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Institute's Social Security Website Wins Award

In early October 2000, The American Institute for Full Employment launched a new website for its Choose Your Future Social Security project. The site presents a wide variety of information regarding Social Security reform.

Two weeks later, the Henry Hazlitt Foundation's Free-Market.Net awarded the site its Freedom Home Page of the Week award, giving Choose Your Future high praise for its content and

"Points for Style". "The folks at Choose Your Future have provided a fantastic primer for anyone who wants to know more for themselves or to teach others."



Henry Hazlitt Foundation Award

Visitors to the Institute website, www.ChooseYourFuture.com, can test their Social Security knowledge, calculate how reform options compare to our current system, learn the key issues facing Social Security and write an e-mail to their congressperson.

The website's launch comes at a time when the American public has been inundated with information about Social Security, some of it confusing, false or misleading.

For example, recently, opponents of choice and private accounts have claimed that private accounts for workers would cost \$1 trillion and would take the same \$1 trillion from the Social Security benefits of the elderly.

The claim that private accounts would cost seniors \$1 trillion in benefits is simply not true for two reasons.

First, the Social Security Administration's memoranda show a

short-term Social Security surplus of more than \$2 trillion over the next ten years; enough to allow us to begin saving the system by letting workers invest some of their money.

Second, with private accounts, the money workers invest would not take away from the money Americans have for benefits. Instead, investments would increase the amount of retirement money we have, because the investments will grow, just like an IRA or 401K.

With private accounts and the power of compounded interest, Social Security can gradually crawl out of the projected \$22 trillion debt it faces.

But every additional day we continue with a system that lets the government spend our money rather than letting us save and invest it ourselves, brings us closer to the day the system breaks under the weight of a flood of retiring Baby Boomers.

For more facts on Social Security and reform options, visit the Choose Your Future website at www.ChooseYourFuture.com.

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Making the Grade: Comparing States' Welfare Reform Efforts

The American Institute for Full Employment recently reviewed all states' welfare reform efforts and identified opportunities for improvement.

From Wyoming, which has made much progress to Hawaii, which has great opportunities for improvement, each state has been critiqued based on a comprehensive U.S. database comparing caseload levels, cost savings and key program features.

Using welfare data that each state reports to the U.S. Department of Health and Human Services, the Institute compared states' overall welfare¹ caseload reductions since January 1993 and their current welfare dependency.

The results vary considerably. Some states have welfare caseload reductions in excess of 70% while others have barely managed a 20% drop.

The Institute's study shows a strong correlation between specific program conditions and caseload reduction. Generally, those states that encouraged and required work have decreased dependency more than those states that focus on assessment, training, and job "development" skills.

Analyzing the data reveals opportunities for program changes and raises important questions. For example, why does Idaho have only 1 out of 563 Idahoans dependent on welfare? Why does California have 1 in 20 persons dependent on welfare?

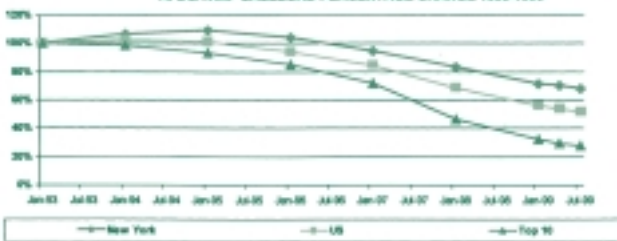
Each report analyzes a state's program features, identifies opportunities for improvement and offers Institute assistance in developing a plan for the state to improve its effectiveness in helping our nation's impoverished.

To find out how your state fares in welfare reform and what its opportunities for improvement are, visit the "States" section of the American Institute for Full Employment website at www.fullemployment.org.

¹ "Welfare" in this article refers specifically to Temporary Assistance to Needy Families, the primary cash assistance program in the U.S.

State of New York Welfare Reform Progress Report

AFDC/TANF CASELOAD PERCENTAGE CHANGE 1993-1999



Source of Data: US Dept. of Health & Human Services

Analysis of Performance

• New York's welfare caseload (TANF/AFDC families) has dropped 32% in the last six years, from 423,387 cases in January 1993 to 287,835 in June 1999.

• This decrease is significantly less than the 48.8% U.S. average caseload reduction during this time period.

• New York ranks 48th among all states and the District of Columbia in welfare caseload reduction in the last six years.

• Since October 1996, the start of PRWORA Welfare Reform, New York's welfare caseload has decreased by 30.3%, which ranks 41st among all states and the District of Columbia.

• For the last three months for which data are available (April 1999 - June 1999), New York ranked 38th among all states and the District of Columbia in TANF caseload reduction.

Lost Opportunities

• If New York's reduction in TANF caseload matched the U.S. average, an additional 30,916 families would have begun their journeys from government dependency to self-sufficiency.

• Over 795,000 individuals (1 in every 23 New Yorkers) continue to receive TANF. Forty-three states have a lower TANF dependency percentage than New York.

This graph compares New York's remaining TANF caseload percentage (with January 1993 as the base or 100%) to that of: (1) U.S. average; and (2) the average of the "top ten" performing states. The top ten performing states were those states with the largest percentage of caseload reduction from 1993 to the present.

New York's caseload reduction (from January 1993 through June 1999) of 32% compares to caseload reduction of the nearest states as follows:

- Vermont reduced caseload by 34.8%
- Massachusetts reduced caseload by 55.6%
- Connecticut reduced caseload by 40.8%
- Pennsylvania reduced caseload by 43.0%
- New Jersey reduced caseload by 32.4%

Lost Opportunities: Cost

• If New York's TANF caseload reduction matched the national average, the state would realize an additional TANF "surplus" (avoided TANF grant costs) of \$466.6 million this fiscal year.

• If New York's TANF caseload reduction matched the average of the ten top performing welfare reform states, this TANF "surplus" would exceed \$1.035 billion this fiscal year.



American Institute for
Full Employment

Social Security Reform is Now Hot Button Ready to Be Pushed

By Art Linkletter

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During the lull preceding the Democratic and Republican national conventions, political reporters "discovered" Social Security reform as a key issue in the presidential campaign.

Typically, the president gets credit for "putting the issue on the table." Actually, the issue has been "on the table" for a very long time. Only now, however, has it become safe for presidential candidates to discuss real Social Security reform in polite company.

Conservatives have been talking about Social Security reform since the early years of the Reagan administration. The other day I unearthed from my files a 1983 Associated Press story about what was then considered a remarkable study from The Heritage Foundation suggesting that individuals be allowed to establish Social Security private accounts.

Heritage and other think tanks have since published countless analyses of the concept. For a long time the political cognoscenti laughed. No one in his right mind talks of Social Security individual private accounts, the conventional wisdom held. It is the "third rail" of politics - touch it and die.

What's changed? **America is now a nation of stockholders. More than half of all Americans now own stock, either indirectly through mutual funds or directly.** A great number of people have IRAs, first made universally available in 1981. That seed of personal control over retirement savings is now a full-fruiting tree.

The second question many job seekers ask, after "What's the pay?" is, "What's your 401(k) match?" The stock market, which despite its short-term ups and downs has proven to be a good long-term investment, no longer is mysterious or scary to many Americans. It's a good thing, because any serious Social Security reform will have to embrace the markets even as it protects the benefits promises made to those already retired or too close to retirement to make other plans.

At the current 12.4 percent tax rate, according to Martin Feldstein, a former chairman of the prestigious President's Council of Economic Advisors, Congress eventually will have to cut Social Security benefits by 30 percent as the population ages. If Congress wants to maintain current benefits without major Social Security reform, Feldstein says, then it will have to increase the Social Security tax rate to 19 percent of payroll. That's an increase of \$4,000 per year for a



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couple in which both husband and wife earn \$30,000.

The only plausible alternative to inexorably cutting benefits, raising taxes or some combination of the two is to allow Americans to redirect some or all of their Social Security taxes to individually owned and controlled retirement accounts. That's a radical departure from the current system, under which Americans have neither direct control of their Social Security "accounts" nor any legal ownership interest.

Social Security is one "hot button" ready to be pushed. And with the system reaching the age of 65 on Aug. 14, it is time for it to be reformed and saved.

Veteran television personality and author Art Linkletter is national spokesman for United Seniors Association, a leading senior-citizens organization with more than 675,000 members.

Oregon Unemployment Insurance Participants Favor Innovative Full Employment Program

In a survey released this year by the Oregon Employment Department, participants in an Oregon-unique Unemployment Insurance (UI) program responded overwhelmingly positively to the program.

The program, called JOBS Plus, offers Unemployment Insurance claimants, who cannot otherwise find a job, an extra tool to get their foot in the door.

For employers willing to hire and provide on-the-job training for these claimants, JOBS Plus provides a wage subsidy equal to the minimum wage plus various employer tax costs.

According to the survey, eighty-two percent of Oregon UI claimants surveyed said they had a positive or neutral experience and would participate in the program again, given the choice.

Features of Full Employment

For Participants

- Immediate placement in unsubsidized jobs, or temporarily subsidized, training-oriented jobs for those unable to get unsubsidized employment. Wage subsidies are paid from the pool of public assistance benefits.
- A ladder of job opportunities, with rising spendable income at each step.
- Guaranteed support services throughout the transition to self-sufficiency.

For Employers

- A larger workforce from which to recruit workers.
- The chance to try out new workers in new jobs at little or no wage cost.
- The opportunity to contribute to reducing the public assistance burden, and provide the unemployed with the many benefits that only employment provides.

For the State

- A stronger state economy.
- Happier, more productive citizens.
- Reduced costs of welfare and other related social costs of unemployment and dependency.



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INSTITUTE MISSION

The Institute's goal is full employment - universal access to jobs with career potential for all who can work, especially those who are receiving public assistance as a substitute for the opportunities and rewards of paid work.

CONSULTING

The Institute offers consulting to any state that wishes to implement a Full Employment Program. Consulting services include: program design, training workshops and establishment of performance criteria.

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