

STEPS.



Steps To
Employment
Prosperity
& Success

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What is Full Employment?

Full Employment is a welfare, unemployment, and food stamp benefit replacement concept that moves public assistance recipients into the active workforce by converting public assistance benefits to wage subsidies for transitional, training oriented jobs, predominantly in the private sector.

A Model For Welfare Programs

The Flathead Indian Reservation sits on 1,244,000 acres in western Montana and is home to the Confederated Salish-Kootenai



Tribes. This picturesque area is bordered on the east by the Rocky Mountains and Flathead Lake to the west with the tribal headquarters in Pablo, Montana.

It is also home to one of the most innovative tribal welfare programs in the country. Formerly Oregon's welfare director and now a consultant for the American Institute for Full Employment, Sandie Hoback, visited the tribe's welfare office to conduct a program assessment. According to Hoback, "not only should it be seen as a model for other tribal programs, but for non-tribal programs as well."

The reservation, by virtue of its population, is one of only a few that is not considered "rural." Of nearly 6,800 enrolled tribal members, approximately 3,700 live on or near the reservation.

Because it is not rural, it is bound by federal law's five-year limitation on welfare benefits. This time limit drives the tribe's welfare program to help move people into jobs. Theresa Wall MacDonald, Salish-Kootenai Tribal TANF Director, explains that the tribe's message is, "How many kids can you fully raise in five years? You only get TANF for that long. You have no choice but to get a job and provide for your family."

But it isn't always easy. According to MacDonald, unemployment among tribal members is high—41 percent. This number, however, is misleading and actually significantly lower than other reservations.

Tribal members must vie for few available jobs. The total labor force on the Flathead reserva-

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A Model For Welfare Programs, *continued...*

tion is 1,643 with a per capita income of \$6,400. So, job competition in this seasonal resort area is fierce.

But despite these challenges the tribe's welfare program is remarkably successful. The TANF program was transferred to the tribe in January 1998 from the State of Montana. At that time, the welfare caseload was 180. Three years later, in May 2001, the caseload was 127, but only 66 checks were issued.

The tribe believes very strongly in work, and in a "work first" model with supportive services. MacDonald points out to all new participants that they are competing for every job in Lake County, so they must be well prepared for work and able to demonstrate their employability to potential employers.

Participants must perform 32 hours of work activities per week to get TANF benefits. They must show evidence of a work search and attend a job readiness class prior to receiving a benefit check.

The tribal program provides participants with incentives, awarding bonuses when one obtains their GED or gets a job.

On the other hand, the tribe gives penalties to those willfully refusing to work toward self-sufficiency. The tribe imposes a full family sanction, terminating all benefits to the family, for three months if a participant obtains employment and then quits without good cause. As an alternative to being sanctioned, the participant can work in the welfare office.

For those not ready to work, they are placed in a 90-day program, which includes getting one's GED and driver's license, as well as job readiness, parenting, and job skills evaluations and training. If an evaluation shows less than a fourth grade proficiency, the welfare office assesses the participant for learning disabilities.

In an effort to break the cycle of traditional tribal problems, the Salish-Kootenai welfare program offers work supports for help with drug dependency, parenting and preventative health.

All participants undergo a mandatory drug test at intake. If they test positive, the participant receives mandatory drug and alcohol treatment.

This program places a high priority on parenting. Parents must read to their children, which is considered a work activity. Parenting classes are mandatory. The tribe's welfare office monitors school attendance and immunizations.

Hoback concluded her assessment of the Salish-Kootenai welfare program by stating that, "their results are particularly impressive given the unemployment rate is over 40 percent for tribal members. I attribute their success to an unrelenting work-first philosophy from the first day of contact, and a willingness to innovate, innovate, innovate to that end." ■



I N S I G H T

Report Finds Social Security Unfair and Unfunded

The 16-member bipartisan panel dubbed the President's Commission to Strengthen Social Security, warns that Americans will pay higher taxes or see deep cuts in their benefits if Social Security is not reformed.

The Commission's report states that in just fifteen years the program's surplus will end and Social Security will begin paying out more in benefits than it receives in taxes. "The year 2016 may seem a long way off, but it is not," the document says. "For a person who is 50 years old today, Social Security will begin experiencing financial difficulties just when he or she reaches retirement age."

If we fail to keep the system afloat through tax hikes or benefit cuts, government could face the thorny task of cutting programs. The report states that by 2020 revenue shortfalls would require cuts that "equal the combined size" of Head Start, the Women Infants and Children Nutrition Program, the Education and Commerce Departments and the Environmental Protection Agency.

Aside from clearly describing the financial train wreck that awaits our retirement, the Commission's report spells out some unintended inequities, namely that Social Security is failing blacks, Hispanics, women, and the poor—groups that need the program the most.

In Social Security's live-long-or-lose-out program, African Americans lose out. This is because they unfortunately have lower life expectancies than others. With Social Security, one must live long enough to retire and then long enough after that, to get back a lifetime of taxes.

Hispanic Americans have the lowest savings rates of any ethnic group in the U.S. Many are low-wage workers who have no disposable income to save for retirement. The Commission's report states that Hispanics will bear a disproportionate burden of supporting Social Security benefits in the future because they tend to be younger than members of other ethnic groups. Rates of return are rapidly dropping for younger workers of which Hispanics are one of the fastest growing ethnic groups.

Many married working women pay into Social Security for a lifetime and get no more money from Social Security than if they hadn't worked at all.

The report warns that women are especially vulnerable if the program runs short of money because they are more dependent on the government's help to stay out of poverty.

With little in the way of retirement assets, most low-income workers are dependent on Social Security for 80 percent of their retirement income (compared to just 20 percent for wealthier Americans). At first glance Social Security looks like a generous program for them. According to the latest Social Security Administration Trustees' report, a low-income worker who earned about \$14,500 in 2001 will receive about \$7,600 upon retirement, about 53 percent of his income (compare that to the average worker earning \$32,105 in 2001 who will receive a benefit of \$12,642, about 39 percent of his income). Living long enough to start getting Social Security is not enough. One must live long enough to get back their money paid in over a lifetime. Since, low-income individuals have shorter life expectancies, many never receive the benefit of their Social Security bargain.

The Commission's report describes a system that is unfair and unfunded. While not outlining specific reforms, the Commission states that, "if we are to maintain a sound system of support for tomorrow's retirees, this present generation of Americans must be encouraged to save and invest more than it currently does."

That objective is in keeping with the

premise of President Bush's reform plan. The President's plan would allow workers to place a portion of their payroll taxes into their own retirement accounts, thereby creating a "nation of owners and savers."

Even before it was finalized the Commission's report met with opposition from many Democrats and their allies, including labor unions. Senate Majority Leader, Tom Daschle (D) called the report "biased, misleading and in many places, flat out wrong." Shy on detail, however, opponents of the report say that there's no reason to panic until 2038 when the Social Security trust fund is projected to go broke.

Frustrated, Commissioners asked opponents to stop the bashing and help solve the system's problems. "I would urge my fellow Democrats to lower the rhetoric, stop the 'kill the messenger' strategy and focus on trying to address a very serious problem," said Robert Johnson, Commissioner and chief executive officer of Black Entertainment Television. The Commission's opponents 'favor the do-nothing plan,'" said Robert Pozen another Democratic member of the Commission.

And indeed it appears that the "do-nothing plan" means just that. Aside from balancing the books, many random factors affect the solvency of Social Security. As the Commission's report points out, for the system to stay afloat mortality, immigration, birthrates and a myriad of other factors must remain constant - or do nothing.

Social Security worked well enough when it was created in the 1930s, but times have changed. Today's trends in life expectancies, living standards and retirement habits have created problems from fairness to funding.

Reform that allows for individual retirement accounts could restore the system's financial health, promote savings, and economic growth. But perhaps most importantly, **reform could allow low-income recipients, many of whom rely on Social Security as their only resource for retirement, an opportunity to accumulate a bit of wealth and property.**



places the unemployed in subsidized jobs, which expands productivity, creates more employment, and reduces the government burden.

Brendan Walsh, Professor of National Economics of Ireland at University College in Dublin, also attended the conference. He related that by lowering



A Conference in Bratislava

Aliancia Noveno Obcana (ANO - Alliance of a New Citizen), a rapidly growing political party, is calling for an "Employment Pact." Believing in freedom and free markets, ANO is studying opportunities to encourage job creation.

At an ANO conference in Bratislava, Slovakia, Ted Abram of the American Institute for Full Employment, spoke on employment opportunities and welfare reform. Under Communist control until 1989, Slovakia became independent of the Czech Republic in 1993.

Today, this fledgling nation is struggling to transition into a modern market economy. The vestiges of communism have burdened Slovakia with large debt and 20 percent unemployment. Their welfare system, a holdover from communism, encourages idleness by often paying benefits that are more than an average wage.

Ted Abram explained the Institute's Full Employment Program and the opportunities for job expansion. Rather than permitting idleness, the Full Employment Program

taxes and eliminating burdensome regulation, Ireland attracted foreign investment. Within ten years, Ireland eliminated its formerly chronic unemployment rate of 20 percent.

den so as to encourage foreign investment.

Earlier this year, Gabriela Cincurova, a scholar from Slovakia, visited the Institute in Klamath Falls, Oregon. In September, Szaraz Krisztina, the Personal Assistant to Slovakia's



Ted Abram listens to a translation of the ANO Conference in Slovakia.

At the conference ANO resolved to expand employment by restructuring their system of pension, health and social services, and to lower Slovakia's tax and regulator bur-

den so as to encourage foreign investment. State Secretary, Ministry of Labor, will study public assistance reform for three months at the Institute's headquarters. ■

Solving Slovak Problems in Oregon

By Gabriela Cincurova

At my age of 22, girls in Slovakia have two possibilities: to study at college, or to look forward to the birth of a second child. I chose the first alternative, which led me to the American Institute for Full Employment in Klamath Falls, Oregon.

Slovakia, a small country in Central Europe, is a little larger than the state of Oregon; we have 5,399,000 people. But our problems are much greater and include such things as high rates of alcoholism, unemployment and Gypsies.

Slovaks complain about unemployment. They complain about welfare benefits being too small. And they complain about government's greed. Everyone criticizes but no one has any constructive solutions.

Bill Baker, an American living in Slovakia for the last ten years, took it upon himself to search for solutions. He found the American Institute for Full Employment. Baker wanted to send somebody to the American Institute who could study these social issues and return home ready to help make changes. He asked students and one of them agreed. I could not have been more fortunate.

As a former communist country, Slovakia is still living in the shadow of the past. The State rewards us for being unproductive and for leading irresponsible lives. For example, Slovaks receive more money for having more kids, but this only leads to deeper poverty. Privatization of state owned companies can hardly be called scrupulous. Corruption is seen everyday.

Something has to be done quickly. Here are some of the solutions that I recommend:

- Implement decentralization and give local areas the ability to make reforms and then compare their results.
- Start a JOBS Plus Program in Slovakia creating cooperation among state, businesses and the unemployed.
- Limit child benefits to the first three children in a family.
- Condition benefits upon regular school attendance and immunization.
- Require Slovaks receiving child benefits to sign a kind of Personal Responsibility Agreement and inform them about their duties and rights as well as the sanctions for non-compliance.
- Encourage non-profit organizations, churches, and volunteers to mentor individuals who are trying to become productive.



Gabriela Cincurova

I am glad I can share the knowledge that I acquired in the United States. Slovakian politicians I have spoken with agree on the need for reforming our welfare system. Some want to solve our problems, others do not for fear of losing votes.

We will have elections to the Legislature next year in Slovakia. Every intelligent politician knows people will vote for him if he proposes any reform in the spheres of unemployment or Gypsy issues. I am persuaded that the JOBS Plus program would solve problems in both fields. ■

A Faith-based Program that Works

The House recently passed a watered down version of President Bush's plan to provide government funding for the social work of religious charities. Eeking out a 233 to 198 victory, the measure grants up to \$13 billion in tax relief by allowing people who do not itemize their taxes to deduct \$25 in charitable contributions. The plan also lets people over age 70 make tax-free charitable contributions from their Individual Retirement Accounts and raises the cap for deductible corporate charitable donations from 10 to 15 percent.

"In my town, religious institutions are the bedrock of a community," said Representative Ronnie Shows, D-Mississippi. He defended the measure saying it would allow those in need "to receive services from those who know them the best." But, both civil rights and religious groups have criticized the bill.

Opponents fear that providing federal funds to religious organizations would violate the constitution's separation of church and state. The White House says that religious groups could use the money to proselytize. Perhaps surprisingly, many religious leaders worry that the bigger danger is not religion intruding upon government, but government intruding upon religion.

One faith-based organization that shares this sentiment is The Jobs Partnership (TJP). The program is one of the most successful in the country and refuses government money.

Started in Raleigh, North Carolina, by paving contractor Chris Mangum and pastor Donald McCoy, their mission is "to bring churches and businesses together to mentor, train and employ our country's neediest citizens,

moving them from dependency to self-sufficiency as productive citizens of the community and to true wellness."

Operating in 20 cities, TJP serves as a unique model for faith-based organizations. More than 1,100 individuals have participat-



Participants in The Job Partnership's life and jobs skill class.

*"In my town,
religious institutions
are the bedrock of a
community"*



ed
in
the
12-

week life and job skill classes. And since the program's inception in 1995, 83 percent of participants are still working.

The TJP model differs significantly from a job placement service. While a placement service screens people to meet known needs of employers, TJP addresses the individual needs of job seekers and maps a career path to meet their aspirations and skills.

TJP training consists of a 12-week biblical curriculum that teaches basic work principles and job readiness skills. Each student is spon-

sored by a local church, which provides a mentor. Mentors support students through the classes and first years of employment. This support helps participants overcome many obstacles such as childcare, transportation, low self-esteem, a lack of problem solving skills, and poor work ethic.

Though faith-based, TJP's goal is to help people find jobs, not to convert them. Executive Director Skip Long stated, "We in The Jobs Partnership have a Christian, biblical world-view. That's who we are. But how we operate, is that we will walk with

faith

any neighbor no matter what their faith background is and help them find employment."

So while Congress battles out whether to allow faith-based groups to compete with

secular organizations for money to help the needy, TJP refuses federal funding. What's more, if TJP meets its five year goal, it will not only let government keep its money, it will save taxpayers over \$160 million.

If you are interested in establishing a Jobs Partnership in your city, contact The National Jobs Partnership, Skip Long, Executive Director, (919) 571-8614, use their web site at www.tjp.org or contact the American Institute for Full Employment. ■

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States Update

Oregon Saves JOBS Plus Program

Despite proposed elimination of the JOBS Plus program, Oregon's Legislative Assembly reinstated it with some modifications. For welfare recipients the subsidy remains at \$6.50 per hour plus related taxes for six months. State funding will allow the program to maintain its current welfare participant levels.

For Unemployment Insurance recipients, however, the subsidy has been lowered from \$6.50 per hour plus related taxes to a flat \$5.00 per hour. The length of the subsidy for Unemployment Insurance recipients has been reduced from six months to three months. Finally, state funding requires reducing the number of unemployment insurance participants by about one third.

Montana Makes Changes

The State of Montana has just implemented its Families Achieving Independence in Montana (FAIM) II Program. Positive aspects of the program include combining several confusing TANF programs into one clearly defined program, and requiring post-secondary education clients to work a certain number of hours a week, while attending college. Montana's FAIM II Program also emphasizes job retention and job enhancement.

Texas Visit

On June 18th American Institute for Full Employment Senior Fellow, John Courtney, and consultant, Sandie Hoback, spoke at a Texas Workforce Investment Act (WIA) conference. Texas will soon lose its TANF waivers, which have allowed it greater flexibility than the federal law for crafting welfare reform strategies. The conference set out to prepare WIA providers for implementing a "work first" approach to helping their clients find jobs.

Courtney and Hoback stressed building programs with the employer in mind. Formerly Oregon's welfare director, Hoback was responsible for developing a number of innovative ways to better support employers willing to hire welfare clients with or without wage subsidies. At the conference, Hoback represented a public sector perspective on how agencies can and must change in order to maximize employer involvement.

Courtney provided a private sector perspective on how businesses view former welfare recipients as employees. He discussed opportunities for increasing penetration into the employer market and adding value to job placements. ■

"We Will Not Pass To The Other Side," A National Goal

Five years ago, President Clinton signed a welfare reform bill ending 61 years of cash assistance for poor families. Reform helped the number of families on welfare drop from 4.4 million in 1996 to 2.2 million last year. But the welfare law expires September 30, 2002, and requires new legislation to continue. So the second round of welfare debates is about to begin.

Supporters of the law say it ended an atrocious system that trapped single mothers in poverty, while detractors fear it removed the safety net essential for bad times. Many Democrats want the government to provide

more aid to families. On the other side of the aisle, most Republicans doubt that additional spending will help.

But most agree that there is room for improvement. While no one knows what the bill reauthorizing welfare will look like, it seems that everyone is committed to the cause, including the White House. A couple of passages from President Bush's inaugural address are well worth noting:

"In the quiet of American conscience, we know that a deep persistent poverty is unworthy of our nation's promise. And whatever our views of its cause, we can agree

that children at risk are not at fault; abandonment and abuse are not acts of God, they are failures of love."

"Where there is suffering, there is duty. Americans in need are not strangers. They are citizens. Not problems, but priorities. And all of us are diminished when they are hopeless."

"Many in our country do not know the pain of poverty. But we can listen to those who do. And I pledge our nation to a goal. When we see that wounded traveler on the road to Jericho, we will not pass to the other side."

So as the time for reauthorizing the welfare law approaches, the question is whether these first words of the Bush presidency have meaning? ■

Fast Facts

Among the findings in the report issued by the President's Commission to Strengthen Social Security:

⇒ In 2016, the program will pay out more in benefits than it takes in from payroll taxes.

⇒ The system is projected to go broke in 2038.

⇒ If benefits were cut in 2020 to make up for the projected shortfall, a retired couple's benefits would be reduced by \$2,227.

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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