that TRIO currently reaches 10 percent or less of the population that is eligible to receive the services provided. Only one of the TRIO programs, Talent Search, attempts to reach students in the 8th and 9th grade.

Reaching Nontraditional Students. Disadvantaged and minority students are not the only groups underserved by the current information system. With the decline in the size of the traditional college age group of 18 to 24 year olds, nontraditional students have become the largest growing segment of postsecondary enrollments. These nontraditional students include the high school graduate who decides to work for several years before proceeding to postsecondary education, the mother who wants to pursue further education once the children are in school, or the factory worker in a declining industry who needs retraining.

Despite the growth of nontraditional student enrollments, however, many of these students find it difficult to gather reliable information on their financial aid possibilities. Need analysis procedures are not primarily geared toward the financial circumstances of nontraditional students. These prospective students are not in the high schools where information on student aid is most plentiful. In addition, these individuals often must sacrifice or alter their current employment in order to further their education. These are substantial obstacles to overcome.

Providing Better Information to All Students

In contrast to disadvantaged and nontraditional students, high school students in the mainstream are often inundated with information about financial aid. These are the students with average and above average abilities and incomes who are identified by testing services as likely to go to college. It appears that many of these students and their families find it difficult to assimilate all the materials and information that they receive.

The information that is provided to these students, however, is frequently inaccurate, out-of-date, or difficult to understand. This lack of clarity stems from the number and types of aid available, diversity in the criteria for eligibility, and complexity in the application process.

Students may be eligible for dozens of student aid programs offered federal and state governments, educational institutions, community groups, nonprofit organizations, and corporations. These sources of aid may be in the form of grants, scholarships, and fellowships; loans to students and to parents; and work-study opportunities. It is often difficult for students to know about or keep track of all the various forms of aid for which they may be eligible.
The criteria to qualify for this assistance vary from program to program. In many programs, students and their families must meet a test of financial need in which family financial resources are compared to costs of attendance. This calculation of need is not the same in all programs: the standard used in the Pell Grant program may be different from that used for other federal funds. States frequently develop standards of their own for the programs they administer. For most private sources of aid, students must possess particular characteristics in order to qualify.

Application forms for government-sponsored student aid programs tend to be complex and often require a great deal of time to complete. Directions for completing the forms for student aid can rival those of the tax system. Families are often asked to estimate income, assets, and other items for which precise data does not exist.

It also appears that the student aid information which is provided may be difficult to understand. Considerable skill is required to distill complex procedures into straightforward language that can be understood by the average family not familiar with the programs. At all levels, not enough care is taken to explain in the simplest possible terms how student aid programs work or what students and their families must do in order to apply.

The confusion generated by the diversity of programs, eligibility criteria, and application procedures is further complicated by frequent changes in program rules and funding. Annual revisions in program rules and shifting funding patterns quickly make the information that is available out-of-date. In the past several years, publicity about proposed cuts in the federal student aid programs convinced many students of reduced availability of aid despite the fact that most of the cuts never materialized.

Interruptions and delays in the delivery of student aid programs jeopardize the ability of students and their families to obtain accurate information in time to affect their decision about postsecondary attendance and the choice of the right institution for them. Ideally, final decisions about the eligibility rules and funding for student aid programs should be made prior to when students begin to apply for aid. With the proper amount of lead time, it should be possible to print and distribute application materials and forms early in the fall for use in applying for aid in the next academic year. Students and their families should know about their aid package at the same time that admissions decisions are made, thereby allowing for intelligent choices among institutions.

Unfortunately, until recently the administrators of the federal student aid programs missed deadlines that resulted in substantial delays to the delivery system. For example, funding decisions were often not in place in a timely fashion, and as a result, educational institutions as well as students were not aware of how many awards would be available. The Family Contribution Schedule, which establishes the rules for eligibility in the Pell Grant program, has generally not been adopted by the date set forth in the legislation, thereby creating uncertainty about that program. Changes in legislation for the Guaranteed Student Loan Program -- for example, imposition of a needs test requirement and a 5 percent origination fee -- have gone into effect during the summer months, in the middle of the heaviest application period. Application forms for all federal aid programs have frequently not been
available until well into the academic year thereby compressing the time period in which students can apply for aid for the next year.

Fortunately, the experience in 1983 and 1984 has been better, but few safeguards exist to ensure that delays will not again occur. Hard and conclusive evidence is lacking on how such delays in providing information on student aid programs are likely to affect student behavior. But common sense suggests that the lack of timely information on student aid programs significantly affects whether and where students enroll in postsecondary education.

More must be done to ensure that the student aid delivery system provides students and their families with the information they need when they need it. To achieve the goal of timeliness, each element of the student aid delivery system -- approval of application forms, rules for eligibility, funding decisions, and the notification of students of their award levels -- must occur on time.

K -es Devoted to Information. A great many organizations are responsible for providing information on student aid including federal and state governments, postsecondary educational institutions, high schools, testing and financial aid servicing organizations, and scholarship search services.

It appears that relatively few governmental resources are devoted to providing information about financial aid to students and their families. The federal government spends about $3 million on its information efforts in the form of publishing pamphlets and sponsoring training efforts. In addition, it spends an estimated $30 - $40 million on funding information aspects of the TRIO programs (about $100 per participant). These expenditures for information, which represent less than one percent of the total federal student aid budget, are directed primarily at explaining the federal student aid programs with less emphasis on state and other efforts. Moreover, one of the first targets of federal belt tightening efforts in recent years has been in these informational areas. The number of brochures published has been cut back, funding for federal training projects has been all but eliminated, and TRIO programs remain a target for budget cuts.

States spend perhaps $5 million on information efforts based on the Coalition's survey of state loan and grant agencies, or less than one half of one percent of state expenditures for student aid programs. For the most part, these information efforts focus on the programs that the state agencies administer.

The expenditures by federal and state governments represent a minimal effort in making students aware of the availability of financial aid programs. If corporations were as cavalier about advertising their products as governments are in publicizing their student aid programs, they would likely go broke.

Educational institutions have become a principal source of information for most students, especially those in the mainstream. In the increasingly competitive market for students, educational institutions have stepped up their marketing efforts dramatically in the past decade. This marketing typically includes information about the potential student aid sources that are available to help meet the costs of attendance at a particular institution.
But there is little quality control over whether the information that the institutions piece together and provide is accurate. Also, research over time has consistently indicated that informational efforts by educational institutions are much more effective at helping students decide which institution to attend. They are much less helpful in decisions regarding whether to attend.

The testing and financial aid service organizations -- the College Scholarship Service and the American College Testing Program -- also are active participants in the process of providing information. The service agencies provide training materials and conduct workshops for financial aid administrators and high school guidance counselors. The services also widely distribute written information on student aid eligibility rules, application procedures, and aid packaging to prospective students and their parents. Additionally, a number of non-profit and commercial organizations produce detailed information on student aid including the American Legion, Octameron Associates, and the Garrett Park Press.

In recent years, students have turned in increasing numbers to scholarship search organizations to help identify potential aid sources. The proliferation of these services demonstrates vividly the demand for information about student aid. The quality of these services, however, is highly variable. Some have developed detailed computerized lists that are capable of matching students with specific programs for which they are eligible, whereas others simply provide printed lists of aid sources with no regard for whether a particular student might be eligible. Many of these services do not provide information on the basic student aid sources, and the fees that these organizations charge -- $30 to $40 or more -- often make the services they do provide unavailable to students from lower income families.

High schools are, in many ways, the center of the student aid information system. Federal and state agencies rely on high schools as the main conduit of information and postsecondary educational institutions use the high schools as their main recruiting forum.

This reliance on the high schools as the focal point for providing information may mean that substantial numbers and groups of potential students will not receive a full picture of potential student aid sources. For the increasing number of nontraditional college students who do not proceed immediately from high school to a postsecondary institution, the high schools clearly do not afford the best opportunity to provide information on student aid. High school guidance counselors -- who are primarily responsible for academic counseling -- often are not fully acquainted with the financial assistance programs. In addition, minority and disadvantaged students frequently find that their high schools are ill equipped with the kinds of counseling and support systems to inform them of the full range of postsecondary opportunities. Most of these high schools have no guidance counselors for students in the eighth and ninth grade.

One consequence of the inadequate resources devoted to information is that the process is not personalized enough. Given the complexity of the student aid system, it is not sufficient to print a pamphlet and then expect students to identify possible aid sources and to wade through the complexity of application forms. For the system to work, personal counseling should be available to supplement written information. But, relatively few students currently receive the kind individualized attention necessary for attaining an accurate understanding of how the student aid system works.
II. RECOMMENDATIONS FOR CHANGE

A number of steps could be taken at modest additional cost to improve the provision of information on student aid programs. The following discussion groups these suggestions for change into two categories. One set of measures would help to equalize postsecondary opportunities by reaching groups of students who need the information the most -- disadvantaged, minority, and nontraditional students. The other group of suggestions would help to upgrade the quality and accuracy of information provided to all students.

Reaching Underserved Groups

To provide information on financial aid programs to disadvantaged and nontraditional students, we suggest the following:

- Development of a mass media advertising strategy to raise the awareness of underserved student populations about the availability of aid.
- Expansion of TRIO information efforts to provide disadvantaged students with early knowledge about their potential eligibility for aid.
- Greater reliance on Information Centers to serve as an information resource alternative for disadvantaged and nontraditional students.
- Creation of a Seed Money Fund to encourage the development and growth of model and innovative information projects.

Development of a Mass Media Advertising Strategy

A national media campaign on student aid should be developed with the assistance of professional media consultants. The basic theme of the campaign should be to emphasize the availability of aid for students who need it.

To reach many groups of prospective students, it is not sufficient to rely on traditional written materials. Many students simply are not aware of pamphlets and guidebooks that may be available in the counselor's office.

There have been, from time to time, efforts made to provide information on student aid programs through the mass media of television and radio. For example, in the early years of the Basic Grant program, a series of television spots were prepared and distributed to let people know that they might be eligible for this new source of assistance. But tight eligibility rules and limited award levels in those years made Basic Grants a less attractive aid source than if it had been fully funded. Moreover, because the federal government was prohibited by law from purchasing advertising time, the spots were aired at the discretion of local television stations; usually appearing at two o'clock in the morning or at other "off-peak" hours when their effectiveness was severely limited.

The mass media hold the potential for cutting across economic, social, and geographical lines to reach a wide range of students who otherwise might not be aware of financial aid sources. Media campaigns have been utilized successfully in a number of areas such as military recruitment and fire safety. A similar effort in student aid would, in our opinion, also yield results in terms of greater awareness and participation.
Our investigation of information on student aid indicates that efforts to reach students through the mass media have been sporadic and unorganized. Yet evaluations of the few efforts that have been made suggest that the use of the mass media can be an extremely effective means for reaching many students otherwise unaware of their possible eligibility for student aid. Students who do not know the location of their counselor's office do listen to the radio and watch television. State agency efforts to use mass media have reaped large benefits in the form of increased requests for information and a realization on the part of many students that postsecondary education is a realistic option for them. Postsecondary institutions in Michigan, for example, have reported large increases in financial aid inquiries after television programs on student aid organized by the state agency are aired.

A coordinated national effort to publicize student aid could have a substantial effect in eliminating the information gap that apparently exists now for many groups of students. Such an effort might include radio and television spots, roundtable talk shows, videotape and film presentations, posters, and billboards.

A mass media campaign also might serve to bring parents more into the financial aid process. Many parents currently are unaware of the information that reaches their children through the high school setting. Bringing information into the home through the mass media would help parents realize the extent to which aid sources are available.

Expansion of TRIO Information Efforts

Funding for the TRIO programs should be expanded to allow for greater coverage of the student populations eligible for these programs. The TRIO efforts may represent the most effective means for improving the participation of minority and disadvantaged populations in postsecondary education yet these programs often receive short shrift in the funding process.

Expansion of the TRIO financial base would permit greater utilization of the full range of support services contemplated in the legislation. One target for improvement might be an heightened emphasis on providing financial aid information and counseling in the various TRIO programs. There is, for example, a provision in the existing legislation that calls for the training of TRIO staff and leadership personnel, but the funding priorities set forth by the Department of Education for the Training Program exclude consideration of financial aid counseling and information services. Augmented funding for the TRIO programs might allow for an enhanced training effort.

Additional resources for TRIO would also permit expansion in the provision of tutoring and other services aimed at retaining students once they are enrolled in postsecondary programs.

Greater Use of Information Centers

Another means for reaching prospective students is to make greater use of information centers that operate outside of the high schools. The 1976 Amendments to the Higher Education Act authorized the creation of Education Information Centers (EICs) to provide “information, guidance, counseling, and
referral services". Under these provisions, the federal government authorized funding to help states establish and maintain these centers.

Experience with the Education Information Centers was generally successful. The EIC concept was tried in all 50 states, the District of Columbia, and 4 territories. Directors of the centers concentrated on improving coordination among the existing sources of information on student aid and on developing networks of local and regional organizations through which information could be disseminated. Annual national conferences of EIC directors were held to provide an opportunity to exchange innovative ideas.

In the 1980 Amendments to the Higher Education Act, the EIC provisions were moved from Title IV to Title I to consolidate a series of state programs into one title. Even though strong support was expressed in the Committee reports for Title I, these provisions have not been funded for the past several years. States, for the most part, have been unwilling or unable to pick up the slack created by the federal funding withdrawal.

At the local level, one of the TRIO programs calls for the creation of Educational Opportunity Centers to provide counseling, guidance, and information on postsecondary opportunities in inner city areas and in communities with high concentrations of low-income populations. In 1982, there were 33 such centers operating across the country and the general view is that these efforts make a substantial difference in encouraging talented but poor students to continue with their educational plans. But like their statewide counterparts, the local Educational Opportunity Centers are generally starved for cash and unable to achieve real expansion of postsecondary opportunities for disadvantaged populations.

The problem simply is that efforts to establish information centers outside of the high schools have never received the kind of financial and other support necessary to make them an integral part of the student aid system. Nor has there been sufficient coordination between these centers and the high schools to ensure a comprehensive information network.

Creation of a Seed Money Fund for Model and Innovative Programs

A seed money fund for model and innovative programs should be created to raise the awareness of underserved populations. In order to maximize postsecondary opportunities, it is necessary that the provision of information on student aid break out of traditional modes. It is clearly not sufficient to rely entirely on government pamphlets, institutional catalogues, and high school counselors. Funding constraints, lack of coordination among student aid providers, and other factors limit the ability of normal information channels to get the message across to all groups of potential students.

Many organizations across the country have recognized this need to provide information in model and innovative ways. These efforts take a number of forms, including publicity about student aid programs, counseling, and special efforts designed to reach particular groups of students who typically do not receive the full breadth of information about student aid programs. A number of these efforts are discussed in the final section of this paper.
When utilized, innovative information efforts foster increased awareness and participation in postsecondary education opportunities. These efforts often cost relatively little to implement and operate. The New Jersey state agency, for example, administered a pilot communications project in Elizabeth city that resulted in an estimated 4 to 5 percent increase in participation in the financial aid programs in the target area while overall statewide participation decreased. (see p. 24)

But such efforts require additional funding, and those groups interested in starting an innovative effort face the difficult task of raising sufficient funds to sustain an information program. In a time when financial resources of governments and educational institutions are strained, raising funds for innovative programs becomes that much harder. It is unfortunately the case that numerous worthwhile information efforts have failed for lack of funding.

We remain convinced that new and different means for communicating information about aid opportunities are critical to the effectiveness and success of the student aid programs. Federal and state governments cannot be expected to initiate and administer experimental efforts. Postsecondary educational institutions individually cannot be asked to spearhead innovation since they cannot reach all prospective students and because they have a vested interest in bringing students to their institution. The high schools, for reasons we have already discussed, are not capable of meeting the information needs of all prospective students.

Recipients of grants from a seed money fund for innovation in student aid should primarily be community groups or consortia of educational and other organizations not part of the traditional informational networks. We would recommend that this seed money fund should be administered by the Fund for the Improvement of Postsecondary Education (FIPSE). For a number of years, FIPSE has focused on the need for more accurate information as one of its high priority issues. Moreover, FIPSE by the nature of its charter generally operates outside of traditional modes.

**Improving Information for All Students**

In addition to addressing the informational needs of the underserved populations of disadvantaged and nontraditional students, steps must also be taken to improve the general quality of financial aid information that all students receive. To accomplish this goal we suggest:

- Establishment of a "Master Calendar" to help ensure timely provision of application forms and materials.

- Publication of a Comprehensive Source Document to help counselors and others accurately portray the financial aid system to students and their families.

- Development of an Easy to Understand Guide to help students and their families grasp their potential eligibility for student aid, especially in the early high school years when educational aspirations are being formed.
Establishment of a "Master Calendar"

To improve the timing of the student aid delivery system, a "Master Calendar" should be established in federal legislation that sets forth a schedule for completion of major decisions and tasks. This "Master Calendar" should include specific deadlines for the:

- submission of the Family Contribution Schedule;
- approval, production, and distribution of application forms;
- notice to educational institutions of their allocations for the campus-based programs; and
- approval of other regulations affecting the delivery of student aid.

To help ensure adherence to the timetable, failure to meet the deadlines prescribed in the calendar would result in automatic adoption of the prior year's procedures.

The Master Calendar would thus place pressure on both the executive branch and the Congress as well as state student aid agencies. The executive branch, to the extent it seeks to make changes in existing procedures, would be forced to allow for an orderly consideration of the potential impact of such changes by the Congress and student aid providers and consumers. Congress would be prevented from introducing last minute changes to the system unless it explicitly chose to ignore the calendar requirements it had previously enacted.

This recommendation for the establishment of a master calendar for the delivery of student aid echoes a recommendation of the National Commission on Student Financial Assistance, included in its report entitled Assuring the Effective Delivery of Student Financial Assistance.

Corollary to the establishment of a Master Calendar, we recommend that appropriations for the federal student aid programs other than GSL be placed on a two year basis. This recommendation is consistent with a frequently suggested reform for the congressional budget and appropriations process: that all federal appropriations be for two years and that half of the appropriation items come up for consideration every year. The reasoning behind this proposed change in the budget process is that funding levels for many programs do not change that much from year to year, and that staggered two year appropriations would reduce paperwork and time involved in ratifying funding decisions.

In the context of student aid, a shift toward two year appropriations, when combined with the forward funding provision already in the law, would allow one more year of reliable information on funding for student aid programs beyond the current system in which appropriations are forward funded but only for one year at a time. Under a two year funding cycle, educational institutions as well as students and their families would have a more reasonable expectation about the nature and the likely size of awards earlier in their respective planning processes.

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A comprehensive source document on student aid should be developed and distributed nationally. This guidebook and source document should be primarily intended to help counselors and others provide an accurate picture of student aid programs to students and their families.

While there is an abundance of information on student aid, there is no one source -- reliable, consistent, and comprehensive -- that provides an overview of the entire structure to help counselors and others inform students and their families of the whole range of programs and their possible eligibility for these programs.

Currently a number of sources must be consulted to answer students' basic and critical questions about the student aid system -- what programs are available, whether they are likely to be eligible, and how to apply for aid. The federal government, state governments, and educational institutions all provide information on student assistance programs, but each source is incomplete. The documents produced by the federal government provide little helpful information on non-federal sources of aid. Moreover, as part of belt tightening moves in recent years, the federal government has sharply reduced its production of pamphlets and brochures on student aid.

The net result of this diversity in information efforts is that students and their families find it difficult to piece together a complete picture of the student aid system and where they fit. Counselors and others responsible for providing information find that they must scramble from source to source trying to assemble an accurate and useful package of information.

The comprehensive guide we are suggesting could serve as a reference book for the student aid system. To perform this function, it should include:

- Federal and state programs of student assistance, including the rules for eligibility and amounts of aid available;
- Procedures for applying for government aid programs, and a sense of how the need determination process works;
- Guidance on how to identify appropriate aid programs provided by private organizations, local communities, and educational institutions;
- General information on what to expect about college costs and budgets including realistic estimates of living costs for commuters and resident students; and
- A discussion of the concept of aid packaging.

While we believe that the federal government has the responsibility to continue generating and disseminating information on its own programs, the crucial and cumbersome task of compiling and regularly updating the comprehensive guidebook we are proposing rests more comfortably with the private sector. Federal dissemination efforts in the past have not extended sufficiently to nonfederal programs and budgetary constraints have jeopardized the continued availability of federally provided information.
Instead of the federal government, a consortium of educational associations would be a better sponsor of a comprehensive source document on student aid. Such a consortium would assume responsibility for compiling information on student aid program rules for eligibility, funding levels, and application procedures, and would coordinate the dissemination of this information. This national distribution could be supplemented by efforts of state agencies or regional networks that would develop packages of information on aid sources within a particular geographical area.

Development of a source document on student aid would not preclude the existence of scholarship search organizations in that the source document could not reasonably attempt to provide detailed information on the host of specialized scholarship and grant programs that are provided by educational institutions, local community groups, corporations, foundations, and others. Often these private programs are available only to individuals with particular characteristics, and a national source document could do little more than encourage students to seek out such aid and to provide some minimal advice as to where to find out more. A primary source for information about specialized aid sources would continue to be the scholarship search services. But the creation of a basic source document would likely place pressure on private groups to improve the ways in which they provide information since much of the elementary information on student aid would already be available through the source document.

Publication of an Easy-to-Understand Guide to Student Aid

An easy-to-understand guide to student aid programs should be developed and distributed nationally through federal offices, state agencies, and educational institutions as well as direct mailings to students if feasible. The guide should be written in nonlegalistic terms and designed for an audience assumed to be largely unacquainted with the student aid system.

No simple guide presently exists for students and their families who wish to gain a quick uncomplicated view of the various programs of assistance for which they may qualify. Similarly, there is no informational resource that provides students and their families with a rough idea of how much assistance they might receive.

The absence of an easy-to-understand guide means that students must now search through a number of sources including federal pamphlets, state agency literature, and institutional catalogues to assess their chances for receiving assistance. This search process naturally has the effect of discouraging students from fully exploring their aid opportunities.

The easy-to-understand guide for students that we are proposing should include:

- a discussion of the concept of needs analysis and financial aid packaging;
- a brief description of federal student aid programs and how to apply;
- recognition of the existence of state grant programs and directions on how to receive more information; and
o a benchmark table discussing approximate amounts of family contribution expected for various income and family size levels and the range of aid that students might receive at institutions of various costs of attendance.

The purpose of this guide would not be to give students an exact estimate of their aid package. Instead, the guide would give students a rough idea of what might be available when college-going decisions are at hand. Precise information on the aid that students will receive, of course, must await the formal aid application process.

The primary audience for the guide would be freshmen, sophomores, and juniors in high school and other individuals not currently in high school who are interested in entering postsecondary education. We presume that this audience does not require detailed explanations of the student aid system or the exact rules for eligibility in each program. Rather, these prospective students and their families would like to know whether or not they have a chance of receiving aid and how much might be available.

Development and distribution of an easy-to-understand guide would be a primary tool for meeting the pre-eligibility notification requirements contained in the 1980 amendments to the Higher Education Act. This provision, which is intended to ensure that information on financial aid is made available to students early in their high school years, has never been implemented.

Like the comprehensive document on student aid recommended previously, the responsibility for preparing the easy-to-understand guide should rest with a consortium of student aid providers and consumer groups and not the federal government.
III. STATE AGENCY INFORMATION EFFORTS

The state agencies that distribute grants and guarantee loans are a key component in the student aid delivery system. These agencies currently provide over $1 billion in grant assistance every year and guarantee more than $6 billion in loans. They are responsible for developing forms, rules, and procedures to ensure that eligible students are aware of available programs and are able to participate.

State agencies also represent a crucial link in the effort to provide information on student aid. They are one step closer to the consumers of student aid than the federal government and are therefore better able to reach students. They are also better able than the federal government to develop and maintain strong relationships with educational institutions and lenders within the state.

To assess what states are doing to provide information on student aid programs, the Coalition in 1983 conducted a survey of state grant and loan agencies. This section summarizes the survey results. A questionnaire was sent to the administering agency for each state scholarship and grant program and the guarantee agency for the loan programs. A total of 102 questionnaires -- two to each state and two for the District of Columbia -- were distributed. Ninety-one percent of the state administering agencies returned a completed questionnaire. Twenty-one states reported on a combined basis for both the grant and loan programs.

The results of this survey are very similar to those reported from a survey of state agencies conducted by the National Student Education Fund (NSEF) in 1976. In both surveys, state agencies reported that they relied on high schools and guidance counselors as their primary conduit for disseminating information on student aid. Both the NSEF and the Coalition surveys indicated that about one-third of the states mailed materials directly to high school students. It was also apparent in both surveys that state agencies felt more comfortable and believed they were able to provide more accurate information on the programs they administered than for the federal aid programs.

This section discusses:

- how state agencies provide information on student aid;
- what kind of information is provided;
- what states do to meet the special information needs of disadvantaged, minority, and nontraditional students; and
- agency perceptions about their roles in providing information.

How Information Is Provided

Almost all of the states (95%) reported that they mail written information materials to high school guidance counselors with a request that these information packets be distributed to students and their families. Most of these states automatically provide written information materials to every high
school in the state. Those agencies that do not mail to every high school reported asking high school guidance personnel to submit information requests to the agency. This approach to information dissemination underscores the important role that high school guidance counselors play in informing students of their financial aid options.

Approximately one-third of the states reported that they mail information on student aid programs directly to students and their families. Almost all of the state agencies with direct mailing efforts used addresses retrieved from state high school lists, although two states used SAT lists as an address source. Almost all of the states with direct mailing efforts provided the information to 11th and 12th graders. Two states sent mailings to 10th graders, while one state, Louisiana, reported experimenting with a mailing to 8th graders. Louisiana sent a booklet to the parents of every 8th grader that recommends courses that students preparing for college should consider taking, lists topics each course should cover, and describes the skills that a student should acquire from a high school education.

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New York state in 1984 is starting a pre-college program for 8th and 9th graders through direct mailings and special workshops at selected schools.

Roughly two-thirds of the states reported that they conduct financial aid workshops or information sessions for prospective students. Three states that conducted workshops did so in every high school in the state. In the other states that conducted workshops, high schools were asked to request workshops from the agency. Colorado reported that information sessions in the state regularly include a panel presentation with representatives from the federal government, the state agency, and postsecondary institutions.

Georgia coordinates training efforts through five field representatives responsible for specific areas of the state. The primary responsibility of the field reps is to conduct financial aid information sessions for juniors and seniors in every high school at least once a year. These representatives also conduct financial aid training at civic clubs, PTA's, and other local organizations and coordinate local media efforts. Funds for the program are provided by the state. The Georgia agency has found that field representatives are better able to tailor information dissemination to the needs of a specific region than is the central office staff. A similarly organized training effort utilizing regional field representatives is part of the outreach program in Vermont. In North Carolina, the student aid information system is coordinated through an informal process including the four major state organizations and associations responsible for disseminating information.

Nineteen states reported that they conduct workshops or information sessions for students who do not proceed directly from high school to a postsecondary institution. Typically, agencies with programs for nontraditional students reach these populations through the mass media or through coordination with community organizations. Some states hold separate workshops for nontraditional students, while other states invite nontraditional student populations to participate in their regular high school workshops.

The South Carolina agency increased its capacity to reach both nontraditional and traditional prospective students by recruiting volunteers to staff an information booth at the state fair. The agency reported that this was a low cost, highly effective method of reaching potential student populations.
Missouri and New Jersey also reported sponsoring a state fair information booth.

Approximately two-thirds of the states reported conducting workshops or training sessions on student aid programs for high school guidance counselors. Some states also conduct training sessions for institutional personnel other than high school guidance counselors. Eleven states train counselors in the TRIO programs, nine states hold workshops for personnel connected with vocational rehabilitation centers, nine states reported offering training to librarians, and seven states train counselors of welfare recipients. At least two states conduct training sessions for inmate education counselors, and at least one state provides workshops for counselors at veterans' centers. Eleven states train counselors in the TRIO programs, nine states hold workshops for personnel connected with vocational rehabilitation centers, nine states reported offering training to librarians, and seven states train counselors of welfare recipients. At least two states conduct training sessions for inmate education counselors, and at least one state provides workshops for counselors at veterans' centers.

The following table summarizes the survey results regarding workshop audiences.

<table>
<thead>
<tr>
<th>Audience</th>
<th>Percentage of States</th>
</tr>
</thead>
<tbody>
<tr>
<td>high school guidance counselors</td>
<td>66%</td>
</tr>
<tr>
<td>high school students</td>
<td>66%</td>
</tr>
<tr>
<td>nontraditional students</td>
<td>38%</td>
</tr>
<tr>
<td>personnel involved with vocational rehab centers</td>
<td>18%</td>
</tr>
<tr>
<td>counselors of welfare recipients</td>
<td>14%</td>
</tr>
<tr>
<td>legislators and their staffs</td>
<td>10%</td>
</tr>
<tr>
<td>librarians</td>
<td>6%</td>
</tr>
<tr>
<td>inmate counselors</td>
<td>4%</td>
</tr>
</tbody>
</table>

In summary, survey responses reinforce the importance of the high schools as a vehicle for students and their families to receive information about the student aid sources and their possibilities for these programs. One third of the states send information directly to students and their families. Only a handful of states send materials to students before their junior year. Less than half of the states attempt to reach nontraditional student groups outside of the high school setting.

What Information is Provided

Survey respondents were asked a series of questions about the student aid programs included in their information packets and whether information was provided that would help students and their families complete the application forms. The following discussion of the information that states provide is supplemented by our impressions of the documents that the state agencies generate.

State agencies tend to provide more information on the programs they administer than on federal programs or those programs established by educational institutions. As the following chart illustrates, virtually all of the states provide written information on the Guaranteed Student Loan program, which is largely state-administered, and on state grant programs. Most states also provide a general overview of federal programs in their written information packets. The information that the state agencies provide appears to be consistently more detailed on GSL and the state grant programs than on other federal and institutional programs.
Percentage of States Providing Written Information on:

- The Guaranteed Student Loan Program: 98%
- The state grant program: 98%
- General overview of federal programs: 90%

In reviewing state-produced materials, it is apparent that state agencies could help minimize confusion by using straightforward language in their information materials that will be understandable to students and their families. State information packets that use language drawn from enabling legislation, while more exact, are harder to understand.

It is also apparent that state agencies are not as good at explaining programs which they do not administer. For example, a few states distributed information on the federal programs that specified incorrect eligibility requirements or award limits. Also, some state agencies do not publicize scholarship or supplemental loan opportunities that are administered by other agencies at the state level. For example, one state grant agency made no mention of a grant program for students in dentistry that is administered by the state's health department.

Examination of state-provided materials also yields some insight into what works well. For example:

- Minnesota provides its information packet in tabloid form that seems to be well received by students.
- Utah produces an annually updated career guide for distribution to all high school seniors. The guide highlights a chart that describes almost 200 occupations in terms of: nature of work, employment outlook, approximate starting salary, levels of training necessary for entrance into the occupation, training sites in Utah, and relevant programs of study. Also included is step-by-step guidance for career planning, hints on job-hunting, detailed information on available state and federal student financial aid, information for handicapped students, and referrals for additional information.
- Texas publishes a comprehensive guide to areas of study that can be pursued through postsecondary institutions in the state. An outgrowth of the state's Educational Information Centers operated in the 1970's, the Texas Opportunity Guide includes extensive information on financial aid.
- California produces an informational booklet with a worksheet that enables students to compare college costs on the basis of financial aid offers. The booklet also provides detailed information on college costs and available resources.

States were also asked if their materials include information on the aid application process, such as eligibility requirements and application deadlines, instructions for filling out the financial aid form, and estimates of the costs of attendance. As the next chart shows, virtually all of the states reported that they include eligibility requirements and application deadlines as a regular part of their information package. About three-fourths
of the states responded that they provide detailed information on the financial aid application such as explanation of specific lines on the form that are most often confusing. Approximately half of the states provide cost of attendance estimates for institutions within the state.

Percentage of States Providing Written Information on:

- eligibility requirements and application deadlines: 98%
- the financial aid application: 74%
- cost of attendance for in-state institutions: 50%

**Efforts to Reach Minorities/Disadvantaged/Nontraditional Students**

States were also asked to report any additional or special efforts made to reach minority, disadvantaged, and low-income students or prospective students. Fifteen states responded to this question, and several deserve mention.

Minnesota reported sending out invitations to minority counselors to attend specially designed workshops. Minnesota also works in conjunction with lenders to identify pockets of unmet need among disadvantaged populations.

Michigan reported that it targets media messages to urban areas with a high percentage of disadvantaged or minority families. California distributes alternate application forms written in Spanish for all of its programs. Texas, New York, and Massachusetts publish brochures in Spanish describing federal and state student aid programs.

Another method that states reported for reaching minority, disadvantaged, or nontraditional populations is through coordination with other agencies. More than half of the states reported working with the TRIO programs, 19 states with vocational rehabilitation centers, and 13 with local welfare agencies. Virginia and several other states reported distributing information on student aid to libraries across the state.

New York has undertaken an extensive program to disseminate information on financial aid through major labor unions in the state and has a network of over 1000 community organizations which assist in getting the word out on student aid.

California appears to make the most extensive use of "networking". It coordinates information and counseling activities with state correctional institutions, minority organizations, women's groups, educational outreach services, the Civilian Conservation Corps, and the State Youth Authority.

**Perceptions of Responsibility in the Information Dissemination Process**

Comments and letters attached to the surveys provided some insight into the way respondents perceive their responsibility in the information dissemination process. The range of comments included the perception of some states that they have essentially no responsibility in information dissemination. Other states suggested that they should play a secondary role...
in the training activities. Finally, some states thought they have the primary responsibility to coordinate and conduct training sessions for students and counselors. The majority of the states viewed themselves somewhere on the continuum between coordinators and trainers.

The states' views regarding which partner in the delivery process should have the primary responsibility for information dissemination included financial aid administrators, the federal training project, regional financial aid administrator associations, and high school counselors. One state suggested it was the responsibility of students to initiate a process to gain the needed information.

One measure of the states' perceptions of their role in the information process is the amount of money spent in each state on information dissemination. Estimates from the states ranged from the top figure of $750,000 per academic year spent on information dissemination in Pennsylvania down to zero dollars spent by those states that do not have a student aid information program. Based on the survey responses, we estimate that the total spent by state agencies for dissemination is approximately 5 million dollars annually, a figure that represents less than one-half of one percent of the total aid funds distributed by state agencies.

Budgetary pressures apparently are causing some states to scale back their information outreach efforts. For example, Utah reported that it will be cutting its entire information program because of funding cuts at the state level. The program currently includes the publication of the career guide described above, as well as other materials, and an information hot line.
Many groups have recognized the need to improve the ways in which information on financial aid is provided to students and their families, and have responded in a variety of model and innovative ways. This section provides examples and discusses a number of these efforts that have come to our attention. The examples are organized into three general categories:

- generating publicity about student aid programs;
- innovative counseling efforts; and
- reaching minority, disadvantaged and nontraditional student populations.

We recognize that the examples discussed here represent only a small sampling of what various organizations across the country are doing to improve the information that students and families receive about student aid. Our purpose in publicizing these efforts is to encourage other groups to contemplate how they might attack the information gap. To this end, a list of addresses and telephone numbers of the organizations discussed here is attached at the end of this section if the reader desires further information on these efforts.

Generating Publicity About Aid Availability

Despite the wealth of information on student aid, many students apparently remain unaware of the various sources of aid for which they may be eligible. To combat this lack of awareness, a number of efforts have been undertaken by state and local groups.

Designation of awareness weeks. Several governors designate one week a year as a state-wide financial aid awareness week in an attempt to raise student awareness of the availability of financial aid. The financial aid week is similar in organization to state awareness programs on fire prevention, health care, and many other public issues. In the case of student aid, the awareness week is typically organized by the agencies that administer the state grant and loan programs or by the state association of financial aid administrators. Activities during the week generally involve the central coordination of local media as well as financial aid workshops. During the financial aid week in Florida, student aid workshops were held in high schools and shopping malls across the state. Organizers encouraged attendance at these workshops by offering each participant a lottery ticket for a chance of an Interest-Free Guaranteed Student Loan provided by a lender in Florida. The governor of Illinois designated a week in February as the financial aid awareness week and the governor of Massachusetts selected January as financial aid awareness month. Other governors have designated a week for financial aid publicity during other times of the year.

Since 1972, the National Association of College Admissions Counselors has sponsored College Fairs in major cities throughout the country. These fairs, which are jointly managed by the local TRIO programs and community organizations, provide information on college admissions requirements and academic programs as well as various sources of financial aid.
Use of films and videotape. Some organizations have discovered that an effective way to reach students with aid information is through films or videotapes. The Illinois Association of Student Financial Aid Administrators and the Illinois Association of College Admissions Counselors produced a 30 minute video tape that is used as a training and counseling tool for high school students, their parents, and admissions counselors. The Admissions Referral and Information Center of New York developed a similar film on financial aid opportunities for use by high school counselors in New York state. The New York State Higher Education Services Corporation distributes a multi-media slide presentation for use by high schools, labor unions, and community groups. The Hispanic Plan of Houston has developed a film that focuses on low-income people in Houston who have "made it." This film is shown to high school students from economically disadvantaged backgrounds in Houston to increase their understanding that they, too, can attend postsecondary education and become professionals.

Use of mass media. Some organizations use mass media to get the word out to prospective students that aid is available. "If the school that you want wants you, the funds are there to get the two of you together." This message was part of a 1982 series of announcements distributed to 1,000 radio stations around the country by the College Board, with the support of a $15,000 grant from the Ford Foundation. The announcements were intended to correct the impression that financial aid was no longer readily available. Similar radio announcements were developed by the New Jersey Office of Student Financial Assistance and were distributed along with packets of financial aid materials to local and statewide radio stations for use during the first three months of 1983.

New Jersey also implemented a pilot communications program in Elizabeth city that involved the coordination of area media to increase students' knowledge of eligibility and availability of financial assistance. The project included the distribution of 1200 pamphlets as well as billboard advertisements. At the completion of the project, the New Jersey agency reported a four to five percent increase in participation in the financial aid programs in the target area while overall statewide participation decreased. The staff noted that although the project was targeted towards the traditional student population, the increase in participation was almost entirely from the nontraditional sector.

Ohio University Adult Learning Services used the medium of television in a state-wide awareness campaign. The Ohio group hosted a special two hour call-in show on public television that focused on adult higher education opportunities and financial assistance.

As part of the information campaign of the Michigan state grant agency, short film stories (10-15 minutes) on financial aid availability are submitted to stations viewed in inner-city or low-income areas. Michigan agency staff also participate in more than 15 call-in shows on Television and radio ranging between 30 and 60 minutes in length that provide information on financial resources for postsecondary education. Before the film is aired on television, the agency publicizes the program through local media and organizational newsletters. Postsecondary institutions have reported large increases in financial aid inquiries after the programs have aired. Conversations with institutional staff indicate that the inquiries were often from prospective students who had not been seriously considering postsecondary education. Michigan is now exploring the potentials of cable television.
Innovative Counseling Efforts

Counseling on a one-to-one basis is generally perceived as the most effective method for providing student aid information. However, advisors are often not able to provide personalized counseling because of large case loads or lack of access to needed information. To increase counselor effectiveness, local and state groups provide assistance in a variety of ways.

Training volunteers to supplement high school counseling staffs. Several local organizations have discovered that a cost effective method for reducing the burden on the guidance counselors is to provide additional staff support. The College Assistance Program, Inc. of Dade County Florida recruits and trains people who have been active in the community to act as specialized counselors in each high school in the county. The advisors work along with the existing guidance staffs to provide counseling on postsecondary education and financial aid opportunities to high school seniors and juniors in Dade County. These services will eventually be extended to students in the ninth grade.

Financial Aid for College and Technical Schools (FACTS) provides trained staff to work with high school guidance counselors at seven private New York city high schools. FACTS provides counseling on federal and state financial aid sources, assists with the completion of forms, recruits students for the Educational Opportunity Program in New York state, provides funds for students to visit out-of-town schools, and conducts workshops. In addition, these advisors utilize a student survey to match aid provided by private foundations, businesses, unions and volunteer agencies with potentially eligible students. One New York city high school reported an increase in college placement by 20 percent in a single year after the FACTS program was initiated. FACTS services are targeted primarily at junior and senior high school students, but are also provided to others in the local community on a request basis. A similar volunteer service is operated by the Boston Work Compact to lighten the burden for overloaded counselors in Boston high schools.

Establishing information centers. Some communities have obtained the funds necessary to develop centers that offer counseling and information to prospective students. The Cleveland Scholarship Program (CSP) is a scholarship, counseling, and information service for the Cleveland area that has been used as a model for similar centers now in several communities around the nation. The Cleveland center, which serves over 12,000 students annually, is funded by local foundations and businesses and provides a variety of services that begin in high school and extend after graduation from college.

Staff of the center, in its central office and at satellite locations in the Cleveland area, help 11th and 12th grade students identify available sources of aid; provide career counseling; assist with the admissions and financial aid application process; explain the obligations associated with accepting financial aid; and help students plan for college costs. CSP also awards scholarship funds to needy students, helps locate Guaranteed Student Loan sources, provides campus representatives for freshmen CSP students, helps secure summer employment, and identifies possible other aid sources for the next school year. After graduation, the program helps students obtain permanent full-time employment and works with alumni to assist in fundraising.
and public relations activities. The Cleveland project also helps adults returning to college by providing assistance with college admissions and financial aid forms and sponsors community fairs on financial aid and adult education.

The Student Aid Center of San Antonio, funded by the Minnie Stevens Piper Foundation, is a resource and counseling center for Texas high school students and adults. A cross-indexed financial aid cardfile of sources of scholarships, fellowships, grants, and loans is maintained. Reference works on financial assistance for specialized studies and minority/poverty programs are also on file. All current senior college catalogues, both undergraduate and graduate, for the United States, Canada, and Mexico are available for on-site use. A Career Development Library includes a collection of occupational literature describing those careers requiring one or more years of college. A small reference library is maintained with selections of reference works, professional journals and periodicals. The Center also annually distributes: a compendium of Texas colleges and universities which includes a listing of available financial assistance opportunities; a listing of financial aid opportunities available only to Bexar County high school seniors; and a minicourse suggesting a step-by-step approach to college admissions and financial aid procedures.

Use of computers for locating information. The increasing availability of computer technology has been utilized by some innovators in the field of student aid information. The Oregon State Scholarship Commission has developed a three part computer system that offers information on careers, estimates financial aid packages, and, most recently, provides information on available private scholarships. Access to the system is gained through terminals available in a variety of locations throughout 16 Western states. In Oregon, terminals are available in most high schools, community colleges, universities and four year colleges, education service districts, private vocational rehabilitation and counseling agencies, agencies serving the disadvantaged and handicapped, private industry, the State Workers Compensation Department, the State Vocational Rehabilitation Division, and Native American service agencies.

The original component of the system was a 'career program'. In this program a student enters an occupation into the terminal, and the system will then list schools which include the occupation in their curricula and describe the job market based on annually updated information from the Bureau of Labor Statistics. School districts that do not have funds to purchase a terminal are provided with a similar system that is operated manually. With this simulated computer system, schools receive a series of cards with punched holes through which a student can make a long needle to 'hook' the cards of the institutions that provide a particular curriculum.

A financial aid estimate component has been operational on the Oregon computer system for the past several years. This program provides an estimate of a student's financial aid package for a particular postsecondary institution. Computations are based on information provided by colleges and universities and data entered by the student including family income, the number of family members, and the institution the student is interested in attending.
Under the newly developed scholarship search component, individuals will first respond to a set of computer-generated questions regarding career plans, family background, interests, and hobbies. The responses will then be compared to eligibility requirements for the one thousand scholarship programs in the data bank. Each user will receive a free individualized print-out describing those scholarships that he or she may qualify for and any additional information necessary to apply for such scholarships. The information will be updated annually. The $5,000 annual cost for this system is provided by private foundations.

The Educational Awareness Talent Search project of West Virginia operates a computer-based program that provides baseline information on postsecondary institutions and on available campus-based financial assistance. Counselors throughout West Virginia can enter the system through telephone inquiries. The Compact for Lifelong Educational Opportunities of Philadelphia, Pennsylvania provides a computer system for adults that helps individuals clarify their work-related goals, match them with specific occupations, and obtain up-to-date occupational and job market information.

Use of hotlines. Toll-free telephone lines appear to be another effective method of delivering accurate information on student aid opportunities to prospective students. This strategy provides a vehicle through which specific questions can be quickly and accurately answered. An additional advantage is that hotlines are capable of reaching students currently not in the educational system. The state agency of Kentucky maintains a toll-free information line on student aid opportunities. The Massachusetts Association of Student Financial Aid Administrators provides an annual free financial aid hotline for one month. In 1983, this service was provided in February and the lines were flooded with callers. The Ohio University Adult Service provides a free number for adults in Ohio to call for information on returning to school, college admissions, and financial aid. The Career and Learning Line of Boston operates a similar phone-in service. Students find out about the hotline through social service agencies, state agencies, guidance offices, financial aid and college admissions offices as well as radio and newspaper advertisements.

An evaluation of hotlines was included in the 1983 report on the Student Opportunity and Access Program of San Diego County. The paper stated that the county-wide financial aid hotline was not cost-effective with a low number of users. The report suggested that unless there was a substantial increase in the numbers of users through increased publicity about the line's existence, the line should be discontinued. The Department of Education operated a national toll-free number for several years many thousands of students. This number is still maintained by the Department, but due to budgetary constraints, it is no longer offered toll-free, and usage, as a result, has dropped substantially.

Reaching Minority, Disadvantaged, Nontraditional Students and Other Groups

Reaching minorities. Information on student aid programs often does not reach students from minority backgrounds. These students are often located in areas that are not adequately serviced by the existing information systems or are enrolled in high schools with counseling systems that are understaffed.
Minority students often have specialized counseling needs because of significant cultural or language barriers. A number of efforts at the state and local level have been made to reach these students with needed information and counseling.

The Wisconsin Educational Opportunity Program (WEOP) identifies high potential minority or low-income eighth graders from the Milwaukee and Racine school districts for the purpose of providing academic, personal, and career counseling. The counseling program attempts to assist students and their parents plan an educational program that will allow the student to enter a desired career following high school graduation. WEOP staff will assist these students when they reach the senior high school by identifying sources of financial aid and providing assistance with form completion. The program is funded from available state resources and operates under the auspices of the Department of Public Instruction of the State of Wisconsin. It is an attempt to counter two of the principal reasons for poor retention rates among minority and low-income students -- the lack of understanding and eventual lack of completion of the type of high school program needed to prepare for postsecondary education and lack of knowledge on locating needed financial aid resources.

The Hispanic Plan, sponsored by the Houston Independent School District, is a counseling program targeted at the parents of low-income and minority high school students. Parents are provided with information on necessary study habits and skills while their children are in grades six through nine and are given detailed financial aid information when their son or daughter is in the ninth grade. Counseling sessions are conducted in both Spanish and English and focus on the general theme that low-income people can successfully attend postsecondary education.

The Negro Educational Emergency Drive (NEED) identifies high-potential, minority high school seniors in Allegheny County, Pennsylvania and five surrounding counties, with the help of high school guidance counselors, the Urban league, the National Association for the Advancement of Colored People, churches, and other community organizations. Once a student is identified, NEED staff provide information and counseling on all state and federal programs, inform students of and help them meet filing deadlines, assist with form completion, and provide scholarships to those with financial need. NEED also works with postsecondary institutions to obtain campus-based financial support for targeted students.

The idea for NEED originated in 1963 when nine black students, who did not have enough money to go to college, approached the Urban League for help. Through community fundraisers, such as barbecues and car washes, the League was able to ensure that all nine attended college. The following year 200 high school students applied to the League for assistance and NEED was incorporated. Last year NEED raised $350,000 from corporations and foundations to provide scholarships to 800 students in addition to their counseling and information efforts.

The National Action Council for Minorities in Engineering has developed a new program to inform minority students in grades six through eight about careers in engineering. The program is funded through grants from Eastman
Kodak and other private sources. The project will include reprinting and updating materials for students, producing media presentations and publications, running an engineering college fair, and building a display to use at education conventions.

Reaching adults. Adults who are prospective students also have specialized information needs, but they are often not reached by the current information system. These individuals are generally outside of the educational system or are home-bound because of child care responsibilities. The particular information needs of adults include specialized information on returning to school, financial aid opportunities, and the availability of child care facilities in addition to counseling on career development.

The Learning Connection of Pittsfield, Massachusetts is an information center that attempts to fill information gaps for adult learners. This center offers individualized counseling on career development and financial assistance, maintains information on courses and educational opportunities for adults in Berkshire County, and oversees a tutoring program for home-bound adults. The project is funded by the Massachusetts Educational Opportunity Center and the Pittsfield School Department. A similar service is offered to the residents of Ohio by the Ohio University Adult Services.

The Compact for Lifelong Educational Opportunities (CLEO) of Philadelphia is a consortium of 34 colleges and universities that works with business and industry to help adults in the Philadelphia area make decisions about their educational and career plans. CLEO acts as a broker between businesses and industries in need of training and colleges and universities that can provide them. The program also provides career and academic counseling for adults and life/career planning seminars and workshops, some geared especially towards the needs of the unemployed. The program is funded through a grant from the Kellogg Foundation and fees from member colleges, universities, and clients.

The Answer Van (formerly the Women's Information Referral and Education Services (WIRE) of Boston) provides women in the community with a wide variety of information. This van carries information on educational, employment and financial aid opportunities directly to women in their homes. Materials carried in the van include catalogues from local colleges and a financial aid booklet developed by the Service.

The Women's Inner-city Educational Resource Service, (WINNERS) of Roxbury, Massachusetts provides educational, career and financial aid counseling primarily to women. WINNERS provides a job placement service, maintains a library of college catalogues, and conducts workshops. The project is funded by the city of Boston, the state of Massachusetts, and private donations.

Reaching economically disadvantaged students. The Student Opportunity Access Programs of California (SOAP) are regional consortia of educational institutions and community agencies that provide vehicles through which secondary and postsecondary educational institutions can collaborate in solving problems. The programs attempt to provide information to low-income students on postsecondary education, provide work opportunities, and raise the
achievement levels of low-income students. Each project provides stipends to needy students currently enrolled in postsecondary education to work as peer advisors and tutors for low-income high school and community college students.

The SOAP projects are funded by the California State Legislature with matching funds from consortium members at least equivalent to the state contributions. The projects are currently operational in five regions of California and are administered by the California Student Aid Commission. The SOAP Program was established in 1978 and was extended in 1983, with the provision that each project be evaluated at least once every three years.

The San Diego SOAP project has generally been evaluated as the most effective in the program. Among its many activities, this consortium has provided one-to-one counseling for approximately 4,000 low-income and ethnic minority juniors and seniors. This project has increased its target population to include work with high school students below the 11th grade to improve academic performance. Cooperative efforts within the consortium have included counselor conferences, college and career fairs, campus tours, coordination of visits to high schools, and admissions conferences for faculty and staff of local colleges.

The Solano University and Community College Educational Support Services (SUCCESS) Consortium is a rural based SOAP project. The SUCCESS Consortium mails financial aid information to minority and disadvantaged students, sponsors parent/student financial aid nights at participating high schools, and offers financial aid workshops for community organizations and agencies. The Consortium has been very effective in increasing the numbers of aid recipients from participating schools despite the obstacles it has faced because of its rural setting. For example, the Consortium's high school job sites were often a considerable distance from the colleges attended by peer tutors or counselors. This resulted in the loss of potential college student employees who were not able to commit the time to drive the required distances or who did not have access to needed transportation. The Solano Consortium also was responsible for coordinating the seven school districts represented in the project; the large geographic region covered resulted in relatively high costs for the services provided. The Solano project responded to these difficulties by increasing institutional financial support, improving interinstitutional coordination of existing outreach services, and providing more effective administration.
APPENDIX I

List of Contact Persons for the Model and Innovative Programs

The following is a list of contact persons for the programs listed in Section IV, Model and Innovative Programs. This list is arranged in order of appearance in the report and includes the name, address, and phone number of a contact person for each program.

Generating Publicity About Aid Availability

Designation of awareness weeks

David M. Bodwell
Director of Financial Aid
University of Tampa
401 West Kennedy Boulevard
Tampa, Florida 33606
(813) 253-8861

Dennis Wentworth
Director of Financial Aid
McHenry County College
Route 14 & Lucas Road
Crystal Lake, Illinois 60014
(815) 455-3700

Use of films and video tape

Sam Perpich
College Consultant
Rolling Meadows High School
2901 Central Road
Rolling Meadows, Illinois 60008
(312) 259-9640

Deborah Peruolo
Executive Director
Admissions Referral and Information Center
500 8th Avenue, Room 412
New York, New York 10018
(212) 947-1293

Dennis Cabral
Vice President for Research and Policy Analysis
Higher Education Services Corporation
Twin Towers
99 Washington Avenue
Albany, New York 12226
(518) 474-8336
Use of mass media

Kathleen Brouder  
Associate Director  
The College Scholarship Service  
888 Seventh Avenue  
New York, New York 10106  
(212) 582-6210

Janet Trotter  
Public Information Officer  
New Jersey Department of Higher Education  
Office of Student Assistance  
4 Quakerbridge Plaza, CN 540  
Trenton, New Jersey 08625  
(609) 984-0806

Pat DeWeese  
Assistant Director  
Project Learn  
E.C.S.  
309 Tupper Hall  
Ohio University  
Athens, Ohio 45701  
(614) 594-6569

Lee Peterson  
Information Services Supervisor  
Michigan Higher Education Assistance Authority  
P.O. Box 30008  
Lansing, Michigan 48909  
(517) 373-0457
Innovative Counseling Efforts

Training volunteers to supplement high school counseling staffs

Herbert Bloom
Coordinator, College Admissions Services
College Assistance Program, Inc.
of Dade County
1410 Northeast Second Avenue
Room 1523
Miami, Florida 33132
(305) 350-3706

Milton Heimlich
Coordinator
Financial Aid for College and Technical Schools
New Rochelle High School
New Rochelle, New York 10801
(914) 632-9000 ext. 417

Establishing information centers

Or. Clarence Mixon
Executive Director
Cleveland Scholarship Programs, Inc.
1380 East 6th Street
Cleveland, Ohio 44114
(216) 241-5587

Michael Balint
Executive Director
Student Aid Center
201 North Saint Mary Street
Suite 100
San Antonio, Texas 78205
(512) 227-8119

Use of computers for locating information

Gary K. Weeks
Deputy Director
State Scholarship Commission
1445 Willamette Street
Eugene, Oregon 97401
(503) 686-4166

Oaniel Crockett
Educational Awareness Coordinator
West Virginia Board of Regents
950 Kanaha Boulevard
East Charleston, West Virginia 25301
(304) 348-0006

Dr. Peter Mills
Executive Director
Compact for Lifelong Educational Opportunities
37 South Sixteenth Street
Philadelphia, Pennsylvania 19102
(215) 564-0775
Use of hotlines

Don Walker
Information Officer
Kentucky Higher Education Assistance Authority
1050 U.S. 127 South
Frankfort, Kentucky 40601
(502) 564-799C

Charles Sheehan
Massachusetts Association of Student
Financial Aid Administrators
Boston University
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Joanne Yphantis
Director
Massachusetts Occupational Information Coordinating Committee
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(617) 292-5115

Penny Edgert
Project Director
The San Diego County Cal-SOAP Consortium
Riley Guidance Center
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San Diego, California 92111
(619) 569-1866

Bill Ryan
Chief, Dissemination Section
U. S. Department of Education
Office of Student Financial Assistance
Room 4661, RDB-3
400 Maryland Avenue, SW
Washington, DC 20202
(202) 447-9031
Reaching Minority, Disadvantaged, Nontraditional and Other Groups

Reaching minorities

Paul T. Spraggins, Jr.
Director
Bureau of Education Opportunity
Department of Public Instruction
600 W. Walnut
Suite 40
Milwaukee, Wisconsin 53212
(414) 224-4413

Marilyn Collins
Director of Secondary Guidance & Counseling
3830 Richmond Street
Houston, Texas 77027
(713) 623-5011

Herman L. Reid, Jr.
Executive Director
Negro Educational Emergency Drive
Law and Finance Building
Pittsburgh, Pennsylvania 15219
(412) 566-2760

Reaching adults

Zoe Dalhiem
Director
Adult Tutoring Connection
Home Tutoring Program
269 First Street
Pittsfield, Massachusetts 01201
(413) 442-6569

Pat DeWeese
Assistant Director
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309 Tupper Hall
Ohio University
Athens, Ohio 45701
(614) 594-6569

Dr. Peter Mills
Executive Director
Compact for Lifelong Educational Opportunities
37 South Sixteenth Street
Philadelphia, Pennsylvania 19102
(215) 864-0775
Gwen Harper
Program Consultant
The Answer Van
United Way of Massachusetts Bay
87 Kilby Street
Boston, Massachusetts 02108
(617) 482-8370

Marguerite Goodwin
Executive Director
Women's Inner-City Educational Resource Service
134 Warren Street
Roxbury, Massachusetts 02019
(617) 442-9150

Reaching economically disadvantaged students

Arthur S. Marmaduke
California Student Aid Commission
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Sacramento, California 95814
(916) 445-0880

Penny Edgert
Project Director
The San Diego County Cal-SOAP Consortium
Riley Guidance Center
5650 Mount Ackerly Drive
San Diego, California 92111
(619) 565-1966

Deborah Daniels
Consortium Coordinator
SUCCESS Project
Solano Community College
Box 246
Suisun City, California 94585
(707) 864-7000
APPENDIX II

List of Related Studies and Reports


APPENDIX G. Attachment to Testimony of Margaret Dunkle
The College Board is a nonprofit membership organization that provides test and other educational services for students, schools, and colleges. The membership is composed of more than 2,500 colleges, schools, school systems, and education associations. Representatives of the members serve on the Board of Trustees and advisory councils and committees that consider the programs of the College Board and participate in the determination of its policies and activities.

The Washington Office of the College Board conducts research relevant to public-policy issues in education. The office is located at 1717 Massachusetts Avenue, N.W., Suite 404, Washington, D.C. 20036; (202) 332-7134.
Postsecondary opportunities, particularly for the disadvantaged, are potentially threatened by federal budget cuts not just in student aid but in the entire range of income security programs.

Most federal assistance available to help students meet college costs comes through grant, loan, and work/study programs created explicitly to aid individuals unable to pay for higher education on their own. At the same time, the federal government helps to maintain the incomes of individuals suffering from various disadvantages: poverty, physical handicap, unemployment, death of the family breadwinner, and so forth. When beneficiaries of one or another of these income maintenance programs contemplate enrolling in college, their ability to handle the costs is affected by the rules and regulations of the programs from which they have been receiving support.

For students and indirectly for institutions of higher education, recent reductions in income maintenance programs mean an additional loss of resources. Counselors, financial aid administrators, and college officials planning institutional budgets will need to take account of these changes in the period ahead.

The Washington Office of the College Board has produced several reports describing changes in student assistance programs and their likely effects. In this analysis we provide information about the impact of recent changes on students or prospective students receiving support from the major income maintenance programs: Social Security, Aid to Families with Dependent Children (AFDC), Medicaid, Food Stamps, Public housing assistance, the Comprehensive Education and Training Act (CETA), and vocational rehabilitation aid. We focus primarily on provisions of the 1981 Omnibus Reconciliation Act, though we sometimes refer to other recent developments or to long-standing provisions that affect access to postsecondary education for the disadvantaged.

In February 1982, President Reagan proposed another round of federal budget cuts, including further reductions in many of the programs discussed in this paper. We do not report on his proposed changes here, as Congress has yet to act on them.

The following pages discuss each of the major income maintenance programs, the changes brought about by the Reconciliation Act, and their effect on students or prospective students. The chart on pages 7 and 8 provides a summary of this information for easy reference.

Social Security

Students and prospective students will be most affected by changes in Social Security restricting aid to dependents over the age of 17. Created in 1965, the program of Social Security student benefits had grown to dwarf all but the largest direct student aid programs. In March 1981, approximately 880,000 students aged 18-21 were enrolled in the program. Roughly 80 percent of these students were in postsecondary education. Based on death, disability, or retirement of a parent eligible for Social Security, these individuals received an average benefit of $259 per month (in 1981) as long as they were full-time, unmarried students under age 22. The annual cost of benefits for postsecondary students was variously estimated at $1.7 billion to $2 billion.
The Reconciliation Act phases out Social Security student benefits over the next four years. No individual will be eligible if he or she enrolls in college after April 30, 1982. Anyone receiving benefits for the first time after August 31, 1981, will be dropped from the program in July 1982. Other current beneficiaries will continue to receive Social Security assistance until they leave school or reach 22, but their benefit levels will be cut by 25 percent each year from their 1981 levels (beginning in September 1982) and they will not be eligible for the cost-of-living increases customarily given Social Security recipients each year. Moreover, students will not be paid benefits for the months of May, June, July, or August each year, regardless of whether or not they are actually in school. This provision takes effect in May 1982.

Students who continue to receive Social Security payments may find their eligibility for student aid, especially Pell Grants, reduced in 1982-83. Congress has changed the way Social Security benefits are treated in determining eligibility for Pell Grants. In past years, these benefits were included in family income, and only 10.5 percent of this income was assumed to be available to pay college costs. For 1982-83, Social Security student benefits will no longer be considered in determining the family's expected contribution from income. They will, however, be considered as direct aid available to the student. The total of the Pell Grant, expected family contribution, Social Security benefits, and other aid may not exceed the student's cost of attendance. Pell Grants will be adjusted accordingly.

Aid to Families with Dependent Children (AFDC)

Two kinds of AFDC recipients have enrolled in college: dependents below the age of 22 and adults receiving AFDC benefits because they are taking care of dependent children. Both groups may find their ability to attend college affected by recent changes in AFDC provisions.

Until passage of the Reconciliation Act, the AFDC program gave states two options for covering dependent children over 17. States could cover no one over 17 or all 18-21 year olds in regular attendance at a secondary or vocational school, college, or university. All but 11 of the 50 states elected to cover 18-21 year olds, and an estimated 170,000 such students were receiving benefits in 1979.

The Reconciliation Act eliminated federal AFDC payments on behalf of 18-21 year olds enrolled in college. States may now choose not to cover anyone over 17 or to cover 18 year olds who are full-time students in secondary school or the equivalent level of vocational or technical training and who expect to complete the program before turning 19. As with other benefits, states may continue to cover AFDC dependents in college solely from state funds, but few are likely to do so. Thus, dependents will lose AFDC eligibility on their eighteenth birthdays if they are not in secondary or vocational education. Their families could lose as much as $800 annually when their AFDC eligibility ends.

AFDC adult recipients will be affected by new work requirements and by tighter restrictions on other income (which in some states can include certain student aid). The most significant effect on AFDC recipients interested in postsecondary education may come from new work requirements for parents of young children. The Reconciliation Act says that the parent or other relative personally providing care for a child under the age of six shall be allowed only "very brief
and infrequent absences" from the child. Otherwise, the parent is required to register for "manpower services, training, employment, and other employment related activities." This provision may effectively preclude parents of young children from enrolling in college, since class attendance could be viewed as more than brief absences from the child.

In the past, parents of older children were expected to be available for employment, but in practice jobs for them frequently did not exist and AFDC administrators sometimes allowed or even encouraged college attendance as part of approved training programs. A heavier emphasis on "workfare" in the Act may result in more AFDC recipients being required to take some sort of job rather than attend school. Under Reconciliation, states are allowed to establish Community Work Experience Programs, where AFDC recipients are required to work in community service agencies without additional compensation. States may also create Work Supplementation Programs, in which they reduce AFDC grants in order to obtain funds for jobs to be made available to AFDC recipients on a voluntary basis.

Stricter limitations on earned income may also affect students, particularly in states where student aid funds have been counted as family income in determining AFDC eligibility. One new limitation involves the so-called "30 and 1/3" rule. Before Reconciliation, working AFDC recipients were allowed a disregard of $30 per month plus one-third of their remaining earnings in calculating their AFDC eligibility. Now the disregard is limited to the first four months of employment. Other disregards for working AFDC recipients, such as the ones for work expenses and care of dependent children or disabled adults, are also reduced. These changes could have serious consequences for students in areas where local welfare offices treat student grants or work/study assistance as earned income.

When part or all of student aid is counted as earned income, families could also find their eligibility for AFDC reduced or eliminated because of new "standard of need" restrictions. The Reconciliation Act excludes from the AFDC program any family whose income exceeds 150 percent of each state's "standard of need." Changes in the AFDC program having indirect consequences for students include allowing states to reduce AFDC payments to families receiving food stamps or housing subsidies and excluding families from the program if they have $1,000 in assets other than a home or a car.

Reconciliation provisions affecting AFDC recipients were scheduled to take effect on October 1, 1982, though court appeals and the need for state legislatures to enact conforming legislation have delayed implementation in some cases. States may choose to pay for benefits dropped by the federal government, though state governments have budget problems of their own and are unlikely to take this option.

Medicaid

Medicaid, which is closely linked to AFDC, provides federally-subsidized health care to low-income citizens and their families through matching grants to the states. States are required to provide Medicaid coverage to all AFDC recipients; in addition they may, but are not required to, cover the "medically needy" (the aged, blind or disabled, or families with dependent children whose income is too high for AFDC but who need help with medical costs).
The most important Medicaid change stems from the program’s connection to AFDC: students 18 to 21 years old who lose their AFDC eligibility will lose their Medicaid benefits as well. So will AFDC parents who become ineligible for AFDC because of new earning restrictions. As with AFDC, states have the option of continuing coverage for 18 to 21-year olds on their own, an option few are likely to choose.

The Reconciliation Act also loosens restrictions on the 30 states that have elected to provide Medicaid to the medically needy. They no longer must cover all medically needy, and they have the option of refusing coverage to dependents over 17, 18, or 19 years old, instead of having to cover all dependents under 21 in eligible families as before. Also, it is estimated that because of Reconciliation states will receive a billion dollars less in FY 1982 in federal reimbursements for Medicaid than they would have otherwise expected to receive. This decreases the likelihood that they will choose to cover optional groups.

Food Stamps

Few student recipients of Food Stamps remained in the program after the 1980 Food Stamp Amendments placed strict limitations on their eligibility. The number of students receiving Food Stamps dropped from an estimated 200,000 to approximately 50,000 after those amendments became law.

The 1980 Amendments restricted the eligibility of students enrolled in college half-time or more and aged 18-60 to those individuals working at least 20 hours per week or participating in the College Work/Study program during the school year or enrolled in the Work Incentive (WIN) program under AFDC. Also, according to the 1980 changes, the student has to be a head of household, a spouse in a two-parent household, or earning half of the household’s income. If students meet all of these conditions, they can qualify for Food Stamps if they meet the program’s income test.

Overall, Food Stamp expenditures are expected to be $1.7 billion lower in FY 1982 than in FY 1981, with one million of the program’s 22 million recipients likely to lose eligibility altogether. Remaining recipients will find their benefits reduced because of such changes as delaying cost-of-living adjustments, prorating first-month benefits, and restricting deductions and earned-income disregards.

Public Housing Assistance

The two largest federally-sponsored housing assistance programs for low-income citizens provide rent subsidies for families and individuals living in publicly-owned and operated housing projects or in privately-owned (so-called “Section 8”) housing. Before the Reconciliation Act, a public housing or Section 8 family paid no more than 5 percent of its gross monthly income or 25 percent of its monthly adjusted income for rent. The Reconciliation Act sets the rate at the highest of: 1) 30 percent of the family’s monthly adjusted income, 2) 10 percent of the family’s monthly gross income, or 3) that part of a family’s welfare payment specifically designated for housing, in states where welfare is adjusted for housing costs.

The Act also changed the way educational costs and subsidies are treated in
determining income. Before Reconciliation, all income from a family member under 18 and from full-time students was disregarded in calculating the family's eligibility, unless the student was the head of household or that person's spouse. All earned income of the latter and of part-time students, including scholarship assistance, was counted as family income. Scholarship aid was broadly defined as any public or private grant or work/study wages. The public housing program, however, excluded from income student aid covering tuition, fees, and books. The Section 8 program disregarded equipment as well. In addition, both programs included an annual deduction of $300 from family income for each family member who was a full-time student.

Reconciliation eliminates the earnings disregard for full-time students as well as the $300 annual deduction. Both changes will presumably lower the eligibility of families with students for housing subsidies and/or discourage dependent full-time students from working.

The Comprehensive Education and Training Act (CETA)

CETA consists of several kinds of programs that can help college students. Public service employment opportunities authorized by Titles IID and VI provide subsidized jobs and training for out-of-work adults. Local CETA sponsors can arrange for the training component to be conducted by colleges. CETA job-holders can also pursue college courses on their own. CETA also provides education and training for 14-22 year olds through such programs as Youth Employment and Training, Job Corps, and the Summer Youth Employment Program. Local sponsors provide a variety of other training programs for adults under CETA auspices.

The major step taken in the Reconciliation Act was to eliminate all CETA public-service employment at the end of FY 1981. Youth employment and adult training are continued, but at reduced levels. The loss of CETA wages is doubtless the most significant of these changes for college students.

Vocational Rehabilitation

Vocational Rehabilitation services, including college training if appropriate, are provided to disabled citizens in an effort to prepare them for gainful employment. These services emerged largely unscathed from Reconciliation. States, however, may have a harder time in the future collecting federal reimbursements when their clients are also receiving federal disability payments, because of new rules allowing reimbursements for these individuals only if the rehabilitation results in "substantial gainful activity for a continuous period of nine months."
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<th>Social Security</th>
<th>Before 1981 Reconciliation</th>
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<td>Full-time, unmarried students under the age of 22 received an average benefit of $259 a month in 1981, based on the death, disability, or retirement of a parent eligible for Social Security. No one enrolling in college after April 30, 1982, will be eligible. Those receiving benefits for the first time after August 31, 1981, will be dropped in July 1982. Other current beneficiaries will continue to receive benefits until they leave school or turn 22, but their benefit levels will be cut by 25 percent a year beginning September 1982, and they will not be eligible for yearly cost-of-living increases. After May 1982, students will not be paid benefits for May, June, July, or August. Effect: No benefits for new college students, and benefits for all others (some 700,000 in 1981) phased out over next four years.</td>
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<td>States could opt to: (1) cover no one over 17, or (2) cover all 18-21 year olds in regular attendance at a secondary or vocational school, college or university. Federal AFDC payments on behalf of 18-21 year olds in college are eliminated. States may now choose to: (1) cover no one over 17, or (2) cover 18 year olds attending secondary school or receiving an equivalent level of vocational or technical training. Effect: Discourages college enrollment by 18- to 21-year-old AFDC dependents.</td>
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<td>The parent or &quot;caretaker&quot; relative of a child under six was, without restriction, excused from the requirement to register for &quot;manpower services, training, employment, and other employment-related activities.&quot; Such parents could participate in college study. The so-called &quot;30 and 1/3&quot; disregard is now limited to the first four months of employment and may not be reinstated unless a qualified applicant has not received AFDC benefits for 12 consecutive months. AFDC families with incomes over 150 percent of each state's &quot;standard of need&quot; are excluded from AFDC benefits. Effect: Reduces AFDC eligibility for employed beneficiaries and for students whose local welfare offices treat grants and work/study assistance as earned income.</td>
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<td>Working AFDC recipients were allowed a disregard of $30 a month plus 1/3 of their remaining earnings in calculating their AFDC eligibility. There was no time limit on this disregard. The so-called &quot;30 and 1/3&quot; disregard is now limited to the first four months of employment and may not be reinstated unless a qualified applicant has not received AFDC benefits for 12 consecutive months. AFDC families with incomes over 150 percent of each state's &quot;standard of need&quot; are excluded from AFDC benefits. Effect: Reduces AFDC eligibility for employed beneficiaries and for students whose local welfare offices treat grants and work/study assistance as earned income.</td>
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<td>Although parents of children over six were required to register for employment or training, in practice they were sometimes allowed to attend college as part of a &quot;workfare&quot; program. A heavy emphasis on &quot;workfare&quot; may bring about stricter adherence to work requirements. States may opt to establish Community Work Experience Programs or Work Supplementation Programs where AFDC recipients work in community service agencies without additional compensation. Effect: Many recipients who are parents of older children may be required to take jobs rather than attend college.</td>
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<td>In addition to meeting an income test, students eligible for Food Stamps had to be at least half-time students, aged 18 to 60, and either working at least 20 hours a week, or enrolled in a work/study program, or participating in a WIN program under AFDC. They also had to be either heads of household, spouses in a two-parent household, or earning half the household's income.</td>
<td>Recipients will experience reductions in benefits brought about by delayed cost-of-living adjustments, prorating of first-month benefits according to date of application, and restrictions on deductions and earned income disregards. <strong>Effects:</strong> The 50,000 students currently receiving benefits will experience reductions similar to those of other recipients.</td>
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<td>Medicaid</td>
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<td>Students 18-21 years old who were eligible for AFDC benefits were covered by Medicaid. With a few exceptions, students 18-21 years old lose their AFDC eligibility and consequently will lose Medicaid coverage. <strong>Effects:</strong> Loss of Medicaid for many economically disadvantaged students.</td>
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<td>The 30 states that opted to provide Medicaid to the medically needy had to cover all medically needy, including all dependents under 21 in eligible families. These states are no longer required to cover all the medically needy, and they have the option of refusing to cover dependents over 17, 18, or 19 years of age. <strong>Effects:</strong> Because of budget cuts, states are likely to reduce or eliminate such coverage.</td>
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<td>A public housing or Section 8 family paid no more than 5 percent of its gross monthly income or 25 percent of its monthly adjusted income for rent. The rate for tenants is the higher of: (1) 30 percent of the family's monthly adjusted income; (2) 10 percent of its monthly gross incomes or (3) that part of its welfare payment specifically designated for housing in states where welfare is adjusted for housing costs. <strong>Effects:</strong> Higher housing rates for students or families of students in publicly assisted housing.</td>
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<td>Public Housing Assistance</td>
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<td>All income from full-time students was excluded in calculating a family's eligibility for housing subsidies, except for students heads of household or their spouses. All earned income of the latter and of part-time students, including scholarship assistance, was counted as family income. The public housing program and the Section 8 program differed as to what portion of student aid was to be excluded from income. Both programs allowed annual deduction of $300 for each family member who was a full-time student.</td>
<td>Earnings disregard is eliminated for full-time students as is $300 annual deduction for students. <strong>Effects:</strong> Lower eligibility of families with students for housing subsidies and discourages dependence of full-time students from working.</td>
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<td>Treatment of student aid is now uniform across all HUD programs: student aid covering tuition, fees, books, and equipment is excluded from family income. <strong>Effects:</strong> Simplifies calculation of income disregards for determining eligibility for public housing assistance.</td>
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<td>Under CETA, public service employment opportunities provided subsidized jobs and training for out-of-work adults. Local CETA sponsors could arrange for training to be conducted by colleges. CETA job holders could also take college courses on their own. All CETA public service employment is eliminated. Youth employment and adult training are continued at reduced levels. <strong>Effects:</strong> Loss of CETA wages for college students and decreased participation in college training as a part of other adult and youth employment programs.</td>
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<td>Voc. rehab.</td>
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<td>The federal government reimbursed state vocational rehabilitation agencies for rehabilitation services to recipients of federal disability payments, without stipulating that these services be employed for a specified time. Such reimbursements may be made only if the services to clients result in their performance of &quot;substantial gainful activity&quot; for a continuous period of nine months. <strong>Effects:</strong> Discourages state vocational rehabilitation agencies from serving clients receiving federal disability aid, including students and prospective students, because of increased followup responsibilities and risk of losing reimbursement funds.</td>
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Mr. Weiss. Thank you, Ms. Dunkle. Dr. Weinbaum.

STATEMENT OF DR. SANDY WEINBAUM, DIRECTOR, ACCESS FOR WOMEN

Dr. Weinbaum. I would like to thank the subcommittee for inviting me to share my experiences with vocational programs for teen mothers in New York City, one of which I have developed and am presently directing. It is a nontraditional vocational program for teen mothers, ages 17 to 21, based at New York City Technical College, and funded by private foundations and city agencies.

Recent media and social science research have focused national attention on the incidence of poverty among female-headed households. Women who bear their first child as a teenager are heavily represented among those households. One-half million adolescents between the ages of 15 and 19 give birth each year.

The United States has the highest proportion of teen parents of any western industrialized country. One-half of AFDC payments go to households headed by women who bore their first child as a teenager.

Most teen mothers will be heads of households during some part of their lives, either because they bear children out of marriage or because a very high percentage of their marriages end in divorce. Many have interrupted their schooling to have a child and do not return to acquire a high school degree or marketable skills. Few receive child support payments. Returning to school or to work poses special problems because of the high cost of good child care. Like other women in our society, when they find employment, they are likely to hold jobs in the traditional female sectors of the economy, which will not provide sufficient income for the household.

The children in these households suffer the consequences of their mothers' low income and educational deficits with the result that they are likely to do more poorly in school than children born to older parents, and to be impoverished and educationally disadvantaged.

What can our society do to end the cycle of welfare dependency, marginal jobs and poverty, and what current welfare and employment policies enhance or hinder adolescent mothers progress toward economic independence?

No intervention can be successful that does not address the complex social and economic circumstances as well as the psychological realities which are likely to shape the lives of adolescent mothers.

When most adolescents are engaged in attending school, developing significant relationships with peers, and planning their future, teen mothers must put their own developmental needs on hold while they learn to care and provide for their child. Yet, they, too, must complete their education if they are to become economically self-sufficient adults and acquire marketable skills and find work.

When we consider that most teen mothers are not married or are in marriages that will not last and that they come from low-income households in which there are few material resources to assist them, these tasks seem all the more formidable. Adolescent women whose educational and employment opportunities are limited may hope to acquire status and affection in their homes and communi-
ties through having a child. They are usually disappointed and overwhelmed by their new adult responsibilities.

Their families may feel incapable of caring for and supporting another child. Some teen mothers find living at home untenable because of family tensions and crowded living conditions. If they can, they establish their own households, thus becoming another statistic in the growing number of poor female-headed households.

A number of innovative support programs around the country have been designed to assist adolescent mothers in coping with these extremely difficult and complex circumstances. While many creative initiatives have been undertaken, few have prepared adolescent mothers to be breadwinners, and the few that do have had little impact on Federal employment programs funded under the Job Training Partnership Act (JTPA).

These programs have not adequately met the educational needs of teen mothers, even though the mandate of the act was to serve the most disadvantaged in our society.

A recent report on JTPA programs in New York City serving youth documents the difficulties that even programs designed only for young people have in recruiting and retaining teen mothers. The problems, which I think are not at all unique to New York include—this is the most frequently cited problem—lack of adequate arrangements for child care; lack of easily accessible and high quality remediation programs; lack of stipends adequate to cover training related costs, such as transportation, lunch or classroom supplies; and burdensome and time-consuming dealings with welfare, which prevent participants from attending regularly.

A further problem documented in the report is the concentration of young women in clerical skills or other training programs that are traditional for women. Only 8 percent of the females as opposed to 33 percent of the males were being trained in such fields as building maintenance and repair or automotive mechanics.

It should be noted that the majority of youth, although women much more than men, were being trained in jobs in the female sector of the economy—clerical and service jobs that are typically nonunionized have low salaries, few benefits and offer few possibilities for advancement.

The result of such training programs is that young women must take jobs that do not adequately support them. They lose or leave them, go back on welfare, and continue to cycle on and off welfare; thus, welfare becomes poor women’s unemployment.

In spite of the widespread knowledge about these negative consequences of sex segregation in employment, JTPA programs have done little to address this issue. They have not, for example, mandated that a certain percentage of training slots be for jobs that are nontraditional for women.

My own experience, and the reason I was asked to testify before the committee, has been in developing a model employment program for adolescent mothers, ages 17 to 21. This is a 6-month program which provides vocational training in building maintenance and repair. A nontraditional training program was chosen because it prepares young women for jobs that generally pay higher salaries than can be found in the traditional female sectors of the economy.
It enrolls women with a sixth grade reading level or above and, I should add, we have had no difficulty in recruiting participants to this program. Young women who have completed the program have been hired as handypersons, as maintenance workers in municipal agencies, as apprentice carpenters, painters, bricklayers. Many achieve their high school equivalency diploma in the program.

They leave with a sense of themselves as productive members of society. As one woman, a 19-year-old mother of three children, said, when she completed the program, “There are so many things I want to give my children, and now that I have a trade, I can begin providing for them.”

The basic components of this program were derived from other young mother programs around the country. The experience of these programs suggests that a successful employment program for older teen mothers, those 17 to 21, must include the following components:

1. Training in skills which meet the needs and requirements of local industry and business and which lead to jobs which provide salaries and benefits sufficient for a woman to support herself and her children.

2. A comprehensive onsite education component which includes remediation in reading, writing, and mathematics, programs in English as a second language, and preparation for the high school equivalency exam.

3. A comprehensive counseling component which assists students in overcoming personal barriers to their development; addresses their needs as parents; provides guidance in family planning; provides training and job readiness skills, such as how to apply for a job, how to handle an interview, or write a résumé; and assists participants in balancing their roles of worker and parent.

Counseling for adolescent mothers must address sex stereotyping in work and family roles which prevents young women from developing to their fullest potential.

4. A mentoring component, which provides young women with sensitive and supportive role models in the fields for which they are preparing, and which provides them with a network of people to call on once they leave the program.

5. Supportive services during the program, of which the most important are onsite child care and stipends to defray training related costs. A followup with participants, once they leave the program, which provides assistance in maintaining jobs, finding new ones, creating supportive networks at work and in the community, juggling family and work responsibilities and finding high quality child care.

6. And, finally, the location of all these services at one site which facilitates access to them and enhances the likelihood of teen mothers attending regularly and completing a program.

Even if programs were to include all these components, the participants would still face major obstacles in completing them or in becoming economically self-sufficient. These obstacles stem from the difficult circumstances in their lives as well as from the inequities and failures of our welfare system.
Adolescent mothers devote an inordinate amount of time to dealing with welfare. They must cope with several agencies and regulations that mystify all but the trained specialist. Little wonder that they do not know their rights, often do not receive the benefits they are entitled to, and when they do, they may be arbitrarily cut off, which, in human terms, may mean hunger or loss of housing.

Programs can and must advocate for their participants. However, their major tasks should be neither to mitigate nor to challenge the failures of welfare. While we envision programs that assist young mothers in becoming economically self-sufficient, we must also develop a welfare system which does not undermine their efforts to do so and does not stigmatize and degrade them.

I would recommend the following changes in welfare and family policies to enhance the ability of older adolescent mothers to become economically self-sufficient: improved access to benefits that exist through clear notification of rights and entitlements and through an enforcement of existing regulations; a level of benefits that adequately meets family needs; assistance with the transition to economic independence, including a period of continued health benefits and income maintenance, if necessary; nonstigmatized family support or child allowance for all parents, regardless of income, such as can be found in Sweden, France, the Federal Republic of Germany and other industrialized Western countries; and State assured child support, either from the absent parent, when that is possible, or from the State; and, finally, improved subsidies for child care for all working parents.

Implicit in all these changes, to quote Sheila Kammerman, is “the acknowledgment of the dramatic change in women’s roles, a view of mothers as employable, and a commitment to assuring them job opportunities and training as needed.”

The type of employment programs I have described are costly. Per student costs exceed those allowed under JTPA because support services, which include child care, are above the 15-percent limit allowed under the act. Yet, without such program components, I believe we cannot help one of the most disadvantaged groups in our society to become economically self-sufficient.

From a long-range perspective, such programs are cost-effective when measured against public expenditure for welfare benefits and the loss of tax revenues. Human costs are, of course, the most disturbing. To allow a generation of young women and their children to cycle on and off welfare will result in a tragic loss of human potential.

As a society committed to providing opportunities to all its members, we must not allow this to happen.

[The prepared statement of Dr. Weinbaum follows;]
Barriers to Economic Self-Sufficiency for Teen Mothers

Prepared by: Dr. Sandy Weinbaum
New York City Technical College
City University of New York

With the Assistance of:
Elizabeth A. McGee
Assistant Director
Center for Public Advocacy
Research, NYC
Recent media and social science research have focused national attention on the incidence of poverty among female-headed households. Women who bear their first child as a teenager are heavily represented among these households. One half-million adolescents between the ages of 15 and 19 give birth each year; the United States has the highest proportion of teen parents of any Western industrialized country. One-half of AFDC payments go to households headed by women who bore their first child as a teen.

Most teen mothers will be heads of households during some part of their lives—either because they bear children out of marriage or because a very high percentage of their marriages end in divorce. Many have interrupted their schooling to have a child and do not return to acquire a high school degree or marketable skills. Few receive child support payments. Returning to school or to work poses special problems because of the high cost of good childcare. Like other women in our society, when they find employment they are likely to hold jobs in the traditional female sectors of the labor force which will not provide sufficient income to support a household. The children in these households suffer the consequences of their mothers' low incomes and educational deficits with the result that they are likely to do more poorly in school than children born to older parents and to be impoverished and educationally disadvantaged.

What can our society do to end this cycle of welfare dependence, marginal jobs and poverty, and what current welfare and employment policies enhance or hinder adolescent mothers' progress toward economic independence?

No intervention can be successful that does not address the complex social and economic circumstances as well as the psychological realities which are likely to shape the lives of adolescent mothers. When most adolescents are engaged in attending school, developing significant relationships with peers, and planning their future, teen mothers must put their own developmental needs on hold while they learn to care and provide for their child. Yet they too must complete their education, if they are to become economically self-sufficient adults, acquire marketable skills and find work. When we consider that most teen mothers are not married or are in marriages which will not last and that they come from low-income households in which there are few material resources to assist them—these tasks seem all the more formidable. Adolescent women whose educational and employment opportunities are limited may hope to acquire status and affection in their homes and communities through having a child. They are usually disappointed and overwhelmed by their new adult responsibilities. Their families may feel incapable of caring for and supporting another child. Some teen mothers find living at home untenable because of family tensions and crowded living conditions. If they can, they establish their own households, thus becoming another statistic in the growing number of poor female-headed households.

A number of innovative support programs around the country have been designed to assist adolescent mothers in coping with these extremely difficult and complex circumstances. While many creative initiatives have been undertaken, few have prepared adolescent mothers to be bread winners. The few that do have little impact on federal employment programs.

\(^2\) For a description of these programs see Time for Transition: Teenage Parents and Employment, Project Director, Elizabeth McGee, National Child Labor Committee, 1985.
funded under the Job Training Partnership Act. These programs have not adequately met the educational needs of teen mothers—even though the mandate of the act was to serve the most disadvantaged in our society. The reasons for this failure are multiple.

The high priority placed on job placements in JTPA has encouraged agencies applying for funds to recruit students who are easy to train and place. The emphasis on placement is reinforced by performance-based contracts which penalize agencies for failure to meet pre-determined completion and placement goals. A young mother who has dropped out of school, who may require academic remediation, who has no access to good childcare and who may live in an unstable family situation is not generally viewed as a promising candidate for a training program that averages 10 to 12 weeks and must place 70 to 80 percent of those enrolled. "Creaming" in agencies around the country has resulted in programs that do not serve the most disadvantaged—youth, teen mothers, and those requiring intensive remediation.3

A recent report on JTPA programs in New York City serving youth, documents the difficulties that even programs designed only for young people have in recruiting and retaining teen mothers. The problems, which, I suspect are not unique to New York, include lack of adequate arrangements for childcare, lack of easily accessible and high quality remediation programs, lack of stipends adequate to cover training-related costs such as transportation, lunch, or classroom supplies, burdensome and time-consuming dealings with welfare which prevent participants from attending regularly.4


A further problem documented in the report is the concentration of young women in clerical skills or other training programs that are traditional for women. Only 8% of the females, as opposed to 33% of the males, were being trained in such fields as building maintenance and repair or automotive mechanics. It should be noted that the majority of youth, although women much more than men, were being trained for jobs in the female sector of the economy—clerical and service jobs that are typically non-unionized, have low salaries, few benefits and offer few possibilities for advancement.

The result of such training programs is that young women must take jobs that do not adequately support them; they lose or leave them; and go back on welfare. They continue to cycle on and off welfare; thus welfare becomes poor women's unemployment. In spite of the widespread knowledge about these negative consequences of sex segregation in employment, JTPA programs have done little to address the issue. They have not, for example, mandated that a certain percentage of training slots be for jobs that are non-traditional for women.

My own experience, and the reason I was asked to testify before this committee, has been in developing a model employment program for adolescent mothers, ages 17 to 21. This is a six-month program which provides vocational training in building maintenance and repair, a rapidly expanding field in New York City. Young women who have completed this program have been hired as handypersons, as maintenance workers in municipal agencies, and as apprentice carpenters, painters and bricklayers. Many achieve their

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high school equivalency diploma. They leave with a sense of themselves as productive members of society; as one young woman, a nineteen-year old mother of 3 children, said when she completed the program, "There are so many things I want to give my children, and now that I have a trade, I can begin providing for them."

The basic components of this program were derived from other "young mother" programs around the country. Unfortunately, most of these programs have not been rigorously evaluated, and what has been learned has not been applied to federally funded programs. Instead, these programs have had to struggle to survive, often lasting only 2 or 3 years without impact beyond their participants. The experience of these programs suggests that a successful employment program for older teen mothers (17 to 21) must include the following components:

1. Training in skills that meet the needs and requirements of local industry and business and that lead to jobs which provide salaries and benefits sufficient for a woman to support herself and her children. These skills can be learned in a classroom or through a combination of classroom training and on-the-job experience. The latter by itself, however, is not sufficient to teach complex, marketable skills.

2. A comprehensive, on-site education component that includes remediation in reading, writing and mathematics, programs in English as a Second Language and preparation for the High School Equivalency exam. Agencies serve participants best when they can offer the entire range of these programs.

3. A comprehensive counseling component that assists students in overcoming personal barriers to their growth and development; that addresses their needs as parents; that
provides guidance in family planning; that provides training in job readiness skills such as how to apply for a job, how to handle an interview, or write a resume; and that assists participants in balancing their roles of worker and parent. Counseling for adolescent mothers must address sex-stereotyping in work and family roles that prevents young women from developing to their fullest potential.

4. A mentoring component which provides young women with sensitive and supportive role models in the fields for which they are preparing and which provides them with a network of people to call on once they leave the program.

5. Supportive services during the program, of which the most important are on-site childcare and stipends to defray training-related costs.

6. A follow-up with participants once they leave the program which provides assistance in maintaining jobs, in finding new ones, in creating supportive networks at work and in the community, in juggling family and work responsibilities, and in finding high quality childcare.

7. The location of all these services at one site which facilitates access to them and enhances the likelihood of teen mothers attending regularly and completing a program.

Even if programs were to include all these components, the participants would still face major obstacles in completing them or in becoming economically self-sufficient. These obstacles stem from the difficult
circumstances in their lives as well as from the inequities and failures of the welfare system. Adolescent mothers devote an inordinate amount of time to dealing with welfare. They must cope with several agencies and regulations that mystify all but the trained specialist. Little wonder that they do not know their rights and often do not receive the benefits they are entitled to; even when they do, they may be arbitrarily cut off, which in human terms may mean hunger or loss of housing.

Programs can and must advocate for their participants; however their major task should not be either to mitigate or challenge the failures of welfare. While we envision programs that assist young mothers in becoming economically self-sufficient, we must also develop a welfare system which does not stigmatize and degrade them and which does not undermine their efforts to do so.

I recommend the following changes in welfare, publicly-funded vocational programs and family policy to enhance the ability of the older adolescent mother (17 to 21) to become economically independent.

1. JTPA or alternative youth employment initiatives.
   - Provide incentives for young mothers to enroll including childcare, specialized counseling, stipends or access to welfare payments to defray training-related cost; single site services to avoid logistical problems faced by parents of small children; follow-up support services.
   - On-site remediation and other educational programs designed to improve academic skills and enhance the vocational training.
   - Flexible evaluation of program outcomes based on individual contracts that reflect a student's academic skills, changes in life circumstances, needs and goals.
2. Welfare Policy
   - Improved access to benefits that exist through clear notification of rights and entitlements and through an enforcement of existing regulations.
   - A level of benefits that adequately meets family needs. At present 31 states and Washington, D.C. have combined AFDC benefits and food stamps which provide less than what these states define as bare subsistence; in all states these combined benefits are below the poverty level.6
   - Assistance with the transition to economic independence including a period of continued health benefits and income maintenance if necessary.

3. Family Policy
   - Non-stigmatized family support or child allowance for all parents regardless of income such as can be found in Sweden, France, the Federal Republic of Germany and other industrialized Western countries. State assured child support either from the absent parent, when that is possible, or from the state.
   - Improved subsidies for childcare for all working parents.

Implicit in all these changes, to quote Sheila Kamerman, is "the acknowledgment of the dramatic change in women's roles, a view of mothers as 'employable,' and a commitment to assuring them job opportunities and training as needed." 7

The type of employment programs I have described are costly. Per student costs exceed those allowed under JTPA because support services, which include childcare, are above the 15 percent limit allowed under the Act. Yet without such program components, I believe we cannot help one of the most disadvantaged groups in our society to become economically self-sufficient. From a long range perspective, such programs are cost effective when measured against public expenditure for welfare benefits and the loss of tax revenues.

The human costs are, of course, the most disturbing. To allow a generation of young women and their children to cycle on and off welfare will result in a tragic loss of human potential. As a society committed to providing opportunities for all its members, we must not allow this to happen.

Mr. WEISS. Thank you very much, Dr. Weinbaum. Ms. Berube.

STATEMENT OF SUSAN C. BERUBE, MARKETING COORDINATOR, SYNCSORT, INC.

Ms. BERUBE. I am Susan Berube, former welfare student, graduate of Smith College, presently employed as marketing coordinator with Syncsort, Inc., in New Jersey.

I am pleased to submit testimony this morning before the Subcommittee on Intergovernmental Relations and Human Resources, especially since I earned a degree as a welfare student.

I was asked to submit a paper that I originally gave in April before the public policy conference on women, welfare, and higher education at Smith College in Northhampton. The statement I am presenting today was, in fact, written for that conference.

After 13 years of marriage and two children, I found myself divorced and responsible for providing a family wage. With no means to do so, I was forced to resort to AFDC (Aid to Families with Dependent Children).

While AFDC was the immediate answer to my dilemma, for me, it was no solution to economic security and financial independence. I am one of the fortunate ones. I sought out and found a real solution. A unique opportunity was made available to me. I could earn a degree at Smith College as a nontraditional student, as an Ada Comstock Scholar.

But not all Ada's are like me. Not all are receiving AFDC benefits or some form of Federal educational subsidization. Not all AFDC recipients are like me. Not all are aware that pursuing higher education can be an option.

This program is not accessible to all individuals. It was not designed specifically for women on welfare. It is a privately-funded program outside Federal auspices that has selective entrance requirements.

In my paper, I share with you some of the difficulties one encounters as a welfare student. Most of the experiences are mine, but some incidents were experienced by other welfare students.

My intention is to point to some of the inconsistencies in present policy and to suggest that Federal programs address these issues, and to recommend that opportunities like the one I was offered be made available to welfare women through programs designed by the Federal Government.

A student enrolled in a degree program who is receiving public assistance has two major concerns. First, money—an overriding fear of losing benefits. Second, the difficulty of handling multiple tasks while feeling satisfied that she has achieved her personal measure of success at each.

By definition, the person who has opted for a degree program, rather than short-term vocational training, wants more than a job. She knows that she is capable of more than learning a specific skill. She wants to open doors that will enable her to make more money than the typical female vocational job offers. She may even want a career. She may not know specifically which door that degree should open, but she knows she needs a position that will challenge her intellect.
Typically, she is a mother. She is a homemaker. She is an ex-wife. She is a person with her own particular needs.

She has initiative, ambition and a distaste for financial dependence. She wants more out of life and has come to realize that she is the only person that she can rely on to get what she wants. Confidence is not even an issue. She is a driven woman.

She struggles with her priorities. Her children need her love and attention. Her courses require much time and effort. Her homemaking chores—food a necessity, clean clothes and house, nice but not high on the list. Then, there is the father of her children, and all the emotional ramifications of that situation. In addition, her family and friends make demands on her, but, at the same time, chastize her for subjecting herself to unnecessary pressures.

Her children are growing. If she is not careful, she will have missed their great triumphs and their pain. To what degree is she responsible for their academic and extra-curricular achievements? How are they developing socially? If she could just make the time to listen. She carries an overriding guilt that she is being selfish and robbing them of appropriate nurturing. And she does not want them to leave the nest without really having enjoyed them.

But she has three papers due and two exams next week. Will that professor be understanding and give her an extension? She is behind on her reading. Can she really contribute something meaningful, something worthy of a passing grade? She is sure she has bitten off more than she can chew. Her only comfort is that her counterpart has four papers due and three exams and her child has the chicken pox.

When she gets home from class, she finds a notification in the mail that her case is up for redetermination and a meeting has been set for next week. She must have her rent and utilities receipts, her pay stubs, and all other pertinent data available for inspection. Her checking and savings accounts and those of her children must be presented. The signature on the notification is different! A new caseworker. What will this one be like? Sympathetic to her situation or unreasonable and difficult?

The phone rings. It is the father of her children. He cannot take the kids this weekend. He and his new girlfriend are having a party and they feel it just would not be appropriate to have the children there. You do understand, don't you? Besides, isn't cousin Mary's birthday Sunday, and didn't you want to take the children to the birthday party?

She goes to the bathroom. She has her menstrual period again? No—this is blood clots and she is feeling pain. Call the doctor. He cannot see her till next month. But this is an emergency. OK. Come in tomorrow at 4. How about an earlier time? I will have to get a sitter at 4. Sorry. It is the best I can do.

The doctor asks if she has been under any unusual stress. Take it easy, he says. If the condition persists, call me. She is grateful for her medicaid benefits and relieved that hospitalization is not necessary. She has no time for this.

Unfortunately, the emergency appointment conflicts with the appointment with the caseworker. Will the caseworker punish her for this? Will her case be closed? Will she have to resubmit all the intake forms again?
The new date conflicts with her son's baseball game. She must forfeit the game, she cannot miss this next appointment.

Has there been any change in your income since your last assessment? The caseworker is not particularly interested in her expenses or in whether or not her public assistance is adequate. It costs her $500 every month to provide housing and clothing. She must be doing something wrong, the caseworker says. The Federal standards dictate that a single person with two dependents can provide for those needs on $300 a month.

It always amazes her how she makes ends meet. On paper, it does not work, but somehow she makes it. Does she need fuel assistance? She laughs. This reminds her of what happened last year. Conscientious as she is, she went for assistance only when she had exhausted her personal funds. She went to the location that had been indicated to apply for heating assistance.

The office had been moved to a new site. When she got there, she was told that the office had been moved to yet another site. She completed all the forms to prove her impoverished status as directed, even though she had already presented them with verification of her AFDC status.

Then she was told that they would not be able to grant her the full $750 allotment because the funds had already been allocated for the season. It seems ironic that the cutoff date for the guaranteed portion of the fuel assistance allotment is February 28, the height of the heating season.

Next question—has she enrolled in the WIN Program? No, that is the ET program. WIN was last year. But I'm in school; I cannot work, too. You have indicated here that your child is in day care 25 hours a week. If the child is in day care more than 20 hours a week, the public assistance recipient is required to register to get a job and to go on interviews.

Furthermore, why does your child need day care for 25 hours when you are taking only two courses? Yes, the earnings from your job would be deducted from your grant, but on an incentive scale, of course. If she works, her child will need to be in the day care center for more hours.

When she figures out the net earnings, considering the additional cost and the deduction from her public assistance allotment, she would be gaining 70 cents for every precious hour she works.

She sighs in exasperation and complains that she has already secured a loan to make ends meet. You have a loan? That constitutes income. We will have to deduct the amount of your loan from your grant. She gasps! Oh, if you wish, you can contest this, but it is not likely you will win. The regulation is pretty clearly stated.

She is in class. Her mind is wandering. What is she going to make for supper? There is nothing in the refrigerator. She will have to go shopping. She starts compiling a list on the corner of her class notes. After class, she heads for the store. Does she have her food stamps? It is the first day of the month. She can now buy her food stamps, but during what hours? Will she get to the store that sells them in time or will she have to wait till the following day?

She is lucky. They stop selling food stamps at 5, and it is 4:45.

She is careful to make sure that the clerk returns her ID card. She
remembers the time the clerk did not return it to her, and then couldn’t find it when she went back 1 hour later to retrieve it. She had to go to the trouble of getting a temporary card only to have the original show up 1 month later. It had been turned over to the welfare office by the store that said they did not have it.

She makes it to the grocery store. She thinks about what she is wearing. She knows that she and her purchases will be scrutinized by other shoppers at the checkout and the grocery clerks. She is careful about her purchases. The food stamps must last the entire month.

She would like to shop less frequently, but the children do not seem to understand that if they eat all the apples today or share them with their friends, there will be no apples tomorrow. Growing children, they are always hungry. It seems as if they eat every thing she buys, no matter how much, an hour after she has unpacked the groceries!

She is grateful for the financial support she is getting. The food stamps, the AFDC grant, the educational grant, and especially the medicaid.

She would have gone under last year had she had to pay the bills when her son was hospitalized.

She often asks herself why she decided to put herself through such pain. Will it all be worth it? School is so demanding. Relinquishing control of her income and the invasion of her privacy is demeaning and anxiety producing.

Her self-esteem is affected by the humiliation she feels every time she encounters a hostile salesclerk or a caseworker who seems to be saying, “How dare you aspire to such things?” Will she and her children really benefit from all this emotional upheaval and strain?

I am pleased to say that it is worth it. Today, I am gainfully employed. I am proud to say that I am a taxpayer. I am now helping to pay for other women who are presently going through this. I am glad I dared to aspire to such things.

My oldest son is now a junior in high school, and he has been invited to join the National Honor Society. He talks about applying to Harvard or MIT. My younger son is producing some very fine drawings and is a natural athlete. And I am presently back in school to advance my career. Only, this time, my employer is paying for the tuition. I feel good about myself, proud that I accepted the challenge, and earned it.

I am especially pleased that, by doing this, I set an example for my children, who are very proud of me and who seem to be striving to show me that they, too, can do it.

Thank you very much.

[The prepared statement of Ms. Berube follows:]
STATEMENT BY SUSAN C. BERUBE
SUBMITTED TO THE HOUSE GOVERNMENT OPERATIONS,
INTER-GOVERNMENTAL RELATIONS AND
HUMAN RESOURCES SUB-COMMITTEE
JULY 9, 1985

488 Kinderkamack Rd.
Westwood, NJ 07675
Thoughts From a Former Welfare Student: "If they want me off welfare why do they make getting a degree so difficult?"

A student enrolled in a degree program who is receiving public assistance has two major concerns. First, money—an overriding fear of losing benefits. Second, the difficulty of handling multiple tasks while feeling satisfied that she's achieved her personal measure of success at each.

By definition, the person who has opted for a degree program rather than the short-term vocational training wants more than a job. She knows that she is capable of more than learning a specific skill. She wants to open doors that will enable her to make more money than the typical female vocational job offers. She may even want a career. She may not know specifically which door that degree should open, but she knows she needs a position that will challenge her intellect.

Typically, she is a mother. She is a homemaker. She is an ex-wife. She is a person with her own particular needs.

She has initiative, ambition and a distaste for financial dependence. She wants more out of life and has come to realize that she's the only person that she can rely on to get what she wants. Confidence is not even at issue—she is a driven woman!

She struggles with her priorities. Her children need her love and attention. Her courses require much time and effort. Her homemaking chores...food—a necessity; clean clothes and house—nice, but not high on the list. Then there is the father of her children, and all the emotional
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Mr. WEISS. Thank you very much, Ms. Berube.
Now, first, let me express my appreciation to all of you for your patience and perseverance in a long morning.
Ms. Blank, the administration testified that some States are meeting child care needs by requiring workfare participants to become child care providers.
Do you have any information on what these programs do to provide satisfactory training for the workfare participants?
Ms. BLANK. It does not sound like the Idaho project does. I have not had a chance recently to talk with a child care provider I know who is supposedly training a group to be family day care providers in South Carolina.
She was concerned because she was the only provider in the State who ran any sort of family day care system. She was concerned that in other parts of the State, there was not that kind of support for the women doing family day care.
She was also concerned that these women lived in very poor housing, and she did not believe that the houses would come up to code to meet the family day care licensing programs.
So, even though I have not talked to her recently, our early conversation indicated that the kind of training and continual support was not going to be there.
Mr. WEISS. This is to you and Ms. Breen. Much of the discussion on child care for working women focuses on care for children under 6. Could you discuss the need for availability of supervised after school care for older children?
Ms. BLANK. I think we have a national disaster on our hands. Both ends of the spectrum infant care and school age child care.
If you look at studies that come out of resource and referral programs which help families find child care, the two services most frequently cited as unmet needs are infant care and school age child care.
The estimates are extraordinary. The experts estimate that anywhere from 5 to 15 million children are home alone after school. Conservative estimates are that 5 to 7 million are alone. It is hard to pin this down because parents are hesitant to admit where they are leaving their children alone.
One of the things that concerns us is that the school age child care service that is developing is very middle class. There is not much subsidy money available in most States. Because title XX is such a shrinking pot, it is only $200 million more than it was in 1976. States have invested their child care money in younger children.
Last year, Congress passed a very limited bill—a $20 million school age resource and Federal block grant. The funds can only be used for startup costs. In a supplemental appropriations bill, the Senate included $5 million to be divided among these two services.
Only two States provide direct support for school age child care. New York last year approved $300,000 for startup costs and Indiana this year passed a model pilot school age bill providing $270,000 that can be used for operating costs and prioritizes low-income children.
The Governor of California vetoed a $60 million school age bill last year and is threatening to veto a new version once again. We
have a big problem. We have another problem in terms of the fact that we have to get parents used to using school age child care once a program is in place. If you have left your child home alone, you often, regardless of income, do not make the leap and take the extra time to pick up your child after school or drop your child off in the morning.

I believe we must get school age child care established for very young school age children so it becomes instinctive for families.

Mr. WEISS. Ms. Breen?

Ms. BREEN. It is not entirely true that States are not funding after school child care, but, for example, what Minnesota is doing in the Sliding Fee Child Care Program to be used by whoever receives it for whatever child care is needed, if what they need is after school child care, that is what—and they are eligible for the sliding fee subsidy—then that is what they get.

What we hear are two things. One, that infant child care is horrendously expensive, and many low-income parents cannot, simply cannot afford it. There is also not much infant care available.

The latchkey programs are expensive also. Those are, I think, the middle-class programs that Helen was describing. Those are expensive, but the subsidy money is available in the Sliding Fee Program based on eligibility, and then the money is used, goes to the providers that the individual uses.

So, it is available. It is simply not adequate. It is just not sufficient.

Ms. BLANK. Even though it is technically available, school age children come at the bottom of the priority list.

Mr. WEISS. Again, there is evidence in both of your statements that some States are providing extensive child care services to low-income women. These efforts are to be commended, but I am concerned that Federal policies seek to shift more and more of that burden on the States.

Do you agree, and do you think that the States can accommodate the growing need for child care?

Ms. BREEN. Well, I can tell you that the loss of title XX dollars in child care in Minnesota has never been made up. What the State is appropriating does not. I do not have the figures—I did not bring with me numbers on what the dollars were, but I know that we have never picked up the loss in the title XX money.

So, the answer is—I do not see how they can. I thought that Minnesota made a huge effort, as I said, by appropriating $10 million, but we estimated the need at $43 million. So, I realistically would have probably seen to it that $43 million had been appropriated.

I just do not think that will happen. I do not think—and I do not think that—sure, the money is there. I mean, there is money. We have a surplus at the moment. We are getting a big tax cut, but I do not think that money is going to get appropriated.

Ms. BLANK. I think it is just like what we have said in general about some of the President's plans. It depends on what State you live in. Even the most generous States such as New York which added $10 million for low-income working families are not coming close to meeting the need. New York outside New York City lost 8,400 to 12,000 children between 1981 and 1983. If you live in Lou-
isiana, you have that waiting list that I spoke about and the State has an almost nonexistent child care system.

In Idaho, it is interesting to hear the administration talk about welfare. They provide no child care to low-income working parents who are not on AFDC, have no other special support for child care, and do not make licensing mandatory. New Mexico, which tried to expand its income eligibility scale last year, found it had to cut back eligibility poverty level. This year it was forced to close admissions for a good part of 1 year for child care.

Every several months, Louisville, KY, closes admissions for working parents and only allows children who need child care for protective service purposes to enter the system. So, it depends on what State you live in.

This year, Massachusetts had a lot of child care activity. Minnesota and Ohio added some child care money. Probably two-thirds of the States still made little or no progress. I think unless the Federal Government helps out, we are not going to see the kind of system we need.

Mr. WEISS. Ms. Dunkle and Ms. Berube, the idea of women on welfare successfully completing college runs counter to many perceptions that we have about AFDC recipients.

How do you suggest that we formulate Federal policy that promotes making college opportunities available to women who are currently receiving public assistance?

Ms. DUNKLE. I think hearings like this are certainly a good start. There are also other efforts that are happening now. For example, the American Association of University Women has a publication I have attached to appendix C, a policy brief on women and student financial aid which talks about women's ability to get student financial aid and how responsive student financial aid is to the needs of women. This policy brief specifically discusses the disincentives to AFDC women to pursuing a postsecondary education.

Now, this kind of information is just the start. I think we need more information about the effect of increased education for low-income women, the effect on them, and the effect on their children. The data base there is very weak and, with the decreased data collection by this administration, it is becoming even weaker.

We need information about, for example, what happens to the children of female-headed families and children of women on AFDC with an eye toward breaking the cycle of poverty and increasing economic self-sufficiency. Additional education is a way of breaking that cycle.

Right now, the people who collect this data on student aid recipients and college students do not even know how many students come from female-headed families, much less how many of them come from families where the mothers were AFDC recipients. Beyond that, we do not know how many of the children from low-income female-headed families that have the ability to pursue a postsecondary education do not do so because of lack of educational opportunities, lack of information and lack of money. The higher the income level, the more likely a person is to pursue a postsecondary education, even when you are looking at equally qualified people.
The hypothesis, which I think is right, but we have no information to show that, is that students from female-headed households are disproportionately receiving Pell grants when they do go to college and disproportionately do not go to college.

So, hearings like this, that can start to ask some of those questions, and pulling on existing data bases to answer those questions would be very useful.

I have searched high and low for lots of this information, even calling up the people who collect the data. One of them that conducts a survey of freshmen college students, when I talked with them, said: "Well, that is a good question. I never thought about that before, about the number of children in college who came from female-headed families." These researchers were going to try to change the questions they ask to start to get a closer approximation of this.

At least some of this information could be available through existing data sources, like the High School and Beyond Study, but the analyses are costly to do and groups like ours do not have the resources at this point to do it. So, good, factual information is, I think, very useful for coming up with informed policies.

Mr. Weiss. Thank you.

Ms. Berube, do you want to add anything?

Ms. Berube. No.

Mr. Weiss. Thank you. Dr. Weinbaum, can you tell us a little more about the program you run in New York City? For example, how many young women do you serve, where do you get your funding, what your success, however you define it, has been to date?

Dr. Weinbaum. OK. Well, the—we serve 40 young women each year, and we have only run it for 1 year. So, it is difficult at this point to talk about success. I can tell you about the first group that completes—of that group, of those who finished, and we did not—not everybody who was enrolled finished.

We were able to place, either in an educational placement or all in training or related jobs, every single person but one that had a serious health problem. And, in the period that we followed up with them, all but one of them has retained those jobs.

But, I think that the most important thing is that there are these—I mean, it is not the only program. When I developed it, I looked at final reports and so forth from a number of programs all over the country. There is one in Texas, there was one in Boston, that has been funded. These programs tend to have a history of, you know, maybe 2 years private funding, maybe some State funding, something like that. No rigorous evaluation. They fade out and that is the end of them, and I guess what I am concerned about is that somebody—and, there are—there now is a publication on these programs that is "The Time of Transition," which is put out by the National Child Labor Committee, that looks at these programs around the country.

Let us take a look at them. Let us rigorously evaluate them. You cannot really tell what the success rate is after you have run a program for 1 year because really you need 1 year to get the kinks out of your program and really get it running smoothly, and then use this information to begin to influence publicly-funded programs.
My program is funded by three private foundations, the New York Foundation, the New York Community Trust and the Public Welfare Foundation here in Washington, and by the New York City Youth Bureau.

And, they have been sufficiently impressed with the local success rate to refund it for the following year. I mean, both in terms of the retention rate and the placement rate. These are considered good rates in terms of youth employment programs.

Mr. Weiss. Thank you all very much. We are just about ready to terminate today's hearing. So, if any of you have anything further that you want to add. Yes?

Dr. Weinbaum. Yes. One question was asked about the route of teen pregnancy by Mrs. Boxer, I think, and I think in one of the questions, the study was alluded to that was put out by the Allan Guttmacher Institute on the differences in the teen pregnancy rate and child bearing rate in the United States and in other industrialized developed countries that are similar to ours economically and culturally and so forth.

And, I think this is a very important study because, first of all, our rate so far exceeds any other country. I mean it is something like 96 per 1,000 as opposed to the closest one which is something like 43 per 1,000, and among white teenagers, it is 83 per 1,000.

So, it is not a question of race either, and in most of these countries, there are more generous welfare payments. In all of these countries, I think there are more generous welfare payments than we have in this country. So, certainly the cause is not the level of welfare spending, and what seems to be most important in making a difference in these countries—oh, and their abortion rates are lower than in this country, and what seems to be most important in making a difference in what was mentioned, the accessibility of birth control, the confidentiality surrounding it, and the availability of sex education in schools.

These seem to be very important factors. So, I think that that study is an extremely important one in looking at the picture. Which is not to down play the whole issue of making options available for young women in general in school and so forth, but I think specifically zero in on the whole question of sex education and contraceptives.

Mr. Weiss. Good. Well, I want to thank you all again very, very much. The subcommittee will stand in recess. As soon as I express my appreciation to our staff, Ms. Gorham, Ms. Steinmetz, and Ms. Morrison, who worked over this past weekend in order to prepare for this hearing.

We will resume tomorrow when we will hear testimony about exemplary programs operating at the State and local levels and how Federal policies enhance the programs.

The hearing will open with testimony from Governor Michael Dukakis of Massachusetts, followed by witnesses from a number of other States.

For those interested in more information about tomorrow's hearing, the witness list should be available.

I want to thank all of today's witnesses for their excellent testimony, for their patience and perseverance. The hearing record
will remain open for 30 days for additional material, and the sub-committee now stands adjourned until tomorrow morning at 9:30.

Thank you very, very much.

[Whereupon, at 2:12 p.m., the subcommittee adjourned, to reconvene at 9:30 a.m., Wednesday, July 10, 1985.]
BARRIERS TO SELF-SUFFICIENCY FOR SINGLE FEMALE HEADS OF FAMILIES

WEDNESDAY, JULY 10, 1985

HOUSE OF REPRESENTATIVES,
INTERGOVERNMENTAL RELATIONS
AND HUMAN RESOURCES SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:35 a.m., in room 2203, Rayburn House Office Building, Hon. Ted Weiss (chairman of the subcommittee) presiding.


Also present: James R. Gottlieb, staff director; Lucy S. Gorham, and Susan Steinmetz, professional staff members; Gwendolyn S. Black, secretary; and Martha Morrison, minority professional staff, Committee on Government Operations.

Mr. WEISS. Good morning. The Intergovernmental Relations and Human Resources Subcommittee is now in session. If you all will find your seats, we can begin.

This morning we will begin the second day of hearings on ways to enable single mothers and their families to escape poverty and dependence on welfare.

There is no question that more and more women are raising children alone. Vast numbers of these families are struggling to survive. And by 1990, it is expected that one child in four will live in a single parent household.

All of our witnesses who testified at yesterday's hearing agreed that most women on AFDC desire to become economically independent. But many women face seemingly insurmountable barriers which make economic independence an impossibility.

As Government policymakers, it is our responsibility to do whatever we can to remove these barriers, and to develop the range of options and supports that enable women to make this important transition to self-sufficiency. To do this, we must first fully understand the parameters of this problem and develop policies which maximize opportunities for women and their children to become truly self-sufficient.

There are no magical solutions to this problem. Women in poverty face serious obstacles—inadequate child care, restricted access to education and training, and limited opportunities for better paying jobs that allow them to provide a future for their children. Far-sighted and informed thinking must guide our responses—anything
less will seriously shortchange these women and children, and our Nation as a whole.

While the statistics are ominous, today's hearing will demonstrate that we have reason for hope. Across the country, there are some innovative State and local programs that are making a difference in the lives and futures of thousands of women. Their approaches are not all alike, but they share the premise that programs must be tailored to the individual needs and circumstances of the women they serve. Leaders at the State and local level have demonstrated ingenuity and commitment in the structuring of programs which provide a comprehensive array of options and support services.

But while many State and local programs have achieved some success, inadequate resources have restricted our ability to reach, in an appropriate way, all those who need assistance. Yesterday's witnesses also expressed strong concerns about the new administration proposal which would further restrict already limited resources, limit State flexibility, and require unrealistic and unwise participation rates in these programs.

Today the subcommittee will receive important information about a number of innovative programs which will teach us much about what works, and what does not. Our witnesses have all been directly involved in employment, training, and job creation initiatives. I look forward to their testimony, and to working with them to formulate Federal policies which support these efforts.

We have a very busy session on the floor of the House, as well as other committees in session, so the members of the subcommittee will be coming in and out as this hearing proceeds.

We have with us, at this point, Mr. Armey, a colleague from Texas. If you have an opening statement to make, I would be pleased to have you do so at this point.

Mr. Armey. Thank you, Mr. Chairman. First, I would like to express my regret at not having been able to be here yesterday.

Some duties I had prevented me from being here. This is an important area and I did have a prepared statement that I had hoped to make yesterday and I wonder if I could have it entered into the record prior to yesterday's testimony?

Mr. Weiss. Without objection, that will be done.

Our first panel of witnesses will include the distinguished Governor from the State of Massachusetts, Hon. Michael Dukakis, who will be accompanied by Dawn Lawson, Rosemarie Acevedo, Thomas Hourihan, and Gilbert A. Barrett, Jr.

I want to thank all of you for the effort you have made to be here today. Governor, rumor has it that you hosted a talk show so I will put the introduction of the panel in your hand. If you will all come to the witness table, we will let you begin when you are ready. And at the outset, I want to again extend my welcome to you and commend you on the program which has received, justifiably, such positive national attention.
STATEMENT OF MICHAEL S. DUKAKIS, GOVERNOR, COMMONWEALTH OF MASSACHUSETTS

Mr. DUKAKIS. Chairman Weiss and subcommittee members, thank you for this opportunity to appear before you today and tell you about a very successful and exciting program we have begun in Massachusetts—the ET Choices Program.

I am going to try to keep my statement to you as brief as possible because in Rosemarie Acevedo and Dawn Lawson, and Tom Hourihan and Gil Barrett, we have four of the people that really have made this program work and have made it one of the great successes in Massachusetts. I am going to try to describe, briefly, to you what it is and ask them to give you their thoughts about why it has worked so well and their role in it. Then we will be happy to take questions from you.

First, let me tell you a little bit about them. Dawn Lawson, who is to my right and your left, is a 27-year-old mother. She was on welfare for 6 years before she entered the program. She has one son, Brian, who is with us and just took his first plane trip. He is a very exciting part of this. Today she works as a secretary for the Norton Co. where Tom Hourihan, who is to my left and your right, serves as vice president for human resources, and is also the chairman of our statewide job training council under JTPA.

Rosemarie Acevedo is the mother of two. She was on welfare for 3 years. She received job placement help through ET and is now a claims analyst at the Fallon Community Health Plan, a rapidly growing HMO in the Worcester area, which is one of our oldest and best HMO’s.

And, Gil Barrett, who is at the end of the table is the vice president of finance and administration at K&M Electronics, Inc., a company in West Springfield with approximately 600 employees in the high-tech area that has been an employer of some of our ET participants. I think it was Gil who said to me at one point, “If you have any more ET folks, send them over to us. They are some of our best workers.” And he will tell you about that in a minute.

I would also commend to you, when you have a chance, this rather attractive, I think, and interesting summary of the program which we have given to you. It contains a good deal of information that will be discussed today and tells you about what has happened and why there has been such success.

Mr. Weiss. Without objection, we will include that in the record.

[See page 451.]

Mr. DUKAKIS. Thank you, Mr. Chairman. In Massachusetts we are working very hard to create a society of opportunity for all in every community and for every one of our citizens. And now, with the lowest unemployment rate in the Nation, a healthy and expanding economy, and a surging spirit of entrepreneurship and innovation, we in Massachusetts are not only trying to create material riches, but, importantly, are attempting to expand opportunities for all of our citizens.

ET is perhaps the most important tool we have in building this society of opportunity for all. Its success is especially pleasing and noteworthy because it comes in an area of public policy—work and welfare—where solutions have eluded well-intentioned policymak-
ers for a very long time. My friend Hale Champion—who I thi
all of you know—the Under Secretary of what was then HEW
during the Carter administration—likes to call the issue of work
and welfare “the Middle East of Domestic Politics,” and I agree.

In my first term as Governor between 1975 and 1979, I tried a
mandatory workfare program with what, I think, can only be de-
scribed as “less than notable” success. We failed to place as many
people in employment as we had hoped and, of those we did place,
only about one-third lasted in their jobs more than a month. My
successor tried a somewhat different approach, also a mandatory
workfare program, and once again the results were disappointing.

So today, we are trying something very different. It is ET, it is
working and working very well. Let me tell you just how well.

Nearly 17,000 public assistance recipients have successfully com-
pleted this program and gone on to find full- or part-time employ-
ment. All of the jobs are unsubsidized, and most of them are in the
private sector.

Those finding full-time jobs are earning, on average, double what
they were receiving on public assistance and most, almost 79 per-
cent, are receiving employer-provided health care coverage. In fact,
Dawn and Rosemarie are making three times what they were re-
ceiving when they were on welfare.

These workers are staying on their jobs. Our retention rate after
30 days is over 85 percent and I think that retention rate is almost
unprecedented in programs of this kind.

In addition to the 17,000 satisfied customers of the ET Program
who are now working, we have 20,000 participants waiting to get
into the program. Twenty thousand people on public assistance
want to get into the program and they are waiting to qualify and
to be enrolled.

The business community in our State has been extremely sup-
portive. Over 4,000 businesses, banks, high-tech firms, manufactur-
ers, and hospitals among them, have hired our well-trained, highly
motivated ET graduates.

And taxpayers are receiving dividends as well. We have brought
our welfare caseload in Massachusetts to its lowest level in 12
years. With net savings of $3,000 per placement, we will have saved
taxpayers some $50 million in welfare benefits in less than 2 years.

Mr. Chairman, as you know, about $25 million of that amount
comes from the Federal Treasury. So every dollar we save is 50
cents off the deficit and we are very proud of that as well. I think
it says something for the wise investment of Federal WIN dollars
as well as State funds which we are investing in the program.

These statistics alone, however, do not do justice to the ET Pro-
gram for it is the human face of ET which most eloquently docu-
ments its success. I have met with dozens of ET participants from
all parts of our State and the change in their self-worth and their
self-esteem and their feelings about themselves and about their
families and about their futures is a remarkable thing to experi-
ence. Dawn and Rosemarie will tell you far better than I what this
program has meant to their lives and the lives of so many others in
the Commonwealth.

Before they do, however, let me briefly outline for you how we
have been able to achieve such impressive results and bring hope
and opportunity to the families of some of our most disadvantaged citizens.

First, as the name ET Choices implies, participants have an opportunity to choose from a number of program options to select the one which best suits their individual needs. ET participants may choose assessment and career counseling, education and skills training, on-the-job training through supported work, and job placement through our employment service. This range of options allows for development of an employment and training plan tailored to the specific needs of each of our ET participants.

Second, the ET approach recognizes something that should be obvious to all of us, and that is that not all welfare recipients are job ready. Some need additional training and skills to make it in the work force. Thus, a critical component of the ET approach is providing necessary education and skills training to those that need it. More than half of all ET participants have chosen this option, and, either through adult basic education, community college or direct skills training, have gone on to improve not only their basic skills but to acquire technical skills as well.

A third, and often overlooked element in employment and training strategies, which has been central to the success of ET is the provision of necessary support services, particularly day care.

Mr. Chairman, I cannot emphasize this point too much. The lack of quality, affordable day care can prove a serious barrier for many women who otherwise want to work. In Massachusetts, with the help of a supportive legislature, we have greatly expanded the opportunities for day care, targeting significant resources to participants in our ET Program and by so doing have provided the opportunity for employment and self-sufficiency to many women. It is this provision of day care which has brought into the program 6,000 mothers with children under the age of 6 who under the WIN legislation are not even required to register for the program.

These are not the only ingredients for success, to be sure. We have had the benefit of a healthy economy and an aggressive State economic development effort which is encouraging growth in all regions of the State. We have had past experiences from which to learn. We have had a visionary and supportive legislature which has allowed us to complement the WIN funding which we depend on with well-targeted State resources. We are using a private sector management model which includes numerical goals, managerial incentives, and competition between agencies and offices. We even have a welfare commissioner who is married to our employment security commissioner. Not an inconsiderable advantage, I can assure you.

Encouraged by our success, we have set ambitious goals for our ET Program—50,000 public assistance recipients into jobs and a net savings of $150 million in welfare benefits over 5 years. We have now begun to expand the ET approach to other segments of society—general relief recipients, the handicapped, ex-offenders, refugees—who can use the type of helping hand which ET provides.

We will not reach these goals, however, without the continued support and cooperation of the Federal Government. It is ironic that at the same time that Massachusetts plans to expand its employment and training program, House-Senate budget conferees are
debating whether or not to continue the WIN Program, which has been a vital source of funding of our successful efforts. As the Massachusetts example illustrates, it is just this sort of investment in people which makes good economic sense—in terms of increased productivity and welfare savings—and which makes good social sense in terms of the people it helps and the new found hope it provides their families.

I hope, and I know, that you will listen closely to what my fellow citizens from Massachusetts have to say this morning. Their stories provide the best possible evidence of the value of this program and the need for continued support for it from the Congress and from the administration.

And, before introducing them, Mr. Chairman, let me simply add that the WIN money that we use for this program represents approximately 25 percent of our total investment in the ET Program. On the other hand, you are getting 50 percent of the savings that we realize so this is a very, very good deal for our Federal Government and for all of you who are helping us.

[The prepared statement of Mr. Dukakis with attachment follows:]
Chairman Weiss and Subcommittee members, thank you for this opportunity to appear before you today and tell you about a very successful and exciting program we have begun in Massachusetts -- the Employment and Training CHOICES program -- ET. I am very pleased to have with me today four people who can provide you with first-hand experiences of the value and success of ET. Two are graduates of the ET program, Dawn Lawson and Rosemarie Acevedo, and Tom Hourihan, Vice President for Human Resources at the Norton Company in Worcester, and Chairman of the JTPA State Jobs Training Coordinating Council, and Gil Barrett, Vice President for Administration, K & M Electronics in Springfield, are employers who can share with you the value of this program from a businessman's perspective.

In Massachusetts we are working very hard to create a society of "opportunity for all" in every community and for every citizen. John Kennedy set the course for us a quarter century ago when he said, "All our material riches will avail us little if we do not use them to expand the opportunities for all our people." And now, with the lowest unemployment rate in the nation, a healthy and expanding economy, and a surging spirit of entrepreneurship and innovation, we in Massachusetts are not only creating material riches, but, importantly, expanding opportunities for all our people.

ET is perhaps the most important tool we have in building this society of opportunity for all.
Its success is especially pleasing and noteworthy because it comes in an area of public policy -- work and welfare -- where solutions have eluded well-intentioned policymakers for a very long time. My friend Hale Champion -- now Executive Dean of the Kennedy School and formerly Undersecretary of HHS for President Carter -- calls the issue of work and welfare "the Mideast of Domestic Politics." I agree.

In my first term as Governor we tried mandatory workfare with less than notable success. We failed to place as many people in employment as we had hoped and of those we did place, only about one-third lasted in their jobs for more than one month. My successor tried a somewhat different approach to mandatory workfare, and once again the results were disappointing.

Today, in Massachusetts, we are trying something very different -- ET. It is working, and working well.

Let me tell you just how well:

--Nearly 17,000 public assistance recipients have successfully completed this program and gone on to find full or part-time employment; all of the jobs are unsubsidized and most are in the private sector;

--Those finding full-time jobs are earning, on average, double what they were receiving on public assistance and most -- almost 70% -- are receiving employer-provided health care coverage;
--these workers are staying in their jobs; our retention rate after 30 days is over 85%;

--in addition to the 17,000 satisfied customers of the ET program who are now working, we have 20,000 more participants waiting to get into the program;

--the business community seems supportive -- over 4,000 businesses -- banks, high tech firms, manufacturers, and hospitals among them -- have hired our well-trained, highly motivated ET graduates;

--and taxpayers are receiving dividends as well: we have brought our welfare caseload to its lowest level in twelve years and, with net savings of $3,000 per placement, saved Massachusetts taxpayers some $50 million in welfare benefits in less than two years.

These statistics alone, however, do not do justice to the ET program for it is the human face of ET which most eloquently documents its success. I have met with dozens of our ET participants from all parts of our state and the change in self worth and self esteem; in their feelings about themselves and their futures is a remarkable thing to experience. Dawn and Rosemarie will tell you far better than I ever could what the program has meant to their lives and the lives of so many others in the Commonwealth.
Before they do, however, let me briefly outline for you how we have been able to achieve such impressive results and bring hope and opportunity to the families of some of our most disadvantaged citizens.

First, as the name ET CHOICES implies, participants have an opportunity to choose from a number of program options to select the one which best suits their individual needs. ET participants may choose assessment and career counseling, education and skills training, on-the-job training through supported work, and job placement through our Division of Employment Security. This range of options allows for development of an employment and training plan tailored to the specific needs of each ET participant.

Second, the ET approach recognizes that not all welfare recipients are job ready. Some need additional training and skills to make it in the workforce. Thus, a critical component of the ET approach is providing necessary education and skills training to those that need it. More than half of all ET participants have chosen this option and, either through adult basic education, community college or direct skills training, have gone on to improve not only their basic skills but to acquire technical skills as well.
A third, and often overlooked element in employment and training strategies, which has been central to the success of ET is the provision of necessary support services, particularly day care. The lack of quality, affordable day care can prove a serious barrier for many women who otherwise want to work. In Massachusetts, with the help of a supportive legislature, we have greatly expanded the opportunities for day care, targeting significant resources to participants in our ET program and by so doing have provided the opportunity for employment and self-sufficiency to many women. It is this provision of day care which has brought into the program 6,000 mothers with children under age six who under the WIN legislation are not even required to register for the program.

These are not the only ingredients for success, to be sure. We have had the benefit of a healthy economy and an aggressive state economic development effort which is encouraging growth in all regions of the state. We have had past experiences from which to learn. We have had a visionary and supportive legislature which has allowed us to complement the WIN funding which we depend on with well-targeted state resources. We are using a private sector management model which includes numerical goals, managerial incentives, and competition between agencies and offices. And we even have a Welfare Commissioner who is married to our Employment Security Commissioner.
Encouraged by our success, I have set ambitious goals for our ET program -- 50,000 public assistance recipients into jobs and a net savings of $150 million in welfare benefits over five years. And we have begun to expand the ET approach to other segments of society -- general relief recipients, the handicapped, ex-offenders, refugees -- who can use the type of helping hand which ET provides.

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Please listen closely to what my fellow citizens from Massachusetts have to say this morning. Their stories provide the best possible evidence of the value of this program and the need for continued support for it from the Congress and the Administration. Thank you.
The Employment and Training CHOICES Program is sponsored by the Massachusetts Department of Public Welfare. If you have any questions or problems, call your local Welfare Office or this toll free number 1-800-322-1373. In Boston call 727-0837.
Employment and Training Choices is Massachusetts' employment program for people on public assistance. The program is known as ET. ET began in October of 1983.

ET RESULTS

- 17,000 people have gotten full and part-time jobs.
- The average yearly salary is $9,800 for those who choose full-time work. (The average yearly welfare grant is $4,440.)
- All the jobs are unsubsidized. Most are in the private sector.
- Over two thirds of the jobs provide health insurance.
- After 30 days, 85% of the employees are still working.
- ET has saved taxpayers $50 million in welfare benefits.
- Massachusetts' welfare caseload is at a twelve year low.

ET PROGRAM

- ET participants may choose:
  - assessment and career counseling
  - education and skills training
  - on-the-job training through supported work
  - job placement through the Division of Employment Security
- Daycare and transportation allowances are available to all ET participants.

ET EMPLOYERS

- More than 4,000 Massachusetts firms hired ET participants.
- Employers have stated publicly that they have hired ET participants because they are well trained and highly motivated.
EMPLOYMENT AND TRAINING CHOICES
PROGRAM GOALS

• Place 50,000 Welfare Recipients into Jobs

• Reduce Welfare Dependency

• Save 150 Million Tax Dollars
ET CHOICES FLOW CHART

Registration

Appraisal/Employment Plan
Support Services
Daycare
Transportation

Career Planning

Education and Training
English as a Second Language
General Education Degree
Community College Vouchers
Jobs Skills Training
(JTPA/State Skills Corporation)

Supported Work
(On-the-Job Training)

Job Development/Placement
Division of Employment Security

Unemployed/Unemployed
PROGRAM CHOICES BY ET PARTICIPANTS

- Job Development and Placement: 45%
- Vocational Education: 7%
- Supported Work: 8%
- Adult Basic Education: 11%
- Community College: 14%
- Skills Training: 15%

Note: In addition, 15% of these ET participants also chose Assessment and Career Planning.
ET FULL TIME PLACEMENTS COMPARED TO ALL JOBS BY PERCENTAGE AND HOURLY WAGE

<table>
<thead>
<tr>
<th>ET CHOICES</th>
<th>Average Hourly Wage</th>
<th>Percentage of Jobs</th>
<th>Occupation</th>
<th>All Job Placements*</th>
<th>Average Hourly Wage</th>
<th>Percentage of Jobs</th>
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<tr>
<td></td>
<td>$4.64</td>
<td>2%</td>
<td>Farming, Fishing, Forestry</td>
<td>$4.13</td>
<td>5%</td>
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<tr>
<td></td>
<td>4.41</td>
<td>3</td>
<td>Sales</td>
<td>3.61</td>
<td>11%</td>
<td></td>
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<tr>
<td></td>
<td>5.66</td>
<td>4</td>
<td>Transportation</td>
<td>5.48</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4.48</td>
<td>5</td>
<td>Processing</td>
<td>4.34</td>
<td>3%</td>
<td></td>
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<tr>
<td></td>
<td>6.81</td>
<td>7</td>
<td>Professional/Managerial</td>
<td>10.48</td>
<td>7%</td>
<td></td>
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<tr>
<td></td>
<td>6.66</td>
<td>8</td>
<td>Construction</td>
<td>6.67</td>
<td>8%</td>
<td></td>
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<tr>
<td></td>
<td>5.51</td>
<td>8</td>
<td>Machine Trades</td>
<td>5.35</td>
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<td></td>
<td>4.44</td>
<td>12</td>
<td>Packing/Handling</td>
<td>4.18</td>
<td>15%</td>
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<td></td>
<td>4.56</td>
<td>13</td>
<td>Benchwork</td>
<td>4.84</td>
<td>6%</td>
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<tr>
<td></td>
<td>4.48</td>
<td>18</td>
<td>Service</td>
<td>3.95</td>
<td>19%</td>
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<td></td>
<td>5.01</td>
<td>21</td>
<td>Clerical</td>
<td>4.09</td>
<td>19%</td>
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*Note: Placements represented are from Division of Employment Security Job Development and Placement Services only; wage rates are taken at 30 days after placement.
ET: FIRST 18 MONTHS RESULTS

- 53,000 Registrants
- 35,000 Participants
- 14,325 Entered Employment
- 85% Retained job for at least 30 days
CHART 7

ET JOB FINDERS BY GENDER

Female 82%

Male 18%

Women with children under the age of 6 18%
INCOME: WELFARE VS. WAGES, 1985

$10,700

Food Stamps
$900

Income from Average ET Fulltime Job
$9,300

$8,380

Average Food Stamp Grant $1,920

Average AFDC Grant
$4,440

$6,000

$3,000

$1,000

0
CHART 9

EFFECT OF ET
ON THE AFDC CASELOAD

Actual Caseload

Projected Caseload
Without ET

AFDC Caseload (Thousands)

Oct '83 Jan. '84 Apr. '84 July '84 Oct. '84 Jan. '85 April '85

84,000 93,000
AFDC CASELOAD TRENDS
JAN. 1983 TO JAN. 1985
TEN LARGEST WELFARE STATES

Texas  +13.0%
Wisc.  +11.6%
Ohio  +10.0%
Illinois  +3.7%
Calif.  +2.3%
N.Y.  +2.0%
Mich.  -2.7%
N.J.  -4.3%
Penn.  -6.8%
Mass.  -9.9%
<table>
<thead>
<tr>
<th>STATE</th>
<th>AFDC CASELOAD CHANGE</th>
<th>UNEMPLOYMENT RATE CHANGE (percentage points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>+13.0%</td>
<td>-1.6</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>+11.6%</td>
<td>-5.6</td>
</tr>
<tr>
<td>Ohio</td>
<td>+10.0%</td>
<td>-5.9</td>
</tr>
<tr>
<td>Illinois</td>
<td>+3.7%</td>
<td>-3.7</td>
</tr>
<tr>
<td>California</td>
<td>+2.3%</td>
<td>-3.7</td>
</tr>
<tr>
<td>New York</td>
<td>+2.0%</td>
<td>-2.6</td>
</tr>
<tr>
<td>Michigan</td>
<td>-2.7%</td>
<td>-5.1</td>
</tr>
<tr>
<td>New Jersey</td>
<td>-4.3%</td>
<td>-2.3</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>-6.8%</td>
<td>-6.3</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>-9.6%</td>
<td>-4.1</td>
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Source: Massachusetts Department of Public Welfare Office of Research, Planning and Evaluation and Massachusetts Division of Employment Security Office of Research, Planning and Evaluation
CHART 12

CUMULATIVE ET SAVINGS

$150 million
50,000 Placements

$50 million

Note: Estimated net savings per placement: $3,000.
Mr. Weiss. Thank you, Governor. We will hold all questioning until the entire panel has testified.

Mr. Dukakis. Let me begin with Tom Hourihan, who, as I pointed out, is the chairman of our JTPA statewide council and who has been deeply involved in this effort. He is also the vice president for human resources in one of our best companies. Tom, ET is different. Most of these jobs are in the private sector and you and Gil and your companies have been very deeply involved. All of these jobs have been unsubsidized and my sense is that the private sector likes ET. What is the difference?

STATEMENT OF THOMAS HOUHIAN, VICE PRESIDENT, HUMAN RESOURCES, NORTON CO.

Mr. Hourihan. Well, I think first and foremost, the program works. I think it works beyond a shadow of a doubt. I would like to step back for a minute and say that while we are a Massachusetts-based corporation we are in a number of other States, including Texas; we are in Brownsville, Steamville, Bryant, Houston, and Dallas.

My reason for mentioning that is I think this program really represents a national model. Specifically, let me answer your question; “why does it work?” To be brief, and I cannot emphasize this any more, the program has to be voluntary. Let me put it to you this way as an employer from the private sector. We do not want people who do not want us. We do not want people who do not want to be there. We do not want people who are forced into our employment office.

We want people who want to be there and it makes no sense to me and it has no dignity and self-respect to tell people, AFDC recipients or anybody else, that you have to go to Norton Co. or to K&M Electronics or anywhere else. In other words, we want a marriage where people want to be there and we want them. I think it is terribly important to maintain the voluntary aspects of the program because, as you cited, you end your predecessor’s program—workfare—whatever you want to call it, simply did not work.

It reminds me of the draft in the service. You know the morale of draftees. I think point two, as an employer, we get people who have been assessed through the program. Their attitudes have been assessed.

We get trained people. When you think of that from an employer’s standpoint, it saves us recruiting costs, it saves us training costs and to go back to my first point, we get people who want to be at Norton Co., or any of the other 4,000 employers in Massachusetts who will employ recipients.

I think the next point that is terribly important, which you have talked about, is the retention rate—an 85-percent retention rate. Our retention rate is 100 percent at this stage of the game.

We have been modest in this respect but we intend to allocate a certain number of our jobs in the future toward this program because we cannot find any better employees. Dawn, I do not mean to embarrass you but the other day—my office is two doors away from
the president's office—she was filling in for the secretary of the company's president. The CEO, president of the Norton Co., a Fortune 500 company, and he has enough confidence in Dawn to ask her to fill in for his secretary. And you are simply just not going to do that with people who cannot do the job.

So she has come from being a person on welfare—AFDC recipient—to the point where we have the kind of confidence where we can put her anywhere in the company and she represents us well.

The last point I would like to make as a taxpayer, is that you have to invest something to get a return. We know that in business, and we certainly know it in taxes.

Just let me say, there is an old cliche, "if it ain't broke, don't fix it." Well, for God's sake, this program "ain't broke, it works and do not try to fix it by cutting the guts out of the program."

Mr. DUKAKIS. Let me try to clarify just one point that Tom made. Obviously, we would never expect an employer to take somebody or even to consider somebody who did not come to them trained, motivated and ready to work.

We think that we have that responsibility before we ask an employer like Norton or any other company to do that. Obviously, however, in the administration of the program, we require registration as we should and we must, and then present this range of choices to the participants. So, in that sense, we are mandating. But when it comes to actual placement, given this range of choices, our view is—as Tom has pointed out—we cannot ask companies to take people that are being forced on them.

There has to be a marriage here and it is one that we feel a special responsibility for given the relationship of our ET participants to us and they are accountable.

Dawn, as you just heard, is now working for Norton. She was on welfare for 6 years. She has been working for Norton almost 2 years now. I would like her to tell you a little bit about what it was like being on welfare and how ET changed her life and what it has meant to her and her son.

Mr. WEISS. Ms. Lawson pull the mike close to yourself.

STATEMENT OF DAWN MARIE LAWSON, FORMER PARTICIPANT, MASSACHUSETTS EMPLOYMENT AND TRAINING CHOICES PROGRAM

Ms. LAWSON. I was on welfare for 6 years and it was not a very pleasant experience. It was humiliating, you lose self-respect. You do not have any confidence in yourself. When I first started, the ET Program was not around and they tried to get me into the workfare program which I would not go to because I found it to be too humiliating, so I started a typing course at the adult learning center.

There, they asked me—this is when the ET Choices Program started—they said, "We have a slot for a word processing operator to be trained. Would you be interested?" I jumped at the chance because it sounded very exciting and computers were the big thing, so I got into the program. We had to take some testing—aptitude tests—there were many people who were trying to get into these slots but I was lucky and I did get that slot and through there, Norton Co., who has been very supportive of this program, asked
me to take an internship with them, which I did. It lasted for almost 6 months and then they asked me if I would like to come on as a full-time employee.

It has been wonderful there. If it was not for this program, I probably would have been flipping hamburgers at McDonald's and still getting medicaid and food stamps and rent subsidy—some type of financial aid which I probably could never break away from.

Now I am independent financially that even if I ever got into another bad situation, I would never have to turn to welfare again. Thank you.

Mr. Weiss. Thank you.

Mr. Dukakis. Dawn, what about earnings—how does that compare with what you were getting on welfare and what do you see ahead in terms of the future?

Ms. Lawson. Well, I am now earning three times more than what I was getting on welfare. That is just the financial end of it. That is not so important as how I feel about myself—my own image has gone so far. There is no limit to what I feel I can do now. I am ready to challenge almost anything now.

Mr. Dukakis. Does Norton provide you with health insurance?

Ms. Lawson. Yes, they do.

Mr. Dukakis. You are not on medicaid?

Ms. Lawson. No, I do not get any type of financial aid at all.

[The prepared statement of Ms. Lawson follows:]
PREPARED STATEMENT OF DAWN MARIE LAWSON, WORCESTER, MA

Mr. Chairman, members of the Subcommittee, my name is Dawn Lawson. I am 27 years old and I live in Worcester, Massachusetts.

For the past year and a half, I have worked as a secretary and word processor at Norton Company, a Worcester Company which employs over three thousand people.

Before I got the job at Norton, I had been on welfare for six years. My nine year old son Brian and I lived on less that $350 in cash per month. Now, thanks to the training I received through the ET program and Norton Company, I am now earning more than three times what I received on welfare. In addition, my son Brian and I have excellent health care benefits through Norton Company.

Those are the statistics. But the real reason I am here today is to tell you about what it means to get out of poverty after living on the edge for six years.

A couple of years ago, I used to make a joke that I was thinking of renting my house out for surgery because it was so clean. Living on welfare wasn't funny though and it wasn't fun.

I never wanted to turn to welfare, but I really had no other choice. I had to find a way to support Brian and myself. I am a high school graduate but until I received training through ET, I had no marketable skills.
Being on welfare is embarrassing a lot of the time. You can never get away from it. You go to the bank to cash your AFDC check and it's like everyone knows you're on welfare. You go to the grocery store and the other people in the line know you are paying with food stamps. At the doctor's office, you have to show your Medicaid card.

I couldn't help it, but I started to think less of myself. I began to think that I wasn't smart enough or good enough to get a job and be on my own.

The job training I received through the ET program changed all that. I began working full time in December, 1983, (actually I was among the first thousand people to get a job through ET), and I feel so much better about myself. I don't get depressed the way I used to when I wasn't working.

Many things have changed for Brian and me since I went off welfare. Last summer, we took our first vacation together. We went to the Cape for a few days. Brian was able to have karate lessons this year. (He saw the Karate Kid twice!) and, best of all - for me anyway - we were able to move out of a very dangerous neighborhood into a nice apartment where I feel my son is safe playing outdoors.

Just a little less than a year ago, I was asked to attend a news conference in Worcester with Governor Dukakis at Norton Company.

It was not an easy decision to come forward and announce to the whole world that I was once on welfare. But, I did it for one reason: I wanted other women to know about the opportunities I had through this program. I wanted other women to know that instead of forcing people into jobs they weren't
ready for or couldn't afford to live on - the Welfare Department was actually offering a helping hand - and a service.

I am here today to ask the Congress to look closely at ET - and the WIN program which provides the federal funds for it - and save this program. ET helped me get out of poverty because I was able to get training. Without that training, I would be working in a low wage job - or I would never have gotten off welfare. Because I have a skill that is marketable, I know I will never be in the position I was six years ago. I will always be able to get a job. Funding for ET is well spent. This year, I saved the state of Massachusetts and the federal government approximately $6,000 and that doesn't include the taxes I paid. ET it a good investment.
Mr. Dukakis. Rosemarie’s situation was a little different. She happens to live in the same community that Dawn does. She had worked previously but had been on welfare for 3 years but she is now a claims representative for an HMO in the Worcester area and I would like her, with your permission, to talk a little about what ET has meant to her and how it worked for her.

Statement of Rosemarie Acevedo, Fallon Community Health Plan, Former Participant, Massachusetts Employment and Training Choices Program

Ms. Acevedo. The ET Program to me—has helped me as far as living better—I mean I just could not get by every 2 weeks with what they were sending me.

I went to ET and within a week and a half I was placed on a job and started working and—I do not think I can ever go back to welfare after being through the ET Program.

Mr. Dukakis. You did not have any training, Rosemarie? This was the first choice for you?

Ms. Acevedo. No; I went straight into a job.

Mr. Dukakis. Can you describe your job—what you are doing at Fallon?

Ms. Acevedo. I am a claims analyst. I process bills outside of the clinic—meaning providers—people go to different hospitals and so forth and I process the bills.

Mr. Dukakis. Are you a member of the plan?

Ms. Acevedo. Yes, I am, me and my two daughters.

Mr. Dukakis. So you and your children are part of the HMO?

Ms. Acevedo. Yes.

[The prepared statement of Ms. Acevedo follows:]
Mr. Chairman, Members of the Subcommittee, my name is Rosemarie Acevedo. I am 24 years old, and I work as a claims analyst for the Fallon Community Health Plan in Worcester.

I was on welfare for three years. I went on Aid to Families with Dependent Children when my daughter Paula was born. I have a high school equivalency diploma and before I went on welfare I had work experience as a secretary and police dispatcher. I was really trapped on welfare. I loved my daughter Paula very much, but I was not happy living on welfare, staying home all day.

I had heard about the ET program a year ago last May through a friend, who told me that I could get help getting a job. So I asked for help - and one week later I had a job. The people who work with ET were very helpful and they made me feel confident.

I was asked once, what is the best thing about ET, and I have a very simple answer for that - I'm working. As a claims analyst at Fallon Community Health Plan in Worcester, I am earning more than twice what I received on welfare. Paula and I have excellent health care benefits. And I love my work. It isn't easy to tell the world you were on welfare. But, like Dawn Lawson, I wanted other women to know about the opportunities that are available through ET. Programs like this should be expanded, not cut.
There are very few opportunities that come along to help you get out of poverty. ET came along for me and it works.

I would like to close with one story.

There is a myth that once someone is on welfare, they are always on welfare.

I am here to tell you that is not true.

Three months ago, I had another baby, a little girl named Tamika. I took my maternity leave and then came back to work. It's not easy supporting two children with the cost of daycare and all.

Not too long ago, someone in my family suggested I go back on welfare for awhile.

And do you know what I said? No way! I am never going back on welfare.
Mr. Dukakis. Now Gil, you have hired some ET people. You are a younger company, but a company that now has several hundred employees. I want to talk a little bit about your experience with those ET employees now at work and how you see the program.

STATEMENT OF GILBERT A. BARRETT, JR., VICE PRESIDENT.
FINANCE AND ADMINISTRATION, K&M ELECTRONICS, INC.

Mr. Barrett. Tom mentioned that his company was a Fortune 500 company. We are much smaller, and I think the program means a lot more to us so we will say that we are a misfortune 50 company. I have broken this down into two basic sectors. This is the human element involved in the program as Dawn and Marie have kind of alluded to, and then there are the economic factors. For K&M Electronics, and I think common in the State, we have received several second and third generation welfare recipients, people who have grown up in a mode of receiving and expecting to receive public assistance. When we get these people we find out that they are much more motivated than the average unemployed person.

They are also trained, much more productive than bringing in someone off the street and beyond our company we have lost some people in this program, but we found they have opportunities outside of our company so we have taken second and third generation people and put them back into the job market.

One of the things that impressed me last summer—it was my first exposure to the Governor's program—and some of the participants in the program were basically listening to these ladies talk about what the program has done for them.

I can honestly say it brought a tear to my eye, listening to Dawn talk about being able to buy birthday presents for her son, or Christmas presents.

That means a lot, I think, to these ladies and to their self-esteem. They are not relying on the public. The economics for K&M Electronics, in particular, when we receive these people they are target-ed-jobs tax credit are certifiable so that we receive an additional benefit.

One of the statistics that Governor Dukakis has provided in the charts which are in the record, is the fact that for the 17,000 placements that the Commonwealth has made and saved $50 million, bear in mind that that does not reflect the savings for medicaid, the savings for housing subsidies—I calculate it out because I am a bean counter—that 17,000 mothers that are earning wages now have become productive taxpayers and in a very meager 15-percent tax bracket—10-percent Federal and our 5-percent State tax—that has generated $21 million of tax dollars and those numbers are not reflected in the $50 million of net savings which I believe, essentially, reflect food stamps—AFDC.

I think the Governor's number and Commissioner Atkins' number is conservative at best. In terms of the Government considering a reduction of funding in this program, my personal opinion as a private sector businessman, both the country and the Commonwealth would suffer severely.

I guess that is what it has meant to us.
Mr. DUKAKIS. Mr. Chairman, let me just finish up by anticipating what may be one of your questions, which I have heard both here and across the country, and that is, "OK, Dukakis, but you have a 3.7-percent unemployment rate. Does that not have a lot to do with the fact that you have been successful?"

Let me say to you that I do not believe so. For one thing we had—this is our ace photographer, Brian Lawson who happens to be the son of Dawn Lawson—for one thing during my first term, not untypically, even while we were coming out of the 1975 recession and rapidly reducing unemployment and creating 250,000 jobs between 1975 and 1979, our welfare caseload went up.

If you look at the charts 10 and 11 on the exhibit that you have before you, those two charts reflect the fact that in the current recovery we have had exactly the same phenomenon in most of our major States.

I am sorry, Congressman Armey, that Texas is at the top here in terms of that but we have been at the top on some of these numbers too and not too long ago and I know what it involves but note that, particularly, on chart 11 that while unemployment has gone down significantly in a number of these major States, the AFDC caseload has gone up in most of them, including New York, Texas, and California. Note also, on chart 9, that even in the face of this very healthy economy, we have projected an AFDC caseload increase of 93,000—up to 93,000 if the usual trends had occurred and are reflected in some of these other States.

In fact, our caseload is down to 84,000 and still coming down and there is only one reason that we can possibly assign to that and that is the ET Program.

Simply having a healthier economy is no guarantee that you are going to be successful when it comes to helping welfare recipients get back to work and I think these charts reflect that. We would be happy to take any of your questions.

Mr. WEISS. Thank you very much. First, let me apologize in advance. It is quite possible that the buzzers will sound at any time, calling us to a vote on the floor and if that happens we will simply take a recess for perhaps 10 minutes or so and then we will resume. We have no control, nor can we predict when that is going to happen.

Let me start—Ms. Lawson—by asking a couple of background questions, if you do not mind. Tell us, if you will, of each of you, how did you find your way onto welfare.

Ms. LAWSON. I had just gotten out of high school and I got pregnant. After I had my son I did not have any marketable skills at all. I just did not even have time to have a job so I had no other choice but to go on welfare.

Mr. WEISS. And were you the head of the household at that point?

K. LAWSON. I was living at home with my mother at the time and it was fortunate that she did let me stay at home because I could never have survived.

Mr. WEISS. And what other kinds of jobs had you had prior to your taking the typing course and then finding yourself in ET?
Ms. Lawson. Really nothing. I had taken a job for a few months as a nurse's aide, but for medical reasons I had to stop that.

Mr. Weiss. And you were on welfare for a total of how long?

Ms. Lawson. About 6 1/2 years.

Mr. Weiss. Thank you, Ms. Acevedo.

Ms. Acevedo. Well, I was living at home and circumstances happened and I became pregnant. I had no—I should not say I had nowhere to go because my mom always welcomed me home but I just did not feel it was my mom's responsibility so I decided to move out on my own. I did work for a little while but as Dawn says, as far as day care goes, especially at her age—just months—there was really no one that would care to take care of a baby—changing diapers and keeping up with the time as far as feeding—so I had to quit and the only thing I had left was to go on welfare in order to feed my little girl.

Mr. Weiss. Then how long were you on welfare?

Ms. Acevedo. I was on welfare for 2 1/2 years.

Mr. Weiss. I thank you very much. I just wanted to put the background in because we had testimony yesterday, indicating exactly that kind of pattern.

It is always much more effective and important when we see what human things were tied into it. Governor, tell us if you would, how you think the proposal of the administration would impact on your program.

Mr. Dukakis. Well, I think it is pretty clear that if you take away our WIN money and our employment service money—by targeting the funds in a way that denies them to States like ours that are doing relatively well economically—you would be taking two legs out of a three-legged stool.

Some people have said to me, "Well, will the State fill the gap?" I do not know, Mr. Chairman. All States, as you know, have to balance their budgets. Between trying to help our local communities and provide for public education and infrastructure and a variety of other things, there is a limit to how much we can put into the program.

As you know, we have had a Federal-State partnership in providing welfare benefits to the needy for a long time and I guess it is going to continue for a good long time—I believe it should; it is appropriate, to be sure. In view of the fact that we share the cost of welfare, I do think, as I said during my testimony, there is a very strong argument that we also should participate in some kind of sharing in these kinds of efforts.

As it turns out, we are putting about three times as much State money into the program as we are getting from WIN but that $8 million is very important and the employment service is very important.

Remember that Rosemarie did not go to a training program; she went directly through the placement method and that is primarily through our job service, which has been increasingly effective under Kris Demong's leadership. She is here today and she will be happy to tell you about that.

I just think that, in terms of cost effectiveness and equity, as well as the reality of limited resources at the State and local level, a Federal investment in these efforts is a very sound one.
It seems to me it is up to the Congress to decide whether or not in making that investment, you want to tailor it in a way to encourage States to do this kind of a program. I gather there are some States where perhaps WIN money is not used as effectively as it should be. Now, that is a judgment, it seems to me, for Congress, but the general proposition that we should share in making these investments in people, I think, is almost indisputable. I would hope that in trying to deal with the Federal deficit, you would understand that if done right, we can significantly reduce welfare caseloads and save you and us a lot of money. WIN represents a fairly modest investment in this regard.

Mr. Weiss. One of the aspects of the administration's proposal is, over a 3-year period, to bring up to 75 percent the proportion of the caseload seen in some way or another impacted by the program. Do you have any figures indicating what percentage of your welfare caseload participates in your ET Choice Program?

Mr. Dukakis. I have to turn to my welfare commissioner for that number. Chuck?

Mr. Atkins. Fifty percent, Governor.

Mr. Dukakis. Are registered?

Mr. Atkins. Are participating—

Mr. Dukakis. OK.

Mr. Atkins [continuing]. In the program but half that number would not count because what the Federal Government has proposed would not allow us to use these funds for training or education programs such as what Dawn went through. Under the proposed Federal definition, we would probably not even make 25-percent participation.

Mr. Dukakis. There is a kind of bizarre twist in what is being proposed here as I understand it, if State funds go into education and training, then those people do not qualify as part of the 75 percent participating, is that it Chuck?

Mr. Atkins. Right.

Mr. Dukakis. Now how much sense that makes is beyond me, but again, encouraging States to do this kind of thing, locking them into certain percentages which may be unrealistic and which may force them to go back to workfare—which frankly, does not work—is not the right approach. It did not work for us and it does not work for any State that I know of.

Mr. Weiss. Will you expand on that—why is your Guarantee Program—your Choices Program, if you will, working and why did the Mandatory Program not work?

Mr. Dukakis. Well, for one thing, workfare typically does not involve real jobs. When you are forcing people to work off their welfare grant, you are kind of scratching around looking for any kind of job that is a job. But there is no sense of the future there. I mean there is no sense that we are training people for real employment that is going to make them permanently self-sufficient and lift them out of a condition of dependency on a long-term basis.

I think, as both Tom and Gil have pointed out, the people that we send to them and that we ask them to employ, are people who are coming to them, not because somebody clubbed them off the welfare rolls, but because they have been encouraged, they have been supported, and they have received supportive services.
Typically, workfare does not include day care, does not include transportation allowances. I do not have to tell you that if you tell somebody, "Look, we want you to go to work but the day you go to work you are going to lose medical benefits for your kids," it is not exactly an incentive that encourages people to seek employment. We have tried to deal with all of those things in designing the program and I think it is one of the reasons it has worked so well and continues to be a very cost-effective program.

But, frankly, I do not know of a workfare program in the country that has been particularly successful and I think it is because it has lacked the support services. It is a punitive, club-them-off-the-rolls approach and I think the difference here is that we are taking a very different approach and it is working.

Mr. Weiss. In your testimony you indicated that you had 17,000 people working in this program and that you have a waiting list for some other 20,000 wanting to get on, so obviously, in your situation, the mandatory proposal would be almost irrelevant. You have more business than you can possibly handle.

Mr. Dukakis. Yes.

Mr. Weiss. What would allow you to reach those additional recipients?

Mr. Dukakis. More resources. If we had more day care, if we had more training, if we had additional money for transportation allowances, we could, quite obviously, accommodate more people, although my legislature has been extremely supportive. Even before we started the program, Chet Atkins, as chairman of the Senate Ways and Means Committee before he came to Congress, had begun the process of putting State money into these kinds of supportive services.

This year, I think, the legislature has approved more than $10 million over and above the $30 million that we have already invested in State money. We are getting help from the legislature but our resources are limited. Obviously, there are many other competing demands for State funds. But, if we had additional resources we could put into both training and supportive services, we could accommodate many more people and we could accelerate the process of moving folks off the welfare rolls.

Mr. Weiss. Mr. Hourihan, let me ask you a question. How many of the welfare employeetrainees have you in your program?

Mr. Hourihan. Right now, we have six overall. We have hit a downturn in employment and for the past 3 years our employment has remained stable. In fact, it is probably down from where it was 3 years ago. I am talking about Massachusetts employment only.

Our intention is, as we move forward, to allocate a certain percentage to this program.

Mr. Weiss. And what is the range of jobs that you—

Mr. Hourihan. The jobs we have are all in the clerical, what I would call the highly skilled clerical area, ranging from secretary—we have a male in there too—who at the very least has word processing skills. And—if you look at this—they are moving from word processing toward personal computers because for most of our officers, the secretaries are expected to be able to operate a word processor and we are fairly well automated so that many of them are working with the PC.
These are the skills we require in the office. However, we are thinking now of moving toward other operations and moving people into jobs that require less skills and move toward an on-the-job training routine.

Mr. Weiss. And what are the salary range levels and what are the benefits that your company provides?

Mr. Hourihan. Dawn, what is your salary right now?

Ms. Lawson. $301——

Mr. Hourihan. Dollars—that is $15,000 per year and you started at?

Ms. Lawson. I started at $12,500.

Mr. Hourihan. OK, Dawn started at $12,500 a year and she is up to $15,000. Her benefit package, totally company paid, includes a total medical insurance plan, including HMO coverage with Fallon which is one of the options, an employee investment plan, life insurance, a pension plan with IRA possibilities and so forth.

We have a full range of benefits which approximate close to 50 percent of her salary. The other thing I would like to point out, as the Governor pointed out, I am the chairman of the JTPA council so I am involved on a statewide basis with this particular program. From a broad overview basis, I suppose I have a hand in the rest of the jobs and I really want to emphasize that this is the best program I have ever been associated with.

I have never seen anything close to it. It really works.

Mr. Weiss. Mr. Barrett, what about your company, how many people do you have employed?

Mr. Barrett. Initial awareness of this program came in about April of 1984, when we were going through a very heavy hiring mode. As a matter of fact, we grew from 300 people to 500 people in the span of 6 months, so it was rather frantic.

As we utilized the division of employment services in the Commonwealth to assist us in recruiting people. We ended up hiring 25 ET mothers in our company at that time, an employment level of 500.

Unfortunately, I explained to Commissioner Atkins this morning, we lost 14. The good news is that not one of those 14 people went back on the welfare rolls. They found better jobs.

We have competition coming in from Digital Equipment, a little bigger than we are, Wang, Honeywell, a lot of the computer-based companies in the Boston area are moving out to the West and they are taking some of our people because they have better paying power.

But nonetheless, the point being that here are 14 people that previously were welfare recipients who have now gone into the job market. Whether it is at K&M, to our misfortune to lose them, they have still remained in the job force.

So it has meant an awful lot to us. The quality of people that we received from the program, and I would like to make a contrast, because you have asked this question of the Governor before, but as a private sector employer, we used to receive DES or division of employment placed employees before. These were people that typically stood in an unemployment line every Thursday or Wednesday and found out that they could not get a job so they could collect a check.
Some of them discovered that with a certain number of dependents and their base unemployment benefit, they could make more sitting home than going to work.

Those were the types of people that the Governor was mentioning, or Tom, that we in the private sector do not want. We want motivated people like Dawn and Rosemarie to come out and want to go to work and that is the type of people that we have found 100 percent of the time in this program.

It is the only one I have seen that works. And my offer still holds, Governor, if you give us all you can get because we are very refreshed by the program.

Mr. Weiss. I could ask many more questions but I am going to ask only one more question. I know that we all have time concerns and I want Mr. Armey to have a chance to ask some questions too.

Governor, many women leave AFDC for employment and lose medicaid and day care, thereby jeopardizing the move to independence. How do you deal with the transition?

Mr. Dukakis. We try to continue that for up to a year after employment. Now as I pointed out, Mr. Chairman, about 70 percent of our ET participants, as in the case of both Dawn and Rosemarie, get full health benefits as part of their employment and I want to emphasize what Gil said, that $50 million savings does not include medicaid.

It is exclusive of that but we do continue medicaid for certain participants and day care as well for up to a year. The assumption is that over the course of that 12 months people will be able to pay for their own health benefits if necessary and to make reasonable arrangements for day care.

But clearly, if we are going to encourage people to lift themselves out of a condition of dependency, you cannot stop all of this the day they go to work. I cannot imagine anything that would be more discouraging. So what we try to do is provide for that transition and to ensure that for at least a year they have that kind of support and then, of course, we expect them to move on and become independent.

Mr. Weiss. Mr. Armey.

Mr. Armey. Thank you, Mr. Chairman. Mr. Chairman, I noticed that Ms. Lawson has brought a fine looking young photographer with her and if you have no objection, I would like for us to encourage him to understand that it is quite common for photographers to move about and take pictures if they like and if he wants to come up front and get a picture of his mother, it certainly will not bother me while I am asking questions.

Mr. Weiss. Absolutely. Did you hear that, Mr. Lawson?

Mr. Armey. Just feel free to move about and feel as comfortable as you like. Ms. Lawson, you have answered some of my questions. Do you have a high school education?

Ms. Lawson. Yes.

Mr. Armey. And I think you indicated that you had participated in some other program of training—I think you said you had enrolled in a typing course?

Ms. Lawson. Yes.

Mr. Armey. You mentioned that you had first been introduced to the concept by the Mandatory Workfare Program?
Ms. Lawson. Yes. I had gone down to get reevaluated at the welfare office. You bring down rent receipts and your bank book—you bring everything down and they do a check to make sure you are not putting more money in the bank or whatever than what you are getting from AFDC and that is when they told me I had to go upstairs on the fifth floor to sign up for this program and I said, “Well, is there anything else I can do besides this?” I had taken some secretarial courses when I was in high school and they said, “Why don’t you go down to the adult learning center—it is a place where anybody can go and they have different courses, you get your GED test done there.” So I did go down and I asked to be put in a typing course they were holding there.

From there they started a speed writing course which I took advantage of also and from there I was introduced to the word processing course.

Mr. Armey. OK, and this is before you became involved with the current Choice Program?

Ms. Lawson. Yes.

Mr. Armey. Another thing, you made a comment that being on welfare was very humiliating and I have no doubt about that, which has been one of my concerns about the way we handle that in this country for years. I have always made the comment that there is no reason why someone on welfare should be a marked person.

You also made the comment that when faced with the choice of mandatory workfare and staying on welfare, that you found that the mandatory workfare would also be humiliating and I concluded it would be even more humiliating because you apparently made the choice to stay on welfare, is that right?

Ms. Lawson. Yes; the Workfare Program—the one they wanted to put me into—hand you a newspaper and sit you down at a desk with about 20 other women and you call and beg for interviews. You have to go to at least two interviews a day and they call these places to check to see if you have gone and so automatically you are marked.

If they even took you on as an employee, they know that you are forced to go and take a job there and that is why I found that to be too humiliating.

Mr. Armey. You stayed on welfare for 6 1/2 years. I take it the need for child care was probably a very important part of that?

Ms. Lawson. Yes it was. After being on a few years you start to feel less about yourself. You do not feel you are smart enough or that anybody is going to want you.

Mr. Armey. OK. I am trying to understand why mandatory workfare would be so unacceptable as compared to this choice. Another thing I am wondering about, because, obviously, both of you young ladies have certainly made a fine presence here today and what I am guessing about is that you may have been the cream of the crop in terms of educational background and perhaps in terms of social skills. And I am also wondering what we do with people who have not had a high school education and perhaps are lacking in social skills. Obviously we want to have a program that can spread its influence across others. And I am trying to get a fix on this because you also made a comment, I think, rightly so, com-
pared to the work you are doing now, which is very rewarding, you
would rather disparage the possibility that you may have ended up
flipping hamburgers.

Ms. Lawson. Yes.

Mr. Arney. Is it possible that there may be people who would be
lacking the ability to achieve the secretarial skills, work processing
skills, and that flipping hamburgers may be indeed be the best
option that they might be able to hope for? At least it is an entry
job.

Ms. Lawson. Well that is better than having them stay home on
welfare. There are jobs that are interesting which do not need a
high IQ. There is work for anyone who wants it.

But I cannot see them forcing you because if they try to force
you into something then they are going to go out and have another
baby and that is a very common—it is very, very common. They
will tell you. “They are not going to force me to work. I am just
going to have another baby.” So that is also going to cost the
Government more money because you are bringing another baby
into the world and it is going to be another 5 or 6 years that you are
going to have to support this woman with an extra child.

Mr. Arney. Well that is very interesting because, Mr. Barrett,
you made a comment earlier too, that, “Some people would rather
stay home on welfare than work at some of the kinds of jobs for
which they can qualify.” In fact, we do know, for example, about
the 150-percent tax rate. And as you know many of us have criti-
cized the traditional welfare approach in America.

For example, I, myself for 20 years and interestingly enough, I
have had a great many people criticize me for levying the criticism
so I find it rather interesting that you are suggesting today that,
indeed, perhaps some reform in the Welfare Program, as is cur-
cently constituted, to take away the work penalty where they
would lose their benefits.

But one of the things that I feel like I perceive here, Governor, is
that you have a very good program that works very well with
people with the kinds of skills that we see in these two young
ladies here. But I really fear that perhaps it would not work so
well for those folks that we traditionally refer to as the hardcore
unemployed with a lack of skills.

Mr. Dukakis. Let me, respectfully, disagree with that. There are
a great many people among those 17,000 that did not have a high
school education. I do not know what that percentage is and wheth-
er we have it available, Chuck—

Mr. Atkins. Chart No. 3, Governor, shows over 10 percent of the
placements to date were people who did not have a high school
education. I do not know what that percentage is and whether we
have it available, Chuck——

Mr. Dukakis. But it seems to me that that is one of the unique
aspects of the program. If somebody is an ET participant—remem-
ber that people have to register for this—and we do this prelimi-
nary assessment, if one of the things that is lacking is a high
school education then one of the choices—as part of the program—is
getting your GED. It is a beginning to take some literacy and
basic adult education and so on. I can tell you that I have met a
number of ET participants who were not high school graduates. I would not be surprised, Gil, if some of your 25 did not have a high school diploma, do you know?

Mr. Barrett. Yes, sir. We had, I believe, of the 25, almost 50 percent of them did not have a high school education and I also would take exception—I have a specific example if interested—these young ladies do very well represent the Commonwealth. Because we have 25 people and I am familiar with them, one case in particular was a black girl with a seventh grade education who was so excited over the program and the key to her excitement was she had a choice.

She was not forced into the hamburger stand just to get her off the welfare role. She had a choice and that choice included some job skill training and an opportunity to go back to high school.

She left me about 4 months ago and promised that she was coming back to replace my secretary in a year and a half. That is motivation and that girl comes from a third generation welfare family.

I do not think these girls are atypical. I think they are exemplary of the program.

Mr. Army. OK and that is what I was wondering.

Mr. Dukakis. And remember, the point is that as part of this range of choices, in making the assessment of the individual ET participant, if what is needed is additional education, then that is part of their plan. In fact, in some cases it may be essential if they are going to do what they want to do and what we hope they can do. In other cases, and I think Gil's experience is typical, where many of his ET participants are production workers who may not necessarily require a high school diploma to do the job and do it well, it is kind of a reverse motivation. Get the job first, you start making money and then you say, "OK, production is interesting but now I am going to go back and start doing what Dawn is doing," and so it works the other way. I think that is one of the beauties of the program.

You do have this kind of motivation working both ways.

Mr. Army. I guess I would like to explore why it is your feeling that the Mandatory Workfare Program failed. Because we are not giving these choices?

Mr. Dukakis. No range of choice, no real assessment of the individual's skills, needs, potential, no child care, no guarantee that if your employer does not provide health insurance, that medical benefits will continue for at least some period of time after employment, you put all of these things together and it should not surprise us that our retention rate, at least in the effort we made in my first administration was something like 30 percent. Incidentally it was limited, Mr. Chairman, just to two parent families.

Also, workfare often means—and again, I guess every State has a different approach—working off a grant so you get a public service job. Now, I am not saying that in some cases that may not lead to something else but what we have tried to do was design something that was real and meaningful from the beginning and say to people, "You are somebody who can make something of yourself and we are going to try to provide a range of choice that is tailored to your particular needs."
Mr. Weiss. Governor, just for clarification—I think that sometimes you use terms that we are so familiar with but others may not know exactly what you mean by them. When you say, "opportunities for choice," you do not mean necessarily that people have the right to determine whether they want to be hamburger cooks or astronauts. What you are providing by way of choice is the opportunity to get training or go back to school or to go to an apprentice job position—is that what you—

Mr. Dukakis. All with a view to leaving welfare and becoming employed and a wage earner.

Mr. Weiss. And the Mandatory Workfare Program, in fact, simply—the only opportunity there was to go out and try to get a job with a particular—

Mr. Dukakis. Workfare usually means one of two things. Either you work off your grant in some kind of public service job at the minimum wage, or you go to one of these job clubs and you are given a telephone book and somebody watches you while you make your phone calls and presumably go out and get interviewed.

Mr. Arney. That is what Ms. Lawson was referring to.

Mr. Dukakis. That is what Dawn was involved in.

Mr. Arney. If I might, because I do not want to take too much time—I do have two more questions. Is it possible—when you originally tried workfare—that the practices of the workfare counselors might have been biased in favor of a failure for that approach? I have heard a few things about that attempt and in particular two things that people were told as they came in to, "never take the first job offered to them and never accept employment in a fast food restaurant."

I wonder if that kind of counseling and advice did prevail and if so, would that have biased in favor of failure for the Workfare Program?

Mr. Dukakis. I cannot speak for the administration that both succeeded and preceded me in view of my own departure for 4 years. I can tell you what these job clubs were like in my first administration and we attempted to do it in a way that was encouraging. People had to show up and they had to spend at least 8 hours participating in one of these job clubs. They were encouraged to accept employment that was offered to them and never accept employment in a fast food restaurant.

We did not try to do it in a punitive way. We also, particularly in the case of the two parent families, tried the work-off-your-grant approach with some kind of public service job in the hope that it would be a first step into employment. But we did everything we could to make it a sort of supportive program. Bear in mind that one of the choices you have under ET is immediate placement. Rosemarie never went through a training program. She had a previous job history. What she needed was help in placement services and within a week and a half she was placed.

That, obviously, is a preferred option. If we can do it at little or no cost, we want to do that. If you have a previous job history then obviously one of the recommendations to you may be direct placement in a job that fits your skills. It seems to me we are doing this a lot better than the job clubs. We are providing the placement services to somebody who is job ready.
In many of these cases, as you can see, we are talking about somebody with a seventh grade education. What is the likelihood of that person succeeding through a job club?

The beauty of ET is that there is a range of things that we do that not only provides people with confidence and motivation and some skills, but brings them to the job site with the kind of skills and motivation that makes Tom Hourihan or Gil Barrett want to hire them.

Mr. Arney. If I may—with one final question—and certainly, Governor, you have put together a very creative program and the results are fairly obvious with these two cases. Mr. Barrett, you talked about those who do not want to work—obviously we would like to spread our wings as wide as we can. Do you have any recommendations what we might be able to do with them?

Mr. Barrett. I believe the essence of this program for the hardcore people that have gone through generations of welfare is the education and training portion of this and that is the very portion of the program that is being jeopardized in the Commonwealth.

It is a training process whereby people with little or no education have to be given the opportunity to have that education and then be trained in a skill that is compatible with their particular personality and needs and so on.

I think, under the old Workfare Program, where you mandate that somebody does something—I think human nature is such that it resists somebody telling you what to do. If I put a pair of blue socks out and a pair of green socks out and ask you which pair you would like. You might pick the blue or you might pick the green but if I point to the blue and say, “Mr. Arney put the blue socks on,” I think you would like to reach for the green.

I think that is the difference between a choice and a mandate—it is training and education.

Mr. Arney. Thank you and I want to thank the panel and I cannot but mention, Ms. Lawson, but as we say in Texas, “that is a mighty fine looking boy you’ve got there.”

Ms. Lawson. Thank you.

Mr. Weiss. Thank you, Mr. Arney. Mr. Rowland has just joined us. I understand, Governor, that you have an early-on engagement so just for an acknowledgment and greeting, Mr. Rowland, I would be pleased to call on you but I do have to let them go.

Mr. Rowland. Thank you. Unfortunately, I had a question I wanted to ask the Governor, regarding the cross matching program, which is a very innovative program that Massachusetts is sponsoring, it is about welfare fraud.

I basically wanted to know what the administrative costs were and the amount saved this year.

Mr. DuKakis. Mr. Chairman, if you would like and if you have the time, the commissioner of welfare, Chuck Atkins, is here and he can discuss in detail the way cross matching is working or anything else. I have to leave but these folks do not have to leave with me. With your permission—

Mr. Weiss. That will be fine.

Mr. Rowland, Governor, thank you for your participation and congratulations on the work you are doing.

Mr. DuKakis. Thank you very much.
Mr. Weiss. Mr. Rowland, I think that we will have a very brief response to the question you asked. We have GAO doing a full-scale study on that. We will be holding some separate hearings on that, OK?

Mr. Rowland. Thank you very much, Mr. Chairman. I do not know who exactly to refer the question to, but in Massachusetts, you have had a number of innovative programs, one that the Governor just testified about and, indeed, a few years ago, you implemented a cross matching program to combat welfare fraud.

This was very innovative, the first in the country. An attempt to find welfare recipients with excessive assets that are in the AFDC or food stamp programs. An effort to save those dollars—Federal and State dollars. The question I had was very simple. At this point, approximately what kind of dollars are you saving and approximately what are the administrative costs to run the program. Very ballpark figures, and I would appreciate it.

Mr. Atkins. Mr. Rowland, I think it is a very important question, particularly, in light of Ms. Lawson's testimony, which you missed this morning, because she described what it was like to be on welfare in this country. And as Mr. Armey said, it's a shame the way we run welfare programs in this country because of the focus we have taken in trying to get at welfare fraud.

I will tell you that in Massachusetts our AFDC error rate is down to an all-time low of 4.1 percent—in comparison, I might add that the Internal Revenue Service has an error rate of 18 percent. And Massachusetts is not alone in its error reduction efforts. Connecticut and other States have done very well in reducing AFDC error rates.

As low as our error rate is, the Federal Government says we have to get it to 3 percent or lower. Now I do not know of anything in this country that is as complex as welfare programs and the way we administer them and to have us get down to that low an error rate, I think, is very cost-ineffective. We will spend more money trying to get down to that low an error rate than we do on the entire employment and training program in Massachusetts or the WIN Program nationally.

I really think it is a totally misguided effort. I think we have rooted out a lot of welfare fraud in this country and we are still suffering from the public's perception of 15 years ago. I really think that needs to be changed and the effort needs to be put into programs like this.

To answer your question specifically, for every percentage point that we can reduce the error rate in Massachusetts, we save $2.5 million. As testimony this morning indicated, this employment and training program saves $2,000 in welfare costs for every recipient that we place into a job. We have already saved over $50 million, or 20 times what we could save by reducing that error rate from 4 percent to 3 percent. Again, as testimony indicated this morning, we really need the continued cooperation and help of the Federal Government to get people off of welfare and into jobs. There has been an overemphasis on fraud. Let's stop treating welfare recipients in this country the way Ms. Lawson described herself being treated. Let's give them some dignity, some money to live on and...
then get them off of welfare and into a job, where, I think they want to be.

Mr. ROWLAND. What do you think about a plan to take those dollars saved, or in this case there are about two States that have a cross matching program, what would you think about an incentive—not a mandatory program—but an incentive by the Federal Government to reach out to the other 48 States and tell them if you implement this cross matching program we in the Federal Government will pick up 75 percent of the administrative costs and if you are willing to take those dollars that the State saves and put them back into job training programs, transportation, and other things to enhance and to work with welfare mor is to help them get into the job market, if you do that the Federal Government will pick up 100 percent of the administrative costs?

Mr. WEISS. Mr. Rowland that is a good lead into a full-scale hearing, which will have to happen somewhere along the line, and if you want to submit your response, you may do so for the record, but I do want to focus the hearing, as we started, which is welfare employment programs, OK? For the record, would you give us your full name and title?

Mr. Atkins. Sure, my name is Charles Atkins and I am commissioner of the Massachusetts Department of Public Welfare.

Mr. WEISS. Let me ask Mr. Hourihan and Mr. Barrett one question and then perhaps my colleagues may have some other questions on the subject of today.

You have indicated the enthusiasm with which your companies have responded to this program. Mr. Hourihan, you suggest that there are other companies that also react positively to this kind of effort of placing people who are trained and motivated to take jobs. Tell us first, how many companies in Massachusetts have participated in this program.

Mr. HOURIHAN. I believe it is 4,000, Chuck?

Mr. ATKINS. That is right.

Mr. HOURIHAN. Yes, 4,000. I would like to make one other statement. I am going to say it again and I am going to say it as a businessman and I believe it very strongly: mandatory programs will not work. I want to restate the case again. Workfare lacks dignity, it lacks respect. It does not matter whether you are educated and bright and alert because as is the case for the two people here today—and we could have brought more people here—for those people who are educated, they have the right to that same dignity and self-respect and should not be forced into a program.

Take it from an employer's standpoint. If you get people in your employment who are forced there, perhaps not qualified, perhaps not counseled, they are not going to make it in the employment interview. If they are forced into the situation you have created a mismatch. Now you have the employer's point of view.

Workfare is a Government program that does not work. What is underlying the ET Program, is an alliance between business and Government, an alliance between the industry in Massachusetts and the public welfare department. Kristin Demong, director of the division of employment security, has changed that organization so that we have a partnership and we can talk to each other, not at each other.
Mr. Weiss. One final question. I assume because of the favorable and positive publicity that the Massachusetts' program has gotten that you have received inquiries and visits from people around the country. What is the general sense that you have that there will be an effort to replicate your kind of program, either from the private sector or the Government sector or elsewhere?

Mr. Atkins. Mr. Chairman, we have been contacted by every single State in the country for information about how the program has been working in Massachusetts. We have been visited by a number of them and there are, according to my information, a number of States that are trying to replicate this ET Program in their States. It is quite sad, given the administration's work proposal and the proposed elimination of the WIN Program, that we may have neither the money, nor, very importantly, the administrative flexibility to run programs like this in Massachusetts or elsewhere—just at a time when we were beginning to make some real inroads, not just in Massachusetts, but across the country.

Getting people off of welfare and into work, as you heard this morning, is where people want to be.

Mr. Weiss. Again, I thank you very, very much. I want to repeat the appreciation which Mr. Armey has expressed to you and the entire panel; Ms. Lawson, Ms. Acevedo, Mr. Hourihan, Mr. Barrett, and Mr. Atkins. It has been very important testimony for us and we thank you and wish you all very, very well in your efforts. Thank you.

Mr. Atkins. Thank you.

Mr. Weiss. Our next panel consists of Kimi Gray, director of Kenilworth/Parkside Resident Management Corp., Cicero Wilson, resident fellow and director of the neighborhood revitalization project at the American Enterprise Institute, and Dr. Lawrence Mead, associate professor of politics at New York University.

If you would all join us at the witness table? Ms. Gray, we have you scheduled to begin first, so if you will? We have prepared testimony from some of you and it will be entered into the record and if you want to use that as a takeoff point or to summarize it, or whatever way you want to do it, that will be fine.

STATEMENT OF KIMI O. GRAY, CHAIRPERSON, BOARD OF DIRECTORS, KENILWORTH/PARKSIDE RESIDENT MANAGEMENT CORP.

Ms. Gray. Thank you. First of all I would like to thank you for giving me the opportunity to address this committee on such an important topic as self-sufficiency for women in poverty.

It is my wish that some of the successful approaches that we have implemented at Kenilworth/Parkside can be replicated on a national basis so that we can show women a better way of living other than the vicious cycle of poverty generation after generation.

We have found that the largest obstacle in the way of most women in poverty is attitudinal. Many of the women that we have assisted in breaking out of the cycle of welfare, were themselves the products of female-headed households receiving AFDC and food stamps and had accepted this lifestyle as their own fate.
One of the first things that we try to do is to convince our residents, at the Parkside Resident Management Corp. Development, that there are better alternatives for themselves and their children other than relying on Government handout programs. We also operate under the assumption that only a few women really want to be on public assistance and it is our responsibility to give them the proper guidance and support services to help them become self-sufficient.

In order to accomplish this lofty goal of self-sufficiency we have established several programs at Kenilworth/Parkside which I will briefly describe to you. These programs are day care, employment, skill training and the development of small businesses.

Day care: In order for many women to go to work, attend training, or education programs we must first make sure that the children are in a safe environment and are properly cared for. One of the first priorities was to establish a day care center and a network of home day care providers throughout our property.

This allowed not only that safe environment for the children of the women that participate in the various programs but created employment for our residents as they became day care specialists. And those women that became the day care specialists were also former public welfare recipients as well as those persons that were seeking training and employment.

Another crucial component in our approach for women reaching self-sufficiency was the establishment of our own employment center located on the property.

Our basic assumption here is that everyone has positive attributes and skills, of which we must make them cognizant. Our employment specialist together with her clients establishes goals and develops a strategy that will strengthen the person's weaknesses and build on their positive attributes.

I feel that our employment office has been so successful because our workers are more sensitive to the needs of our residents and unlike the Government-operated employment offices they have more time to invest in counseling and career planning.

Our employment specialist, herself, is a former public welfare recipient that went through a program with the United Planning Organization that we have hired to come back and place her skills in the hands of all the residents.

She is supersensitive because she knows that 99 percent of the clients that come through our employment center that is located on the property, do not want to be on public welfare and she provides them with that counseling and career planning and that has really built up a lot of enthusiasm with the residents in our developments.

We do not only deal with female heads of households, single family heads, we deal with males also because there are a great number of men that were on our property that were not employed and now they are employed.

Skill training: In order for anyone to become self-sufficient, they must have a marketable skill that allows them to break out of a life of poverty.
Most Government programs, in particular the WIN Program, does not provide the proper incentive or self-esteem to become self-sufficient.

These programs seem more interested in making sure their quotas are fulfilled than providing women with a good marketable skill.

For example, the WIN Program locally in Washington, DC, trains most AFDC recipients to clean buildings, work in laundries, and other jobs that pay minimum wage or do not allow any kind of upward mobility.

Generally these jobs pay just enough money to make these women ineligible for AFDC and medicaid, but not enough to break the cycle of poverty.

Many of these women who take these jobs find themselves unable to afford medical insurance or the high cost of food, therefore, they find it more advantageous for them to go back on the welfare roles.

We have established training programs in professions that do not assume that the only thing a welfare mother can do is clean an office building but in areas that provide some upward mobility.

Some of these programs are plastering, painting, plumbing, and minor home repairs and minor electrical repair.

Many of our women are not ready initially to enter these programs, we prepare them by offering a GED and other educational programs. I feel very strongly that the key to any Government-sponsored self-sufficiency program is to invest the time, energy, and resources in training these women for meaningful employment that offers upward mobility.

As I stated earlier, we have found that everyone has some positive attributes and skills. Realizing that, we have established several small businesses utilizing the skills and talents of some of our residents, who were formerly AFDC recipients.

These businesses are the cooperative food store, the beauty and barber shop, we have a boutique and other satellite vendors.

There are also plans to establish a cleaners and laundry facilities. Many of these former welfare recipients had no idea that they could own and operate their business.

All of the components which I have briefly described are attainable goals to establish for any self-sufficiency program.

We must dispel many of the myths and assumptions that welfare mothers only want to have babies and collect a monthly check. We have reached out to these women and helped them to reach their full potential. We must also put a strong emphasis on planned parenthood with our young people so that they will be able to support their families when they are financially able and will not have to depend on Government entitlement programs.

As I first moved to Kenilworth/Parkside, I was 20 years of age and had five children and was a public welfare recipient. I did not want to be on public welfare. Because my husband and I separated, I had no other choice.

At that time I had no marketable skills. I went back to school and received my high school diploma; then I was being self-motivated and went on to receive an associate of arts degree. I returned
back to my community and I then began to assist those ladies who developed these programs to help themselves.

As we called special meetings of those residents for public housing, both men and women, we found that 99 percent of them did not want to be on public welfare. We also found that nobody really wants to be poor.

It is a state of mind, sometimes, that they are placed in because of the programs that are created to make poor people dependent.

We found that when good training programs were set up locally in our community that eliminated the transportation problem and we provided the day care services and we were—we found that people really were sensitive and cared about their futures and the directions they took, that gave them back the respect and pride that they rightfully deserved to have anyway, that they volunteered to come into the programs.

The WIN Program has since then joined in with our corporation. We may have a WIN worker assigned to our development in Kenilworth and after she came out there she found that there was more to it than just reaching a quota.

We have a WIN person and a vocational rehabilitation worker from our department of human services. We also have a person that one of the special assistants to the commissioner that volunteered to come over to review our program and to see how it actually functions.

We have a very good relationship with our local government because we did criticize them constructively but we also showed them some more alternatives. Our program that we have created now is beginning to flow over to other public housing properties in Washington, DC, creating small businesses, setting up properties or employment offices because there are a lot of jobs that are not publicized in the Washington Post or the Times or have never reached the employment office.

We know that residents do want jobs and for those that do not have high educational skill levels they are the first one to admit that. We do give them a diagnostic examination to find out which grade level they are functioning and then we begin to work at their weaknesses to improve them and to upgrade their educational level.

When we think they are ready we go out and contact private vendors and have them come in, they speak before the group to let them know exactly what they are looking for and let them know which goals they have to meet.

We find that this is very successful and it has worked and in Kenilworth court in the 3 years that we have been managing, we have reduced our welfare recipients from a total of 85 percent to 35 percent and those statistics can be verified by the Department of Human Services.

I thank you all for your attention. I will be happy to answer any questions.

[The prepared statement of Ms. Gray follows:]
INTERGOVERNMENTAL RELATIONS
AND HUMAN RESOURCES SUB-COMMITTEE
COMMITTEE ON GOVERNMENT OPERATIONS

TESTIMONY:  Kimi O. Gray
Chairperson of Board of Directors
Kenilworth/Parkside Resident
Management Corporation

HEARING:  Opportunities for Self-Sufficiency
for Women in Poverty
I would like to thank you for giving me the opportunity to address this committee on such an important topic as self-sufficiency for women in poverty. It is my wish that some of the successful approaches that we have implemented at Kenilworth/Parkside can be replicated on a national basis, so that we can show women a better way of living other than the vicious cycle of poverty generation after generation.

We have found that the largest obstacle in the way of most women in poverty is attitudinal. Many of the women that we have assisted in breaking out of the cycle of welfare, were themselves the products of female headed households receiving AFDC and food stamps and had accepted this lifestyle as their own fate. One of the first things that we try to do, is to convince our residents that their is a better alternative for themselves and their children other than relying on government handout programs. We also operate under the assumption that only a very few women really want to be on public assistance, and it is our responsibility to give them the proper guidance and support services to help them become self-sufficient. In order to accomplish this lofty goal of self-sufficiency we have established several programs at Kenilworth/Parkside which I will briefly describe to you. These programs are; Day Care, Employment, Skill Training, and the development of small businesses.

DAY CARE

In order for any women to go to work, attend training, or educational programs we must first make sure that the children are in a safe environment and are properly cared for. One of the first priorities was to establish a Day Care Center and a network of home day care providers throughout the property. This allowed not only that safe environment for the children of the women that participate in the various programs.
EMPLOYMENT

Another crucial component in our approach for women reaching self-sufficiency, was the establishment of our own employment center located on the property. Our basic assumption here is that everyone has positive attributes and skills, of which we must make them cognizant. Our employment specialist together with her clients establishes goals, and develops a strategy that will strengthen the persons weaknesses and build on their positive attributes. I feel that our employment office has been so successful because our workers are more sensitive to the needs of our residents and unlike the government operated employment offices have more time to invest in counseling and career planning.

SKILL TRAINING

In order for anyone to become self-sufficient they must have a marketable skill that allows them to break out of a life of poverty. Most government programs, in particular WINN does not provide the proper incentive or self-esteem to become self-sufficient. These programs seem more interested in making sure their quotas are fulfilled than providing women with a good marketable skill. For example the WINN program trains most AFDC recipients to clean buildings, work in laundries, and other jobs that pay minimum wage or do not allow any kind of upward mobility. Generally these jobs pay just enough money to make these women ineligible for AFDC and medicaid, but not enough to break the cycle of poverty. Many of these women who take these jobs find themselves unable to afford medical insurance or the high cost of food, therefore they find it more advantageous for them to go back on the welfare rolls.

We have established training programs in professions that do not assume the only thing a welfare mother can do is clean an office building but in areas that provide some upward mobility. Some of these programs are plastering, painting, plumbing and minor electrical repair. Although many of our women are not ready initially to enter these programs we prepare them by offering GED and other educational programs. I feel very strongly that the key to any government sponsored self-sufficiency programs is to invest the time, energy and resources in training these women for meaningful employment that offers upward mobility.
SMALL BUSINESSES

As I stated early, we have found that everyone has some positive attributes and skills. Realizing this we have established several small businesses utilizing the skills and talent of some of our residents, who were formerly AFDC recipients. These businesses are the cooperative food store, Barber and Beauty Salon, Boutique and other satellite vendors. There are also plans to establish laundry facilities. Many of these former welfare recipients had no idea that they could own and operate their own business.

All of the components which I have briefly described are attainable goals to establish for any self-sufficiency program. We must dispel many of the myths and assumptions that welfare mothers only want to have babies and collect a monthly check. We must reach out to these women and help them to reach their full potential. We must also put a strong emphasis on planned parenthood with our young people so that they will be able to support their families when they are financially able and will not have to depend on government entitlement programs.

Thank you for attention and I would be happy to answer any of your questions.
STATEMENT OF CICERO WILSON, RESIDENT FELLOW AND DIRECTOR, NEIGHBORHOOD REVITALIZATION PROJECT, AMERICAN ENTERPRISE INSTITUTE

Mr. WILSON. I would like to submit my testimony after this hearing this afternoon.

Mr. WEISS. Without objection, the record will be kept open for that.

Mr. WILSON. Thank you very much. Please note that the views I will present are my own and do not necessarily represent those of the American Enterprise Institute. It has been my good fortune to have the opportunity to study many efforts across the country by indigenous grassroot leaders such as Kimi Gray who are trying to combat poverty. Although we went out to Kenilworth to look at an innovative educational/college assistance program, we subsequently undertook a 3-year longitudinal study. During that 3-year period, the residents took over the management of their public housing property, and we observed many of the impacts that resulted. For example, the residents reduced crime by 75 percent. There was a tremendous drop in the teen birth rate and a tremendous drop in welfare dependency.

My first comment is based on looking at what the Kenilworth residents have done over the last 4 years. As you address the issue of self-sufficiency, it would be a mistake for this committee not to consider other weapons that are at your disposal to deal with the income needs of low-income women and AFDC recipients. A major reason why Kenilworth has been able to have such tremendous impact on poverty rates is because they are using alternative job flows.

They are not just using AFDC and JTPA and WIN. In fact, because of Kimi’s experience with WIN, they did not waste their time going in that direction. They have, however, developed job creation activities through many of the HUD funds. Their resident management corporation is a contract that is fueled through moneys that flow with HUD.

We need to look at other ways to generate jobs through Federal programs. More specifically, we need to explore public housing construction and renovation. The construction and renovation that is done within the low-income housing field should be a target for some self-sufficiency efforts. When we try to do that, we are confronted by Davis-Bacon.

Davis-Bacon prohibits many local residents from participating in many of the jobs that are generated by construction in distressed communities. In most construction operations, 60 percent of every dollar is spent to pay labor wages, but because of the Davis-Bacon requirement, there are very few opportunities for low-income women to participate in the modernization that takes place.

The case of Kenilworth/Parkside, however, is a rare instance where the administration has really backed Kimi Gray to be the construction manager on her $13.2 million modernization grants. You can imagine, given both their track record and their established setup, the impact that this construction is going to have on further reducing AFDC participation at Kenilworth/Parkside.
I think it is very important that we not look only at WIN, AFDC and JTPA but that we also look specifically at the HUD programs to see how we can generate jobs and opportunities for employment through those funds. To do so will take some real attention on the part of Congress because as HUD programs are currently structured, they are tied up in regulatory knots.

The second point I would like to make is that while I think the ET Choices Program is a very excellent program, I would hope that Congress would not be duped into saving the entire WIN structure as it is now implemented in this country, because of one exemplary model in one State.

I do think the WIN funds should be preserved, but they should be preserved to do programs like those that are going to be presented today, by representatives from Massachusetts and other States. In the past, Congress has held hearings, heard from an exemplary project or two in several States, and then enabled 48 other States to go off and do the same dumb things they have been doing for a while.

To repeat this mistake would be a tragedy because those resources are desperately needed to do things that work. Kimi Gray is doing programs that work, and some of the other States are doing exemplary programs, but not every program in every State works.

Please do not save WIN to continue the type of poor performance we have had in the past. I think the administration is on target when it puts some pressure in this area, but I think that it is important that you recognize that those resources really should be directed at more effective strategies.

The third point I would like to make is that the way that workfare has been characterized in Washington is probably inaccurate. The coercive aspects of workfare that are sold in Washington are not really the way the programs are implemented on the ground in the States.

Many of the States have tried to introduce some element of choice and some element of encouragement into their workfare program. Many workfare programs look like the ET Choices Program but without the supportive services and without the network with the private sector. In practice, many of the programs foster and project attitudes that are very similar to the attitudes that are embodied in the ET Choices Program. Let me put it this way, I believe the administration is off base to force the coercive elements of workfare when coercion is not what is really making the workfare programs that are achieving some success work.

Most of the States will tell you that many welfare recipients in our cities are participating because they see it as an opportunity. They do not see it as a punitive measure.

The program is introduced to them by saying, "There are going to be these requirements coming down, but we would like to give you an opportunity to get into something meaningful."

The other point I would make in connection with this is that any workfare program that places a woman in a deadend, minimum wage job that is not slated to develop her potential and encourage her progress sets the stage for the same type of process that causes many women to come into the welfare system in the first place.
If you look at the statistics, many women on welfare were once employed. They had a catastrophe—either the death of a spouse, a separation, a divorce, an abandonment, a serious illness, the loss of a job, or the birth of a child.

As a result of that catastrophe, they ended up moving into the welfare system. Especially in view of Mr. Armey's questions of Governor Dukakis, I think that it is important that we recognize that there are different welfare populations.

Mr. WEISS. Can you hold the thought right there?

Mr. WILSON. OK.

Mr. WEISS. That is the second bell. We have a vote on the floor. We will break for about 10 or 12 minutes. We will come back.

Mr. ARMLEY. Mr. Chairman, if I might just make a statement because I am going to have to go to some other duties and I am afraid I will not get back before this panel is finished.

Mr. WEISS. Well, I do not want to put off his testimony to have questions at this point.

Mr. ARMLEY. No; I just wanted to make the observation that I had taken a group of Members of Congress out to Kenilworth and have seen the job that Kimi and her residents are doing. Since I am sure that I will not be able to say this when the testimony is over, I just wanted to say I am glad to see you today, Kimi.

If you have not visited Kenilworth, I think you should to see what they are doing.

Mr. WEISS. With that, we will break for about 10 minutes.

[Recess taken.]

Mr. WEISS. All right the Subcommittee on Intergovernmental Relations and Human Resources is now back in session. If everybody will make themselves comfortable, we can proceed. Before we go further, let me take note of the fact that our distinguished colleague, Mr. Conyers, on the subcommittee, is with us in addition to Mr. Rowland.

Mr. WILSON, we told you to hold your thought at a particular point. You can now pick it up and continue as you will.

Mr. WILSON. What I was saying is that there are different welfare populations, and I think it is very important in structuring any self-sufficiency program that we recognize, that there are a continuation of needs that have to be addressed.

The programs that are being talked about today cover that broad spectrum. The first two levels of the spectrum are composed of highly educated and highly skilled women who find themselves on welfare through personal misfortune and with the proper amount of placement assistance, can get off of AFDC fairly rapidly.

One of the participants here this morning from Massachusetts stated she was on welfare for 3½ years and it took a week and a half to get her placed. One of our priorities has to be on finding and identifying this type of talent trapped in welfare.

More attention has to be spent focused on the welfare trap rather than on the welfare cheat. The third level within the welfare population consists of people who need training and need education, but they are willing and able to respond when offered education and training.

It is very important that the administration clarify its language. Reading their proposal, I was not sure whether or not they were
saying, "we do not want education and training to be a part of this new initiative that they are pushing." I think it would be a mistake not to include education and training. Without it, I think you would lose the ability to rapidly respond to about 30 percent of your AFDC population, the proportion that you could move fairly quickly through short-term training and education programs and into the work force.

There are two other populations that basically are stuck: Women who have atrophied within the system and women who suffer from substance abuse or severe depression. I think the most dramatic example I have encountered came up when I was interviewing women at Kenilworth. I talked to three women: one was 35, one was 48, and another was in her late fifties. All three women had just had their children reach 18 years of age and, therefore, all three women were no longer eligible for AFDC.

They had not worked for 10 to 18 years while they had been on AFDC. The system had encouraged them to sit there and atrophy. What I am saying is that you are going to need to do more than just put women in that situation in front of a placement officer. You are going to need to do more than just provide them with an educational and training opportunity. They will need additional supports.

When you are searching for ways to reduce welfare expenditures, you can deal with those top two groups and get a tremendous savings quickly and there would be money enough to deal with the other groups that need extensive supportive services.

The last point I will make is that you do need to have some pressure within the system to deal with people who fall below those top three groups to sort of jolt them out of the depressed lethargy that they are in.

They have to see a concrete opportunity. In some cases they need a firm push and for someone to say, "Here are some opportunities I am going to make available to you."

How that is done is very critical: It can be done so that choices are involved or it can be done in such a way that it is seen as a punitive measure. In Washington, conservatives, unfortunately, often like to sell the punitive "put the lazy welfare cheat to work" approach. That approach does not respond to the needs of the people who can move most quickly out of the welfare system.

The value of the Kenilworth example is that it demonstrates that the community can provide very effective pressure.

When you have former welfare recipients heading up the resident management council or heading up the housing administration office at Kenilworth, it is very difficult for a fellow resident who is on welfare and depressed to say, "I cannot do it." They are talking to women who live in their community who have done it. The women who did it had the help of other folks and support groups. Successes like those at Kenilworth show us that it is important that self-sufficiency programs be structured in ways that do help individuals out of poverty but do not then leave ghettos intact.

We must build on existing structures. For example, the way that you provide day care is important. You can do that in the way that Kimi Gray has done it so that it provides jobs for residents and support networks for a large number of welfare-dependent women.
in a clustered situation or you can do it outside of the community where women will not get those jobs and that support.

I would like to thank everyone for the opportunity to address this group. Other people are going to testify on other issues.

One of the most important issues is women as entrepreneurs. To put it harshly, in the past liberals have seen the poor as basket cases. Therefore they thought that you had to provide some sort of a safety net to maintain them in poverty. Conservatives also saw the poor as basket cases but to conservatives the moral thing was not to waste Federal dollars on them because they would not respond.

Both positions are way off base. Many of the reforms that are being talked about, both by the administration and in Congress, fail to recognize that there are different populations. The only real way to bring about welfare reform is to help those people who can move hard and fast out of the welfare system by providing the types of programs that were described by Massachusetts. In addition, the other types of supportive services must be provided to people who are sort of mired in depression.

My one real gut feeling on this subject arises from the time when my father was stricken with a severe case of hypertension. I was 14 and my mother had been a housewife staying home, raising us. She was forced to choose from three options: going on welfare, cleaning people's homes, or trying to find some sort of quick employment and training that would give her the skills to get into the work force. Fortunately, there was a manpower program available. We struggled through the period of time when she was not working. We just borrowed from within the family and used the workmen's compensation to survive on until she completed her training. It was very interesting that she did have to do odd jobs because of the inconsistency with which employment and training programs were provided even in that day. They were in place one year and not in place the next year.

There must be a solid opportunity structured in order for most people to do it. My gut reaction to this issue is that there are a lot of people who want to get out of welfare traps but we must provide them with an opportunity ladder. We do not have to push them up that ladder; they can propel themselves. Thank you very much.

Mr. Weiss. Thank you very much, Mr. Wilson.

STATEMENT OF LAWRENCE M. MEAD, ASSOCIATE PROFESSOR, DEPARTMENT OF POLITICS, NEW YORK UNIVERSITY

Mr. Mead. Thank you very much, Mr. Chairman. I have been researching welfare programs for about 10 years and especially work requirements and their role in dealing with welfare dependency.

My general view is that an element of work obligation is indispensable to successful work programs. Much as we would like, it does not seem possible to deal with dependency on a large scale with a strictly benefit-oriented program that simply provides training and choices of the kind we saw this morning.

It seems to me there has to be a definite work obligation, but at the same time, this can be a constructive thing. It does not have to
be viewed as punitive. In fact, the import of my research is almost the opposite: It is programs that are permissive and undemanding that are in fact the most negative toward the client.

At the same time, if we had a work obligation, we do have to have adequate services to make it possible for women to go to work. I would certainly have questions about the administration's proposals to do away with the WIN Program. Despite its limitations, it has provided services, such as job placement and day care which people certainly need in order to go to work. If the recipients are to be obligated, in other words, the Government must also be obligated to provide the support that they need.

The way to look at the welfare work problem is not simply as a matter of service or a matter of saving money, which tend to be the perspectives of left and right. Rather, I would see it in a contractual way, a case of mutual obligation where the recipients assume an obligation to work or prepare for work seriously and at the same time the Government provides necessary support.

First of all, I think we have to recognize that nonwork is a serious problem in the welfare population. There appear to be a great number of welfare adults who are not in any obvious way unemployed and yet, for various reasons, are not actually working.

Only about a quarter of AFDC mothers are in the labor force, that is working or looking for work. Whereas, for all the divorced and separated mothers, the proportion is well over half. This creates a problem of an economic kind in that poverty is much more prevalent than it would be if there were more work among this group.

Mr. Weiss. Would you pull the mike closer to you.

Mr. Mead. I am sorry. It is also a political problem in that the lack of work on welfare has become a serious impediment to any further or better programming for the poor.

The attempt to promote work and services had been the dominant tendency in Congress. What we hear from groups dealing with the poor is that if there were more day care, more jobs, more transportation and other services, then suddenly the work barriers would be eliminated and people would go to work. These views are not without substance. Yet, the research on these barriers has not proven that any of them are really decisive. In the area that I know best, New York City, the staff of the WIN Program does not say that day care is a major constraint on moving people into jobs.

As far as jobs go, there are many reasons to think that in most cities, jobs of at least a menial low paid kind are fairly widely available. I think the major political question facing welfare work is why exactly those jobs should not be taken by welfare recipients. That is a question I think everyone has to answer who is involved in this question.

Why should people be required to work? Essentially, because we have strong interests in the welfare class going to work for their own benefit and because of the social interest in integration.

We cannot count, any longer, on self-interest being a sufficient motivation for people to take most of the available jobs. It may well be true that in the very rich labor market like Massachusetts, as we heard this morning, a purely voluntary approach will suffice to move a large number of welfare people into jobs.
But, in most areas, the jobs that most people of this kind can qualify for are fairly rudimentary, often unskilled, often unpleasant, and there is no reason to varnish that reality in any way.

What it means is that you cannot guarantee meaningful jobs to the welfare class as a whole. This is simply not possible. But the next thing to say is there is no reason why we should have to.

A lot of Americans not on welfare do rather unpleasant jobs every day, and I might add, so do a lot of immigrants and aliens who have entered the country recently. It is not obvious to me why available jobs should not be obligatory. The real issue in welfare work is not whether jobs are available but whether recipients should have to take them.

In general, welfare work programs have not exerted very great authority in the direction of acquiring work. Only about a third of AFDC recipients have to register, even have to register with the WIN Program, and of those only about a third have to do anything active in order to retain their benefits.

The history of WIN and other programs of this kind, however, shows that their ability to move people into work increases as their authority increases—authority to require that they do something active.

My own studies of the WIN Program show that the degree of obligation that the recipients face actually to do something—participate—is the major determinant of whether they go to work—more important than the local labor market, the number of jobs, the skills of the client, or the amount of money spent on them. All of those things are important but they are less important in motivating work than simply the degree of work expectation facing the clients.

Politically we are inclined to say that work tests mean forcing people to work in a coercive, negative manner. But, I found actually the reverse is the case. The effective WIN Programs are very positive about work and about the client. They insist on employment exactly because they believe the clients can work.

The clients pick this up and they go to work. They seldom resist the work obligation once it is made clear.

I think the resistance comes predominantly from people who are one step above the clients themselves, who are leaders of groups or advocates for them. They resist very strongly the idea of obligation. But the clients themselves accept it in principle. We know from research that the welfare class, as a whole, wants very strongly to work. They very much want to get off welfare and escape poverty. The problem rather is that Government has been very hesitant to make that obligation very real to them.

I think the way to imagine how the effective programs work at the local level is to think of something we all understand, the image of a nun in the parochial school, teaching in the city, dealing with students who may not be very well prepared for school. Nuns are traditionally demanding of the student. But exactly because they have the student's best interests at heart. Effective employment staffs are very similar to that. But they need the support of public authority in order to do their job.

What all this means is that, in principle, we should have workfare in AFDC. There is no way to avoid a clear-cut work obligation.
But at the same time, I would agree with other spokesmen that workfare does not have to mean a punitive or negative focus on taking street sweeping jobs whose sole purpose is to recoup the costs of the welfare grant. Workfare can well involve training. It can well involve placement in the private sector. The one necessity is that none of these alternatives involve an evasion of work obligation.

The thing we must not do is to allow people to enter training instead of working. We should say to the employable whom we are obligating to work, establish a work history in the jobs that are available and then after 6 months to a year, then we will train you for something good.

We tend to say available jobs are deadend. Well, what we mean is that the given job a person enters is deadend. That job does not have a career ladder or guaranteed pay raises. But if you establish a work record in that job you can then get a different job that does have some prospects. You could become a truckdriver or something that involves much better pay and opportunity. So the image of workfare is unnecessarily negative and unnecessary simplistic.

I think if discussed in Washington, it can involve a range of options but all of them must involve a clear obligation to do something positive in return for one's benefits.

We should look closely at the administration proposals to do away with the WIN Program. I think a more sensible approach might well be to combine the WIN Program with its private sector job search emphasis with a public sector workfare dimension. Workfare would give greater credibility to the WIN approach. We would have some public jobs awaiting those who do not, for whatever reason, accept private sector jobs. They would, therefore, know that the work obligation is serious. My research suggests that if you make that obligation clear to people at the start of the program it is not necessary to force them to work later. They tend to accept private sector jobs and satisfy the work obligation that way.

For those who do not, however, we should make clear that the Government job is waiting for them. So I think if we approach welfare work in the manner as involving the recompense to society involving a mutual obligation to the recipient and to Government, then we might get somewhere.

Especially with the element of the welfare population, to which Mr. Wilson has referred, those who do not have any immediate employability in attractive jobs, but who can, in effect, function in less attractive jobs.

Without making that obligation serious, I do not think we are likely to do much about dependency. Thank you very much.

Mr. Weiss. Thank you very much, Mr. Mead. Because of the likelihood of votes being called anytime, we are going to apply the 5-minute rule and I am going to use my 5 minutes by asking Ms. Gray and Mr. Wilson if they would like to comment on the statement that Mr. Mead made as to what their reaction to it is. Whatever way you choose, if you choose to do so, Ms. Gray?

[The prepared statement of Mr. Mead follows].
WELFARE WORK PROGRAMS:

TESTIMONY BEFORE THE
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES
HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

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10 July 1983
I am an Associate Professor of Politics at New York University. I have been studying and writing about welfare and employment programs for ten years. In this testimony I will address mandatory work programs connected to welfare, especially the Work Incentive (WIN) program, the Community Work Experience Programs (CWEP) that have replaced WIN in some states, and the Administration’s current proposals.

I think the main challenge in welfare policy is to strengthen work obligations for the employable. These requirements must become definite, not just hypothetical, in the same manner as tax payment. In principle, I favor workfare. At the same time, the purpose of work programs should not be punitive, not simply to cut costs or keep recipients off the rolls. Clients must receive the services and support they need in order to work. For this we need a national work program. Work norms and programming should remain a federal matter, not to be delegated to the states.

I. THE NEED FOR OBLIGATION

Everyone admits that work is central to the poverty problem today. Compared to 30 years ago, very few families are poor that have working members. Most of today’s poor live in families headed by welfare mothers, few of whom work, or by unskilled men with irregular work histories. It is difficult to imagine less poverty and dependency in America unless those low-skilled adults work more regularly.

The critical realization we need is that work must be required if many of the dependent are to work consistently. The tradition in social policy has been to explain nonwork by searching for “barriers” that keep the poor from employment. No doubt, this committee will hear from many advocate groups that more welfare recipients would work if only government provided more public jobs, child care, training, or transportation. These claims, though never without substance, are much less compelling today than they were twenty or even ten years ago.

Supposedly, jobs are unavailable to the poor and unskilled. But unemployment, for all Americans, has become increasingly voluntary. That is, jobseekers are not commonly idle because jobs are literally unavailable, in the manner of the Depression. Rather, the available jobs are unacceptable because they do not meet social norms for the “good” or “decent” job. Many are “dirty,” unpleasant, or low-paid, positions in the service economy.

Measured unemployment has risen sharply since the late 1960s in spite of massive job creation in the same period. The reason, on the whole, is not a “mismatch” between demanding jobs and unskilled jobseekers. Even in a “high tech” economy, jobs demanding low and moderate
skills predominate. Economic studies show that most joblessness among the low-skilled is due to high turnover in low-paid jobs, not lack of jobs. And the presence in the country of some 5 to 10 million illegal aliens shows that low-skilled work, for example in restaurants and other service jobs, is widely available.

Research has failed to show that there is a large, unmet need for publicly-provided child care. Most mothers who seriously want to work are able, and even prefer, to arrange care informally with friends or relatives rather than send their children to day care centers. In welfare, the government already pays for child care, even when it does not provide centers. During my studies of WIN in New York State and New York City, very few staff suggested that insufficient child care was a serious constraint on their placing welfare mothers in jobs. Only if work levels rose sharply would there be a shortage. As for training, federal programs have not shown either that they can raise the skills or clients very much or that it is necessary to do so to achieve work. On the contrary, the successful programs raise their clients' earnings mainly by motivating them to work more hours in the kind of rudimentary jobs they can already get, not by qualifying them for "better" jobs.

But if conditions generally permit work for the low-skilled, they seldom assure it. Government and the underground economy have provided the poor alternatives to accepting ordinary low-wage jobs. They can subsist on welfare, Unemployment Insurance, or other benefits, or they can work "off the books" in jobs that pay them more than they could earn legally. Some conservatives would like to eliminate these options by abolishing the programs and stamping out the illegal economy. But both are distant prospects.

This means in practice that work cannot be motivated for a large part of the dependent without connecting the requirement in some way to their benefits. That is the way federal welfare policy has tended for the last 20 years. The requirements to work, or look for work, attached to AFDC, food stamps, and Unemployment Insurance are as yet mild for most recipients, but they can show us the potential that firmer requirements might have to increase work levels. WIN, when first enacted in 1967, had little authority even to register employable recipients, let alone make them work. But after Congress defined the employable and made them register in 1971, job entries in WIN jumped sharply. In CWEP, AFDC recipients can be required


actually to work as a condition of support, and in some states this has led to sharp increases in work levels. In the San Diego project studied by the Manpower Demonstration Research Corporation, the proportion of recipients working has risen 16 to 40 percent to date, and there have been corresponding increases in earnings.5

My own studies of WIN show that the degree of obligation to work levied by a local office is the main determinant of whether recipients work—more important on average than the background of the clients, the services given to them, or the favorability of the local labor market. Effective WIN insistently convey the work obligation to clients through their administrative procedures as well as through their informal interactions with clients. The key to welfare work, above all, is requiring that high proportions of the employable recipients participate in some active, demanding way in the program, whether it be in training, job search, government jobs, or some other activity. Once this obligation is clear to clients, they often go to work on their own.

Politically we tend to assume that forceful work programs must be punitive, but the reverse is more nearly the case. Effective WIN offices tend to take a positive view of both work and their clients. Their message is that work is obligatory, but it is also a good thing for the recipients, as good as the benefits welfare gives. The recipients are expected to work exactly because they are able to. The ineffective offices, on the contrary, were more negative as well as more passive. They failed to enforce work because they did not believe it, and because they doubted their clients could ever amount to anything.4

Ken Auletta has chronicled the tendency of the seriously unemployed to succumb to a "welfare mentality." They want to work, but they believe that they cannot until government assumes most of the burdens of work for them, by providing them special jobs, training, childcare, and so on.5 The natural tendency of a humane government is to try to meet these needs. But as long as programs, however well-meaning, offer nothing but benefits and services, they will never obtain the commitment from their clients that is indispensable to make real work happen. The responsibility for achieving work and overcoming dependency cannot be all government's. Neither is it the recipient's. Rather, it must be shared between the program and the client. For that firmer work obligations are indispensable.

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5 Barbara Goldman et al., Findings From The San Diego Job Search And Work Experience Demonstration (New York: Manpower Demonstration Research Corporation, March 1985).


II. A NATIONAL PROGRAM

If the employable are required to work, however, government is equally obliged to provide them with the services and other support they need in order to hold jobs. Work requirements must not be administered in a negative spirit that uses work only as punishment or as a way to save money.

The Reagan Administration has proposed to do away with WIN and rely on other programs, including the social services block grant, to provide the employment services recipients need. In view of the other demands on these programs, the funding would probably be less than WIN provided, and even that was insufficient to serve all the employable in AFDC. Serious work programs could legitimately save money in the long term, by keeping the unmotivated off welfare and recouping grant money from clients' earnings. But in the short run, putting more welfare mothers to work means higher spending for child care (even if mothers arrange their own), government jobs (in the case of workfare), other services, and staff.

Another reason for expense is simply the arduous process of implementing work programs. The task is inherently complicated, because a complex of agencies is involved in every locality—welfare offices, the Employment Service, training programs. To date, work requirements have largely been an exercise in symbolic politics. They promise obedience to the work ethic, but they seldom have the authority or resources to enforce it. It has taken WIN nearly 20 years to amass even the limited authority it has. For serious work enforcement, those programs must be built, or rebuilt, all over the country. For that, funding must be raised at least somewhat, though the cost would still be small compared to grant spending in AFDC.

The Administration has also proposed to mandate CWEP. In principle that is good, since workfare can help make the work obligation more definite. However, since CWEP varies widely in its requirements, to mandate it would effectively put an end to national standards in welfare work. WIN, for all its faults, at least defined employability, benefits, and penalties in a consistent way nationwide. Work requirements are too important to be delegated. They are among the obligations that effectively decide what citizenship means in this country. For that reason, they have always been highly sensitive and have been decided by Congress. The proper course is indeed to mandate CWEP, but to do so with adequate funding and national standards.

The Reagan proposals betray an ambivalence at the heart of American conservatism—the desire both to cut back government and to use it for conservative ends. The Administration has both reduced eligibility and spending for welfare and tried to toughen work tests. The aim is a smaller but a more authoritative welfare state. While both policies have been constructive, they are increasingly in tension. In the long run, I believe, the effort to make welfare less permissive is more important than the effort to trim its costs.
In any event, CWEP would probably not simply replace WIN. Workfare in any practicable form would be, to a great extent, WIN renamed. Whatever work program one legislates from Washington, the work mission will in practice be carried out by much the same complex of welfare, employment, and training institutions at the local level. Upbuilding these agencies is vital; it is not achieved simply by passing laws in Congress.

Moreover, the best welfare work program would probably be a combination of WIN-style job search and CWEP workfare. The import of my studies is that to elevate participation rates among the employable in work activities is much more important than to insist on one particular activity, such as workfare jobs. If more welfare clients have to participate in training and job search, more will go to work even without a hard-and-fast workfare requirement. Since most adult recipients want to work in principle, they seldom resist the work test as such. They are often willing to take available jobs once the obligation is clear. And of course, activities that cross placement in the private sector cost less than government jobs. The optimal program would probably provide training to a few clients, intensive job placement for the majority, then workfare jobs for the reluctant few who declined to take available jobs within, say, 30 to 90 days. The Administration's detailed proposal for CWEP, I understand, would be much like this.

III CONCRETE PROPOSALS

What specifically would it require to mandate work in welfare but also make it possible? I would emphasize the following:

1. Define employability more broadly by lowering the age of youngest child at which a mother becomes subject to work requirements from 6 (as in WIN) to 3 (as in CWEP).  
2. Mandate workfare in principle in AFDC and food stamps, but in a form combining job search with government jobs. It might be politic to combine the requirement to new applicants and "grandfather" existing recipients.  
3. Mandate participation in the new program by requiring administrators, on pain of fiscal sanctions, to work actively with at least half the employable recipients (versus 13 percent in WIN). Increase spending at least enough to do this.  
4. Reconsider other legal rules that now often allow recipients to escape the work test. The administrative stages required for adjudication might be reduced, and mothers might be required in normal circumstances to arrange their own child care rather than relying on welfare (though government would still pay for it).  
5. Define suitable work broadly, as it is in WIN and CWEP, to include all legal, minimum-wage jobs, even if menial. The work test is meaningless if recipients can decline "dirty" jobs that many nondependent people do every day.

In view of the plague of illegitimacy on welfare, Congress might wish to consider differentiating between married and unmarried mothers, the latter to face a more immediate work obligation.
Of these points, the most important is certainly the third. The imperative in welfare work, above everything else, is to make it less symbolic. The real scandal in AFDC is no longer fraud and abuse. It is that only about a third even of the employable recipients have to do anything more than just sign up with the work agency. Unless a higher proportion than this are actually required to do something in return for support, the work requirement can do little for them, or for the taxpayer.

### IV. THE CIVIC APPROACH

The attempt to combine serious work obligations with an adequate national program amounts to what I call a *civic* approach to the welfare problem.

Traditionally, Washington has approached welfare as a problem in *social services* or *economics*. Either we want to help people or we want to save money. Liberals persist in believing that some new benefit or service will at last break the dependent free to work, when it has become clear that requirements are necessary. Conservatives persist in trying to shrink the size of government when the problem in welfare is more its *permisiveness* than its scale.

Instead, our model should be the IRS or the Social Security Administration. Work must be understood in *contractual* terms. It is an obligation that employable recipients owe society *in return* for public support. It should be presented to them, neither as a benefit or a punishment, but as a duty that society expects as a matter of course, just as it taxes citizens and workers for other government benefits.

Liberals increasingly recognize the sensitivity of work. It was, for example, a major reason why the Nixon and Carter welfare reform plans were not enacted—their "work requirements" for employable recipients were not credible. The fact that only about 15 percent of welfare mothers work, while over half of other single mothers do, simply cannot be explained away. Why shouldn't employable recipients have to take available jobs? Until liberals come up with an answer, there will be no further progressive programming for the poor. Some liberal analysts who formerly opposed work requirements in welfare are now ready to contemplate them, if only to defend the welfare state from further attack from the right.7

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7 Among them are Henry Aaron of The Brookings Institution and Sheldon Danziger of the Institute for Research on Poverty at the University of Wisconsin.
However, many liberals still understand work programs or incentives simply as another kind of benefit, to be added to the cash, health, and other benefits that the poor already receive. This misses the moral and political point. Welfare work is first and foremost an obligation, not another right. It expresses a claim by society on the recipients rather than the other way around.

Conservatives, for their part, favor work tests mainly to reduce the scope of welfare and save money. While the requirements can legitimately have this effect, they change the character of welfare more than its scope. And this is what the public wants. The desire to help the needy remains strong, even in a conservative age. The popular upset over welfare is mainly over abuses like nonwork and nonpayment of child support, not expense or dependency as such. Polls indicate that Americans would be willing to pay even more for welfare if, in return, the employable would really work steadily.

Accordingly, serious work requirements would be a service to equality in America, not simply economy. Work is among the common obligations of citizenship. Those who have no obligations will always be petitioners, dependent on charity, no matter how high government raises their incomes. By assuring that the dependent have equal obligations, as well as rights, work-oriented welfare programs can help to integrate them into mainstream American life.


Ms. GRAY. Yes, in speaking with Mr. Mead, during intermission, we do differ on some of his concepts in that, when you speak about mandatory workfare, it is not for the people. People do not want to be forced into anything. We find that the workfare program found very menial jobs.

What they have a tendency to do, when I say they, I mean the Government's tendency to do in Washington, DC, is to try to make all attempts to reach quotas.

They are not about finding persons jobs that will make them end up being self-sufficient. It is not about marketable skills, it is not about putting them into a job or workfare where they work for their check but they will be placed in a program where they will eventually be brought on as a permanent employee, but just to get them off the welfare roll at that time. That is what they have been doing.

That is why the WIN Program is so much rejected. Even the workfare program what they do to recipients is very humiliating. They put you in a big room. When receiving a welfare check each month that is somewhat private. You get your check, no one knows you have received it, you go cash it and get your money.

With the workfare program it is very humiliating, very much so. I know, I have been through the WIN Program and that was very humiliating. As I explained to Mr. Mead earlier, nowhere do they want to educate the recipients. They want to merely put them in very mediocre positions where they are endless.

Regardless of your academic background there are some persons that are forcibly put into the workfare programs that are not functionally illiterates and where there are persons of that type, instead of being put in the workfare program, they should be referred to the vocational rehabilitation program where they can receive some additional academic help so they can receive marketable skills.

But the Government does not see that. They keep placing dollars and cents on human beings. It is the same way with HUD. I tell them they deal with brick and mortar instead of the people in public housing. That is why moneys keep being placed back at public housing to refurbish it.

With the welfare rolls they deal with dollars and cents and quotas so therefore they do not deal with the people themselves.

For persons that are functionally illiterate, you refer them to vocational rehabilitation. They will receive the type of help they need to raise their academic levels so they can receive workable skills.

The day care is mandatory because no mother can actually go out here and work in peace on any type of job, not knowing that her children are sufficiently taken care of.

Mr. Mead has spoken in reference to job placement through the Government. I concur with Mr. Wilson. There are job creations and that is what we have attempted to do in Kenilworth.

When we requested and went after the $13.2 million we were awarded from HUD. We will create jobs, restoring windows, repairing the roofs and hanging the doors so these folks will not have to be on welfare, yet receive a marketable skill. They will plaster, paint, lay tile, things that I told you they were trained to do.
Those types of programs are not with the workfare program. Those types of jobs are not available either. Thank you very much.

Mr. Weiss. Thank you. Mr. Wilson?

Mr. Wilson. My reaction is that offering minimum wage jobs and obligating people to take minimum wage jobs, are not solutions whether you describe these jobs as dead-end or the first rung of the ladder. If you look at how people get onto welfare, it is either through having a child at a very young age before they have acquired a marketable skill, or because they have been employed but they have run into one of the catastrophes I described before.

Suppose a mother on welfare were to take this job. She is a higher risk to be laid off. Such jobs are usually going to be part-time because that is the general movement in the country with minimum wage jobs. For example, even office cleaning generally is 20 hours a week now. She generally will not have health coverage. She generally will still need housing subsidies, and she is going to need some sort of food subsidy. The issue is do you move her to a point where she is less burden to the welfare system but still needs all the elements of the safety net, or do you attempt to elevate her skills to a point where she is self-sufficient.

I would suggest that rather than talking about moving her and her peers into minimum wage jobs, we should talk about a way to move them past minimum wage jobs. This is why job creation is very important. We need to look closely at all of these other areas.

The bottom line is that we are concerned about overall expenditures. What the administration is proposing, even zeroing out the $267 million in WIN, will save less than what we would achieve if we had an ET Program in 20 States operating at the same level as in Massachusetts.

My fear is that if you approve WIN in its current form without some riders to move States in a positive direction, you are going to get the States represented in this room continuing to do a good job, but the other States are not going to do very much different from what they are doing now.

You are not going to see an appreciable overall savings so I would not see moving people into minimum wage jobs as a solution. If you look at the Michigan panel studies of the 5,000 families in poverty, most people who are working had these types of jobs and that is what got them into trouble. There was not enough margin. There was not enough cushion when they got into any sort of economic, medical, or marital difficulty. They could not survive the storm, and they ended up being on welfare.

Minimum wage job programs alone, whether they are optional or obligatory, are not going to get us out of the box that we are in now. They are not a solution because we will still need to pay for all the rest of the safety net to prop them up in these minimum wage jobs.

Mr. Weiss. Thank you. Mr. Rowland?

Mr. Rowland. I have no specific questions, but if Mr. Mead would like to respond to those statements——

Mr. Mead. Let me say that these are milder rejoinders than I usually get. I appreciate the civility of my colleagues here. Let me just say that the main difference we have is that I do not think of workfare as something punitive. I think the obligation itself is a
good thing, just as good as the benefits the clients get. They have to work in order to be accepted as equals by other Americans.

If we seek integration in this country, I do not see how we can attempt to spare the welfare class from an obligation that the rest of the population accepts. Indeed, the welfare class itself accepts the work obligation, why then do we not say to them that it is real. I do not see it as punitive. I see it as a positive aspect to the welfare system which we should attempt to implement.

As it is actually implemented in the effective programs that I have seen, it is not punitive. The staff presents the work obligation as I have described it. The clients tend to accept it and it is exactly because it is meaningful and made important and real that they then move towards work.

Also, I would concur with Ms. Gray's comment that we should not be out to save money. I totally agree. Workfare costs more than just keeping people on welfare. I do not think the point of workfare is to save money. We would end up spending more money. And I think we should. The polls show the public is ready to spend even more on welfare if, in return, it could obtain a working welfare population.

Mr. Wilson says that there is no benefit in putting people in minimum wage jobs if they cannot actually get off welfare. In my view getting off welfare is secondary. The important thing is to turn the welfare experience into something a little bit more like mainstream existence where a certain support is received from society in return for a certain obligation. While it would be very desirable for people to leave welfare, and I certainly hope they do, the most important thing is to discharge the work obligation wherever one is, either on welfare or off welfare.

If we do that then we satisfy the major public concern about this whole question. It is not necessary that work, in other words, be equal to one's income needs. That is not the way the public views it. We are not talking about an economic quid pro quo, we are talking about a moral quid pro quo, where recipients do something in return for their benefits.

I do not see any way I can spare the welfare recipient the jobs that are available. If this is what the market offers them it seems to me that the jobs should be obligatory provided that they are legal. We are not talking about jobs that violate Government standards, that pay below the minimum wage—we are talking about the kinds of jobs that immigrants and other low-income, unskilled people take without question. Unless we require our welfare recipients also to take these jobs, they will, in fact, be less integrated than the immigrants who are now entering the country. I do not think that is something that they want.

In saying that, I am not suggesting that we could not also seek to enrich these jobs in some manner to deal with the obvious limitations that some of them have. But that is a separate question. That has to do with national standards for the minimum wage, for health services and for other benefits—all these things are quite discussable.

The important thing is not to hold the welfare recipient to a different standard than other Americans. Unless we guarantee them
equal obligations as well as equal rights, you are never going to have integration.

Mr. WEISS. Mr. Conyers?

Mr. CONYERS. This is very interesting. I am going to keep it civil too, now that you have complimented us. What we have here is the clearest exposition, Mr. Chairman, of two views of what we would like our society to be.

One view says, “we do not care if you get off welfare or not, just get a work obligation and satisfy other people who pay taxes to welfare and that is primary. If you get off fine, if you do not—just so you are discharging an obligation—.” I appreciate your candor.

That is far from the kind of society that I am trying to devise through my lawmaking. What I would like to do is get people off welfare. That should be No. 1. How can we astoundingly talk about people being conferred rights on welfare? Man, you are in hell on welfare whether you get a jive job or not.

There is nothing so grandiose about making a person work, pay him substandard, not worry about whether their kids are taken care of and say, “gee we are giving you equal rights and you have a job and you are getting some money and we are now integrating our society.”

Well that is the point of view you have expressed with a great deal of articulation and that is fine. That is why we have a democratic society.

I want to get to Mr. Wilson. You are with the American Enterprise Institute? This is a surprise to me. You have made more sense than anybody with AEI that I have ever heard. I thought there was some mistake on the witness list.

You are temporarily there, I presume, or this is your final testimony then you will go on to another job.

Mr. WEISS. Well, John, you may be moving to the right.

Mr. WILSON. No, I have been at AEI for 4 years. I plan on being there for a little while longer.

Mr. CONYERS. Well I feel that this concurrence—I feel for your statements which comport with my experience is very important. I had asked the chairman, during the break, whether or not the Michigan Health and Human Resources person appointed by Governor Blanchard, Mary Helen Monseur, had been invited to the hearing because we need, in Michigan, to get the benefit of this discussion.

Does AEI and you have any plans about discussing how these things can be—where we can all sit down and talk about them on the State level as well as the Federal level?

Mr. WILSON. Well, we have worked very closely with the Corporation for Enterprise Development (CFED) and it has been of tremendous help to me in networking with other people who are thinking about these issues.

CFED is currently working with the State of Michigan on some of these issues, and I think that would be the appropriate network for you. My own contacts with the State of Michigan came about by way of the Corporation for Enterprise Development; Bob Friedman, the president, is going to be testifying later in these hearings. It is very important that we are finally at a point where we are talking about the capabilities of the poor. The biggest tragedy
would be to set up a system that holds down women like the women I met at Kenilworth who go through 10 or 15 years of welfare with nobody asking them to improve themselves.

The only type of pressure I think should be imposed would be to require people to take some steps toward self-improvement in the same way that the nursing profession and other professions require continuing education credits.

There should be some mechanism to say, "We will not allow you to sit there and watch soap operas and collect your welfare check for 15 years. We will not encourage you to put yourself in a position where when your children reach 18 you find yourself thrown out of public housing with no skills and no way to acquire those skills."

Appropriate pressure is not based on a moral obligation to make everyone work, but on a moral obligation not to deny people who want to work and who have the capability of working.

My experience has always been that when we really interview the welfare population and we look closely at people on those rolls, then we find there are people with some skills that we can connect very easily. These people, like finding out that they have marketable skills and sometimes a very simple placement structure is all that is needed. These are the people that we should be moving.

Why were those two women who were here this morning on welfare for a combined total of 10 years—3½ and 6½ years? Why were they on welfare that long, given the type of interest and motivation that they had?

Mr. CONYERS. That is the horror of our system.

Mr. WILSON. You must catch them early in the process and not be satisfied with make-work, dead-end jobs, or just paying them welfare to sit at home.

Mr. WEISS. You have to have resources so that their children are taken care of so that they can feel free to go.

Mr. WILSON. Yes, you must have supports. In St. Louis an exemplary project, Jeff-Vander-Lou, got teenage mothers into job training programs, got them jobs at the Brown Shoe Factory, and provided day care. J-V-L set up a day care center that attracted international attention. Then the title 20 changes and some of the welfare requirements came in. At about the same time international competition forced Brown Shoe to cut back on the hours of work available to those women. They were forced into part-time positions in which they made just enough money to make them ineligible for welfare and other benefits. Because Missouri was slow in responding to the title 20 changes, you had to work full time in order to have day care so these women had part-time jobs and no day care. These women went back on welfare. I do not tear up very easily, but after looking at that project for over 3 years, to go back and see the shiny role models who had been keeping other young girls from having babies and encouraging them to finish high school back on welfare was devastating. Many of these women were the managers and assistant managers at the Brown Shoe Factory. Do you know what type of impact it had on that community to see them go back on welfare?

These are the kinds of regulatory snafus that illustrate our inability to really sort through our goals for this population.
We need to help people on welfare move as far and as fast as they can. For those people who are really depressed and incapable of moving very quickly, we have to provide some support. For the people who do not want to do any better, then we should provide punitive sanctions but the sanctions should be in the form of requiring continuing education credits. In other words we cannot allow people to collect a welfare check and vegetate. If you are illiterate, you have to become literate. You have to enroll in some sort of courses.

We have to be imaginative in the way that we are trying to deliver services. When you start talking about negative motivation, you put me on my soap box.

Mr. CONYERS. Mr. Mead, could you buy into that theory? You two are not as far apart as——

Mr. MEAD. No, we are not. I agree with—I think we are in agreement as to some type of pressure is needed to get people out——

Mr. CONYERS. Did you describe it as obligation and pressure and mandatory—he describes it as training and teaching—I guess it is just your vocabulary.

Mr. MEAD. No, there is some fundamental difference as well. One of them is that I am seeking to use public authority. It is certainly desirable to exert pressures and persuasions privately through organizations such as Ms. Gray’s. But I do not think that her kind of organization is likely to succeed on a wide scale if the legal structure of welfare remains permissive.

Mr. CONYERS. Well I am not even sure if Mr. Wilson would object to this being transferred into the public sector. I have not so far, in the limited time I have been here, heard him say it has got to remain in the private sector. Would you express yourself on that point sir?

Mr. WILSON. Well, first of all I think we need to think about the type of pressure that has to be applied to get someone who is stuck into a work environment. Take the worst example: Someone who has been on welfare for a number of years, is tremendously depressed, is probably a beaten wife who is abusing her kids and may have had her kids taken away by the court.

This type of person is not going to respond to some mandate for a job or workfare position. I do not care how you couch it, how supportive you are. This person is going to respond to pressure only if it comes from her neighbors.

This is the type of thing that I have seen at Kenilworth. So when you are talking about pressure to force people to improve their lives—whether you describe it as a moral obligation or letting them realize their full potential—you are talking about one thing. When Kimi Gray tells her residents who are in that boat, “You are better than this. You should be working. You can have more things than this. You can do better for your children,” that is an entirely different position.

Mr. CONYERS. I know I am out of time—but when you say, “pressure from your neighbors,” what do you mean there?

Mr. WILSON. Let me give you an example from Kenilworth/Parks side. In most apartment buildings, when an appliance has been destroyed by not being cared for properly, it is replaced with a new one. At Kenilworth the resident who destroys her stove by
not cleaning it and letting fires burn in it is not rewarded with a new stove. That resident gets a used stove that once belonged to someone who took good care of it. Kimi will roll the new stove up to the poor housekeeper's door. She will remove the dirty stove. She will then replace it with the well-maintained stove from a good housekeeper's apartment and the good housekeeper gets the new stove. That's an embarrassment for the poor housekeeper and it puts a lot of pressure on her to demonstrate that she, too, can take care of property.

The same kind of strategies are used to encourage residents to get off welfare. Women who live at Kenilworth have gone from $6,000 in income to $30,000 in combined family income. When Kimi tells another resident "You could be doing that," it is the type of effective pressure that I am talking about. The pressure from Washington or the pressure from the regulations just does not have the same impact.

One of the very effective things that Massachusetts does is to publicize their program so that someone who is sitting home on welfare sees a picture and they see themselves in that picture. They themselves making that trip.

It is even better when you have someone who lives next door to you who is going through that cycle. Unfortunately, the way we provide this pressure is to help individuals to move up and out of the community. We do not build communities where there are success stories still living in the community and able to exert that type of pressure on a day-to-day basis.

In terms of the moral obligation, blacks in this country have worked menial jobs and never held their head down about doing those jobs until the welfare system was structured in a way that says to them, "You are an invalid and you cannot do any better." We have to deal with both sides of these issues. Some elements of what Mr. Mead is saying sounds reasonable but what I am responding to is the potential in that population.

I object to the concept that we have to force them to do it because they do not want to do it or they cannot do it. I am saying that probably 60 percent of the welfare population, if given the right type of services, can and wants to respond and get off the welfare system.

What you are seeing with the ET Choices Program and the tremendous savings they have been able to achieve is probably dealing with 20 percent of the population. On a national scale, the problem stems from the way the WIN is implemented by most States. Most States do not plug into the types of strategies that will help these individuals. Neither does JTPA, the way it is currently being implemented.

Mr. Weiss. We will pick that up again. The time has expired. Mr. Walker?

Mr. Walker. Thank you, Mr. Chairman. I am sorry I was not here for all the testimony—Mr. Wilson and my colleague from Michigan helped the compatibility here. I should have been here for the whole thing.

Mr. Weiss. To help it along.

Mr. Walker. Yes; I think that is a good kind of dialog to get started. In listening to the responses here I come to somewhat the
same conclusion that the gentleman from Michigan just expressed. I am not certain that we are all that far apart on some of this.

If I heard Mr. Mead correctly, he is not really saying that workfare necessarily has to be dead-end, meaningless, or nonproductive jobs. In fact, what we need to be doing is creating the kinds of job opportunities that will allow us to use workfare toward a productive end. That seems to me to be the kind of thing that I am hearing.

Let me come back to you in just a minute. I also understand that in your testimony, Mr. Wilson, you suggested that one of the ways we might look at doing that, which would also fit into the kinds of things that Ms. Gray is attempting to achieve, is, for instance, to repeal Davis-Bacon.

When you have the kinds of obligations forced upon these programs from the Federal level that indeed force people out of jobs and forces us to take people who are already in highly paid positions, you create a lack of opportunities that would then impede any kind of workfare process and, in fact, would permit the offering of only the most menial kinds of jobs.

In fact, you are offering someone a fairly well-paid construction job in a project from which they ultimately benefit as a part of the workfare scheme, you are doing something of an entirely different nature than has been often visualized on workfare. It seems to me that there is a kind of symbiosis in some of the various approaches that you are articulating and I would just like you to comment on that general schematic.

If the Federal Government is not creating some of the problems on its own by the kinds of regulations that we put in the way—for instance, workfare.

Mr. Mead. Let me just respond to the emphasis on training which, I think, Mr. Wilson—

Mr. Weiss. Mr. Conyers has to leave for another appointment. He just reminded me that if he had known of your position on Davis-Bacon he would never had said all—

Mr. Conyers. I did not know about Davis-Bacon. I begin to see a little differently now.

Mr. Wilson. Well, Mr. Conyers, there are many people living in Detroit who could participate in low-income housing and construction but they are just frozen out. The way Davis-Bacon operates is that a contractor hires someone to sweep up a worksite and charges the Federal Government $8 per hour. Load that wage with profit and overhead and the Federal Government is actually charged $25 per hour. The employee is actually paid $5 per hour which is fraud.

Mr. Conyers. What you can do is to disemploy all of the people currently working under union rates, a number of whom are employed—

Mr. Wilson. No, no, no.

Mr. Weiss. I am sorry for starting this whole thing. I indicated to Mr. Rowland earlier that cross-checking was not the subject for today. Davis-Bacon is not the subject for today. Mr. Walker, you have the floor.
Mr. WALKER. Thank you, Mr. Chairman. To some extent that is the question for the day because the question becomes, "How do you provide the jobs that all of us agree are necessary?"

In my district we have come to the conclusion that any work is better than no work. The policy should be based upon that premise. Now that does not mean that in creating the concept of any kind of work that it should be the most menial kind of labor. You should create real job opportunities.

What I hear being suggested by Mr. Wilson is the fact that there are impediments put in the way of creating those kinds of opportunities and that there are impediments put there for a very conscious reason—we are protecting special interest groups at very highly paid levels and thereby denying people at the lowest end of the economic scale the opportunities to take those jobs.

That is an important kind of problem to have raised in reference to all of this. It seems to me it becomes the umbrella under which some of these various programs might work, if in fact, we at the Federal level would recognize our contribution to the problem.

Mr. MEAD. I just want to respond to the point about avoiding a negative focus on workfare. Certainly we do not want to immediately throw people into dead-end public jobs—sweeping leaves and so on. That clearly is not the way to do it.

If there is a prospect of this person getting a better job or training for a better job, let us do it. I am all for it. But the experience of local staffs and also the early period of the WIN Program is that that only works if you first establish that there is a work obligation that is, in principal, unqualified. That is to say, a person does have to take the best available job, whatever that is. Now you want to get him a better one but you have to make clear that if that fails he will ultimately have to take any legal job.

The reason you have to establish that is that otherwise a lot of people never come to terms with the job market as it is. The same goes for training. Remember, in the early period of the WIN Program, between 1967 and 1971, they emphasized training almost entirely. Very few of those people actually got off welfare because, as we all know, Government training programs have not shown a large capacity to raise the earnings of their clients. In fact, when they raise their earnings, it is mainly by persuading the clients to work more hours in the same jobs, not get better jobs. We have to recognize the limitations of training as a way of getting people off welfare.

This means that the bottom line idea that you finally have to take any job has to be there even though we devoutly hope we can get them a better job. We cannot have a totally benefit-oriented, opportunity-oriented program. It is not going to work. That is the experience.

A lot of what I have been hearing this morning is almost as if people do not know about the history of Federal training programs. They somehow imagine that training alone can solve the welfare problems. It cannot. One part of the picture is that we must have a clearcut work obligation.

Mr. WALKER. If I understood, Mr. Wilson, awhile ago, you essentially agreed with much of what Mr. Mead just said?
Mr. Wilson. Yes and no. It is not easy to answer that. Training programs have had a poor track record with people who had below sixth or seventh grade math and reading levels. If you look at the levels of people in the welfare population and at the supportive work demonstration, the group that performed the best were AFDC mothers. What I am saying is that we cannot take our biases arising from such failed programs as CETA which trained people for the wrong professions where there were no jobs and then superimpose that on what women on AFDC can do.

I think the most important acid test is whether or not you get into job creation. Many women who have been encouraged to get into business formation; there are some very effective programs that are helping women do that. We do not have to be stuck in a box. There are alternative approaches available.

Mr. Walker. In the opening statement that I gave at the beginning of these hearings, I pointed out the fact that the increase in entrepreneurship by women is one of the encouraging signs in our economy.

Now we have to make certain that all women, within socioeconomic categories, have that kind of opportunity. That depends upon having the kind of growth-oriented economy that permits those businesses to succeed and thereby hire more people and that kind of small business environment, in fact, creates the job opportunities that even with a mandatory workfare system, then assures that there are jobs with upward mobility in them. I think that basically comes together if you put all of those elements in place. The Federal Government presently superimposes standards that are impossible for a small business to meet. One of the problems for small business creation is the fact that we at the Federal level have made it so difficult to form a small business that many people, particularly people without a fair amount of assets to begin with, cannot get the small business off the ground.

If somewhere along the line we should relieve some of the regulatory overload at the Federal level that stands in the way of small businesses, that would make a difference.

Mr. Weiss. Thank you very much, Mr. Walker. Mr. Mead, in the testimony that we heard today from Governor Dukakis—I do not know if you were here for that—

Mr. Mead. I heard most of it.

Mr. Weiss. You know that he said that during his first term—interrupted, first and second—he had, in fact, had a mandatory workfare program. His successor, Governor King, who was at the other end of the political arena although still a Democrat, also had a mandatory workfare program and, that regardless of their political orientation and biases, neither of those programs worked.

Today, in the second term, with what is for the most part a voluntary program, although it still has requirements for initial registration which WIN requires, whatever the format, that they have such success—such participation—that they cannot meet all of the people who want to participate in the program.

Now, how do you explain that, how does that fit in with your feelings that you need a mandatory requirement when, in fact, the successful Dukakis program is essentially voluntary and the
mandatory Dukakis and King programs just did not do the job at all?
Mr. MEAD. I think the main difference between those two eras in Massachusetts is the labor market. I would——
Mr. WEISS. Is that what you know or did you hear his testimony?
Mr. MEAD. I did not hear what he said at the outset.
Mr. WEISS. I will give you an example which he cites the improving market—labor market conditions both in Massachusetts and a series of other States and how the other States that improved their labor of work and employment and economic conditions did not improve their welfare situation while Massachusetts did:
Mr. MEAD. But that only means that in the other States they did not put together a program like ET. But—if we all had labor markets like Massachusetts, neither would I be in favor of a work obligation. The work obligation is necessary to achieve employment only in a situation where many of the jobs are too unattractive for people to want to accept.
In Massachusetts, self-interest is enough to lead people to want to work because there are many good jobs. They are paying incomes of a kind that will allow a person to immediately get off welfare and begin in middle-class existence. Clearly, that is desirable.
If we could arrange that, we would not need a work obligation. The work obligation is necessary to achieve employment in a situation where many of the jobs are too unattractive for people to want to accept.
Mr. WEISS. But that is not happening on its own——
Mr. MEAD. I do not think we are going to find that that is typical for the Nation as a whole.
In most States, most of the jobs available to the welfare recipient are relatively low-paying, menial, unpleasant jobs. We have to be very candid.
Mr. WEISS. When the Mandatory Workfare Program did not work in Massachusetts they—your side of the argument—they have the same kind of high unemployment levels that currently exist in the other States so why——
Mr. MEAD. OK, I think what happened earlier in Massachusetts is more typical of what we face. Namely, a mediocre labor market. I do not know whether the Massachusetts program was well run or successful and therefore I cannot explain why it may have performed poorly. I would also say that even a well performing program in a mediocre labor market and involving a work obligation cannot be expected to be an overnight success as in Massachusetts.
That is not something we can achieve overnight. To make the work obligation real involves a very heavy effort of institutional development at the local level. Involving a lot of local agencies and a good deal of public funds and so on.
We cannot expect to get it overnight. One of the questions I have about the administration's proposal is that they are proposing immediately to move to a 75-percent participation level——
Mr. WEISS. Over a 3-year period.
Mr. MEAD. That strikes me as utopian. I wish it could happen but I do not think we can get to 75 percent in 3 years. Right now the participation level required of WIN is only 15 percent, and the level achieved is about a third. In my view, this is the real scandal in welfare.
We should raise the required level to maybe 25 percent and then 50 percent. I am not sure that we can get there quickly.

So my main explanation for what happened earlier in Massachusetts is just that it is very tough to do this. Even with an obligation. I think without the obligation they would have done worse still.

Mr. Weiss. Look at another statistic that he cites. A large percentage of the women who were caught in this dependency cycle were young women with young children at home with nobody else to help them. No husband, no family, because for the most part they had moved away from them.

What happens to those people, if you offer them a minimum wage kind of dead-end job, or even worse, if you force them to do workfare? In the first place because of the age of the children, most of them are not forced. They do not have to take jobs, so that mandatory workfare for them does not work.

Governor Dukakis says that 6,000 women, caught in that kind of situation, were not required to register for ET at all, but have, in fact, done so, and have gotten themselves jobs.

Again, does it not appear to you—and you have been saying some of this anyhow—I am really underscoring it, that we cannot force off the rolls people who are caught in the severest of the dependency trap. We can only encourage them to move off the dependency rolls if we provide supportive services and the opportunity for a better economic condition than that in which they find themselves on welfare. Would you not agree with that?

Mr. Mead. I agree with all of that except that experience has shown that a degree of obligation is also necessary for many mothers. Now there are some, the younger ones in particular, who are able to move off with relatively little training. Those people, as Mr. Wilson mentioned earlier, are the top slice of the welfare population. That group, perhaps, does not meet any obligation. They just need services. But there is a much larger group of women who for various reasons are less employable, more rooted in the home, more trapped in the welfare culture, and for these people something more forceful is required.

Again, it is not negative. I think that it would help a great deal if members of this committee and others involved in this question would actually go and see how these programs operate locally. In effective programs the work obligation is not, in fact, applied in a punitive manner. The negative programs, those that feel the clients are worthless, are the undemanding ones. They are the ones who do not make any expectations. They just go through the paperwork and no one is placed. The programs that assert the obligation are also promising something to the clients implicitly. They are committing themselves effectively to get them a job if the clients accept the work obligation. This involves heavy effort by the staff, spending, services, all of that.

This is in fact what a demanding program consists of. It is not just the obligation. It has to be in the law but what, in practice, that does is provide these local staffs the personal authority they need to say to these clients, "Now you want to work. We know you want to work. Now the obligation is real. You are really going to
have to do it. And we are going to help you.” The obligation is on them as well as on the clients.

I heard earlier that the administration is proposing providing no child care for workfare. That is ridiculous. You have to have child care money for that.

I am not talking about an obligation only on the clients. It is a contractual idea, a mutual obligation. In fact, in the WIN Program they actually have what amounts to a contract drawn up about each client. It is called an employability plan. The client says, “I am going to do these things,” and the staff says, “We are going to do these things,” and they both sign it.

We have to have that same idea. You pay social security taxes and then you have benefits. It is the same thing here, except that we are assessing the work at the time of the benefit. The contractual notion is very similar. You do not say to the poor, “You do not have to pay social security tax,” you do not say that they do not have to pay income taxes. I think work is the same. We have a common standard.

Mr. WEISS. Thank you. Before we go on to the next panel, let me ask, Ms. Gray, and Mr. Wilson, if you have any final comments?

Ms. GRAY. No.

Mr. Wilson. No.

Mr. WEISS. Well, I want to express our appreciation for your participation. Thank you very much. Our next panel will consist of Ruth Massinga, secretary of the Maryland Department of Human Resources, Linda Wilcox, director of the Division of Welfare Employment for the Maine Department of Human Services, James T. Fleming, cochairman of the Joint Standing Committee on Human Services of the Connecticut General Assembly, and Peter Colve, president of America Works. I understand, Mr. Fleming; you are a former colleague of Mr. Rowland from the Connecticut General Assembly and we are very, very pleased to facilitate this reunion.

Mr. FLEMING. I have a few years on him.

Mr. WEISS. Yes. Well, thank you all very much for your patience. I guess, Ms. Massinga, we are ready for you to commence.

STATEMENT OF RUTH MASSINGA, SECRETARY, MARYLAND DEPARTMENT OF HUMAN RESOURCES

Ms. MASSINGA. Thank you very much, Chairman Weiss. I appreciate the opportunity to share with the subcommittee some of the successful innovations Maryland has developed in its welfare employment and training programs.

Mr. WEISS. Would you pull the mike closer?

Ms. MASSINGA. Yes; and to present my views on future welfare employment policy. As the chief executive of a State agency that has produced significant gains in welfare employment programs, I am concerned that the administration’s proposed policies will severely hamper our ability in Maryland to continue to make substantial advancements in this area.

Our paramount goal is to assist as many clients as are able into self-support by obtaining and maintaining meaningful private sector employment, thereby reducing their long-term need for public assistance.
This goal, of course, is a critical investment in our human resources. By creating positive opportunities for our clients, opportunities to become self-supporting, we are improving the earning capacity of our AFDC clients, enabling them the chance to leave the welfare rolls and lift themselves out of poverty.

Our pilot program, called Employment Initiatives (EI), locates and uses resources that remove barriers to self-sufficiency, developing our capacity to prepare clients for economic self-support in the private sector.

The Employment Initiatives Program is funded through various sources including the Work Incentive Demonstration Program—we are a WIN Demo State—the Job Training Partnership Act (JTPA) and waivers of Federal statute.

We began running the employment initiatives project in October of 1982 in portions of Baltimore City and rural Wicomico County in Maryland.

Based on the resounding success of these original pilot projects, some 2½ years ago, we have expanded the program to 5 other counties of the 24 in the State.

Employment Initiatives offers a package of program activities leading to unsubsidized employment. These activities are comprised of skills and remedial training, training in job search techniques, supportive services such as day care and transportation as well as financial incentives to both clients and employers.

Unique features of the Employment Initiatives Program include:

- Using our WIN demonstration funds to leverage other State, county and city resources to obtain employment and training services for welfare recipients. In particular, we have established linkages with the Job Training Partnership Act Private Industry Councils in the jurisdictions where we run these EI projects, the local education agencies, community colleges, and the private sector in order to ensure delivery of services to clients.
- We subsidize private sector employment through a diversion of a portion of the welfare grant into an on-the-job training experience. This funding mechanism increases the resources available to us to assist our clients.
- Through avoiding unnecessary and complicated program designs, keeping contractual arrangements with employers as simple and straightforward as possible, we finally focus our resources on all clients, not just those viewed as having the greatest employment potential.
- By creating an extremely active and successful program, we have avoided the administration's common label of WIN being merely a paper registration program.

In fact, our success is best illustrated by the nearly 1,500 jobs that have been obtained by welfare recipients in the first 2½ years of the program's operation.

We have reached a 75-percent active participant placement rate in our second year of operation alone, with an average entry level wage of $4.25 per hour for those individuals who were formerly on the welfare rolls. In a 2-year period, our estimated AFDC savings is nearly $4 million and that does not include other benefits that have accrued as well through taxes and other aspects of economic type benefits.
Most importantly, as I travel around the State and I talk to participants in our program, the program's success has proven to me that those temporarily in need of public assistance and continuing to have barriers to entering today's job market want to work or to be trained and will work when assisted with the appropriate training, job search techniques and support services.

It is important to mention the substantial accomplishments in the Employment Initiatives Program would be severely hampered should the administration's proposed AFDC work requirements policy be enacted. The administration's proposal would eliminate Federal reimbursement for current activities that have proven to be successful components and a necessary investment in our clients chances for sustained employment.

First, the administration's proposal eliminates reimbursement for support services such as day care. This is a glaring mistake supported by what you have heard earlier because the participants of this program are primarily single female heads of households with children under 10 years of age with enormous child care requirements.

The administration's view is that the States can fund day care through the social services block grant. Maryland, like most States, has long since provided more State dollars for social services programs than social services block grant funds so that the administration is really proposing, again, that States pick up the cost of day care.

Classroom training, one of the best investments in human capital, would be excluded as an allowable cost. The administration claims that JTPA can pay for this service, yet in Maryland there is only enough JTPA money to serve approximately 12,000 individuals, while the State population eligible for JTPA is over 400,000. Moreover, our share of JTPA funds is diminishing in fiscal year 1986 due to shifts in the unemployment rates. This so-called alternative will not work.

I would also point out that in the last year 30 percent of our participants needed remedial training in order to progress through the Employment Initiatives Program so that cutting through these programs devastates an important link for AFDC clients.

Furthermore, a very prescriptive Federal role is envisioned since there are numerous references in the administration's proposal requiring the Secretary of HHS to approve specific State plans and activities.

This provision is contrary to the administration's past efforts to defederalize program administration and allow decisions to be made at the State and local level.

This, in fact, is what has helped to make the WIN Demonstration Program in Maryland work, in my opinion. In general, the administration's proposal appears to lead to prescriptive re-regulation of State plans and policies and seems to exceed the appropriate Federal authority by intruding on a successfully executed State role.

The administration's proposal also appears to place major emphasis on intensive job search as the means to locate jobs for individuals on welfare.

Our experience as well as the experience of Massachusetts and research from respected organizations such as the Manpower Dem-
onstration Research Corporation, MDRC, indicates that job search alone does not lead to long-term reductions in welfare dependency for single heads of households.

Rather, it facilitates short-term cycling of these clients into secondary job markets and a continuation of welfare dependency. I would submit that is not what we propose as an employment policy for welfare.

Finally, the administration proposes that 75 percent of eligible clients must actively participate in the State run program with no ability for the State to declare areas too remote even when there is a lack of transportation or available jobs.

Common sense indicates that where there is no transportation or where the job market is weak that exceptions to mandatory participation be allowed. I believe that there is no large-scale evidence indicating that the 75-percent active participation rate is a reachable goal for now or for the future. It is a paper goal that seems aggressive, but is destined to fail.

Let me point out that no one activity alone can assist AFDC recipients to move into the labor market and reduce their dependency on welfare. Sustained employment for AFDC recipients necessitates a comprehensive package of programs and services such as work experience, job search, vocational training, remedial education, on-the-job training and supportive services if we truly expect to increase client self-sufficiency and self-support, and thereby reduce their need for public assistance.

In order to progress towards that goal in Maryland, we must have the assurance of ongoing Federal funding which will enable us to plan for the future. In addition to maintaining adequate levels of resources, we need continued flexibility such as provided under the WIN demo legislation to operate successfully State designed programs.

With no flexibility allowed, the administration will be ignoring the results and experience of State programs, which they said that they wanted to test, that are truly having an impact on clients' lives, not just deterring them from receiving public assistance.

In general, we must view our employment efforts as a positive investment in our clients rather than a drain on our resources. Beyond this, however, we as human resource officials must begin to broaden our perspectives in our efforts to assist our clients. We must actively engage those in the economic development arena so that as new jobs are created, public assistance clients are taken into account for inclusion in the job pool.

Such jobs should provide medical benefits as well as job stability and upward mobility for such clients as has been already discussed today.

Finally, we must work with those developing tax policies so as to assure the working poor that they are truly better off when they work. Thank you.

[The prepared statement of Ms. Massinga follows:]
WELFARE EMPLOYMENT TESTIMONY

I would like to thank the Subcommittee on Intergovernmental Relations and Human Resources for allowing me the opportunity to share with you some of the successful innovations Maryland has developed in its welfare employment and training programs, and to present my views on future welfare employment policy. As the Chief Executive of a state agency that has produced significant gains in welfare employment programs, I am concerned that the Administration's proposed policies will severely hamper Maryland's ability to continue to make substantial advances in this area.

The paramount goal of the Maryland Department of Human Resources is to assist as many clients as are able into self-support by obtaining and maintaining meaningful private sector employment, thereby reducing their long-term need for public assistance. This goal is a critical investment in Maryland's human resources. By creating positive opportunities for our clients, opportunities to become self-supporting, we are improving the earning capacity of our AFDC clients, enabling them the chance to leave the welfare rolls and lift themselves from poverty.

Our pilot program, called Employment Initiatives, locates and uses resources that remove barriers to self-sufficiency, developing our capacity to prepare clients for economic self-support in the private sector. The Employment Initiatives Program is funded through various sources including the Work Incentive (WIN) Demonstration Program, the Job Training Partnership Act (JTPA) and waivers of federal statute.
Employment Initiatives began in October 1982 in portions of Baltimore City and rural Wicomico County. Based upon the resounding success of those original pilot projects, we have expanded the program to other counties in the state.

Employment Initiatives offers a package of program activities leading to unsubsidized employment. These activities are comprised of skills and remedial training, training in job search techniques, supportive services such as day care and transportation as well as financial incentives to both clients and employers. Unique features of the Employment Initiatives Program include:

-- utilizing our WIN Demonstration funds to leverage other state, county and city resources to obtain employment and training services for welfare recipients. In particular, we have established linkages with the Job Training Partnership Act (JTPA) Private Industry Councils, local education agencies, community colleges and the private sector in order to ensure delivery of services to clients;

-- subsidizing private sector employment through diversion of a portion of the welfare grant into an on-the-job training experience. This funding mechanism increases the resources available to us to assist our clients;

-- avoiding unnecessary and complicated program designs, keeping contractual arrangements with employers as simple and straightforward as possible; and finally,

-- focusing our resources on all clients, not just those viewed as having the greatest employment potential.
By creating an extremely active and successful program, we have avoided the Administration's common label of WIN being merely a paper registration program. In fact, our success is best illustrated by the nearly 1,500 jobs that have been obtained by welfare recipients in the first 2 1/4 years of the program's operation. We have reached a 78% active participation placement rate in our second year of operation alone, with an average entry-level wage of $4.25 per hour for those individuals who were formerly on the welfare rolls. Most importantly, however, the program's success has proven to us that those temporarily in need of public assistance, and considered to have barriers to entering today's job market, want to work and will work when assisted with the appropriate training, job search techniques, and support services.

It is important to mention that substantial accomplishments in the Employment Initiatives Program would be severely hampered should the Administration's proposed AFDC work requirements policy be enacted. The Administration's proposal would eliminate federal reimbursement for current activities that have proven to be successful components and a necessary investment in our clients' chances for sustained employment.

Under the proposal, reimbursement for support services such as day care would be eliminated. This is a glaring mistake since participants of this program are primarily single female heads of households with children under 10 years of age with enormous child care requirements. The Administration's view is that states can fund day care through the Social Services Block Grant. Maryland,
like most states, has long since provided more state dollars for social services programs than SSBG funds so that the Administration is really proposing--again--that states pick up the cost of day care.

Classroom training, one of the best investments in human capital, would be excluded as an allowable cost. The Administration claims that JTPA can pay for this service, yet Maryland only has enough JTPA funds to serve approximately 12,000 individuals, while the state population eligible for JTPA is over 400,000. Moreover, Maryland's share of JTPA funds is diminishing in FFY 1986 due to shifts in unemployment rates. This so-called alternative will not work.

Furthermore, a very prescriptive federal role is envisioned since there are numerous references requiring the Secretary of HHS to approve specific state plans and activities. This provision is contrary to the Administration's past efforts to defederalize program administration and allow decisions to be made at the state and local level. In general, the Administration proposal appears to lead to prescriptive regulations of state plans and policies and seems to exceed the appropriate federal authority by intruding on the state role.

The proposal also appears to place major emphasis on intensive job search as the means to locate jobs for individuals on welfare. Our experience as well as research from respected organizations such as the Manpower Demonstration Research Corporation (MDRC) indicate that job search alone does not lead to long-term reductions in welfare dependency for single heads of households. Rather, it facilitates short-term cycling of these clients into the secondary job markets and a continuation of
Finally, the Administration proposes that 75% of eligible clients must actively participate in the state-run program with no ability for the state to declare areas too remote except due to a lack of transportation or available jobs. Common sense indicates that where there is no transportation, or where the job market is weak that exceptions to mandatory participation should be allowed. I believe there is no large-scale evidence indicating that the 75% active participation rate is a reachable goal for now or the future. Rather it is a paper goal.

Let me point out that no one activity alone can assist AFDC recipients to move into the labor market and reduce their dependency on welfare. Sustained employment for AFDC recipients necessitates a comprehensive package of services such as work experience, job search, vocational training, remedial education, on-the-job training and supportive services if we truly expect to increase client self-sufficiency and self-support, and thereby reduce their need for public assistance.

In order to continue to progress toward the goal of achieving client self-sufficiency, Maryland must have the assurance of ongoing federal funding which will enable the state to plan for the future. In addition, to maintaining adequate levels of resources, continued flexibility such as provided under the WIN Demonstration legislation is necessary to operate successful state designed programs. With no flexibility allowed, the Administration
will be ignoring the results and experience of state programs that are truly having an impact on client's lives, not just deterring them from receiving public assistance.

In general we must view our employment efforts as a positive investment in our clients rather than a drain on our resources. Beyond this, however, we as human resource officials must begin to broaden our perspectives in our efforts to assist our clients. We must creatively engage those in the economic development arena so that as new jobs are created public assistance clients are taken into account for inclusion in the job pool. Such jobs should provide medical benefits as well as stability, a long term future and upward mobility for such clients. Finally, we must work with those developing tax policy so as to assure the working poor that they are truly better off when they work.

Thank you.

Mr. Weiss. Thank you. Ms. Wilcox.

STATEMENT OF LINDA A. WILCOX, DIRECTOR, DIVISION OF WELFARE EMPLOYMENT, MAINE DEPARTMENT OF HUMAN SERVICES

Ms. Wilcox. Thank you, Mr. Chairman.

As manager of Maine's WIN Demonstration Program, I appreciate this opportunity to give you a program operator's perspective on welfare employment policy. I will cover three topics. First, the innovative features and accomplishments of Maine's demonstration program; second, the impact on our program of the administration's proposed alternative to WIN; and finally, the changes that I would like to see in national welfare employment policy.

For the last 5 years, Maine has been working on better solutions to the problems of welfare dependency and the transition to work for AFDC recipients. Our WIN Demonstration Program developed out of a 1980 study of WIN and CETA's performance in finding jobs for AFDC recipients, and an innovative bill passed by the State legislature in 1981 establishing economic self-sufficiency and elimination of dependency on public assistance as the State's welfare employment goal.

Also in 1981, Governor Joseph Brennan applied for authority to operate a WIN Demonstration Program. Faced with declining WIN funds, he was particularly interested in the possibility of using AFDC grants to finance the transition to work.
In 1982, our WIN demonstration called WEET, the Welfare Employment, Education and Training Program began operation. Designing a program to achieve economic self-sufficiency for AFDC recipients presented a real challenge. Maine is a poor State. We rank 40th out of the 50 States in family income, and nearly 40 percent of the population lives on the borderline of poverty.

Even though Maine's economy is growing, it is not creating high paying jobs. We continue to rely heavily on our natural resource based industries that provide low paying and often seasonal work. Maine's fastest growing industries are in the service sector where jobs are also low paying, part time, and seasonal.

It was clear to program planners given Maine's economy and the limited education, skills, and work experience of many women on welfare that we needed to do more than to offer short-term training and job search assistance.

Consequently, the WEET Program was designed with two innovative features. First, supporting a wide range of education and training activities, so that our registrants can obtain primary labor market jobs; and, second, working with the State's economic development agencies to target new jobs for AFDC recipients.

Women on AFDC come to WEET for assessment and employability counseling, for help in meeting training programs entrance requirements, for job search assistance when they are ready to enter the labor market, and financial support for child care and transportation while they are in training and looking for work.

We believe that all of these services are realistic responses to the employment barriers facing women on welfare. Since 1982, over 3,000 AFDC recipients have participated in training through the WEET Program. These activities divide almost equally between those that improve general employability such as remedial education, obtaining a GED, and pre-vocational training, and those directed to specific occupations such as skills training and post-secondary education.

This range of activities reflects the diversity of needs of our registrants as they prepare for employment.

The second WEET innovation is our involvement in job creation. Because of the limited number of jobs in Maine, we are working with economic development agencies to refer AFDC recipients to newly created jobs.

I will describe two examples of this activity. We pay part of the salary of an employment specialist who works for a private non-profit community development corporation called Coastal Enterprises, Inc. This corporation loans money to Maine-owned small businesses who in turn agree to hire and train disadvantaged job seekers including AFDC recipients.

We also contracted with the State development office to create a position to market employment and training services to new and expanding businesses. This individual also helps businesses receiving financing from the State finance authority to prepare an employment plan listing new jobs to be created through business expansion.

These plans are then forwarded to the nearest WEET office. This position has proved so valuable that the legislature recently voted
funds to make it permanent. We are very pleased with this development since we no longer have to fund the position.

So is the WEET Program working? AFDC mothers think so. We have increased the proportion of voluntary registrants from 15 percent under WIN to over half of our current caseload. This means that AFDC recipients are choosing to come to us for help in finding jobs, because they believe that we have something of value to offer them.

Last year, 1,400 WEET registrants got jobs, an increase of 30 percent over the previous year. Because we want our participants to move off of welfare permanently, we maintain contact with them for a year after they get a job. Our 1 year retention rate is 66 percent. The welfare savings generated in just the first year that these women worked is equivalent to the annual cost of running the program.

I will now turn to a consideration of the administration's alternative to WIN. Implementation of this proposal would require a drastic change in Maine's welfare employment philosophy and in program operation. Five provisions would have a negative impact on what we are trying to accomplish. The services that could be provided, the participation requirements, the formula of the funding levels, and the imposition of financial penalties.

First as I have described, the WEET Program supports a wide range of employment and education services. In spite of the assertion of WOW's supporters that States would have flexibility in program design, in fact WOW would restrict work program options to those who are "employment directed," and employment directed programs are defined as those that "enhance employment opportunities through practical work experience rather than by means of classroom or similar educational and training programs."

I interpret this language to mean that our registrants could not obtain 80 percent of the training in which they are now engaged. We do not know which of the JTPA training activities would be approved by the Secretary. Even if JTPA skills training is included, only 9 percent of WEET trainees have participated in JTPA skills training in Maine.

Mr. Weiss. Ms. Wilcox, unfortunately, we have to break. We have a vote on the floor, and we will resume where we left off in about 10 minutes.

[Recess taken.]

Mr. Weiss. The subcommittee will be back in session. Ms. Wilcox, if you will resume where you left off.

Ms. Wilcox. Thank you. The only reference to these supportive services in the WOW proposal is the payment of child care and transportation during employment search. If we could not pay for child care and transportation during training under WOW, few participants would be able to attend the limited training that would be permitted.

My second concern with WOW's are the participation requirements. Because of our determination to provide quality employment and training services and our limited resources, we only mandate the registration of AFDC recipients with children 6 and over who live in areas accessible to local WEET offices. Approximately one third of Maine's AFDC families live in these areas. Yet WOW would
require all employable AFDC applicants and recipients to participate in employment related activities. There is no exception for geographic location.

Consequently, the other half of Maine's AFDC population who live in isolated communities in rural areas where there are few jobs and even fewer employment related activities to refer to would be required to participate.

The third provision that would affect the WEET Program is the WOW funding formula. Our Federal allocation has not changed since 1981. If it were not for the support of our State legislature, our client service budget would be getting smaller every year. But at least we have known what our Federal allocation would be.

Under WOW, each State's share of the Federal allocation would be based on the size of its employable recipient pool. Individuals currently exempt due to geographic remoteness would be counted in determining the State's share only if the Secretary of Health and Human Services determines that there is sufficient basis for doing so.

Obviously, this provision favors States that are either already operating programs that promote maximum participation or States with high population densities. Assuming that we could count our remote recipients, we would receive half the amount of Federal funding to work with twice the number of registrants that we now serve.

The final provision that would have a chilling effect on the WEET Program is the financial penalty that would be applied if we failed to meet the proposal's participation targets. If our funding were to be determined by these participation requirements, the focus of WEET staff activity would shift from providing quality employment and training counseling to producing quantities of paper work to document that applicants and registrants had been referred to employment directed activities.

There is nothing in the WOW proposal to award States for helping AFDC recipients get jobs, much less rewarding them for achieving long-term job retention and consequent welfare savings.

Finally, I would like to recommend two national welfare employment policy changes for your consideration. The first has to do with setting national goals, and the second with financing the transition from welfare to work.

First, I would like to see Congress establish economic self-sufficiency as the goal of welfare employment policy in this country. Programs as diverse as WEET and WOW use terms like self-sufficiency and self-reliance to describe what we are trying to accomplish. But there is no agreement on what we mean by the term self-sufficiency or how to measure it.

Only after we have agreed on performance measures that go beyond participation rates and job placement rates can we assess which service strategies are truly effective in moving women from dependency to self-sufficiency.
I would also like to see included in national welfare employment policy incentives for serving long-term, hard-to-employ, AFDC recipients. These are the people who are the least likely to leave welfare without our help and, as research has shown, are the ones who make the greatest gains from program intervention. It is also the group that will generate the greatest welfare savings.

However, as the Office of Family Assistance acknowledged in its draft report on the WIN allocation formula, conventional program performance measures such as job placement rates are negatively associated with net impact. Net impact is the difference between program outcomes and what would have been accomplished without the program.

When program operators are rewarded for the number of immediate job placements they obtain, they will tend to select participants who are most likely to succeed in the program, but who are also most likely to get jobs on their own.

As program operators, we need you to direct us to identify and target our hard-to-employ clients, to provide us with sufficient funds to serve them, and to develop performance factors that we can use to measure our success. This policy would clearly distinguish us from other employment and training programs that typically serve only the AFDC recipients most likely to get jobs.

Once these two national policy goals have been established, I would like States to be free to design programs that will work in their respective economic and social climate. In the spirit of New Federalism, the block grant mechanism could be used to allocate Federal funds to Governors who would then have discretion in how to spend them.

Giving States the flexibility to design their own programs and sufficient resources to operate them would be the best way to achieve a national goal of economic self-sufficiency for hard-to-employ women.

My second recommendation has to do with financing the transition from welfare to work. If we are to succeed with women who have poor work histories and few skills, we will need a reliable and adequate source of funding to do so. We all know that income maintenance programs are very costly.

In Maine, the investment in moving welfare recipients into employment equals 1 percent of the cost of maintaining people on welfare. It only makes sense to use income maintenance payments to fund this transition. The return on this investment is the reduction in the long-term economic and social costs of welfare dependency and the increase in taxes and buying power resulting from productive employment.

We are trying the one option currently available to us, the use of an AFDC recipients grant to subsidize on-the-job training. However, our experience is similar to that of other States doing grant diversion. An OJT or wage subsidy works as a transition mechanism for only a small proportion of our case load.

I would like the flexibility to use grant diversion to pay for whatever is blocking an individual from achieving and maintaining employment. Examples of the possible uses of grant diversion are paying for training for which no other funding exists, subsidizing the cost of child care for women who could not afford to work oth-
erwise, assisting in the purchase of health insurance for women taking jobs that have no health insurance benefits or offer plans that are too expensive, and providing capital for starting a small business.

This assistance would be limited to the period of transition when the most difficult adjustments to work are being made. Thank you.

[The prepared statement of Ms. Wilcox follows:]
TESTIMONY BEFORE THE
INTERGOVERNMENTAL RELATIONS AND HUMAN RESOURCES SUBCOMMITTEE
OF THE
COMMITTEE ON GOVERNMENT OPERATIONS
OF THE
U.S. HOUSE OF REPRESENTATIVES

HEARINGS ON
BARRIERS TO SELF-SUFFICIENCY FOR
SINGLE WOMEN HEADS OF HOUSEHOLD

Presented by
Linda A. Wilcox
Director, Division of Welfare Employment
Maine Department of Human Services

July 10, 1985
Congressman Weiss, members of the Intergovernmental Relations and Human Resources Subcommittee, my name is Linda Wilcox and I am the Director of the Division of Welfare Employment in the Maine Department of Human Services. As the manager of Maine's WIN Demonstration Program, I appreciate this opportunity to give you a program operator's perspective on the status of welfare employment policy.

I will cover three topics today: first, the innovative features and accomplishments of Maine's WIN Demonstration Program; second, the impact on our program of the Reagan Administration's proposed alternative to WIN; and finally, the changes I would like to see in national welfare employment policy.

The Genesis of Maine's WIN Demonstration Program

Maine has been working on better solutions to the problems of welfare dependency and the transition to work for the past five years. In 1980, Commissioner of Human Services, Michael Petit, convened a committee to assess the performance of both WIN and CETA in moving AFDC recipients off of welfare. The committee found that very few WIN registrants were leaving AFDC due to increased earnings, that placement rates for AFDC recipients enrolled in CETA were much lower than for other CETA participants, and that neither employment program was working closely with the state's education and training agencies.

As a result of the committee's work, the Maine State Legislature passed an innovative bill calling for greater
access to education and training programs, increased coordination of employment and training programs and the use of economic development funds to create jobs for AFDC recipients. The Commissioners of Human Services, Labor, and Education were jointly charged with the implementation of the law.

At the same time, Governor Joseph Brennan seized on the opportunity provided by the Omnibus Budget Reconciliation Act of 1981 to apply for authority to operate a WIN Demonstration Program. Because federal funds for WIN were declining, he was particularly interested in the possibility of using an AFDC recipient's grant to subsidize her transition to work.

**WEET Program Innovations**

From these three initiatives, the Welfare Employment, Education and Training, or WEET, Program was born. State authorizing legislation established our program goal: to help AFDC recipients find and keep employment that would eliminate their dependency on public assistance and achieve economic self-sufficiency.

Designing a program to achieve this goal presented a real challenge. Maine is a poor state. We rank 40th out of the 50 states in family income; nearly 40% of the population lives on the borderline of poverty. Even though Maine's economy is growing, it is not creating high paying jobs. We continue to rely heavily on our natural resource-based industries that provide low-paying, and often, seasonal work. Maine's fastest growing industries are in the trade and service sector that also offer low-paying, part-time and seasonal work.

It was clear to program planners that, given Maine's
economy and the limited education, skills and work experience of many women on welfare, we needed to do more than offer short-term training and job search assistance. Consequently, the WEET Program was designed with two innovative features: first, supporting registrants in a wide range of education and training activities so they can obtain primary labor market jobs; second, working with the state's economic development agencies to target new jobs for AFDC recipients.

Support for Education and Training

Our role is to provide a woman wishing to improve her employability with employment counseling, preparation for meeting training program entrance requirements, if necessary, and financial support for child care and transportation.

Since the program's inception in 1982, we have helped over 3,000 AFDC recipients become more employable through supporting them in a wide range of training activities.

The training programs used by our registrants divide almost equally between those that enhance general employability, such as, remedial education and prevocational training, and those directed to specific occupations such as skills, training, and post-secondary education. These training activities reflect the diversity of needs of our registrant population as they move toward employment.

We have also enhanced education and training opportunities for AFDC recipients by working closely with the other employment and training agencies in the state including JTPA, the Displaced Homemakers Project, adult education, and the vocational technical institutes.

Support for Job Creation

Because of the lack of good jobs in Maine, we are
working closely with the state's economic development agencies to access newly created jobs for AFDC recipients. Coastal Enterprises, Inc., a private non-profit community development corporation, loans money to Maine-owned small businesses. In return for the loan, the business agrees to hire and train disadvantaged job seekers. AFDC recipients are a primary target group for these jobs. The WEET Program pays part of the salary of the employment and training specialist who negotiates the training plan with each small business.

The WEET Program initially contracted with the State Development Office to fund a position to market employment and training services to new and expanding businesses in Maine and to advocate for the employment of AFDC recipients. This activity has proved so valuable that the State Development Office requested, and the State Legislature recently approved, the creation of a position to continue on a permanent basis.

A year ago, the State Legislature enacted a bill requiring businesses who employ more than ten people and receive financing from the state's finance authority to prepare an employment plan defining potential jobs. These jobs created through public financing also target AFDC recipients. The State Development Office specialist assists businesses in developing their plans and contacts local WEET offices when the jobs become available.

These initiatives are experimental in nature and have encountered implementation obstacles. But from them we are learning what more we have to do to prepare AFDC recipients for jobs and to support them once they are employed.

**WEET Accomplishments**

So, is the WEET Program working? AFDC mothers think so. We have increased the proportion of voluntary registrants
from 15% under WIN, to over half of our current caseload. This means that AFDC recipients are choosing to come to us for help in finding jobs because they believe we have something of value to offer them.

Since 1982, we have increased our active caseloads by 56%. Last year 1,400 WEET registrants got jobs, an increase of 30% over the previous year.

Because we want our participants to move off of welfare permanently, we maintain contact with them for a year after they get a job. Our one year retention rate is 66%. The welfare savings, generated in just the first year these women work, pays the cost of running the program for a year.

We know that the program is working well in Maine.

S.1081: The Work Opportunities and Welfare Proposal

I will now turn to a consideration of S.1081, the Administration's proposed alternative to WIN, Work Opportunities and Welfare. Implementation of this proposal would require a drastic change in Maine welfare employment philosophy and in program operation.

Five provisions of the proposal would have a negative impact on what we are trying to accomplish: the services that could be provided under WOW, the participation requirements, the funding formula, the funding level, and the imposition of financial penalties.

WOW's Program Options

The WEET program supports a wide range of employment,
education and training services to respond to the varying needs of our clients. In spite of the assertion of WOW supporters that states would be afforded greater flexibility in program design, WOW would restrict work program options to those that are "employment directed". Employment directed programs are defined as those that "enhance employment opportunities through practical work experience rather than by means of classroom or similar educational or training programs". I interpret this language to mean that we could not support our registrants in 80% of the training and education activities in which they are now engaged. If women on AFDC in Maine are to obtain jobs that will allow them and their children to move out of poverty, they must be given the opportunity to gain skills for which there is a demand in their local labor markets.

The major items in our client service budget, are child care and transportation. The only reference to support services in the WOW proposal is to the payment of child care and transportation during employment search.

If we were not able to help pay for child care and transportation under WOW, few participants would be able to attend the limited training that would be permitted.

**WOW’s Participation Requirements**

Because of our determination to provide quality employment and training services and our limited resources, we only mandate the registration of AFDC recipients who have children over six and who live in areas accessible to local WEET offices. Approximately half of Maine’s AFDC families live in these areas. WOW would require all employable AFDC applicants and recipients to participate in employment related activities. Under WOW, you would be employable if you have children under six, are not ill, and are not already working at least 30 hours a week. There is no
exception for geographic remoteness. Consequently, we would be required to work with the other half of Maine's AFDC population living in isolated communities and rural areas where there are few jobs and even less employment-directed activity to refer to.

**WOW's Funding Formula**

The third provision that would affect the WEET Program is the WOW funding formula. Our federal allocation has not changed since 1981. If it were not for the support of our State Legislature, the client service share of our overall budget would be getting smaller every year. But at least we have known what our federal allocation would be. Under WOW, each state's share of the federal allocation would be based on the size of its employable recipient pool. Individuals currently exempt due to geographic remoteness would be counted in determining the state's share only if the Secretary of Health and Human Services determines that there is sufficient basis for doing so. Obviously, this provision favors states that are either already operating programs that promote maximum participation, or states with high population densities.

**WOW's Funding Level**

Not only would the formula change under WOW, but the funding level would as well. The proposed cap is half of what states are now receiving to run AFDC work programs. Assuming we could count our remote recipients, we would receive half the amount of federal funding to work with twice the number of registrants we now serve.

**WOW's Financial Penalties**

The final provision that would have a chilling affect
on the WEET Program is the financial penalty that would be applied if we failed to meet the proposal's participation targets. The first year of enactment, 25% of all employable applicants and recipients would have to be referred for participation in employment-related activities, 50% the next year, and 75% thereafter. Federal funding would be reduced to the extent we failed to meet these targets.

If our success were to be measured by these participation requirements, the focus of WEET staff activity would shift from providing quality employment and training counseling to producing quantities of paperwork to document that applicants and registrants had been referred to employment-directed activities. There is nothing in the WOW proposal to reward states for helping AFDC recipients get jobs, much less rewarding them for achieving long-term job retention and consequent welfare savings.

National Welfare Employment Policy Changes

To conclude my testimony, I would like to recommend two national welfare employment policy changes for your consideration.

Establishing a National Welfare Employment Policy Goal

First, I would like to see Congress establish economic self-sufficiency as the goal of welfare employment policy in this country. Programs as diverse as WEET and the WOW proposal use terms like self-sufficiency and self-reliance to describe what we are trying to accomplish. But there is no agreement on what we mean by the term "self-sufficiency" or how to measure it. Only after we have agreed on performance measures that go beyond participation rates and job placement rates, can we assess which service strategies are truly effective in
moving women from dependency to self-sufficiency.

I would also like to see included in national welfare employment policy incentives for serving long-term, hard-to-employ, AFDC recipients. These are the people who are least likely to leave welfare without our help, and, as research has shown, are the ones who make the greatest gains from program interventions. It is also the group which will generate the greatest welfare savings.

However, as the Office of Family Assistance acknowledged in its draft report on the WIN allocation formula, conventional program performance measures such as job placement rates, are negatively associated with net impact. Net impact is the difference between program outcomes and what would have been accomplished without the program. When program operators are rewarded for the number of immediate job placements they obtain, they will tend to select participants who are most likely to succeed in the program but who are also most likely to get jobs on their own.

As program operators, we need you to direct us to identify and target our hard-to-employ clients, to provide us with sufficient funds to serve them, and to develop performance factors that we can use to measure our success. This policy would clearly distinguish us from other employment and training programs that typically serve only the AFDC recipients mostly likely to get jobs.

Once these two national policy goals have been established, I would like states to be free to design programs that will work best in their respective economic and social climates. In the spirit of New Federalism, the block grant mechanism could be used to allocate federal funds to governors who would then have discretion in how to spend them.
Giving states the flexibility to design their own programs and sufficient resources to operate them, would be the best way to achieve a national goal of economic self-sufficiency for hard-to-employ women.

Financing the Transition from Welfare to Work

My second recommendation for changing national welfare employment policy has to do with the financing the transition from welfare to work. If we are to succeed with women who have poor work histories and few skills, we will need a reliable and adequate source of financing to do so.

We all know that income maintenance programs are very costly. In Maine, the investment in moving welfare recipients into employment equals one percent of the cost of maintaining people on welfare. It only makes sense to use income maintenance payments to fund the transition from welfare to work. The return on this investment is the reduction in the long-term economic and social costs of welfare dependency and the increase in taxes and buying power resulting from productive employment.

We are trying the one option currently available to us, the use of an AFDC recipients grant to subsidize on-the-job training. However, our experience is similar to that of other states doing grant diversion: an OJT or wage subsidy works as transition mechanism for only a small proportion of our case-loads.

I would like the flexibility to use grant diversion to pay for whatever is blocking an individual from achieving and maintaining employment. Examples of the possible uses of grant diversion are:

- Paying for training for which no other funding source exists,
- Subsidizing the costs of child care for women who could not afford to work otherwise,
- Assisting in the purchase of health insurance for women taking jobs that have no health benefits or offer plans
that are too expensive, and
* Providing capital for starting a small business.

This assistance would be limited to the period of transition when the most difficult adjustments to work are being made.

Conclusion

In conclusion, I contend that there are no panaceas or simple answers to the problems of poverty and dependency facing single mothers in this country. We cannot afford to shut our eyes to the size of the problem or to refuse to take on the difficult task of finding creative solutions to it.

Thank you for your attention. I would be pleased to respond to any questions you may have.

Mr. Weiss. Thank you very much, Ms. Wilcox. Mr. Fleming.

STATEMENT OF JAMES T. FLEMING, STATE REPRESENTATIVE, CONNECTICUT GENERAL ASSEMBLY

Mr. Fleming. Thank you, Mr. Chairman, and members of the committee. I would like to point one thing out. In Connecticut, we have joint committees with the house and the senate. They both serve together, and sometimes that avoids problems. In addition, we do not meet when the legislature is in session which sometimes tends to make the flow of the business a little faster. But I have to say that this committee's business is moving faster than my own committee in Connecticut, as my remarks did start out good morning.

Mr. Weiss. It has been our experience, Mr. Fleming, that when the House and Senate meet together, we get into more trouble. Go ahead.

Mr. Fleming. I am pleased to have an opportunity to testify before you today. I hope that my remarks will prove helpful to you as you pursue legislation to create greater opportunities for self-sufficiency for women in poverty.

I think that we are showing in the State of Connecticut that given flexibility in the use of Federal dollars that States can design creative cost effective programs to address the historical problems of poverty and welfare dependency.

At the same time, however, it is important, I think particularly important to mention at this hearing, that both State legislators and the Federal Government should continue to closely monitor the operation of State welfare agencies to protect program integrity.

As cochairman of the Human Services Committee, I have worked to promote State policies to meet both of these priorities. And I am
proud to say that in Connecticut this year the Connecticut General Assembly passed and the Governor has signed very comprehensive welfare reform legislation.

I would point out that Connecticut has a Democratic Governor and a Republican house and senate, and we managed to work out a bill that we can all agree on. This law is entitled, “An Act Concerning Welfare Reform.” It is a very far-reaching act. It contains important provisions aimed at curbing fraud, waste, and error in the delivery of public assistance.

At the same time, it increases accountability of the State’s principal welfare agency, the department of income maintenance, and gives the legislature great oversight over that department.

The reforms within this bill include such things as bank cross-matching which is used to identify recipients on public assistance who may be exceeding eligibility standards. We provide for photo ID’s for AFDC and food stamp recipients, and provisions for students who are 18 years of age and on our State AFDC Program, that they be in good standing in order to participate, good standing in school in order to participate in that State program.

And it also requires that the State’s commissioner of income maintenance submit the waivers through the legislature before they are submitted to the Federal Government, so that we may review them.

And in addition, we provided for the automatic indexing of the welfare increase in Connecticut. It was by doing several things in the same bill that I think that we achieved a coalition among liberals and conservatives in the Connecticut State government.

Now specifically with relation to opportunities in terms of jobs, which is the subject matter of this hearing, the bill contained three or four job programs. One of the most important is a voluntary work program for heads of households on AFDC. I emphasize it is voluntary.

This program is earmarked and has to concentrate on people who are long-term dependent on AFDC in Connecticut. That would be over 10 years, and it is 10 to 12 percent who have been on for more than 10 years. We have included in the bill the stipulation that day care and transportation be provided. I think that it is essential. I would point out in this program that you are not going to see an outstanding success rate. We are dealing with the most difficult population.

Nevertheless, we have not had a program in Connecticut which emphasized the need for providing job opportunities for long-term dependents on AFDC.

In addition, we provided for a program whereby people who are AFDC-UP, unemployed parents, where you have two people in a household, two adults, that they do a weekly job search. Once again, I have to say that some of the bill was political. There is concern in Connecticut by constituents that people should be out looking for work.

We are going to try this on a limited basis in Connecticut. If it is successful, we will expand it.

In addition, we provided for job creation in the private sector by utilization of the Neighborhood Assistance Act providing a tax
credit to those in private industry who would provide training and employment to people who are on welfare in Connecticut.

But perhaps the most important or perhaps most innovative program which the Welfare Reform Act called for was really a coalition between private industry councils (the PIC's), the State, the towns, the unions, and construction industry in Connecticut whereby we have gotten agreement amongst those parties to provide entry level positions into union apprenticeship programs in Connecticut, most likely in the Hartford area where we have a very deep problem with general assistance or a local welfare problem, to move them into the apprenticeship training program.

I think that it is remarkable that we could get all of those parties to agree to support this type of legislation. I would point out that there was one thing that was not in the bill, one thing that I would have liked to have seen in the bill, but because of Federal regulations we really could not do it.

Connecticut is involved in repairing their roads and bridges. We have had some problems up there with bridges falling down and so forth. So the Governor has decided to embark on an infrastructure renewal program which involves Federal dollars.

We would have liked to have included in this bill a provision whereby if you were going to use State and Federal dollars to come in and contract to help repair Connecticut's roads, that you would have an obligation to take some of our general assistance recipients in and train them, and put them to work on a jobsite.

We found that we would have run into problems with our Federal highway funds if we did that. It is something that perhaps is not directly of cognizance in this subcommittee, but something nonetheless that the Federal Government should look at in terms of trying to provide some flexibility to the States in that area.

In addition, I mention that we need to have oversight by legislatures, and by Congress, and by the Federal Government over the way that programs are operated at the State level. And I would urge this subcommittee, and I know that it will be the subject matter of perhaps another hearing, to support Representative Rowland's bill concerning bank cross-matching.

Bank cross-matching was put into effect in Connecticut on a pilot basis when Representative Rowland and I served in the legislature together. And as a result of just six banks, and I will tie this into the subject matter of this hearing, but as a result of just doing cross-match in six banks, we yielded $140,000 in savings from 276 people who were not entitled to receive benefits.

It sounds small when you look at the Federal budget. I know that. In Connecticut, it is not small money. We estimate that with those six banks that we could yield as much as $750,000 in savings for the State. Because of that pilot program, we have expanded it statewide. And we will do a program this year whereby 35 percent of the deposits in State lending institutions will be covered by a program, and we estimate that we could yield $1.3 million in a return to the State which we could then use, I would hope, to fund job training programs.

Representative Rowland's bill would provide that the administrative cost would be picked up by the Federal Government. Now this program in Connecticut that we have implemented this year that
the Governor has just signed has an administrative State cost of about $100,000. One of the programs that we are running under the Welfare Reform Act for AFDC in the Norwalk area will cost us about $100,000.

The point is, if we could get those administrative costs back, we could roll it back into programs for employment. Thus putting in a fraud control measure in Connecticut which is having a positive dollar yield to the State gives people confidence in our welfare system and is important with respect to building political support to continue some of our programs and it provides needed extra dollars for social service programs.

The main point is, that because we have these administrative costs, we could not spend more money in other areas where we might have liked to. For instance, maybe a little bit bigger job training program in Connecticut. My point is, please look at that legislation and consider that you can tie the issues of welfare reform and fraud control, and the need for innovation in good job training programs on a State level if you provide flexibility, if you try to build a coalition between what may appear at first to be individuals who are totally at odds.

I deal with interest groups all of the time in the State of Connecticut. You can get them to work together, you can find a common basis. This bill was a compromise between some of the most liberal members of the Connecticut Legislature and some of the most conservative members of the Connecticut Legislation. But putting our heads together, we found something that could work.

And I think that it is one thing to talk about the need to reform welfare systems and provide new programs. But if you cannot get the votes for it, this hearing and the debate on the floor is not worth too much. If you can build that coalition and get people to cooperate, it can really have an impact for the States.

So in closing, I would urge you to provide No. 1, flexibility to the States as much as possible, continued oversight where it is necessary, for instance to reduce the fraud and error rates. Connecticut has seen some significant penalties from the Federal Government. And I do not relish those penalties, because it represents dollars that we do not have for the truly needy in Connecticut. However, the double-digit error rates Connecticut experienced when I was first elected to the legislature, and these standards were put into effect by President Carter and a Democratic House and Senate in Washington, the error rates have dropped in Connecticut thus we are providing assistance to the truly needy. Sanctions are necessary, the error rates are still above the targets; but nevertheless, the sanctions are an appropriate management tool to stop waste and fraud.

You should look at those very closely, because we cannot afford to waste social services dollars which are so scarce both on the Federal and on the State level.

Thank you very much for this opportunity to talk to you, and I would be happy to answer any questions that you might have.

[The prepared statement of Mr. Fleming follows:]
Good morning. My name is Jim Fleming and I am co-chairman of the joint standing committee on Human Services of the Connecticut General Assembly.

Mr. Chairman, members of the committee, I am very pleased to have an opportunity to testify before you today. I hope that my remarks will prove helpful to you as you pursue legislation to create greater opportunities for self-sufficiency for women in poverty.

I think that we are showing in the State of Connecticut that, given flexibility in the use of federal dollars, states can design creative, cost-effective programs to address the historical problems of poverty and welfare dependency. At the same time, however, it is important that both state legislatures and the federal government continue to closely monitor the operations of state welfare agencies to protect program integrity. The ability of states to formulate innovative human services policy through the use of waivers from federal program requirements is dependent on the assurance that limited federal funds will not be lost because of poor management of them by state agencies.

As co-chairman of the Human Services Committee, and, previously, as ranking member, I have worked to promote state policies to meet both of these priorities.

I am proud to say that this year the Connecticut General Assembly
has passed, and the Governor has signed, the most comprehensive welfare reform legislation enacted in the state in decades.

This law, entitled "An Act Concerning Welfare Reform" is an omnibus act which contains important provisions aimed at curbing fraud, waste, and error in the delivery of public assistance, and at increasing the accountability of the state's principal welfare agency, the Department of Income Maintenance, to the legislature. These reforms include a statewide bank cross-match program to identify recipients of public assistance with assets exceeding eligibility standards, the distribution of photo ID's to AFDC and Food Stamp recipients, and a provision that students eighteen and older attending post-secondary schools be required to be in "good standing" as a condition of receiving benefits under AFDC. It also requires the state's Commissioner of Income Maintenance to submit applications for federal waivers to the legislature for a review similar to the review currently given to plans for the expenditure of federal block grants. The purpose of these measures is to help ensure that scarce state and federal resources are directed to those truly in need, and are not jeopardized by avoidable federal sanctions.

These administrative reforms are a necessary complement to a number of initiatives in the act which are intended to expand job opportunities for recipients and reduce incentives to remain on public assistance. I take special pride in these initiatives, because they demonstrate that states, in cooperation with private sector groups, can develop innovative job training and placement programs through the block grant approach.

The act utilizes existing resources to establish a pilot voluntary
work program for heads of households in the AFDC program. This program will be targeted to those who are long-term dependent on AFDC; that is, who have received benefits for ten years or more. These recipients currently make up over 10% of the AFDC caseload in Connecticut. This jobs program will include such necessary support services as day care and transportation, without which AFDC mothers are often unable to leave public assistance for long-term employment. It also provides for a mandatory weekly job search for principal earners in the AFDC-UP program.

We also seek to spur job creation in the private sector for those dependent on public support by permitting firms to claim a tax credit through our state's Neighborhood Assistance Act for establishing education and employment training programs for AFDC recipients.

One of the more innovative provisions of the act takes advantage of a unique partnership between the state, towns, the construction industry, labor unions, and private industry councils to provide meaningful job training and entry-level access to union apprenticeship programs for our General Assistance, or local welfare, recipients. This will be a grant diversion program funded by a portion of the 6% discretionary funds available for job training incentives under the federal Job Training Partnership Act. General Assistance, intended as short-term unemployment relief, is increasingly becoming a form of long-term assistance, especially in our largest cities. I am very hopeful that this pilot program will succeed in placing many recipients in job training that will offer a prospect for permanent employment, and prove itself to be a way to reduce the GA burden on our municipalities statewide. I have been very gratified by the
indispensable help we have received from the cities, private industry councils, and labor unions in setting up this program. It demonstrates that some of the best ideas for solving the seemingly intractable problems of chronic unemployment and poverty are out there - in business and industry, labor, and in our localities. All it takes to put these ideas to work is some receptiveness and imagination on the part of state and federal officials, and the flexibility to use public funds in new and cost-effective ways.

I would urge this committee to enact legislation that will provide for broad discretion in the use of federal dollars on the state and local level to permit states to experiment within existing programs to put people back to work and keep them off welfare. With sufficient funds and sufficient flexibility in using them, states can design programs that take advantage of the resources of local communities and voluntary groups to meet the special needs of regions and localities.

But at the same time, I would also urge the Administration and this committee to rigorously enforce federal guidelines and regulations which are aimed at states with high error rates in the expenditure of federal funds for public assistance programs. I believe that the use of sanctions by the federal government is a necessary and appropriate management tool to stop the misuse of federal funds by state agencies. Without the potential for such sanctions, states will continue to waste our very precious social services dollars. I would point out that my own state has regretfully been fined millions of dollars in the last several years for errors in its AFDC, Food St., and other programs. I do not relish the loss of federal dollars, because such sanctions do, as I've said, limit what we as legislative policymakers can do to
create new programs to help people in need in our states. But I can assure you that, at least in the state of Connecticut, the pressure is on state agencies to reduce error rates through the kinds of reforms I have described here today.

In this regard, I strongly ask the committee's favorable consideration of legislation introduced by Rep. John Rowland which will help states fight the fraudulent use of public assistance benefits by recipients. Rep. Rowland's bill will provide states with reimbursement for the administrative costs associated with setting up bank cross-match programs to detect fraud and abuse in welfare programs, and so provide a need incentive for states to adopt this proven system of quality control.

In 1982, when Rep. Rowland and I served together in the Connecticut General Assembly, we were successful in gaining passage of a bill establishing a pilot bank cross-match program. This pilot program, which involved only six banks in the state, has already yielded a return of $140,000 from 275 recipients who held assets in excess of the law. Our Department of Income Maintenance estimates that as much as $750,000 may eventually be recovered as a result of this very modest pilot project.

On the basis of these encouraging results, a statewide bank cross-match program has been incorporated into the Welfare Reform Act which was enacted into law in Connecticut this year. The Department projects that this program will bring significant dollars back to the state for the benefit of the truly needy people in Connecticut.

I would also ask your support for any incentives that the federal government can provide to states to encourage them to adopt such
quality control measures as photo I.D.'s, provider lock-out, recipient lock-in, case management, primary care, home health care, and others too numerous to name. I am convinced, based on my experience as a state legislator, that these measures will produce significant benefits in terms of providing cost-effective, quality care for those who need it, while at the same time ensuring program integrity so that we can continue to innovate at the state level.

In summary, therefore, I urge this committee to encourage flexibility by states in the use of federal funds for public assistance programs, to provide incentives to the states to be innovative and to utilize private sector resources, and to remain diligent in pursuing states that consistently fail to control fraud and abuse. These goals, most often considered as 'ely from each other, should instead be a part of a unified state-federal policy to improve the delivery of public assistance to those in need.

Thank you for your attention. I will be happy to answer any questions that you might have.
Mr. Weiss. Thank you, Mr. Fleming. Mr. Cove.

STATEMENT OF PETER M. COVE, PRESIDENT, AMERICA WORKS

Mr. Cove. Thank you, Mr. Chairman. I want to thank the members of the committee for the honor and the opportunity to speak to you today about the employment services offered by my company and their possible relevance to national employment policy.

America Works is a private for profit company created in 1984 to assist AFDC recipients and other dependent citizens in securing permanent unsubsidized jobs in the private sector. We utilize a model known as supported work which was pioneered in the mid-1970's by the Transitional Employment Enterprises [TEE], in Massachusetts and New Hampshire.

During the previous decade, TEE has succeeded in placing over 6,000 AFDC recipients into jobs. Because of TEE's success, the Commonwealth of Massachusetts under the leadership of Governor Michael Dukakis has adopted supported work as State policy through its superb employment and training program which you heard about this morning.

Thirty vendors now offer supported work to AFDC recipients and mentally retarded citizens throughout Massachusetts. This effort was spearheaded by former State Senator Chet Atkins who is now a U.S. Congressman from the Fifth Congressional District in Massachusetts.

I served as president of TEE from 1976 until 1984 when I left to found America Works to essentially take us on the road. In March of 1984, America Works contracted with the Ohio Department of Human Services to establish divisions of our company in Dayton and Cleveland. Two companies known as Ohio Works have recently completed their first year of operations, and have been re-funded for another year.

In our startup cities with unemployment rates exceeding 10 percent, we succeeded in placing nearly 190 AFDC recipients into permanent unsubsidized jobs in private companies.

Our newest division, Connecticut Works, is opening its doors in the Hartford-New Britain area later this month. The State of New York is currently considering legislation which would establish a support work program in New York City. We hope to be involved in this effort in cooperation with a major New York bank.

Several other States including California, Michigan, Illinois, Delaware, and Texas have also expressed interest in contracting for our services. And I think that our approach may offer some useful lessons for national policy as well.

In my view, one of the tragic ironies of our society involves the simultaneous existence of thousands of private companies desperately searching for reliable entry level employees and thousands of unemployed and publicly dependent citizens equally desperate to find a job that will lift them out of poverty and dependence. Even more frustrating is the fact that most of the Government welfare employment strategies proposed and implemented by liberals and conservatives alike in recent decades have failed to bridge this gap.

Essentially, Government has adopted two approaches to the problem of welfare dependency in recent years. The first approach,
characterized by both the public works jobs programs of the 1960's and 1970's and the workfare programs of the 1970's and 1980's, has assumed that the creation of marginal employment opportunities by Government is the best way to put welfare recipients to work. Although such policies may be the only recourse in some rural areas where the local economy simply cannot produce enough jobs, they are often counterproductive in urban areas where the majority of welfare recipients live.

Both types of programs place people in artificially created jobs which last only as long as funding can be maintained. In both cases as well, Government pays the whole bill. Rarely do such programs provide opportunities for permanent removal from public support or genuine self-sufficiency.

In the case of workfare, the added factor of mandatory participation makes the program little more than a punitive exercise designed to ease the moral indignation of taxpayers and politicians who are convinced that people stay on welfare because they do not want to work.

The successes of America Works and TEE have demonstrated that real jobs do exist for many of our hardcore unemployed. Further, the voluntary nature of both companies illustrates the fact that most welfare recipients do indeed want to work, and that they often make extraordinarily productive employees.

The key is to provide access to the jobs for dependent citizens, and to make it worthwhile for private sector employers to hire them.

The second approach attempted by Government includes a number of programs designed to use public spending to stimulate or leverage the resources of the private sector to address the issue of growing welfare dependency. Three examples are publicly funded job training initiatives, targeted job tax credits, and transfer payment diversion or the conversion of dependency payments into wage subsidies.

In the first case, Government invests in human capital in an attempt to provide the unemployed with the skills that they need to compete for existing jobs. In the other two, tax credits and wage subsidies provide a financial incentive to firms who will hire these people.

All of these strategies start off in the right direction, but none goes far enough. Tax credit, wage subsidies, and newly trained workers are poorly marketed to firms, who consequently see little to gain from participating in the programs.

Companies continue to be plagued by absenteeism, turnover, and unfilled jobs while potentially reliable workers are forced onto the ever growing welfare rolls. The gap persists.

Private companies like America Works and TEE have the unique ability to position themselves squarely in the region where public and private interests converge. To Government, we can offer a way to use scarce public resources to leverage private sector involvement in welfare employment initiatives.

To welfare recipients, we offer not only training, but also direct access to real jobs. To business, we offer streamlined recruitment, substantial cost savings, risk free hiring, and, most important, capable and reliable workers who will stay on the job and improve productivity.
More than 400 New England companies through TEE and 80 Ohio firms in our first year of Ohio Works have been willing to pay for this valuable service, thereby decreasing the burden on public budgets.

Why is America Works able to succeed where Government has often failed? In essence, we are the public private link which Government programs lack. We provide a public service using an entrepreneurial approach and sophisticated private sector marketing techniques. We are thus able to make newly trained workers, TJTC's, and grant diversion/wage subsidies attractive to fellow private companies in a way that Government never has.

As with so many other recent examples of successful privatization of Government services such as trash collection, an entrepreneurial approach is used to maximize the return on public investment.

In addition, America Works offers a strategy which cuts across traditional ideological and party lines. For instance, funding for our Ohio companies was secured largely through the efforts of two men, Democratic Governor Richard Celeste and Republican State Senator Mike Fox, who seldom find themselves on the same side of welfare issues.

Perhaps they are both disillusioned with big Government or are appalled by the increasing cost of dependency. Whatever their reasons, here may be a private solution to an intractable Government problem which a wide range of the political spectrum can agree upon.

America Works is in some ways similar to a temporary employment agency. There are, however, several major differences. First, our workers are recruited exclusively from the ranks of those currently dependent on public assistance programs, primarily AFDC. Second, our revenues are generated from a unique combination of public and private sources, including fees paid by private companies and conversion of welfare grants into wage subsidies, in addition to new public spending.

Finally, America Works' ultimate goal is to get its workers hired permanently by the contracting company. The simplest way to explain our operation is to give you an example of an actual situation that TEE worked with in Boston.

The Bank of Boston was faced with a manpower problem at its main data information center. There were 90 vacancies in entry level jobs and a very high turnover. The center was located next to the Columbia Point housing project where hundreds of women receiving AFDC resided and were unemployed yet wanting to work.

Here is how we handled the situation: The bank and TEE agreed to make a certain number of job slots available for TEE candidates. A TEE site supervisor was assigned to work with the bank, so that TEE could understand the employee characteristics desired by the bank. Later the TEE supervisor provided backup support to the TEE employees, line supervisors, and the personnel department.

An accepted TEE candidate remained on the TEE payroll during an initiation period. Usually, this lasted for about 4 months. TEE took the responsibility for rewarding and sanctioning the worker during this trial period. During this period, the bank paid TEE a
negotiated rate which was about $4.75 per hour for the services of the TEE candidates, again all of whom were on AFDC.

Once the TEE candidates were hired, they became regular company employees and were added to the bank's payroll at the standard entry level wage. TEE handled the paperwork for the targeted job tax credit and other tax credits.

In order to do this satisfactorily for the bank, people who applied to TEE were rigorously interviewed and screened for motivation for work before they were accepted. Once accepted, they were put on the TEE payroll. They may have received some brush-up training in typing, clerical skills, or other job-related areas.

In addition, TEE staff helped solve problems such as day care and transportation. TEE staff got to know the individual's job-related strengths and weaknesses including their ability to work under stress, independent thinking, and ability to work with others.

TEE staff matched up applicants with job slots in order to best meet the bank's needs. TEE was able to fill almost all of the vacant jobs, and reduced turnover from 90 to 100 percent in some departments at the bank to 10 percent for TEE workers. During the next 3 years, the bank hired over 120 recipients, and it is now over 200, through TEE. Bank studies show that after 2 years as employees of the bank, 80 percent are still there.

There are clearly many winners in this type of merger. Let me try to identify the major beneficiaries: First, the workers.

A wage is paid them while they are being trained and being productive at the company, and in the job that they will eventually fill.

Access is provided to a job that they would unlikely get on their own.

Sensitive supervision is provided and support services which help ease the transition to full-time employment.

For the bank:

- Reduced turnover;
- Higher productivity;
- Access to an inaccessible labor pool that sat right next door to the bank offices;
- Tax credits;
- Recruitment, supervision, and training of the work force, relieving their managers of these responsibilities;
- An easy and successful affirmative action activity on the part of the bank; and
- A provision of training for company supervisors by TEE staff in working with hard to place employees.

For the Government:

- Reduced public expenditures on welfare and other dependency payments;

A sizable financial commitment by the private sector as it purchased TEE workers' services. This offsets the public costs for an employment program;

Permanent unsubsidized jobs in the private sector for those least likely to get employed; and

Transfer payments were converted into wage subsidies, thus reducing additional outlays for employment and training.
The Bank of Boston example illustrates how a private company can successfully enlist the participation of other private companies in efforts to reduce welfare dependency. With TEE acting as a middleman, public resources were used to leverage the bank's resources, thus easing the burden on Massachusetts taxpayers. A genuine all-win situation was created.

America Works' approach offers a solution which transcends the tired liberal/conservative dispute over whether we should punish or pamper welfare recipients. Instead we provide people with access to permanent jobs which can free them from dependency and despair.

In a democratic society, Government will always be uniquely qualified to determine the course of public policy. It may be, however, that the Government is not always as well suited to administer these programs. Admittedly, not all goals of Government lend themselves to private solutions.

But in the case of welfare employment policy, privatization may offer one way to avoid a zero sum game. Because Government spending is used to leverage private sector resources, the impact of each public dollar spent is maximized. At a time when Government agencies are searching for ways to cut budgets without abandoning important public responsibilities, such an opportunity should not be ignored. Thank you very much.

[The prepared statement of Mr. Cove follows:]

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My name is Peter Cove, and I am President of America Works, a company based in Boston, Massachusetts. I want to thank the members of the committee for the honor and opportunity to speak to you today about the employment services offered by my company, and their possible relevance to national employment policy.

America Works is a private, for-profit company created in 1984 to assist AFDC recipients and other dependent citizens in securing permanent, unsubsidized jobs in the private sector. We utilize a model known as supported work which was pioneered in the mid-1970s by Transitional Employment Enterprises (TEE) in Massachusetts and New Hampshire. During the previous decade, TEE has succeeded in placing over six thousand AFDC recipients into jobs. Because of TEE's success, the Commonwealth of Massachusetts, under the leadership of Governor Michael Dukakis, has adopted supported work as state policy through its superb employment and training program. Thirty vendors now offer supported work to AFDC recipients and mentally retarded citizens throughout Massachusetts. This effort was spearheaded by former State Senator Chester Atkins, now U.S. Congressman from the 5th congressional district in Massachusetts. I served as President of TEE from 1976 until 1984, when I left to found America Works.

In March, 1984, America Works contracted with the Ohio Department of Human Services to establish divisions of our company in Dayton and Cleveland. These companies, known as Ohio Works, have recently completed their first year of operations, and have been refunded for another year. In our start-up year, in cities with unemployment rates exceeding 10%, we succeeded in placing nearly 190 AFDC recipients into permanent, unsubsidized jobs in private companies. Our newest division, Connecticut Works, is opening its doors in the Hartford-New Britain area later this month. The state of New York is currently considering legislation which would establish a supported work program in New York City. We hope to be involved in this effort in cooperation with a major New York bank. Several other states, including California, Michigan, Illinois, Delaware and Texas have also expressed interest in contracting for our services, and I think our approach may offer some useful lessons for national policy as well.
In my view, one of the tragic ironies of our society involves the simultaneous existence of thousands of private companies desperately searching for reliable entry-level employees and thousands of unemployed and publicly-dependent citizens, equally desperate to find a job that will lift them out of poverty and dependence. Even more frustrating is the fact that most of the government welfare employment strategies proposed and implemented by liberals and conservatives alike in recent decades have failed to bridge this gap.

Essentially, government has adopted two approaches to the problem of welfare dependency in recent years. The first approach, characterized by both the public works jobs programs of the sixties and seventies, and the "workfare" programs of the seventies and eighties, has assumed that the creation of marginal employment opportunities by government is the best way to put welfare recipients to work. Although such policies may be the only recourse in rural areas, where the local economy simply cannot produce enough jobs, they are often counter-productive in urban areas, where the majority of welfare recipients live. Both types of programs place people in artificially-created jobs which last only as long as funding can be maintained. In both cases, as well, government pays the whole bill. Rarely do such programs provide opportunities for permanent removal from public support or genuine self-sufficiency. In the case of workfare, the added factor of mandatory participation makes the program little more than a punitive exercise, designed to ease the moral indignation of taxpayers and politicians who are convinced that people stay on welfare because they do not want to work.

The successes of America Works and TEE have demonstrated that real jobs do exist for many of our "hard core unemployed." Further, the voluntary nature of both companies illustrates the fact that most welfare recipients do indeed want to work, and that they often make extraordinarily productive employees. The key is to provide access to the jobs for dependent citizens, and to make it worthwhile for private sector employers to hire them.

The second approach attempted by government includes a number of programs designed to use public spending to stimulate or leverage the resources of the private sector to address the issue of growing welfare dependency. Three examples are publicly-funded job training initiatives, Targeted Jobs Tax Credits, and transfer payment diversion, or the conversion of dependency payments into wage subsidies. In the first case, government invests in human capital in an attempt to provide the unemployed with the skills they need to compete for existing jobs. In the other two, tax credits and wage subsidies provide a financial incentive to firms who will hire these people. All of these strategies start off in the right direction, but none goes
far enough. Tax credits, wage subsidies and newly-trained workers are poorly marketed to firms, who consequently see little to gain from participating in the programs. Companies continue to be plagued by absenteeism, turnover and unfilled jobs, while potentially reliable workers are forced onto the ever-growing welfare rolls. The gap persists.

Private companies like America Works and TEE have the unique ability to position themselves squarely in the region where public and private interests converge. To government, we can offer a way to use scarce public resources to leverage private sector involvement in welfare employment initiatives. To welfare recipients, we offer, not only training, but also direct access to real jobs. To business, we offer streamlined recruitment, substantial cost savings, risk-free hiring and, most important, capable and reliable workers who will stay on the job and improve productivity. More than 400 New England companies through TEE and 80 Ohio firms through Ohio Works have been willing to pay for this valuable service, thereby decreasing the burden on public budgets. Why is America Works able to succeed where government has often failed?

In essence, we see the public-private link which government programs lack. We provide a public service using an entrepreneurial approach and sophisticated private sector marketing techniques. We are thus able to make newly-trained workers, TJCAs and grant diversion/wage subsidies attractive to fellow private companies in a way that government never has. As with so many other recent examples of successful privatization of government services, such as trash collection, an entrepreneurial approach is used to maximize the return on public investment.

In addition, America Works offers a strategy which can cut across traditional ideological and party lines. Funding for our Ohio companies was secured largely through the efforts of two men—Democratic Governor Richard Celeste and Republican State Senator Mike Fox—who seldom find themselves on the same side of welfare issues. Perhaps they are both disillusioned with big government or are appalled by the increasing costs of dependency. Whatever their reasons, here may be a private solution to an intractible government problem which a wide range of the political spectrum can agree upon.

THE MODEL

America Works is, in some ways, similar to a temporary employment agency. There are, however, several major differences. First, our workers are recruited exclusively from the ranks of those currently dependent on public assistance programs—primarily AFDC. Second, our revenues are generated from a unique combination of public and private...
sources, including fees paid by private companies and conversion of welfare grants into wage subsidies, in additional to new public spending. Finally, America Works' ultimate goal is to get its workers hired permanently by the contracting company.

The simplest way to explain our operation is to give you an example of an actual situation TEE worked with in Boston:

The Bank of Boston was faced with a manpower problem at its main data information center. There were 90 vacancies in entry-level jobs and very high turnover. The center was located next to the Columbia Point Housing Project, where hundreds of women receiving AFDC resided and were unemployed yet wanting to work. Here's how we handled the situation:

The bank and TEE agreed to make a certain number of job slots available for TEE candidates.

A TEE site supervisor was assigned to work with the bank so that TEE could understand the employee characteristics desired by the bank. Later, the TEE supervisor provided backup support to the TEE employees, line supervisors and the personnel department.

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During this period, the bank paid TEE a negotiated rate (about $4.75/hr) for the services of the TEE candidates.

Once the TEE candidates were hired, they became regular company employees and were added to the bank's payroll at the standard entry-level wage. TEE handled the paperwork the TJTC and other tax credits.

In order to do this satisfactorily for the bank,

People who applied to TEE were rigorously interviewed and screened for motivation to work before they were accepted.

Once accepted, they were put on the TEE payroll. They may have received some brush-up training in typing, clerical skills or other job-related areas.
In addition, TEE staff helped to solve problems such as day-care and transportation.

TEE staff got to know the individuals' job-related strengths and weaknesses, including their ability to work under stress, independent thinking and ability to work with others.

TEE staff matched up applicants with job slots in order to best meet the bank's needs.

TEE was able to fill almost all of the vacant jobs, and reduced turnover from 90-100% in some departments to 10% for TEE workers. During the next three years, the bank hired over 120 recipients of AFDC through TEE. Bank studies show that after two years as employees of the bank, 80% are still there.

There are clearly many winners in this type of merger. Let me try to identify the major beneficiaries:

**The Workers**

A wage is paid them while they are being trained and being productive at the company, and in the job they will eventually fill.

Access is provided to a job that they would unlikely get on their own.

Sensitive supervision is provided and support services help to ease the transition to full-time employment.

**The Bank**

Reduced Turnover

Higher Productivity

Access to an inaccessible labor pool

Tax Credits

Recruitment, supervision, and training of workforce, relieving their managers of these responsibilities.

An easy and successful affirmative action activity

Provision of training for company supervisors by TEE staff in working with hard to place employees.

**The Government**

Reduced public expenditures on welfare and other dependency payments.
Sizable financial commitment by the private sector, as it purchases TEE workers’ services; this offsets the public costs for an employment program.

Permanent unsubsidized jobs in the private sector for those least likely to be employed.

Transfer payments are converted into wage subsidies, thus reducing additional outlays for employment and training.

**CONCLUSION**

The Bank of Boston example illustrates how a private company can successfully enlist the participation of other private companies in efforts to reduce welfare dependency. With TEE acting as a “middle man,” public resources were used to leverage the bank’s resources—thus easing the burden on Massachusetts taxpayers. A genuine “all-win situation” was created.

America Works’ approach offers a solution which transcends the tired liberal-conservative dispute over whether to “punish or pamper” welfare recipients. Instead, it provides people with access to permanent jobs which can free them from dependency and despair.

In a democratic society, government will always be uniquely qualified to determine the course of public policy. It may be, however, that government is not always as well suited to administer these programs. Admittedly, not all goals of government lend themselves to private solutions. But in the case of welfare employment policy, privatization may offer a way to avoid a “zero-sum game.” Because government spending is used to leverage private sector resources, the impact of each public dollar spent is maximized. In a time when government agencies are searching for ways to cut budgets without abandoning important public responsibilities, such an opportunity should not be ignored.
Mr. Weiss. Thank you very much, Mr. Cove.

First, let me express my appreciation to all of you. There was a great deal of attention focused early on in today's hearing to the Governor who appeared before us. But the fact is that the work that you all are doing in your respective States is of the same caliber and going in exactly the same direction. That is extremely significant.

And we had not asked yesterday when the HHS Assistant Secretary appeared before us the extent to which the Department had checked with people at the various State levels across the country. We have heard basically the same critiques of their proposed programs from everybody, from the academic community to State administrators. Even people who tend to be sympathetic to the administration's general approach find very significant problems with the kind of box they are attempting to place all of the States and State agencies in.

And I hope that as a result of your testimony and the hearing, generally, that perhaps the message will get across that they really ought to review their proposal. As we always hear, especially from people out in the countryside, that Washington does not always have all of the answers.

And sometimes I think that there is a danger that those who come into office believing that tend to forget that after they hold office for sometime. So I am grateful for your testimony. It is very important.

Mr. Fleming, let me repeat because I do not know whether you were in the room at the time. I indicated earlier that the subcommittee has requested the General Accounting Office to develop a methodology to evaluate the cost effectiveness of all Government computer matching efforts, and the results are expected to be completed at the end of the year. We will probably then be holding some hearings on the overall view of poverty and job-related programs. Thank you for your testimony in that regard.

Ms. Massinga and Ms. Wilcox, both of you mentioned in your testimony that no longer being allowed to exempt remote AFDC recipients from the work program as proposed by the administration would cause considerable difficulties for you in the program.

Can you give us a sense of the magnitude of this problem both in your own State and a perception of how general the problems would be?

Ms. Massinga. Well, I can begin by talking about a WIN remote area in Maryland, one in which we have run an Employment Initiative Program for the past year. Allegeny County located in westernmost Maryland is experiencing continued economic depression. We provided an Employment Initiative Program in which the bottom line quickly became the fact that while all of the program operators were very eager, while the recipients were very happy to get the training, while we felt that we had put together a good package of services, there were no jobs.

And we ended up spending a considerable amount of resources in trying to help people who were trained to relocate to other places. It seems to me that a policy which insists upon no ability of the State to deal with its own economic climate and provide real vari-
ations in the way that we administer programs fails to take into account the realities of that State.

And no matter how active an economic development program will be in Maryland or in any other State, I would believe that a policy which mandates participation without taking into account accessibility and the availability of jobs makes no sense.

I would estimate that in terms of our own population that we are talking about 5 to 6 of the 24 political subdivisions in Maryland. And that includes not only economic depression, but it also includes lack of transportation. And it is for that reason that we believe that this policy is shortsighted and cannot be implemented as the administration proposes that it can be effectively.

Mr. WEISS. Ms. Wilcox.

Ms. WILCOX. I also would like to describe an example of what I think are real world problems that people who are designing programs do not think of until they try to implement them. The private nonprofit corporation that I described in my testimony that is creating and targeting jobs for disadvantaged people has in fact created those jobs.

They have loaned money to 13 small businesses in Maine, and those businesses have created over 300 jobs. To be eligible for the money, they have to be small and they have to use Maine's natural resources; consequently they tend to be located in our rural areas.

And what we have found is even when there are jobs created in rural areas, we have not been able to deliver the referrals to fill those jobs. And when I think about what are those reasons, the businesses are located in very small towns where there are few AFDC recipients. Anyone trying to get to those communities from the surrounding areas would have to depend on transportation which has proved difficult.

And several of the referrals that we have made have not been able to take the jobs or maintain the jobs, because they have had problems with child care. So again the same kind of issues are surfacing. And when you add to the usual kind of problems facing welfare mothers trying to work, problems of geography and distance, it just makes the job very much more difficult.

Mr. WEISS. Thank you.

Mr. Fleming, I want to take note and commend you and your colleagues in the State legislature in Connecticut and the Governor for the aspect of the program that you mentioned which was to focus on the hardcore part of the unemployed welfare population.

The testimony which we had heard yesterday in fact spelled out that although the people who stay long on welfare overall make up a small percentage of welfare recipients, at any particular time, they constitute about 50 percent of welfare costs. And they are the people who most of the time are lost in the shuffle, because it is so expensive to deal with them.

And you do not know what the outcome is going to be, except that if you are successful, you are going to save a great deal of money. And I think that it takes great imagination and courage for a State government to focus its program along those lines.

When was the bill signed into law, just recently?

Mr. FLEMING. It was signed last week.

Mr. WEISS. So you are still waiting to see how it is going to work.
What have you done to prepare, if you know, what is being done to gear up with that aspect of the program?

Mr. FLEMING. One of the things that we have done is that we have allowed the commissioner, first of all, to contract out. And I would emphasize the importance. There are programs around Connecticut that have been in existence for awhile. One of them is called NEON in Norwalk. This is to utilize an existing program, rather than run out and create something new, to try to use something that is on the books or something that seems to have a fairly good success rate, and to try to focus on those things that have had a success rate.

But I would emphasize, as I said before, that given the population of long-term dependency on AFDC, I do not think that you are going to see remarkable results from it. But nevertheless, it will be interesting to see what happens. It is a pilot program if it works, we will try it in other parts of the State.

Mr. WEISS. Mr. Cove, to what extent do you think that the kind of program that you operate, that your company operates, to what extent can that kind of program pick up the case load that is out there across the country, how much of a gap can it fill?

Mr. COVE. That is a hard question for me to answer. I know that we have such long waiting lists for people who want to get into the program, who want to come to work for our company, that our problem is clearly one of marketing to companies and getting the companies to contract with us. If we are successful in doing that, then it will not be difficult finding workers and finding capable workers.

And what I mean by capable workers are people who really want to work. We are not looking for high skill, we are not looking for people who have high education. We are looking for people who really want to work.

And my sense of the welfare population is that the vast majority really want to work, but that there are barriers to access for employment. And that what we are able to do through a quite unique combination of public and private funds is to provide some things that employment programs have not been able to provide over the past, because they were too expensive.

But with the private investment that we get by companies contracting with us, we can provide the people, during the time that they are with us, with the transportation. We cannot provide day care, but we can assist them in finding day care. And we can help them with housing, and with other areas where those first number of months become the crucial months and the crucial test of whether or not a company will hire a person. The recipient of welfare often feels that after a long time of being paid to do nothing they may not have it in them to be paid to do something. We help to bridge that gap.

I cannot give you a percentage, but I can tell you that there are significant numbers of people who want to work, and that has to represent a very large percentage of the welfare population.

Mr. WEISS. Is your program basically in urban areas?

Mr. COVE. Urban and suburban areas. It would not work well in a rural area, except where you could pool for transportation and
move people to where the jobs were. And we might be able to afford to do that in certain situations.

I see this much more as being appropriate for urban and suburban areas. That is where we have cut our teeth. But we have done it, I should say, TEE did it in Massachusetts with unemployment rates of 4 and 5 percent. And America Works has done it in Ohio, in Dayton, and Cleveland, with unemployment rates of over 10 percent, as I indicated in my testimony.

I think that we can do it in different economies in terms of unemployment. I think that geography in rural areas could prove a problem.

Mr. Weiss. Mr. Rowland.

Mr. ROWLAND. Thank you, Mr. Chairman.

I also want to thank you for being here waiting 4 hours before testifying, and we still have another panel to go. Just know that it is greatly appreciated that you are sharing your experiences with us.

In most of the testimony we have seen today and certainly yesterday, the witnesses have indicated the need for child care and job training. Indeed, Ms. Wilcox talked of child care and the possibility of purchasing health insurance and training programs, remedial education, prevocational. Ms. Massinga also indicated interest in remedial training and job search techniques.

And, Mr. Cove, you have a very unique job placement program that really makes the partnership work. Mr. Fleming also indicated good job training program and I believe a cost of some $100,000 to the State of Connecticut.

Yes, grant diversion will work in some instances, but I think there is also a concern for other costs that are going to be incurred by the Fed and/or the States.

Mr. Fleming, in your testimony you indicated that by pursuing the cross-check, without getting into details, by pursuing that, you feel that we can save money, ferreting out the fraud, but also get the reimbursement from the Feds as an incentive to go forward with job training and other programs.

The question I will just throw out to anyone that is interested, if we do not pursue other unique possibilities of getting money through combating welfare fraud, or cross-checking, do you have any other suggestions as how to come up with extra dollars if, indeed, we believe we need those extra dollars to make those programs work? And the overall goal, of course, is to get people off the welfare rolls, over that bridge and into good substantial productive jobs.

Ms. Wilcox. I would just like to repeat that I think what we have to do is to look at the amount of money we are all spending on maintaining people on welfare, and think more creatively about how we can use that money as an investment, as a transition to employment. And I think it is certainly shortsighted to look for those mechanisms that will move people quickly, because you can then demonstrate welfare savings for a large number of people, without also looking at what the long-term effect is of that sort.

I think we all know that the cost for this society of families on welfare go far beyond paying income maintenance. In Maine, for example, we found that 20 times as many children from AFDC
families get reported to our child protective services than families who are not on welfare. I think that is just an example of the kinds of stresses that poverty and welfare create in families.

The long-term cost, social cost to our society are, indeed, fairly great if we do not look for more creative solutions.

Ms. MASSINGA. I would reemphasize that, as well. We are talking about programs that are operating on existing Federal and State dollars, where substantial welfare savings are beginning to be realized and, more importantly, where jobs are being created. I think exciting things are happening in all States that you have heard from.

What we are really reemphasizing is a need for stability of existing Federal dollars; the need for rational planning at the Federal level to allow States to have these programs mature. And I think what we have not emphasized as much as we might is that States have demonstrated a willingness to put forth the other State dollars to help subsidize, in effect, this program.

Clearly, the child care that we talked about is being provided in Maryland with State general funds. The transportation and other dollars—

Mr. ROWLAND. State additional funds.

Ms. MASSINGA. That is exactly so. There are State dollars that are being added to the general pot once the Federal dollars are stabilized, and I think we will increasingly see, not only in my State but others, that if these programs have the opportunity to mature and demonstrate their effectiveness, that the possibility of more private dollars, as Mr. Cove suggests, might be forthcoming.

So, I do not think that we are looking, none of us is talking about large new sums of Federal dollars. We are talking about stabilizing what we have got, maintaining the kind of administrative flexibility that the WIN Demo provides us, and creatively using the mechanisms like grant diversion to use existing dollars more thoughtfully.

Mr. ROWLAND. Mr. Fleming.

Mr. FLEMING. I suppose in terms of trying to prevent fraud, which I think was a portion of your question, all too often I think that we look at the recipient. In Connecticut, we are trying to do something a little different and that is to look at the provider. We have a program called provider lock-out, and it is most applicable with our medicaid Program.

If we find that a provider is, in fact, double-billing the State, or he is inappropriately utilizing services or, for instance, a pharmacist may be charging too much for prescriptions and so forth, what we have done is we are speeding up the process of knocking the guy out. That is in the area of medicaid.

We have tried also in terms of trying to be cost effective. I found at my time in the legislature an impediment to someone going to work, a woman going to work, is when she is going to lose her medical benefits. And if you have a child who becomes sick and you do not have insurance, you are out of your mind—I mean, I do not make that much money. If I did not have insurance, I could not afford to pay a week's stay in a hospital.

What we have done in Connecticut is a couple things. One, we extended medicaid eligibility to 122 percent. I know we can go to
133, we could not afford it this year. We also picked up on the Federal option to go out to 15 months. Those are some of the things that you can do. Those are some things that provide flexibilities to the States.

Once again, the State has the choice to make that decision, to put in their portion of the funding. But it is that kind of flexibility in each State that I think you should provide.

I would point out the differences between Maine and Connecticut. I think you are going to have to account for those types of problems, the geographic problems. Connecticut is both rural and urban, so we have a lot of the problems that Maine has and a lot of the problems that perhaps New York City may have, given our urban areas and our rural areas, and I think consideration must be given to that.

Mr. ROWLAND. Thank you.

Mr. Cove, comment?

Mr. COVE. Yes, you cannot get people back into the world of work on the cheap. I think, however, there are ways of leveraging what you have got to make better use of the dollars that are available. A couple of things that I suggested I will reiterate.

First, there are ways of getting the private sector to pay for, not just to absorb workers, but to pay for some of what would otherwise have been a public responsibility for creating jobs for people who are currently dependent on welfare. That is what we do. One-third of my budget is made up of revenues from the companies that are paying for my services. An additional third is made up of the conversion of welfare dependency payments, into wages. One-third has to be paid from someplace else, and that one-third is really what leverages the other two-thirds.

But that one-third, in the case of Connecticut and in the case of Ohio, comes from State-appropriated money that is, by the way, 50-percent federally reimbursable. It leverages an activity for which Connecticut's payback will be 8 months. Within 8 months after the person leaves us and moves into a private job, the dollars put out by the State will have been paid back. And from there on, it is gravy both for the State and for the Feds.

In Ohio, it is about 6 months, mainly because the benefit level is lower in Ohio.

But the fact is there are ways of leveraging, and I want to particularly stress the private sector side. I have talked with many people who just do not believe that the private sector pays us $6 an hour in some cases for workers who are currently on the welfare rolls and many of whom are long-term dependent workers.

And, consequently, I would suggest you look real hard at how you begin to tap into that resource. If you are looking for new money and you are looking for where the jobs are, it is the private sector to which you should be looking in terms of employment policy.

Mr. ROWLAND. Thank you very much.

Mr. Weiss. Thank you, Mr. Rowland.

Again, I want to express my appreciation for all of your contribution, for your expertise and for your patience in staying with us. Thank you very much.
Our final panel, and you are truly heroes; you have a vote. Let me advise everyone that we are going to take a recess now for about 15 minutes until this vote is completed. The cafeteria in this building is open until 2:30, so if anybody wants to use the next 15 minutes while we are on break to grab some coffee or whatever.

[Recess taken.]

Mr. Weiss. Our final panel consists of Kathryn Keeley, president of the Women's Economic Development Corp.; Sara Gould, director of programs for the Hub Program for Women's Enterprise; and Robert Friedman, president of the Corporation for Enterprise Development.

And before we start, let me thank you for your fortitude. I apologize that you have just hit a day where we have had a lot of interruptions, but we do appreciate your staying by.

Ms. Keeley, we will begin when you are ready. Do you want to start? Yes, Ms. Gould, do you want to begin?

Ms. Gould. OK.

Mr. Weiss. Good.

STATEMENT OF SARA K. GOULD, DIRECTOR OF PROGRAMS, HUB PROGRAM FOR WOMEN'S ENTERPRISE, CORPORATION FOR ENTERPRISE DEVELOPMENT

Ms. Gould. First of all, I would like to thank you very much for the opportunity to be able to testify on this issue which I think is very, very important not only for the women that we have been hearing about today, and I am sure that you heard about yesterday, but for society at large.

I am the director of programs for the Hub Program for Women's Enterprise, which is located in New York City. It is a national program that was launched in 1983, and it works with grass roots women's organizations to set up programs to support women to go into business. Our particular focus is on low-income women and women of color.

We are a program of Corporation for Enterprise Development, which you heard about a little bit earlier today. CFED is committed to developing and disseminating policies and programs that make it easier for people to create their own jobs and create jobs for others, and particularly people who are economically marginal or unemployed.

And the Hub Program is the part of CFED that is specifically focused on women.

In general, as we have heard about with training programs this morning, employment and training practitioners in the United States have emphasized training and job placement strategies to assist women in entering and advancing within the labor force. While these strategies have resulted in significant progress for many working women, they have limitations.

Both job placement and job training depend on moving women into existing jobs in the economy. Although our economy has succeeded in creating many new jobs, it shares an important characteristic with other industrialized countries. It is currently undergoing a serious challenge to its capacity to employ in existing jobs all those who want to work and earn a living wage.
In fact, recent evidence demonstrates that it is largely through new enterprises that new jobs are created, economies adjust to change and economic dislocation is converted into new forms of economic growth and development. Given the importance of this source of jobs, we feel it is very important to examine its potential to benefit the economic lives of women.

Women, and particularly low-income women, have largely been left out of the enterprise development process. The 1977 U.S. Census Bureau survey reported that women-owned businesses made up only 7.1 percent of all U.S. firms. Between 1977 and 1980, the number of female-operated, nonfarm sole proprietorships rose approximately 33 percent which compares to 11 percent for men. This increase, although it was calculated on a small base, represents a very strong indication of women's interest in self-employment.

The Hub Program's activities have also uncovered a very large number of women who are interested in self-employment. Hub currently has programs operating in three cities—Hartford, CT; Newark, NJ; and Flint, MI. At each of these sites we have identified both substantial numbers of women who are already in business and in all three cases, more women than anyone ever thought were in business, and a substantial number of women with an active interest in self-employment.

Although women of all ethnicities and income levels are encouraged to participate in our program, we do extensive outreach over several months to both low-income women and minority women. In each locality we have identified over 200 of those women who are interested in exploring the option of self-employment. These women come from a variety of economic backgrounds. Some are employed at well-paying jobs, some have employed spouses and many, many are working at marginal jobs and/or are partially or wholly dependent on public assistance at the time that they contact our program.

Although all small businesses have startup problems, women face additional barriers when they pursue self-employment. How many men, for instance, opening a checking account for a new business would be asked for 3 years personal income tax returns and income projections? How many men have their wives refuse to cosign on the house as collateral for a loan? How many men must make arrangements for the daily care of their children or elderly parents and rearrange their business schedules when these arrangements go awry?

Hub's experience shows that these represent the kinds of problems that women routinely face in business startup. These problems are even larger for minority women and for low-income women.

Lack of access to seed capital and business-related information are among the most prominent barriers faced by any new business. Business startups are most often financed through what is called FFA, friends, family, and associates. Because of their lack of economic credibility and their lack of control of capital, women generally are unable to tap into these informal sources.
Low-income women, particularly, have almost no access to these traditional sources of capital. Obtaining financing from a bank or other conventional lender is even more difficult.

Women face discrimination based on sex, and minority women face discrimination based on sex and race. All women have difficulty bringing the traditional types of capital to the table.

The second major barrier to small business startup is the lack of access to essential information and expertise. New and inexperienced business owners have difficulty making their way through the maze of business support organizations to locate reliable information. This barrier is heightened for women because of their lack of credibility in the economic arena, their relative unfamiliarity with business language, and their lack of visibility in the business environment.

Women participating in Hub's local programs state again and again that traditional sources of information and assistance seriously discount their ability and in many cases expect failure of them.

Failure is automatically assumed of and often by low-income women who have not had access to the training or opportunities necessary to establish themselves economically.

As you will hear about in testimony following mine, several programs in different localities across the country are now assisting low-income women to overcome these barriers successfully, and move into economic self-sufficiency through self-employment. Most of these programs provide responsive support, training, and technical assistance and some provide access to financing as well. All of them address the range of issues that are important to low-income women and single heads of household, including day care for children and dependent adults, confidence building, and the development of personal and business networks. They work with women to set realistic goals and to develop strategies for the gradual establishment and growth of their businesses.

This program design recognizes that moving out of poverty, like starting a business, is not an event, but is rather a process, and that success is achieved as women are assisted to move through the various stages in the process.

As we also heard this morning, women who are AFDC recipients are very, very open to taking advantage of training and work opportunities. It has been the experience of the Hub Program that this, in fact, is true in our work with single heads of household.

When asked to articulate the most exciting aspects of being self-employed, women talk about a feeling of accomplishment, independence, control and relying on their own ability, as well as the opportunity to provide jobs, motivation and assistance to their communities.

Welfare employment policies should build on these motivations for economic and personal success. The Reagan administration's proposed policy on AFDC work requirements will not lead to self-sufficiency for recipients because welfare programs do not attempt to break the cycle of dependency by building on and encouraging personal motivation.

Welfare regulations should be drafted to encourage greater experimentation with welfare to self-employment programs, and
those programs currently assisting AFDC recipients to become self-employed should receive greater exposure and resources.

Thank you very much for expressing concern on this issue and your attention.

[The prepared statement of Ms. Gould follows:]
Testimony of

Sara K. Gould
Director for Programs
Hub Program for Women's Enterprise
of the
Corporation for Enterprise Development

before the
Intergovernmental Relations and
Human Resources Subcommittee
of the Committee on Government Operations
U.S. House of Representatives

July 10, 1985
Thank you very much for the opportunity to testify on the issue of barriers to self-sufficiency for single women heads of household. I am hopeful that we all share the belief that this issue is of crucial importance, not only to those women and children now living in poverty, but to our economy and our society-at-large.

I am the Director for Programs of the Hub Program for Women's Enterprise, a national program launched late in 1983. The Hub Program is a project of the Corporation for Enterprise Development, a nonprofit organization based in Washington, D.C. CFED is committed to developing and disseminating policies and programs which make it easier for those who are unemployed, or economically marginal, to create their own jobs and generate jobs for others in their communities. Hub is a part of CFED that directs specific attention to women's potential for self-employment, particularly among low-income and minority women.

I understand that you have received testimony already on the devastating rise in poverty among female heads of household and their children. I will focus my comments on self-employment as a potential route out of poverty for welfare recipients and working poor women.

Women's economic issues have been relegated to a social service framework in the United States. One set of economic policies and programs has been aimed at improving and protecting the health of the mainstream economy - which has consisted mostly of white men - and another set of policies has been for income maintenance, and social service and training programs to take care of those unable to support themselves in the mainstream economy - which has meant mostly women and minorities.
In general, employment and training practitioners in the U.S. have emphasized "training" and "job placement" strategies to assist women in entering, and advancing within, the labor force. While these strategies have resulted in significant progress for many working women, they have limitations. Both job placement and training depend on moving women into existing jobs. Although our economy has succeeded in creating many new jobs, it shares an important characteristic with other industrialized countries. It is currently undergoing a serious challenge to its capacity to employ, in existing jobs, all those who want to work and earn a livable wage.

In fact, recent evidence demonstrates that it is largely through new enterprises that new jobs are created, economies adjust to change, and economic dislocation is converted into new forms of economic growth and development. Given the importance of this source of jobs, it is equally important to examine its potential to benefit the economic lives of women and their families.

Women, particularly low-income women, have traditionally been left out of the enterprise development process. The 1977 U.S. Census Bureau Survey reported that women-owned businesses made up only 7.1% of all U.S. firms. Between 1977 and 1980, the number of female-operated nonfarm sole proprietorships rose approximately 33% (compared to 11% for men). This increase, although calculated on a small base, represents a very strong indication of women's interest in self-employment.

The Hub Program's activities have also uncovered a very large number of women with an active interest in self-employment. Hub currently has programs operating in three cities: Hartford, CT; Newark/Essex County, NJ; and Flint, MI. At each of these sites, we have identified...
both substantial numbers of women already in business, and those with
an active interest in self-employment. Although women of all ethnicities and
income levels are encouraged to participate, we do extensive outreach to both
low-income women and minority women. In each locality, we have identified
over 200 women interested in exploring the option of self-employment. These
women come from a variety of economic backgrounds: some are employed at well-
paying jobs, some have employed spouses, many are working at marginal jobs,
and/or are partially or wholly dependent on public assistance.

Although all small businesses have start-up problems, women face addi-
tional barriers when they pursue self-employment. These barriers are com-
pounded for low-income and minority women.

Lack of access to seed capital and business-related information are
among the most prominent problems faced by any new business. Obtaining
financing from a bank or other conventional lender is particularly difficult.
Business start-ups are most often financed through loans from family,
friends and associates. Even obtaining such seed capital is a barrier
less easily overcome by women, who generally are unable to tap these
informal sources. Families are often as unsupportive of women's enterprise
as are the financial institutions. In addition, women's lack of access to
traditions types of collateral makes seed capital even more difficult to
obtain, particularly for low-income women.

How many men opening a checking account for a new business would be
asked for three years personal income tax returns and income projections?
How many men have their wives refuse to co-sign on the house as collateral
for a loan? Hub's experience shows that these are the kinds of problems
women routinely face when trying to raise capital.
The second major barrier to small business start-up is the lack of access to essential information and expertise. New and inexperienced business owners have difficulty making their way through the maze of business support organizations to locate reliable information. This barrier is heightened for women because of their lack of credibility in the economic arena, their relative unfamiliarity with business language, and lack of visibility in the business environment. Hub's surveys and the women themselves state that all too often, traditional sources of information and assistance seriously discount women's ability and, in many cases, expect failure. Failure is automatically assumed of, and often by, low-income women who have not had access to the established skills training or opportunities to establish themselves economically.

Several programs in different localities across the country are now assisting low-income women to overcome these barriers successfully and move into economic self-sufficiency through self-employment. Most of these programs provide responsive support, training and technical assistance, and some provide access to financing and low-cost space as well. All of them address the range of issues important to low-income women and single heads of household, including day care for children and dependent adults, confidence-building, and the development of personal and business networks. They work with women to set realistic goals and to develop strategies for the gradual establishment and growth of their businesses. This program design recognizes that moving out of poverty, like starting a business, is not an event, but rather a process, and that success is achieved as women are assisted to move through various stages of that process.

In her article on "Restoring the Traditional Black Family" in the June 2, 1985 New York Times Magazine, Eleanor Holmes Norton writes:
Studies of the hard-core unemployed have shown women on welfare to be the most desirous of, open to and successful with training and work. Some, especially with young children, will remain at home, but most want work or training because it is the only way out of the welfare life.

The Hub Program's experience working with single heads of household bears out this statement. When asked to articulate the most exciting aspects of being self-employed, women talk about a feeling of accomplishment, independence, control, and relying on their own abilities, as well as the opportunity to provide jobs, motivation, and assistance to their communities. Self-employment can offer economic and personal promise for low-income women. The single most compelling factor in keeping today's female head of household receiving AFDC is the threat of loss of Medicaid. The programs currently assisting AFDC recipients to become self-employed should receive greater exposure and resources, and welfare regulations should be drafted to encourage more experimentation with welfare-to-self-employment programs.

Thank you for expressing concern for this issue and your attention to my testimony.
Ms. Keeley. Thank you. I have to start by explaining my sense of irony at being here. About 18 months ago I talked about this project and about starting a self-employment project for low-income women who were going to start businesses, get loans from banks and be employable. And I called the SBA and they did not return my calls. I had four task forces going, and they said you cannot do it. I met with individuals at the bank, and they walked out of the first meeting saying a low-income woman, you are going to give her a loan with a credit history that does not make sense.

Eighteen months later we have now started 210 businesses, the bank has made 65 loans. We have a separate loan fund with $300,000, the seed capital, where we take things like roses as collateral. We have done 12 loans ranging from $200 to buy somebody business cards and a case, to $500 for roses. We have taught workshops in four cities throughout the State aimed at rural women, many of them on AFDC who see self-employment as a way to break dependency.

I am happy with my sense of irony that I can now come here and talk about it, and say that there are possibilities and that self-employment can work. Let me explain my program and some history.

We started with a task force about 3 years ago. We did spend a year in planning and we looked a lot at language. We do not use terms like entrepreneurs because often women say that is somebody else out there, that is the white male who is starting a high technology company and getting venture capital. I am going to create a job for myself, I am going to pay my bills, I am going to triple welfare payments, I am going to make more money than I make now. And that is the kind of language that we use with women we discovered while we were in our planning process.

We are unique in that we provide technical assistance. We have done a book "Breaking up Business Plan into Parts." And we give a woman homework, and we send her off to finish the business plans. It is very simple, but what she ends up with are 3 to 9 pages of narrative, plus 2-year cash flow projections on her business which she can take into a bank and talk about and present.

We have an agreement with the First Banks of Minneapolis-St. Paul, 3-year project, to review loan applications that come through WEDCO, and they have now done those 65 loans. And you have to remember in the first meeting when the loan officers—the president of the company agreed to do this project as a social responsibility, and then he went to his loan department and said you are making loans now for low-income women as an experiment, and the loan officers said, "Us? Who, us?" And we said yes, yes, give us time, we will make it work, and we spent 3 months talking about the kinds of loans.

One of the first ones they did was to a woman on AFDC who had come in to us about she had gotten training through WIN for mas-
sage, and there was a new hotel being built with an athletic club that was setting up a department in massage. And she came in, said I want the contract with that, I can be off welfare and I can probably employ two or three other people.

We helped her bid on the contract, put together the proposal. She then needed a loan of $1,000. So, we called the bank, the bank said, well, have her get checking plus, just have that add on to her checking account, and we explained—no; on welfare there is a system called envelopes where you parcel your money out and you meet the bills. You do not have checking plus on welfare.

The banker scratched his head and said, “Well, I am not sure we can do anything.” And it went on for 2 weeks and we tried to raise the money. We tried to get sheets, we tried to get plans through various donations. And we had no luck because that was not considered charitable; she was starting a business.

We went back to the bank and we said, please, you must make this loan, just meet her and talk to her. She went in, spent an hour with the banker, he opened the checking account with checking plus and $1,000 with a dollar bill.

She repaid the loan in three months, and has hired three people on her contract in this athletic club.

We have another individual that we have loaned money to who is a seamstress, and there was discussion this morning about how do you do community pressure, and I want to talk about her way of building community pressure.

She is in public housing, her income last year was about—she has no children, so her income was about $1,200 for the year. She came in, she is a seamstress, she is setting up a shop. We did a $5,000 loan for working capital for her. She took her check and she took it to church and they prayed over it as a way to bring in the community, say I have got this loan, I have to pay it back, you are all participating with me in this business. That is community pressure.

The kinds of businesses’ income, I think I state, the lowest I have seen in terms of when we do these spread sheets and we work out owner’s withdraw, and that is her money, that is her wage. The lowest I have seen is $7,000. That woman is 70 years old and she is supplementing Social Security by making pickled pigs feet. The highest I have seen is about $60,000.

This jewelry that I wear is from a woman’s business, came in, she now can make $15,000 to $20,000 a year by making her jewelry. She needed a loan, a line of credit to buy supplies so she could build up inventory.

In working with AFDC recipients, it is very difficult. We now do two business plans. We do what we call a real business plan with her, which is what would fit IRS-type regulations and normal businesses. Then we do one for the welfare department. She is not allowed to separate business and personal assets. They are combined.

She buys a typewriter, she is off welfare like that. She cannot have assets, even for a few months. If she takes out a loan, she must spend it in 2 weeks, so we only do lines of credit so it runs through her account. If she tries to start repaying that loan, which banks require within 45 days for making payments, they will allow
her to deduct the payment of interest but not principal, and most banks will not let you separate that.

We have a case we worked with, a woman who is a consultant and she is now appealing something that happened in February which they brought up in April, $40 expenditure for postage. They are questioning whether she can do that. Each month, every 30 days she has to account for all her personal and business expenses, and they will arbitrarily decide postage does not count for your business, a post office box does not count for your business, child care expenses, off and on, depending on how much activity in the business, may not count.

We have talked to the State, and there is an organization called Women of Many Voices which is a recipient's organization, has been working with the State of Minnesota to get a waiver, and I cite in my paper the five items that we need changed within the welfare regulations like separating business and personal assets, like the resource limits.

In order to facilitate a transition time, we need more than this 30 days instant timing to allow her to move off welfare. We need to be able to build a consistent business plan, not two very different ones. And I must note, it is fascinating. While our department of welfare has filed a letter of intent to do the waiver and ask to set up this pilot project, it has taken them 6-7 months to get the forms to do this. In that time period, we start 49 AFDC women in business. So, you see sometimes the regulations hold us up.

I think, in conclusion, the businesses—I will run through a quick list. Things like Carob candy, baby carriers, baby clothes, many times cookies, discount store, beauty shops from one chair to six chairs, sewing, tailor shop, house painting, rubbish hauling.

A woman came in and we taught her leaseback, this great system of leasing. She went out and she leased three trucks and she is hauling now rubbish after about 6 months' work. We come in and we say, how did you figure that out. She said, well, you taught me how it works. I just went out and applied it.

Tools, we have a woman who has gathered up all the tools in her neighborhood, puts them in a garage and leases them out to people, takes a percentage. Flower shops, a florist, we staked a Valentine's Day with a $500 loan. She turned that into $3,000 in sales, paid us back in 2 days after Valentine's Day, and is now making that amount take home per month out of her business.

Landscape, typesetter or graphics, the jewelry, perfume, catering, secretarial services, phone answering, all kinds of service and product businesses, they are small, they are intended to grow over a period of time, but what they do is give self-confidence.

If you see a woman walk out of a bank that is 30 stories high that she has never been in before, carrying a line of credit for a small loan, she says, "I am a person who can do it. I am not an AFDC recipient, I am a business owner, and there is a difference there." Thank you.

[The prepared statement of Ms. Keeley follows:]
I appreciate the opportunity to testify before you today. I represent a rather unique organization that provides self-employment as a viable option for women seeking self-sufficiency for themselves and their families. I have been asked to comment on three issues:

1. The programs and accomplishments of the Women's Economic Development Corporation,
2. Changes in AFDC regulations that are needed to allow self-employment opportunities,
3. Future direction for welfare employment policy.

The Women's Economic Development Corporation, or WEDCO, is an 18 month old project that was started to increase women's economic self-sufficiency through encouraging self-employment opportunities. In very simple terms we assist women create a job for themselves by starting a small business. WEDCO is assisting over 1,000 women who are either starting or operating a small business. Our standard or bottom line is that the business must provide her with economic self-sufficiency and an income that will support herself and her family. When we develop business plans, cash flow projections and financial statements we take into account her need for a self supporting income.

Our target population is low-income women who are either unemployed or underemployed. Approximately 75% of the individuals seeking assistance from WEDCO have annual incomes below $15,000, with 52% having incomes below $7,000 a year. Twenty percent of those seeking assistance are currently on AFDC, Social Security or General Assistance. The age range has been from 19 years to 72 years of age with grade school education through college degrees. We recently completed a training session in four rural areas in the State of Minnesota with significant attendance by AFDC recipients who were interested in home-based businesses.

Our services include training, consulting and technical assistance to develop a business plan, a loan request, and ongoing consistent contact with the clients as they open their businesses. We have a rather unique relationship with the First Bank of Minneapolis and the First Bank of St. Paul for a joint three year project. The Bank has agreed to review loans from women who have completed the WEDCO process. These loans are at market rates but with greatly reduced collateral which is negotiated on a
In fact we have secured financing for over 50 women in amounts ranging from $1,000 to $50,000. WEDCO also has its own Loan Fund which is for last resort financing. This Fund has been in operation for 6 months and has already made 12 loans to low income women who were unable to secure other credit.

WEDCO has participated in the start-up of 157 businesses during the first 15 months of operation. We assisted another 204 businesses to expand during the same time period. These women stress the need to balance their lives, create an income in order to pay their bills, and provide employment for themselves that is better than welfare or other minimum wage opportunities. Women are attempting to earn a personal income that ranges from $7,000 a year to $60,000 a year depending on their own personal goals and the type of business they are starting.

Language is very important when we talk about working with individual women who are unemployed or underemployed. These women do not define themselves as entrepreneurs. It is interesting to note that neither does the traditional economic development community or many parts of government such as the SBA or state economic development programs. These women are not out to establish the Saturn plants or large manufacturing businesses, their goal is to create a livable wage, a job for themselves and maybe a job for one or two other people. Remember, it doesn't take much income to beat the welfare payment and double or triple their welfare subsidies. We use terms like self-employment and creating your own job. We discuss and ask how much income a client needs to earn from the business and what her current living expenses are and will be in the future.

In the last year I have been to Europe twice to study their job creation programs through trips sponsored by the German Marshall Fund. In sorting through the stacks of written materials from their programs, I noticed a difference in their promotional materials. They may talk about the small entrepreneur or a small business. However, most of their literature talks about how would you like to create a job for yourself. It talks about the fact that you are unemployed and there are no jobs available so an option why not create your own job. It seems to me in this country we use a lot of language about the successful entrepreneur and maybe this continues to stereotype entrepreneurs as someone who starts a high-tech firm with venture capital money in Silicon Valley. Reviewing the European materials reinforced the importance of language and image when working with unemployed individuals and creating self-employment as a viable option.

The European trip opened our eyes to a second issue. We as a country need to be more creative about using our "dependency" type money to create options and choices for people to move off welfare. As a beginning the welfare regulations must be changed in order to allow individuals to obtain their own self-sufficiency. Currently, the regulations encourage and reinforce long-term dependency. It provides no
room for movement and rather lengthens the stay on welfare. We need to look at welfare payment through AFDC from the perspective of encouraging self-sufficiency rather than dependency.

The model of WEDCO is one that has much appeal to the American conscious. With its strong work ethic, individualism and entrepreneurial spirit. We have had requests from 79 states for replication as local communities have looked for ways to encourage self-sufficiency rather than dependency. Public policy staff hear about our model and often become excited about the possibilities and opportunities. Any change in the current programs and regulations should provide for the opportunity to at least demonstrate that with some flexibility and time, women with children can move off welfare.

The current regulations make it almost impossible for a woman on AFDC to start a business. The regulations do not allow for any separation of business and personal assets. Every 30 days she must account for all of her expenses. If she wants to start a typing service she cannot buy a typewriter because this is counted as an asset and deducted from her grant. The cost of a typewriter would be greater usually than her grant and she would be removed from welfare immediately. If she borrows money as seed capital to start her business, she must spend it all within two weeks or it is counted as an asset. If she begins repaying this loan she is allowed to deduct interest payments but not principal. When she takes in the accounting of her business expenses she must argue over every nickel and dime since she is also suspect as a self-employed person. There is an assumption that she must be hiding money, both income and expenses. We have seen women disallowed expenses for postage, mileage, fabric costs and the list goes on. Until recently she was not even allowed to accumulate any inventory because this would then be counted as an asset and again she would be off welfare. It would be impossible to make a sale of something like baby clothes or baby carriers if she can't have an inventory on hand to fill an order.

Specifically, Federal AFDC regulations found in 45CFR act as the major barriers to a recipient in starting her business. These include: 1) the resource limit of $1,000, 2) the definition of earned income for self-employment, 3) the perspective/retrospective budgeting, 4) disallowance of depreciation, purchase of capital equipment, payments on principal of a loan for capital, assets of durable goods and entertainment expenses, 5) equity limit of $1,500 on an automobile.

The Minnesota Department of Human Services is in the process of preparing a waiver in order to address these issues. This waiver application resulted from the lobbying and pressure by a recipients organization called WOMEN OF MANY VOICES. They have been working with state and local legislators and county officials to request this waiver for over a year. It still is not written but is in process with a letter of intent filed with the Secretary of HHS.
In the last legislative session, Minnesota passed a new jobs bill creating a new department. Within this legislation a small pilot program was included authorizing the Commissioner to develop or expand self-employment opportunities and home-based businesses for low income persons. It includes a statement that the Commissioner of Human Services will seek the necessary waivers from the federal regulations in order to allow AFDC recipients to participate and retain their eligibility while establishing a business. The bill includes a section on individual enterprise and provides for the coordination of services to self-employed enterprises, the expenses of marketing activities on behalf of goods and services by independent business owners and technical assistance in order to begin such initiatives. We are hoping this legislation will encourage the State to view self-employment as a viable job creation alternative. It creates self-employment as one option within a much larger job creation and training program.

It is imperative that some process be designed or established so that women on AFDC have the opportunity to separate business and personal assets. Some, not all, are willing and able to start their own businesses. Without this separation for a limited period of time and until the business can generate a wage for themselves, they need to be making a transition between welfare and self-employment. Currently with an AFDC recipient we must figure 2 different business plans. It is almost like taking the exact opposite of what the IRS allows a business and what welfare disallows a women the opportunity to try. From a public policy view point we can do better.

Let me reinforce that now is an excellent opportunity within our economy to encourage self-employment options for welfare recipients and other unemployed individuals. If Peter Drucker and others are accurate, we are moving toward an entrepreneurial economy. According to business magazines, such as HARVARD BUSINESS REVIEW, THE WALL STREET JOURNAL and others, entrepreneurism is the wave of the future. If we believe this then we have an opportunity to include a whole class of individuals who have been typically left out of the last economy. They may not be the flashy stories or creating new net jobs in hightech and manufacturing but they are creating an income and a job for themselves. Most of the businesses we have started average 1 1/2 other jobs during their start-up phase. They are providing income to the community, paying taxes and contributing to the economy. We need to do more about encouraging their participation instead of just the typical entrepreneur who have the access to the resources and the training. As services and light manufacturing become a more viable force in our economy there are opportunities for individuals to create their jobs in small business. It would be a shame to miss this opportunity and not allow some experimentation, demonstration projects and creativity to creating jobs. After all, it is in our American tradition.
Finally, as the Committee reviews proposed changes in the welfare regulations I encourage you to include self-employment as a real option with regulations that permit self-sufficiency rather than encourage dependency. In my last 20 years of working with low-income individuals it seems each time we redesign the welfare system we limit options, force dependency, and put up barriers that only detract from the primary goal of moving women off welfare.

I think it is important to remember that most men are poor because they do not have a job while most women are poor because of discrimination in pay and they have children to support. We continue to look at the welfare system from a male perspective of poverty and then are surprised when the solutions do not work. I always quote a statistic about 46% of the women working earn less than $10,000 a year compared to 15% of the men. We work full time jobs and yet remain poor. If you add child care and often no child support then she is even further into poverty. I wonder if we tried to design welfare regulations from a female perspective on poverty if the outcome might be very different. Too bad we spend millions of dollars on a system that seems condemned to fail and increase dependency and poverty for women and children. Maybe we need to recognize that women's poverty is different and calls for different solutions then currently proposed in the Administration's welfare recommendations.

Mr. Weiss. Thank you, Ms. Keeley.
Mr. Friedman.

STATEMENT OF ROBERT E. FRIEDMAN, PRESIDENT, CORPORATION FOR ENTERPRISE DEVELOPMENT

Mr. Friedman. Thank you very much, Mr. Chairman, and thank you particularly for organizing and holding these hearings.

My sense is that in the lines of the testimony you have heard a new self-sufficiency policy is emerging for the country. It is emerging in the programs of Massachusetts, Maine, Connecticut, and Maryland from whom you have heard, and in other States like New York, Arizona, Florida, and Ohio. They are experimenting with new ways of doing things.

It is also emerging in programs like America Works, WEDCO, and Kenilworth/Parkside Resident Management Corp. What I would like to do, taking advantage of my position as the last testifier at these hearings, is to underline what I think are some of the themes running through those programs.

It seems to me there are two primary themes: One is choices and the other is investment. Before I discuss those, I would like to talk a little bit about the box out of which we are escaping.

My sense is we have been preoccupied too long talking about expenditure levels of AFDC and other income maintenance programs. The conservatives tend to hit at the rising cost of the programs. The liberals tend to hit at the declining benefit levels. In any case, we are at an impasse, and I think it is most clearly seen in the fact that pretransfer poverty, what Charles Murray calls latent poverty, has been increasing over the last 20 years. What that reflects is that our economy is not absorbing people, not allowing them to support themselves. What we really need to ask now is how do we increase the opportunity of people to produce and support themselves in the mainstream economy.
It seems to me that’s where the limitations of our current income maintenance problems show up. My colleague, Cicero Wilson, from the American Enterprise Institute put it most succinctly. He said:

The nature of the social contract was, We will support you as long as you don’t seek training, as long as you don’t work, as long as of all things you don’t try to create a job for yourself. Try any of those things and you lose benefits, or at least have your benefits reduced.

What we have provided is a sort of economic methadone. It dulls the pain of unemployment, but doesn’t offer a way out. What I see in the programs of the States and private agencies you have heard from today is an attempt to make the safety net into a ladder, a way of building paths out of poverty.

The administration, while trying to deregulate everything else, seems to be trying increasingly to regulate the welfare system. The effect of the approach, which seeks to expand work requirements, cut benefit levels, tighten eligibility requirements, is not so much to sink the life boat, although I think they have hurt it, but to cut it off from the mainstream economy.

The hardest hit have been the working poor; the most penalized are those who try the most to get out of poverty and dependency. We heard a series of questions this morning about who are the welfare cheaters and what about the people who do not want to work. Too much attention has been focused on them, and the price we pay for that is stigmatizing the entire group.

Stigma is strong in the system. It is a major impediment toward self-sufficiency. Work requirements are a gratuitous insult to people who are trying to work very hard and getting very little and then are penalized by the system meant to support them for those efforts.

The greatest indicator of the strength of the stigma is 50 percent of people who are eligible for AFDC benefits and never even apply for them.

On the other hand, liberals in a concern for increasing benefit levels have sometimes fallen into the trap of seeing income maintenance as an end in itself rather than a sad necessity. Too often they—in the name of being benign—have expected little of welfare beneficiaries and seen them as economic liabilities rather than economic assets. All these new programs see welfare beneficiaries as economic assets, not as economic liabilities, and are focused on building paths out for them and, in turn, enriching the country.

Let me talk about the two themes. The first is choice.

CHOICES

People get into poverty through different routes and they will escape poverty through different routes. What ET Choices does, what Baltimore Options does, what DC Pathways does is offer a range of choices. For some recipients the path out is prevocational training; for some it is college education. Maine has increased the number of AFDC recipients enrolled at the University of Maine by 141 percent in the last 2 years. For some it is placement; for some the route out is self-employment. What is a road for one person is a roadblock for another. No one method works.
I think instead of being obsessed with the 2, or 3, or 4 percent of welfare recipients who are getting some benefits they should not receive, we need now to become obsessed with the 2, or 3, or 4 percent who can run their own businesses, and the 5, or 6, or 7 percent that can take advantage of college education, and the 10 percent who can be placed directly in jobs.

To offer more choices to individuals, it seems to me we also need to offer more choices for States. The States and localities are leading the experimentation. We need to expand their opportunities to do so, so that they can tell the entire Nation what works. I think we have learned a lot. We have heard a series of success stories today. We need to learn a lot more the next year and the year after, and we will only do that if the Federal Government allows greater discretion to the States to experiment.

I find the cut in the WIN Program and in administrative expenses precisely the wrong way to go. It decreases the discretion in the ambit States have.

We have now somewhere between 10 and 20 States interested in exploring a self-employment option for welfare recipients. The ability of the States to undertake those experiments in cooperation with groups like WEDCO will depend on the extent to which the Department of Health and Human Services grants waivers expeditiously, and interprets the ambit Congress gave them in the work supplementation amendments in 1984 and other parts of the act broadly.

I would ask that this committee in its oversight responsibility encourage them to use their discretion.

INVESTMENT

The second theme that I think runs through all of the testimony is the notion of investment. There are two definitions of investment in the dictionary and I think both are important. The first is the one you would expect; it says investment is when you apply resources now to obtain greater returns down the road.

The programs saw that Massachusetts had to invest some money in day care vouchers but, as a result, it saved the $50 million. Maine had to invest some money in their placement programs, but they saved money in the longer run by doing that.

The second part of the definition is equally as important. Investment is to endow individuals with authority or power. The two go together. There is a kind of alchemy involved in investment. You are trying to get more later for some now. The dynamic there is that people are adding value by contributing their own talents and vision and energy. We have got to engage that vision.

I call this range of strategies where you use transfer payments to encourage and to support training, employment, job creation “Transfer Payment Investment.” We are endowing people with authority and power. We are investing some money in them now, giving them access to some resources so that they can contribute to the economy. Let me give you one example from abroad that I think should serve as some inspiration.

Five years ago in France and 3 years ago in Britain, they changed their unemployment compensation and welfare systems to allow beneficiaries who wanted to, to collect benefits while they...
tried to create a job for themselves. In France, they allowed you to take 6 months benefits in a lump sum. In Britain, they allowed you to get the average amount of the benefit over the course of a year.

In those 5 years, 250,000 people have opted for those programs. Each year now in those 2 countries alone, 100,000 people take advantage of the programs. It is only 2 percent of those who are eligible, but it is a dent in the number of people who would otherwise be dependent.

The British treasury estimates that within 3 years the program more than pays for itself.

There are three parts to those programs that I find significant. First, economically, they enfranchise a whole group of people that are otherwise collateral poor, do not have access to the kinds of friends’, family, and associates’ money that Sara Gould mentioned was so important.

Socially, they send a signal to a bunch of people not normally thought to be productive or entrepreneurial, that in fact they can consider that option, and that the society expects something of them. Overnight they convert welfare cheats to local heroines; after all, who are many of our welfare cheaters out people who are earning some income and not reporting it? Is that something we should stigmatize and discourage and drive underground, or is that the kind of effort toward self-sufficiency that we should be encouraging?

And, politically—and again this is a theme that has come up several times in this hearing—you see the lines of a new policy which the majority of the populace can support. It spans the political spectrum. After all, here are European schemes that socialist Francois Mitterrand and conservative Margaret Thatcher both support. These are ideas which in this country draw similarly widespread support. Recently some legislation has been introduced in the House to amend the unemployment compensation system to allow 5 to 10 States to experiment with the use of unemployment compensation moneys, to support self-employment. It is an idea that Stuart Butler of the Heritage Foundation and Ron Dellums both support, allowing ample leeway for people whose political views fall in between to support it as well.

My sense is that, as never before, social and economic progress in this country are now intertwined. We will not solve our social problems without providing economic solutions—creating more jobs, providing more employment opportunities, increasing the human capital of our people. Neither will we make economic progress without making social progress, without bringing new products and, therefore, new people to the marketplace.

If the next 5 years are at all like the last 15, half of the new jobs created in 1990 will be created by businesses which do not exist today and by people who are not now in business. We need to open doors to the economy to all out people.

Thank you very much for holding these hearings, for raising these issues to the Federal level. I hope they serve to foster the innovation that is already occurring and that as the results come in, the Federal legislation and regulations will be revised to encourage more. Thank you very much.

[The prepared statement of Mr. Friedman follows:]
Toward a New Self-Sufficiency Policy: Investment and Choices

Testimony of
Robert E. Friedman
President
Corporation for Enterprise Development

before the
Intergovernmental Relations and
Human Resources Subcommittee
of the Committee on Government Operations

U.S. House of Representatives

July 10, 1985
Mr. Chairman, Members of the Subcommittee, I want to thank you very much for inviting this testimony, and particularly for holding these hearings. My name is Robert Friedman. I am President of the Washington, D.C.-based non-profit Corporation for Enterprise Development, an organization I founded six and a half years ago to explore ways of increasing the prospects for self-sufficiency for people caught on the margins of this economy and, in doing so, to increase the vitality and prosperity of the nation as a whole. All of the Corporation's efforts are based on a fairly simple premise: that economic vitality and growth depend, especially in a time of economic change, on people with ideas of how to do things better; the most effective public policy involves long-term investments in people's capacity to produce.

You have already heard in these hearings from my colleagues at the Corporation for Enterprise Development, and from the practitioners, policymakers and low-income individuals from whom we draw inspiration and direction. In the lines of their testimony are the outlines of the new national self-sufficiency policy which has been developing quietly over the last five years -- largely at the community, local and state levels and largely outside of the national debate on welfare policy. It is in this context that I see the hearings you are holding these two days as a watershed: to my knowledge, it is the first time that the Congress has taken note of these new policy and program initiatives and attempted to ask what they mean for federal policy.

As the final speaker in these hearings, I would like to explore what I think are the two fundamental themes of the new self-sufficiency policy: choices and investment. But let me first comment briefly on the impasse that the traditional welfare debate has reached, the box from which this new direction is an escape.

THE IMPASSE

For too long the welfare debate in this country has revolved around overall program expenditures. Conservatives have argued that the expenditures are too high and unsupportable; liberals have argued that expenditures are too low and yield inadequate levels of support. In some sense, both sides have been right, but in another both have missed the point. For neither approach has offered a way out of the fundamental impasse posed by dismaying trends: an increasing dependent population, rising program costs, falling benefit levels, rising poverty and unemployment, lessening public support.

Conservative policymakers have responded to these trends by attempting to make transfer payments less attractive an alternative to work -- by tightening eligibility requirements,
beefing up enforcement to remove the undeserving from the rolls, reducing benefit levels and enacting mandatory workfare requirements in the welfare programs. The implicit assumption of these changes is that the problem lies not in the job market, but rather in the motivation of the poor and unemployed. The claim is made that through reforms of this sort, one can more adequately protect the "truly needy" while pushing the less needy into the labor market. The bulk of the Administration's proposals over the last several years, as well as the 1985 proposals, move further in this direction. (As an aside, it should be noted that a few recent changes, particularly the demonstration components of both the 1981 Omnibus Budget Reconciliation Act and the 1984 Deficit Reduction Act, have provided much needed flexibility to states to embark upon the kind of innovative programs discussed at these hearings.)

This all reminds me of the story of the farmer who had an excellent work horse whose one problem was, in the farmer's view, that he ate too much. And so the farmer decided to reduce the amount of food provided the horse. Indeed, this tactic seemed to work; the horse ate less and worked the same. But just as the farmer's experiment almost succeeded, when the horse worked without getting any food at all, the horse up and died.

The most dire predictions of critics of the conservative approach have indeed not generally been realized: the cuts and tightening of eligibility restrictions have not caused great numbers of the working poor to return to the welfare rolls. Community work experience programs, while not implemented on a large scale by any state, have often had modest positive results, with some welfare recipients even claiming that the programs have helped move them back into the workforce. (MDRC, 1984)

But without question these cuts have had significant negative impacts: those who had little now have less. The ranks of the poor have grown, more children go to bed hungry, more homeless roam the streets.

Perhaps the most insidious impact of this approach has been not the dismantling of the lifeboat, but rather cutting it loose from the ship that is the mainstream economy. The heaviest-hit have been the working poor, and if one correctly views dependency and self-sufficiency as a process rather than a status (which all our data suggests one should), the effect of the cuts and the tightening of eligibility has been to isolate the "truly needy" and to eliminate the bridge, however slender and inadequate, between poverty and the mainstream economy, between dependency and self-sufficiency. The low-income mother with children can receive AFDC benefits, but as soon as she seeks training or higher education, those benefits decline precipi-
tously; as soon as she takes a job, she faces marginal tax rates, double those imposed on the wealthiest of our fellow citizens (and if one tax reform proposal passes, triple); and as soon as she seeks to create a job for herself, she may lose benefits altogether.

Neither does the liberals' battle for simply higher levels of expenditures offer an escape. This approach has generally been a political loser — the real value of welfare benefits has declined almost 30% in the last decade as the political constituency for increased welfare benefits has diminished. But, more importantly, simply raising overall expenditure levels and maintenance levels does not address the limited capacity of the mainstream economy to absorb and support all of our citizens. We must pay attention to the fact that latent poverty, poverty but for transfer payments, has increased during the last 20 years, an indication that the ability of people to support themselves in the mainstream economy has declined.

There are two sides to this declining capacity: on the one hand is rising unemployment, the best measure we have of the capacity to absorb and support people. During the last three decades the average unemployment rate has risen steadily, rising during recessions, declining during upturns in the business cycle, but ending each recession a notch higher. There is a 94% correlation between poverty and unemployment rates, and if one tries to determine to what extent the pre-transfer poverty rate can be predicted by the unemployment rate, one finds a startlingly high regression coefficient of .95.

The other limit of the liberal description is that in the name of protecting the innocent victims of limited economic growth, it asks little and, indeed, often expects little of them. So that it, too, has been party to a social contract which says "we will support you as long as you don't seek training, you don't work, and you do not, of all things, try to create a job for yourself."

All this is not to say that expenditure levels and benefit levels do not matter. Indeed, we find it very troubling that the bulk of the budget cuts have been visited on the means-tested transfer programs. Current benefit levels are almost certainly inadequate to allow a decent standard of living; indeed, in all states, benefit levels are only a fraction of poverty levels. But to continue arguing about benefit and expenditure levels is to remain in a political, economic and social impasse and fail to address what is the fundamental challenge: how can we find ways to increase the proportion of the American population able to sustain itself in the mainstream economy?
It is in answering that question that the true significance emerges of the policies and programs of states like Massachusetts, Maine and Maryland, from whom you have heard, as well as those practiced by Minnesota, Arizona, New York, and Connecticut, and programs such as Kenilworth Parkside Resident Management Corporation, America Works!, the Women's Economic Development Corporation in St. Paul, or our own Hub Program for Women's Enterprise. These programs demand and expect something of recipients, but at the same time, they focus on opening and enlarging the opportunity for self-support available in the mainstream economy. If you look at all these programs, two themes seem to emerge: investment and choice.

**INVESTMENT**

The dictionary gives two very different definitions to investment. The first, the one you might expect, is: "to commit (money or capital) in order to gain profit or interest." The second is "to endow with authority, or power". The first definition suggests why an investment approach to poverty is essential. It is one of the few ways we can get more with the same. But it is just as crucial to note that the second definition, is, I think, inextricably linked to the first. If we treat the poor only as economic liabilities, as beneficiaries, there is no way out, no way conceivable for the alchemy that is investment to occur. If, instead, we see the poor, including welfare mothers, as economic assets, with latent talents and abilities that can be cultivated and nurtured, then there is a way out for them, and for us. The fact is that while we have spent on the poor for 50 years, we have rarely invested in them. Out of each dollar spent on the poor, 90 plus cents go toward maintenance, a few cents go for training efforts, and one penny is spent to secure or create decent jobs for recipients.

The programs which have been discussed today do invest. In some cases, they actually spend more money earlier than what has been spent otherwise. (ET Choices would not have saved $35 million without the states' investment of $18 million in child care vouchers.) But it is done to create a higher return in the end. Rather than discuss the programs you have already heard described, let me describe a couple of transfer payment funded self-employment programs which you have not heard about in detail.

Our American income maintenance system, like the European one out of which it grew, was premised on the idea that Keynesian macroeconomic policy could produce full employment and that, therefore, all that the transfer payment programs needed to do was maintain a relatively small number of people during relatively short periods of disequilibrium in the mainstream economy. It was because of this conception of role that income maintenance programs were designed simply to provide
maintenance, simply to be passive in the face of economic
dynamics and therefore to become unavailable to anyone en-
rolled in a training program or engaging in work, or trying to
create a job or business. For 30 years, the reality of the
American and European economies has deviated from the original
assumption. The so-called income maintenance crisis is really
a result of a crisis of the mainstream economy; our income
maintenance programs are asked to support an increasingly
large number of people for an increasingly long period of
time. The time has come, I think, in recognition of our
deviation from full employment, to ask whether income mainten-
ance programs can and should encourage and support training,
employment and job creation.

It should not be surprising that European nations, where the
welfare state is relatively more developed and where income
maintenance spending is higher than in the U.S., were the
first to ask these new questions. The most dramatic departure
occurred in France in 1979 with the creation of the Chomeur
Createur (Unemployed Entrepreneur) Program. In that year, the
French said that anyone eligible for unemployment compensation
could collect six months of benefits in a lump sum if he or
she wanted to try and create a business. Since its initia-
tion, more than 100,000 French citizens have opted for this
scheme. Evaluations of the more than 24,000 businesses
started during 1981 and 1982 found that between 60 and 80% of
the businesses survived at least one year. The average lump
sum benefit was $2,467 (U.S. dollars). The unemployed
entrepreneurs created an average of 2 jobs each (one-third
created one job, one-fourth created at least one other full
time position, and 2.7% of the entrepreneurs created busi-
nesses with ten or more salaried positions). Fifty percent of
the recipients say they would not have started their businesses
but for the program, another 26% doubted they would have
started a business without it. Some 35% of all existing busi-
ness formations in France were financed in part under the
scheme. Last year the scheme was altered to include the welfare
poor as well as unemployment compensation recipients.

Inspired by the success of the French program, the British in
1982 initiated their Enterprise Allowance Scheme. In this
scheme, anyone who has been unemployed for more than 13 weeks
(unemployment compensation recipients as well as their equiva-
 lent of "welfare poor") can receive a uniform income support
payment of 40 Pounds a week for up to a year, while they
attempt to establish businesses of their own. The scheme,
which began as five pilot projects with 2000 participants,
quickly became so popular and successful that it was extended
nationwide with a ceiling of 25,000 entrepreneurs. So great
was the demand for the program, however, that the waiting time
averaged six to eight months; and so, the ceiling was raised
progressively from 35,000 to 50,000 to this year's 67,500
slots. Manpower Service Commission officials believe that
there are still at least twice as many people wishing to participate in the program as there are available slots. One quarter of the participants in the scheme have been unemployed more than a year.

Evaluations of the early cohorts in the program reveal that at least 70% of the businesses were still trading 18 months after start-up. Businesses have created an average of 1.5 jobs each. 40% of the participants say that they would not have started an enterprise without the scheme and another 30% say they would not have started one as soon. 28% of Enterprise Allowance Scheme participants take a cut in income to enter the scheme. During the first nine months, income levels of the participants are substantially below the national average, but they exceed it after 18 months. The Manpower Services Commission estimates that within three years, the program more than pays for itself in terms of increased taxes and reduced expenditures.

The British and the French schemes, which have since been copied by four other European countries -- Belgium, Ireland, the Netherlands and Sweden -- have significance which is at once economic, social and political.

Economically the programs enfranchise a whole group of people who otherwise find themselves on the margins of the economy with few prospects for success. They give people without collateral for starting businesses a small income stream or lump of capital -- often for the first time in their lives -- on which to build a future and with which to attract additional investment (30% of the participants in the schemes have been able to access bank loans). While the programs entail some expenditure -- the British scheme was set up as a parallel scheme to their income maintenance programs and required a new general fund appropriation -- the expectation and the experience in both countries is that the scheme more than pays for itself in terms of increased revenues and decreased expenditures to the public treasury. Obviously, also, each scheme requires recipients to assume a risk and to make an investment of their own. In Britain the requirement is explicit; to enter the scheme, each participant must have 1000 Pounds in a bank account available for investment and must commit to work full time on the success of the venture. In France there is an obligation to repay part of the lump sum payment if the business fails before the six month advance period terminates.

Even though the uptake of the British and French programs now exceeds 100,000 a year, that represents only two and a half percent of those eligible. If one believes the British claim that the demand is at least twice as high, so that the program might be applicable to five percent of the unemployed, this is
still certainly in and of itself no solution to poverty and unemployment.

But this approach has social and symbolic importance beyond its economic impact. It benefits more than those few percent of people who take advantage of it, or even the additional numbers who are employed by these new entrepreneurs; it extends to a larger group. It says to the entire community (and as the Kenilworth Parkside experience suggests, communities are more than the sum of their parts) that there are routes out of poverty that are approved and rewarded. And it creates a culture of initiative-taking whose real returns are long term. The message is important not just for the entrepreneur who take advantage of it, but for their peers who see them doing so. As my colleague, Cicero Wilson of the American Enterprise Institute, put it, "When a welfare mother in a public housing complex starts a business, it's like the whole community gets a Harvard degree."

Importantly, also, such a scheme sends a message to the mainstream public that they should not regard the poor and unemployed as significantly different from themselves, as economic liabilities and basket cases, but rather as a varied population containing the full range of talents and aspirations. In one fell swoop, such schemes transform welfare cheats into local heroes and heroines. Indeed, most "welfare cheats" in this country are women who are earning extra income and not reporting it. Rather than stigmatize, inhibit and insult these women who are struggling to carve a way out of poverty, we ought to, as the British and French have done, encourage, legitimize and support their endeavors.

The programs are also politically significant. Here are programs that socialist Francois Mitterand and conservative Margaret Thatcher both support. In their trace lines, we may find the outlines of a policy that can also unite liberals and conservatives in this country. Indeed, the co-sponsor list of the Self-Employment Opportunity Act of 1985 (H.R. 1690), which would allow states in this country to experiment with the British or French approaches of utilizing unemployment benefits to support self-employment, already spans the political spectrum, from far right to far left.

Clearly, the self-employment option is only one route to self-sufficiency. To be seen most appropriately, it should be seen in the context of a whole range of new choices.

CHOICE

The data are very clear that people drop into poverty for a great variety of reasons, most of them misfortunes over which the individual has little control, such as loss of a spouse or loss of a job. (See Duncan, *Years of Poverty, Years of Plenty*).
Just as there are many ways into poverty, there must be many ways out. State policymakers have recognized this truth. It is apparent from the very titles of the programs themselves: Massachusetts' Employment and Training Choices; Baltimore's Options; the District of Columbia's Pathways. The other states, New York, Maine, Maryland, may not reflect the ideas in their names, but do in their programs. For some welfare mothers, the next step to self-sufficiency is a nutrition and exercise program; for some it is improving self-esteem and breaking the stigma that ties them to their past so that they can open a new future; for some it is pre-vocational education or remedial training programs; for some it is placement in a job -- any job; for some it is the provision of support services necessary to enable them to take that job; for some it is enrollment in a college education; for some it is self-employment.

Public policy must allow and assist welfare recipients in making these choices; most importantly of all, it must establish that the choices are real. At a minimum, we must certainly reduce the barriers in this income maintenance system which stand in the way of making these positive choices. Too often it is the case today that the recipient receiving benefits generally incurs greater risk and lesser rewards from choosing one of these paths than from staying on benefits. Beyond that, the message of the system is that recipients are not capable of becoming successful and self-supporting citizens.

The states are carving a new, different path. Their programs are new enough to be quite experimental; perhaps it is appropriate that federal policy has simply allowed this innovation rather than prescribing it. But as the results of these programs mount and the successes become clear, we should look back again at the AFDC, Food Stamp, Medicaid and other transfer payment legislation and regulations to see how they impede these steps toward self-sufficiency. Then we should modify the rules accordingly. We should seek to ensure that the welfare mother choosing a college education does not lose benefits when she does so. We must ensure that the welfare mother choosing self-employment as a most likely route to garner income which might forever remove her and her children from the margins of poverty is not forced to take a sub-poverty minimum wage -- and most likely temporary -- job, if to do so would forever remove the prospect for self-sufficiency. Federal policy must also allow and encourage states and localities to pursue the innovation in which they are engaged. It will only be through such experimentation that we will find the most appropriate and effective program models, and only through the evaluation of such models that we will be able to answer all the legitimate questions about costs and benefits, returns on investments, necessary program elements and the most effective approaches. For example, more than ten states are now interested.
in self-employment demonstrations for AFDC recipients. For them to do so, HHS must be encouraged to interpret the 1984 Work Supplementation provision of the Deficit Reduction Act broadly enough to encompass self-employment efforts. At the same time, the pre-existing 1115 waiver system could be used aggressively to separate business and personal assets for the purpose of the demonstration, and to allow additional experiments as necessary. Rather than cut the WIN budget, which has helped fund the most innovative work-welfare experiments, it would be prudent for the Federal government to provide innovation monies so that states need not bear alone the full costs of these productive experiments.

It is through allowing such choices for individuals that the nation will create new choices for itself -- choices which break out of the box of rising budget expenditures and falling benefits levels. Choices which can bring together a broad spectrum of American opinion rather than drive wedges between large segments of the American public. Choices which offer the prospect of at once increasing the vitality of the American economy and including within it folk who would otherwise find themselves on the margin.

It has always been part of America's belief that her prosperity was built on the strength and contributions of individuals. Now, more than ever, social and economic progress are inextricably linked: social progress depends upon the solution of fundamental economic problems -- unemployment, underemployment -- without which crime and dependency will never be successfully tackled. But economic progress in turn depends on social progress: in a time of economic change we must be able to bring new products and new people to the marketplace. If the next five years are at all like the last fifteen, half of the new jobs created in 1990 will be created by businesses not now in existence -- and often by people not now in business. I think the states and communities who have testified here represent a new socio-economic policy, one which would simultaneously address social and economic constraints and integrate social and economic policy. It invests in our economy by investing in people. In doing so, it opens new choices for all of us.

This path is as important as it is new. Thank you for the opportunity to bring it to a federal focus and the nation's attention.

(Attachment A is an overview and case studies of currently operating transfer payment investment programs.)
Transfer Payment Investment Policy
Letting Them Have Their Boots
And Their Bootstraps Too

by
Heriwether Jones

Not for quotation without permission. (Submitted for publication in the Economic Development and Law Center Report, August 1985)
The publication last year of Charles Murray's Losing Ground seems to have had two very different effects on the welfare policy debate. On the one hand, it has greatly bolstered conservatives' willingness to demand further outlays in spending on the poor; their logic, of course, is that any such aid merely rewards the behavior that supposedly leads low-income people to a state of poverty in the first place. This renewed vigor on the right has been matched by equally earnest efforts by liberals to denounce Murray's numbers and analysis and thus vindicate the legacy of the Great Society. Thus, the first effect has been an entrenchment of camps and policy debate over the peculiar question of whether aid to the poor helps or hinders their social and economic well-being.

The other effect has been that while attempting to dispatch with Murray's more unsettling observations, many liberals have been forced to reexamine their assumptions about the welfare state as currently structured in the U.S. In this respect, Murray has been profoundly instrumental in opening conceptual doors long barred shut in liberal camps, particularly with regard to the paternalistic "client-creating" nature of many of our past anti-poverty efforts.

Unfortunately, for persons following the welfare policy debate in search of a new path -- one that does not superimpose itself over people's desire for self-determination, yet also recognizes their need for substantial support -- the pickings have been somewhat slim.

One new approach which offers great promise is that of "transfer payment investment" (TPI) policy. Transfer payment investment refers to a wide spectrum of policies and programs designed to empower recipients of public income maintenance benefits. Specifically, TPI programs enable and encourage transfer recipients to invest their benefits toward the achievement of greater levels of economic self-sufficiency -- for example, as temporary wage subsidies, as a means of financing training, and as working capital in self-employment ventures.

Because TPI is both a programmatic agenda and a set of explicit assumptions regarding the causes and possible cures of poverty in America, this article proceeds in two parts: the first provides a brief overview of the major assumptions and resulting policy guidelines which comprise TPI, while the second describes existing initiatives which illustrate how these principles translate into practice.
Government "income transfer" programs fall into two categories:

(1) Social insurance transfers, also known as "entitlements," where benefits are earned by previous contribution and paid in the event of retirement, disability or job loss. Social Security and Unemployment Insurance are among this type of transfer.

(2) Means-tested transfers, or "welfare," paid to any who can pass the means test and categorical eligibility rules. Food Stamps, Medicaid, Aid to Families with Dependent Children (AFDC) and the comparable state programs, often called General Assistance (GA), fall into this category.

The Problem of Dependency

Most transfer programs were created to provide temporary income to a small fraction of the population during brief spells of joblessness. The assumption underlying the system was that there would be enough jobs in the economy for all those who sought them, even though temporary bouts of joblessness could be expected.

In today's economy, this assumption has proven false. Where once we considered 4 percent an acceptable rate of unemployment, today an attainable non-inflationary rate seems closer to 6 percent—a rate which leaves a bare minimum of seven million workers entirely without work. Combining the unemployed with the "working poor"—those who do work yet still earn too little to support their families—some 24 million Americans now live in poverty, even with income transfers. (Without federal transfers, 24 percent of all Americans—more than 56 million people—would have lived in poverty in 1982.) Thus, rather than remaining a temporary "safety net," government income transfers have become an ongoing part of the resource package relied on by a significant percentage of the population.

The result is a profound impasse: For many families these transfers are the only thing which allows them to live just this side of absolute poverty; yet at the same time, with poverty itself growing each decade since 1968, it is not clear how long the maintenance system can continue to support so many people for such extended periods of time.

In recent years, policymakers have sought to reduce dependency and rein in costs by making transfers less attractive as an alternative to work. The assumption underlying this approach—tightening eligibility requirements, beefing up enforcement to remove the "undeserving" from the rolls, reducing benefit levels, and enacting "workfare" requirements in the welfare programs—is that the problem lies not in the job market but rather in
the motivations of the poor and unemployed. Expressions of this view range from the simplistic and even racist to the extremely plausible and well reasoned. At its most persuasive, the argument simply asserts that the welfare state inadvertently skew the opportunity structure that the poor face by giving them strong incentives to remain jobless.

To a limited degree, TPI theory recognizes that the welfare state as currently structured creates some perverse incentives which discourage job seeking in some situations. A fundamental assumption within TPI, however, is that the source of the problem is not the lack of motivation or any other character flaw within poor people. Study after study has confirmed that the welfare poor value work exactly as much as the non-poor, if not more so. For the great majority of recipients, receiving welfare is a humiliating experience far less preferable to the decent job which eludes them. Not only is there a potent stigma associated with welfare but, despite public perceptions to the contrary, the benefits barely meet even basic needs.

Rather than focus on the motivation levels of the poor, TPI theory looks in two other places for the causes of long term welfare dependency: a lack of adequately paying opportunities in the job market, and barriers to self-help in the existing transfer system. While it may be true that, occasionally, a single mother of two will refuse a minimum-wage job in order to continue receiving her Medicaid benefits, the reason is not that she doesn't want to work badly enough, but rather that she simply cannot afford child care, health insurance, food, rent, utilities and clothes for her family on a minimum wage paycheck.

Thus, while there is probably some validity to the claim that transfers reduce job seeking behavior in a small number of cases, the policy problem is not how to teach people to value work more, but rather, how to expand the pool of adequately paying jobs, and how to better empower our low-income workers in their efforts to obtain those jobs. Transfer payment investment policy attempts to answer the problem of dependency as stated in this fashion.

Income Maintenance: From Safety Net to Ladder

Even if we accept that the primary cause of poverty is a lack of adequately paying job opportunities, and that far from being the cause of dependency, the transfer system is all that keeps many families from starving due to this lack of opportunity, there is still ample room to criticize barriers in the system which discourage risk taking and self-improvement. Readiness-to-work stipulations in the unemployment insurance (UI) program and low asset ceiling restrictions in AFDC, for example, clearly restrict those recipients who might seek better education or the purchase of a used car to improve their future job prospects.
Perhaps the most serious flaw in the transfer system as currently structured is that in focusing so intently on frustrating potential cheaters—a very small minority within the caseloads— it severely constrains the efforts of the great majority to raise themselves from dependency. The cumulative effect, as Cicero Wilson, director of the Neighborhood Revitalization Project for the American Enterprise Institute, recently put it, is that "the current transfer system basically tells people: We will support you as long as you don't seek training, you don't work, and you don't, above all things, try to start your own business."

TPI policy reverses this obsession with cheaters by focusing instead on supporting the self-help efforts of motivated recipients. TPI offers the system as a tool which recipients may use to get ahead—not in spite of the rules, but because of them.

Another major insight of TPI is its recognition of the primacy of the message that the transfer system broadcasts to its beneficiaries regarding who they are and what they are capable of accomplishing. For welfare recipients, the message seems to be that they must be "taken care of"—though only grudgingly so—since they are basically helpless and untrustworthy. Once again, the fundamental question that TPI raises is to ask what would happen if, over time, the transfer system were modified to send out a different message—that its recipients are citizens, fully capable of self-determination and that, within certain parameters, the system exists to assist them in their efforts to assist themselves. Critical to the success of TPI policies, therefore, is the tone of the reformed programs. Implicitly blaming people whose only crime is to be poor is not effective public policy.

Finally, TPI attempts to bridge the gaps between income maintenance, employment and training, and economic development policies. As long as income maintenance is viewed as a separate room fully cut off from these other development oriented activities, its recipients will continue to find the job opportunities they face severely constricted, regardless of motivation or effort. There is a great difference between "maintaining" people and investing in them, between "taking care of" people and empowering them. A successful anti-poverty policy must include a heavy emphasis on both human and economic development, or at the very least, must not discourage links between the two.

By comparison, the regulations within many transfer programs have become as much an obstacle as a bridge to permanent private employment. Benefits may abruptly cease if recipients enroll in education and training programs, or if they accept jobs which pay less than their previous transfer benefits. Benefits certainly cease if recipients make an earnest effort at developing some form of self-employment venture.
A comprehensive TPI model would turn these anomalies on their heads, by encouraging recipients to invest their transfer payments in job training, by allowing them to use their payments as temporary wage subsidies to obtain decent employment, and by allowing more enterprising individuals or groups to use their payments as working capital toward the creation of new business ventures.

TRANSFER PAYMENT INVESTMENT: THE PRACTICE

The Corporation for Enterprise Development and its founder, Robert Friedaan, have been developing and promoting the TPI concept for over six years now, originally under the rubric "transfer payment reinvestment" (TPR). In that short time, a surprising number of community groups, localities, states and nations have initiated programs which clearly reflect a TPI agenda. Most, of course, had never heard the phrase transfer payment investment, or at best, have been only indirectly influenced by earlier writings and a national TPR conference held in 1979. Thus, TPI is our attempt to name and make explicit -- and perhaps to help guide -- a growing field of scattered initiatives which seem to share a common vision.

Setting the Tone: Massachusetts' Employment and Training Choices Program

Massachusetts' Employment and Training Choices program -- affectionately known as "ET" -- demonstrates how important the message that the welfare system broadcasts can be in affecting the success of welfare-to-work programs.

The principles of the ET Choices program are based on the following lessons learned from past job training and placement programs: (1) that careful assessment of each recipient's specific abilities and needs should be an essential first step in any such program; (2) that voluntary programs which emphasize the opportunities open to recipients and avoid a paternalistic tone stimulate far more enthusiasm and motivation than does the punitive-seeming work-fare approach; (3) that addressing recipients' needs as early as possible helps avoid the deterioration of self-esteem and work readiness often experienced by the long-term unemployed; and (4) that bringing together the full range of welfare, training and placement options into a single program better enables its clients to make intelligent choices regarding which component is most appropriate for their current need, thus improving the efficiency and long-term success of the program as a whole.

ET's success in integrating these principles is based not so much on any new structural component as it is on the tone with which they put it all together. Most notable is the fact that the program is entirely voluntary. Under federal law, all welfare recipients in the state must register for a work program; in
Massachusetts, however, this requirement has been made literal -- recipients need only register, which alerts them to the existence of the program and what it offers, but may choose not to participate if they wish. According to case workers, this departure from the work-fare requirements that preceded ET is generating a much healthier level of active participation by the recipients themselves, accompanied by a rise in their sense of pride and worth.

Through the program, recipients may choose to seek employment immediately, enroll for further education and training, enter a supported-work program to acquire greater work experience (see TEE profile below), or request assessment and career counseling to help them make the most appropriate choice from the above. Once in the program, recipients may be eligible for day-care vouchers and transportation assistance, and can continue to receive Medicaid benefits for up to 15 months after leaving the program.

ET's early year results easily surpassed administrators' expectations. In its first 18 months 53,000 people registered, 35,000 chose to participate, and 14,325 were placed in full- and part-time jobs with a six month retention rate of more than 70 percent (compared to 32 and 37 percent under the old workfare program.) Participant income has averaged around $5 an hour, nearly twice the welfare maximum. An additional 20,000 people are waiting for slots to open up in the program.

Part of ET's success can undoubtedly be attributed to the state's general economic improvement; during the period ET was established Massachusetts' unemployment rate fell from 7.6 to 4 percent, with an accompanying decrease in its welfare caseload of 8.6 percent. Even so, a drop in unemployment from 12 to 6 percent during Governor Dukakis' first administration (1974-78) during the institution of the old workfare program -- was accompanied by an increase in the welfare rolls of 15 percent.

Though other variables may have been at work, state officials are convinced the difference lies in the "choice" factor. ET appears to breed a very different set of attitudes than did the workfare program -- attitudes considerably more conducive to supporting client and case worker self-esteem and hence, motivation to make the extra effort needed to succeed.

Jobs for the Severely Disadvantaged: Massachusetts' Transitional Employment Enterprises

Transitional Employment Enterprises, Inc. (TEE) is the original non-profit group after which Massachusetts supported work program is modeled. TEE obtains permanent, private employment for recipients of Aid to Families with Dependent Children (AFDC), people labeled mentally retarded, people over 55, and those with physical handicaps. The key to its success, however, is that in
doing so it also offers private firms a cost-effective quality labor pool not otherwise available. Developed and refined through ten years of careful experimentation, the TEE model combines the best features of its supported work origins with a private sector billing approach similar to that of for-profit employment agencies such as Kelly Services.

As a contractor to the ET Choices program, TEE works with potential host companies to identify unfilled entry-level jobs, then recruits, screens, trains and places AFDC recipients to fill them for a four to five month training period. The firm pays a negotiated fee directly to TEE, which then assumes full responsibility for supervising and/or assisting the worker with all personal or financial problems that might otherwise lead to dismissal. During this period, the worker remains on TEE's payroll. Weekly evaluations complement a carefully structured framework of supports and incentives for both employer and employee. Finally, after the four to five month transitional period, workers are "rolled over" to the firm's payroll as permanent employees.

TEE's track record is impressive. Over 3,000 trainees have been served since 1981, with roughly 65 percent successfully rolling over to permanent employment. What is really striking, however, are their figures on long-term retention rates: despite the fact that TEE is marketed primarily as a means to fill job slots historically plagued by high turnover rates, roughly 90 percent of TEE's placements remain with their company after a full year; 83 percent after two years; and an astounding 70 percent after three years. Firms also report much lower absentee rates and much higher motivation levels from their TEE placed employees. Follow-up studies indicate that 32 percent of the employees move up into new positions through in-house training programs.

Much of TEE's success lies in its means of overcoming the skepticism and distrust that private firms express towards the public sector. Companies usually associate participation in programs to help the poor with needless hassles and higher private costs -- "fine, if you can afford them." TEE overcomes this prejudice by meeting the private sector on its own terms -- by delivering a quality product for which it accepts full responsibility and for which it expects full payment. Companies that contract with TEE find that its full spectrum screening, training and matching service greatly reduces the labor costs and uncertainty normally incurred hiring off the street. Using this business-like approach, TEE has successfully completed contracts with more than 150 companies, including many of the major banks, insurance companies, hotels and high technology firms in eastern Massachusetts.
TEE is also very popular with AFDC recipients. Unlike taking a job directly, TEE enables the recipient who does not work out to return to AFDC rolls without loss of benefits. In addition, because they are still officially on AFDC while participating in training, their net grant plus wages is higher than the net income they would receive if they took the job directly. Participation is entirely voluntary and entitles recipients to TEE-financed medical insurance, life insurance, workers' compensation, paid holidays and wage hikes tied to work performance. Workers are also assigned to a professional resource developer trained by TEE to help solve potential personal, legal and financial problems. Job placements range from manufacturing assembly to computer-based bookkeeping, with starting wages of about $4.50 to $7.00, averaging at $5.14. While these are hardly "primary labor market" jobs, they are nonetheless a big step up for the majority of TEE's worker clients, many of whom have previously been unable to land any job whatsoever. (The average AFDC recipient placed in Massachusetts Supported Work programs has been receiving benefits for 6.5 years and has not been employed for 21.9 months.)

Forty percent of the AFDC placement costs are paid for by the host firms, and another 15 percent are financed by the recipients' AFDC grants which ET diverts to TEE. Data from the period July 1982 to June 1983 indicate a net public investment of only $2,805 per TEE placement -- much lower than for other comparable programs. Payback to the state is estimated to occur in only 5.3 months, although the benefit stream the state receives from reduced welfare expenditures, increased tax revenues and better private sector relations presumably continues for years to come.

Although still in the preliminary stages, a for-profit spin-off named America Works! Co. is currently franchising a TEE-like model in other states, starting with two sites in Ohio.

Welfare Grant Diversion:
New York's Training and Employment Assistance Program

New York's Training and Employment Assistance Program (TEAP) might be thought of as a scaled-down public sector version of Massachusetts' TEE. Whereas TEE works very closely as developer and mediator between firms and the severely disadvantaged, TEAP treats its grant diversion/wage subsidy program more as one marketing tool available to its state-wide employment and training system.

Through TEAP, benefits from Home Relief (the state welfare program) and ADC (New York's AFDC) are contracted out to private employers to help defray the costs of providing welfare recipients up to six months of work experience and on-the-job-training. (The Home Relief grants may also be combined concurrently with federal Targeted Jobs Tax Credits;
with ADC placements, however, firms may receive TJTCs only after the wage subsidized training period has ended.) In return, the employer must pay the recipient the prevailing wage, but, unlike many other subsidized OJT programs, may tailor training precisely to its labor needs, and, after the training period is completed, is not obliged to retain the recipient as an unsubsidized employee. The hope, as with the TEE program, is that after several months of firm-specific OJT, most recipients will have established their worth and will be retained on a permanent basis, freeing welfare funds for broader coverage of less employable recipients.

Since TEAP was established in 1981, a number of other states have tried diverting AFDC grants to finance wage subsidized placements in private firms. Six of these states have done so as part of a WIN demonstration program initiated by the federal Office of Family Assistance within Health and Human Services. Unfortunately, their first year placement rates have been disappointingly low -- 200 all told in six states. By comparison, TEAP placed 850 recipients in its first ten months, and 3,344 in its first three years, with a three month retention rate of a little over one-half.

With the passage of the federal Deficit Reduction Act (DEFRA) in 1984, states for the first time are empowered to initiate AFDC grant diversion without applying for special waivers, simply by altering their AFDC plans within the Work Supplementation Program. Given grant diversion's mixed record in recent years, states considering similar job placement programs should first consider carefully how they would avoid the immense start-up difficulties experienced by the six WIN Demo states.

While, there is no way of knowing what made the difference between New York's experience and that of other states, two possibilities are the meagerness of the diverted grants and the way in which some of the programs were marketed to the private sector. (The danger with any targeted wage subsidy is the potential that employers will screen out eligible workers based on the stigma that eligibility might imply.)

We believe, therefore, that two points can be made: first, it is critical to distinguish between "grant diversion," which merely describes a funding mechanism, and "transfer payment investment," which represents a full set of beliefs and attitudes about how the structure and tone of the income maintenance system influences the behavior of its recipients and society's perception of their behavior. Second, to be successful, wage subsidy programs must be substantial enough to merit designation as economic development programs.

After all, wage subsidized OJT is hardly a new idea, nor one that has been dramatically successful as implemented in the past. Therefore, to the extent that such programs are operated
and marketed exactly as in the past -- except with funding from grant diversion instead of separate appropriations -- there is little reason to expect outcomes much different from those achieved previously. Nor, seen strictly as a funding mechanism, should grant diversion save the state significantly more or less money then if the OJT were funded via some other comparable mix of federal/state funds, since any variance in revenue gains or losses between the two methods should wash out in the full state budget.

TPI, on the other hand, represents much more than a technical funding relationship; as a theory and a vision it has the potential to capture people's imagination, to justify needed expenditures which are no longer popular, but most importantly, to send a very different message to recipients of welfare about what options are open to them, and about why they should take advantage of those options.

For employers as well, there may well exist a subtle but profound distinction between being persuaded to offer underpaid work to a person "on welfare," and helping that same person "leave welfare" through a "self-investment" of their welfare payments.

Still, it would be naive to think that private firms will ever participate in a significant way in job programs that don't improve their own bottom-line. On the other hand, programs like TEE, TEAP and HEED (see profile below) which offer firms substantial cost savings -- either subsidy or service -- easily attract willing private sector participants and, arguably, even create net new jobs on the margin by better enabling in-state firms to survive and expand.

Moving Beyond Mere Linkage

Minnesota's Emergency Employment Development Program

Going one step further, Minnesota's three year $100 million job program, HEED, is an excellent example of how economic development and unemployment assistance policies can be fully merged to better achieve both ends. The program, funded initially with appropriations, but now also through welfare grant diversion, provides employers up to $4/hour in wage subsidies and $1/hour in benefits for 26 weeks to hire certified job applicants. To receive the subsidy, firms must retain the worker for at least 18 months or pay back a portion of the subsidy on a pro-rated basis.

Over 4000 firms have participated so far, mostly in the new and young category frequently targeted by economic development policy. (An estimated 93 percent employ less than 20 workers; 95 percent, less than 100.) Seventy-nine percent surveyed claimed they were able to expand their operation because of HEED's assistance. Evidence of private sector support for HEED was made
clear to one legislator opposed to the refunding of the program when over 300 small business owners called or wrote to his office asking that he reconsider his position.

Due to this eagerness on the part of private firms, MEED has in two years been able to place over 10,500 individuals in private jobs with a 60 day post-program retention rate of 82 percent. Another 9000 have been placed through public service employment, and a grand total of 86,325 people have applied to participate.

The lesson from MEED is that to achieve significant results one must first make a significant investment. States with low AFDC benefit levels will never attract serious business interest in grant diversion unless they supplement the grants with new appropriations (or, as Florida and Maine have attempted, combine them with OJT funds from JTPA.) MEED projects that in three years alone, its $100 million investment will have been offset by $19.2 million reduction in state welfare payments, and a $24.7 million increase in state tax revenues. By 1988, it expects the entire investment to have paid for itself. To the extent MEED both helps the unemployed and creates a climate conducive to the start-up and expansion of young firms, it would seem to represent the very best of two worlds.

UI Funds for Worker Retraining:
California's Employment Training Panel and Delaware's Blue Collar Training Fund

Over the past two years, California's Employment Training Panel (ETP) has applied the TPI concept to its unemployment insurance (UI) program by allowing workers' UI benefits to be used to finance targeted worker retraining contracts. As of June 1985, over 41,000 workers had been trained or approved for training under 284 training subcontracts financed through the ETP. Last year, Delaware enacted legislation creating a similar program, New York legislators are hoping to pass their version sometime this year.

Enacted in early 1983, the California Employment Training Panel was financed by a 0.1 percent decrease in employer UI payroll taxes accompanied by a parallel increase of 0.1 percent earmarked for a separate "employment training fund." These offsetting tax changes were necessary since federal law prohibits the use of UI monies to finance training. Thus, legal technicalities aside, ETP is effectively funded with diverted UI monies. All funds collected above $55 million per year are redirected back to the regular UI trust fund.

Training can last for up to two years (with a current average of 400 hours per trainee) and is frequently financed only partly by the Panel, with the benefiting employer paying a share as well.
To date, $118 million has been delivered or committed to contracts benefitting 2,400 firms. Training has ranged widely from white-collar blue collar occupations and from high tech electronics to sales to poultry processing industries. The average cost per trainee is between $2,800-$2,900.

Conceived as both a labor adjustment and state economic development tool, the Panel attempts to target its resources to employers expanding business in-state, employers establishing enterprises in areas targeted by the state for economic development, training for employees in industries constructed by critical skills shortages, and contracts which provide workers with a job at the beginning of the training period. To be eligible for retraining a worker must be a current UI beneficiary, have exhausted his or her benefits within the past twelve months or be likely in the Panel's judgment to soon enter the UI rolls due to an upcoming layoff.

A great measure of the Panel's success can be attributed to its attractiveness to both the business and labor community. The panel works closely with employers, labor unions, schools, and vocational training agencies to identify businesses and skilled professions in need of training assistance. Early on ETP adopted the motto that "paperwork is for bureaucrats," and has followed through with a program that places the burden of red tape on itself, freeing employers to tend to their bottom line.

Contracts are funded on a performance basis with 25 percent of the funding withheld until each trainee is successfully placed and retained for 90 days in a job utilizing the financed skills. Entry level jobs are not considered an acceptable fulfillment of the contract and no training can begin until an employer has agreed to hire the affected worker during or at the end of the training period.

Another noteworthy aspect of the contracts is that if the affected workers are unionized, their union must be a party to the training agreement. Some projects have been joint efforts between labor and management. For example, the International Brotherhood of Electrical Workers and the National Electrical Contractors Association have been retraining 60 electricians in San Mateo County. Other ETP projects have brought together Ford and the UA to retrain displaced auto workers in Santa Clara County and Blue Shield and the Professional Employees International Union to retrain workers at a closed Blue Shield division in San Francisco.

California's program was started at a time when its UI trust fund was running a $2.7 billion surplus. This raises the question of how replicable the program would be in states less well endowed. Delaware recently financed a training program similar to ETP by taking advantage of a 0.6 percent reduction in the federal payroll tax penalty they had previously paid due to their federal
UI debt. Employers in the state allowed 0.1 percent of that reduction -- given because the state paid off its federal debt -- to be retained to finance school-to-work transitions, industrial training and dislocated worker programs. In Delaware, a 0.1 percent tax on the $7,000 payroll base comes to about $1.6 million per year.

Like California's ET, Blue Collar Training Fund monies cannot be used for stipends. Twenty-five percent of the funds are contracted out through the Delaware Development Office, the other 75 percent are used by Delaware's Private Industry Council (PIC) to supplement its JTPA funds, which tend to be more restrictive. Delaware's first training contracts were signed early this year.

Transfer Payments as Seed Capital: The French Experience

The problem with many of the programs discussed so far is that, however high their placement/retention rates, much of their efforts merely rearrange people at the back end of the job seeking queue. Unless net new jobs are being created (or average work hours reduced) job placement/training programs can only affect who gains access to limited job opportunity. (Programs like MEED and the UI training funds are less prone to this problem insofar as they contribute to the economic development process.)

Yet despite two decades of only limited success with efforts to eliminate poverty through employment and training programs, self-employment has never even been taken seriously in this country as a realistic job alternative for even a minority of UI or welfare recipients.

By comparison, a number of European countries -- which, like us, are confronting high welfare costs, a shortage of jobs, and the disincentives and barriers to work which crop up in social "safety net" programs -- have developed a quite different response to the rising cost of high unemployment. Realizing that even years of employment and training assistance come to nothing if there are simply no jobs to be had, they have redesigned their income maintenance systems to allow recipients to use their benefits to create their own jobs. Since 1979, over a quarter million unemployed Europeans have done so.

The first and most extensive use of transfer payments as a form of self-employment capital is France's Chomeur Createur program, introduced on an experimental basis in 1979 and made national policy one year later. Today French citizens entitled to unemployment compensation or welfare can collect up to 40,000 FF (around $4,000) in a lump sum to start a business. This can increase to as much as 50,000 FF if the entrepreneur creates an additional job within six months. Program participants also receive social welfare coverage (health, maternity, accident,
disability, life insurance) while in the program. Since its initiation, approximately 175,000 French citizens have opted for the scheme.

Enterprises begun under the program span the range from high technology manufacturing to janitorial services. Evaluations of 24,606 businesses started during 1981 and 1982 found that: between 60 and 80 percent of the businesses survived at least one year and that of those entrepreneurs whose businesses closed, more than half had either found a new job or started a second business. The average lump sum benefit was equivalent to $2,467 (1982/1983) with which 30 percent of the beneficiaries were able to leverage additional bank loans. On average, the participants created two jobs each (their own plus one). Twenty percent had no post-secondary school diploma and their average previous duration of unemployment was 7 months. 50.7 percent of recipients said they would not have started their business but for the program; an additional 25.8 percent doubted whether they would have otherwise. Remarkably, over a third of all businesses formed in France last year were financed in part under the scheme.

Transfer Payments as Working Capital: The British Experience

Great Britain's Enterprise Allowance Scheme (EAS) takes a different tack by simply allowing people to continue receiving weekly benefits while they attempt their business start-up. Since 1982, almost 100,000 people have started up enterprises through EAS and the scheme has subsequently been copied by Ireland, the Netherlands, and Sweden.

The U.K.'s program was premised on the belief that some unemployed people would start their own businesses if they weren't threatened with the loss of their jobless benefits. The government also believed that by virtue of the scheme, some underground business activity would come above ground, pay taxes and expand. The EAS, operated by the central government's Manpower Services Commission, pays "unemployed entrepreneurs" a uniform 40 Pounds ($44) a week for up to a year to supplement the receipts of their enterprises until they can establish themselves. Other programs also provide access to a wide range of free business training and counseling services.

To be eligible, the entrepreneur must meet all the following conditions: be receiving unemployment or social security (the British equivalent of welfare) benefits; have been unemployed for at least 13 weeks before applying; have at least 1,000 Pounds available to invest in the business over the first year; be between 18 and 64 years old; and work full-time in the business, defined as at least 36 hours per week.
Interested applicants first attend a "soaring-off" session, where they meet with job counselors, tax experts, accountants and lawyers, and are informed of the risks and difficulties involved in starting a business. Those who want to go on fill out a simple form with very little red tape.

The scheme began in five pilot areas in early 1982. One year later, more than 2,000 people were participating, and the government agreed to extend it nationwide, with a ceiling of 25,000 entrepreneurs through March 1984. Demand was so high, however, that the scheme was expanded again to another 50,000 people annually through March 1985. Next year, 67,500 slots are authorized, although British officials say demand may actually be twice that much. Overall, about two percent of Britain's eligible unemployed have chosen the self-employment option.

Although it is too early to obtain definitive figures on the national scheme, of the firms begun during the EAS pilot phase, more than 70 percent were still trading 18 months after start-up. Early surveys of the nationwide program suggest each new enterprise is creating an average of 1.5 jobs. Later surveys suggest that survival and job creation rates have improved as more adequate support systems have developed.

Overall, about 40 percent of the EAS participants say they would not have started an enterprise without the scheme; another 30 percent say they would not have started one as soon; 70 percent said they would probably have failed without the EAS assistance. Twenty-eight percent of EAS participants take a cut in income to enter the scheme. During the first 9 months, income levels of participants are substantially below the national average, but exceed it after 18 months.

The MSC estimates the net cost per net new job created through the scheme (discounting for business closures, deadweight and displacement) is £2,690 Pounds during the first year. Additional tax revenues and cost savings in the second year reduce the net cost to £665 Pounds; by the end of the third year, MSC estimates the Exchequer actually makes money through the scheme.

Bringing It Home to the U.S.

It's rather interesting that a stereotypically stodgy country such as Great Britain should be so far ahead of the stereotypically entrepreneurial U.S. in assuming that the unemployed and disadvantaged are capable of entrepreneurial activity. Naturally, self-employment will never be a realistic option for more than a small minority of the unemployed, and should certainly not be seen as a new panacea against poverty. But at the same time, we would be foolish not to recognize that latent entrepreneurial talent appears to be distributed equally among races and class levels, and that entrepreneurial motivation is, if anything more apt to be found among disaffected segments
Research consistently shows that entrepreneurial events are typically preceded by a long history of unmet need, a recent loss of job, or other traumatic displacement. Britain calls its EAS participants "entrepreneurs of necessity."

Still, a typical response here to the European example is that their workers are somehow "different" from ours, and that therefore valid comparisons cannot be made. It would be hard to say whether there is just cause to make this assertion, or whether the between-the-lines comment is merely inadvertently classist, sexist or racist. Two U.S. initiatives — one actively in progress and one as yet a gleam in the eye — may help answer this question.

UI At Seed Capital:  
The Self-Employment Opportunity Act of 1985

The Self-Employment Opportunity Act of 1985 (H.R. 1690) introduced in the U.S. House of Representatives by Congressmen Wyden (D-OR), Gephardt (D-MO), and Schumer (D-NY), would enable recipients of unemployment insurance in five to ten demonstration states to use their benefits to help start up their own business ventures.

In order to encourage a diversity of experimentation, the exact design of each state's program would be left to the participating state government. For example, the state could give a worker a lump sum of his or her anticipated stream of UI benefits to be used as business seed capital, à la France's program, or could simply permit the worker to continue receiving benefits during part of his or her business start-up phase as a form of working capital, à la Britain's program. Hybrids of the two would also be possible.

Authorization for the pilot programs would lapse after three years, and would be limited to five percent of each of the states' UI caseload. To determine the usefulness of the approach, an evaluation of each pilot program is required by the legislation.

Momentum for H.R. 1690 has been steadily building, with 32 co-sponsors signing on as of August. Similar legislation has been introduced in the U.S. Senate by Senators Hart and Rockefeller.

Self-Employment for Low-Income Women:  
The Women's Economic Development Corporation

While the thought of encouraging UI recipients to consider self-employment is met with heavy skepticism, the same concept applied to women on welfare is met with outright derision.
Fortunately, while we hope someday to show that people underrate the self-help capacity of dislocated workers, we already have convincing evidence on low-income women, thanks to the efforts of Minnesota's Women's Economic Development Corporation (WEDCO). In its first 15 months, WEDCO has helped 157 low-income women start up their own self-employment ventures, with one failure so far.

A private, non-profit, WEDCO assists its clients through individual consulting, homework assignments and direct loans from its seed capital fund. The women write their own business plans, loan proposals, two year cash flow projections and marketing strategies. Staff provides the overview, the questions and the language to give the women the direction, encouragement and discipline to pursue their dreams of small business ownership. In some situations, staff provide realistic alternatives to closing an existing business, or relocating or redesigning their approach to the business. Fees are charged based upon the client's income. Of 916 women served so far, roughly half were already in business, while half hoped to be.

In contrast to most people's preconceptions, roughly 52 percent of WEDCO's clients had previously been earning annual incomes below $7,000; 75 percent below $15,000. About 20 percent were or had recently been on welfare. Clients' ages have ranged from 19 to 72 years. Previous educational attainment has ranged from grade school through college.

An interesting lessons emerging from the experience of WEDCO and other initiatives such as the Hub Program for Women's Enterprise in New York (see contact list) is that the idea of "starting one's own business" tends to draw a vastly different connotation from women than from men. Whereas men often imagine a steadily growing enterprise, with goals such as X employees and Y sales by such and such year, women often think in more direct terms of achieving a better balance between their personal and economic lives. Understanding this difference is critical not only to one's choice of language -- for example, "entrepreneur" has been found much less appropriate than "self-employment" -- but also to the consulting advice that is offered. WEDCO has encountered several cases where traditional economic development experts have encouraged WEDCO clients to take out large bank loans for expansions, which, in fact, could not be sustained. This advice was based on business assumptions irrelevant to these women's need.

By comparison, a key WEDCO concept is the process of "stepping," whereby a client works her way through an escalating series of attainable goals, starting with a twelve step process for writing her business plan and two year cash flow projection, through a first (generally small) bank loan application, and only much later thinking in terms of larger loans or major expansions -- and only then if that is appropriate to that woman's ultimate personal and economic goals.
In response to the heartening success of the WEDCO program, the state of Minnesota has applied to the federal government for waivers which would better enable women on AFDC to start up self-employment ventures while receiving their welfare benefits. A number of other states, including New York and Massachusetts, are also eager to experiment with this approach and are following closely Minnesota's exchanges with the federal Department of Health and Human Services.

Conclusion

For many years we assumed that unemployment could be held by macroeconomic policies to low "frictional" levels and that, therefore, the income maintenance system need only tide people over a short hiatus of joblessness until they found new work. The reality today is that even experienced workers may not be able to find new work calling for their skills or paying wages sufficient to support their families. The programs discussed above are representative of a number of recent efforts to integrate social insurance programs with more proactive measures to address the basic causes of unemployment. Allowing people to use their income transfers in more creative ways is an approach which, while not well-tested as yet, could be the next logical step towards a social welfare policy that truly turns the "safety net" into a ladder.
For Further Information

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The Six WIN Demo States Using Welfare Grant Diversion

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(The states are Arizona,
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(The Hub Program for Women's Enterprise, an arm of the Corporation for Enterprise Development, works primarily with local women's organizations to cultivate and refine programs through which women of all ethnicities and income levels can employ themselves and others.)

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The Self-Employment Opportunity Act of 1985
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Senator Gary Hart
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Mr. Weiss. Thank you very much all three of you—Mr. Friedman, especially, for summarizing here—it saves our staff the job. Let me ask you about the network of which you all seem to be a part of. I am always interested and curious about the schematic. How are you set up? How are you created? Who funds you? How do you work?

Ms. Gould. Well, my program, the Hub Program for Women's Enterprise, is a program of the Corporation for Enterprise Development, which is a private, nonprofit corporation. The Hub Program itself is funded by both public and private sources. We anticipate funding from EDA and the Women's Bureau of the Department of Labor, and we have a modest grant from the State of Michigan. The majority of our funding to date has come from corporations and foundations.

Mr. Weiss. And what is your annual budget?

Ms. Gould. Our annual budget is about $180,000, a significant percentage of that having been covered by in-kind contributions.

Mr. Weiss. And that is spent for the most part on staff?

Ms. Gould. Staff and we provide—our method is to provide intensive technical assistance. So, it is spent on staff, and travel, and administration.

Mr. Weiss. Ms. Keeley.

Ms. Keeley. I am 100 percent privately funded. I am funded by places like General Mills Corp. through their foundation, St. Paul companies, the McKnight Foundation, Northwest Dairy Foundation, a whole long list, so I have no Government funding of any kind. And my initial funding through foundations and corporations was I had an idea, I thought it could work, and they were willing to stake that idea, they were not at all sure that it was possible, and they gave us 3 years of funding. My annual budget is about $210,000. I have a staff of five. The money goes, obviously for staff and training materials like this. We provide intensive ongoing technical assistance to women, what we call homework in doing these business plans. And once a business is open, we are available as consultants to keep it going.

And the network—I was sitting in Minnesota minding my own business, trying to just get all these businesses started, and some women economically self-sufficient, and these people, I think, found me as an example of the kinds of theory they are talking about.

Mr. Friedman. We're also primarily privately funded through foundations and individuals. We do get some government contracts, mostly at the State level.

I guess there's more and more activity in this area. My sense is that to the extent it's coordinated or parallel, it is because you have pragmatic problem solvers forced to go the same direction. You look at self-employment and job creation because too often the ceiling you hit against is the fact that there are no jobs at the end of the training or when the severance pay or income/maintenance benefits expire.

Mr. Weiss. Are you all relatively new? How far back do organizations such as yours go? Has the research ever—are you first in the field? Were there people who—

Mr. Friedman. We're about 6½ years old. I'm just completing work on a book called "The Safety Net as Ladder," looking at the
various uses of transfer payments to support and encourage training, employment, and job creation.

Every program that I talk about, with one or two exceptions, has been created within the last 6 years, mostly at the community, State, or local level.

Mr. Weiss. Ms. Gould's organization is an affiliate or a subsidiary of yours. How many subsidiaries or affiliates do you have?

Mr. Friedman. Well, not as many as we would like. [Laughter.]

Ms. Keely. Now, I should add that with the publicity that my group has received through a Neil Pierce article, through a USA Today article, we've had requests for replications from 39 States. Mostly from Governor's offices, welfare departments, and community development programs.

Mr. Friedman. If I could just add one other thing.

I find the same phenomenon occurring in Europe, in very different cultures. Although I'd been looking at the possible uses of income maintenance for job creation and self-employment efforts, I didn't even know about the British and French programs until 1 1/2 years ago.

Again, it seems to me all the developed countries are facing similar problems, and are problem-solving their way out.

Local communities are saying even when the recovery comes, there are not going to be jobs for us unless we create them for ourselves, and so what you get is independent and parallel innovation. One of the roles we try and play is to spread information around and thereby speed the flow of information and the maturation of the techniques.

Ms. Keeley. In the international—just Sara and I and some others here were part of a meeting at the OECD in Paris about a month ago with women from 18 countries coming together to talk about self-employment and small businesses.

But, I think as feminists and as women we're clearly articulating a policy that says we're poor because of discrimination and we're poor because we have kids. There aren't a lot of ways out of those kinds of issues right now, and self-employment is a way. We can start our own business and it's not the same kind of discrimination.

We can have some control over generating our own incomes. We can put child care in our business plans as a line item expense, and we do that.

And, at the international meetings there was definitely a feeling that there is a movement just starting of women saying this is something that gives us a way out, various kinds of women at all economic levels, because it addresses some of the issues we can't find other ways to address.

Ms. Gould. Also, in terms of the network, the Hub Program and CFED are sponsoring in September a meeting at the Wingspread facility in Wisconsin for practitioners in this area of women's self-employment and particularly practitioners that concentrate on low-income women and minority women, and there will be about 40 people at that, mostly practitioners, some funders, and some Government representatives.

The German Marshall Fund is making possible the participation of five Western European women at that meeting. So, we are expecting that that meeting will go a long way toward strengthening
the network that already exists. We will be putting out a report on
that meeting in conjunction with Women and Foundations Corpo-
rate Philanthropy which will broaden the network even further.

But, it’s been my experience, having worked in this field now for
almost 4 years—particularly women’s enterprise development—
that the network is much larger than anyone realizes. We—I
know Kathy is contacted often. She’s already told you how many
times. We also are contacted on a weekly basis by people from all
over the country.

Sometimes it’s welfare departments, particularly people within
welfare departments who are anxious to run some kind of demon-
stration program and need to know what kind of waiver they
might need to do that.

Sometimes it’s a grassroots women’s organization that wants to
start up a program.

But, the groundswell of interest I think is very real.

Mr. Weiss. Do you have a profile of the woman who comes to you
or whom you find for self-employment?

Ms. Keeley. Other than—the only profile we can really identify
is a creative survivor.

The age range has been 19 to 72. The family income is like 52
percent under $7,000, family income. There isn’t—there’s a mix—
education is from 2 years of high school up to college graduate.

It is just the spread. We haven’t been able to identify, other than
this creative survivor who has an idea, an idea that she carries
with a passion usually that she wants to take and develop into this
income for herself to pay bills.

And, those are the words that she used to us all the time.

They do come to us, though—but they do come—sometimes two
or three ideas, but they do come with an idea of something that
people have said, “You ought to make that into some money for
yourself. That might be a business.” And then we’re the testing
ground for that.

Mr. Weiss. And do you find, or are you finding that there is more
receptivity on the part of the financial community as they become
more familiar or do they hard sell every time that—

Ms. Keeley. No.

Mr. Weiss. You don’t?

Ms. Keeley. It has—I think the bank would be surprised to find
out they’ve done 65 loans, and they just received an award from
the chamber of commerce for this program, so they’re getting a
good deal of press also.

We have now been assigned—we had one bank, and we’ve been
assigned four to work with the program.

We have other banks in the community now calling us because
what they hear is that the women come prepared—better prepared
than most small business people. The loans are repaid and are cur-
rent, and that we negotiate. We come up with what’s called cre-
ative collateral.

The women don’t have houses or cars of any of those sorts of
things, but they negotiate collateral of some type with the bank
and that puts them in the light of being what they call more seri-
oun business people.
So, we’re getting requests to participate in the program now because of the publicity that it’s gotten locally.

Mr. Weiss. Would any of our staff people who were responsible for putting the hearing together have any questions?

[No response.]

Mr. Weiss. Well, I want to thank you all very, very much for the very exciting hearing and I hope we’ll be hearing much more.

Mr. Friedman. Thank you very much.

Mr. Weiss. The subcommittee is now adjourned subject to the call of the Chair. The hearing record will remain open for the submission of additional material.

[Whereupon, at 3:15 p.m., the subcommittee adjourned, to reconvene subject to the call of the Chair.]
July 5, 1985

Congressman Ted Weiss, Chairman
House Sub-Committee on Inter Governmental
Relation and Human Services
Rayburn B-372
Washington, D.C. 20515

Dear Congressman Weiss:

The State of Connecticut is watching with special interest the various proposals under consideration by the Congress which would impact our current efforts to assist AFDC recipients to become economically self-sufficient. During the past two years we have carefully re-examined the education and employment services the state provides to AFDC applicants and recipients. As a result we have recently undertaken several important initiatives designed to improve the nature and quality of programs and services being offered.

First, in response to the year long work of a special committee established to develop an employment preparation and placement plan for AFDC applicants and recipients, the state in 1984 adopted a new WIN policy and established a three-year AFDC Demonstration Supported Work/Grant Diversion Program. Both of these initiatives were developed in response to the special committee's assessment that it is not sufficient to simply emphasize "quick placement" into jobs, track clients for just thirty days, and then use this as a basis for projecting welfare savings.

We know, for example, that one-half of all AFDC recipients on our rolls do not have a high school diploma, and that more than half list blue collar jobs as their usual occupation. Without education and training these welfare recipients have little chance of successfully obtaining many of the new non-manufacturing jobs being created in Connecticut.

Further, while many of our clients do find jobs and leave welfare each year, there is evidence to suggest that for many, exit from the welfare rolls is only temporary. If they leave for low-paying jobs that do not offer sufficient financial stability and medical benefits to maintain their families, they soon find that despite their best efforts, they must return to public assistance. One national study recently found that 40% of those who leave AFDC live in poverty in the years after, and 1/3 return to AFDC within one or two years. These and other factors affecting the employability of our clients have guided the development of our recent employment initiatives.
The state's new WIN policy emphasizes preparation for jobs that will lead to economic self-sufficiency and permanent independence from public assistance. It requires us to encourage AFDC applicants and recipients to voluntarily participate in education, training, and employment; to inform them of the education and training opportunities available; and to improve information on the WIN program. In response, we are developing a case management system for monitoring clients' progress in the WIN program, providing follow-up after placement, and tracking their progress for up to one year after they enter employment. We are also contemplating additional organizational changes in the state's WIN program to facilitate the new policy.

In addition to appropriating funds to continue current WIN program activities, the state recently appropriated $1.2 million directly to work and training programs for AFDC recipients. These new programs, to be administered by the Department of Income Maintenance, include: the Supported Work/Grant Diversion Program, a statewide Job Search Assistance Program targeted to Unemployed Parents, and a voluntary employment program for long-term AFDC recipients.

We believe that the changes we have put in place will dramatically improve the way the state delivers employment and training services to AFDC applicants and recipients. More importantly, we believe our initiatives will result in long-lasting improvements in the lives of the families we assist—and in significant social and cost benefits to our State.

I urge your continued support of federal programs and policies that will allow us to build on what we have learned and accomplished in recent years.

Sincerely,

Stephen B. Heintz
Commissioner
July 8, 1985

Hon. Ted Weiss
Member of Congress
252 7th Avenue
New York, N.Y. 10001

Dear Ted:

I am writing to congratulate you on holding hearings on Women in Poverty.

Unfortunately, I cannot attend either July 9th or 10th. However, I am taking the liberty of enclosing two studies done by my office on the topic The Feminization of Poverty: An Analysis of Poor Women in New York City; and The Woman's Economic Equity Act for New York City, each was compiled over a year's time and each outlines the economic problems and possible city budget remedies for low-income women, particularly in New York City. I hope the information is helpful.

I would appreciate a copy of any report that results from the hearings.

As always, thank you for your assistance.

Sincerely,

RUTH W. MESSINGER
Council Member
Women’s Economic Equity Act for New York City
WOMEN'S ECONOMIC EQUITY ACT

for

NEW YORK CITY

Karen Vanderborgh
Office of Council Member
Ruth W. Messinger

May 1985
ACKNOWLEDGEMENTS

This project is a compilation of the work and thoughts of many people who have been working on these issues for quite some time. Without their advice, analyses, support, recommendations and editorial assistance, this document would never have come to fruition.

For support, advice, and her prior report, "The Feminization of Poverty: An Analysis of Poor Women in New York City", we thank Karen Hatcher. For time, direction and ideas, we thank Mary Ellen Boyd, Eileen Bayes, Audrey Hutchinson, Alice Radosh, Ruth Sidel, Ron Soloway and Tim Sheehan. Also for ideas, we want to thank Vic Bach, Diane Baejdej, Charlotte Bellamy, Alison Bernstein, David Beseda, Peter Blodgett, Gale Brewer, Bonnie Brover, Cynthia Chertos, Jennifer Daly, John DeWeaux, Fred Griesbach, Beverly Gross, Linda Wolf Jones, Nancy Kolbin, Jacob Landers, Hilda Larrier, Ellen Lippman, Richard McGahay, Leora Magier, Eleanor Marshall, Ann Nelson, Lisa Newell, Anna Padilla, Carolyn Peabody, Jan Peterson, Sylvia Pirani, Helen Remick, Roger Sansky, Tilly Shuster, Barbara Simon, Rhonda Smith, Sandy Sokolar, Roberta Spohn, Fran Sullivan, Karen Thomas, Gary Valdes, Ginny Vida, Judy Wessler, Bryan Wilson and the City Council's Committee on the Status of Women, chaired by Miriam Friedlander.

Each of these individuals helped us tremendously, although, of course, the opinions expressed and the conclusions reached are solely the responsibility of our office.

For additional copies of this publication write to:
Council Member Ruth W. Messinger, City Hall, New York, N.Y. 10007.

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INTRODUCTION

There is growing cause for alarm at the number of women and children in the United States who are falling below the poverty line. In the last few years, this "feminization of poverty" has become a national social concern.

Just in New York City alone, between 1969 and 1979, female-headed households living below the poverty line increased by 72%. Over 40% of children in New York City are now living in poverty. The city's poor population increasingly consists of women and children.*

The three groups of women most affected by poverty are female heads of household, teenage mothers and elderly women. Their problems are grave and will get worse because of the continued assaults on social services by the Reagan Administration.

Since 1980, the United States military budget has risen 52% above inflation while programs for poor people have been cut 38% even after taking inflation into account. With women nationally making up 60% of social service recipients, 65% of federally subsidized housing tenants, and 80% of AFDC recipients, women, children and seniors bear the largest burden of Federal domestic cutbacks.

Ultimately, if we hope to bring large numbers of women out of poverty, we will have to restore federal funding of basic educational, social and employment services. However, we cannot wait for a turnaround in federal policy before we take action at the local level, nor can we continue simply to document the dimensions of women's impoverishment in this City.

We must move now beyond description to action. The "Women's Economic Equity Act of New York City" does this. It identifies legislative and budgetary recommendations in nine key areas designed to halt and reverse the trend of women and children in New York City falling below the poverty line. The nine action areas are: pay equity, child care, education, training, employment, housing, AFDC, maternal and child health care, and affirmative action, with special attention given to teens and the elderly.

In order to address these issues fully, actions are needed at all levels of government and in the private sector. The recommendations

* For a thorough look at how female poverty has affected New York City see "The Feminization of Poverty: An Analysis of Poor Women in New York City" by Karen Hatcher, June 1984 (Office of Council Member Ruth Messinger)
The Equity Act is not comprehensive. It does not attempt to speak to the full range of economic needs of all New York City women. In particular, and with regret, we have not discussed the special needs of displaced homemakers, lesbians, disabled women, the housebound, battered women, refugee women, the homeless or Asian women. However, although these groups are not mentioned specifically, they will benefit from any positive action on our recommendations.

There is no single factor causing female poverty and hence there can be no single solution to it. There are a number of contributory factors ranging from changes in the family structure to social discrimination to inequitable pension systems. The three which are most critical are occupational sex segregation, wage inequity, and the lack of safe, affordable child care. If these were adequately addressed, the unique problem of women's poverty would largely disappear.

The Women's Equity Act insists that female poverty be looked at comprehensively. Without an adequate income, women will not be able to afford decent housing. Without child care, many mothers with pre-school age children will not be able to seek employment. And without programs to upgrade skills for a changing labor market, employment efforts will be futile.

We also urge that special attention be given to the alarming rate of poverty among black and Hispanic women. In New York, 34.6% of black people and 44.9% of Hispanic people live in poverty. For the women in this situation many measures are needed, probably including actions which address the gross discrepancy in employment between white and minority men.

The Women's Equity Act is separated into three areas for each of its nine sections.

- The Act describes the New York City problem. Where appropriate, to give the problem perspective, reference may be made to its national dimensions.

- The Act outlines action being taken at the state and local level.

- The Act makes short and long term legislative and budgetary recommendations that will help reverse the trend of women and children living below the poverty line.
I. PAY EQUITY

Pay equity is and will remain a major issue for women over the next decade. Especially now that more and more women are raising their children alone, it is both just and essential that they get the same pay for comparable work.

BACKGROUND OF THE PROBLEM:

- In the United States today, white women working full-time earn 61 cents to a man's dollar, black women earn 88 cents, and Hispanic women earn 53 cents.
- "If women were paid the wages that similarly qualified men earn, about half of the families now living in poverty would not be poor."
- This wage inequity is largely the result of occupational segregation of women into the lowest paying jobs. Women's work is systematically undervalued because it is women's work.
- Pay inequity constitutes overt discrimination, no different than race or religious discrimination. It is a civil rights issue, not a women's issue.

THREE WAYS TO OBTAIN PAY EQUITY:

- Through collective bargaining.
- Through court litigation where employees file a suit against their employer.
- By government initiating its own study and then implementing the findings, as is currently being done in Los Angeles.

ACTION TAKEN SO FAR IN NEW YORK:

- We applaud the Cuomo Administration for appropriating $500,000 to do a pay equity study for the State of New York investigating both sex-based wage discrimination and race discrimination. This study is due to be released within a few months.
- We commend national AFSCME for championing the fight for pay equity nation-wide and supporting the only New York City pay equity court suit.
- We deplore the position of the Koch Administration which opposes pay equity on the grounds that it does not fit with
labor market principles. The Administration claims it will move away from sex-based wage discrimination only by opting for expanded equal access (or outreach for placement of under-represented groups in non-traditional jobs). We believe the Mayor should be supporting pay equity as well. The composition of New York City's workforce under equal access has improved somewhat, but a serious problem of wage discrimination remains and will not be resolved without Administration support for pay equity.

RECOMMENDATIONS:

1. We urge immediate action on the two adopted City Council resolutions (Friedlander, Greitzer) calling on the Mayor to initiate a comparable worth study, for these reasons:

   o the City will save the expense of litigation estimated in the Washington State case to be close to $1 million;

   o the Government has more control over the system and can escape costly court decisions or negative press attention;

   o the cost to the State of Minnesota of implementing pay equity for state workers is 1/4 of 1% of the state budget for three years;

   o government should take responsibility for correcting discrimination, setting an example for the private sector to follow.

COST: $750,000
II. CHILD CARE

Child care is a primary need for two of the three groups most affected by female poverty—teenage mothers and female single heads of households.

BACKGROUND OF THE PROBLEM:

Nationally

- The United States Commission on Civil Rights cites the lack of child care as the major cause for the poor economic status of women in the United States. Many women who need work are forced to stay at home or go on AFDC because there is no adequate provision for child care.

- The 1980 Census reported that 1.6 million more women would be working for wages if child care was available.

- Mothers with pre-school children comprise the fastest growing segment of the labor force. 45% of mothers with children under six are working.

- Nationally 11 million children under the age of 13 have no care while their parents are working.

In New York City

- By 1980, 396,536 women with children under the age of 18 were in the labor force, an increase of 28.9% in 10 years.

- According to one study (published in 1983), 19% of all families in the City who lost day care services in 1982 left their children unattended for all or part of the day.

- Job Training and Partnership Act providers cited child care availability as the most critical problem young women with children face when they seek to enter and complete job training programs.

- In 1982, the City's potential day care population consisted of 1.2 million children age 12 and under (287,000 infants, 260,000 pre-schoolers, and 720,000 ages 6 to 12).

- In 1982, the Agency for Child Development estimated that 331,000 children qualified for public day care of whom 179,000 came from single parent families.

- In 1982, the active day care population served by ACD was 42,000.
In the course of that year 123,030 additional children satisfied the day care eligibility guidelines but could not receive services.

Currently ACD meets 18% of its estimated need.

**Three Sources of Day Care in NYC:**
- New York City Board of Education—for teen mothers
- New York City Agency for Child Development—for low income parents who are working, in school, or in training, and families with special needs
- Independent voluntary and proprietary providers

**Major Sources of Funds:**
- Federal Social Services Block Grant
- Federal Title IVA and IVC Social Security Act
- State matching and City levy funds
- Parents' fees

**Government Action Taken So Far:**
- We acknowledge Mayor Koch's willingness to cover $6.6 million of the $14 million lost to federal cutbacks in 1981.
- We applaud Governor Cuomo and the State Legislature for providing $8 million for day care and $2.5 million for CUNY/SUNY campus day care in the 1985-86 budget.

**Recommendations:**
Our goal is universal day care serving infants, toddlers and 3-5 year olds, and providing after school care for 6-12 year olds. For now, working incrementally, we propose:

1. Doubling the $6 million allotted in the 1985-86 State budget for the Working Parents Act which provides a funding stream to subsidize child day care services for pre-school and school age children of low and moderate income working parents.

   **Cost:** $6 million
   (local share 10%)
2. Establishing a voucher system to be set up which would permit job training and partnership programs to locate their own child care.

3. Expanding infant day care services through provision of a tax subsidy and through provision of technical assistance to infant care providers for training and certification.

4. Providing an after school program for children 5 to 12 years old from 3-6 p.m. Monday through Friday for at least September to June. We support the plan outlined by the Council President's Task Force that targets 10 school districts for FY 1986, 11 for FY 1987 and 11 for FY 1988, putting a city-wide program into effect in 3 years.

COST: $10.4 million
III. EDUCATION/TRAINING/EMPLOYMENT

The key problems that women face with regard to employment are job availability, wage inequity, a lack of safe, affordable child care and sex segregation in the workplace. The Women's Equity Act has already addressed two of these issues, and will begin to address the others in this section.

A majority of the City's population is black and Hispanic. The women in these communities must cope not only with their own employment problems but with the very high rate of minority male unemployment which, in various ways, exacerbates the feminization of poverty. In working on this section, therefore, we take the liberty of including black and Hispanic men in both our description of the problem and in our recommendations for action.

There is a growing problem in New York with structural unemployment. It begins with an inadequate public school system that is not retaining enough of its students and is failing to educate and train them to enter the job market. The problem is compounded by the dearth of literacy and job training programs for those young people and adults not in school; the result is often structural unemployment for men and women or pink collar ghetto jobs for women.

BACKGROUND OF THE PROBLEM:

Nationally:

- Women make up 97% of all secretaries, 98% of all cleaning service workers, 90% of clerical workers, 85% of elementary school teachers and 82% of librarians.
- Most work available to women has been in the growing "pink collar ghetto"—that of fast foods, retail sales, and business services.
- "Only 2.5 per cent of working women earn over $23,000 a year."28
- "Current job training programs in both the private and public sectors tend to perpetuate women's job segregation."
- Women rarely come upon the combination of quality job training, career counseling and child care that can help them reach long term economic security. If such programs do exist they are either poorly funded or temporary.
- "So long as women are segregated into jobs that do not provide a living wage, even quality education and job training unfortunately will not be enough to raise women's incomes."29
In New York City

- The dropout rate in public high schools is 40%, higher for minority young people.
- More than 1/3 of New York City's high school students are chronically absent.
- "The combined cost of federal, state, and local contributions for welfare benefits and Medicaid for unemployed youths in the City in 1982 was over $243 million....Direct costs to the City of "New York of crimes committed by 16-21 year olds, including the apartments of Police, Corrections and Probation and the D..."...cost Attorney's Office, totaled $273 million in 1982....
- Every 1,000 20 year olds put to work, the City would gain $164,000 in income and sales taxes.
- In 1983-84, in New York City's Vocational/Technical high schools female students comprised 56.9% of cosmetology and 94.6% of fashion/interior design while male students comprised 100% of welding, 98.3% of auto mechanics and 99.3% of plumbing and pipefitting.
- Much of the school equipment used for training students for the work force is inadequate due to obsolescence, disrepair or the simple fact that it has not been installed.
- The New York City Private Industry Council has reported that 49 out of 50 applicants cannot qualify for the Federal Job Training and Partnership Program because of the applicants' low educational skills. As a general rule, PIC estimates an individual's actual level of education by dividing the grade the individual has completed in half; if an individual has completed 10th grade, this usually indicates a math and reading level of grade 5.
- In the City, there are 1.5 million adults and older youth who cannot participate fully as citizens or in the City's workforce because they cannot read, write or speak English adequately enough for job training or employment.
- The current waiting list for Board of Education literacy programs includes 12,000 people. In adult education services, 50,000 applicants get turned away each year.
- In New York City approximately 150,000 16 to 21 year olds are unemployed.
- PIC provided 1,500 job training slots for youth in 1982.
- JTPA serves only 11% of youth nationally.
The City has initiated five job training programs for teen mothers reaching approximately 150 teens.

In August of 1984, when it seemed the U.S. was in an economic upswing, 618,000 New Yorkers could not find work.

Since 1977, newly created jobs in New York City have been largely in the skilled, educated white collar sector.

66% of New York City jobs go to non-city residents.

The unemployed break down into two distinct groups—the "structurally unemployed" and the "dislocated worker"—each with different needs.

The constantly changing nature of the workplace demands a systematic upgrading of skills which is not now available.

Given current trends, female headed households and minority youth are not likely to benefit from our economic growth.

Overall, the City's employment picture has worsened relative to that of the entire nation.

RECOMMENDATIONS:

High Schools

1. We endorse the findings of the Full Access and Rights to Education Coalition, November 1984, that the Board of Education implement a long range, comprehensive plan for desegregating the 'male' vocational schools and programs and for eliminating sex discrimination, bias and stereotyping in the areas of access, recruitment, admissions, treatment, facilities and services.

2. We support the Council President's recommendation of funding for additional drop-out prevention services and urge that efforts be made to encourage teen parents to remain in school.

COST: $25 million


See Section VIII—Teen Pregnancy and Parenting, Recommendations.
Adult Education

3. The Mayor has allocated $7.3 million for literacy programs. In order to improve on this initiative the $38 per hour classroom fee should be costed out so that expenses like administration, transportation and classroom space are included. Also, the program must be publicized widely and sensitively to attract those who need such help the most. As it stands now, individuals are reluctant to seek help because a stigma is attached to being illiterate.

4. The City should support neighborhood-based education programs such as those established by the National Congress of Neighborhood Women, Malcolm X College and Solidaridad Surana; CUNY and SUNY should find ways to fund such programs because they meet the special educational needs of low income and working class populations who often feel excluded from more traditional higher education. They provide ESL and GED classes and AA degrees on a flex-time basis and offer the career and financial counseling and child care which are essential to keep this population in school.

Training and Employment

5. New York State should investigate the Massachusetts education and training program, "Choices", that has employed 13,000 AFDC mothers since October, 1983. The Department of Welfare, in conjunction with agencies involved in employment security, social services and education, has developed a flexible, successful employment program with essential support services using WIN funds, and state and private money. Women have gotten employment and AFDC rolls have been lowered.

6. The City should provide additional job training programs geared particularly to youth and the structurally unemployed. We should implement the proposal developed for New York State by Non-Traditional Employment for Women and the proposal for youth employment of the Coalition for $20 million.

   COST: $15 million+

7. The City should institute a New York City resident hiring plan, modelled on the constitutional Boston Executive Order, which requires that 50% of all jobs on construction projects using government money go to city residents, with quotas for the number of minorities and women hired.

8. The City should initiate "First Source Hiring Agreements" or contracts with any employer receiving economic development, land use or tax abatement assistance, making the city the "first source" of hires as has been done successfully in Portland, Oregon and Lynn, Massachusetts.
There is a crisis in the availability, quality and affordability of housing in New York City that affects people in almost every income category. Those hit the hardest are low and moderate income people many of whom are teen mothers, female heads of household or elderly women--those most affected by the "feminization of poverty".

BACKGROUND OF THE PROBLEM IN NEW YORK CITY:

- As of January, 1985, there are 3400 identified homeless families, primarily women with children, for whom the City is providing "temporary" shelter in hotels at a cost of $60 million for this current fiscal year.

- The City estimates that there are 47,000 families doubled and tripled up in its 175,000 public housing units. Many of these families are teen mothers living with relatives. The buildings are showing acute signs of wear partly because they were not built to house this many people.

- It has been estimated that if only 3% of the 47,000 doubled and tripled up families were forced out on the street, the population of homeless families would double.

- A state-wide assessment of housing done by the State Division of Housing and Community Renewal in April 1984 identified a need for 630,000 low and moderate income housing units in New York City.

- There is an 18 year waiting list for New York City public housing.

- The current monthly AFDC shelter allowance for a family of four is $270. In 1984, the median gross rent for all apartments in New York City, utilities included was $330 (up 25% from 1981).

And, according to the Stegman Report Housing in New York City: Study of a City 1984:

- From 1981 to 1984 the total number of rental units declined by almost 2,000, while owner-occupied units increased by 52,000. (Most female heads of household rent.)

- "A larger proportion of In Ram (city-owned) housing units are headed by women (46%) and include children (45%) than in the City as a whole."

- Households headed by women were much more likely to have a high
rent-income ratio than those headed by males. This discrepancy was most significant for elderly women. In 1984, a male under 45 used 24.1% of his income for rent while a woman under 45 used 34.4%; men 65 and over used 30.8% of their income for rent while women over 65 used 38.9%.

Obviously, the housing problem in New York City is severe. The problems we faced in the 1970s are greatly exacerbated by the constant cutback federal housing dollars and the virtual elimination of all provisions for any new subsidized construction. The City and the State must act creatively and with determination to provide some additional and desperately needed affordable units.

GOVERNMENT ACTION TO DATE:

Mayor Koch and Governor Cuomo have both recognized the dimensions of the shortage, and each has begun to develop proposals for housing. The State has allocated $50 million in its 1985-86 budget for low and moderate income housing; $1 billion is proposed for future spending, but has not yet been allocated. The problem with the City plan is that it is not equitable; 61% of the new units will be available only to individuals drawn from the 23% of City residents with incomes between $25,000 and $50,000 a year while households earning under $15,000 (46% of all New York City households) would receive only 16% of the new units.

RECOMMENDATIONS:

A comprehensive long term housing policy targeted to low and moderate income households is needed for New York City. A plan proposed this Spring, titled the "Housing Justice Campaign", represents the best first steps toward the development of such a policy. It calls for:

1. Creating 45,000 new, permanently affordable apartments for low and moderate income people in vacant city-owned buildings using capital grants of $50,000 per unit, and rehabilitating another 30,000 badly deteriorated apartments in occupied city-owned buildings.

2. Expanding housing code enforcement to prevent further loss of affordable housing.

3. Protecting tenants' rights to remain in their homes by extending and strengthening state rent and lease protection laws and preventing tenant displacement in co-op conversions.

4. Allocating monetary benefits from developers of all projects receiving tax and zoning assistance to a Housing Trust Fund or including permanently affordable housing units in such projects.
5. Ensuring no displacement of lower income people when new publicly-subsidized middle income housing is constructed; confining public subsidies on such projects to tax exempt bond revenues and real estate tax abatements, and including at least 20% permanent lower income units in each such development.

COST: $2.5 billion (total)

We would also recommend:

6. Combining the AFDC shelter allowance with the AFDC basic grant.*

7. Enacting a moratorium on SRO conversions through passage of Intro #196 strengthened to provide replacement of lost units and better protection for existing tenants.

8. Developing lease contracts with owners of hotels used for the homeless that guarantee rent payments in exchange for code enforcement.

9. Seeking input from women in the design and planning of future temporary shelters and new permanent housing for women. Such planning should include on-site day care.

10. Soliciting proposals from non-profit community groups or individuals who desire to build intergenerational housing for female single heads of household and elderly women.

* See Section V—AFDC, Recommendations.
V. AID TO FAMILIES WITH DEPENDENT CHILDREN

AFDC should not be seen as an answer to female poverty. Jobs must be available at adequate wages for women who want to work. Quality affordable child care, employment training and other support services need to be in place so more women can work. But there must also be a sound, humane income maintenance program for women who by choice, happenstance or necessity are working only at raising their children or are working both at home and in the work place but earning insufficient money to provide for their children.

Unfortunately the public assistance grant in New York grows more and more deficient each year. Even the 1985 legislative adjustment of 10% is inadequate.

BACKGROUND OF THE PROBLEM:

- There are more than 900,000 people in New York City who receive AFDC; one out of every eight persons in the City is an AFDC recipient.
- About 75% of public assistance recipients are children.
- 91% of New York City families on AFDC are headed by women with children; this is 11% higher than the national average.
- The current monthly AFDC grant for a family of 4 is $710—$297 for the basic grant, $270 in shelter allowance and $143 for food stamps; this will increase only $30 per family per month and not until 1986.
- The poverty line for a family of four is $850 per month, leaving an AFDC family 20% below the poverty line.
- Welfare grants have increased approximately 26% between 1970 and 1982, whereas inflation has gone up 120% in that time period.

RECOMMENDATIONS:

The AFDC grant level should be brought up to the poverty line (which is itself an arbitrary and artificially low figure). In the interim:

1. The State should "restore the purchasing power of the welfare cash grant to the U.S. Bureau of Labor Statistics lower living budget on which it was based in 1969." 52

2. The AFDC shelter allowance should be incorporated into the basic grant and adjusted yearly to keep up with rent increases. "Welfare families should be able to negotiate their own rents."

3. A field-based study should be initiated, in collaboration with advocacy groups, to determine the real income needs of welfare recipients in the 1980s.
Under the Reagan Administration, an assault on health care programs continues, hitting low income and near poor people hardest.

BACKGROUND OF THE PROBLEM:

- In New York City the infant mortality rate was 15.3 per 1000 births in 1982, higher than the national average of 11.2 per 1000.
- New York State, 50th of all states in prenatal care to women of color.
- 20% of New York City births in 1982 were to women who received prenatal care late or not at all. In some urban health districts the lack of prenatal care was as high as 50%.
- It costs $1,500 on the average nationally to provide complete prenatal and delivery services while it costs between $1,000 and $1,500 a day to provide intensive neonatal care to a premature infant.
- 400,000 New Yorkers with incomes below the poverty line have no Medicaid, Medicare or private health care insurance; 100,000 of these are children.

GOVERNMENT ACTION TO DATE:

- The New York State Legislature included $7.5 million in its 1985 and 1986 budgets for prenatal care services for pregnant low income women not eligible for Medicaid.
- The City has allocated $2.5 million to lower the infant mortality rate.

RECOMMENDATIONS:

Ideally, we need a national health care plan to replace our current inadequate piecemeal approach. In the interim, we support:

1. Passage of Assemblyman Roger Green’s bill to establish a New York State prenatal care program where every hospital and health care facility will provide regular free visits for pregnant women whose income is 150% or less of the poverty level.

COST: $20 million
(State funds)
2. Raising Medicaid income eligibility levels to the poverty level over a two year period. Poverty levels have increased every year from 1970 to 1983 due to inflation. The total increase has been over 150%. Medicaid levels have increased about 123% for a family of 2, only 76% for a family of 4 and only 14% for a family of 7. The larger the family the more insufficient the coverage available.

COST: $62 min (fed)
$35 min (NTS)
$33 min (NTC)

3. Implementing the Health and Hospital Corporation's Adolescent Reproductive Health Care policy which seeks to provide confidential, quality reproductive health care services (including birth control, sexually transmitted disease treatment, abortion and prenatal care and delivery) to any teen seeking such services, regardless of ability to pay. These adolescent health care services must be adequately publicized.
Especially in light of the undermining of affirmative action by the Reagan Administration's Commission on Civil Rights we seek to have the provisions of New York City Executive Order #50 embodied in legislation. Vigorous efforts must be made to monitor and evaluate the legislation or the existing Executive Order to ensure maximum protection against discrimination in employment and access to other services for women and minorities.

RECOMMENDATIONS:

1. Increase the budget of the New York City Commission on Human Rights as recommended by the Council President, providing additional staff to handle a five-year backlog of over 1,000 unresolved complaints and making funds available to expand the Research Division, establish an Educational Unit and augment the Lesbian and Gay Anti-Discrimination Project.

COST: $250,000
Pregnant teens and teen mothers deserve special attention because of the prevalence of poverty in teen parents. Of the three targeted groups the Women's Equity Act addresses, teen parents have the most needs, covering all nine of the areas in this proposal—pay equity, child care, education, training, employment, housing, AFDC, maternal and child health care, and affirmative action.

BACKGROUND OF THE PROBLEM:

- In 1983 there were 31,923 pregnancies in New York City to females under 20 years old. Of these 18,174 were terminated by abortion, with 13,749 carried to term.
- Nearly half of the female heads of household on public assistance today had their first child when they were in their teens.
- 80% of teen mothers drop out of high school before graduation.
- The infant mortality rate for teen mothers is twice that of older women.
- A California State Health Department report showed a $6.50 saving for every $1 spent on family planning.

GOVERNMENT ACTION TO DATE:

- We applaud the Mayor for establishing an office of teen pregnancy and funding teen pregnancy networks in the boroughs.
- We applaud Governor Cuomo for setting up a task force on adolescent pregnancy and including $5 million in the 1985 budget for teen pregnancy services.

RECOMMENDATIONS:

The recommendations for teen pregnancy and parenting fall into two categories—prevention of the high rate of teen pregnancy and provision of services that would assist pregnant teens and young mothers who choose to keep their children.

One approach to prevention comes from the recently issued report by the Alan Guttmacher Institute that compared the rate of pregnancy in the United States to five other industrialized countries. It found an unusually high proportion of births to young women in the U.S. with the highest difference found for 14 year olds. The U.S. had four times as many pregnancies in that age group as any of the
other 5 countries. The report concludes that it is the lack of sex education combined with the lack of affordable and accessible birth control that keeps U.S. rates so high.

Another approach to pregnancy prevention, particularly applicable to New York City, focuses attention on the apparent inability of the public school system to educate and train young people coupled with the high youth unemployment rate, leaving young people with little hope for a decent, full future.

Pregnancy Prevention:

1. Expand the new Family Life Sex Education curriculum now in use in nine districts into all city schools and into juvenile detention centers and prisons. Update the curriculum to reflect critical cultural/ethnic variations.

2. Upgrade the family planning clinic system to provide free or low cost contraceptive services to all teenagers who want them and advertise that these services are not limited to the poor.

3. Insure that all available services reach adolescents with limited English and from different cultures.

4. Establish special adolescent health clinics in conjunction with public schools to provide confidential contraceptive services as part of general health care.

5. Provide a separate budget line for the individual Borough Teen Pregnancy Networks to secure their work and prevent their having to compete with other community services for funding.

6. Overhaul the public school system to increase retention and provide relevant job training and placement services.

7. Expand support for community-based organizations that offer multiple, supplemental neighborhood-based services. Historically, such groups have provided tutoring, career counseling and job preparation assistance of particular help to high risk adolescents.

8. Improve City employment opportunities to provide some incentive for teens to remain in school.

* See Section III—Education, Training and Employment, Recommendations.
9. **Provide comprehensive prenatal health care.**

10. Provide child and infant care to teen mothers so they can continue in regular high school programs, obtain a GED, secure training or accept employment.

11. Offer the opportunity and incentive to teen mothers to finish high school and/or seek job training by building an open door policy, flex time and day care into every education and training program. Specifically, support the WIN and LYFE (Living for Young Families through Education) programs and expand them into every high school and more community based organizations.

12. Develop new programs designed to aid teen fathers with their education, training and employment.

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* See Section VI—Maternal & Child Health Care, Recommendations 1 and 3.

** See Section II—Child Care, Recommendations.
Elderly women are one of the three groups of women most affected by the "feminization of poverty".

BACKGROUND OF THE PROBLEM:

- In New York City there are 1 million elderly people, a vast majority of them women.
- 75% of the elderly poor are women.
- In 1983, the median income of older households in New York City was $2,549, these households were at the "economic margin of survival".
- A large majority of elderly women's incomes are fixed, although annual cost of living adjustments are made in social security. For elderly women living in or near poverty there is no escape; this has serious consequences, both economic and psychological.

RECOMMENDATIONS:

Senior citizens have needs for better transportation, greater safety, and more home health care, food service, and short term geriatric care, to name just some. Most programs affecting them are the province of federal and state government, but these jurisdictions have cut their assistance so the City must increase its advocacy and fill in gaps in money and service. We support, for immediate action, measures improving senior access to income, housing, and recreation and feeding programs, including:

1. Increasing the Supplemental Security Income grant to bring it up to the poverty level. Currently 300,000 aged, blind and disabled New Yorkers receive SSI, almost 75% of whom are women. The New York State current grant per month is:

<table>
<thead>
<tr>
<th></th>
<th>Federal</th>
<th>State</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>living alone</td>
<td>$325</td>
<td>$60.91</td>
<td>$385.91</td>
</tr>
<tr>
<td>living with others</td>
<td>$325</td>
<td>$8.24</td>
<td>$333.24</td>
</tr>
<tr>
<td>living in hsehld</td>
<td>$215.67</td>
<td>$8.24</td>
<td>$224.91</td>
</tr>
</tbody>
</table>

See New York City Department for the Aging's "For The Record" for a more comprehensive list of state legislative recommendations.
Since 1974, the State’s proportion of SSI has dropped from 37% of the total grant to 16%. It should be brought up to the poverty line for all three groups in two installments.

COST: $145.2 mln
$ 77.1 mln
$222.3 mln
(2 yr State cost)

2. Extending the Senior Citizen Rent Increase Exemption to senior citizens living in small buildings with six or fewer units who now have no rent protection. Owners of these dwelling units would be compensated by tax relief.

3. Allocating additional City funds to programs for senior socialization, recreation and meals on wheels.
FINAL NOTE

Our findings in the Economic Equity Act point to the severity of the situation women and children face in this City in 1985. Although times are bad now, we must recognize that they will get worse for those who are already in great distress unless new government action is taken.

This Women's Economic Equity Act for New York City is an initial attempt to propose recommendations that address the growing phenomenon of female poverty in our City. Affirmative action on any of these would directly affect the populations at risk.

The Act will be referred to the City Council's Committee on the Status of Women for their consideration and for recommendations which they can make to the full Council during the current budget process and in the future.

In addition it is our hope that women, women's organizations, issue and advocacy groups will become more involved in the legislative and budget processes at the City level; that they will demand that the feminization of poverty in New York City be addressed; that they will secure adoption of some of these recommendations; and that, increasingly, they will pursue issues in the context of a Women's Economic Equity Act for New York City.
NOTES

2. Ibid., p. 53.
6. Ibid., op. cit., p. 44.
7. Ibid., op. cit., p. 5.
8. Ibid., p. 6.
10. Ibid., p. 22.
11. Ibid., p. 21.
12. Ibid.
13. Ibid.
14. Ibid.
18 Hatcher, op. cit., p. 11.
19. Ibid.
20. Ibid.
21. Ibid.
22. Soloway Memorandum, op. cit., p. 3.
23. Ibid.
25. Ibid.
26. Ibid.
27. Ibid.: p. 8.
28. Ibid.
34. Ibid., p. 2.
35. Litow, et al., op. cit., p. 94.
36. Ibid., p. 96.
37. Ibid., p. 97.
40. Ibid., p. 102.
41. Ibid., p. 88.
44. Scolzinger and Syron, op. cit., pp. 45-53.

45. Terry Haywood, Sociology Department, Baruch College.


52. Ibid., p. 37.

53. Ibid.

54. Ibid., p. 9.

55. Ibid., p. 142.

56. Housing Justice Campaign, 424 West 33rd St., 9th Floor, NY, NY 10001.


60. The East Harlem Interfaith Welfare Committee, "The Welfare Committee's Recommendations for Legislative and Administrative Changes in 1985".

61. Tim Sheehan, Community Service Society.


63. New York City Department of Health 1982, compiled by The Maternal and Child Health Task Force of the Public Interest Health
Consortium of New York City.

66. Ibid.


69. Ibid.

70. Statewide Youth Advocacy, op. cit., p. 22.


72. Ibid., p. 55.

73. Ibid., p. 61.

74. Ibid.

75. Dollar, op. cit., p. 158.

76. Hatcher, op. cit., p. 23.


78. Stegman, op. cit., p. 5.


80. Ibid., p. 2.

81. "Changes in New York State SSI Monthly Benefit Rate 1974-75 (Individuals Living Alone)", Memorandum from Jacob Landers, Institute on Law and Rights of Older Adults, Brookdale Center on Aging of Hunter College, January 5, 1985, p. 5.

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THE FEMINIZATION OF POVERTY

AN ANALYSIS OF
POOR WOMEN IN NEW YORK CITY

By Karen J. Hatcher
For Council Member
Ruth W. Messinger

June 14, 1984
WOMEN AND POVERTY

Adrienne Lock, a teenage mother with an infant son, has spent the last two months searching for an apartment. Adrienne applied for federally-subsidized housing and was designated 0400 on a long waiting list. Her chances of getting into a public housing project are slim. With a low vacancy rate and cutbacks in federal money, the waiting period for public housing is now more than five years. Finding an apartment in a private residential building has been even more difficult. Many landlords either refused to rent to families with children or quoted rents that were unreasonably high. In the meantime, Adrienne’s temporary residence is a vermin-infested welfare hotel with inadequate water and plumbing facilities. Prostitution, illegal drug trafficking, and violent crimes are everyday occurrences at this place. Welfare pays $18 a night for the first person in a room and $9 for each additional person. Adrienne cannot understand why welfare will pay $161 a week (or $644 a month) for temporary shelter that is unsanitary and hazardous but not allocate one third this amount for permanent decent housing.

Choosing between evils, Adrienne finally rented a 2-room apartment for $225 in a slum section of the city. Since the maximum shelter allowance for a family of two is $183 a month, Adrienne must use $42 of her basic grant to pay the rent. The apartment building has numerous violations, and heat and hot water are not provided on a regular basis. Adrienne constantly fears for her son’s safety because the landlord has refused to install protective window guards. With the paint and plaster chipping in the apartment and the landlord’s refusal to do major repairs, the chances of Adrienne’s son getting lead-poisoning are quite high. Until adequate housing allowances are granted, more low-rent apartments or rent subsidies are made available, and code enforcement becomes a reality, families like Adrienne’s will continue to live in intolerable conditions.

Many elderly women who once lived comfortably on their husbands’ salaries must now scrape by on a meager social security check. This is true for Mrs. Abramish. Including food stamps, she has an income of $3,852 annually or $321 a month. As is the case for most senior citizens, the majority of her check goes towards rent and utilities. There are no luxuries in Mrs. Abramish’s life. She receives $40 a month or $1.33 a day in food stamps. There are times when she eats only one meal a day to stretch out her benefits. At 73, with chronic emphysema, Mrs. Abramish is one out of thousands of poor elderly women living in New York City.

Ms. Harris is a single parent with two children. Her income includes public assistance and food stamps. Ms. Harris is a full-time student and is looking forward to receiving a B.A. degree in accounting, in January 1983. She firmly believes that completing her education is the key to securing future employment opportunities. Getting off welfare and becoming financially independent are her goals. However, this may be impossible due to new and stricter regulations governing food stamps, one of which requires education grants to be included in determining income eligibility. This poses a serious dilemma for Ms. Harris. Should she continue her education at the risk of losing food stamps to feed her children?

Kate Levine is a displaced homemaker. She grew up believing in the “Great American Dream” and that’s exactly what she got: a successful husband, healthy children, the suburban home, and regular vacations. Kate’s fantasy turned into a nightmare when her husband divorced her, ending her access to middle class America. Kate had spent thirty years catering to the needs of her family, and sacrificing her own opportunities for growth. Now without viable job skills, she must
take low-paying clerical positions that have minimal health insurance benefits and no retirement pensions for future security. Kate can only anticipate becoming one of the many millions of American elderly women who are now poor.

- Helena Estaba divorced her husband after he nearly killed her. She had been a victim of his physical abuse for about three years. She was awarded custody of their child but forced, over her vociferous objections, to allow him visitation rights. When his visits turned into assaults on her, she refused to let him come to the apartment. In retaliation, he stopped paying alimony and child support. Now Helena and her daughter are on public assistance. The courts have been unsuccessful in locating her ex-husband. Helena is one of 4 million American women awarded child support of whom only 47 percent are fortunate enough to collect the full amount.

- Sophie Ryan was barely able to provide for her three children. She earned $9,625 a year as a clerk typist and received an additional $44 a month in supplemental welfare. As Reaganomics spread she was dropped from the welfare rolls. As explained by Mrs. Ryan, "It wasn't losing the additional income that hurt, but having our Medicaid benefits cut. Now they're gone." The Ryans and approximately 323,000 other families were affected by changes in regulations and program guidelines for Aid to Families with Dependent Children (AFDC) and lost desperately needed health service benefits. Like the majority of poor working class families, Sophie cannot afford to pay for such services independently. Without Medicaid, she is forced to deny her children basic primary health care.

FEMINIZATION OF POVERTY

These are examples of how millions of poor women and children in the United States are living today. They can be found in virtually every corner of America, in cities, rural areas, and the suburbs. They face constant economic struggle and hardship. They do not have access to decent and affordable housing, adequate employment and training opportunities, or necessary child care services. They are victims of what has commonly become known as the "Feminization of Poverty." Simply stated, women and children are bearing the burden of being poor in today's society.

More than at any other time in recent history, the poor are likely to be women. Two out of every three adults living below the established federal poverty level are female. Nearly 75 percent of all elderly poor are women, and the vast majority of all poor families are headed by women. Female-headed families account for 18.8% of all families with children under 18 years of age in the United States, yet comprise 47% of all poor families(1). In 1982, 13.5 million of America's children were poor -- an increase of more than 1 million in a year(2). Without immediate and effective
policies directed towards this problem, the population of women and children in poverty will continue to escalate.

Previous government programs and policies aimed at improving the conditions leading to and reducing poverty have for the most part benefited families headed by white males. Between 1960 and 1981, their poverty rate declined by 31% and the number of individuals in these families fell from 20 million to 10.3 million(3). Meanwhile, while the poverty rate for families headed by females decreased by only 20%, the number of individuals in such households increased by 54%(4).

The growing and disproportionate number of poor women and children prompted the National Advisory Council on Economic Opportunity to predict, in 1980: "All other things being equal, if the proportion of the poor who are in female-headed families were to increase at the same rate as it did from 1967 to 1977, the poverty population would be composed solely of women and their children by the year 2000(5)."

No single phenomenon is the direct cause for the "Feminization of Poverty." It results from a universe of economic and social factors. Changes in family structure, continuing barriers to employment, low wage earnings, and the lack of sufficient public support programs have all contributed to the increase in the absolute number of women who are poor and the proportion of the poor who are women. The problem is likely to get worse.

Today, a great many programs designed to assist disadvantaged women have come under the scrutiny of an administration focused on increased military spending, corporate tax relief, and private sector investment. They have de-emphasized social programs and government supports by:

- eliminating the Comprehensive Employment Training Act and Vocational Education Act which provided jobs and much needed job training;
- weakening affirmative action and equal employment opportunity laws by relaxing regulatory provisions, curtailing enforcement activities, reducing funds, and appointing weak or uncommitted officials;
- changing eligibility guidelines and computation of income to reduce or eliminate benefits for AFDC families (women and children comprise 80% of all AFDC recipients);
- eliminating public housing stock, raising rents, and reducing subsidies for new construction and substantial rehabilitation (women head 66% of the families in subsidized housing);
- savaging fuel assistance to low-income households (the majority of which are headed by women);
- restricting access to Social Security payments;
- reducing and possibly eliminating Legal Services Corporations, making it substantially more difficult for poor people and the elderly to obtain legal representation;
- cutting aid for education, Medicaid services, child care and nutrition programs.

Despite statistical evidence, policymakers remain oblivious to the growing trend of women and children's poverty and regularly take actions which exacerbate it. Serious federal, state, and local intervention is desperately needed if we are to prevent women from remaining disproportionately the victims of poverty. Without such a commitment, women can expect to work at jobs that will keep them poor, raise children alone and in poverty, and finally join the elderly population of poor women.

WOMEN'S POVERTY: NEW YORK CITY

Between 1970 and 1980, the number of families in New York City declined by 14%, from 2,043,800 to 1,737,600(6). While overall numbers dropped, families maintained by single women continued to grow. Female-headed households rose dramatically from 356,000 in 1970 to 499,000 in 1980 (from 29 percent to 43 percent of all families with children(7)). The number of families headed by a female increased substantially in every borough. What is even more significant, is the near doubling of female-headed families living in poverty from 108,000 in 1970 to 212,000 in 1980(8). Women headed 77 percent of New York City families living below the poverty level(9).
The poverty rate for the City's children living in female-headed families rose from 46 percent to 53 percent \(^{10}\).

New York City serves as a home base for some of the world's major businesses, industries, and most influential citizens. It is the commercial, educational, and cultural capital of the world. Yet in spite of all its wealth and power, it is a center of poverty. With an estimated population of 1.4 million poor persons, most of whom are women and children, poverty is a very real business in New York City\(^{11}\).

This report examines poor women and children living in New York City. It specifically looks at women who are, whether by choice or circumstance, single parents. To understand the Feminization of Poverty requires an in-depth analysis of marital status and income, employment, government support programs, and health and nutrition issues and how they constitute an enormous impediment to the financial security of women.

This report also makes special reference to the income disparities suffered by older women. In New York City, nearly half of all women over the age of 63 have incomes below the poverty level (\$9,950 in 1980). The vast majority rely on Social Security. Salary differentials, employment patterns, and discrimination in younger years and the earlier deaths of their spouses all contribute to the impoverishment of older women.

Finally, the report offers policy recommendations for assisting poor women and preventing the growth of women's poverty.

**Marital Status and Poverty Among Women**

For thousands of women, the correlation between marital status and economic security is a harsh reality. Mothers who do not marry, or women who are separated, divorced, or widowed face far greater likelihood of financial insecurity than single or married men. At least 85% of all American women will have to support themselves and their children because of marital disruption or the death of a spouse. Without a husband present as an income provider, with inadequate wages
for themselves, and with virtually no child care services, these women can for the most part expect to be poor.

Over the last decade the income disparities between female households and husband-wife households have widened. Nationwide, median income for female-headed families grew 115 percent between 1970 and 1981, from $3,093 to $5,093 (12). At the same time, median income for husband-wife families rose from $10,316 to $23,063, an increase of 138% (13). In New York City during 1980, the median earnings of female-headed families was $8,130 in comparison to $20,526 for married couples (14). With the realization of the huge income disparities between these two types of families, it is not a surprise that the poverty rate for all female-headed families is three times greater than for male householders and five times more than for husband-wife families.

In the last several years women and children from middle class backgrounds have increasingly become the victims of poverty. The number one culprit: separation and divorce. When marital disruption occurs in families, the usual scenario is that the man becomes single and the woman becomes a single parent; 90% of all children from divorced parents live with their mothers.

Even if these women still experience a greater loss of income after marital disruption, because they have lower salaries. One study showed that within a year after the divorce, a husband's income rose by 42 percent while the wife's dropped by 73 percent (15). For women awarded custody of their children this loss is devastating. Mothers must endure the emotional strain of not having enough money to pay bills and of seeing their children deprived of life's basic necessities.

CHILD SUPPORT

Separated and divorced women with children become poor not only because they have low wage earnings, but because of their ex-husbands' failure to pay child support. When fathers fail to meet their child support obligations, they condemn their wives and children to a life of poverty. In spite of court action granting support to mothers, a large proportion receive absolutely no financial help whatsoever. Those who do, receive payments far below the assigned amount and at irregular intervals.
There are over 8 million women in the United States with custody of children from an absent father. Only about half of these women have been awarded child support, and of those only 47 percent collect the full amount due, while 23 percent receive partial payments, and 28 percent receive absolutely nothing from the child's father.\(^\text{(16)}\)

For the most part, support payments are inadequate and are not commensurate with the costs of raising a child. Today, the average annual payment is $2,110—a marginal increase from $1,800 in 1978. As a result, the vast majority of women maintaining families do so under extreme financial hardship. Adding these payments to their own wages, which are minimal, single mothers still find themselves and their families poor. The reality of the situation is that, with or without child support, most single mothers even if they were middle class when married are financially incapable of sustaining their families.

Studies have indicated a number of reasons why fathers deny support to their children: abrupt changes in financial position, less contact with offspring, retaliation against ex-wives, new family responsibilities. These findings may have some significance. However, a more salient aspect of this problem concerns the lack of stringent enforcement measures against fathers who fail to pay child support. This has caused the nonpayment problem to reach epidemic proportions.

The greatest failure of existing child support programs is that they are designed to serve only women of a particular economic class. For example, in many states the primary objective of child support enforcement bureaus is to assist in the reduction of welfare costs by locating absent fathers of AFDC children; they only provide services to welfare mothers. Mothers who have broken marriages and do not qualify for welfare are left in a defenseless position of having to secure child support alone. Unable to pay for legal expenses to bring negligent fathers to court, having job constraints, and without supportive services, separated and divorced women and their children are that much more likely to be poor.
Fortunately for New York City women, the Child Support Program here does offer assistance to both AFDC and non-AFDC families. In 1982, the program collected $17.4 million from 30,000 AFDC fathers and $25 million from 56,000 non-AFDC fathers. However, while non-AFDC mothers are provided with help free of charge and receive the entire collection, AFDC mothers do not. Any child support payment collected in behalf of a welfare mother is instead used to offset welfare costs.

Currently there are no structured methods for awarding, adjusting, and enforcing payments. Much is left to the discretion of the judge and other court personnel who are not necessarily familiar with the financial necessities of raising children. Awards are rarely, if ever, adjusted to account for inflation. Since sanctions are difficult to impose, fathers have the discretion to pay whatever and whenever they choose, thus leaving children hostage to inadequate financial support.

Before Congress is a bill called the National Child Enforcement Act. It encourages states to collect payments through the mandatory withholding of wages. But until this bill and other enforcement policies are established and child support standards adopted, marital status will be a direct factor in creating or intensifying poverty.

**CHILD CARE**

At no other time in history have we seen such a large scale entry of women into the American labor force. By 1980, 41 million women were working as opposed to 29 million in 1970. In New York State 3.2 million women were working, an 18 percent increase from the 2.7 million in 1970. More astounding though, is the increasing number of working women who are mothers. By 1979, half of all mothers with children under the age of eighteen were working full-time. By 1980, that figure had increased by nearly 10 percent. Participating in the labor force in 1982 were:

- 59 percent of mothers with children under the age of 18
- 68 percent of single mothers
- 56 percent of married mothers
- 66 percent of mothers with children aged 6-13
-74 percent of single mothers
-63 percent of married mothers

-50 percent of mothers with children under the age of 6
-58 percent single mothers
-49 percent married mothers

-57 percent of mothers with children aged 3-5
-63 percent single mothers
-53 percent married mothers

-56 percent of mothers with children under the age of 3
-57 percent of single mothers
-43 percent married mothers

According to 1980 Census Bureau data for New York City, there were:

-472,591 mothers with children aged 6-17
-55 percent (or 259,621) were in the labor force

-393,639 mothers with children under age 6
-39 percent (or 136,915) were in the labor force

The so-called traditional family with a male wage earner and a mother who stays at home to care for children is no longer the norm. In fact, this describes one out of every 21 families today. The majority of America's children are growing up in families where all parents work.

The growing presence of working mothers in this country has brought about an increased demand for child care services. This demand is especially critical for families with young children, who in fact, account for the fastest growing segment of working mothers. Approximately 9 million children under the age of six have working mothers. Existing child care facilities throughout the United States are not nearly enough to accommodate a third of these children. This shortage has forced many mothers to rely on make-shift arrangements or leave their children alone, unprotected, and totally unsupervised. There are as many as 6 to 7 million "latch-key" children who are at home caring for themselves while their parents work.

This lack of affordable and quality child care has its own feedback effect on women's participation in the labor force. Mothers may be forced to quit their jobs or forgo opportunities for career advancements because they must remain at home to care for their children. Various studies
concluded that possibly one of every five or six unemployed women is out of work because she cannot find child care. It is society that then bears the cost of these women’s dependency on public assistance and other government supported programs for the poor.

**THE DAY CARE DILEMMA IN NEW YORK CITY**

The day care population in New York City is defined to include children eligible for infant and after-school care. In 1982, this population consisted of 1.2 million children aged twelve and under, who could be divided by age group as follows:

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number</th>
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<tbody>
<tr>
<td>Infants (0-2 years)</td>
<td>237,000</td>
</tr>
<tr>
<td>Pre-school (3-5 years)</td>
<td>260,000</td>
</tr>
<tr>
<td>School age (6-12 years)</td>
<td>720,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,217,000</td>
</tr>
</tbody>
</table>

In New York City, the Agency for Child Development (ACD) is the largest provider of day care services. ACD has contracts with 381 group and family day care programs. In 1980, the active day care population at any given point in time was 42,010. Over the course of the year approximately 69,000 children were served. 90 percent of the children came from families with a gross income of less than $13,500(20) and 60 percent of the estimated 35,000 families using day care were headed by working parents, the majority of them single mothers(21).

In order to qualify for publicly-funded day care, parents must satisfy both social and financial eligibility criteria. In 1982, ACD estimated that about 331,000 children, twelve and under, qualified for public day care(22). These children came from the following types of families:

<table>
<thead>
<tr>
<th>Family Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-parent P.A. families</td>
<td>121,000</td>
</tr>
<tr>
<td>Single-parent non-P.A. families</td>
<td>58,000</td>
</tr>
<tr>
<td>Two parent non-P.A. families</td>
<td>132,000</td>
</tr>
<tr>
<td>Total</td>
<td>331,000</td>
</tr>
</tbody>
</table>

Of the 331,000 children eligible for day care, ACD assumed that other kinds of care were available for 139,000 (42 percent) of the children(23). This reduced their definition of the population in need of care to 192,000. Given ACD’s service capacity of 69,000, there were - at the best - 123,000 eligible children in the course of a year who did not receive day care services.
Day care providers argue that ACD's analysis of the unmet need is substantially low. The agency served 69,000 children only because of turnover due to families relocating, losing eligibility, or making other care arrangements. Since the budgeted capacity of all ACD funded child care programs is 40,500, it should be noted that at least 132,000 eligible children are denied service at any given point in time. Not only does the need for day care exceed the system's capacity as ACD acknowledges, but, in reality, the unmet need is two to three times greater than the agency admits.

Furthermore, the alternative modes of services available for children in need may not necessarily be safe or controlled. As one study revealed, 19 percent of all families in New York City who lost day care services left their children unattended for all or part of the day.

The reduction in federal funds for social service programs has affected the city's ability to increase day care services. In FY 1982 Title XX, the major funding source for day care was replaced with the Social Services Block Grant. Congress then reduced the block grant by 21 percent from $3.1 billion to $2.4 billion and eliminated the $200 million specifically earmarked for child care. As a result of the reduction in federal aid to the state, New York City lost $22 million in Title XX funds. To absorb this loss, the city allocated $15.4 million from its reserve fund for day care. The state tightened eligibility standards and increased fees, making day care less available.

Between 1981 and the fall of 1983 because of federal and state changes, New York City lost 1,700 day care slots from 42,507 to 41,207. Approximately 1,170 children left the publicly funded day care system and 3,000 more families were charged for day care.

As the number of working mothers increases so will the demand for day care programs. Mothers eager to maintain or improve the family's standard of living, and faced with high costs and persistent inflation, will not remain at home to care for young children but will move into the work force.
There is little hope that the federal administration will respond to this problem. Our government is in fact proposing additional cuts in funding. Child care along with other social programs rank low in the priorities of our present administration, placing us behind most European nations that have sophisticated family and child care policies.

**AID TO FAMILIES WITH DEPENDENT CHILDREN**

Aid to Families with Dependent Children (AFDC) is the major income support or "welfare" program available to poor families in the United States. Under AFDC, needy families who meet income eligibility criteria receive cash grants to cover the costs of food, shelter, clothing, and other essential items. Approximately 10.4 million individuals receive AFDC benefits, of which 7.2 million are children. Eighty percent of the 3.4 million AFDC families are headed by women.

AFDC is a federal program administered by the state and in some cases, local government. Program costs are shared by two or three levels of government. In New York City, AFDC receives half of its funding from the federal government, and the state and city each provide 25 percent. Within federal guidelines, states have considerable authority for the design and operation of the AFDC program. Each state determines its own "standard of need" for eligibility purposes and sets its own welfare benefits. States are not required to provide welfare payments equal to their own standard if need or the federal poverty threshold.

The AFDC program is explicitly aimed at protecting poor children whose parents are unable to support them financially. AFDC benefits are suppose to help a family maintain a decent standard of living. However, the program is having a minimum effect on improving the living conditions of needy families because its payments are intolerably low, failing in every state to realize even a minimum level of adequacy. In 1983, the average disposable income of AFDC families was approximately 72 percent of the official poverty level. In no states were the combined benefits of AFDC, food stamps, and energy assistance enough to bring a family up to the poverty level.
AFDC-NEW YORK CITY

There are about 1.2 million New Yorkers dependent on some form of direct public support. Of this number, approximately 800,000 are receiving public assistance under the Aid to Families with Dependent Children Program. Just over 10 percent of the city's population are AFDC recipients. The following data highlight the characteristics of AFDC recipients in New York City:

FAMILY TYPE

* 91% of the families that receive AFDC support are headed by women. The AFDC caseload in New York City contains a much higher concentration of female-headed households than does the AFDC caseload nationwide (80%).

* Less than 1% of the single parent families headed by men in New York City receive AFDC, as do 9.6% of the husband-wife families. An astounding 62% of New York City's female-headed households receive AFDC benefits.

* 39% of the AFDC families are Black, 38.6% are Hispanic, and 13.6% are white.

WORK EXPERIENCE OF MOTHERS

* 5.7% of the households receiving AFDC benefits contain a working mother.

MARITAL STATUS AND ELIGIBILITY

* In 41.4% of the AFDC households the mother and father of a child never married.

* In 30% of the AFDC households the father deserted the family.

* In 4.8% of the AFDC households the mother and father divorced.

* In 2.4% of the AFDC households the mother and father were legally separated.

* In 2.1% of the AFDC households the father was deceased.

NUMBER OF CHILDREN IN AFDC HOUSEHOLDS

* 371,000 children live in families receiving AFDC benefits. This is about 1 out of every 4 children in New York City.

* 38.2% of all AFDC households have one child.

* 28.8% of all AFDC households have two children.

* 16.2% of all AFDC households have three children.

* 16.8% of all AFDC households have four or more children.
AGE OF CHILDREN

- 50% of all AFDC children are under the age of six.

CHILD SUPPORT

- Only 13% of the AFDC families headed by women receive child support from fathers.

WELFARE DEPENDENCY

- Public assistance is not a permanent way of life for all welfare families. Measures of welfare dependency indicate that public assistance is a temporary source of income for most recipients. The average length of time any family remains dependent on AFDC is 2.6 years.

Relying on public assistance can be a frustrating experience for women and their children. When reporting to income maintenance centers, applicants and recipients must wait hours before their case is called. If their case is not reviewed, families must return on another day. For working AFDC mothers this means a substantial loss of income from missing hours at the job. Many families have been left without money for food, clothing, and shelter because of unnecessary delays in processing applications or because their case had been incorrectly terminated. No matter how long a welfare department takes in processing applications or determining eligibility, families are not entitled to retroactive benefits.

For a family of four the AFDC allowance for all needs except rent is $311 a month. Since the majority of the city's welfare cases contain three or less members, most AFDC families receive a monthly allowance of less than $311. While welfare grants have increased by approximately 26 percent between 1970 and 1982, the prices of goods and services have gone up over 120 percent. A welfare family has about half the purchasing power today that it had in 1970.

In summation, the current level of welfare benefits do not provide enough income for poor women and their children. The value of the welfare grant has been significantly eroded by inflation in all areas. Unlike Social Security benefits, AFDC grants are not automatically adjusted for increases in the cost of living. These grants can only be changed by legislative ruling. Given the current political impetus to shortchange vital social programs, increases in either the AFDC program or other income support programs are unlikely to happen.
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The outlook for poor families in New York City is bleak. Already 27,000 poor children have lost their eligibility for AFDC and many more thousands have had their benefits reduced due to the Reagan budget cuts. Income support programs are being dismantled at a time when an ever-increasing number of families are in need. The primary victims of these brutal attacks will again be women and children.

A visible flaw in the AFDC program which wreaks havoc with poor families concerns the shelter allowance. In New York City, the maximum AFDC shelter allowance for a family of four is $218 a month. While the cost of rental housing in the city has nearly doubled in the last eight years, shelter allowances have remained the same. This has caused more and more AFDC recipients to use part of their basic cash grant to help pay the rent. In 1977, 30 percent of all AFDC households had rents at or above the allowance. By 1980, this figure had climbed to 37 percent (33). AFDC families with rents exceeding the maximum housing allowance end up foregoing other basic necessities just to pay for shelter, or fail to meet their rent bills in full, creating serious legal problems down the road.

Unrealistically low shelter allowances also traps poor families in substandard housing. These families have a difficult time locating housing with rents that meet the shelter allowances. Even if they do manage to find an affordable apartment, they will not always be able to afford moving expenses or the security deposit. This forces poor families to remain in deteriorated apartment buildings many of which have substantial number of code violations or fail to provide essential building services. Some families are paying high rents to live in apartments without heat or security protection or with lead paint chips on the floor - all at direct risk to their families.

Every year approximately 6,000 New York City families who have lost their homes due to fires, vacate orders, or eviction become homeless and destitute. Most of these homeless families are women and children who are AFDC recipients. Because most of the traditional supports — soup kitchens, missions, and shelters, were built primarily for men — women have an exceedingly
difficult time finding suitable and adequate shelter. Their plight is made all the worse because there are not enough shelter facilities to accommodate homeless women and children.

The struggle of homeless families has primarily come to the fore due to the widespread interest and support of the city's various advocacy and nonprofit groups. While these organizations have embarked on a well-publicized campaign to aid homeless families, the city has been slow in formulating policies for the homeless. The minute steps the city has taken to date do not represent a real commitment to improving conditions for homeless families over the long run.

Due to the severe shortage of shelter facilities, city agencies rely on rundown hotels to "temporarily" house homeless families. More than 75 percent of the homeless families seeking emergency shelter are transferred to what are often called "welfare hotels." The conditions of these facilities are horrendous. Even with the existence of state regulations, a legal order, and city inspection teams, most hotels fail to comply with the minimum of standards. They often have faulty plumbing systems, and inadequate food storage facilities, lack essential fire prevention devices, and have limited provisions for ensuring the safety and security of their residents. Most, if not all, have serious roach and mice infestation problems.

Today homeless families are staying in welfare hotels for longer and longer periods of time. The most salient factor affecting the transition of homeless families with children into permanent housing is the critical shortage of low-income housing. The unavailability of affordable housing is not only a problem for welfare mothers but for all mothers raising their children alone. The income of a single mother whether she works and/or receives AFDC is not enough to secure a decent apartment in New York City. Also compounding the problem is that single women with children are too often discriminated against in housing -- particularly in the rental housing market. A recent survey by the New York City Commission on Human Rights of real estate agents showed that 59 percent of them served landlords that either had some restrictions or outright prohibitions against children(36). Although New York laws prohibit this practice, many landlords deny
apartments to persons with children in the household. Until New York City revises its legislation, tightens enforcement measures, and imposes harsher penalties against perpetrators of housing discrimination, poor families will continue to be victimized by unscrupulous landlords.

FOOD AND NUTRITION PROGRAMS

With today's inflated food prices and their limited income, many women simply cannot afford to feed their children properly unless federal food programs provide assistance. These programs have benefited millions of low-income persons in New York City by augmenting their food purchasing ability.

Not only have food programs enabled the poor to feed themselves, but they have been highly effective in reducing a number of adverse health problems that occur from inadequate nutrition. Used as a form of preventive medicine they have played a major role in this country's efforts to abolish widespread hunger, and curtail disease.

Today however, the policies of the administration threaten to undo America's past achievements in eradicating hunger. Massive cuts in funding for food programs, new eligibility restrictions, and across-the-board reductions in individual household benefits have left millions of families without food aid and at nutritional risk. Calls to local agencies concerning request for emergency food have increased dramatically. Soup kitchen and food bank participation has swelled to record numbers. People are being turned away hungry because there is not enough food to give away. And no longer are these facilities provinces only for unemployed and destitute men; an alarming number of women and children are present in every service center.

More people are hungry today because their access to food has been cut off by an unconcerned government whose interests lie in making the rich richer at the expense of having the poor suffer even more. While the numbers grow, the Reagan administration repeatedly denies that their fiscal policies and toughening of food program rules have any connection with the prevailing hunger crisis in America. In fact they question whether hunger is even a "real and significant" problem.
HUNGER TOLL ON THE RISE - NEW YORK CITY

A substantial number of New Yorkers rely on food programs for help. The Food Stamp program which provides coupons as a supplement to help low-income families purchase adequate foods, serves about 1 million people. Over half of these recipients are children and the vast majority of food stamp households are headed by single mothers or elderly women living alone.

The Special Supplemental Food Program for Women, Infants, and Children (WIC) provides high protein foods, nutrition counselling, and health care services to low income women and children determined to be at a nutritional risk. In New York City, WIC serves about 113,217 pregnant and lactating women, infants, and children under the age of five.

Approximately 71,900 New York City children receive meals while attending child care centers through the Child Care Feeding Program (CCFP). Under the auspices of CCFP, licensed non-profit child care institutions are reimbursed by the federal government for providing meals to children. Children receive these meals for free or at reduced or full price depending upon their family's size and income. In addition, tens of thousands of low income children are also provided with meals through the School Lunch Program and Summer Feeding Program.

Budget cuts and more restrictive eligibility requirements for food aid programs have taken a heavy toll on thousands of poor families in New York City. During the last two years some 60,000 families became ineligible for food stamps and lost badly needed benefits. Many more thousands have had their food stamp benefits reduced. And even for those who do receive stamps, the amount is wholly inadequate, especially when measured against high food costs in this city. The New York City Department of Consumer Affairs reported in January of 1984, that the cost of feeding a family of four had reached $113.33 a week (or approximately $454 a month). If that size family were entitled to food stamps they would receive a maximum coupon allowance of $232 a month. Not much can be bought for $1.30 in today's grocery store. But this is the benefit per day that the average food stamp recipient receives.
With the decisive support of Congress, WIC was the only federal food program in FY 1982 that avoided cuts in funding. The Reagan administration's 1983 proposal to terminate WIC and fold it into the Maternal and Child Health Block Grant was also defeated.

Although WIC has remained intact, funding levels are so insufficient that services cannot be provided to all those in need. In New York City only a third of the 327,000 potentially eligible women and children actually participate in the WIC program. Almost every city program has a long waiting list and can only serve those families deemed critically undernourished or ill. Consequently, in the poorest areas of New York City, where WIC is inadequately available, low birth weights and infant mortality rates have increased significantly. This is because poor pregnant women receive little or no prenatal care or get such care but without needed nutritional supplements.

WIC has proven to be highly effective in reducing a vast number of diseases and health problems, especially among low-income women and their children. Studies by public health departments, universities, and medical research facilities have found that the program caused a reduction in incidence of anemia, infant mortality, and low birth weights. Indirectly, it also has had an impact on preventing other diseases. For example, low birth weight, which is the eighth leading cause of death among children in the United States, is also tied to increased incidence of mental retardation and physical disabilities. Overall, WIC has enabled its beneficiaries to improve their general health status by providing nutritious foods for adequate diets, access to health care, and education on proper nutritional habits.

Clearly, there is an urgent need for more funding so that the full population of eligible women and children can participate in WIC. Until our government realizes the value of this program, families denied access to the WIC program will continue to have serious illnesses aggravated by inadequate nutrition. In the end, it is our city and the taxpayers who will lose. They will have to pay for the medical costs for children who are born disabled, who are sick, who become totally
dependent upon public assistance because they cannot work— all which might have been prevented had their mothers received the proper prenatal care and nutrition.

Cutbacks in the CCFP have particularly hampered the food service operations of child care groups. The federal government will now only pay for two meals and one snack a day as opposed to three meals and two snacks prior to budget cuts. Forced to absorb these cuts and with their desire to maintain quality meals, many centers have had to raise their child care fees and charge more for meals.

Many of the families who rely on day care and qualify for CCFP are low-income. With already tight budgets, the extra expense of having to pay more for child care services and meals is an additional strain. For those parents who altogether cannot make this financial obligation it means their children must go without eating or receive an inadequate balance of meals.

It is poor women and children who are bearing the burden of this administration's attack on federal food programs as well as other income supports. Denied access to these programs pushes women further into total dependency and poverty, and undermines their ability to care for their families. The health status of poor women is already in jeopardy; not having adequate food threatens it further. Their children suffer too. Ill-fed and constantly hungry, they are prone to sickness and disease. Hunger prevents them from concentrating in school and may generate anti-social behavior. Children who do not learn will have difficulty in becoming productive members of our society.

Clearly, if we care about their future and the future of this country, there must be a comprehensive effort to ensure that women and children have access to food. No one should have to go hungry in the richest country in the world. There is time to reverse the ever-growing hunger problem in America, but to do so will require a greater effort by federal, state, and local governments.

WOMEN AND WORK

Although women have made some significant gains in the labor force, their overall position in the labor market remains relatively unfavorable. Eighty percent are segregated in low-paying
clerical, sales, service and factory jobs. These traditionally female jobs, when measured against men's jobs of equivalent skill and training, are greatly undervalued. They provide limited benefits and few opportunities for career advancement.

In addition, job structures are not compatible with many women's life circumstances. They are subject to requirements for overtime and find that work policies emphasizing family responsibilities, including flexible hours, job sharing, and leaves of absence, are rarely available. As a result, they must often leave the work cycle for periods of time, which makes their job advancements prospects much worse. Finally, the role of discrimination continues to be a dominant factor in the American labor market where women are often excluded from high paying jobs and promotions purely because of their sex.

THE WAGE GAP

Although women have entered the job market in record numbers, they still continue to earn far less than men. Today women earn 62 cents to every dollar a man earns - down from nearly 64 cents in 1933. For minority women the situation is far worse. Black women earn 56 cents and Hispanic women earn 50 cents for every dollar earned by men in this country (38).

In 1980, the median earnings of all fully employed men were $16,910 as compared to $11,287 for all women. Median earnings for white, black, and Hispanic women were $11,913, $10,609, and $9,769 respectively. While 31.2 percent of men had earnings below $15,000, 73 percent of women had jobs paying this amount. Even more startling, although 46.5 percent of men worked at jobs paying $20,000 and above, a mere 9.6 percent of women workers earned this much (39).

The mass media description of the high powered woman executive with a six figure income should not be confused with the reality of the situation. This woman is a minority within a minority. Most females work at jobs paying between $7,000 and $15,000.

What contributes most to the huge income disparities between men and women is occupational segregation. Women are concentrated in low paying occupations and in the lower status
jobs in the higher paying occupational fields. These jobs have traditionally been under-paid simply because they have been held by women. Employers "believed" women's jobs were not worth as much as the jobs that men did. They thought women as secondary earners in families did not need as much money as men and they paid them accordingly. This practice has continued even in the face of some laws designed to provide relief.

Given the wage inequities it is clear that merely by getting jobs women will not escape poverty. Recent studies show that millions of women endure economic hardship and are poor in spite of their work efforts. More than 25 percent of all working mothers who head families with children still have incomes below the official poverty level.

**COMPARABLE WORTH**

Despite the 1963 Equal Pay Act and Title VII of the Civil Rights Act of 1964, both of which bar discrimination in wages, women as a group have made virtually no progress in closing their historically wide pay gap. The male-female earnings differential continues to plague women at all job levels in both the public and private sector. A recent study of New York City municipal employees showed that more than 90 percent of city female workers were concentrated in traditionally female occupations. These women also received significantly lower salaries than men who performed similar types of jobs or jobs requiring the same amount of skill, effort, and training.

Because given this job segregation, providing women "equal pay for equal work" has not brought women's wages into line with their male counterparts, a drive has begun to emerge. The call is for the re-evaluation of jobs held primarily by women on the basis of job tasks rather than job title. Today, employers establish their wage systems based upon the prevailing rate that exists in other similar work environments, meaning they pay according to what others are paying. Since most companies already pay considerably less for jobs held primarily by females, this method has only served to perpetuate the low wages of women. Comparable worth or pay equity programs would eliminate this discriminatory practice by using such factors as skill, effort, responsibility, education and work conditions as the common criteria for deciding a job's value.
The concept of comparable worth is increasingly becoming the issue of the 80's as more and more women enter the job market and find that existing employment barriers continue to prevent them from gaining economic self-sufficiency. Comparable worth promises to offer some desperately needed solutions for ensuring their economic survival and curtailing the growth of women's poverty.

OLDER WOMEN IN NEW YORK CITY

There are approximately 1 million elderly persons in New York City, of whom the vast majority are women. Elderly women 62 and over outnumber their male counterparts by three to two and the ratio increases among the oldest age groups. The aging process can be particularly difficult for our City's older women. Living longer than men, these women are more likely to be widowed, physically disabled, socially isolated, and predominantly poor.

Poverty is a serious problem for elderly women. Their economic deprivation offers further proof of the "Feminization of Poverty" in New York City. More than half of New York City's elderly poor are women. They suffer severe financial hardships, finding it difficult if not impossible to cover the costs of food, clothing, rent, transportation, medical care, and drugs. A growing number are found to be in poor physical and mental health and without the means to care for themselves.

Older women are economically disadvantaged because they have not been adequately compensated for the contributions made in their younger days. Women's work, whether in the home or workplace, has traditionally been undervalued by our society. In the long run this continuing economic injustice leads to the appalling financial position of women in their older years.

PENSION SYSTEMS AND SOCIAL SECURITY

The major sources of income for older Americans are pensions and Social Security. Under both of these retirement income systems older women fare poorly. The primary reason is that these benefits are linked to the employment system—i.e., wages earned and years spent in the work-
force. Given the undervaluation of women's work, their benefits in their later years are naturally less.

Eighty percent of the women in this country who hold paying jobs are not covered by pension plans, a situation that is only true for 31 percent of working men. Women's exclusion from this source of retirement income derives from the narrow range of low-paying occupations in which they continue to be concentrated. Pension plans favor long-term, high-paid employees, most of whom are men.

In addition, pension plans are designed so that they penalize women trying to combine careers and motherhood. They deny women retirement credits during maternity leave and restrict their vesting rights.

The private pension system in this country can be cruelly unfair to women who elect careers as housewives. This is even more so for women whose husbands die before retirement or whose marriages end in divorce. Many private pension plans lack early death provisions to provide some benefits to protect widows. Many do not require a second signature to prevent a husband from signing away his wife's right to survivor benefits. Pension rights are rarely considered as divisible family property in divorce cases. Denied access to pension benefits, many older women are forced back into the job market only to face the burden of double discrimination - age and sex.

Because they are unable to secure pensions, most elderly women - more than 60 percent - must rely on Social Security. Yet, although more women subsist on Social Security than men, they receive a smaller share of the income. In 1982, the average monthly Social Security benefit for women was $308, compared to $430 for men (40).

The structure of the Social Security system assures that women receive less than men. For example, full-time homemakers receive no Social Security credits for their years of important and productive work. Married women who work often forfeit their own benefits upon learning they can receive more benefits as a dependent on their husband's account. This is partly because of the
lower salaries women generally receive and because the years absent from the workforce to rear children are averaged into their earnings history as zero earning years.

Divorced women face additional problems. If the marriage lasted less than 10 years, they receive no benefits from their ex-husband's Social Security. If the marriage continued after the 10 year period, benefits cannot be paid before the divorced husband reaches 62 and only if he elects to retire. And even then the wife receives only 30 percent of her ex-husband's entitlement.

A widow receives benefits according to wages earned by her spouse at the time of his death. If she is neither disabled or caring for young children, then she must wait until age 60 to receive his Social Security.

Social Security benefit plans are wholly unfair to women and fail to safeguard the economic rights of older women. These systems are based on the idea that every woman has a man caring for her and that families have two adults, only one of whom - the man - is the breadwinner. Times have changed. The dynamics of today's families have changed and no longer reflect those prevalent fifty years ago. The outdated policies of the Social Security system have failed to respond to these societal changes. As a result they contribute to poverty among women.

Clearly there is a crucial need to restructure the Social Security program so that aged women are not penalized for changes in marital customs and work patterns. Without immediate reforms women can expect to live lives of economic insecurity.

CONCLUSION

The present administration has embarked on a crusade to dump the poor, to throw them overboard, while the rich, who can swim, are given life jackets.

They argue that poor individuals and families must suffer cutbacks in support programs because these programs are a major cause of runaway spending and government deficits. Inflation, high unemployment, and the ever-growing federal deficit are all attributed to poor people's excessive reliance on social programs. Furthermore, the administration alleges that these social
Programs are plagued with widespread fraud and abuse, citing this as another cause of government over-spending and another reason for imposing cuts.

Americans must come to grips with the implications of these attitudes and policies. When the President and his favorite allies — the Moral Majority, conservative think tank groups, and neo-liberals — talk about preserving the family, they do not mean poor families or families maintained solely by women. They mean only those families that can survive without government assistance.

Their arguments must be refuted. The vast bulk of all social program recipients are poor children. Is it these children that are cheating our government?

The poor are not the cause of our country’s ills, nor are they cheating the rest of us. They are, most often, potentially productive citizens, eager not to be shut off of access to mainstream America. Often they get less from government than do those who are the beneficiaries of government tax breaks, contracts, grants, and price supports, although, those who receive “welfare” in these forms do not suffer the same vicious and negative stigmas as the poor.

We need to restore funding for programs being cut and to build beyond these programs toward new positions that reflect the needs of today’s women.

While existing social programs have provided some relief, they have, for the most part, offered no real opportunities for women to achieve economic parity with men. This is because they are still very much based on family values that are no longer in force. They have not taken into consideration changing roles of women in society or the circumstances that have caused women to become principal providers in their households. As a result, these policies and programs, even if adequately funded, penalize women for their diverse lifestyles.

We need to develop and adopt a comprehensive and progressive agenda for families as they currently exist. It should address genuine family problems such as child care, domestic violence, economic dislocation, wage inequity, the needs of single parents and the special problems of elderly women. Support for this platform should be built from a broad base of individuals and organizations.
The past, women's advocacy groups and women influential in the political arena have promoted policies that represent the interests of some women. Many times, however, the gains derived through these efforts have benefited only an elite group of females. In order for all women to achieve economic and social justice it is imperative that a broader agenda be advanced — one that includes the issues and problems affecting disadvantaged women. The best organized and politically able women must advocate for all women and involve other women in these efforts.

The population of poor women and children in New York City continues to grow at a frightening rate. In responding to the problem, the City has relied on short-term solutions which have done little to stimulate better social and economic conditions for its poor families. If anything, these marginal approaches have proven to be costly and highly ineffective and in fact have perpetuated the conditions they were designed to relieve. In some instances, they have further endangered the lives of poor women and their children and eroded their family's self-respect and confidence.

The City can no longer justify its actions by placing the blame totally on the budgetary constraints of federal and state government. Nor can they use this as an excuse for not taking the lead in developing policies and programs that will have a positive impact on poor families.

In the past this City has proven to be a capable leader in such fields as the arts, finance, and industry. Given sufficient political will and commitment, the City is capable of providing novel and workable solutions to the problem of poverty which other localities, states, and the federal government can follow. With this in mind, we offer the following policy recommendations as ways in which this City can make a significant impact on women's poverty and contribute to improving the quality of life for poor women and their families.

POLICY RECOMMENDATIONS

Employment

1. The City should conduct a "Comparable Worth" or "Pay Equity" study of its wage and job classification systems. Such a study will be an issue on the bargaining table during this
year's labor negotiations between the City and its largest union, D.C. 37. It should be approved.

2. A resolution should be passed by the Council urging the private sector to engage in similar pay equity studies and promote fair wages for women.

3. In addition, the City should promote the removal of barriers to high paying jobs in municipal agencies traditionally closed to women and seek stricter enforcement of affirmative action laws and laws against sex discrimination in both the public and private sector.

4. Part of what leads to occupational segregation is sex-stereotyping. This can be changed by:
   a. Promoting non-sexist counseling in the public school system;
   b. Monitoring all public education programs, particularly vocational programs for increased sex equity;
   c. Developing advertising campaigns that feature women in non-traditional jobs.

5. The City should provide more non-traditional job training opportunities and programs for women. Both new and existing programs should receive a larger share of employment training funds and help develop real opportunities for women to secure employment in non-traditional areas.

6. Jobs can be created in New York, as in other cities, if we require corporations to create specific job training and employment opportunities in exchange for zoning variances, tax abatements, low cost loans, and other types of assistance.

Child Care

1. The City's day care programs are vulnerable to attack because the federal government which provides their funding is currently cutting back its support. The City must develop a funding base for day care that is separate from and an addition to Title XX and IV-A money. Additional funding can be secured by using Board of Education money to fund
all-day kindergarten in day care centers. This would free Title XX money for day care for a significant number of additional eligible younger children.

2. Day care programs can be expanded by encouraging private employers to operate or sponsor on-site day care centers, to include child care spaces in new or renovated constructions, and to subsidize employee day care in other facilities.

3. The Emergency Jobs Act (P.L. 98-8) will bring in over $13 million to New York State. This money was allocated with the intention that it be used for expanding the availability of social services, particularly day care. In planning its use, the City should assign a high priority to providing additional day care slots.

4. Access to day care can be increased by decentralizing the intake process. Requiring families to travel to the Agency's Resource Areas is a burden on poor and working families who cannot afford the added expense of transportation or the loss of income from missing hours at the job. Resource Areas should be established at day care sites and open before and after normal working hours.

Housing

1. Encourage the release of city-owned buildings to community-based non-profit groups to rehabilitate and operate as permanent low-income and moderate income housing and as temporary facilities for homeless families.

2. Provide J-51 tax incentives, loans, and grants to non-profit agencies that will develop moderate cost family housing.

3. Pass and enforce legislation against landlords who deny housing to families with children and against real estate brokers who refuse to show rental housing to families.

4. Encourage HPD to solicit proposals for and help fund collective housing arrangements similar to those currently favored in European countries. This new type of housing would be low-income with shared facilities, private sleeping quarters and collective child care
spaces, and available for single mothers and elderly women to live together. The new housing should facilitate a network of shared child rearing responsibilities and supportive services for the elderly.

Nutrition and Health

1. Encourage the development of on-site primary health care units in housing projects and complexes in high density poverty areas to promote greater accessibility to health care for the poor.

2. Create an official food policy office in a municipal agency responsible for:
   a) Analyzing and reporting on the impact of federal policies on food programs and on the extent of hunger in the City;
   b) Disseminating information about the availability of food programs and emergency food aid services;
   c) Supporting and coordinating the ongoing efforts of food groups and food programs, and helping to build a larger political coalition on food issues.
Appendix A

Summary of Pertinent Legislation

The following summary highlights the major legislative issues introduced in the City Council that affect women. The bill's number and primary sponsor are included along with the committee to which the proposed legislation has been referred. All of these bills are pending approval by our local legislative body. Their passage will require a great deal of support. Your input can make a difference. We urge you to contact the primary sponsor and the committee chairperson. Request that the committee hold hearings and encourage your district council representative to support these bills.
Int. No. 1  
Bellamy (by request of the Mayor and Comptroller) Amends the administrative code to prohibit discrimination based on a person's sexual orientation.

Int. No. 33  
Friedlander et al. Prohibits discrimination in employment because of age. Amends current law to specifically outlaw discrimination against persons 65 years of age and older. (Similar bill recently enacted by New York State).

Int. No. 128  
Greitzer and Stern Prohibits discrimination on the basis of sex with regard to membership in any business or professional organization, group or association.

Int. No. 513  
Bellamy (by request of the Mayor) Redefines a public accommodation to include private groups with over 100 members thus making it unlawful for such groups to practice discrimination. Also known as the "private clubs bill."

Int. No. 132  
Greitzer and Stern Amends administrative code to prohibit discrimination on the basis of marital status. Also: Int. No. 579 Greitzer and Friedlander.

Int. No. 35  
Friedlander and Messinger, Williams et al Requires the City of New York to distribute to every city employee information listing the legal rights and options of worker who are sexually harassed on the job.

Int. No. 599  
Messinger et al. Amends administrative code to prohibit discrimination on the basis of parental status.

Int. No. 573  
Samuels et al. Makes it an unlawful practice to refuse rental housing to families with children.

Int. No. 137  
Greitzer et al. Prohibits the practice of denying housing to persons based upon age.

Int. No. 580  
Greitzer and Michels Prohibits the eviction and harassment of senior citizens who have roommates over the age of 60. Allows roommates to be added to the lease without any restrictions or penalties.
Finance Committee-Chair: Sadowsky

Int. No. 308 Michele, Stern and Wallace Allows taxpayers to receive a 15 percent tax credit for the renovation, construction or purchase of buildings exclusively used for employee child-care facilities, for expenditures paid to third party providers of day care services, and for the costs of employee day care.

Health Co: initw-I-Chair: Crispino

Int. No. 327 Messenger Promotes optimal nutrition for infants by encouraging the practice of breastfeeding. Prohibits health care institutions from providing to pregnant mothers or mothers of young children informational and educational materials that promote a particular method of infant feeding, distributing free samples or gifts which promote a particular brand of infant formula, or taking financial or material inducements in exchange for marketing infant formula.

Civil Service and Labor Committee-Chair: Pinkett

Int. No. 313 Berman et al. Allows widows and children of policemen and firemen to continue receiving health insurance coverage.

General Welfare Committee-Chair: Horwitz

Int. No. 324 Greitzer, Codd and Dryfoos et al. Refuses tax abatements or exemptions for projects to those who discriminate on the basis of sex.
Resolutions

**Greitzer et al**

Res. No. 36 Calls on the Office of Labor Relations to correct salary inequities for "female" job titles to reflect the concept of equal pay for comparable worth. (Civil Service and Labor)

**Greitzer, Coiik, Messinger et al**

Resolution No. 327 Calls the City Council Education Committee to conduct an inquiry into sex discrimination in hiring and promotional practices of local school boards and the Board of Education. (Committee on Education)

**Greitzer, Dryfoos, Messinger et al**

Resolution No. 39 Asks the Education Committee to conduct an inquiry into sexism in the public schools. (Committee on Education)

**Leffler, Albanese, Alter et al.**

Resolution No. 731 Urges the State Legislature to pass a state constitutional amendment granting equal rights to women. (Committee on Women)

**Greitzer, Alter et al**

Resolution No. 558 Supports the infant formula package labeling requirements proposed by the FDA (requires package labels to include information on additives, physician warning statements, etc.). (Committee on Health)

**Leffler, Dryfoos, Foster, Messinger et al**

Resolution No. 573 Urges the City Council to support federal legislation for a program of grants to states to provide health care benefits for the unemployed. (Committee on Health)

**Friedlander, Messinger et al**

Resolution No. 18 Calls on the City Council to investigate the Public Works Program and job status of Home Relief recipients/PWP workers. (Committee on General Welfare)

**Messinger**

Resolution No. 832 Calls for the passage of the State Human Investment Program Act which would establish a State-funded community job program. (Committee on Economic Development)
FOOTNOTES


4. Ibid., p. 2.


7. NYC Human Resources Administration, Consolidated Services Plan, Federal Years 1982-1988, p. 11. (Hereinafter cited as Consolidated Services Plan).

8. Ibid., p. 11.

9. Ibid., p. 11.


13. Ibid., p. 6.


17. Public Expenditures for Children, p. 52.


22. Ibid., pp. 61-66.
23. Ibid., p. 66.
24. This figure is augmented by an additional 4,030 for over-enrollment and to maximize full utilization of services.
25. NYS Child Care Coordinating Council and Statewide Youth Advocacy, Where Have All the Children Gone, June 1983, p. IX.
27. Where Have All the Children Gone, p. VIII
29. Ibid., pp. 138-139.
30. Disadvantaged Women, p. 27.
31. Ibid., p. 27.
32. Ibid., p. 33.
33. Ibid, Table 3.9.
39. Disadvantaged Women, Table 3.2.
July 5, 1985

Susan Steinmetz
Lucy Gorham
Intergovernmental Relations and
Human Resources Subcommittee
Rayburn House Office Building
Room B-372
Washington, D.C. 20515

Dear Susan and Lucy:

Enclosed are 50 copies of Judith Gueron’s testimony for your Subcommittee hearing on July 9, 1985.

As you suggested, we are also including a copy of the executive summaries of three reports which are discussed in the testimony: reports on the programs we evaluated in San Diego, West Virginia, and Louisville.

If you have any questions, please call. We look forward to seeing you on Tuesday.

Sincerely,

Patricia Auspos
Congressional Liaison
IMPACTS OF THE
IMMEDIATE JOB SEARCH
ASSISTANCE EXPERIMENT

Louisville WIN Research
Laboratory Project

Barbara S. Goldman
Manpower Demonstration
Research Corporation

June 1981
EXECUTIVE SUMMARY

This report presents the findings of impacts for the Louisville, Kentucky WIN Research Laboratory experiment, which tested a model for providing female AFDC applicants and recipients job search assistance immediately upon their registration with WIN. AFDC clients usually undergo a delay of from two to ten weeks under regular WIN procedures while they are waiting to be approved for welfare or certified for social services, and during that time they are not given access to any of the regular WIN services or components, such as job search assistance, on-the-job training, institutional training, work experience, or public service employment. The Louisville experiment, suggested by local WIN staff, was based on the premise that if these women were immediately given an opportunity to participate in job search activities — which include support services such as transportation money and child care — larger numbers of them would find employment.

To test this idea, an experimental design was drawn up whereby, at the time of their registration into WIN, all eligible AFDC applicants or recipients who agreed to participate were randomly assigned either to an experimental or to a control group. The experimental group was offered immediate assistance with job search, while the control group received the regular services offered to WIN clients under normal procedures. One of the standard WIN components available to all clients, Intensive Employability Services (IES), was the vehicle used to provide immediate services. IES consists of three days of intensive group instruction in job search techniques, and up to six weeks of counselor-directed
individual job search, during which clients are required to report to a counselor daily. While participating in IES, clients also receive incentive payments as well as reimbursements for lunch, transportation and child-care expenses. In the Louisville Lab project, experimental women were transferred to the regular WIN program if they had not obtained jobs after six weeks of job search.

In summary, the key elements of the model were: (1) the reduction or elimination of the time delays in receiving WIN services -- WIN experimentals could receive them at once, before welfare grant approval and/or social services certification; and (2) the use of a standard WIN component for job search activity, offered to larger numbers of clients and modified to incorporate an upfront payments system. The provision of such immediate services in Louisville proved effective in increasing the employment and earnings of the experimentals and in reducing the amounts of their AFDC payments.

The Research Sample

The experimental research sample included about 60 percent of Louisville’s new WIN registrants; most of those excluded were males or women already working or in school or training. Six percent of the research sample indicated a desire to look for alternative employment despite the fact that they were already working when they registered with WIN and could have opted out of the demonstration. This report thus covers a sample of 1,619 female WIN clients -- equally divided between control and experimental groups -- who registered with the local office from November 1978 through June of 1979, and agreed to take part in the demonstration. This sample was followed for five quarters using unem-
ployment insurance and welfare records. Telephone and in-person interviews were also used to gather different information on the clients' experiences during a six-month post-registration period. An additional number of women — 1,130 — enrolled in the demonstration from July 1979 through January 1980, and follow-up data on that sample will be available early next year.

Demographics for the demonstration sample show it to be fairly young, with an average age of 27, and not well-educated — the majority of clients did not have a high school diploma. Almost 60 percent of the women were black, and 40 percent had not held any job within the past two years. The sample was equally composed of both applicants for welfare and recipients already receiving welfare. While almost 80 percent of the applicant subgroup was WIN mandatory (those under a work requirement, primarily because their children were over the age of five), slightly less than 40 percent of the recipient subgroup was WIN mandatory. Overall, 43 percent of the research sample consisted of WIN volunteers (women not under a work requirement because they had pre-school age children).

Participation Rates

Because random assignment occurred prior to the appraisal interview (during which the WIN staff and client determine which WIN services or activities, if any, the client should receive), the experimental group included both clients who would eventually participate in immediate job search and those who would not. The demonstration, therefore, provides some measure of the extent to which female WIN registrants are able and willing to participate immediately in a voluntary job search effort when
strongly encouraged by staff to do so. On average, 55 percent of the experimental clients in the demonstration did take part in immediate IES. As a standard WIN component, IES was also available for use by control clients once they had been approved for welfare and certified for social services. However, only about 5 percent of the control women ever made use of this component.

The participating women overall tended to be younger and better educated than non-participants. They had fewer previous medical problems and smaller family sizes than both the demonstration sample as a whole and those experimental women who did not participate. In addition, two-thirds of the participating women were non-white. Although they had more previous job experience than the other women, program participants were far less likely to be working when they enrolled in the experiment. Therefore, one can conclude that, among the experimental, the more employable and less disadvantaged women — with the exception of those already working — were the ones most likely to be willing and able to start an early and intensive job search.

This study suggests that a set of objective criteria for determining who should participate in job search remains elusive since the concepts of "job-readiness" or "employability" appear to be subject to a number of factors other than measurable individual characteristics such as age, education, or previous job experience. Events such as an ill child, difficulty in finding housing, or recent marital problems may play a major role in determining participation. These are all factors which are difficult to analyze statistically and make it equally difficult to predict participation.
Program Impacts

Immediate services had a significant and positive employment impact on WIN clients who were offered the special Lab program compared to the similar control group of clients who were only offered the regular array of WIN services. The findings are that:

- On the average, 36.6 percent of experimental clients were employed in any one quarter as compared to 31.2 percent of control clients, reflecting an average experimental-control differential of 5.4 percent.

- There was no decay in program impact over the follow-up period. For each of the five quarters of follow-up, the experimental-control differentials remained almost constant, ranging from 4.5 to 5.9 percent.

- Overall, a total of 63.7 percent of the experimental clients held at least one job at some time during the 15-month period as compared to 58.7 percent of the controls (see Table I). This experimental-control differential of 5.0 percent translates into an 8.5 percent increase in employment.

- The positive impacts on employment observed for the experimental clients are translated into modest, but significant, earnings gains and AFDC savings over the 15-month period. During this time experimental clients earned $274.74 more than controls and received $76.38 less in welfare payments than control. The program had no significant impact on the proportion of experimental clients who received AFDC payments.

- Recipients as a group appeared to benefit from job search to a greater degree than applicants, at least in terms of statistically significant results. Recipients experienced significantly increased earnings of $321.47 compared to a non-significant increase of $227.35 for welfare applicants over the 15-month follow-up period.

- WIN voluntary clients, whether they be AFDC applicants or recipients, benefited from a program of immediate job search assistance to a much greater extent than WIN mandatory clients. While volunteers experienced significantly increased earnings of $436.80, which were large enough to translate into a significant reduction in AFDC payments of $133.53 over the 15-month follow-up period, WIN mandatories earned only $143.35 more and received $16.85 less in AFDC payments than their control counterparts, with neither impact statistically significant.
### TABLE I

**SUMMARY OF PROGRAM IMPACTS FOR THE FIVE-QUARTER FOLLOW-UP PERIOD**

<table>
<thead>
<tr>
<th>Program Impact</th>
<th>Experimental</th>
<th>Control</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent Ever Employed(^a)</td>
<td>63.7%</td>
<td>58.7%</td>
<td>5.0%**</td>
</tr>
<tr>
<td>Total Average Earnings(^a)</td>
<td>$1,724.62</td>
<td>$1,449.88</td>
<td>$274.74**</td>
</tr>
<tr>
<td>Total Average AFDC Payments(^b)</td>
<td>$2,021.90</td>
<td>$2,098.28</td>
<td>$76.38*</td>
</tr>
</tbody>
</table>

**Source:** Tabulations of Unemployment Insurance and AFDC records from the Department of Human Resources, State of Kentucky.

**Notes:**
- \(^a\) Includes the month in which a client registers for WIN.
- \(^b\) The first month of Quarter 1 is the month in which a client registers for WIN.
- \(^*\) Statistically significant at the 10 percent level.
- \(^**\) Statistically significant at the 5 percent level.
Other findings on program outcomes and employment patterns show that:

- Experimentals found employment 10 days faster than controls. This translates into a 14 percent increase in speed of placement.

- Of those women who did find employment, the majority tended to find their jobs in the first quarter -- the quarter in which they registered for WIN -- but a higher proportion of experimental women found jobs than did control women. The significant and positive impacts for the experimentals observed in quarters 4 and 5, therefore, came as a result of experimentals who found employment immediately upon entering the job search component, or shortly thereafter, and who remained in the labor market.

- Experimentals did not find better jobs than controls. Once they found employment, they earned similar hourly wages -- about the minimum wage -- and found similar types of jobs, mostly in the clerical, sales and services occupations.

- The two groups had similar patterns of job retention. While one-third of both groups of clients who found employment during the first quarter were employed during all of the following quarters, another one-third were employed for three or four quarters. There were no experimental-control differences.

- Employed women from both groups exhibited an increasing, but similar, propensity to change employers over time. By the end of the fifth quarter, approximately one-half of those who initially found jobs were no longer employed, with less than one in five clients still with the initial employer.

Costs

In accordance with the experimental design, this study focused on the net additional costs WIN incurred for the experimental group -- both participants in the job search component and non-participants -- above those costs incurred for the control group members. Cost estimates were based on a sample of 810 women selected at random from among the first 1,619 participants in the demonstration.

Because of the limited change in WIN procedures for this demonstra-
tion, its costs were low, ranging from $74 to $115 per experimental group member. Varying assumptions, based on observations and discussions with WIN staff, were made about amounts of additional time experimental counselors spent with job search participants, and this led to the range of cost estimates. For example, assuming one hour extra counselor time per day of activity, the net cost per experimental client was $115.

Immediate job search soon pays for itself. The 15-month AFDC savings alone exceeded the lower bound cost estimate and continued savings for two additional quarters (a reasonable assumption given no decay in program impact) would offset the higher estimate. Further, the payback in terms of total welfare savings could have occurred even sooner if payments such as food stamps and other welfare income had been measured.

General Lessons

The Louisville WIN lab demonstrated that it is feasible to integrate an immediate job search component into the regular activities of the WIN system, and that such a component will be utilized by a greater number of clients than has previously been the case. The figures and findings above indicate that experimental women found employment sooner than controls, and that the control women never caught up, at least over the 15-month period in which they have been tracked thus far. The findings also suggest that this type of a program has no impact on the proportion of women either going onto welfare or remaining on welfare, mostly reflecting the fact that women who do find employment — whether experimental or control — find low-paying jobs in the secondary labor market that do not generate sufficient earnings to move them off welfare. In fact, a little over one-third of the experimental women never found any job during the 15-month post-registration period, indicating that job search is not the universal solution for moving welfare women to a position of self-sufficiency. Within its limits, however, immediate job search can be a useful tool for the WIN system, one which can help more WIN clients find employment than is the case using regular procedures.
EXECUTIVE SUMMARY

For the past 20 years, this country has debated how to structure welfare programs to encourage work and reduce dependency, while still providing assistance to those in need. Changes in federal law in 1981 presented states with increased flexibility; in addition, some states including California, had already been experimenting with a number of program options. Drawing on this experience and opportunity, for the past two and one-half years, San Diego has been testing the feasibility and effectiveness of two program strategies directed at improving the employability of people receiving welfare and reducing public assistance costs.

One approach, the Employment Preparation Program (EPP), provides job search workshops designed to teach welfare applicants how to find unsubsidized jobs. The second also offers job search but it is followed by the Experimental Work Experience Program (EWEP), in which welfare recipients work in public or private nonprofit agencies in exchange for their benefits. Both programs are being tested as mandatory requirements: all new WIN-mandatory applicants for Aid to Families with Dependent Children — both single- and two-parent households in the AFDC and AFDC-U programs, respectively — must participate in job search to obtain welfare. Those in the job search/EWEP sequence who do not find jobs through the workshops must participate in EWEP or lose their welfare benefits. (All AFDC-U applicants are by definition WIN-mandatory; AFDC applicants are WIN-mandatory primarily if their youngest child is age six or over.)
This report is the second of three planned in a multi-year evaluation of the San Diego programs. The overall study will address whether the programs were successfully implemented, how applicants to welfare responded to a participation and work requirement, whether the treatments resulted in increased employment or reduced welfare costs, which groups of applicants benefited most, and how the programs' costs compared to their measurable benefits. The first report primarily addressed program implementation, indicating that the two approaches were feasible and that the reactions of participants were positive. This second report presents updated data on program operations, findings on short-term and preliminary longer-term impacts, and the early results of the benefit-cost analysis.

The multi-year evaluation of the San Diego programs is being conducted by the Manpower Demonstration Research Corporation (MDRC) under contract to California's Employment Development Department (EDD). The evaluation is part of MDRC's larger multi-state study of employment initiatives for welfare recipients financed by The Ford Foundation, other philanthropic sources and state governments. Supplementary funding for the San Diego evaluation also came from the Congressional Research Service of the Library of Congress.

The Policy Context and the San Diego Demonstration

The relationship between welfare and work, and the appropriateness and yield of participation and work requirements within welfare programs, has been a subject of intense debate. Starting with the Work Incentive (WIN) Program in 1967, federal welfare programs have included some type of a requirement directed at increasing the employment of welfare recipients.
However, under WIN, limited resources have meant that the great majority of recipients have been required only to register with the program, and consequently have faced no real participation mandate. Given these resource constraints and an emphasis on immediate job placements, recent WIN initiatives have centered on different job search techniques, including group workshops designed to provide individuals with the skills and confidence to seek jobs on their own. Several recent evaluations have been promising, but questions remained about the levels of participation to be expected from a mandatory approach, the relationship between the costs and benefits of such programs, and the groups of welfare recipients which will benefit most.

The 1981 Omnibus Budget Reconciliation Act (OBRA) provided states with the option to establish Community Work Experience Programs (CWEP), where AFDC recipients can be required to work in exchange for their benefits, with the maximum hours of work equal to their welfare grant divided by the federal minimum wage. Despite a number of special demonstrations conducted during the 1970s, discussion has continued on all aspects of this approach, with many issues still unresolved: the feasibility of implementing a work requirement on a substantial scale for more than a small fraction of eligible recipients, the nature of the CWEP experience (notably whether the CWEP jobs would produce useful services and promote employment, or be punitive and “make-work”), whether welfare rolls and costs would actually be reduced, and how welfare savings would compare to operating costs.

The programs in San Diego provide an important opportunity to test the yield of job search and work experience on a large scale. Since both programs were implemented as mandatory requirements, they also offer the
potential of examining the feasibility of operating a participation and work requirement for the welfare population. San Diego tested these strategies with a particular design and set of objectives, both of which are central to an interpretation of this study's findings.

The Demonstration Programs. San Diego tested two program models, which both began at the point of welfare application.

Job Search. One-day job placement assistance was provided at the welfare office, followed by registration with the Employment Preparation Program (each replaced WIN), followed by a three-week job search workshop (one week of orientation and training and two weeks of self-directed job search in a group setting).

Job Search—Work Experience. Following the job search workshop, those not finding jobs were required to work in an unpaid EWEP position in a public or private nonprofit agency, with monthly work hours determined by the family's AFDC grant divided by the minimum wage.

The job search approach was relatively straightforward and similar to those used in job clubs implemented in California and elsewhere by the WIN system. The EWEP approach paralleled in many ways the federal OBRA option: work hours were determined by the family's AFDC grant, and work experience was to be developed to enhance participants' employability and skills. However, by design, EWEP restricted the work obligation in several ways: first, it applied only to welfare recipients who completed job search without finding a job (a relatively small share of all applicants); and second, it lasted only 13 weeks. In addition, no one could be required to work more than 32 hours a week in order to leave one day free for ongoing individual job search.

Since the programs sought to impose a general participation and work requirement on welfare applicants, eligibility criteria were explicitly...
broad, excluding very few people (i.e., those already employed or not fluent in English or Spanish).

The Study Design and Sample

The three-year evaluation of the demonstration includes process, impact and benefit-cost analyses. This report focuses on a number of key questions from all three of these studies, including:

Process Study

Did San Diego succeed in implementing a job search participation and EWEP work requirement on the eligible population?

What were the resulting participation rates and related operational performance indicators?

Was it feasible to implement the EWEP requirement -- in both creating sufficient work positions and enforcing participation?

What were the nature and quality of the EWEP jobs? Did they develop employability, provide social benefits, result in job satisfaction? How did welfare recipients view the fairness of a work requirement?

Impact Study

How effective were the job search and the job search/EWEP sequences in increasing employment and earnings and reducing welfare receipt and payments? Did the add-on of EWEP have incremental effects?

Do impacts estimated for this report appear representative of those likely to be measured when data are available for the full sample?

For whom did the programs have the largest impacts: individuals with limited or more extensive prior employment?

Benefit-Cost Study

For each of these programs, how do the overall measurable benefits compare to the costs?

How are net benefits distributed among the targeted welfare
population, the rest of the community, and society at large?

What individual benefits and costs are most important to the overall results?

In order to obtain reliable answers, an experimental design was used whereby eligible welfare applicants were randomly assigned to one of two experimental groups (Job Search, whose members were required to participate in job search only, and Job Search/EWEP, where participation was required in job search followed by work experience) or to a control group, which was offered very minimal WIN services. Because of the rigor of the design, any statistically significant differences between groups could be safely attributed to the programs' treatments.

In the process study, the two experimental groups were tracked using program data from the State's EPP Information System and the County's special EWEP logs, complemented by a large survey of a subset of applicants and augmented by case file studies and a special survey of a random sample of 49 EWEP participants and their supervisors. For the impact study, the employment and welfare behavior of experimentals and controls was compared using data from computerized AFDC payment and Unemployment Insurance earnings records. For the benefit-cost study, program impacts on a broad array of measurable outcomes, including the value of the goods and services produced by EWEP participants, were compared to program operating costs using impact and process results, as well as fiscal and administrative records.

Random assignment took place from October 1982 through August 1983, enrolling 7,004 applicants for welfare (3,596 AFDC's and 3,408 AFDC-U's) into the research sample. In this report, the process analysis is
primarily based on individuals applying for welfare prior to July 1983 (82 percent of the total sample) for whom there are at least nine months of follow-up. For the impact analysis, longer-term estimates are based on an early group of applicants (October 1982 through March 1983), the majority of the full research sample, for whom roughly a year of data are available. The benefit-cost study uses data for the full sample, but this analysis is still preliminary because it looks at results only through December 1983.

In the final report on the San Diego demonstration, estimates of program impacts will be based on the full sample followed for up to 24 months after welfare application, and the analysis of benefits and costs will include extrapolations of program impacts beyond that period.

Members of the research sample reflect the diversity of welfare applicants in San Diego. The AFDC-U group is primarily male, married and living with a spouse; many have recent work experience. Roughly half of the sample members are white, 33 percent are Hispanics, and 9 percent are black. Over 60 percent have high school or General Equivalency (GED) diplomas, and less than half (42 percent) have received welfare before. In contrast, the AFDC sample is predominantly female and white (57 percent), with a slightly larger proportion of blacks than Hispanics (21 and 18 percent). This group has a more limited work history and a greater degree of prior welfare dependency than the AFDC-U category, but its educational level is similar. In fact, the prior work history and educational levels of both samples surpass those of the national welfare population generally.

Because of these distinct demographic differences — and the fact that some of the rules and regulations of the welfare program were different for the two assistance programs (which were expected to affect the participa-
tion, employment and welfare behavior of the two categories -- the data for the AFDC's and the AFDC-U's will be analyzed separately in this report.

The reader should recognize a number of factors in considering the impact and benefit-cost findings presented in this report. First, it is too early to determine the long-run pattern of impacts: notably, whether they will remain stable over time, increase in size, or tend to decay.

Second, the San Diego programs were directed to welfare applicants, with some expectation that a participation requirement would deter program registration and hence welfare recipiency. As a result, random assignment was conducted at the time of welfare application, rather than at program registration or the point of welfare approval. Program impacts and comparisons of benefits and costs were thus estimated for the full group of applicants, including those who either did not participate or were not approved for welfare (roughly half of the applicants did not participate in some activity, and approximately one-fifth never received welfare). Data on program participation, however, are presented not for the applicants but primarily for the 86 percent of the experimentals who registered with the EPP program, since they were the only ones who could be assigned to the workshops and EWEP.

Finally, the reader is reminded again of both what was tested and for whom it was required. The programs included job search and a limited work obligation; the target population was welfare applicants, not current recipients. As a result, the findings cannot be directly generalized to either a more comprehensive workfare program or to the full welfare caseload.

A summary of the principal findings follows.
MDRC’s first report on the San Diego demonstration found that the programs were implemented with few administrative or other obstacles, and that substantial and increasing levels of participation were attained. At that point, however, the analysis could not determine if program operators succeeded in mandating participation for all appropriate candidates. This report affirms the early findings and suggests that San Diego largely reached this operational objective.

Implementation of both San Diego programs was facilitated by the close cooperation of staffs in the two agencies operating the programs. Staff quality and competence characterized the management of these programs, which also enjoyed a high degree of public and political support.

The San Diego EPP and EWEP programs were operated by two agencies: the State Employment Development Department (EDD) and the County of San Diego Department of Social Services (DSS), under the supervision of State DSS. EDD and County DSS jointly operated the job search program, while County DSS staff had responsibility for the EWEP program. These agencies worked closely together, and their level of cooperation in the joint management of this venture was such that the demonstration operated smoothly from its inception. In addition, implementation was assisted by the staffs’ experience in running previous programs with similar features, as well as the public and political environment in San Diego, which was particularly supportive of these programs.

Participation rates were substantial, but not universal. Overall, about 86 percent of the experimentals who applied for welfare registered with the program. Among these registrants, over half partici-
pated in some program activity, primarily job search, within the nine-month follow-up period. Almost all individuals eligible for EWEP (i.e., those who were approved for welfare and had completed the workshop without finding a job) were referred to the program, and most of those referred (61 percent) did participate in mandatory work assignments. This proportion is the equivalent of 15 and 19 percent of the AFDC and AFDC-U registrants, respectively.

In general, these participation levels were comparable to those anticipated by program operators, and the EWEP rates, which increased over time, were comparable to or exceeded those in most prior special demonstrations of community work experience.

- Participation rates were higher for the AFDC-U than the AFDC registrant group, but there were no consistent differences between the two experimental groups within each assistance category.

In general, participation rates were higher for the primarily male AFDC-U registrant group (at 60 percent) than for the mostly female AFDC's (55 percent). Across a number of performance indicators, however, there were no clear differences in participation between those eligible for job search alone or the job search/EWEP sequence. In particular, the potential for an EWEP assignment did not seem to affect participation in the job search workshops. This is probably because the impending work requirement was not emphasized by program staff until near the completion of job search.

- Participation rates understate operational achievements. More detailed analysis suggests that San Diego succeeded in mandating a short-term participation requirement for the vast majority of the registrant caseload. Thus, by nine months after application for welfare, all but a small percent of registrants had either left welfare, become employed, met the...
programs' requirements, or had been deregistered.

The ultimate goal of the San Diego programs was to reduce the size of the welfare rolls, not to maximize program participation. Thus, any conclusion on the successful implementation of a participation requirement must consider not only the rates of participation, but also the status and treatment of nonparticipants. Nonparticipants may be individuals who have left the welfare rolls for employment or other reasons, or those who remained on assistance but were sanctioned for nonparticipation, appropriately exempted from the requirement, or simply lost in the shuffle of a large program. An examination of the status of participants and nonparticipants nine months after welfare application suggests that few did not fulfill program requirements, yet remained on welfare and were still in the program.

Regardless of participation or welfare status, 91 percent of the AFDC and 94 percent of the AFDC-U registrants had either completed the program participation requirement by the ninth month or were no longer subject to these requirements: that is, they had found jobs, were deregistered, or were no longer on welfare. Thus, only 9 percent of the AFDC and 6 percent of the AFDC-U registrants were not accounted for in some way, and many of them were officially deferred or exempted from the requirements by program staff. (See Figure 1.)

To implement a participation requirement, staff were notably persistent in their review of registrants' activities and their recommendation of sanctions (i.e., temporary welfare grant reductions).

Program staff granted few exemptions and deferrals and effectively identified instances of non-cooperation with program requirements. While staff's first response was to encourage participation, if that failed, they
FIGURE 1

PERCENT DISTRIBUTION OF EXPERIMENTAL REGISTRANTS* BY PROGRAM, WELFARE, AND EMPLOYMENT STATUS IN THE NINTH MONTH AFTER WELFARE APPLICATION

SOURCE: Table 4.1.

NOTE: *Includes both Job Search - EWEP and Job Search Experimentals.
sought sanctions for those who did not cooperate. Almost three-quarters of a random sample of Job Search/EMT registrants was identified at some point as not being in compliance with program requirements, although only 10 percent of these noncompliant registrants were subsequently sanctioned.

For all groups, sanctions were requested for from 5 to 10 percent of registrants.

**Findings on Job Search**

- Attendance at the group workshops was high.

San Diego succeeded in providing fairly intensive job search services to a wide range of registrants. On average, participants spent 10 days in a workshop, with program data showing that 25 to 30 percent found jobs while in the workshops. Another one-half completed the three-week sessions without a job, and less than one-fifth did not complete the component at all.

- The majority of registrants were aware of the job search requirement and stated that it was "fair."

Based on a survey of a subsample of applicants, 69 percent of the AFDC and 73 percent of the AFDC-U registrants stated that looking for work was a condition of welfare receipt and were thus aware of the requirement. Of those, 79 percent of the AFDC's and 86 percent of the AFDC-U's believed the requirement to be fair. Most participants liked the workshop activities, emphasizing the value of learning interviewing skills and building self-confidence.
Fittings on EWEP

- The majority of individuals referred to EWEP worked in a program job. Almost one-fifth of those working reported locating a job while in EWEP.

About 60 percent of the welfare recipients referred to EWEP actually worked in a job. Overall, there was no shortage of job slots. Of those who worked, over 40 percent completed at least 80 percent of their assigned hours. Out of all EWEP participants, program data show that 18 percent reported finding a job while in EWEP; 43 percent completed their 13-week job assignment without finding employment. The remaining participants were either noncompleters or still working in EWEP at the end of the 12-month follow-up period.

- Most EWEP jobs were entry-level and did not result in substantial skills improvements.

Most of the EWEP jobs were entry-level and in clerical, maintenance, parks and health positions. While an attempt was made to match participants to worksites according to interests, location was a primary factor in the actual assignments. Results from a survey administered to a random sample of 49 EWEP participants and their worksite supervisors indicated that while supervisors saw EWEP as a developmental work experience, most of the jobs did not require or lead to substantial improvements in specific skills because participants, for the most part, possessed these when they began their assignments. However, the small number who lacked needed skills did acquire them during their EWEP work experience. Supervisors also found EWEP participants "as productive" as or "more productive" than regular new employees.

- EWEP jobs were viewed as valuable and not "make-work."

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More than three-fourths of the supervisors judged the work performed by EWEP participants as important to the daily functioning of their agencies. As a result, participants' work had substantial value, as reflected in the benefit-cost analysis.

- Participants responded favorably to the EWEP jobs and affirmed the fairness of a work requirement.

A very high proportion of EWEP workers expressed satisfaction with their job assignments and indicated that they felt part of the agency's workforce and were positive about coming to work. While most believed that the worksite sponsor got the better end of the bargain, the great majority of participants indicated that the requirement to work was a fair one. Findings from a larger-scale survey of both participants and nonparticipants confirmed this finding for the AFDC-U group, but showed there was less support among AFDC's.

Findings on Program Impact

The impacts of the job search and the job search/EWEP programs were estimated by comparing the behavior of applicants in each of the two experimental groups to that of the control group. In addition, preliminary estimates of the incremental impact of adding the EWEP requirement were obtained from a comparison of the outcomes of the two experimental groups. Tests of statistical significance determined whether the measured differences were likely to have resulted by chance or from the program interventions.

In this report, for approximately 60 percent of the sample, outcomes were tracked for roughly a year after welfare application: welfare impacts...
for the full 12 months, and employment outcomes for three calendar quarters after the quarter in which a person applied for welfare. Shorter-term impacts for the full sample were examined to determine whether later applicants were affected in the same or different ways by the programs. As noted earlier, data on the AFDC and the AFDC-U categories were analyzed separately.

**AFDC Group**

- Over four-fifths of all AFDC experimentals and controls received welfare, although subsequent movement off the rolls was considerable.

Between 83 and 85 percent of the AFDC applicants in the experimental and control groups received assistance at some point during the 12-month follow-up period. However, many subsequently left welfare and/or found jobs. At the end of the follow-up year less than half were on welfare and over a third were employed. On average, by the end of the year, earnings were a more important source of income than welfare grants.

- Both programs had substantial impacts on the employment and earnings of the AFDC group.

Both the job search and job search/EWEP programs had substantial and statistically significant impacts on the proportion of AFDC applicants employed and the amount they earned. Quarterly employment rates for experimentals were between 5 and 10 percentage points above those for controls, representing a 16 to 40 percent increase in those working. (See Table 1.) Quarterly earnings gains averaged between $96 and $213, also substantially above the average earnings of control group members.

- For the AFDC group, there were modest welfare savings that were statistically significant only for the job search/EWEP program.
### Table 1

**AFDC Applicants: Summary of Program Impacts**

<table>
<thead>
<tr>
<th>Outcome and Follow-Up Quarter</th>
<th>Job Search - EXPER</th>
<th>Job Search - CONTROL</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EXPERIMENTAL</td>
<td>CONTROL</td>
<td></td>
</tr>
<tr>
<td><strong>Percent Employed During</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second Quarter</td>
<td>88.4</td>
<td>88.8</td>
<td>+ 0.4***</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>87.6</td>
<td>88.7</td>
<td>+ 1.1***</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>87.4</td>
<td>88.4</td>
<td>+ 1.0***</td>
</tr>
<tr>
<td><strong>Ever Employed During Three-Quarter Follow-Up Period (A)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second Quarter</td>
<td>81.6</td>
<td>82.2</td>
<td>+ 0.6***</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average Total Earnings [B]</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second Quarter</td>
<td>484.06</td>
<td>503.07</td>
<td>+ 19.01***</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>518.26</td>
<td>530.66</td>
<td>+ 12.40***</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>730.77</td>
<td>688.74</td>
<td>- 42.03***</td>
</tr>
<tr>
<td><strong>Average Total Earnings During Three-Quarter Follow-Up Period</strong></td>
<td>1728.37</td>
<td>1922.26</td>
<td>+ 193.89***</td>
</tr>
<tr>
<td><strong>Percent The Ever Received Any AFDC Payment During a Quarter of Application</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second Quarter</td>
<td>77.0</td>
<td>81.3</td>
<td>- 4.3*</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>94.7</td>
<td>95.0</td>
<td>- 0.3</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>47.8</td>
<td>48.0</td>
<td>- 0.2</td>
</tr>
<tr>
<td><strong>Average AFDC Payments (A)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Received During</td>
<td>591.88</td>
<td>578.26</td>
<td>- 13.62***</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>709.36</td>
<td>708.48</td>
<td>- 0.88</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>804.47</td>
<td>808.18</td>
<td>- 3.71***</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>848.05</td>
<td>845.38</td>
<td>- 2.67***</td>
</tr>
<tr>
<td><strong>Average Total AFDC Payments Received During Three-Month Follow-Up (A)</strong></td>
<td>2528.68</td>
<td>2573.20</td>
<td>- 44.52***</td>
</tr>
</tbody>
</table>

**Sources:** Table 5.8

**Notes:** These data include zero values for sample numbers not employed and for sample numbers not receiving welfare payments. There may be some discrepancies in calculating experimental-control differences due to rounding.

* These data are for the first calendar quarter after the quarter in which a person applied for welfare.

**The first month of the first quarter is the month in which an individual applied for welfare.

*Statistically significant at the 10 percent level.

**Statistically significant at the 5 percent level.

***Statistically significant at the 1 percent level.
Both programs resulted in modest reductions in the percent on welfare of between 1 and 7 percentage points in the different follow-up quarters. Welfare savings were larger, but only statistically significant for the Job Search/EWEY group, for whom 12-month welfare savings totaled $206 per experimental, a 7 percent reduction from the benefits paid to the control group during this same period. The fact that relatively large earnings gains were associated with more modest welfare savings is not surprising given child-care and other deductions used in calculating grants for working welfare recipients.

- Impacts on welfare payments and earnings appeared to be stable for the AFDC category over the 12-month follow-up period.

Overall, data for the first follow-up year provide no clear pattern of impacts either increasing or decreasing over time. It will be important to look at this further in MDRC’s final report on the San Diego programs.

AFDC-U Group

- About four-fifths of the AFDC experimentals and controls received welfare, although the majority were off the rolls by the end of the year.

Data for both experimentals and controls show that between 80 and 82 percent of the AFDC-U applicants had their welfare grants approved. However, by the end of the 12-month follow-up period, approximately 60 percent were off welfare and about half were employed, with average earnings more than twice those of the AFDC applicants.

- Overall, neither program for the AFDC-U category led to consistent or substantial increases in employment or earnings.

In contrast to the AFDC findings, neither job search nor the job search/EWEY sequence had a sustained impact on the AFDC-U employment rates or earnings. There were some significant impacts in the first quarter, but
these decreased over the follow-up year. (See Table 2.)

- Both programs led to significant reductions in AFDC-U welfare payments over the aggregate follow-up period.

Twelve-month welfare savings were substantial for the AFDC-U assistance category. This was particularly true for those in the job search/EWEP sequence, which led to welfare savings totaling $350 per experimental, or a 14 percent reduction in welfare benefits. The large welfare savings in the face of negligible employment gains is partly explained by the higher benefit reduction rates on earnings and the stronger sanctioning penalties for noncompliant AFDC-U's as compared to the AFDC's.

- Initial results suggest that program impacts may be less stable for the AFDC-U than for the AFDC applicants.

Data for the first follow-up year show a less consistent pattern for the AFDC-U than for the AFDC applicants. Initially positive first-quarter employment and earnings impacts for the AFDC-U group appeared to decline over the year.

Both Groups

- In general, findings to date do not confirm that mandating EWEP produced substantial additional impacts over those resulting from the job search workshops. The notable exception is in AFDC-U welfare payments, where the incremental reduction over the full year was large but not statistically significant.

The analysis conducted to date provides mixed results on the relative effectiveness of job search alone and the job search/EWEP sequence in increasing the employment and earnings of welfare applicants. For welfare outcomes, while none of the differences were statistically significant, the addition of EWEP did lead to larger grant reductions for the AFDC-U assistance category. However, this result should be viewed as preliminary.
# TABLE 8

**AFDC-I Applicants: Summary of Program Impact**

<table>
<thead>
<tr>
<th>Outcome and Follow-Up Quarter</th>
<th>Job Search - EXP</th>
<th>Job Search</th>
<th>Job Search - EXP</th>
<th>Job Search</th>
<th>Job Search</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Experimentals</td>
<td>Controls</td>
<td>Difference</td>
<td>Experimentals</td>
<td>Controls</td>
</tr>
<tr>
<td>Percent Employed During First Quarter</td>
<td>44.8</td>
<td>38.8</td>
<td>+ 5.9%</td>
<td>46.8</td>
<td>38.8</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>50.8</td>
<td>45.8</td>
<td>+ 5.0%</td>
<td>50.8</td>
<td>45.8</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>58.8</td>
<td>52.8</td>
<td>+ 6.0%</td>
<td>58.8</td>
<td>52.8</td>
</tr>
<tr>
<td>Ever Employed During Three-Quarter Follow-Up Period [6]</td>
<td>59.8</td>
<td>84.4</td>
<td>+ 25%</td>
<td>56.2</td>
<td>84.4</td>
</tr>
<tr>
<td>Average Total Earnings During Three-Quarter Follow-Up Period</td>
<td>2870.12</td>
<td>3861.91</td>
<td>- 31.78</td>
<td>2838.10</td>
<td>3821.91</td>
</tr>
<tr>
<td>Percent of Case Referred Any AFDC Payment During Quarter of Application</td>
<td>79.8</td>
<td>79.8</td>
<td>= 0.0%</td>
<td>77.2</td>
<td>79.8</td>
</tr>
<tr>
<td>Second Quarter</td>
<td>88.8</td>
<td>85.4</td>
<td>+ 3.4%</td>
<td>87.8</td>
<td>85.4</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>44.4</td>
<td>45.7</td>
<td>- 2.3%</td>
<td>46.4</td>
<td>45.7</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>47.8</td>
<td>43.1</td>
<td>- 5.3%</td>
<td>41.8</td>
<td>43.1</td>
</tr>
<tr>
<td>Ever Received AFDC Payment During Twelve-Month Follow-Up</td>
<td>80.0</td>
<td>32.4</td>
<td>- 47.6</td>
<td>81.7</td>
<td>32.4</td>
</tr>
<tr>
<td>Average AFDC Payments During Twelve-Month Follow-Up</td>
<td>388.76</td>
<td>425.72</td>
<td>- 27.9%</td>
<td>388.48</td>
<td>425.72</td>
</tr>
<tr>
<td>Quarter of Application</td>
<td>386.21</td>
<td>423.39</td>
<td>- 27.9%</td>
<td>386.21</td>
<td>423.39</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>408.62</td>
<td>435.38</td>
<td>- 27.9%</td>
<td>408.62</td>
<td>435.38</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>474.78</td>
<td>527.44</td>
<td>- 27.9%</td>
<td>488.34</td>
<td>527.44</td>
</tr>
<tr>
<td>Average Total AFDC Payments Received During Twelve-Month Follow-Up Period</td>
<td>2832.17</td>
<td>2862.11</td>
<td>- 111.96</td>
<td>2812.50</td>
<td>2862.11</td>
</tr>
</tbody>
</table>

**Sources:** Table 5.B.

**Notes:** These data include zero values for sample members not assessed and for sample members not receiving welfare payments. There may be some discrepancy in estimating Experimental-Control differences due to rounding.

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given the longer sequence of program activities for the Job Search/EWEP group. Some experimental workers were still working in EWEP jobs at the end of the follow-up period for this analysis.

- Earnings impacts resulted from increases in employment, not increases in wages.

For both AFDC and AFDC-U categories, there is no evidence that either program resulted in placement in better-paying jobs. Both the type of the work and the wage rates were unaffected.

- Interim findings for the AFDC-U group may underestimate final impacts.

Short-term employment and welfare impacts for the later AFDC-U groups (i.e., individuals who applied later in 1983) were substantially larger than those for the earlier sample members who applied in late 1982 and early 1983. (Impacts, however, for the early and later AFDC groups were more similar.) This increase in the AFDC-U impacts over time is particularly noteworthy since results for the later sample members may be more representative than the earlier ones of the likely impacts of an ongoing program. Early sample members applied for welfare in the middle of a severe recession when the typical applicant had a history of recent employment, while the later sample contained applicants with limited prior employment, who enrolled during an economic recovery.

- Preliminary analysis confirms findings from other studies that employment programs for welfare recipients have their largest impacts on those who have little recent employment experience.

Preliminary data suggest that impacts on employment and reductions in welfare were concentrated among the more disadvantaged subset of applicants (i.e., those with limited prior employment). Dividing the sample into those who did and did not have earnings during the year prior to welfare
application, the data suggest that the latter group fared substantially less well on their own (earning less and receiving more welfare) and yet benefited the most from both experimental treatments. The difference is particularly large for the AFDC-U sample, where those with no prior earnings had substantially larger welfare savings. These results, if confirmed in the final report and in comparison to costs, suggest the importance of considering individuals' characteristics in the design and targeting of employment activities.

Findings from the Benefit-Cost Analysis

The benefit-cost analysis of the job search and job search/EWIP programs compares their operating and support costs to their short-term effects on employment, dependence on welfare and other transfer programs, and use of alternative services. All estimated benefits and costs reflect impacts and expenditures on all experimental (participants and nonparticipants) over and above those for members of the control group (i.e., benefits and net costs). This analysis was performed from the perspectives of welfare applicants (both AFDC's and AFDC-U's) and taxpayers, as well as that of society as a whole. This permits an examination of two important questions: (1) Is the program economically efficient: that is, do the benefits exceed the costs to society as a whole? (2) Dividing society into welfare applicants and everyone else (who will be called "taxpayers"), how do these two groups fare? For instance, how are the welfare applicants affected -- what do they gain and lose? How are the taxpayers affected -- do welfare savings and other benefits exceed program costs?

The analysis in this report, summarized in Table 3, is actually a
TABLE 3
ESTIMATED SHORT-TERM BENEFITS OF JOB SEARCH AND JOB SEARCH-EWEP THROUGH DECEMBER 1983, BY ASSISTANCE CATEGORY, RESEARCH GROUP, AND ACCOUNTING PERSPECTIVE

<table>
<thead>
<tr>
<th>Component of Analysis</th>
<th>Job Search - EWP</th>
<th>Job Search</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Accounting Perspective</td>
<td>Social</td>
</tr>
<tr>
<td>Benefits</td>
<td>AFDC SAMPLE</td>
<td>$288</td>
</tr>
<tr>
<td>Value of EWP Output</td>
<td>451</td>
<td>401</td>
</tr>
<tr>
<td>Increased Earnings</td>
<td>0</td>
<td>-65</td>
</tr>
<tr>
<td>Increased Tax Payments</td>
<td>0</td>
<td>-25</td>
</tr>
<tr>
<td>Reduced AFDC Payments</td>
<td>0</td>
<td>-257</td>
</tr>
<tr>
<td>Other Reduced Transfer Payments</td>
<td>0</td>
<td>177</td>
</tr>
<tr>
<td>Reduced Transfer Administrative Costs</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Reduced Use of Training Programs</td>
<td>50</td>
<td>-6</td>
</tr>
<tr>
<td>Costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPP Operating Costs</td>
<td>-385</td>
<td>0</td>
</tr>
<tr>
<td>EWEP Operating Costs</td>
<td>-73</td>
<td>0</td>
</tr>
<tr>
<td>Allowances and Support Services</td>
<td>0</td>
<td>22</td>
</tr>
<tr>
<td>Client Out-of-Pocket Expenses</td>
<td>-15</td>
<td>-15</td>
</tr>
<tr>
<td>Net Value</td>
<td></td>
<td>$220</td>
</tr>
</tbody>
</table>

| Benefits              | AFDC-U SAMPLE   | $380     | $0        | $61     | $1 |
| Value of EWP Output   | 270              | 270      | 0         | 324      | 324 |
| Increased Earnings    | 0                | -45      | 0         | 0        | -64     |
| Increased Tax Payments| 0                | -257     | 0         | 0        | -27     |
| Reduced AFDC Payments | 0                | -238     | 0         | 0        | -43     |
| Other Reduced Transfer Payments | 0 | 177 | -177 | 0 | -127 |
| Reduced Transfer Administrative Costs | 48 | 0 | 48 | 27 | 27 |
| Reduced Use of Training Programs | 55 | b | 55 | 58 | b |
| Costs                 |                |          |          |          |          |
| EPP Operating Costs   | -475            | 0        | -475     | -460     |
| EWEP Operating Costs  | -65             | 0        | -65      | b        |
| Allowances and Support Services | 0 | 21 | -21 | 0 | 8 |
| Client Out-of-Pocket Expenses | -10 | -10 | 0 | 0 | 0 |
| Net Value             |                | $157     | $420     | $525     | $-470 | $-481 | $-24 |

SOURCE: Tables 6.7 and 6.8.

NOTES: Benefits and costs reflect estimated experimental-control differences. See Chapter 6 for data source and estimation procedures. Because of rounding, detail may not sum to totals.

Because of the limited time period covered by this preliminary analysis, most of the program costs, but only part of the program benefits, have been estimated.

Estimated value of component less than $0.00.
status report on program benefits and costs. Only benefits and costs that accrued through December 1983 have been estimated for this analysis, which constitutes an average follow-up period of nine months. In view of the fact that most of the program costs, but only part of the program benefits, were measured by the time the analysis ended for this report, the results are impressive. The final report will extend the period of analysis and include projected future benefits.

Social benefits were substantial and exceeded social costs for both assistance categories in both programs, except for the AFDC-U experiments in the job search only program.

From the perspective of society, the program had more than paid for itself in the analysis period for all of the groups studied, except for the AFDC-U applicants who were assigned only to the job search program. As shown in Table 3, short-term benefits fell short of the net costs for that one group by $70 per experimental. For the other research groups, however, the program’s net social benefit was between $98 and $280 per experimental.

For the AFDC assistance category, there was a large net overall gain for welfare applicants, with taxpayers incurring some costs.

The programs also had a striking distributional effect. For the AFDC applicants, both the job search/EWEP and the job search only programs produced net benefits for applicants of over $300 per experimental group member. Taxpayers’ costs exceeded their short-term net benefits, producing a net cost to them of $87 per Job Search/EWEP experimental and $215 for a Job Search only experimental. The fact that applicants’ gains were greater than taxpayers’ losses in each case accounted for the net gain to society as a whole.

For the AFDC-U assistance category, the major beneficiaries
were taxpayers, with applicants incurring substantial losses.

AFDC-U applicants were the net losers in the short run, largely as a result of the program's effects in reducing the transfer payments they received (Unemployment Insurance, Food Stamps, MediCal and AFDC). Taxpayers experienced a corresponding net gain. The net income shift was especially great for the job search/EWEP sequence, with a net loss to applicants of $400 and a net gain to taxpayers of $557 per experimental group member.

- Major benefits came from the value of the goods and services produced at EWEP worksites, positive impacts on employment and earnings, and reductions in welfare and other transfer payments.

Several specific benefits and costs in this analysis merit examination. One is the value of the goods and services produced by individuals who worked at an EWEP worksite. EWEP participants worked in jobs in public agencies and private nonprofit organizations in the San Diego community for up to 13 weeks. The estimated value of their work was $229 per AFDC experimental and $360 per AFDC-U experimental. (These estimates have been averaged over both participants and nonparticipants.)

This benefit accounts for the fact that the job search/EWEP sequence had a higher overall net value than job search alone from the perspective of society as a whole. Indeed, during the relatively brief period covered by this analysis, this is the largest single benefit of EWEP. On the other hand, the estimated value of the work performed by EWEP participants -- who proved to be highly productive workers in the jobs to which they were assigned -- alone exceeded the cost of the EWEP program.

A key benefit of the two programs was their effect on employment.
This generated increases in earnings for experimental of between $270 and $461 per experimental through December 1983. The gain to welfare applicants, however, was reduced by an increase in the taxes they paid, which in turn was a gain to the taxpayers.

Partly because of the program's effects on employment, the dependence of experimental on transfer programs was reduced. Average welfare payments decreased by between $173 and $378 per experimental through December 1983. As indicated in Table 3, these reductions were a gain to taxpayers but a loss to the welfare applicants. There were also reductions in Medical benefits for all experimental. However, there were increases in average Food Stamps and Unemployment Insurance (UI) payments for AFDC applicants. The UI increases, which were more than $100 per experimental, virtually offset the reductions in welfare payments for that group. UI payments also increased for AFDC-U applicants assigned to the Job Search group, but decreased for those assigned to job search and EWEP. The findings for UI clearly warrant further investigation during the coming year.

Net operating costs were modest, with the cost of operating the job search program considerably more than that incurred in operating EWEP.

The net operating costs of the job search and job search/EWEP programs -- that is, costs in excess of program expenditures on control group members -- were quite low. The job search program cost between $366 and $480 per experimental (including participants and nonparticipants), while the EWEP costs were $73 and $85 per AFDC and AFDC-U experimental, respectively. These figures include the net costs of registration and assessment (over and above what it cost for controls), the costs of operating the job search and job search/EWEP programs.
search workshops and EWEP, the costs of sanctioning applicants who did not comply with program requirements, and the costs of recordkeeping and administration, including administration at the state level. There were, in addition, small costs associated with allowances and support services provided to participants.

- The cost of serving an experimental who completed the entire sequence of demonstration activities was about $1,100 for registration and job search, and $500 for EWEP.

Ignoring the costs of serving controls, the full cost of serving an experimental who registered and then participated in the maximum three weeks of job search, followed by 13 weeks in work experience, was approximately $1,600. This includes about $1,100 for registration and job search, and $500 for EWEP. The cost of serving an experimental who left the program before these limits were reached — to take a regular job or for some other reason — was correspondingly less.

- The net budget impact of the programs so far is positive for the AFDC-U, but not for the AFDC, groups.

All net benefits and costs included in the taxpayer perspective, except the value of the EWEP output, directly affect government expenditures. Thus, the overall net value of the job search program to taxpayers — a net cost of $215 per AFDC applicant and a net gain of $24 per AFDC-U applicant — is approximately the same as its government-budget effect. However, EWEP output benefits have to be subtracted from the taxpayer results for the job search/EWEP sequence to obtain the net program effect on government budgets. This shows a loss of $316 per AFDC experimental and a budget gain of $197 per AFDC-U experimental.

In assessing these benefit-cost results, readers should bear in mind
that potential long-term benefits have not yet been estimated, and that a
number of assumptions were used in making the short-term estimates. It has
been assumed, for example, that the increase in the employment of
experimental has not resulted in the displacement of other workers. It
may also be noted that intangible benefits and costs have not been
measured, such as the benefits associated with society's preference for
work over welfare. In addition, the social benefits or costs of welfare
mothers spending more time working and less time caring for their children
cannot be assigned dollar values. Thus, these benefit-cost results should
not be regarded as precise or the "final word" on the San Diego
demonstration.

Conclusion

The findings in this report represent an interim assessment of the San
Diego demonstration. Overall, they suggest substantial achievements,
including the effective implementation of both the program model and the
research design, significant impacts on employment and welfare outcomes,
and positive overall benefit-cost results. The successful imposition of
the evaluation design, including random assignment, promises that the
study's results will be reliable. These accomplishments are particularly
noteworthy in the context of the experiences of other programs (where
operational objectives have been less successfully met) and the short
follow-up period of this study.

While this report provides important new information on the job search
and community work experience approaches, a number of questions will be
addressed in further detail in the demonstration's final report, including:
Do the positive program impacts increase or decay over time? Does EWP result in significant impacts over and above those for job search? What does a more detailed analysis of the subgroups of applicants suggest about the relative cost-effectiveness of different targeting strategies? What do the longer-term impacts suggest about the programs’ ultimate cost-effectiveness and their impacts on government budgets?

The Manpower Demonstration Research Corporation’s evaluation of the State of California’s Employment Preparation Program is funded in part by a contract from the California Employment Development Department and in part by a grant from The Ford Foundation. MDRC’s evaluation of the San Diego Experimental Work Experience Program is funded by the Ford Foundation. Supplementary funding for the San Diego evaluation also came from the Congressional Research Service of the Library of Congress. The findings and conclusions in this report do not necessarily represent the official positions or policy of the funders.

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WEST VIRGINIA
The Demonstration Of
State Work/Welfare Initiatives

Interim Findings
On The Community
Work Experience
Demonstrations

Joseph Ball
With
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Barbara Goldman, Judith Gueron

November 1984

MANPOWER DEMONSTRATION
RESEARCH CORPORATION

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Executive Summary

In 1982 the State of West Virginia's Department of Human Services acted on two provisions of the 1981 Omnibus Budget Reconciliation Act (OBRA), which authorized state welfare agencies to establish mandatory Community Work Experience Programs (CWEP), also commonly called workfare, for welfare recipients in the Aid to Families with Dependent Children (AFDC) Program; and to assume lead responsibility for administration of the Work Incentive (WIN) Program (which is normally administered by state employment services in partnership with welfare agencies). The Department chose to operate the WIN Program on its own under the WIN Demonstration provision, and to establish a CWEP program for recipients in the two-parent AFDC-Unemployed Parent category (primarily fathers) as its principal program component.

West Virginia is one of three states which has elected to operate CWEP to nearly the full extent authorized in the law: on a statewide basis, requiring eligible recipients to "work off" their entire grants at public or nonprofit agencies (with the maximum hours per month determined by the size of the welfare check divided by the minimum wage), and with the work obligation to continue as long as the client receives welfare. In July 1983, the state extended the CWEP work obligation to AFDC recipients (primarily females living single-parent households) who are required to register with the WIN Program. (Under federal law, all AFDC-U recipients..."
must be registered with the WIN Program; only AFDC recipients with children age six and over are so required.)

In 1983, the state began two special demonstrations within its statewide CWEP program:

- A "saturation" demonstration for the AFDC-U group in selected counties, where staff have sufficient resources to reimburse limited work-related expenses for every AFDC-U recipient for whom a CWEP assignment can be found. This demonstration tests the feasibility and limits of a universal work requirement;

- A CWEP demonstration for AFDC mothers in selected counties. While the AFDC project is not operated on a saturation level, it will examine CWEP's implementation for mothers and test the program's effectiveness.

The AFDC-U demonstration is being implemented on a saturation basis in four of the Department’s 27 administrative areas, covering nine counties:

- Huntington (Cabell and Mason Counties)
- Martinsburg (Berkeley, Jefferson and Morgan Counties)
- Parkersburg (Wirt and Wood Counties)
- Princeton (Mercer and Summers Counties)

The AFDC demonstration operates in these four areas as well as five others, covering a total of 21 counties. The five additional areas are:

- Clarksburg (Doddridge and Harrison Counties)
- Fairmont (Marion and Monongalia Counties)
- Fayetteville (Fayette County)
- Grafton (Barbour, Preston and Taylor Counties)
- Wheeling (Brooke, Hancock, Marshall and Ohio Counties)

These areas, apart from Wheeling, were also part of the AFDC-U demonstration, although not on a saturation basis. Rather, staff there agreed to assign no more than 40 percent of their AFDC-U caseloads to CWEP in any one month so that these areas could serve as a comparison for the four saturation areas. The operating experiences of the comparison sites will be addressed in the final report on program impacts. This report instead
focuses on the implementation of the AFDC-U demonstration in the four saturation areas and the AFDC demonstration in nine areas.

A. The Evaluation Design and Analysis Samples

The evaluation of the CWEP demonstrations was undertaken by the Manpower Demonstration Research Corporation (MDRC) at the request of the West Virginia Department of Human Services. MDRC is engaged in a large-scale, multi-state study of welfare employment initiatives established by states under authority of the 1981 OBRA provisions. West Virginia is one of eight states in the MDRC demonstration, which is financed by the participating states, The Ford Foundation and other philanthropic organizations. The evaluation of the AFDC-U demonstration in West Virginia is also supported by a grant from the Claude Worthington Benedum Foundation.

The multi-year evaluation of the two West Virginia demonstrations includes process, impact and benefit-cost analyses. These last two studies will estimate CWEP’s impacts on employment and the welfare receipt of clients and ascertain whether any program-induced savings were sufficient to offset operating costs. Findings on these issues will be presented in a future report, when longer-term follow-up information is available.

This report presents preliminary findings of the process analysis. It will examine the first year of operations in the AFDC-U demonstration and the initial eight months of the AFDC project, providing information on program implementation, staff attitudes, participant and worksite supervisor perceptions of CWEP, and the historical background of West Virginia’s prior work programs. All of these factors will help to explain the Department’s accomplishments in the two projects.

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The primary sources of qualitative information in these studies are field interviews with program staff, participants and supervisors; observations of program operations; and interviews with individuals who were instrumental in designing and executing both the current CWEP and predecessor work programs.

Quantitative data come primarily from the state's automated WIN Information System, which records the program activity of all recipients who are registered with the WIN Program. For the AFDC-U group, the sample analyzed includes all CWEP-eligible WIN registrants in the saturation areas who were either receiving benefits when the special demonstration began on March 1, 1983 or who subsequently registered with the WIN Program through February 1984.

For the AFDC group, the sample contains all CWEP-eligible mothers on the rolls with children age six and over in the nine demonstration areas as of July 1983 (the start-up of the AFDC project) who were either called in for periodic reappraisal or registered with the WIN Program from July through November. Data on program implementation and these sample members, both qualitative and quantitative, will be analyzed to answer the following questions:

- What were the intended purposes of the CWEP program?
- On a month-to-month basis for the AFDC-U group, what proportion of the caseload in the saturation areas participated in CWEP?
- What was the likelihood that a client (either male or female) would participate in CWEP during the months following exposure to the CWEP demonstration programs?
- What administrative, client-related or labor market factors facilitated or constrained staff willingness or ability to assign recipients to CWEP?
In what ways does the institutional history of the Department and its prior experience with work programs help to explain CWEP implementation?

What kinds of jobs did CWEP participants perform? Did their supervisors regard the jobs as necessary and the participants as productive relative to other workers? Did the jobs help to improve participants' general skills?

Were participants satisfied with their jobs, and to what extent did they think it was fair to be required to work for their grants?

B. Policy Background

Enactment of the CWEP provision in 1981 marked the latest in a series of policy reforms over the past several years to tie receipt of AFDC welfare grants to some kind of employment requirement. Most of those efforts were not seen as successful on a large scale.

First, in the early and mid-1960s, there were provisions in federal law that permitted state welfare agencies to establish work programs for two-parent families with an unemployed father (later modified to cover either parent). Relatively few welfare agencies elected to operate these programs at a scale covering more than a few hundred recipients. West Virginia was one of the notable exceptions, operating projects in which as many as half of the AFDC-D fathers worked in public or nonprofit agencies in return for their benefits.

In 1967, an employment and training program, the Work Incentive, or WIN Program was established, which replaced these programs and expanded eligibility to single-parent AFDC families. Further, beginning in 1972, the WIN Program required able-bodied mothers with children over age six to register and accept a job or participate in a training program. Funds were
limited compared to the numbers eligible, however, so that a large share of WIN registrants were not required to participate.

A few states operated mandatory work programs for one or both categories of AFDC recipients in the 1970s. In two special demonstrations in California and Massachusetts, only a small proportion of those eligible were actually required to work. In California, for example, less than 3 percent of eligible registrants took part in the program. A small program in the more rural and ethnically homogeneous state of Utah, still operating, reached a larger share of eligible recipients.

Because these state efforts were often attended by implementation and agency coordination problems, important questions about mandatory work programs are still unanswered. The feasibility of a universal work requirement, the maximum expected level of participation in a large-scale effort, the administrative or other factors which affect participation, and the acceptability of work requirements to welfare recipients are the issues explored in the MDRC demonstration and in this report.

C. Findings on Participation: A Caseload Analysis

The central findings on West Virginia's implementation of CWEP statewide, for both AFDC-U and AFDC groups, and in the four AFDC-U saturation demonstration areas are the following:

- The statewide CWEP program for the AFDC-U group was implemented with few problems. By May 1982, four months after the program started, some 40 percent of the state's 5,000 AFDC-U caseload was participating in CWEP.

- The statewide program for AFDC mothers also began with few difficulties in mid-1983, but on a much smaller scale. At the end of March 1984, nearly 40 percent of the CWEP-eligible AFDC-U caseload was participating in CWEP, while less than 10
percent of the WIN-mandatory (no children under age six) AFDC caseload was participating in the program.

- The build-up of participation in the four AFDC-U saturation areas after March 1, 1983 proceeded smoothly. Caseload participation rates rose from 46 percent to 69 percent in five months. However, while the numbers of men participating continued to increase, staff could not keep up with a dramatic growth in the AFDC-U caseload in late 1983. Participation rates fell to 59 percent in February 1984.

The overall caseload participation rate masks the wide variation among the four saturation areas. In the area with the highest share of its AFDC-U caseload in an urban county (an area which also aggressively pursued the work obligation), over 80 percent of the caseload participated in CWEP during the summer months in 1983. In the next most urban area, which was equally firm in its assignment policy, the second highest caseload participation rate was consistently achieved. The lowest caseload participation rate was reported in the most rural of the saturation areas, the one with the healthiest labor market (within commuting distance of Virginia and the Washington, D.C. suburbs, and with a manufacturing base equal to the state's average), although that rate never fell below 55 percent after the initial build-up. The fourth area, with three small cities (the largest with a population of 16,000), was able to keep pace with the most rural area, despite a 41 percent caseload growth resulting from its proximity to the state's southern coalfields.

D. Findings on Participation: The Individual Registrant Analysis

An examination of the program activity of individual registrants for a specified period of time after follow-up tracking began showed these principal findings:
During an eight-month period of follow-up, AFDC-U registrants in the saturation areas had a 65 percent probability of participating in CWEP.

Of those who were already on welfare in March 1983 when the build-up to saturation began (the "prior registrants"), over 70 percent participated in CWEP during the eight-month period ending November 30, 1983. (One-half of this group were CWEP participants at the time the demonstration started.)

Of those registering with the WIN Program from March through June 1983 (the "new registrants"), 52 percent participated during the eight-month period following registration.

Thus, very high participation rates characterized CWEP for the AFDC-Unemployed Parent category, both from the month-to-month caseload perspective and from the eight-month tracking of individual registrants. These rates are important because they suggest the level that can be expected in a universal work requirement operated for male heads of two-parent households. However, for several reasons that are enumerated in a later section, it would appear that these high participation levels may not easily be achieved in other parts of the country.

A review of recipients not assigned to CWEP, conducted in the spring of 1984, indicates that a combination of demand and supply factors set the upper bound to AFDC-U participation in West Virginia: the lack of geographically accessible work assignments in the most rural counties; individuals in both urban and rural areas whose grant checks were too small to offer work sponsors sufficient labor; and individuals who had personal or family problems so severe as to constrain participation. The great majority of non-participants were not assigned to CWEP for these reasons.

AFDC clients were followed for only a short period, three months, since the AFDC demonstration began several months after the saturation demonstration. The data show that:
A much smaller percentage of CWEP-eligible AFDC recipients participated during the three-month follow-up period -- 16 percent overall: 18 percent of those already on welfare who were reappraised from July through November and 10 percent of the new WIN registrants.

Department central staff, however, never expected high participation rates from the AFDC recipients, as was signaled by the absence of caseload participation targets and the decision not to provide child-care funds. It was clear at the state and area-office levels that the higher priority was to work with the men, assigning them to CWEP and encouraging them to find regular jobs.

Factors other than preference for placing men also constrained AFDC participation levels. Staff found that the mothers had a much lower labor force attachment, a greater hesitation to leave their children for work, and more health problems than the AFDC-U fathers. Further, there appeared to be less demand for women than for men among government agencies (although not in nonprofit agencies). The educational deficiencies of most female recipients and the need for clerical skills (which relatively few had) also limited the number of women who met work sponsors' needs. These factors combined made it more time-consuming for staff to find CWEP positions for this group, particularly since staff had to ensure that women who participated had adequate child-care arrangements.

E. Perceptions at the Worksite

A random sample of 94 CWEP participants (60 men and 34 women) and their supervisors were interviewed during a nine-month period beginning in July, 1983. The principal findings from that survey are the following:

- The great majority of supervisors, and an even greater
majority of participants, believed that their work made a valuable and usually necessary contribution to the sponsoring agency.

- Supervisors found that both male and female CWEP participants were "the same" or "better" than new regular employees on most dimensions of job performance, attendance, behavior, job skills and maturity. Some bias may be present, however, since these judgments were made when the average male CWEP participant had been at the worksite 35 weeks, and the average female worker for 13 weeks.

- Most of the CWEP jobs demanded a range of general working or "job holding" skills such as punctuality, accepting criticism, working well with others, taking instruction, and working quickly. A smaller share of the jobs required reading, writing or mathematical skills. With the exception of two of the skill areas, three-fourths or more of the participants were judged to be "adequate" or "better" in these skills when they first showed up for their job assignments. Of the one-eighth to one-fourth who lacked a particular skill, nearly all had reached a level of adequacy by the time their supervisors were interviewed. Thus, CWEP jobs appeared to offer skills improvement to the small proportion of participants needing it.

- The great majority (approaching 80 percent and more) of CWEP participants were satisfied with their jobs and thought that a requirement to work for their welfare checks was a "satisfactory" or a "very satisfactory" arrangement. Participants' responses to these questions were affected by whether they thought CWEP would help them obtain a job in the future.

F. Interpreting the West Virginia Experience

A great many factors contributed to the Department's smooth implementation of CWED statewide and to the achievement of high participation rates for AFDC-U recipients in the saturation demonstration:

- Strong support, from the commissioner to the local-office level, for a mandatory work program for men;

- A strong sense of professionalism and long tenure among senior officials at the central and local-office levels;

- A long institutional history, almost unique among states, of Departmental implementation of mandatory work programs for men;

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A centrally administered WIN Program, staffed by individuals who had helped run earlier work programs, some of them having had prior experience as area-office welfare directors;

- Increased staffing (by nearly 40 percent) to handle the growing workload in the CWEP saturation areas;

- An aggressive Departmental involvement in the WIN Program (dating back to 1971) in which the Department had played a stronger role than the state Employment Service in day-to-day management. Applying for WIN Demonstration status and taking over the WIN Program entirely in 1982 was the final stage in a 12-year evolution;

- An ethnically homogeneous state with a traditionally strong work ethic, and the nation’s highest unemployment rate in 1983, with the result that many experienced workers were applying for benefits;

- The recession (felt strongly in a state depending on energy production), cutbacks in federal revenue-sharing, and the demise of the CETA Public Service Employment Program. All these factors created a potential demand for subsidized CWEP workers among local government and nonprofit agencies.

While not all of these conditions are unique to West Virginia, the combination is. Great care should therefore be taken in drawing the conclusion that a mandatory workfare program for both men and women might operate elsewhere with similar caseload participation levels, smooth implementation and the general public popularity achieved in the saturation project for men. The findings from the survey of participants and their supervisors, on the other hand, are quite similar to those found in the same survey of worksites conducted in San Diego (California) and Maryland: relatively little skills development, but high levels of job satisfaction, and an acknowledgment that a requirement to work for one’s welfare check is a fair principle.
Commission on the Economic Status of Women
Women in Minnesota

Published Jointly by:
Commission on the Economic Status of Women
B-59 Capitol
St. Paul, Minnesota 55155
612-299-6590

Hubert H. Humphrey Institute of Public Affairs
Women, Public Policy and Development Project
909 Social Sciences
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August 1984

Acknowledgement
The Commission gratefully acknowledges the contribution to this report of the Humphrey Institute and the Minnesota Analysis and Planning System of the University of Minnesota.
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Introduction

This report presents information about the two surveys: one Minnesota women who are employed and another on those who are not. It is intended to provide a factual base from which to look at the changing role of women in the state. Data are by geographic area. Future Commission reports will address special populations of women including minority and rural women.

This information replaces the information in two previous publications of the Commission on the Economic Status of Women, Minnesota Women: A Profile, which was based on 1970 Census data and Women in Minnesota, which was based on the 1977 Minnesota Household Survey. A list of additional publications is available on request from the Commission office Room 859, Capitol St, St Paul, Minnesota 55155.

The first part of this report contains a narrative discussion of women in Minnesota. The second part contains detailed tables. Definitions of terms can be found on page 45. The 1980 Census of Population and Housing is the primary data source for this publication.

Additional information is from the Minnesota Higher Education Coordinating Board, the Minnesota Department of Health, and other state and national sources.

ABOUT THE CENSUS

The U.S. Census conducted every 10 years is the most comprehensive data base in kind. In 1980 the census gathered an estimated 3.3 billion items of information from more than 230 million people in approximately 80 million households spread over 3.6 million square miles of territory.

In March 1980, every household received a census questionnaire. There were two different questionnaires, one with 19 questions and one with 46 questions. About one in six households selected at random received the longer form. The remaining households received the short form.

The answers to the short form constitute what is called a 100 percent or "complete count" data. Answers to the longer form are sample data. This report is primarily based on sample data explained to represent the total population. Information from the census is made available in a number of forms, including printed materials and computer tapes. Following some delays in recalling data, some of the Minnesota information gathered during the 1980 census has been made available in published form. The Census Bureau published a report on general population characteristics in 1982 and a report on general social and economic characteristics was issued in 1983.

In early 1984, Summary Tape File 4 (STF 4) was issued and much of the information in this report is based on this file. It provides statistics with greater subject and geographic detail than printed reports. The Commission on the Economic Status of Women requested computer runs from this file and also designed and purchased custom programs using special cross-tabulations from the Public Use Microdata Sample (PUMS).

As a result of the data generated this report contains comprehensive information about the status of women. It includes detailed information about poverty levels, marital status by age and labor force status by age and marital status as well as number of children.

Each of the tables in this report indicates the data source used. For the tables based on the 1980 census these sources are:

- Summary Tape File 2 (STF 2) with general population characteristics based on complete count data
- Summary Tape File 4 (STF 4) with general socioeconomic and economic characteristics based on sample estimate data and
- Public Use Microdata Sample (PUMS) with data on income, occupation, and education based on the sample of the complete count data.

OTHER DATA SOURCES

In addition to the census information, the report includes data from other sources. College enrollment information is from the Minnesota Higher Education Coordinating Board. Information on marital status as well as number of marriages, divorces and births is from the Minnesota Department of Health. Vocational follow up data is from the Minnesota Research and Development Center for Vocational Education. Comparison information for Minnesota and the United States is based on census data.
Highlights

- In the last ten years, the fastest-growing group in the state's female population has been women age 65 and over.

- Women age 65 or over in 1980 could expect to live an additional 19.1 years, to age 84 or older. Their male counterparts could expect to live an additional 14.8 years, to age 80 or older. For those born in 1960, the male-female life expectancy difference is about 7 years.

- The percentage of women with some post-secondary education has more than doubled in two generations. 44 percent of Minnesota women age 25 to 44 have some post-high school education, compared with only 19 percent of Minnesota women age 65 and over.

- Women are now 50 percent of post-secondary students in Minnesota. In the past decade, female students have become the majority of those enrolled in state universities, community colleges, private four-year colleges, and private junior colleges.

- Women's post-secondary enrollments vary by level. They account for 53 percent of undergraduates, 43 percent of graduate and professional students, and 45 percent of vocational students.

- Current marital status patterns resemble those in Minnesota at the turn of the century. Overall, 57 percent of women are married; 25 percent are single (never married); 11 percent are widowed; and 7 percent are divorced or separated.

- Median age at marriage has increased by about 2 years for both men and women in the last 10 years, and stands now at 23.3 years for women and 25.1 years for men.

- The overall ratio of divorces to marriages has increased from 1 divorce for every 3.8 marriages in 1970 to 1 divorce for every 2.5 marriages in 1980.

- The number of births to teenagers in Minnesota has dropped from 11.9 percent to 4 percent of all births. This is substantially below the national average of 15.6 percent of teen births in 1980.

- The proportion of married-couple families has decreased in the last decade, while the proportion of female-headed families has grown. In 1930, 84 percent of families in the state were maintained jointly by a husband and wife, while 13 percent were headed by women and 3 percent were headed by men.

- Married-couple families supported by just one earner represent only about one-fourth of all Minnesota families. Both husband and wife are in the labor force in 57 percent of all married-couple families.

- Forty-two percent of female-headed families compared with 54 percent of married couples and 56 percent of male-headed families have at least one child at home.

- Eighty-eight percent of children live in married-couple families. However, it is estimated that almost half of children born today will live in a single-parent family at some time in their childhood.

- More than four-fifths of non-family households in the state are occupied by people living alone, and more than three-fifths of people living alone are women.

- Labor force rates for women age 16 to 64 increased from 50 percent in 1970 to 64 percent in 1980. By contrast, the rate for men in the same age group has remained unchanged at 86 percent in this period.

- For all women with children, labor force rates increased from 41 percent to 60 percent. Overall, half of mothers of preschoolers and over two-thirds of mothers with school-age children are now in the labor force.

- Women heading families have very high labor force participation rates. 46 percent of those with child under age 3, 65 percent of those with children age 3 to 5, and 83 percent of those with school-age children.

- Forty-nine percent of all persons in the state labor force in 1980 were in jobs which were either male-dominated (80 percent or more men) or female-dominated (60 percent or more women).

- In 1980, Minnesota women employed full-time year-round earned $10,005 compared with $17,764 for their male counterparts—only 57 cents, on the average, for each dollar earned by men.

- Female college graduates earn about the same as men with an eighth grade education, and women who have attended graduate school earn less than male high school dropouts. Female college graduates earn 62 cents for each dollar earned by men with this much education.

- Median income for male-headed families is 80 percent of the median for married couples, while income for female-headed families is only 50 percent of the married-couple median.

- More than 374,000 Minnesotans were living in poverty in 1980. Of these, 41 percent were women, 33 percent were children, and 26 percent were men.

- Almost one-third of female-headed families with children are poor, and more than half of female-headed families with children under age 6 are living in poverty.

BEST COPY AVAILABLE
Population Characteristics

There are roughly 2 million women and girls in Minnesota accounting for 51 percent of the state's population. This percentage has not changed in the last decade. Total population growth has been about 7 percent, and the number of female Minnesotans has increased by more than 136,000 in this period. The greatest percentage decrease for women was among those age 5 to 14. Overall, the number of women under 18 decreased by 15 percent, the number of women 18 to 64 increased by 10 percent, and the number of women 65 and over increased by 22 percent.

There was an increase of about 134,000 women in the childbearing years of 15 to 44, and a smaller increase of about 189,000 women in the usual working years of 15 to 64. These changes reflect the move into young adulthood for the "baby boom" generation, age 16 to 34 in 1980. This group numbers almost 1.4 million men and women, more than one-third of the state's population. In the past, this population bulge was associated with high birth rates, increased school enrollments, and a teenage-oriented culture. In the 1980s, this generation affects our patterns of marriage, childbearing, and jobholding.

Population of older women is increasing in Minnesota

<table>
<thead>
<tr>
<th>Age</th>
<th>Number of Females</th>
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<th>1980</th>
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<tr>
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<td>15-24</td>
<td>25-44</td>
<td>45-64</td>
</tr>
<tr>
<td>100,000</td>
<td>500,000</td>
<td>600,000</td>
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</tbody>
</table>

LIFE EXPECTANCY

Median age of Minnesotans increased in the last 10 years from 26 to 28.4 for men and from 27.5 to 30.2 for women. Aside from the "baby boom" phenomenon, there have also been tremendous increases in the numbers of older people in Minnesota. Older women account for most of the difference in numbers between the male and female population. There are about 262,000 women age 65 and above, almost three-fifths of persons in this age group. The greatest disparity is between women and men age 65 and over, where women outnumber men by more than 2 to 1.

In 1970, life expectancy at birth was 69.4 years for men and 75.8 years for women. For those born in 1980, life expectancy was 72.0 years for men and 79.1 for women—a difference of about 7 years. Women age 65 or over in 1980 could expect to live an additional 19.1 years, to age 84 or older. Their male counterparts could expect to live an additional 14.8 years, to age 80 or older.

At the turn of the century, the average life span for women nationally was 48 years. Most women had few years remaining to them after childrearing. Today, most women can expect 30 or more years of life after their children are raised—a fact which profoundly influences women's life choices.

REGIONAL DIFFERENCES

The state's female population is fairly evenly divided between the seven-county Twin Cities area and the balance of the state. However, women age 65 and over are more likely than younger women to live in the other 80 counties, with 58 percent of this group outside the Twin Cities. Women most likely to live in the Twin Cities are those age 25 to 34, with 56 percent of this group in the seven-county metropolitan area.
Educational Attainment & Enrollments

EDUCATIONAL ATTAINMENT

Educational levels have changed dramatically in a relatively short period of time in Minnesota. In 1980, 73 percent of Minnesotans age 25 and over had completed high school compared with only 44 percent in 1960. The proportion of persons who had completed four or more years of post-secondary education more than doubled in the same period, from 8 percent in 1960 to 17 percent in 1980.

Levels of educational attainment differ for men and women. In the past, women were more likely than men to be high school graduates, but were less likely than men to have attended in post-secondary institutions or to hold college degrees.

The proportion of persons receiving a high school diploma appears to have stabilized. Among those age 25 to 44, 92 percent of women and 90 percent of men have completed 12 or more years of education. Completion of high school has become a societal expectation. Both men and women are pursuing higher levels of education than in the past, and there is some evidence that differences in educational attainment are decreasing. Among persons over age 25, thirty-seven percent of men compared with thirty-two percent of women have some post-secondary education.

Increases in the level of educational attainment of women are particularly striking when comparing women 65 and older with their daughters and granddaughters. While only about 40 percent of the older women are high school graduates, more than 90 percent of women age 25 to 44 have completed high school. The percentage with some post-secondary education has more than doubled in this period.

Women in the balance of the state have generally lower educational levels than women in the Twin Cities; however, educational attainment has increased in this area as well. Thirty-eight percent of women age 25 to 44 living outside the Twin Cities have some post-secondary education, compared with 18 percent of women age 65 and over in the balance of the state.

Educational attainment for Minnesota women is above the national average. Thirty-two percent of women in the state, compared with 23 percent of American women generally, have some post-secondary education.

Most Minnesotans are high school graduates, but more men have completed college.

Educational attainment in Minnesota by sex, 1980

<table>
<thead>
<tr>
<th>Years of school completed</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 12 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 to 15 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 years and over</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Percent of persons in the labor force who completed years of school specified by sex.
POST-SECONDARY ENROLLMENTS

A survey of female high school graduates from the Class of 1980, conducted one year later, shows that about 59 percent are continuing their education and nearly one-third are engaged in paid employment. These patterns, almost identical to those of male graduates in the same year, demonstrate the commitment of young women to roles other than full-time wife and mother, at least at this early stage in their adulthood.

In 1970 women were outnumbered by men in each of the post-secondary education systems in the state. Since that time, women have become the majority of enrollees in state universities, community colleges, private four-year colleges, and private junior colleges. Women continue to be in the minority at area vocational-technical institutes, private non-collegiate schools, and private professional schools. Their enrollment at the University of Minnesota, at 49 percent, is almost equal to that of male students.

Overall, women account for 50 percent of post-secondary students in Minnesota.

Despite enrollment increases, women are still under-represented in several ways. Female students are more likely than male students to be enrolled part-time. Women are 60 percent of part-time students and only 47 percent of full-time students.

Women are 53 percent of undergraduates, 43 percent of graduate students, and 45 percent of vocational students. Their enrollments in graduate and professional programs and in vocational schools is still below that of men, but these enrollments have grown in recent years. In 1980, women were 26 percent of students in private professional institutions and 39 percent of students in area vocational technical institutes.

Education attainment is higher for younger women

<table>
<thead>
<tr>
<th>Age</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 &amp; over</td>
<td>37.1%</td>
<td>32.1%</td>
</tr>
<tr>
<td>25-44</td>
<td>48.3%</td>
<td>43.0%</td>
</tr>
<tr>
<td>45-64</td>
<td>28.8%</td>
<td>24.0%</td>
</tr>
<tr>
<td>65 &amp; over</td>
<td>14.5%</td>
<td>12.2%</td>
</tr>
</tbody>
</table>
Information from the University of Minnesota shows that there are still significant differences in areas of study for male and female students. Women are still over-represented in areas like education, nursing, and dental hygiene and under-represented in engineering, dentistry, and mortuary science. However, there have been dramatic gains for women in fields such as law medicine and pharmacy.

Students of "traditional college age" (21 or under) are no longer the majority of college students. Nationally, 52 percent of college students in 1981 were age 22 or older, up from 44 percent in 1972. More than one-third of students are age 25 or older.

Women are the majority of students age 30 and over, and their representation increases at older ages. Nationally, women were 56 percent of students age 30 to 34 and 67 percent of students age 35 and over in 1981.

Educational attainment has increased substantially.

Women's enrollment varies by system.

Post-Secondary Enrollment in Minnesota, Fall 1980
Marital Status & Living Arrangements

Marital Status

Marital status patterns of Minnesota women have changed very little in the last decade. In both 1970 and 1980, the substantial majority of women were married and living with their husbands. In both years, about one-fourth of women had never married. There has been a slight increase in the number of women who are divorced, separated, or widowed. The last two decades have represented a normalizing of marital status patterns. In the period from 1940 to 1960, there was an increase in the percentage of women who were married and a corresponding decrease in the percentage who were single. The postwar period was marked by the exodus of women from the labor market, the move to the suburbs, and the birth of the baby boom generation.

In contrast to that era, current patterns are more like those at the turn of the century. In 1900, 59 percent of Minnesota women were married, compared with 57 percent in 1980. The proportion of women who have never married has decreased from 33 percent to 25 percent—a greater change than the rise in numbers of divorced women, from less than 1 percent to 7 percent of the female population. The proportion of women who are widowed has grown gradually over this 80-year period, reflecting both the decrease in singleness and women's increased life expectancy.

Men are more likely than women to be single or married, and less likely to be widowed. This is largely a function of age differences. Since men generally have a shorter life span, a larger proportion are in the younger never-married group, and a smaller proportion are in the older widowed group. Men are more likely to be married because, among other reasons, they are more likely than women to remarry after divorce or widowhood.

There is little difference between marital status patterns of Minnesota women and American women generally. Fifty-five percent of women nationally are married, compared with 57 percent in Minnesota. Twenty-two percent of American women and 18 percent of Minnesota women are separated, divorced, or widowed.

In most demographic characteristics, Region 11 is somewhat less traditional than the national average, while the balance of the state shows somewhat more traditional life patterns. Marital status is no exception to this general rule. Sixty percent of women outside Region 11 are married (above the state and national average), while 54 percent of women in Region 11 are married (below the state and national averages).
MARRIAGE & DIVORCE RATES

Although overall marital status patterns are fairly stable, there have been significant changes in the ages at which people marry and in marriage and divorce rates. Between 1970 and 1980, the proportion of women age 20 to 24 who had never married increased from 41 percent to 54 percent of that age group. The median age at marriage increased from 23.5 to 25.1 for men and from 21.4 to 22.3 for women. Interestingly, the tendency for women to marry men older than themselves may be decreasing—the age gap dropped from 2.1 years in 1970 to 1.8 years in 1980.

Sixty-four percent of marriages occur before the woman is age 25, down from 69 percent in 1970. The median age at divorce also increased over the decade, from 32.5 to 34.0 years for men and from 29.3 to 31.5 for women. Half of divorces occur before the wife is age 30, and more than two-thirds of divorces occur before the wife is age 35.

In 1980, there were 37,611 marriages and 13,809 divorces in the state. The marriage rate increased significantly during the 1970s, from 8.2 to 9.2 per 1,000 persons in the population. This is the highest rate since 1950, when the rate stood at 10.4 per 1,000. The record high rate for Minnesota was 13.6 per 1,000 in 1946, again a post-war phenomenon.

The divorce rate in 1980 stood at an all-time high for the state, 3.7 per 1,000 persons in the population. However, the Minnesota rate was well below the U.S. rate of 5.3 divorces per 1,000 persons.

The overall ratio of divorces to marriages increased from 1 divorce for every 3.8 marriages in 1970 to 1 divorce for every 2.5 marriages in 1980. Despite the rising rate, most divorced people remarried so that only about 1 in 18 Minnesota women are divorced at any one time.

BIRTH PATTERNS

The fertility rate is the number of live births per 1,000 women age 15 to 44 in the population. The Minnesota fertility rate dropped from 88.4 in 1970 to 70.8 in 1980. Although this was a substantial decrease, the overall figure marks several changes in birth patterns. Most of the drop occurred in the early part of the decade. The fertility rate has risen steadily since 1976, and this trend is expected to continue.

In view of the trend to marry at later ages, it is not surprising that the average age of mothers at birth of their first child has increased, from 21.9 in 1970 to 23.3 in 1980. Fifty-six percent of deliveries in 1980 were to women age 25 or over, and about one-fifth of births were to women age 30 or over.

There was an increase in the number of births to unmarried parents in the 1970s, from 8.0 percent to 11.4 percent of all births. The comparable figure nationally is 18.4 percent. Somewhat surprisingly, less than half of out-of-wedlock births both nationally and in Minnesota are to teenagers.

In the last 10 years, the number of births to teenagers has dropped from 11.9 percent to 10.4 percent of all births in the state. This is substantially below the national average of 15.6 percent teen births in 1980.

Regional fertility patterns are similar to state patterns. Both Region 11 and balance of state fertility rates began at relatively high levels in 1970, dropped to low levels in 1976, and climbed steadily from 1977 to 1980. Rates were 63.7 per 1,000 in Region 11 and 78.7 per 1,000 in the rest of the state at the end of the decade.

Births to unmarried parents rose in both regions, but remained higher in Region 11. In Region 11, 13.7 percent of Region 11 births and 9.3 percent of births to state births in 1980 were out of wedlock.

Marriage rates have fluctuated, while divorce rates have increased.

Regional fertility patterns are similar to state patterns. Both Region 11 and balance of state fertility rates began at relatively high levels in 1970, dropped to low levels in 1976, and climbed steadily from 1977 to 1980. Rates were 63.7 per 1,000 in Region 11 and 78.7 per 1,000 in the rest of the state at the end of the decade.

Births to unmarried parents rose in both regions, but remained higher in Region 11. In Region 11, 13.7 percent of Region 11 births and 9.3 percent of births to state births in 1980 were out of wedlock.
HOUSEHOLD CHARACTERISTICS

A household, by definition, consists of all persons occupying a housing unit. Households are divided into two general groups - family households and non-family households. A "family" is defined as two or more persons related by birth, marriage, or adoption. A "non-family" household consists of either one person household or two or more unrelated persons living together.

Of the 1,470,525 households in Minnesota in 1980, 72 percent were family households and 28 percent were non-family households. Non-family households have increased substantially up from 21 percent in 1970.

The total number of households in the state has grown by over 25 percent. Average household size, however, has dropped from 3.2 to 2.7 persons per household.

The increase in non-family households accounts for some of the decrease in household size, since more than four-fifths of those in non-family households live alone. Low birth rates and high divorce rates have also led to the reduction in size. Low birth rates have decreased the number of children in families. Divorce typically splits one family household into two smaller groups - one family household consisting of the custodial parent and children, and one non-family household consisting of the other parent living alone.

Most households consist of husband-wife families.

FAMILY HOUSEHOLDS

In 1980, 84 percent of families in Minnesota were maintained jointly by a husband and wife, making that the predominant family form. Another 13 percent of families were headed by women, while 3 percent were headed by men.

The proportion of married-couple families has decreased in the last 10 years, while the proportion of female-headed families has grown. In 1970, 90 percent of families were maintained by married couples, while 8 percent were maintained by women alone. The 1970 figure for male-headed families is estimated at 2 percent, since their numbers were too small for an accurate count.
On publication, 'husband-wife family' and 'married-couple family' are used interchangeably. 'Female-headed family' means a family headed by a woman with no husband present, and 'male-headed family' means a family headed by a man with no wife present. The popular image of a 'typical family' includes a married couple with one or two young children, an employed father, and a homemaker not employed outside the home. This image has never represented the diversity of family types, and it is less accurate than ever in 1980.

- Almost half of the state's families, 46 percent, have no children. Such families include married couples without children and those whose children are grown. They also include non-marital relationships, such as two sisters living together.

- Only 43 percent of families have three or four members, and many of these are single-parent families or families without children.

- Less than one-fourth of families are supported by only one wage earner. Married-couple families supported by just one earner represent only about one-fourth of all Minnesota families. In fact, both husband and wife are in the labor force in 57 percent of married-couple families.

- There are some differences in family types by region in Minnesota. In the seven-county metro area, 16 percent of families are female-headed. Compared with 10 percent in the balance of the state, families outside the Twin Cities have consistently lower incomes, from 65 to 90 percent of incomes for comparable families in the Twin Cities area.

**Female-Headed Families**

The number of female-headed families in Minnesota has increased by 46 percent over the last decade. This group is of special concern because it is growing so quickly and because it is economically vulnerable.

Median income for female-headed families in the state was $11,356 in 1980 — about three-fifths of the median for male-headed families and only half of the median for married-couple families. Almost one in four families headed by women had incomes below the poverty level in 1979. Although not all female-headed families have children, it is primarily the presence of children that contributes to poverty for this group. Female-headed families without children have a median income of $15,574 in 1979, representing 77 percent of the median for married-couple families without children. By contrast, female-headed families with children had a median income of only $9,201 — 16 percent of the median for their married-couple counterparts.

Most single-parent families consist of women with school-age children.

<table>
<thead>
<tr>
<th>Minnesota Single-Parent Families by Age of Children, 1980</th>
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</thead>
<tbody>
<tr>
<td><strong>Families-headed</strong></td>
</tr>
<tr>
<td>With children age 6-17 only</td>
</tr>
<tr>
<td>With preschoolers</td>
</tr>
<tr>
<td>With children age 6-17 only</td>
</tr>
<tr>
<td>With preschoolers</td>
</tr>
<tr>
<td>Male-headed</td>
</tr>
</tbody>
</table>

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777
Female-headed families are more likely than any other family type to have children. 62 percent of these families, compared with 54 percent of married couples and 38 percent of male-headed families, have at least one child at home. Female-headed families are about as likely as married couples to have preschool-age children. 23 percent and 25 percent respectively. By contrast, only 10 percent of male-headed families have children this young.

Women raising children alone have very high labor force rates; 46 percent of those with children under age 3, 65 percent of those with children ages 3 to 5, and 63 percent for those with children age 6 to 17. The rate for those with the youngest children is about the same as that of married women with very small children. However, the rate for those with children age 3 and older is significantly higher than that of married women. The rate for those with children age 6 to 17 is close to the rate of 65 percent for working-age men.

The high labor force rates of female single parents reflect economic necessity. Almost two-thirds of married-couple families have two or more earners in the family, and a majority of these families have both husband and wife in the labor force. One-third of female-headed families have two or more workers, but the second wage-earner is most likely a teenager with a part-time or summer job. The combination of lower earnings for women generally and fewer wage-earners in female-headed families contributes to low incomes and high poverty rates for this group.

Poverty rates are higher for this family type than for any other. Twenty-three percent of female-headed families had total incomes below the poverty level in 1979; fully 51 percent of female-headed families with preschoolers had poverty-level incomes. Overall, more than 24,000 female-headed families in the state are living in poverty including more than 12,000 such families with children under age 6 and more than 8,000 such families with children age 6 to 17.

Living Arrangements of Children

Married-couple families tend to have more children than female-headed families—an average of 2.0 children for married-couple families with children, 1.8 children for female-headed families with children, and 1.6 children for male-headed families with children. This is explained in part by the fact that female single parents are younger than other parents.

Eighty-eight percent of children live in married-couple families, while 10 percent are in female-headed families and 2 percent are in male-headed families. The proportion in one-parent families, 12 percent, is up from 7 percent in Minnesota in 1970. However, it remains well below the national figure of 21 percent in 1980.

<table>
<thead>
<tr>
<th>Women with children have high labor force rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Force Rates of Minnesota Women</td>
</tr>
<tr>
<td>Women by Marital and Parental Status, 1980</td>
</tr>
<tr>
<td>Age of youngest child</td>
</tr>
<tr>
<td>Under 3</td>
</tr>
<tr>
<td>Married women: 47.7%</td>
</tr>
<tr>
<td>Other women: 48.2%</td>
</tr>
<tr>
<td>3-5</td>
</tr>
<tr>
<td>Married women: 53.6%</td>
</tr>
<tr>
<td>Other women: 53.4%</td>
</tr>
<tr>
<td>6-17</td>
</tr>
<tr>
<td>Married women: 64.5%</td>
</tr>
<tr>
<td>Other women: 82.5%</td>
</tr>
<tr>
<td>(Total)</td>
</tr>
<tr>
<td>Married women: 57.7%</td>
</tr>
<tr>
<td>Other women: 71.0%</td>
</tr>
</tbody>
</table>
Norco or separation of parents accounts for 69 percent of American children who live in single-parent families. Based on divorce rates and other factors, the Census Bureau estimates that almost half of children born today will live in a single-parent family at some time in their childhood.

**NON-FAMILY HOUSEHOLDS**

The number of non-family households in Minnesota has increased from 21 percent of the state's households in 1970 to 29 percent in 1980. Non-family households may consist of two or more people, a group of college roommates, an older woman with boarders, unmarried couples, or other situations. However, more than four-fifths of non-family households in the state are occupied by people living alone.

Slightly more than half of one-person households are located in the Twin Cities area. More than three-fifths of people living alone are women. This group is second only to female single parents in economic vulnerability. Men who live alone have a relatively high poverty rate, at 15 percent. However, women living alone have an even higher rate, at 22 percent. There are about 46,000 women and 18,000 men in the state who live alone and in poverty.

The economic differences between male and female one-person households are attributable in part to age differences. The majority of the women are age 65 or above, while the majority of the men are under age 45. About an equal proportion of men and women are age 45 to 64. Because they are older, the women are more likely to be widowed and less likely to be in the labor force. Nationally, 64 percent of men living alone and only 44 percent of women living alone are divorced, separated, or single. 56 percent of women living alone and only 16 percent of their male counterparts are widowed.

About 14 percent of non-family households have two or more occupants. There is a public perception that the numbers of unmarried couples living together has increased in recent years. This may be true, but the numbers of these households are so small that they are difficult to measure.

**Women maintain most non-family households**

![Graph showing distribution of one-person households by gender and living situation.]

- **Male Householders**
- **Female Householders**

- **Men living with others**: 8%
- **Men living alone**: 32%
- **Women living with others**: 10%
- **Women living alone**: 50%

Women INV.; alone

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Labor Force Participation & Employment

LABOR FORCE PARTICIPATION RATES

In the decade of the 70's, women continued the rapid influx into the labor force which began in the early 60s. More than three-quarters of a million Minnesotans who were employed or actively seeking employment in 1980 were women representing 43 percent of the state labor force. Overall, 64 percent of women of the usual working age 16 to 64, are now in the labor force. This represents a dramatic increase from 50 percent in 1970 to 33 percent in 1960. By contrast, the labor force participation rate for men in the same age group has remained unchanged at 86 percent in each of those three years.

More than two-thirds of women age 16 to 44, and more than half of women age 45 to 64 were in the state work force in 1980. In 1970, women age 25 to 34 represented the only group of working age women with less than a 50 percent participation rate. This group experienced the largest labor force increases in the 70s, and a larger number of these women are now in the work force than any other group. The majority of these women are married and have children — factors which once tended to keep women at home full-time.

Dramatic Increases have occurred in women's employment

Labor force rates for women age 45 to 64 increased less than those of other groups, from 50 percent to 54 percent. Although the growth in participation for these middle-aged women is less dramatic, it nevertheless continues a pattern of over twenty years. There was a decline in labor force rates for women age 65 and over, similar to rate declines for men in this age group.

LABOR FORCE BY MARITAL AND PARENTAL STATUS

Labor force rates have increased for women regardless of marital and parental status. In 1970, only 1 percent of married women age 16 and over were in the labor force. By 1980, this had increased to 54 percent. The rate for unmarried women rose from 48 percent in 1970 to 55 percent in 1980.

Rates for women with children are consistently higher than those for women without children, in part because those with children are generally younger. For all women with children, labor force rates increased from 41 percent to 60 percent in the last decade. Overall, half of mothers of preschoolers and two-thirds of mothers with school-age children are now in the labor force.
Not surprisingly, the older the children, the more likely the mother is to be in the work force. In 1980, almost half of those with children under 3, more than half of those with children age 3 to 5, and two-thirds of those with children age 6 to 17 were in the labor force.

Unmarried (single, separated, divorced, or widowed) women with children have higher labor force rates than married women except when their children are under age 3. Almost two-thirds of unmarried mothers of 3 to 5 year olds, and 83 percent of unmarried mothers of school-age children, are in the labor force.

More than 571,000 employed Minnesota work part-time, defined as less than 35 hours per week. While women's labor force participation rates are changing to more closely approximate those of men, differences in hours of work remain. Forty percent of women, compared with 15 percent of men, have part-time employment.

More than one-third of women who work part-time work at least 50 weeks per year, demonstrating a significant attachment to the labor market.

Overall, 60 percent of employed women work full-time, while another 14 percent work part-time year-round and another 26 percent work part-time for part of the year.

WORKERS BY FAMILY TYPE
About 10 percent of Minnesota families have no earners. They are supported by other kinds of income, such as Social Security, public assistance, or income from investments. Female-headed families have the largest proportion of no-earner families, with 17 percent having no employed family members.

The one-earner family is no longer the norm. About three-fifths of Minnesota families, 61 percent, are supported by two or more earners. In 1970, only 45 percent of families had this many workers.

In 57 percent of married-couple families, both husband and wife are employed. The trend toward more earners is also apparent in other family types. 33 percent of female-headed families and 47 percent of male-headed families have two or more wage earners.

Labor force participation has risen significantly, especially among younger women.

<table>
<thead>
<tr>
<th>Labor Force Participation Rates of Minnesota Women by Age, 1970 and 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of women in labor force</td>
</tr>
<tr>
<td>16 to 24 years</td>
</tr>
<tr>
<td>25 to 34 years</td>
</tr>
<tr>
<td>35 to 44 years</td>
</tr>
<tr>
<td>45 to 64 years</td>
</tr>
<tr>
<td>All women 16 to 64 years</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years</th>
<th>1970</th>
<th>1980</th>
</tr>
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<tbody>
<tr>
<td>16 to 24</td>
<td>55%</td>
<td>67%</td>
</tr>
<tr>
<td>25 to 34</td>
<td>42%</td>
<td>69%</td>
</tr>
<tr>
<td>35 to 44</td>
<td>50%</td>
<td>68%</td>
</tr>
<tr>
<td>45 to 64</td>
<td>50%</td>
<td>54%</td>
</tr>
<tr>
<td>All women 16 to 64</td>
<td>50%</td>
<td>64%</td>
</tr>
</tbody>
</table>
Women's labor force rates have risen in all family types

<table>
<thead>
<tr>
<th>Labor Force Participation of Minnesota Women by Marital and Parental Status, 1970 and 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>With children under 18</td>
</tr>
<tr>
<td>With children 6-17 only</td>
</tr>
<tr>
<td>Without children</td>
</tr>
<tr>
<td>Other Women</td>
</tr>
<tr>
<td>With children under 18</td>
</tr>
<tr>
<td>With children 6-17 only</td>
</tr>
<tr>
<td>Without children</td>
</tr>
</tbody>
</table>

CLASS OF WORKER AND OCCUPATION

There are few differences between women and men in class of worker, that is, type of employer. About three-fourths of both groups are employed in the private sector, while 1 in 10 percent of men and 19 percent of women hold government jobs. Men are more likely than women to be self-employed: 13 percent of men compared with 5 percent of women.

The division of occupations into "male" jobs and "female" jobs continues unabated in the 1980s. Forty-nine percent of all persons in the state labor force in 1980 were in jobs which were either male-dominated (90 percent or more men) or female-dominated (90 percent or more women).

More than one-third of employed women in the state hold one of just five occupations: secretaries, stenographers and typists, miscellaneous administrative support occupations, health service occupations, bookkeepers, accounting, and auditing clerks; and health assessment and treating occupations.

These five groups of employed women are in only 10 of the 70 occupational groups: the five groups above as well as food service occupations, elementary and secondary school teachers, retail sales workers; personal service workers, and machine operators. The large majority of women are performing clerical or service work. Although women account for almost half of the nonprofessional specialty occupations, most of these women are nurses or non-college teachers. Excluding these occupations, women would account for only 24 percent of those in professional specialties.

Despite some gains in specific occupations, women are still underrepresented in blue-collar jobs. They account for only 15 percent of those in farming, forestry, and fishing occupations, and for only 19 percent of those in precision production, craft, and repair occupations. These two groups together account for 48 percent of employed men.
### REGIONAL DIFFERENCES

Female labor force participation is consistently higher in the Twin Cities area than in the balance of the state. For working-age women in Region 11, the rate was 70 percent, compared with 58 percent in the rest of the state. Although the difference exists for every age group of women, the disparity is less pronounced among women age 35 and over.

Women with children in the Twin Cities are more likely than their counterparts in the rest of the state to be in the labor force. 63 percent compared with 57 percent. The highest labor force rate for any group of women is 84 percent for unmarried women with school-age children in Region 11. The lowest rate, 42 percent, is for women without children in the balance of the state.

Women outside the Twin Cities are somewhat more likely to work part-time but 58 percent work full-time and 47 percent work year-round.

### MINNESOTA — U.S. COMPARISONS

Women in Minnesota have consistently higher labor force participation rates than the national average. In 1980, 50 percent of American women age 16 and over were in the labor force, compared with 54 percent of Minnesota women in this age group. Similar differences are evident for men, 77 percent in Minnesota versus 75 percent nationally in the labor force.

One reason for these differences may be the generally higher level of educational attainment in Minnesota, since education is strongly associated with labor force participation. Generally higher educational levels in Region 11 help to account for the higher labor force rates in that area compared with the balance of the state.

Nationally, 48 percent of women with children under 6 are in the labor force, compared with 50 percent in Minnesota. Fifty-six percent of all women with children are in the labor force nationally, compared with 60 percent in Minnesota.

---

### Most Employed Women are Clerical or Service Workers

**Employed Women in Minnesota by Occupation, 1980**

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical &amp; related support</td>
<td>14.0%</td>
</tr>
<tr>
<td>Executive, administrative, managerial</td>
<td>11.7%</td>
</tr>
<tr>
<td>Sales</td>
<td>10.8%</td>
</tr>
<tr>
<td>Production, craft, &amp; repair</td>
<td>17.5%</td>
</tr>
<tr>
<td>Professional specialty</td>
<td>14.9%</td>
</tr>
<tr>
<td>Clerical</td>
<td>20.5%</td>
</tr>
<tr>
<td>Farming, forestry, &amp; fishing</td>
<td>6.9%</td>
</tr>
<tr>
<td>Service</td>
<td>20.4%</td>
</tr>
</tbody>
</table>

---

777
Income & Earnings

Census data on income of individuals and families are for the year prior to the census survey. That is, the 1980 census reports on 1979 income. Income figures tend to change more quickly than demographic patterns, and 1979 figures will seem low to the contemporary reader. Although the 1979 figures are not good indicators of 1984 incomes, they illustrate variations by sex which are known to persist. That is, although the median income for men in 1979 is considerably lower than the 1984 median, it is still the case that the relationship between median incomes of men and women has changed very little between 1979 and 1984.

Income level is associated with source of income, household type, marital status, presence of children, geographic area, and age. The most significant factor, however, is sex. Women's incomes are consistently lower than men's incomes.

INDIVIDUAL INCOME

Personal income varies considerably with age. The lowest median annual incomes for Minnesota women are among those age 65 and over, at $3,651, while the highest median income for women is $6,139 in the 45 to 64 age group. This represents 55 percent and 34 percent, respectively, of the income for men in these age groups.

By far the largest source of income for both men and women is wage and salary income. 78 percent of men and 72 percent of women had this type of income. Among those age 65 and over, 23 percent of men and 13 percent of women had some wage or salary income.

Men are three times as likely as women to have income from self-employment. Nine percent of men compared with 3 percent of women had some income from nonfarm self-employment, while 8 percent of men and 2 percent of women had income from farm self-employment. The facts do not support the stereotype of older women with large incomes from investments. Men are 1.5 times as likely as women to have income from interest, dividends, or rental property. The median amount of investment income was $405 for men and $406 for women.

Not surprisingly, Social Security is a major source of income for Minnesotans age 65 and older. 66 percent of men and 90 percent of women in this age group had some income from this source.

However, average Social Security income is low, at $3,809 for men age 65 and over and $2,566 for women in this age group.

Women are more likely than men to have income from public assistance — 5 percent of women and 2 percent of men receive Supplemental Security Income, Aid to Families with Dependent Children, or other public assistance or public welfare payments.

Women's median income is far below the median for men for all income sources except investments and public assistance.

The earnings gaps persist at all ages

<table>
<thead>
<tr>
<th>Median Income in Minnesota by Age, 1979</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 15 &amp; over</td>
<td>$12,004</td>
<td></td>
</tr>
<tr>
<td>Age 15-44</td>
<td>$8,085</td>
<td>$6,120</td>
</tr>
<tr>
<td>Age 45-64</td>
<td>$5,130</td>
<td>$18,020</td>
</tr>
<tr>
<td>Age 65 &amp; over</td>
<td>$3,051</td>
<td></td>
</tr>
</tbody>
</table>

778

784
EARNINGS

Earnings are the most important source of income for both women and men. Since women are less likely to be employed and less likely to be employed full-time, their earnings are lower than men. Even when controlling for these and other factors, the centuries-old “earnings gap” remains.

The state’s earnings gap is larger than the national average. In 1979, Minnesota women employed full-time year-round earned $10,005 compared with $17,704 for their male counterparts—only 57 cents on the average, for each dollar earned by men.

The comparable national figure for 1980 was 69 cents. The national earnings gap has hovered at about this level for more than twenty years, with a high point of 61 cents in 1980 and a low point of 57 cents in 1973.

Earnings for Minnesota women peak at age 25 to 34. The earnings peak of $11,003 for women is only slightly above the lowest earnings for any age group of men—$11,003 for those age 65 and over.

Earnings for both men and women increase with increasing levels of educational attainment. However, Minnesota parallels national patterns in that women earn less than men at every educational level.

Female college graduates earn about the same as men with an eighth-grade education—and women who have attended graduate school earn less than male high school dropouts. Female high school graduates earn 56 cents for every dollar earned by their male counterparts, while female college graduates earn 62 cents for every dollar earned by men with this much education.

The earnings gap has been widely studied, and the gap persists even when controlling for factors such as occupation, industry, geographic area, labor force experience, and other characteristics of employed persons and their jobs.

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage/salary</td>
<td>77.7%</td>
<td>72.3%</td>
</tr>
<tr>
<td>Hourly wage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm self-employment</td>
<td>0.5%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Interest, dividend, rental</td>
<td>41.7%</td>
<td>28.2%</td>
</tr>
<tr>
<td>Social security</td>
<td>15.5%</td>
<td>23.0%</td>
</tr>
<tr>
<td>Public assistance</td>
<td>2.0%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Other</td>
<td>14.1%</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

Most Income is from earnings

Per cent with income from each income source in Minnesota, 1979

[Diagram showing the percentage of income from different sources for men and women.]

[Table showing the percentage of income from different sources for men and women.]
HOUSEHOLD & FAMILY INCOME
Lower income and earnings for individual women result in lower incomes for households and families headed by women.

Since most people living alone are women, and most women living alone are age 65 or over, it is not surprising that one-person households are economically vulnerable. In addition, these households are supported by only one person, while most Minnesota families have more than one wage earner.

Median income for female one-person households was $5,483 in 1979, 59 percent of the $11,039 median for male one-person households. Both figures are well below the average of $22,533 for married-couple families in the state. For both men and women living alone, median income decreases at older ages. For female one-person households, the median ranges from $10,006 for those under age 45 to $4,610 for those age 65 and over. For their male counterparts, the median ranges from $13,311 for those under age 45 to $5,193 for those age 65 and over.

Married-couple families have the highest incomes of any household type, in part because they have more earners. Overall, the medians are $22,525 for married-couple families, $18,061 for male-headed families, and $11,356 for female-headed families. Male-headed families' income is 80 percent of the median for married couples, while income for female-headed families is only 50 percent of the married-couple median.

Female college graduates earn less than male high school dropouts

Median Earnings by Educational Attainment of Full-Time Year-Round Employed Persons Age 25 & Above in Minnesota, 1979

<table>
<thead>
<tr>
<th>Highest level of education attained</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 9th grade</td>
<td>$6,025</td>
<td>$7,206</td>
</tr>
<tr>
<td>9th grade</td>
<td>$12,007</td>
<td>$13,007</td>
</tr>
<tr>
<td>Some high school</td>
<td>$16,006</td>
<td>$18,006</td>
</tr>
<tr>
<td>High school graduate</td>
<td>$18,500</td>
<td>$18,500</td>
</tr>
<tr>
<td>Some college</td>
<td>$21,006</td>
<td>$24,004</td>
</tr>
<tr>
<td>College graduate</td>
<td>$21,006</td>
<td>$13,000</td>
</tr>
<tr>
<td>Graduate school</td>
<td>$18,008</td>
<td>$18,008</td>
</tr>
</tbody>
</table>
More than 44 percent of female-headed families have total family income of less than $10,000. By contrast, 24 percent of male-headed families and 14 percent of married-couple families have incomes this low.

Presence and age of children are additional critical factors in family income. Married-couple families with children tend to have higher incomes than those without children—medians are $23,880 for those with children and $20,169 for those without children. Married-couple families without children tend to be older, and older people generally have lower incomes. In addition, married-couple families with children have more wage-earners. Older children can provide child care so that both spouses can maintain employment, and older children or other family members may also be wage-earners.

Income for male-headed families does not vary significantly with the presence of children. The statewide medians are $17,503 for male-headed families with children and $16,152 for these families without children.

Although incomes are low for all groups of female-headed families, they are even lower for female-headed families with children. Statewide, the median income was $2,201 for female-headed families with children, compared with $15,574 for those without children. More than half of female-headed families with children had income under $10,000 in 1979.

Women in these families have high labor force participation rates, but their earnings are low. Lack of adequate, affordable child care often means that these mothers work at low-paid part-time jobs.

Age of children is strongly associated with income level for all family types, and in each case incomes are lower for those with preschool-age children. Married-couple families with preschoolers have incomes which are 76 percent, on the average, of the median for married-couple families with school-age children. Male-headed families with preschoolers have incomes at 64 percent of the median for their counterparts with school-age children. However, female-headed families with preschoolers are at the greatest disadvantage: their median income is only 53 percent of the median for female-headed families with school-age children, or 29 percent of the median for married-couple families with preschoolers.

Geographic area is an additional important factor in family income. Families in the Twin Cities area invariably have higher median income than their counterparts in the balance of the state. Those in the balance of the state have median incomes ranging from 65 percent to 80 percent of those for comparable families in Region 11.

Income patterns are fairly predictable when taking into account family type, region, and parental status. The highest median income, $31,324, is for married-couple families with school-age children in Region 11. The lowest median income for all groups is that of female-headed families with preschool-age children in the balance of the state, at $5,588.

### Women's Earnings Remain Fairly Constant across Different Age Groups

The chart illustrates median earnings by age for full-time year-round employees in Minnesota, 1979. The chart shows that earnings generally increase with age, peaking around 60 years old, and then decrease. Women's earnings are consistently lower than men's throughout all age groups.

<table>
<thead>
<tr>
<th>Age</th>
<th>Median Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-19</td>
<td>$6,767</td>
</tr>
<tr>
<td>20-24</td>
<td>$8,206</td>
</tr>
<tr>
<td>25-29</td>
<td>$10,003</td>
</tr>
<tr>
<td>30-44</td>
<td>$12,003</td>
</tr>
<tr>
<td>45-54</td>
<td>$16,576</td>
</tr>
<tr>
<td>55-64</td>
<td>$20,208</td>
</tr>
<tr>
<td>65+</td>
<td>$8,403</td>
</tr>
</tbody>
</table>

---

[Chart data]
Poverty

POVERTY RATES FOR INDIVIDUALS

Poverty rates — the percentage of a particular group with income below the poverty level — are higher for women than for men. More than 374,000 Minnesotans were living in poverty in 1979. This represents about 8 percent of the state's population. Of these, 41 percent were women, 33 percent were children, and 26 percent were men.

Poverty rates are highest for both men and women among those age 18 to 21 and among those age 65 and over. The highest rates, 19 percent for women and 13 percent for men, are for persons age 75 and above.

Six percent of women and 5 percent of men age 40 to 54 are poor, the lowest rates for any age group. This is explained in part by the fact that most people this age are married and living with their spouses, a life stage which is associated with economic well-being. Marital status is a more significant predictor of poverty for women than for men. Women's poverty rates range from 6 percent for those who are currently married to 38 percent for those who are separated. For men, rates range from 5 percent for those who are married to 10 percent for those who are widowed.

Poverty rates are consistently higher in the balance of the state than in Region 11. However, differences by sex and age are evident in both regions. Thirteen percent of children in the balance of the state, compared with 8 percent in Region 11, are poor. For women, poverty rates are 13 percent in the balance of the state, compared with 6 percent in Region 11. Comparable rates are 10 percent and 5 percent for men. The highest rate by region and age is for women age 75 and over living outside the Twin Cities area, almost one-quarter of these women had poverty-level incomes in 1979.

Female-headed families have the lowest income

Distribution of income for Minnesota Families with Children, 1979

<table>
<thead>
<tr>
<th>Income Bracket</th>
<th>Married-couple families</th>
<th>Male-householder families</th>
<th>Female-householder families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $10,000</td>
<td>23.2%</td>
<td>10.5%</td>
<td>15.5%</td>
</tr>
<tr>
<td>$10,000-$14,999</td>
<td>33.9%</td>
<td>22.2%</td>
<td>16.6%</td>
</tr>
<tr>
<td>$15,000-$24,999</td>
<td>36.0%</td>
<td>35.8%</td>
<td>38.6%</td>
</tr>
<tr>
<td>$25,000-$34,999</td>
<td>25.7%</td>
<td>15.1%</td>
<td>21.3%</td>
</tr>
<tr>
<td>$35,000 &amp; over</td>
<td>18.5%</td>
<td>6.8%</td>
<td>9.7%</td>
</tr>
</tbody>
</table>
Not surprisingly, persons not in the labor force are more likely to be poor, often two or three times as likely as those who are in the labor force. Overall, 15 percent of women not in the labor force and 14 percent of men not in the labor force are poor.

Taking into consideration age, marital status, region, and labor force participation, it is possible to identify factors associated with poverty. Minnesotans are most likely to be poor if they meet one or more of the following criteria: female, under age 24 or over age 75, not currently married, not in the labor force, and living outside the Twin Cities area. Those least likely to be poor are male, between the ages of 25 and 64, currently married, in the labor force, and living in the Twin Cities.

**POVERTY RATES BY FAMILY TYPE**

People living in families are generally less likely than those in non-family households to be poor. Twenty-two percent of women living alone and 15 percent of men living alone are poor. By contrast, about 7 percent of families have poverty-level incomes.

Families with children have a higher poverty rate, at 9 percent, than those without children, at 5 percent. Those with preschool-age children are more likely than those with only school-age children to be poor. 11 percent compared with 7 percent.

Families maintained by women with no spouse present are most vulnerable. 23 percent of this group compared with 5 percent of husband-wife families and 8 percent of male-headed families had incomes below the poverty level in 1979. Over one-half of female-headed families with children under age 6 are living in poverty. More than 122,000 children in Minnesota were in poverty in 1979.

**Female-headed families are the most likely to be in poverty**

<table>
<thead>
<tr>
<th>Poverty Rates of Minnesota Families by Family Type, 1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent in poverty</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>All families</td>
</tr>
<tr>
<td>Families with children</td>
</tr>
<tr>
<td>Families with at least one preschooler</td>
</tr>
<tr>
<td>Families with school-age children only</td>
</tr>
<tr>
<td>Families without children</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th># families in poverty</th>
<th>47,561</th>
<th>2,580</th>
<th>24,180</th>
</tr>
</thead>
<tbody>
<tr>
<td>Families with children</td>
<td>28,500</td>
<td>1,120</td>
<td>21,120</td>
</tr>
<tr>
<td>Families with at least one preschooler</td>
<td>16,180</td>
<td>540</td>
<td>12,280</td>
</tr>
<tr>
<td>Families with school-age children only</td>
<td>12,220</td>
<td>580</td>
<td>8,840</td>
</tr>
<tr>
<td>Families without children</td>
<td>19,233</td>
<td>1,440</td>
<td>3,043</td>
</tr>
</tbody>
</table>
CHARACTERISTICS OF THE POVERTY POPULATION

More than a quarter of a million adult Minnesotans had incomes below the poverty level in 1979, and three-fifths of these poor people were women.

More than one-fourth of poor women, 29 percent, are age 65 or over. Only 20 percent of poor men are in this age group. Because of the larger numbers of women at older ages and their higher poverty rates, older women in poverty outnumber their male counterparts by over 2 to 1.

Married people are much less likely than those in other marital situations to be in poverty. Only 31 percent of poor women are married, compared with 57 percent of women in the general population.

Forty-five percent of poor men are married, compared with 61 percent of men generally.

More than one-third of women in poverty are widowed (22 percent), separated (4 percent), or divorced (11 percent). Only about 1 in 10 poor men are widowed (5 percent), separated (1 percent), or divorced (6 percent).

Forty-two percent of working-age women and 63 percent of working-age men with poverty-level incomes are in the labor force. The lower rate for women may be explained in part by the lack of adequate child care, since poor women are more likely than their male counterparts to be single parents of preschoolers.

About 17 percent of poor men and about 25 percent of poor women live alone. This is particularly true for older women, as 7 percent of poor women age 75 and over live alone.

There were more than 7,400 Minnesota families with below-poverty incomes in 1979. Of these, 64 percent were married-couple families, 33 percent were female-headed families, and 3 percent were male-headed families.

Although female-headed families represent only 13 percent of families in Minnesota, they account for 33 percent of families living in poverty. The proportion of poor families headed by women represents a large increase in the last decade, up from one-fourth to one-third of all poor families in Minnesota. Nationally, an even larger proportion of families in poverty, 45 percent, are headed by women.

More than two-thirds of poor families have children, and 89 percent have at least one child under age 6. Eighty-seven percent of female-headed families in poverty, compared with only 50 percent of male-couple families in poverty, have children. Less than half of male-headed families in poverty have children.
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<table>
<thead>
<tr>
<th>SYMBOLS USED IN TABLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 0.1 percent</td>
</tr>
<tr>
<td>— Not applicable</td>
</tr>
</tbody>
</table>

Note: Percentages may not total 100% due to rounding.
### Table 1. Population by Age, 1980

<table>
<thead>
<tr>
<th>Age</th>
<th>Female</th>
<th>Male</th>
<th>Females as Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL AGES TOTAL</td>
<td>2,679,000</td>
<td>1,867,908</td>
<td>100.0%</td>
</tr>
<tr>
<td>Under 2 years</td>
<td>93,445</td>
<td>56,178</td>
<td>4.5</td>
</tr>
<tr>
<td>3 to 4 years</td>
<td>56,178</td>
<td>59,560</td>
<td>2.7</td>
</tr>
<tr>
<td>5 to 14 years</td>
<td>503,687</td>
<td>322,235</td>
<td>14.8</td>
</tr>
<tr>
<td>15 to 17 years</td>
<td>114,972</td>
<td>122,215</td>
<td>5.5</td>
</tr>
<tr>
<td>18 to 24 years</td>
<td>164,249</td>
<td>158,373</td>
<td>7.9</td>
</tr>
<tr>
<td>25 to 29 years</td>
<td>117,080</td>
<td>116,265</td>
<td>5.6</td>
</tr>
<tr>
<td>30 to 34 years</td>
<td>237,240</td>
<td>320,549</td>
<td>16.2</td>
</tr>
<tr>
<td>35 to 44 years</td>
<td>225,385</td>
<td>222,837</td>
<td>10.9</td>
</tr>
<tr>
<td>45 to 54 years</td>
<td>192,807</td>
<td>188,037</td>
<td>9.3</td>
</tr>
<tr>
<td>55 to 64 years</td>
<td>156,667</td>
<td>137,907</td>
<td>6.7</td>
</tr>
<tr>
<td>65 to 74 years</td>
<td>152,174</td>
<td>118,746</td>
<td>7.2</td>
</tr>
<tr>
<td>75 to 84 years</td>
<td>97,360</td>
<td>80,360</td>
<td>4.7</td>
</tr>
<tr>
<td>85 and over</td>
<td>34,763</td>
<td>10,967</td>
<td>1.7</td>
</tr>
<tr>
<td>Under 16 years</td>
<td>485,728</td>
<td>518,616</td>
<td>23.8</td>
</tr>
<tr>
<td>16 to 64 years</td>
<td>1,301,047</td>
<td>1,281,846</td>
<td>62.7</td>
</tr>
<tr>
<td>65 years and over</td>
<td>382,317</td>
<td>187,141</td>
<td>13.8</td>
</tr>
<tr>
<td>Median Age</td>
<td>30.2 years</td>
<td>28.4 years</td>
<td>—</td>
</tr>
</tbody>
</table>

### Table 2. Population by Age and Region: 1980

<table>
<thead>
<tr>
<th>Age</th>
<th>Region 11</th>
<th>Balance of State</th>
<th>Percent of Females in Region 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL AGES TOTAL</td>
<td>1,491,270</td>
<td>1,463,143</td>
<td>100.0%</td>
</tr>
<tr>
<td>Under 3 years</td>
<td>43,571</td>
<td>45,594</td>
<td>3.0%</td>
</tr>
<tr>
<td>3 to 4 years</td>
<td>25,806</td>
<td>27,405</td>
<td>1.8%</td>
</tr>
<tr>
<td>5 to 14 years</td>
<td>154,694</td>
<td>154,694</td>
<td>10.4%</td>
</tr>
<tr>
<td>15 to 17 years</td>
<td>51,170</td>
<td>57,340</td>
<td>6.8%</td>
</tr>
<tr>
<td>18 to 24 years</td>
<td>78,920</td>
<td>75,425</td>
<td>5.7%</td>
</tr>
<tr>
<td>25 to 29 years</td>
<td>119,729</td>
<td>117,604</td>
<td>8.1%</td>
</tr>
<tr>
<td>30 to 34 years</td>
<td>45,476</td>
<td>42,929</td>
<td>3.1%</td>
</tr>
<tr>
<td>35 to 44 years</td>
<td>64,572</td>
<td>78,526</td>
<td>4.4%</td>
</tr>
<tr>
<td>45 to 54 years</td>
<td>61,871</td>
<td>102,015</td>
<td>3.9%</td>
</tr>
<tr>
<td>55 to 64 years</td>
<td>43,613</td>
<td>95,908</td>
<td>2.9%</td>
</tr>
<tr>
<td>65 to 74 years</td>
<td>41,207</td>
<td>76,128</td>
<td>2.8%</td>
</tr>
<tr>
<td>75 to 84 years</td>
<td>14,855</td>
<td>26,481</td>
<td>1.0%</td>
</tr>
<tr>
<td>85 and over</td>
<td>228,666</td>
<td>284,842</td>
<td>23.8%</td>
</tr>
<tr>
<td>Under 16 years</td>
<td>688,880</td>
<td>541,138</td>
<td>28.8%</td>
</tr>
<tr>
<td>16 to 64 years</td>
<td>117,746</td>
<td>144,271</td>
<td>67.1%</td>
</tr>
<tr>
<td>65 years and over</td>
<td>111,838</td>
<td>144,271</td>
<td>7.3%</td>
</tr>
<tr>
<td>Median Age</td>
<td>30.1 years</td>
<td>31.1 years</td>
<td>—</td>
</tr>
</tbody>
</table>

**BEST COPY AVAILABLE**
### Table 3. Years of School Completed by Age: 1980

<table>
<thead>
<tr>
<th>Years of School Completed</th>
<th>Total 25 and Over</th>
<th>Age 25 to 44</th>
<th>Age 45 to 64</th>
<th>Age 65 and Over</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL FEMALES</td>
<td>1,234,446</td>
<td>682,829</td>
<td>278,568</td>
<td>273,051</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Less than 12 years</td>
<td>25.8</td>
<td>6.3</td>
<td>27.8</td>
<td>53.6</td>
</tr>
<tr>
<td>12 years</td>
<td>42.1</td>
<td>48.1</td>
<td>47.3</td>
<td>23.3</td>
</tr>
<tr>
<td>13 to 15 years</td>
<td>18.1</td>
<td>27.9</td>
<td>13.0</td>
<td>12.6</td>
</tr>
<tr>
<td>16 years and over</td>
<td>14.0</td>
<td>20.7</td>
<td>5.0</td>
<td>0.6</td>
</tr>
<tr>
<td>TOTAL MALES</td>
<td>1,121,281</td>
<td>583,386</td>
<td>280,284</td>
<td>187,101</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Less than 12 years</td>
<td>29.2</td>
<td>9.0</td>
<td>20.5</td>
<td>67.6</td>
</tr>
<tr>
<td>12 years</td>
<td>37.7</td>
<td>39.9</td>
<td>35.7</td>
<td>17.7</td>
</tr>
<tr>
<td>13 to 15 years</td>
<td>16.1</td>
<td>22.0</td>
<td>11.8</td>
<td>7.1</td>
</tr>
<tr>
<td>16 years and over</td>
<td>15.0</td>
<td>26.3</td>
<td>17.9</td>
<td>7.4</td>
</tr>
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</table>

### Table 4. Years of School Completed by Age and Region: 1980

<table>
<thead>
<tr>
<th>Years of School Completed by Region</th>
<th>Total 25 and Over</th>
<th>Age 25 to 44</th>
<th>Age 45 to 64</th>
<th>Age 65 and Over</th>
</tr>
</thead>
<tbody>
<tr>
<td>REGION 11</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Females</td>
<td>906,563</td>
<td>302,996</td>
<td>180,148</td>
<td>117,139</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Less than 12 years</td>
<td>19.8</td>
<td>6.9</td>
<td>21.7</td>
<td>51.0</td>
</tr>
<tr>
<td>12 years</td>
<td>43.0</td>
<td>44.4</td>
<td>49.2</td>
<td>28.7</td>
</tr>
<tr>
<td>13 to 15 years</td>
<td>19.6</td>
<td>24.0</td>
<td>16.5</td>
<td>12.7</td>
</tr>
<tr>
<td>16 years and Over</td>
<td>17.6</td>
<td>24.6</td>
<td>12.0</td>
<td>7.6</td>
</tr>
<tr>
<td>Total Males</td>
<td>642,354</td>
<td>302,427</td>
<td>196,415</td>
<td>76,332</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Less than 12 years</td>
<td>19.2</td>
<td>7.5</td>
<td>25.2</td>
<td>55.2</td>
</tr>
<tr>
<td>12 years</td>
<td>33.6</td>
<td>34.8</td>
<td>36.0</td>
<td>23.9</td>
</tr>
<tr>
<td>13 to 15 years</td>
<td>19.1</td>
<td>23.3</td>
<td>15.2</td>
<td>10.3</td>
</tr>
<tr>
<td>16 years and Over</td>
<td>19.0</td>
<td>34.3</td>
<td>23.5</td>
<td>11.5</td>
</tr>
<tr>
<td>BALANCE OF STATE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Females</td>
<td>617,448</td>
<td>253,431</td>
<td>198,346</td>
<td>184,571</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Less than 12 years</td>
<td>31.5</td>
<td>31.0</td>
<td>32.5</td>
<td>67.5</td>
</tr>
<tr>
<td>12 years</td>
<td>41.3</td>
<td>52.4</td>
<td>45.2</td>
<td>19.6</td>
</tr>
<tr>
<td>13 to 15 years</td>
<td>15.6</td>
<td>21.6</td>
<td>13.6</td>
<td>12.3</td>
</tr>
<tr>
<td>16 years and Over</td>
<td>11.2</td>
<td>15.9</td>
<td>7.7</td>
<td>5.0</td>
</tr>
<tr>
<td>Total Males</td>
<td>578,057</td>
<td>280,529</td>
<td>181,348</td>
<td>125,079</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Less than 12 years</td>
<td>35.7</td>
<td>31.4</td>
<td>41.5</td>
<td>57.0</td>
</tr>
<tr>
<td>12 years</td>
<td>35.6</td>
<td>45.6</td>
<td>30.5</td>
<td>14.2</td>
</tr>
<tr>
<td>13 to 15 years</td>
<td>13.3</td>
<td>20.5</td>
<td>8.7</td>
<td>5.3</td>
</tr>
<tr>
<td>16 years and Over</td>
<td>14.4</td>
<td>21.3</td>
<td>11.2</td>
<td>5.1</td>
</tr>
</tbody>
</table>

---

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---
Table 6. Post-Secondary Enrollments in Minnesota by System and Level: Fall 1980

<table>
<thead>
<tr>
<th>System and Level</th>
<th>Undergraduate</th>
<th>Graduate and Professional</th>
<th>Vocational</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% Female</td>
<td>Total</td>
</tr>
<tr>
<td>Total Student Enrollment</td>
<td>159,191</td>
<td>62.9%</td>
<td>23,725</td>
</tr>
<tr>
<td>University of Minnesota</td>
<td>62,029</td>
<td>56.0</td>
<td>13,054</td>
</tr>
<tr>
<td>State Universities</td>
<td>37,059</td>
<td>52.6</td>
<td>5,189</td>
</tr>
<tr>
<td>Community Colleges</td>
<td>26,038</td>
<td>56.3</td>
<td>-</td>
</tr>
<tr>
<td>Area Vocational-Technical Institutes</td>
<td>32,491</td>
<td>55.1</td>
<td>2,371</td>
</tr>
<tr>
<td>Private 4-Year Colleges</td>
<td>1,594</td>
<td>67.7</td>
<td>-</td>
</tr>
<tr>
<td>Private Non-Collegiate Schools</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Private Professional Schools</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Table 7. Marital Status of Persons 15 Years and Over by Region: 1980

<table>
<thead>
<tr>
<th>Region</th>
<th>Sex</th>
<th>Total Number</th>
<th>Total</th>
<th>Single</th>
<th>Widowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>MINNESOTA</td>
<td>Females</td>
<td>1,620,75+</td>
<td>100.0%</td>
<td>55.0</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>Males</td>
<td>1,518,21</td>
<td>100.0%</td>
<td>61.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>REGION II</td>
<td>Females</td>
<td>803,858</td>
<td>100.0%</td>
<td>53.7</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>Males</td>
<td>736,443</td>
<td>100.0%</td>
<td>58.7</td>
<td>0.0%</td>
</tr>
<tr>
<td>BALANCE OF STATE</td>
<td>Females</td>
<td>816,885</td>
<td>100.0%</td>
<td>60.3</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>Males</td>
<td>781,765</td>
<td>100.0%</td>
<td>63.3</td>
<td>0.0%</td>
</tr>
</tbody>
</table>


Note: Undergraduate and Graduate and Professional data exclude full-time students in the 10th grade of high school.
### Table 8. Marital Status by Age: 1978

<table>
<thead>
<tr>
<th>Sex and Marital Status</th>
<th>Total</th>
<th>Single</th>
<th>Married</th>
<th>Separated</th>
<th>Divorced</th>
<th>Widowed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FEMALES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 to 24 years</td>
<td>100.0%</td>
<td>72.4%</td>
<td>24.9%</td>
<td>0.8%</td>
<td>1.6%</td>
<td>0.1%</td>
</tr>
<tr>
<td>25 to 34 years</td>
<td>100.0%</td>
<td>4.2%</td>
<td>52.7%</td>
<td>0.5%</td>
<td>4.0%</td>
<td>30.0%</td>
</tr>
<tr>
<td>45 to 64 years</td>
<td>100.0%</td>
<td>11.7%</td>
<td>71.2%</td>
<td>1.7%</td>
<td>8.7%</td>
<td>0.7%</td>
</tr>
<tr>
<td>65 to 74 years</td>
<td>100.0%</td>
<td>9.7%</td>
<td>25.5%</td>
<td>0.2%</td>
<td>2.4%</td>
<td>62.2%</td>
</tr>
<tr>
<td>75 years and over</td>
<td>100.0%</td>
<td>8.9%</td>
<td>67.4%</td>
<td>0.2%</td>
<td>1.8%</td>
<td>21.8%</td>
</tr>
<tr>
<td><strong>MALES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 to 24 years</td>
<td>100.0%</td>
<td>84.2%</td>
<td>14.7%</td>
<td>0.3%</td>
<td>0.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>25 to 34 years</td>
<td>100.0%</td>
<td>15.6%</td>
<td>75.4%</td>
<td>1.3%</td>
<td>6.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>45 to 64 years</td>
<td>100.0%</td>
<td>6.0%</td>
<td>86.3%</td>
<td>0.9%</td>
<td>5.1%</td>
<td>1.7%</td>
</tr>
<tr>
<td>65 to 74 years</td>
<td>100.0%</td>
<td>8.1%</td>
<td>81.2%</td>
<td>0.6%</td>
<td>2.7%</td>
<td>7.4%</td>
</tr>
<tr>
<td>75 years and over</td>
<td>100.0%</td>
<td>8.9%</td>
<td>67.4%</td>
<td>0.2%</td>
<td>1.8%</td>
<td>21.8%</td>
</tr>
</tbody>
</table>

Source: PBIS

### Table 9. Marriages, Divorces, and Live Births to Minnesota Resident Women: 1980

<table>
<thead>
<tr>
<th>Age of Woman at Event</th>
<th>Marriages</th>
<th>Divorces</th>
<th>Live Births</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL EVENTS, ALL AGES</td>
<td>37,811</td>
<td>13,309</td>
<td>67,828</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Under 20 years</td>
<td>19.7%</td>
<td>2.1%</td>
<td>10.4%</td>
</tr>
<tr>
<td>20 to 24 years</td>
<td>44.4%</td>
<td>21.4%</td>
<td>32.2%</td>
</tr>
<tr>
<td>25 to 34 years</td>
<td>18.3%</td>
<td>26.0%</td>
<td>35.4%</td>
</tr>
<tr>
<td>35 to 44 years</td>
<td>7.5%</td>
<td>19.5%</td>
<td>16.7%</td>
</tr>
<tr>
<td>45 to 64 years</td>
<td>5.7%</td>
<td>20.6%</td>
<td>4.3%</td>
</tr>
<tr>
<td>65 years and over</td>
<td>2.5%</td>
<td>9.7%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Note: Marriages, divorces and live births to women of unknown age are excluded.

### Table 10. Households by Region: 1980

<table>
<thead>
<tr>
<th>Household Type</th>
<th>Minnesota</th>
<th>Region 11</th>
<th>Balance of State</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL HOUSEHOLDS</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>72.3%</td>
<td>68.7%</td>
<td>74.8%</td>
</tr>
<tr>
<td>Family Households</td>
<td>27.7%</td>
<td>31.3%</td>
<td>25.2%</td>
</tr>
<tr>
<td>Non-Family Households</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>64.4%</td>
<td>81.4%</td>
<td>81.3%</td>
</tr>
<tr>
<td>Married-Couple Families</td>
<td>12.5%</td>
<td>15.5%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Female-Headed Families</td>
<td>2.1%</td>
<td>3.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Male-Headed Families</td>
<td>32.0%</td>
<td>31.0%</td>
<td>33.1%</td>
</tr>
<tr>
<td>Non-Family Households</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>50.4%</td>
<td>49.3%</td>
<td>52.9%</td>
</tr>
<tr>
<td>Women Living Alone</td>
<td>7.5%</td>
<td>8.9%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Men Living Alone</td>
<td>32.0%</td>
<td>31.0%</td>
<td>33.1%</td>
</tr>
<tr>
<td>Men Living with Others</td>
<td>10.1%</td>
<td>11.8%</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

Source: STF 2 66 67
Table 11. Family Type by Parental Status and Region: 1980

<table>
<thead>
<tr>
<th>Family Type</th>
<th>Minnesota</th>
<th>Region 11</th>
<th>Balance of State</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL FAMILIES</td>
<td>1,045,832</td>
<td>801,366</td>
<td>842,324</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>With Own Children</td>
<td>54.3</td>
<td>55.4</td>
<td>53.3</td>
</tr>
<tr>
<td>Under 6</td>
<td>24.2</td>
<td>23.8</td>
<td>24.7</td>
</tr>
<tr>
<td>6-17 only</td>
<td>30.1</td>
<td>31.7</td>
<td>28.7</td>
</tr>
<tr>
<td>Without children</td>
<td>45.7</td>
<td>44.5</td>
<td>46.7</td>
</tr>
<tr>
<td>MARRIED-COUPLE FAMILIES</td>
<td>997,447</td>
<td>423,137</td>
<td>484,310</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>With Own Children</td>
<td>54.1</td>
<td>54.7</td>
<td>53.6</td>
</tr>
<tr>
<td>Under 6</td>
<td>24.9</td>
<td>24.3</td>
<td>25.4</td>
</tr>
<tr>
<td>6-17 only</td>
<td>29.2</td>
<td>30.4</td>
<td>29.2</td>
</tr>
<tr>
<td>Without children</td>
<td>45.9</td>
<td>43.3</td>
<td>46.4</td>
</tr>
<tr>
<td>FEMALE-HEADED FAMILIES</td>
<td>104,393</td>
<td>82,856</td>
<td>83,987</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>130.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>With Own Children</td>
<td>62.2</td>
<td>64.3</td>
<td>59.2</td>
</tr>
<tr>
<td>Under 6</td>
<td>22.6</td>
<td>23.2</td>
<td>22.1</td>
</tr>
<tr>
<td>6-17 only</td>
<td>39.5</td>
<td>41.1</td>
<td>37.0</td>
</tr>
<tr>
<td>Without children</td>
<td>37.6</td>
<td>35.7</td>
<td>40.6</td>
</tr>
<tr>
<td>MALE-HEADED FAMILIES</td>
<td>31,446</td>
<td>15,513</td>
<td>13,323</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>With Own Children</td>
<td>36.0</td>
<td>40.4</td>
<td>31.6</td>
</tr>
<tr>
<td>Under 6</td>
<td>12.6</td>
<td>11.3</td>
<td>9.5</td>
</tr>
<tr>
<td>6-17 only</td>
<td>25.6</td>
<td>29.0</td>
<td>22.3</td>
</tr>
<tr>
<td>Without children</td>
<td>44.0</td>
<td>39.6</td>
<td>66.2</td>
</tr>
</tbody>
</table>

Source: SFA 91-14

Table 12. Labor Force Participation by Age and Region: 1980

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FEMALES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total 15 years and over</td>
<td>1,554,274</td>
<td>54.0%</td>
<td>704,945</td>
<td>60.9%</td>
<td>759,329</td>
<td>47.7%</td>
</tr>
<tr>
<td>Total 15 to 64 years</td>
<td>1,301,857</td>
<td>64.0</td>
<td>688,899</td>
<td>68.8</td>
<td>613,968</td>
<td>68.1</td>
</tr>
<tr>
<td>15 to 19 years</td>
<td>161,503</td>
<td>57.2</td>
<td>75,423</td>
<td>65.6</td>
<td>66,090</td>
<td>46.9</td>
</tr>
<tr>
<td>20 to 24 years</td>
<td>150,331</td>
<td>75.0</td>
<td>104,327</td>
<td>80.6</td>
<td>94,004</td>
<td>65.7</td>
</tr>
<tr>
<td>25 to 34 years</td>
<td>237,240</td>
<td>69.2</td>
<td>189,739</td>
<td>74.2</td>
<td>147,591</td>
<td>62.6</td>
</tr>
<tr>
<td>35 to 44 years</td>
<td>222,389</td>
<td>67.8</td>
<td>119,259</td>
<td>70.8</td>
<td>106,130</td>
<td>64.3</td>
</tr>
<tr>
<td>45 to 54 years</td>
<td>152,697</td>
<td>62.2</td>
<td>95,497</td>
<td>66.3</td>
<td>97,228</td>
<td>58.1</td>
</tr>
<tr>
<td>55 to 64 years</td>
<td>166,867</td>
<td>46.1</td>
<td>84,672</td>
<td>51.1</td>
<td>102,015</td>
<td>62.0</td>
</tr>
<tr>
<td>65 years and over</td>
<td>262,317</td>
<td>4.2</td>
<td>117,748</td>
<td>8.6</td>
<td>154,571</td>
<td>7.9</td>
</tr>
<tr>
<td>MALES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total 15 years and over</td>
<td>1,476,144</td>
<td>77.1%</td>
<td>717,460</td>
<td>81.3%</td>
<td>759,684</td>
<td>72.7%</td>
</tr>
<tr>
<td>Total 15 to 64 years</td>
<td>1,261,049</td>
<td>86.2</td>
<td>647,128</td>
<td>88.3</td>
<td>613,920</td>
<td>92.8</td>
</tr>
<tr>
<td>15 to 19 years</td>
<td>162,250</td>
<td>59.7</td>
<td>75,205</td>
<td>65.7</td>
<td>67,045</td>
<td>54.5</td>
</tr>
<tr>
<td>20 to 24 years</td>
<td>194,638</td>
<td>85.4</td>
<td>100,041</td>
<td>76.0</td>
<td>94,597</td>
<td>83.9</td>
</tr>
<tr>
<td>25 to 34 years</td>
<td>323,549</td>
<td>94.6</td>
<td>164,823</td>
<td>94.8</td>
<td>159,725</td>
<td>94.5</td>
</tr>
<tr>
<td>35 to 44 years</td>
<td>223,607</td>
<td>95.9</td>
<td>117,604</td>
<td>96.5</td>
<td>106,203</td>
<td>95.4</td>
</tr>
<tr>
<td>45 to 54 years</td>
<td>183,831</td>
<td>93.2</td>
<td>92,929</td>
<td>94.8</td>
<td>90,802</td>
<td>91.7</td>
</tr>
<tr>
<td>55 to 64 years</td>
<td>171,967</td>
<td>75.6</td>
<td>76,536</td>
<td>79.2</td>
<td>95,431</td>
<td>72.7</td>
</tr>
<tr>
<td>65 and over</td>
<td>197,101</td>
<td>18.0</td>
<td>70,322</td>
<td>19.4</td>
<td>126,779</td>
<td>17.2</td>
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</table>

Source: SFA 91-17
Table 13. Labor Force Participation of Women by Marital and Parental Status and by Region: 1980

<table>
<thead>
<tr>
<th>Marital and Parental Status</th>
<th>Minnesota</th>
<th>Region 11</th>
<th>Balance of State</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL WOMEN, 16 AND OVER</td>
<td>1,984,274</td>
<td>64.0%</td>
<td>796,645</td>
</tr>
<tr>
<td>With Children</td>
<td>560,763</td>
<td>59.5</td>
<td>274,373</td>
</tr>
<tr>
<td>Under 3 years</td>
<td>163,337</td>
<td>47.6</td>
<td>70,546</td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>99,009</td>
<td>55.4</td>
<td>40,722</td>
</tr>
<tr>
<td>6 to 17 years</td>
<td>307,247</td>
<td>67.0</td>
<td>154,750</td>
</tr>
<tr>
<td>Without Children</td>
<td>1,023,491</td>
<td>51.1</td>
<td>512,876</td>
</tr>
<tr>
<td>MARRIED WOMEN, 16 AND OVER</td>
<td>900,332</td>
<td>63.5%</td>
<td>424,944</td>
</tr>
<tr>
<td>With Children</td>
<td>491,233</td>
<td>57.7</td>
<td>231,168</td>
</tr>
<tr>
<td>Under 3 years</td>
<td>149,062</td>
<td>47.7</td>
<td>67,247</td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>77,436</td>
<td>53.8</td>
<td>36,052</td>
</tr>
<tr>
<td>6 to 17 years</td>
<td>264,765</td>
<td>64.5</td>
<td>125,232</td>
</tr>
<tr>
<td>Without Children</td>
<td>418,279</td>
<td>48.6</td>
<td>192,816</td>
</tr>
<tr>
<td>OTHER WOMEN, 16 AND OVER</td>
<td>674,742</td>
<td>54.8%</td>
<td>362,091</td>
</tr>
<tr>
<td>With Children</td>
<td>69,520</td>
<td>71.8</td>
<td>42,610</td>
</tr>
<tr>
<td>Under 3 years</td>
<td>14,495</td>
<td>46.3</td>
<td>8,372</td>
</tr>
<tr>
<td>3 to 5 years</td>
<td>12,561</td>
<td>65.4</td>
<td>7,600</td>
</tr>
<tr>
<td>6 to 17 years</td>
<td>42,482</td>
<td>82.5</td>
<td>26,358</td>
</tr>
<tr>
<td>Without Children</td>
<td>605,212</td>
<td>52.9</td>
<td>315,443</td>
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</tbody>
</table>

Source: S7F 11-51-10

Table 14. Full-Time/Part-Time Status of Employed Persons by Region: 1979

<table>
<thead>
<tr>
<th>Part-Time/Full-Time Status</th>
<th>Minnesota</th>
<th>Region 11</th>
<th>Balance of State</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>TOTAL NUMBER</td>
<td>976,415</td>
<td>1,235,562</td>
<td>525,188</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>35 or more hours</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>50 to 52 weeks</td>
<td>36.5</td>
<td>61.7</td>
<td>40.5</td>
</tr>
<tr>
<td>27 to 49 weeks</td>
<td>14.0</td>
<td>15.0</td>
<td>13.9</td>
</tr>
<tr>
<td>1 to 26 weeks</td>
<td>9.8</td>
<td>6.4</td>
<td>8.2</td>
</tr>
<tr>
<td>1 to 34 hours</td>
<td>13.6</td>
<td>4.9</td>
<td>12.4</td>
</tr>
<tr>
<td>50 to 52 weeks</td>
<td>12.2</td>
<td>4.4</td>
<td>12.3</td>
</tr>
<tr>
<td>27 to 49 weeks</td>
<td>13.9</td>
<td>5.6</td>
<td>12.6</td>
</tr>
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</table>

Source: S7F 11-80-10
### Table 15. Number of Workers by Family Type and Region: 1979

<table>
<thead>
<tr>
<th>Females</th>
<th>Minnesota</th>
<th>Region 11</th>
<th>Balance of State</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL FAMILIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>No workers</td>
<td>10.4</td>
<td>8.4</td>
<td>12.3</td>
</tr>
<tr>
<td>1 Worker</td>
<td>24.5</td>
<td>26.9</td>
<td>29.9</td>
</tr>
<tr>
<td>2 Workers</td>
<td>45.1</td>
<td>45.1</td>
<td>44.3</td>
</tr>
<tr>
<td>Husband/Wife worked</td>
<td>39.1</td>
<td>39.4</td>
<td>36.6</td>
</tr>
<tr>
<td>3 or more workers</td>
<td>18.0</td>
<td>18.6</td>
<td>12.5</td>
</tr>
<tr>
<td>Husband/Wife worked</td>
<td>11.8</td>
<td>12.9</td>
<td>10.8</td>
</tr>
<tr>
<td><strong>MARIED-COUPLFAMIIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>No workers</td>
<td>9.7</td>
<td>7.4</td>
<td>11.7</td>
</tr>
<tr>
<td>1 Worker</td>
<td>25.5</td>
<td>23.0</td>
<td>27.6</td>
</tr>
<tr>
<td>2 Workers</td>
<td>46.9</td>
<td>51.7</td>
<td>45.4</td>
</tr>
<tr>
<td>Husband/Wife worked</td>
<td>43.8</td>
<td>46.7</td>
<td>41.2</td>
</tr>
<tr>
<td>3 or more workers</td>
<td>19.0</td>
<td>18.0</td>
<td>14.2</td>
</tr>
<tr>
<td>Husband/Wife worked</td>
<td>13.6</td>
<td>15.3</td>
<td>12.1</td>
</tr>
<tr>
<td><strong>FEMALE-HEADED FAMILIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>No workers</td>
<td>16.9</td>
<td>15.9</td>
<td>18.4</td>
</tr>
<tr>
<td>1 Worker</td>
<td>49.9</td>
<td>49.6</td>
<td>50.3</td>
</tr>
<tr>
<td>2 Workers</td>
<td>24.9</td>
<td>25.6</td>
<td>23.9</td>
</tr>
<tr>
<td>3 or more workers</td>
<td>8.3</td>
<td>8.9</td>
<td>7.4</td>
</tr>
<tr>
<td><strong>MALE-HEADED FAMILIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>No workers</td>
<td>9.6</td>
<td>6.3</td>
<td>13.2</td>
</tr>
<tr>
<td>1 Worker</td>
<td>43.5</td>
<td>42.5</td>
<td>44.4</td>
</tr>
<tr>
<td>2 Workers</td>
<td>37.4</td>
<td>40.6</td>
<td>34.3</td>
</tr>
<tr>
<td>3 or more workers</td>
<td>9.3</td>
<td>10.8</td>
<td>8.1</td>
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</table>

Source: STF 4 PB 64

### Table 16. Class of Worker by Region: 1980

<table>
<thead>
<tr>
<th>Class of Worker</th>
<th>Minnesota</th>
<th>Region 11</th>
<th>Balance of State</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td><strong>TOTAL EMPLOYED PERSONS, 18 YEARS AND OVER</strong></td>
<td>628,272</td>
<td>1,261,148</td>
<td>408,719</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Private Wage and Salarv Worker</td>
<td>75.5</td>
<td>73.5</td>
<td>80.0</td>
</tr>
<tr>
<td>Private Company</td>
<td>71.7</td>
<td>70.1</td>
<td>79.3</td>
</tr>
<tr>
<td>Own Incorporation</td>
<td>0.8</td>
<td>3.4</td>
<td>0.7</td>
</tr>
<tr>
<td>Government Workers</td>
<td>18.7</td>
<td>13.0</td>
<td>16.5</td>
</tr>
<tr>
<td>Federal Government Worker</td>
<td>2.2</td>
<td>2.4</td>
<td>2.1</td>
</tr>
<tr>
<td>State Government Worker</td>
<td>5.0</td>
<td>3.9</td>
<td>5.2</td>
</tr>
<tr>
<td>Local Government Worker</td>
<td>11.2</td>
<td>6.7</td>
<td>9.2</td>
</tr>
<tr>
<td>Self-Employed</td>
<td>4.5</td>
<td>12.9</td>
<td>3.1</td>
</tr>
<tr>
<td>Unpaid Family Member</td>
<td>1.3</td>
<td>0.6</td>
<td>0.4</td>
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</tbody>
</table>

Source: STF 4 PB 66
<table>
<thead>
<tr>
<th>Occupation</th>
<th>Males</th>
<th>Region II</th>
<th>Balance of State</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL EMPLOYED PERSONS</strong></td>
<td>1,808,351</td>
<td>45.6%</td>
<td>1,808,351</td>
</tr>
<tr>
<td><strong>MANAGEMENT AND PROFESSIONAL SPECIALTY</strong></td>
<td>140,488</td>
<td>25.8%</td>
<td>94,877</td>
</tr>
<tr>
<td>Executives, Administrators, Managers</td>
<td>140,488</td>
<td>25.8%</td>
<td>94,877</td>
</tr>
<tr>
<td>Health, Education, Professional Work</td>
<td>77,384</td>
<td>14.0%</td>
<td>52,288</td>
</tr>
<tr>
<td>Business and Sales Workers</td>
<td>65,959</td>
<td>11.9%</td>
<td>43,127</td>
</tr>
<tr>
<td><strong>MANUFACTURING</strong></td>
<td>1,304,599</td>
<td>45.6%</td>
<td>1,304,599</td>
</tr>
<tr>
<td>Craftsmen and Related Occupations</td>
<td>1,304,599</td>
<td>45.6%</td>
<td>1,304,599</td>
</tr>
<tr>
<td>Artisans</td>
<td>1,475</td>
<td>0.3%</td>
<td>921</td>
</tr>
<tr>
<td>Painters, Decorators</td>
<td>1,475</td>
<td>0.3%</td>
<td>921</td>
</tr>
<tr>
<td><strong>TECHNICAL, Sales, Administrative SUPPORT</strong></td>
<td>88,788</td>
<td>64.1%</td>
<td>51,828</td>
</tr>
<tr>
<td>Transportation and related support</td>
<td>88,788</td>
<td>64.1%</td>
<td>51,828</td>
</tr>
<tr>
<td>Parts and supplies</td>
<td>88,788</td>
<td>64.1%</td>
<td>51,828</td>
</tr>
<tr>
<td><strong>TRANSPORTATION</strong></td>
<td>112,385</td>
<td>34.6%</td>
<td>75,490</td>
</tr>
<tr>
<td><strong>FARM, FOREST, AND FISHING OCCUPATIONS</strong></td>
<td>128,898</td>
<td>34.6%</td>
<td>85,946</td>
</tr>
<tr>
<td>Farm and forestry workers</td>
<td>128,898</td>
<td>34.6%</td>
<td>85,946</td>
</tr>
<tr>
<td>Fishermen</td>
<td>28,373</td>
<td>0.0%</td>
<td>30,235</td>
</tr>
<tr>
<td><strong>PUBLIC ADMINISTRATION</strong></td>
<td>48,285</td>
<td>34.3%</td>
<td>31,955</td>
</tr>
<tr>
<td>Teachers, educational services</td>
<td>48,285</td>
<td>34.3%</td>
<td>31,955</td>
</tr>
<tr>
<td>Social workers, health, and related services</td>
<td>48,285</td>
<td>34.3%</td>
<td>31,955</td>
</tr>
<tr>
<td><strong>SERVICES</strong></td>
<td>364,839</td>
<td>46.8%</td>
<td>232,439</td>
</tr>
<tr>
<td>Personal service occupations</td>
<td>364,839</td>
<td>46.8%</td>
<td>232,439</td>
</tr>
<tr>
<td>Social workers, community service</td>
<td>17,024</td>
<td>0.0%</td>
<td>17,024</td>
</tr>
<tr>
<td><strong>FISHERIES</strong></td>
<td>12,812</td>
<td>0.0%</td>
<td>12,812</td>
</tr>
<tr>
<td>Fishermen</td>
<td>12,812</td>
<td>0.0%</td>
<td>12,812</td>
</tr>
<tr>
<td><strong>FARM, FOREST, AND FISHING OCCUPATIONS</strong></td>
<td>128,898</td>
<td>34.6%</td>
<td>85,946</td>
</tr>
<tr>
<td>Farm and forestry workers</td>
<td>128,898</td>
<td>34.6%</td>
<td>85,946</td>
</tr>
<tr>
<td>Fishermen</td>
<td>28,373</td>
<td>0.0%</td>
<td>30,235</td>
</tr>
<tr>
<td><strong>PUBLIC ADMINISTRATION</strong></td>
<td>48,285</td>
<td>34.3%</td>
<td>31,955</td>
</tr>
<tr>
<td>Teachers, educational services</td>
<td>48,285</td>
<td>34.3%</td>
<td>31,955</td>
</tr>
<tr>
<td>Social workers, health, and related services</td>
<td>48,285</td>
<td>34.3%</td>
<td>31,955</td>
</tr>
</tbody>
</table>

Source: ST7 49-97

800
Table 18. Income of Persons by Age in Minnesota: 1979

<table>
<thead>
<tr>
<th>Persons Age 15 and Over with Income</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL PERSONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent Distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $5,000</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>49.8%</td>
<td>22.7%</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>14.4%</td>
<td>15.7%</td>
</tr>
<tr>
<td>$15,000 to $24,999</td>
<td>7.3%</td>
<td>28.1%</td>
</tr>
<tr>
<td>$25,000 to $49,999</td>
<td>1.1%</td>
<td>2.5%</td>
</tr>
<tr>
<td>$50,000 or more</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Income</td>
<td>$8,003</td>
<td>$12,984</td>
</tr>
<tr>
<td><strong>Persons Age 15 to 64</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent Distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $5,000</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>47.6%</td>
<td>25.1%</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>18.1%</td>
<td>15.6%</td>
</tr>
<tr>
<td>$15,000 to $24,999</td>
<td>7.3%</td>
<td>20.2%</td>
</tr>
<tr>
<td>$25,000 to $49,999</td>
<td>0.8%</td>
<td>10.6%</td>
</tr>
<tr>
<td>$50,000 or more</td>
<td>0.1%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Median Income</td>
<td>$8,085</td>
<td>$12,120</td>
</tr>
<tr>
<td><strong>Persons Age 65 and Over</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent Distribution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $5,000</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>41.1%</td>
<td>10.0%</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>25.6%</td>
<td>17.4%</td>
</tr>
<tr>
<td>$15,000 to $24,999</td>
<td>15.9%</td>
<td>15.3%</td>
</tr>
<tr>
<td>$25,000 to $49,999</td>
<td>11.0%</td>
<td>36.2%</td>
</tr>
<tr>
<td>$50,000 or more</td>
<td>1.9%</td>
<td>21.9%</td>
</tr>
<tr>
<td>Median Income</td>
<td>$8,128</td>
<td>$18,020</td>
</tr>
</tbody>
</table>

Source: PLANS
Table 18. Income of Full-Time Year-Round Employed Persons by Region: 1979

<table>
<thead>
<tr>
<th>Income</th>
<th>Minnesota</th>
<th>Region 11</th>
<th>Balance of State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Females, Total Number</td>
<td>351,192</td>
<td>212,346</td>
<td>140,186</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>$1,000 to $4,999</td>
<td>7.2</td>
<td>4.2</td>
<td>11.7</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>37.7</td>
<td>30.9</td>
<td>48.0</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>35.5</td>
<td>40.5</td>
<td>27.9</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
<td>13.3</td>
<td>10.1</td>
<td>8.4</td>
</tr>
<tr>
<td>$20,000 to $24,999</td>
<td>4.1</td>
<td>5.2</td>
<td>2.5</td>
</tr>
<tr>
<td>$25,000 to $34,999</td>
<td>1.7</td>
<td>2.2</td>
<td>1.0</td>
</tr>
<tr>
<td>$35,000 and over</td>
<td>0.7</td>
<td>0.8</td>
<td>0.6</td>
</tr>
<tr>
<td>Median Income</td>
<td>$10,580</td>
<td>$11,521</td>
<td>$9,090</td>
</tr>
<tr>
<td>Males, Total Number</td>
<td>791,280</td>
<td>364,542</td>
<td>363,663</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>$1,000 to $4,999</td>
<td>4.9</td>
<td>2.4</td>
<td>7.7</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>9.9</td>
<td>6.9</td>
<td>13.3</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>19.6</td>
<td>15.7</td>
<td>23.8</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
<td>23.2</td>
<td>23.6</td>
<td>22.6</td>
</tr>
<tr>
<td>$20,000 to $24,999</td>
<td>18.5</td>
<td>21.1</td>
<td>15.6</td>
</tr>
<tr>
<td>$25,000 to $34,999</td>
<td>14.8</td>
<td>18.3</td>
<td>10.9</td>
</tr>
<tr>
<td>$35,000 and over</td>
<td>9.2</td>
<td>11.9</td>
<td>6.1</td>
</tr>
<tr>
<td>Median Income</td>
<td>$18,265</td>
<td>$20,302</td>
<td>$16,122</td>
</tr>
</tbody>
</table>

Source: 1974 PUMS PRO
<table>
<thead>
<tr>
<th>Age and Source of Income</th>
<th>Number with Income</th>
<th>Median Income</th>
<th>Women's Median Income as a Percent of Men</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women</td>
<td>Men</td>
<td>Women</td>
</tr>
<tr>
<td><strong>PERSONS AGE 18 AND OVER</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, all income sources</td>
<td>100.0%</td>
<td>100.0%</td>
<td>$5,003</td>
</tr>
<tr>
<td>Wage or salary income</td>
<td>71.3</td>
<td>77.7</td>
<td>5,547</td>
</tr>
<tr>
<td>Non-farm self-employment</td>
<td>3.4</td>
<td>6.9</td>
<td>2,349</td>
</tr>
<tr>
<td>Farm self-employment</td>
<td>15.6</td>
<td>8.0</td>
<td>2,210</td>
</tr>
<tr>
<td>Interest, dividend or net rental income</td>
<td>29.2</td>
<td>41.7</td>
<td>406</td>
</tr>
<tr>
<td>Social Security income</td>
<td>20.5</td>
<td>15.3</td>
<td>2,436</td>
</tr>
<tr>
<td>P.L. Aid &amp; assistance income</td>
<td>5.2</td>
<td>2.0</td>
<td>2,202</td>
</tr>
<tr>
<td>All other income</td>
<td>10.5</td>
<td>14.1</td>
<td>1,505</td>
</tr>
<tr>
<td><strong>PERSONS AGE 18-44</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, all income sources</td>
<td>100.0%</td>
<td>100.0%</td>
<td>$5,233</td>
</tr>
<tr>
<td>Wage or salary income</td>
<td>91.7</td>
<td>90.8</td>
<td>5,204</td>
</tr>
<tr>
<td>Non-farm self-employment</td>
<td>3.8</td>
<td>8.2</td>
<td>2,001</td>
</tr>
<tr>
<td>Farm self-employment</td>
<td>10.0</td>
<td>5.6</td>
<td>1,210</td>
</tr>
<tr>
<td>Interest, dividend or net rental income</td>
<td>20.7</td>
<td>33.6</td>
<td>104</td>
</tr>
<tr>
<td>Social Security income</td>
<td>2.6</td>
<td>2.1</td>
<td>1,688</td>
</tr>
<tr>
<td>Public assistance income</td>
<td>5.5</td>
<td>1.5</td>
<td>2,860</td>
</tr>
<tr>
<td>All other income</td>
<td>7.2</td>
<td>9.2</td>
<td>1,353</td>
</tr>
<tr>
<td><strong>PERSONS AGE 45-64</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, all income sources</td>
<td>100.0%</td>
<td>100.0%</td>
<td>$6,139</td>
</tr>
<tr>
<td>Wage or salary income</td>
<td>74.8</td>
<td>75.1</td>
<td>6,996</td>
</tr>
<tr>
<td>Non-farm self-employment</td>
<td>4.4</td>
<td>12.4</td>
<td>3,256</td>
</tr>
<tr>
<td>Farm self-employment</td>
<td>3.0</td>
<td>13.7</td>
<td>2,504</td>
</tr>
<tr>
<td>Interest, dividend or net rental income</td>
<td>33.9</td>
<td>52.0</td>
<td>750</td>
</tr>
<tr>
<td>Social Security income</td>
<td>16.4</td>
<td>9.5</td>
<td>2,105</td>
</tr>
<tr>
<td>Public assistance income</td>
<td>3.5</td>
<td>1.6</td>
<td>2,108</td>
</tr>
<tr>
<td>All other income</td>
<td>10.5</td>
<td>15.1</td>
<td>1,905</td>
</tr>
<tr>
<td><strong>PERSONS AGE 65 OR OVER</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total, all income sources</td>
<td>100.0%</td>
<td>100.0%</td>
<td>$3,851</td>
</tr>
<tr>
<td>Wage or salary income</td>
<td>12.7</td>
<td>22.9</td>
<td>2,070</td>
</tr>
<tr>
<td>Non-farm self-employment</td>
<td>11.5</td>
<td>5.9</td>
<td>2,002</td>
</tr>
<tr>
<td>Farm self-employment</td>
<td>1.7</td>
<td>6.2</td>
<td>2,703</td>
</tr>
<tr>
<td>Interest, dividend or net rental income</td>
<td>43.6</td>
<td>57.1</td>
<td>1,429</td>
</tr>
<tr>
<td>Social Security income</td>
<td>85.6</td>
<td>86.0</td>
<td>2,566</td>
</tr>
<tr>
<td>Public assistance income</td>
<td>8.5</td>
<td>5.1</td>
<td>1,185</td>
</tr>
<tr>
<td>All other income</td>
<td>9.9</td>
<td>23.6</td>
<td>1,820</td>
</tr>
</tbody>
</table>

Source: PAID

Note: Percentages do not add to 100% because many persons have more than one source of income.

Data missing is persons with income.
Table 21. Family Income by Type of Family and Presence of Children: 1979

<table>
<thead>
<tr>
<th>Presence of Children and Income</th>
<th>Married-Couple Families</th>
<th>Female-Headed Families</th>
<th>Male-Headed Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL FAMILIES — WITH AND WITHOUT CHILDREN</td>
<td>987,447</td>
<td>104,648</td>
<td>21,446</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Less than $5,000</td>
<td>41</td>
<td>18.0</td>
<td>6.2</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>9.8</td>
<td>25.9</td>
<td>15.4</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>12.6</td>
<td>22.5</td>
<td>16.8</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
<td>15.1</td>
<td>14.3</td>
<td>16.1</td>
</tr>
<tr>
<td>$20,000 to $24,999</td>
<td>18.5</td>
<td>8.9</td>
<td>15.0</td>
</tr>
<tr>
<td>$25,000 to $29,999</td>
<td>13.8</td>
<td>4.8</td>
<td>10.2</td>
</tr>
<tr>
<td>$30,000 to $34,999</td>
<td>9.7</td>
<td>2.5</td>
<td>6.7</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
<td>12.3</td>
<td>2.5</td>
<td>7.8</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>4.3</td>
<td>0.6</td>
<td>2.6</td>
</tr>
<tr>
<td>$75,000 or more</td>
<td>1.9</td>
<td>0.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Median Income</td>
<td>$22,333</td>
<td>$11,369</td>
<td>$10,897</td>
</tr>
<tr>
<td>Families with children</td>
<td>496,570</td>
<td>66,132</td>
<td>11,202</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Less than $5,000</td>
<td>31</td>
<td>24.5</td>
<td>8.8</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>5.4</td>
<td>20.0</td>
<td>14.9</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>10.5</td>
<td>23.2</td>
<td>17.1</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
<td>16.0</td>
<td>11.7</td>
<td>19.6</td>
</tr>
<tr>
<td>$20,000 to $24,999</td>
<td>19.0</td>
<td>5.1</td>
<td>17.2</td>
</tr>
<tr>
<td>$25,000 to $29,999</td>
<td>15.7</td>
<td>2.6</td>
<td>10.0</td>
</tr>
<tr>
<td>$30,000 to $34,999</td>
<td>10.9</td>
<td>1.3</td>
<td>5.1</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
<td>13.0</td>
<td>1.2</td>
<td>5.5</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>4.5</td>
<td>0.3</td>
<td>2.3</td>
</tr>
<tr>
<td>$75,000 or more</td>
<td>1.9</td>
<td>0.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Median Income</td>
<td>$15,540</td>
<td>$9,591</td>
<td>$17,900</td>
</tr>
<tr>
<td>Families without children</td>
<td>416,777</td>
<td>39,515</td>
<td>20,234</td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Less than $5,000</td>
<td>5.3</td>
<td>7.4</td>
<td>8.2</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>15.0</td>
<td>19.1</td>
<td>15.6</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>15.1</td>
<td>21.3</td>
<td>16.3</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
<td>14.2</td>
<td>18.6</td>
<td>14.7</td>
</tr>
<tr>
<td>$20,000 to $24,999</td>
<td>13.5</td>
<td>14.4</td>
<td>13.8</td>
</tr>
<tr>
<td>$25,000 to $29,999</td>
<td>11.2</td>
<td>8.5</td>
<td>10.4</td>
</tr>
<tr>
<td>$30,000 to $34,999</td>
<td>8.4</td>
<td>4.5</td>
<td>7.6</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
<td>11.4</td>
<td>4.6</td>
<td>9.1</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>4.1</td>
<td>1.1</td>
<td>3.1</td>
</tr>
<tr>
<td>$75,000 or more</td>
<td>1.8</td>
<td>0.5</td>
<td>1.2</td>
</tr>
<tr>
<td>Median Income</td>
<td>$22,100</td>
<td>$15,874</td>
<td>$24,182</td>
</tr>
</tbody>
</table>

Source: U.S. BUREAU OF THE CENSUS.
<table>
<thead>
<tr>
<th>Age of Children and Income</th>
<th>Family Income Distribution in Minnesota</th>
<th>Family Income Distribution in Male-Headed Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAMILIES WITH AT LEAST ONE CHILD UNDER AGE 6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent Distribution</td>
<td>Manual Couple Families</td>
<td>Female-Headed Families</td>
</tr>
<tr>
<td>$0.00 to $5,999</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>4.1</td>
<td>3.4</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
<td>16.1</td>
<td>16.1</td>
</tr>
<tr>
<td>$20,000 to $24,999</td>
<td>4.9</td>
<td>4.9</td>
</tr>
<tr>
<td>$25,000 to $29,999</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>$30,000 to $34,999</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>$75,000 or more</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Median Income</td>
<td>$20,720</td>
<td>$3,970</td>
</tr>
</tbody>
</table>

FAMILIES WITH CHILDREN AGE 6-17 ONLY

<table>
<thead>
<tr>
<th>Percent Distribution</th>
<th>Manual Couple Families</th>
<th>Female-Headed Families</th>
<th>Male-Headed Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $5,000</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>14.6</td>
<td>14.6</td>
<td>5.5</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>27.5</td>
<td>27.5</td>
<td>12.2</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
<td>15.6</td>
<td>15.6</td>
<td>14.9</td>
</tr>
<tr>
<td>$20,000 to $24,999</td>
<td>7.1</td>
<td>7.1</td>
<td>18.0</td>
</tr>
<tr>
<td>$25,000 to $29,999</td>
<td>0.7</td>
<td>0.7</td>
<td>11.9</td>
</tr>
<tr>
<td>$30,000 to $34,999</td>
<td>1.9</td>
<td>1.9</td>
<td>6.7</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
<td>1.6</td>
<td>1.6</td>
<td>7.1</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>0.5</td>
<td>0.5</td>
<td>3.0</td>
</tr>
<tr>
<td>$75,000 or more</td>
<td>0.1</td>
<td>0.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Median Income</td>
<td>$27,198</td>
<td>$11,313</td>
<td>$18,802</td>
</tr>
<tr>
<td>Presence of Child and Income</td>
<td>Name</td>
<td>Without One Parent</td>
<td>Region 11</td>
</tr>
<tr>
<td>----------------------------</td>
<td>------</td>
<td>-------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>TOTAL FAMILIES WITH AND</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WITHOUT ONE PARENT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $5,000</td>
<td>5.3%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>5.6%</td>
<td>15.5%</td>
<td>15.5%</td>
</tr>
<tr>
<td>$10,000 to $14,990</td>
<td>12.1%</td>
<td>15.5%</td>
<td>15.5%</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
<td>16.6%</td>
<td>17.5%</td>
<td>17.5%</td>
</tr>
<tr>
<td>$20,000 to $24,999</td>
<td>16.7%</td>
<td>17.6%</td>
<td>17.6%</td>
</tr>
<tr>
<td>$25,000 to $29,999</td>
<td>12.7%</td>
<td>11.5%</td>
<td>11.5%</td>
</tr>
<tr>
<td>$30,000 to $34,999</td>
<td>17.4%</td>
<td>7.1%</td>
<td>7.1%</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
<td>6.4%</td>
<td>2.6%</td>
<td>2.6%</td>
</tr>
<tr>
<td>$50,000 or more</td>
<td>2.8</td>
<td>0.3%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

| MEDIAN INCOME              |      |                   |           |                        |               |
| $32,985                    | $12,378 | $27,546        | $21,989   | $9,587                 | $14,999       |

| FAMILIES WITH CHILDREN     |      |                   |           |                        |               |
|                            |      |                   |           |                        |               |
| Less than $5,000           | 1.0% | 100.0%            | 100.0%   |                        |               |
| $5,000 to $9,999           | 27%  | 23.1%             | 23.1%    |                        |               |
| $10,000 to $14,999         | 5.9% | 14.6%             | 14.6%    |                        |               |
| $15,000 to $19,999         | 11.6%| 18.0%             | 18.0%    |                        |               |
| $20,000 to $24,999         | 18.5%| 20.3%             | 20.3%    |                        |               |
| $25,000 to $29,999         | 18.2%| 12.2%             | 12.2%    |                        |               |
| $30,000 to $34,999         | 14.0%| 5.9%              | 5.9%     |                        |               |
| $35,000 to $49,999         | 18.3%| 7.0%              | 7.0%     |                        |               |
| $50,000 to $74,999         | 6.5% | 3.0%              | 3.0%     |                        |               |
| $75,000 or more            | 2.8  | 1.0%              | 1.0%     |                        |               |

| MEDIAN INCOME              |      |                   |           |                        |               |
| $22,598                    | $6,321 | $16,817         | $21,313   | $6,226                 | $15,123       |

| FAMILIES WITHOUT CHILDREN  |      |                   |           |                        |               |
|                            |      |                   |           |                        |               |
| Less than $5,000           | 5.3% | 100.0%            | 100.0%   |                        |               |
| $5,000 to $9,999           | 5.6% | 15.5%             | 15.5%    |                        |               |
| $10,000 to $14,999         | 12.1%| 15.5%             | 15.5%    |                        |               |
| $15,000 to $19,999         | 16.6%| 17.5%             | 17.5%    |                        |               |
| $20,000 to $24,999         | 16.7%| 17.6%             | 17.6%    |                        |               |
| $25,000 to $29,999         | 12.7%| 11.5%             | 11.5%    |                        |               |
| $30,000 to $34,999         | 17.4%| 7.1%              | 7.1%     |                        |               |
| $35,000 to $49,999         | 6.4% | 2.6%              | 2.6%     |                        |               |
| $50,000 to $74,999         | 2.8% | 0.3%              | 0.3%     |                        |               |

<p>| MEDIAN INCOME              |      |                   |           |                        |               |
| $32,598                    | $17,792 | $22,196        | $16,361   | $12,989                | $14,999       |</p>
<table>
<thead>
<tr>
<th>Table 24. Family Income by Type of Family and Age of Children—By Region: 1979</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age of Children and Income</strong></td>
</tr>
<tr>
<td>-------------------------------</td>
</tr>
<tr>
<td><strong>PARENTS WITH AT LEAST ONE CHILD UNDER AGE 6</strong></td>
</tr>
<tr>
<td><strong>Percent Distribution</strong></td>
</tr>
<tr>
<td>Less than $5,000</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
</tr>
<tr>
<td>$20,000 to $24,999</td>
</tr>
<tr>
<td>$25,000 to $29,999</td>
</tr>
<tr>
<td>$30,000 to $34,999</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
</tr>
<tr>
<td>$75,000 or more</td>
</tr>
<tr>
<td>Median Income</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>PARENTS WITH CHILDREN AGES 6-17 ONLY</strong></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Percent Distribution</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $5,000</td>
<td>0.0</td>
<td>13.6</td>
<td>3.5</td>
<td>4.0</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>1.7</td>
<td>2.0</td>
<td>9.4</td>
<td>2.0</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>3.3</td>
<td>27.8</td>
<td>11.1</td>
<td>10.4</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
<td>3.0</td>
<td>17.2</td>
<td>18.0</td>
<td>16.0</td>
</tr>
<tr>
<td>$20,000 to $24,999</td>
<td>3.7</td>
<td>8.3</td>
<td>22.7</td>
<td>16.0</td>
</tr>
<tr>
<td>$25,000 to $29,999</td>
<td>3.6</td>
<td>4.3</td>
<td>11.6</td>
<td>1.5</td>
</tr>
<tr>
<td>$30,000 to $34,999</td>
<td>3.5</td>
<td>2.3</td>
<td>7.6</td>
<td>1.0</td>
</tr>
<tr>
<td>$35,000 to $49,999</td>
<td>2.1</td>
<td>1.8</td>
<td>9.3</td>
<td>1.2</td>
</tr>
<tr>
<td>$50,000 to $74,999</td>
<td>0.6</td>
<td>0.5</td>
<td>3.8</td>
<td>0.5</td>
</tr>
<tr>
<td>$75,000 or more</td>
<td>0.3</td>
<td>0.2</td>
<td>1.2</td>
<td>0.1</td>
</tr>
<tr>
<td>Median Income</td>
<td>$21,284</td>
<td>$12,823</td>
<td>$21,824</td>
<td>$23,417</td>
</tr>
</tbody>
</table>

Source: 1979 CPS, PERC.

<table>
<thead>
<tr>
<th>Table 25. Income and Poverty Rates of One-Person Households by Age: 1979</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>One-Person Households</strong></td>
</tr>
<tr>
<td>------------------------------</td>
</tr>
<tr>
<td><strong>by Income</strong></td>
</tr>
<tr>
<td><strong>Percent Distribution</strong></td>
</tr>
<tr>
<td>100.0%</td>
</tr>
<tr>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Less than $5,000</strong></td>
</tr>
<tr>
<td><strong>$5,000 to $9,999</strong></td>
</tr>
<tr>
<td><strong>$10,000 to $14,999</strong></td>
</tr>
<tr>
<td><strong>$15,000 to $19,999</strong></td>
</tr>
<tr>
<td><strong>$20,000 to $24,999</strong></td>
</tr>
<tr>
<td><strong>$25,000 to $49,999</strong></td>
</tr>
<tr>
<td><strong>$50,000 and over</strong></td>
</tr>
<tr>
<td><strong>Median Income</strong></td>
</tr>
</tbody>
</table>

Source: CPS, PERC.
### Table 26. Median Earnings of Full-Time Year-Round Workers by Age: 1979

<table>
<thead>
<tr>
<th>Age of Persons Employed Full-Time Year-Round</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Women's Earnings as Percent of Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL AGES</td>
<td>$16,082</td>
<td>$17,094</td>
<td>96.9%</td>
</tr>
<tr>
<td>20 to 24</td>
<td>6,707</td>
<td>6,708</td>
<td>109.0</td>
</tr>
<tr>
<td>25 to 34</td>
<td>8,507</td>
<td>12,020</td>
<td>70.9</td>
</tr>
<tr>
<td>35 to 44</td>
<td>10,006</td>
<td>16,576</td>
<td>66.4</td>
</tr>
<tr>
<td>45 to 54</td>
<td>10,007</td>
<td>20,208</td>
<td>51.8</td>
</tr>
<tr>
<td>55 to 64</td>
<td>10,007</td>
<td>18,108</td>
<td>55.3</td>
</tr>
<tr>
<td>65 and over</td>
<td>8,403</td>
<td>12,020</td>
<td>74.4</td>
</tr>
</tbody>
</table>

Source: PUMS.

### Table 27. Median Earnings of Full-Time Year-Round Workers Age 25 and Over by Educational Attainment: 1979

<table>
<thead>
<tr>
<th>Years of School Completed</th>
<th>Minnesota Median Earnings</th>
<th>Women's Earnings as Percent of Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL, ALL EDUCATIONAL LEVELS</td>
<td>$18,000</td>
<td>$18,000</td>
</tr>
<tr>
<td>Elementary School: Less than 8 years</td>
<td>6,707</td>
<td>12,020</td>
</tr>
<tr>
<td>High School: 9-11 years</td>
<td>8,507</td>
<td>16,576</td>
</tr>
<tr>
<td>College: 13-15 years</td>
<td>10,007</td>
<td>18,108</td>
</tr>
<tr>
<td>16 years</td>
<td>10,007</td>
<td>20,208</td>
</tr>
<tr>
<td>17 years or more</td>
<td>8,403</td>
<td>12,020</td>
</tr>
</tbody>
</table>

Source: PUMS.

### Table 28. Earnings Distribution for Full-Time Year-Round Workers: 1979

<table>
<thead>
<tr>
<th>Earnings of Full-Time Year-Round Workers</th>
<th>Percent Women</th>
<th>Percent Men</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent Distribution</td>
<td>186.0%</td>
<td>186.0%</td>
</tr>
<tr>
<td>$1,000 to $7,499</td>
<td>37.3</td>
<td>10.2</td>
</tr>
<tr>
<td>$7,500 to $9,999</td>
<td>23.1</td>
<td>6.9</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>32.6</td>
<td>21.0</td>
</tr>
<tr>
<td>$15,000 to $19,999</td>
<td>11.8</td>
<td>23.3</td>
</tr>
<tr>
<td>$20,000 to $24,999</td>
<td>34.0</td>
<td>17.9</td>
</tr>
<tr>
<td>$25,000 to $29,999</td>
<td>10.0</td>
<td>8.8</td>
</tr>
<tr>
<td>$30,000 to $39,999</td>
<td>0.5</td>
<td>6.4</td>
</tr>
<tr>
<td>$40,000 to $49,999</td>
<td>0.1</td>
<td>2.3</td>
</tr>
<tr>
<td>$50,000 and over</td>
<td>0.2</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Source: PUMS.

Note: These data exclude a small number of persons reporting $0.
Table 28. Persons in Poverty by Age and Region: 1979

<table>
<thead>
<tr>
<th>Age and Sex</th>
<th>Minnesota</th>
<th>Region 11</th>
<th>Balance of State</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Population</td>
<td>% in Poverty</td>
<td>Total Population</td>
</tr>
<tr>
<td>CHILDREN UNDER AGE 15</td>
<td>1,174,302</td>
<td>16.4%</td>
<td>867,957</td>
</tr>
<tr>
<td>WOMEN AGE 15 AND OVER</td>
<td>1,806,799</td>
<td>16.2%</td>
<td>749,988</td>
</tr>
<tr>
<td>Age 15 to 21</td>
<td>154,259</td>
<td>16.0%</td>
<td>78,905</td>
</tr>
<tr>
<td>Age 22 to 29</td>
<td>470,358</td>
<td>8.7%</td>
<td>320,469</td>
</tr>
<tr>
<td>Age 30 to 39</td>
<td>296,023</td>
<td>5.9%</td>
<td>147,894</td>
</tr>
<tr>
<td>Age 40 to 49</td>
<td>97,187</td>
<td>7.2%</td>
<td>45,859</td>
</tr>
<tr>
<td>Age 50 to 59</td>
<td>69,580</td>
<td>9.1%</td>
<td>36,813</td>
</tr>
<tr>
<td>Age 60 to 74</td>
<td>150,174</td>
<td>12.0%</td>
<td>81,971</td>
</tr>
<tr>
<td>Age 75 to Over</td>
<td>132,143</td>
<td>19.2%</td>
<td>56,575</td>
</tr>
<tr>
<td>MEN AGE 15 AND OVER</td>
<td>1,266,990</td>
<td>7.1%</td>
<td>678,186</td>
</tr>
<tr>
<td>Age 15 to 21</td>
<td>158,373</td>
<td>10.4%</td>
<td>76,425</td>
</tr>
<tr>
<td>Age 22 to 29</td>
<td>579,006</td>
<td>6.5%</td>
<td>312,597</td>
</tr>
<tr>
<td>Age 30 to 39</td>
<td>269,342</td>
<td>5.2%</td>
<td>144,203</td>
</tr>
<tr>
<td>Age 40 to 49</td>
<td>91,586</td>
<td>5.5%</td>
<td>42,999</td>
</tr>
<tr>
<td>Age 50 to 59</td>
<td>60,371</td>
<td>6.9%</td>
<td>33,557</td>
</tr>
<tr>
<td>Age 60 to 74</td>
<td>119,773</td>
<td>8.2%</td>
<td>43,816</td>
</tr>
<tr>
<td>Age 75 and Over</td>
<td>77,265</td>
<td>17.8%</td>
<td>26,704</td>
</tr>
</tbody>
</table>

Source: S&H 4 96-114

Table 30. Persons Age 15 and Over In Poverty by Age and Marital Status: 1979

<table>
<thead>
<tr>
<th>Age</th>
<th>FEMALE, 15 AND OVER</th>
<th>MALES, 15 AND OVER</th>
<th>Percent in Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single</td>
<td>Married</td>
<td>Separated</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FEMALES, 15 AND OVER</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 to 24</td>
<td>14.8%</td>
<td>6.8%</td>
<td>36.0%</td>
</tr>
<tr>
<td>25 to 44</td>
<td>14.8%</td>
<td>7.2%</td>
<td>36.0%</td>
</tr>
<tr>
<td>45 to 64</td>
<td>14.8%</td>
<td>7.8%</td>
<td>36.0%</td>
</tr>
<tr>
<td>65 to 74</td>
<td>14.8%</td>
<td>7.8%</td>
<td>36.0%</td>
</tr>
<tr>
<td>75 and over</td>
<td>14.8%</td>
<td>7.8%</td>
<td>36.0%</td>
</tr>
<tr>
<td>MALES, 15 AND OVER</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 to 24</td>
<td>14.8%</td>
<td>6.0%</td>
<td>36.0%</td>
</tr>
<tr>
<td>25 to 44</td>
<td>14.8%</td>
<td>6.2%</td>
<td>36.0%</td>
</tr>
<tr>
<td>45 to 64</td>
<td>14.8%</td>
<td>6.2%</td>
<td>36.0%</td>
</tr>
<tr>
<td>65 to 74</td>
<td>14.8%</td>
<td>6.2%</td>
<td>36.0%</td>
</tr>
<tr>
<td>75 and over</td>
<td>14.8%</td>
<td>6.2%</td>
<td>36.0%</td>
</tr>
</tbody>
</table>

Source: P&H 4 96-114
### Table 31. Persons 16 and over in Poverty by Age and Labor Force Status: 1979

<table>
<thead>
<tr>
<th>Labor Force Status</th>
<th>Minnesota</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Females</td>
</tr>
<tr>
<td><strong>TOTAL, AGE 16 AND OVER</strong></td>
<td>10.9%</td>
</tr>
<tr>
<td>In Labor Force</td>
<td>6.3%</td>
</tr>
<tr>
<td>Not in Labor Force</td>
<td>15.3%</td>
</tr>
<tr>
<td><strong>AGE 16 TO 64</strong></td>
<td></td>
</tr>
<tr>
<td>In Labor Force</td>
<td>10.8%</td>
</tr>
<tr>
<td>Not in Labor Force</td>
<td>15.5%</td>
</tr>
<tr>
<td><strong>AGE 65 AND OVER</strong></td>
<td></td>
</tr>
<tr>
<td>In Labor Force</td>
<td>7.4%</td>
</tr>
<tr>
<td>Not in Labor Force</td>
<td>11.8%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>15.3%</td>
</tr>
<tr>
<td>In Labor Force</td>
<td>6.4%</td>
</tr>
<tr>
<td>Not in Labor Force</td>
<td>17.8%</td>
</tr>
</tbody>
</table>

Source: PUMS

### Table 32. Families in Poverty by Parental Status: 1979

<table>
<thead>
<tr>
<th>Family Type</th>
<th>Minnesota</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Females</td>
</tr>
<tr>
<td><strong>TOTAL FAMILIES</strong></td>
<td>7.1%</td>
</tr>
<tr>
<td>Without children</td>
<td>4.9%</td>
</tr>
<tr>
<td>With children</td>
<td>6.9%</td>
</tr>
<tr>
<td>Under 6</td>
<td>11.4%</td>
</tr>
<tr>
<td>6 to 17 only</td>
<td>6.9%</td>
</tr>
<tr>
<td>Married-Couple Families</td>
<td>5.2%</td>
</tr>
<tr>
<td>Without children</td>
<td>4.6%</td>
</tr>
<tr>
<td>With children</td>
<td>5.6%</td>
</tr>
<tr>
<td>Under 6</td>
<td>7.1%</td>
</tr>
<tr>
<td>6 to 17 only</td>
<td>4.7%</td>
</tr>
<tr>
<td>Female-Headed Families</td>
<td>22.9%</td>
</tr>
<tr>
<td>Without children</td>
<td>7.7%</td>
</tr>
<tr>
<td>With children</td>
<td>32.0%</td>
</tr>
<tr>
<td>Under 6</td>
<td>51.4%</td>
</tr>
<tr>
<td>6 to 17 only</td>
<td>20.9%</td>
</tr>
<tr>
<td>Male-Headed Families</td>
<td>8.2%</td>
</tr>
<tr>
<td>Without children</td>
<td>7.1%</td>
</tr>
<tr>
<td>With children</td>
<td>10.3%</td>
</tr>
<tr>
<td>Under 6</td>
<td>15.9%</td>
</tr>
<tr>
<td>6 to 17 only</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

Source: PUMS
Definitions

Age
The age classification is the age of the person at the person's last birthday.

Balance of State
Balance of state refers to one of the two major geographic divisions for which data are presented in this report. It includes the 50 counties outside the seven-county Twin Cities area defined as Region 11.

Class of Worker
Class of worker is based on the type of ownership of the employing organization.

Private wage and salary workers. Employees of a private company, who work for wages, salary commissions, tips, or payment in kind, included are self-employed persons whose business is incorporated.

Employee of own corporation. Persons who own all or most of the stock in a privately held corporation.

Government workers. Persons who work for any governmental unit regardless of the activity of the particular agency. Persons elected to part-time offices are excluded.

Excluded are persons on active duty in the Armed Forces.

Self-employed workers. Persons who work for themselves or for a profit or loss in their own unincorporated business, profession, or trade, or who operate a farm.

Unpaid family workers. Persons who work 15 hours or more per week on a farm or in a business operated by a person to whom they are related by blood or marriage.

Educational Attainment
Data on educational attainment apply only to persons 16 years old and over who were in the labor force or not in the labor force but had a job or business during the week prior to completing the census questionnaire or being interviewed by a census interviewer or during the refresher survey period. It includes elementary school and schooling which leads to a high school diploma or college degree. It does not include vocational school, unless the course would be accepted for credit toward a regular elementary or high school or at a college.

Earnings
The sum of wage or salary income and net self-employment income from farm and non-farm sources.

Enrollment
Data on post-secondary enrollments refer to a head count of students on the tenth day of classes in the fall as reported to the Minnesota Higher Education Coordinating Board. Student enrollments are based on those enrolled in courses/programs creditable toward a degree or certificate or other formal award. Not included are enrollments in interest courses, short courses, non-credit adult education courses and other community programs not creditable toward a degree or certificate, or other formal award.

Full-time/part-time enrollment. Student status as reported by each post-secondary institution to the Minnesota Higher Education Coordinating Board. For public collegiate institutions — the University of Minnesota, state universities, and community colleges — full-time is defined as 12 or more credit hours for undergraduate students and 12 or more credit hours for graduate students. Part-time is defined as less than these credit hours.

Full time includes persons employed during calendar year 1979. Part-time includes persons 16 years old and over who usually worked 35 or more hours per week worked. Part-time employment includes those who usually worked 1-34 hours per week worked.

Marital Status
Marital status is tabulated only for persons 15 years old and older.

Single. Persons who have never been married, including persons whose only marriage was annulled.

Married. Persons whose current marriage has not ended through widowed, divorce, or legal separation.

Separated. Persons legally separated or otherwise absent from their spouse because of marital discord.

Widowed. Widowers and widows who have not remarried.

Divorced. Persons who are legally divorced and who have not remarried.

Occupation
The kind of work persons 15 years old and over did last or had during the week prior to completing the census questionnaire or being interviewed by a census interviewer. If not at work during the refresher survey period, it is the most recent job or business if employed since 1975. Persons working at more than one job are counted only in the one at which they worked the greatest number of hours. Occupation is not determined for persons in the Armed Forces.

Parental Status
The presence at home of a child or children under 18, including stepchildren and adopted children. It includes sons-in-law and daughters-in-law and foster children.

Women and families with children are classified by age of youngest child, even though they may also have older children.

Poverty Status
Families and persons are classified as below the poverty level by comparing their total 1979 money income with the official government definition of poverty which is calculated according to family size, number of children, and region. A family or household is an individual.

For example, the poverty level for a family of three — a mother and her two children — is $5,844.

Region 11
Region 11 includes the seven-county "MN Cities area" comprising Anoka, Chisago, Dakota, Hennepin, Ramsey, Scott, and Washington counties.
About the Commission

The Commission on the Economic Status of Women is a legislative advisory commission established by the Minnesota Legislature in 1976. The Commission studies all matters relating to the economic status of women in Minnesota and publishes reports and makes recommendations to the legislature and governor. Commission members are:

- Senator Linda Berglin
- Senator Patricia Klobuchar
- Senator Marilyn Lanning, Vice-Chair
- Senator Eric Petti
- Senator Ember Reichert
- Representative Karen Clark
- Representative Shawn Coleman
- Representative Dorothy Holz
- Representative Carolyn Rodriguez, Chair
- Representative Linda Scheid

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INTRODUCTION

Poverty rates -- the percentage of a particular group with income below the poverty level -- are higher for women than for men. More than 374,000 Minnesotans were living in poverty in 1979. Of these, 41 percent were women, 33 percent were children and 26 percent were men.

The majority of poor people, nationally and in Minnesota, are women and children. In Minnesota women are a greater portion of the poverty population than they are nationally.

The composition of the poverty population has changed dramatically over the last three decades. In 1959, 70 percent of persons in poverty were in married-couple or male-headed families, and only 17 percent of persons in poverty were female-headed families.

By 1980 less than half (43 percent) of poor persons lived in married-couple or male-headed families and over one-third (37 percent) of poor persons lived in female-headed families. In 1980, women not in families were 15 percent of poor persons in the U.S. It is estimated that if present trends continue, the entire poverty population will be women and children by the year 2000.

Minnesotans are most likely to be poor if they meet one or more of the following criteria: female, under age 24 or over age 75, not currently married, not in the labor force and living outside the Twin Cities area.

Those least likely to be poor are male, between the ages of 25 and 64, currently married, in the labor force and living in the Twin Cities.
### Percent of Selected Groups Below Poverty, 1979

<table>
<thead>
<tr>
<th>Category</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>All persons</td>
<td>11.6%</td>
</tr>
<tr>
<td>Families</td>
<td>9.2%</td>
</tr>
<tr>
<td>Families with female heads</td>
<td>9.1%</td>
</tr>
<tr>
<td>U.S.</td>
<td>7.1%</td>
</tr>
<tr>
<td>Families with female heads with children</td>
<td>30.2%</td>
</tr>
<tr>
<td>Female-headed families with children</td>
<td>22.9%</td>
</tr>
<tr>
<td>Men age 65 &amp; above</td>
<td>11.1%</td>
</tr>
<tr>
<td>Women age 65 &amp; above</td>
<td>10.0%</td>
</tr>
<tr>
<td>Wives not in families</td>
<td>17.9%</td>
</tr>
<tr>
<td>Wives not in families</td>
<td>15.9%</td>
</tr>
</tbody>
</table>

### Changing Composition of the Poverty Population

#### 1959
- Married-couple families: 5.5%
- Female-headed families: 15.5%
- Males not in families: 29.6%
- Women not in families: 32.0%

#### 1970
- Married-couple families: 5.5%
- Female-headed families: 15.5%
- Males not in families: 29.6%
- Women not in families: 32.0%

#### 1980
- Married-couple families: 5.5%
- Female-headed families: 15.5%
- Males not in families: 29.6%
- Women not in families: 32.0%
U.S. POVERTY LEVEL

Each year the U.S. government sets the poverty level for families and individuals. The poverty levels are based on a definition originated by the Social Security Administration. Income data for the 1980 census is based on 1979 earnings, therefore the 1979 poverty levels were the basis for defining poverty in the 1980 census.

Based on these guidelines a married couple with two children under the age of 18 was in poverty if the family income was below $7,356. A single parent with two children was in poverty if the family income was below $5,844. By contrast the median family income in Minnesota was $19,959 for 1979.

In 1982, a married couple with two children was in poverty if the family income was below $9,783. A single parent with two children was in poverty if the family income was below $7,772. The 1982 Minnesota Median family income was $24,027.

Thresholds at the Poverty Level in 1982, by Size of Family and Number of Related Children Under 18 Years Old

<table>
<thead>
<tr>
<th>Size of family unit</th>
<th>Weighted average household income (in dollars)</th>
<th>Related children under 18 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Below 1 person</td>
<td>One</td>
</tr>
</tbody>
</table>
| One person (unrelated individual) | $6,901 | $5,920 | $4,982 | $4,100 | $3,313 | $2,637 | $2,033 | $1,470
| Under 5 years | $6,429 | $5,429 | $4,429 | $3,429 | $2,429 | $1,429 | $1,429 | $1,429
| Two persons | $5,321 | $4,321 | $3,321 | $2,321 | $1,321 | $1,321 | $1,321 | $1,321
| Under 15 years | $4,621 | $3,621 | $2,621 | $1,621 | $0.621 | $0.621 | $0.621 | $0.621
| Three persons | $7,007 | $6,007 | $5,007 | $4,007 | $3,007 | $2,007 | $1,007 | $0.007
| Under 7 years | $6,007 | $5,007 | $4,007 | $3,007 | $2,007 | $1,007 | $1,007 | $1,007
| Four persons | $8,020 | $7,020 | $6,020 | $5,020 | $4,020 | $3,020 | $2,020 | $1,020
| Under 15 years | $7,020 | $6,020 | $5,020 | $4,020 | $3,020 | $2,020 | $1,020 | $1,020
| Five persons | $9,043 | $8,043 | $7,043 | $6,043 | $5,043 | $4,043 | $3,043 | $2,043
| Six persons | $10,077 | $9,077 | $8,077 | $7,077 | $6,077 | $5,077 | $4,077 | $3,077
| Seven persons | $11,112 | $10,112 | $9,112 | $8,112 | $7,112 | $6,112 | $5,112 | $4,112
| Eight persons | $12,147 | $11,147 | $10,147 | $9,147 | $8,147 | $7,147 | $6,147 | $5,147
| Nine persons | $13,183 | $12,183 | $11,183 | $10,183 | $9,183 | $8,183 | $7,183 | $6,183
| Ten persons or more | $14,220 | $13,220 | $12,220 | $11,220 | $10,220 | $9,220 | $8,220 | $7,220

U.S. POVERTY LEVELS

Thresholds at the Poverty Level in 1982 by Size of Family and Number of Related Children Under 18 Years Old

<table>
<thead>
<tr>
<th>Man of Family Unit</th>
<th>Number of Related Children under 18 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 person (unrelated individual)</td>
<td>0,000</td>
</tr>
<tr>
<td>Under 15 years</td>
<td>5,498</td>
</tr>
<tr>
<td>2 persons</td>
<td>6,778</td>
</tr>
<tr>
<td>Under 15 years</td>
<td>8,077</td>
</tr>
<tr>
<td>3 persons</td>
<td>10,466</td>
</tr>
<tr>
<td>Under 15 years</td>
<td>12,220</td>
</tr>
<tr>
<td>4 persons</td>
<td>14,154</td>
</tr>
<tr>
<td>Under 15 years</td>
<td>16,066</td>
</tr>
<tr>
<td>1 person (unrelated individual)</td>
<td>0,000</td>
</tr>
<tr>
<td>Under 15 years</td>
<td>8,083</td>
</tr>
<tr>
<td>2 persons</td>
<td>9,999</td>
</tr>
<tr>
<td>Under 15 years</td>
<td>12,020</td>
</tr>
<tr>
<td>3 persons</td>
<td>12,368</td>
</tr>
<tr>
<td>Under 15 years</td>
<td>15,020</td>
</tr>
<tr>
<td>4 persons</td>
<td>15,000</td>
</tr>
<tr>
<td>Under 15 years</td>
<td>17,500</td>
</tr>
</tbody>
</table>

816
More than a quarter of a million adult Minnesotans had incomes below the poverty level in 1979, and three-fifths of these poor people were women.

Fifteen percent of Minnesota's poor live in the poorest fourth of Minnesota's counties. Fifty percent of Minnesota's poor live in the most affluent fourth of Minnesota's counties.

Poverty rates are highest for both men and women among those ages 18 to 21 and among those age 65 and over. The highest rates, 19 percent for women and 13 percent for men, are for persons age 75 and above.

Six percent of women and five percent of men age 40 to 54 are poor, the lowest rate for any age group. This is explained in part by the fact that most people this age are married and living with their spouses, a life stage which is associated with economic well-being.
More than one-fourth of poor women (29 percent) are age 65 and over. Only 20 percent of poor men are in this age group. Because of the large numbers of older women and their high poverty rates, older women in poverty outnumber their male counterparts by more than two to one.

Poverty rates are consistently higher in the balance of the state than in region II*. However, differences by sex and age are evident in both regions. Poverty rates for women are 13 percent in the balance of the state compared with eight percent in region II. Comparable rates for men are ten percent and five percent for men.

The highest rate by region and age is for women age 75 and over living outside the Twin Cities area. Almost one-quarter of these women had poverty level incomes in 1979.

*Region I includes the seven county Twin Cities area: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties.
In 1979, as reported in the 1980 census, 17 percent of Minnesota families had income below $10,000. Twenty-six percent of rural non-farm women and 28 percent of rural farm women had family incomes below $10,000.

Thirty-nine percent of Minnesota families had incomes above $25,000, while only 29 percent of rural non-farm women and 26 percent of rural farm women had family incomes that high.

POVERTY RATES for FAMILIES & HOUSEHOLDS

Since most people living alone are women, and most women living alone are age 65 and over, it is not surprising that one-person households are economically vulnerable. In addition, these households are usually supported by only one person, while most Minnesota families (61 percent) have more than one wage earner.
Median income for female one-person households was $6,483 in 1979, 59 percent of the $11,039 median for male one-person households. Both figures are well below the average of $22,533 for married-couple families in the state.

For both men and women living alone, median income decreases at older ages. For female one-person households, the median ranges from $10,006 for those under age 45 to $4,610 for those age 65 and over. For their male counterparts, the median ranges from $13,311 for those under age 45 to $5,193 for those age 65 and over.

About 17 percent of poor men and about 28 percent of poor women live alone. This is particularly true of older women: 73 percent of poor women age 75 and over live alone.

**POVERTY RATES BY FAMILY TYPE**

People living in families are generally less likely than those in non-family households to be poor. Twenty-two percent of women living alone and 15 percent of men living alone are poor. By contrast about seven percent of families have poverty level incomes.

Families with children have a higher poverty rate, at nine percent, than those without children, at five percent. Those with preschool-age children are more likely than those with only school-age children to be poor, 11 percent compared with seven percent.

Married people are much less likely than those in other marital situations to be in poverty. Only 31 percent of poor women are married, compared with 57 percent of women in the general population. Forty-five percent of poor men are married, compared with 61 percent of men generally.

More than one in three women in poverty are widowed (22 percent), separated (4 percent) or divorced (11 percent). Only about one in ten poor men are widowed (5 percent), separated (1 percent) or divorced (6 percent).
There were more than 74,000 Minnesota families with incomes below the poverty level in 1979. Of these 64 percent were married-couple families, 33 percent were female-headed families and three percent were male-headed families.

Although female-headed families represent only 13 percent of families in Minnesota, they account for 33 percent of families living in poverty. The proportion of poor families headed by women represents a large increase in the last decade, up from one-fourth to one-third of all poor families in Minnesota.

Nationally, an even larger proportion of families in poverty, 45 percent, are headed by women. More than two-thirds of poor families have children, and 39 percent have at least one child under age six. Eighty-seven percent of female-headed families in poverty, compared with only 60 percent of married-couple families in poverty, have children. Less than half of male-headed families in poverty have children.

Families maintained by women with no spouse present are most vulnerable to poverty: 23 percent of these families compared with five percent of husband-wife families and eight percent of male-headed families had income below the poverty level in 1979.

Median income for male-headed families is 80 percent of the median income for married couples, while for female-headed families it is only 50 percent of the married couple median.
In every racial group female-headed families were a disproportionately large number of the families in poverty in 1979. Over two-thirds of black and American Indian families in poverty were headed by women. Over half of Spanish origin families in poverty were headed by women. And nearly 40 percent of white families in poverty were headed by women.

![FEMALE-HEADED SINGLE-PARENT FAMILIES AS A PERCENT OF FAMILIES IN POVERTY IN MINNESOTA, 1979]

<table>
<thead>
<tr>
<th>Race/Ethnic Group of Householder</th>
<th>Percent Female-Headed</th>
<th># Families in Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHITE</td>
<td>39.4%</td>
<td>45,004</td>
</tr>
<tr>
<td>BLACK</td>
<td>82.9%</td>
<td>2,467</td>
</tr>
<tr>
<td>AM. INDIAN</td>
<td>69.2%</td>
<td>1,886</td>
</tr>
<tr>
<td>ASIAN</td>
<td>15.1%</td>
<td>1,111</td>
</tr>
<tr>
<td>SPANISH ORIGIN</td>
<td>52.9%</td>
<td>842</td>
</tr>
<tr>
<td>OTHER RACE</td>
<td>29.5%</td>
<td>61</td>
</tr>
</tbody>
</table>

Over 20 percent of white female-headed families and almost half of black and Spanish origin female-headed families were poor in 1979. Over half of American Indian female-headed families were in poverty in 1979.

![FEMALE-HEADED FAMILIES IN POVERTY IN MINNESOTA, 1979]

<table>
<thead>
<tr>
<th>RACE/ETHNIC GROUP OF HOUSEHOLDER</th>
<th>PERCENT IN POVERTY</th>
<th># OF FEMALE-HEADED FAMILIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHITE</td>
<td>20.6%</td>
<td>95,753</td>
</tr>
<tr>
<td>BLACK</td>
<td>15.0%</td>
<td>4,707</td>
</tr>
<tr>
<td>AM. INDIAN</td>
<td>11.9%</td>
<td>2,580</td>
</tr>
<tr>
<td>ASIAN</td>
<td>12.6%</td>
<td>573</td>
</tr>
<tr>
<td>SPANISH ORIGIN</td>
<td>12.9%</td>
<td>979</td>
</tr>
<tr>
<td>TOTAL</td>
<td>22.2%</td>
<td>104,639*</td>
</tr>
</tbody>
</table>

*Includes other races.
More than 122,000 children in Minnesota were in poverty in 1979. Female-headed families with children have a higher poverty rate, 30 percent, than those without children, six percent. Those with preschool-age children are more likely than those with only school-age children to be poor, 50 percent compared with 21 percent.

---

**FEMALE-HEADED FAMILIES WITH CHILDREN UNDER SIX IN POVERTY IN MINNESOTA, 1979**

<table>
<thead>
<tr>
<th>Race/Ethnic Group of Householder</th>
<th>Percent in Poverty</th>
<th># of Female-Headed Families with Children Under Six</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHITE</td>
<td>47.40</td>
<td>22,073</td>
</tr>
<tr>
<td>BLACK</td>
<td>60.32</td>
<td>2,092</td>
</tr>
<tr>
<td>AM. INDIAN</td>
<td>69.42</td>
<td>1,312</td>
</tr>
<tr>
<td>ASIAN</td>
<td>57.15</td>
<td>119</td>
</tr>
<tr>
<td>SPANISH ORIGIN</td>
<td>65.18</td>
<td>456</td>
</tr>
<tr>
<td>TOTAL</td>
<td>49.82</td>
<td>26,053*</td>
</tr>
</tbody>
</table>

*Other: 16 other

---

**FEMALE-HEADED FAMILIES WITH CHILDREN 7-10 IN POVERTY IN MINNESOTA, 1979**

<table>
<thead>
<tr>
<th>Race/Ethnic Group of Householder</th>
<th>Percent in Poverty</th>
<th># of Female-Headed Families with Children 7-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHITE</td>
<td>18.92</td>
<td>18,346</td>
</tr>
<tr>
<td>BLACK</td>
<td>37.34</td>
<td>2,004</td>
</tr>
<tr>
<td>AM. INDIAN</td>
<td>60.32</td>
<td>1,012</td>
</tr>
<tr>
<td>ASIAN</td>
<td>32.82</td>
<td>304</td>
</tr>
<tr>
<td>SPANISH ORIGIN</td>
<td>59.38</td>
<td>396</td>
</tr>
<tr>
<td>TOTAL</td>
<td>20.73</td>
<td>42,075*</td>
</tr>
</tbody>
</table>

*Other: 45 other
POVERTY by LABOR FORCE STATUS

Not surprisingly, persons not in the labor force are more likely to be poor, up to three times as likely as those who are in the labor force. Overall, 15 percent of women not in the labor force and 14 percent of men not in the labor force are poor.

In 1979, there were 213,758 persons of working age in poverty in Minnesota. Fifty-seven percent were women and 43 percent were men.

Forty-two percent of working age (16-64) women and 63 percent of working age men with poverty level income are in the labor force. The lower rate for women may be explained in part by the lack of adequate child care, since poor women are far more likely than their male counterparts to be single-parents of preschoolers.

This compares to an overall labor force participation rate of 86 percent for men and 64 percent for women. The labor force participation rate for people of working age is lower for those in poverty than for the general population. However the majority of poor people are in the labor force.
Earnings are the most important source of income for both men and women. Since women are less likely to be employed full-time, their earnings are lower than men's earnings. But even when controlling for these and other factors the centuries old "earnings gap" remains.

The state's earnings gap is larger than the national average. In 1979, Minnesota women employed full-time year-round earned $10,005 compared with $17,704 for their male counterparts -- only 57 cents, on the average, for each dollar earned by men.

Earnings for Minnesota women peak at age 25 to 34. This earnings peak of $11,005 for women is only slightly higher than the lowest earnings for any age group of men -- $11,003 for those age 65 and over.

Earnings for both men and women increase with increasing levels of educational attainment. However, Minnesota parallels national patterns in that women earn less than men at every educational level.

Average female college graduates earn about the same as men with an eighth grade education -- and women who have attended graduate school earn less than male high school dropouts.

Female high school graduates earn 56 cents for every dollar earned by their male counterparts, while female college graduates earn 62 cents for every dollar earned by men with this much education. The earnings gap has been widely studied, and the gap persists even when controlling for factors such as occupation, industry, geographic area, labor force experience and other characteristics of employed persons and their jobs.
### Income and Poverty Rates of One-Person Households by Age: 1979

<table>
<thead>
<tr>
<th>One Person Households</th>
<th>Women</th>
<th>Minnesota</th>
<th>Men</th>
<th>Minnesota</th>
</tr>
</thead>
<tbody>
<tr>
<td>With income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent Distribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than $5,000</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>$5,000 to $9,999</td>
<td>38.5</td>
<td>16.6</td>
<td>24.2</td>
<td>54.7</td>
</tr>
<tr>
<td>$10,000 to $14,999</td>
<td>31.1</td>
<td>31.0</td>
<td>20.6</td>
<td>31.3</td>
</tr>
<tr>
<td>$15,000 to $24,999</td>
<td>16.9</td>
<td>30.1</td>
<td>22.4</td>
<td>8.3</td>
</tr>
<tr>
<td>$25,000 and over</td>
<td>11.3</td>
<td>20.0</td>
<td>18.6</td>
<td>4.4</td>
</tr>
<tr>
<td>Median Income</td>
<td>1.8</td>
<td>2.1</td>
<td>3.5</td>
<td>1.0</td>
</tr>
<tr>
<td>Poverty Rate</td>
<td>0.3</td>
<td>0.3</td>
<td>0.5</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: PUMS

### Persons 18 and over in Poverty by Age and Labor Force Status: 1979

<table>
<thead>
<tr>
<th>Minnesota</th>
<th>Females</th>
<th>Males</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL, AGE 18 AND OVER</td>
<td>10.8%</td>
<td>7.7%</td>
</tr>
<tr>
<td>In Labor Force</td>
<td>6.3</td>
<td>5.5</td>
</tr>
<tr>
<td>Not in Labor Force</td>
<td>15.3</td>
<td>14.3</td>
</tr>
<tr>
<td>AGE 16 TO 64</td>
<td>10.8</td>
<td>7.6</td>
</tr>
<tr>
<td>In Labor Force</td>
<td>7.1</td>
<td>4.9</td>
</tr>
<tr>
<td>Not in Labor Force</td>
<td>15.6</td>
<td>17.9</td>
</tr>
<tr>
<td>AGE 65 TO 64</td>
<td>7.6</td>
<td>6.3</td>
</tr>
<tr>
<td>In Labor Force</td>
<td>3.7</td>
<td>4.4</td>
</tr>
<tr>
<td>Not in Labor Force</td>
<td>11.6</td>
<td>13.4</td>
</tr>
<tr>
<td>AGE 65 AND OVER</td>
<td>10.8</td>
<td>10.8</td>
</tr>
<tr>
<td>In Labor Force</td>
<td>5.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Not in Labor Force</td>
<td>17.8</td>
<td>12.1</td>
</tr>
</tbody>
</table>

Source: PUMS

### Persons Age 15 and Over in Poverty by Age and Marital Status: 1979

<table>
<thead>
<tr>
<th>Minnesota</th>
<th>Females</th>
<th>Males</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGE</td>
<td>Single</td>
<td>Married</td>
</tr>
<tr>
<td>FEMALES, 15 AND OVER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 to 24</td>
<td>14.6</td>
<td>5.3</td>
</tr>
<tr>
<td>25 to 44</td>
<td>14.6</td>
<td>5.3</td>
</tr>
<tr>
<td>MALEs, 15 AND OVER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 to 24</td>
<td>10.8</td>
<td>5.3</td>
</tr>
<tr>
<td>25 to 44</td>
<td>10.8</td>
<td>5.3</td>
</tr>
</tbody>
</table>

Source: PUMS
# TABLES

Persons in Poverty by Age and Region: 1979

<table>
<thead>
<tr>
<th>Age and Sex</th>
<th>Minnesota</th>
<th>Region 11</th>
<th>Balance of State</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Population</td>
<td>% In Poverty</td>
<td>Total Population</td>
</tr>
<tr>
<td>CHILDREN UNDER AGE 18</td>
<td>1,174,602</td>
<td>10.4%</td>
<td>897,687</td>
</tr>
<tr>
<td>WOMEN AGE 18 AND OVER</td>
<td>1,896,299</td>
<td>18.2%</td>
<td>790,686</td>
</tr>
<tr>
<td>Age 18 to 21</td>
<td>154,346</td>
<td>16.0%</td>
<td>76,020</td>
</tr>
<tr>
<td>Age 22 to 29</td>
<td>578,293</td>
<td>8.7%</td>
<td>394,469</td>
</tr>
<tr>
<td>Age 40 to 54</td>
<td>294,233</td>
<td>5.9%</td>
<td>174,934</td>
</tr>
<tr>
<td>Age 55 to 64</td>
<td>77,131</td>
<td>7.2%</td>
<td>45,859</td>
</tr>
<tr>
<td>Age 65 to 74</td>
<td>69,506</td>
<td>9.1%</td>
<td>38,813</td>
</tr>
<tr>
<td>Age 75 and Older</td>
<td>150,174</td>
<td>12.0%</td>
<td>61,671</td>
</tr>
<tr>
<td>MNAS AGE 18 AND OVER</td>
<td>1,336,688</td>
<td>7.1%</td>
<td>676,100</td>
</tr>
<tr>
<td>Age 18 to 21</td>
<td>158,373</td>
<td>10.4%</td>
<td>75,425</td>
</tr>
<tr>
<td>Age 22 to 29</td>
<td>579,206</td>
<td>6.5%</td>
<td>312,937</td>
</tr>
<tr>
<td>Age 40 to 54</td>
<td>269,352</td>
<td>5.2%</td>
<td>144,230</td>
</tr>
<tr>
<td>Age 55 to 64</td>
<td>91,586</td>
<td>5.5%</td>
<td>42,988</td>
</tr>
<tr>
<td>Age 60 to 64</td>
<td>80,371</td>
<td>6.9%</td>
<td>33,559</td>
</tr>
<tr>
<td>Age 65 to 74</td>
<td>119,746</td>
<td>8.2%</td>
<td>43,618</td>
</tr>
<tr>
<td>Age 75 and Older</td>
<td>77,255</td>
<td>12.8%</td>
<td>26,704</td>
</tr>
</tbody>
</table>

Source: S174 7B 11a

Families In Poverty by Parental Status: 1979

<table>
<thead>
<tr>
<th>Family Type</th>
<th>Minnesota</th>
<th>Percent In Poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TOTAL FAMILIES</td>
<td></td>
</tr>
<tr>
<td>Without children</td>
<td>7.7%</td>
<td>4.9</td>
</tr>
<tr>
<td>With children</td>
<td>6.9%</td>
<td>6.9</td>
</tr>
<tr>
<td>Under 6</td>
<td>5.4%</td>
<td>6.9</td>
</tr>
<tr>
<td>6 to 17 only</td>
<td>5.4%</td>
<td>4.9</td>
</tr>
<tr>
<td>Married-Couple Families</td>
<td>5.2%</td>
<td>5.2</td>
</tr>
<tr>
<td>Without children</td>
<td>4.6%</td>
<td>5.2</td>
</tr>
<tr>
<td>With children</td>
<td>5.8%</td>
<td>7.1</td>
</tr>
<tr>
<td>Under 6</td>
<td>7.1%</td>
<td>4.7</td>
</tr>
<tr>
<td>6 to 17 only</td>
<td>22.8%</td>
<td>22.8</td>
</tr>
<tr>
<td>Female-Headed Families</td>
<td>5.4%</td>
<td>5.4</td>
</tr>
<tr>
<td>Without children</td>
<td>7.7%</td>
<td>7.7</td>
</tr>
<tr>
<td>With children</td>
<td>3.2%</td>
<td>5.4</td>
</tr>
<tr>
<td>Under 6</td>
<td>5.4%</td>
<td>20.9</td>
</tr>
<tr>
<td>6 to 17 only</td>
<td>5.4%</td>
<td>20.9</td>
</tr>
<tr>
<td>Male-Headed Families</td>
<td>8.2%</td>
<td>8.2</td>
</tr>
<tr>
<td>Without children</td>
<td>7.1%</td>
<td>7.1</td>
</tr>
<tr>
<td>With children</td>
<td>10.3%</td>
<td>10.3</td>
</tr>
<tr>
<td>Under 6</td>
<td>18.9%</td>
<td>18.9</td>
</tr>
<tr>
<td>6 to 17 only</td>
<td>7.5%</td>
<td>7.5</td>
</tr>
</tbody>
</table>

Source: S174 7B 11a