



62-APWA

AMERICAN PUBLIC WELFARE ASSOCIATION

A. Sidney Johnson III, Executive Director

7/26

Dear Bruce,

APWA adopted a position on the Clinton Welfare Reform proposal at its summer meeting this week and I'm enclosing a copy of it.

I look forward to continuing to work with you on this important initiative.

Asd



AMERICAN PUBLIC WELFARE ASSOCIATION

Kevin W. Concannon, President
A. Sidney Johnson III, Executive Director

APWA Policy Statement on The Work and Responsibility Act of 1994

Introduction

On December 8, 1993, the APWA Board of Directors, National Council of Local Public Welfare Administrators, and National Council of State Human Service Administrators approved a resolution adopting the report and recommendations of the APWA Task Force on Self-Sufficiency. The major recommendations identified in the report, *Responsibility, Work, Pride: The Values of Welfare Reform*, called for:

- an agreement of mutual responsibility between the government and the applicant as a condition of eligibility for assistance;
- a new job development/creation strategy;
- requiring work in the private or public sector or community work experience following up to two years in education and training;
- expanding child care options;
- increasing federal funding for the JOBS program;
- improving paternity establishment and enforcement and collection of child support; and

- enacting APWA legislative and regulatory proposals for simplification and coordination of welfare and food stamp policies.

On January 11, 1994, APWA released the report, and since that time nearly 20 welfare reform bills have been introduced in Congress, including a proposal by President Clinton, the Work and Responsibility Act of 1994, introduced by the House and Senate Democratic leadership on June 21, 1994.

This statement outlines APWA's policy positions on the Work and Responsibility Act.

General Policies Consistent with APWA's Proposal

The Work and Responsibility Act of 1994 is consistent with APWA's proposal for welfare reform. Its commitment to strengthening the JOBS program, establishing a mandatory work requirement, strengthening child support enforcement, improving child care, and simplifying AFDC and food stamp policies are in many ways similar to APWA's recommendations. The policies in the act that are consistent with APWA's recommendations include, but are not limited to the following:

- It builds on the JOBS Program and the Family Support Act (FSA). Like APWA's proposal, it utilizes JOBS and the child care and child support provisions in FSA as the foundation for further reform of the welfare system.
- Funding for the JOBS Program is increased and the state match is lowered. The administration's proposal recognizes that the lack of resources for the JOBS program has been a major impediment to full implementation of the program. Of particular importance is the recognition of the fiscal constraints under which states continue to operate. APWA particularly supports the provision in the act, that lowers a state's match requirement and raises a state's capped entitlement during periods of high unemployment.
- The mandatory work requirement embraces the important values of mutual responsibility and work--values recognized as critically important by human service administrators, federal and state policy makers, and the American public.
- Implementation of the new requirements under the act are phased in over time and in terms of who is served. Phase-in and targeting are important to ensuring states' success in meeting the challenges of welfare reform.

- Improvements are made in policy and regulation on child care for AFDC families, Transitional Child Care, and At-Risk Child Care, which will lead to greater conformity in program policies and improve the availability of quality child care.
- States are provided greater flexibility in how they operate their AFDC program through a provision that allows them to implement certain policy changes through the state plan process rather than the waiver process. In seeking a state plan change, states will also now avoid requirements such as cost-neutrality. APWA proposed a similar process.
- The nearly two dozen changes in AFDC and food stamp policy will lead to greater conformity between the two programs. Many of these changes were proposed by APWA.

Specific Policies Consistent with APWA Proposal

In addition, the following provisions are nearly identical to policy changes recommended by APWA:

- establishment of an agreement of responsibility at the time of application for benefits;
- development of an employability plan within 90 days of eligibility determination;
- requiring up-front job search for those who are job ready;
- establishing 20 hours as the minimum work standard for those working and on welfare; and
- allowing states to operate CWEP in addition to WORK, although states must seek a waiver to do so under the Administration's plan

Policies Inconsistent with APWA Proposal

- Penalties on States: The administration's plan includes a 25% reduction in federal funding for AFDC if states fail to: (1) stay under the deferral cap of 10% for good cause waivers; (2) meet a 45% JOBS participation rate requirement; (3) meet WORK participation rate requirements; (4) keep accurate records on time-limits; and (5) stay within the cap on extensions of the time-limit. States may also lose IV-A funds if certain paternity establishment

tolerance levels are not met. APWA opposes these penalties that result in a loss of IV-A funds. Instead, APWA supports retaining the current JOBS penalty structure of loss of enhanced JOBS funding.

- Penalties on Recipients: The Administration also proposes to reduce the parents' share of the AFDC grant for non-compliance under JOBS and loss of the entire family's grant for refusal to take a job. APWA proposed a 25 percent reduction of combined AFDC and food stamp benefits for non-compliance. APWA continues to support its proposal.
- JOBS Prep vs Deferrals: APWA's proposal calls for creation of a JOBS Prep program to provide services to individuals for whom the time-limit does not apply. The administration creates a new deferral category for this group and allows states to provide services. APWA supports additional funding of at least \$435 million over five years (as opposed to cuts elsewhere) in order to allow the inclusion of JOBS Prep.
- WORK: APWA's proposal calls for mandatory work in a private sector job with placement in CWEP only as a last resort. The Administration establishes a new, separate, mandatory program--WORK--administered by the welfare agency or some other agency, that uses federal funds to subsidize wages. APWA supports allowing states the flexibility to design a mandatory work program, that must include WORK and may include wage supplementation, an alternative work program approved by the HHS Secretary via the state plan, or CWEP as a last resort.
- Job Creation Strategy: APWA's proposal calls for a new federally-funded private sector job creation strategy. The Administration's proposal does not. APWA supports adding a private sector job creation strategy to the bill.
- Conditions for Receiving Enhanced Match: States are eligible for enhanced federal match for JOBS and WORK. The enhanced rate is phased in over a five-year period before reaching 70/30 or a state's Medicaid match rate if states: (1) operate JOBS and WORK on a statewide basis; and (2) meet a FY 93 or 94 maintenance of effort requirement whichever is greater. Maintenance of effort requirements apply to JOBS, WORK, AFDC Child Care, Transitional Child Care, and At-Risk Child Care. APWA recommends that the enhanced match rate be available without a statewide requirement and with maintenance of effort based on FY 92 expenditures, and only for JOBS funds that are federally matched.

- **Binding Arbitration/Mediation**: The act imposes numerous new requirements on states to resolve disputes on displacement of existing workers under the WORK program. Current law already prohibits displacement of existing unfilled positions in CWEP and work supplementation. APWA opposes the arbitration and mediation requirements.
- **Teen Pregnancy Prevention**: The administration proposes to spend \$300 million over five years for adolescent pregnancy prevention demonstration projects at the local level. The funds are provided under Title XX and will go directly to the grant recipient with no state-level involvement. APWA supports a set-aside for teen pregnancy prevention based on multi-level, multidisciplinary approaches with a meaningful state role to help leverage state and local resources with a new federal approach.
- **Financing**: All but \$2.1 billion in new funding under the Administration's plan will be offset through reductions in entitlement spending, including: tightening SSI, AFDC, and Food Stamp sponsorship and eligibility rules (deeming) for noncitizens and requiring sponsors of legal aliens to assume greater financial responsibility; limiting SSI eligibility for drug and alcohol addicted recipients; placing a cap on federal spending for the AFDC Emergency Assistance program; establishing a new income test for meal reimbursements to family day care homes under the Child Nutrition Program; and extending the 1990 Farm Bill provision that reduced the percentage of recovered Food Stamp overpayments retained by states. APWA opposes any financing provisions that result in a cost-shift to states.

APWA Concerns About Elements of the President's Proposal:

- **Participation Rates**: The administration's proposal requires participation rates for JOBS, AFDC-UP, and WORK. APWA calls for making the definition of participation as flexible and realistic as possible. In addition, high unemployment within a state or political subdivision of a state should be taken into consideration in defining participation.
- **Administrative Capacity**: Concern is raised about the state's ability to implement the requirements of the Work and Responsibility Act within the prescribed timeframes and available resources. Of particular concern is the impact of placing a cap on the federal portion of both the enhanced and the regular match for design and development costs for automation systems. There is additional concern that the act limits state flexibility by mandating that in order to receive an enhanced match rate for JOBS, WORK, and Child Care systems, states must either (1) work with the federal government to develop a

model system for each program or (2) collaborate with at least one other state to develop model and support case management systems.

- Reciprocity between JOBS/WORK and other delivery systems: Concern is expressed about the numerous requirements on the JOBS/WORK agency to coordinate planning and service delivery with other systems like JTPA, adult education, and vocational education, without a requirement for reciprocal requirements of these other system.

APWA believes further that:

- Passage of Health Care Reform Legislation: APWA's recommendations call for national policy to assure health care coverage for poor children and families and assert that reform of the welfare system is inextricably linked to reform of the health care system. APWA underscores the importance of enactment of health care reform guaranteeing universal coverage with subsidies, if necessary, for lower income families.
- Child Support and Welfare Reform: Efforts are underway in the House and Senate to move forward with child support reform separate from welfare reform. APWA strongly urges Congress to enact reforms for both policy areas in the same legislation. In doing so, APWA supports existing policy that allows the non-IV-A population to receive government child support services at the individual's option.
- Consistency Between the Goals of the Act and Audit and Quality Control: APWA calls on the administration and Congress to ensure that the AFDC and food stamp quality control systems, and federal procedures for auditing of programs under the act, are consistent with and support the goals of work, family stability, and self-sufficiency.

Approved by the NCSHSA July 27, 1994.

APWA

AMERICAN PUBLIC WELFARE ASSOCIATION

Kevin W. Concannon, President
A. Sidney Johnson III, Executive Director

MEMORANDUM

To: Mary Jo Bane, David Ellwood, Bruce Reed
Co-chairs, Welfare Reform Working Group

From: A. Sidney Johnson III, Executive Director

Subject: Presentation of APWA's Welfare Reform Proposal

Date: November 19, 1993

- WR-~~_____~~
APWA
1. Jobs - prep + graduation rate (max. 70 if exemption)
 2. Agent of Mutual Resp.
 3. Employability Plan
 4. Mandating Job Search + Placement
 5. Nat. Service / Work-Study
 6. Simplify waiver / HIS changes
 7. 25% FS/APDC sanction
 8. Work Supp - new jobs
 9. Child Care - why do we spend more?
 10. Perform. audits for CS
 - 11. Moffitt study on Medicaid/HCF Savings
 12. Asset changes - same as '93 for FS

We look forward with interest to presenting and discussing APWA's Welfare Reform Proposal with you at our meeting Tuesday, November 23, 1993 from 3:00 to 6:00 pm.

Previously I sent you the summary of our proposals. Today I am enclosing the full draft of our recommendations so that you can have the opportunity to examine them before we meet.

Again, let me emphasize that these are not public documents. Our Task Force intentionally decided that we should present and discuss our proposal with you privately before circulating it in the Washington community or releasing it publicly, so I would ask you to respect its confidentiality.

On Tuesday, we plan to present: (1) a brief introduction regarding the background, process and goals of our Task Force on Self-Sufficiency, (2) a briefing on the results of the focus group research we conducted regarding public attitudes toward our proposal and (3) a presentation of our specific proposals. Joining me for this meeting and presentation will be:

- Larry Jackson, Commissioner, Virginia Department of Social Services and Chair, Task Force on Self-Sufficiency

- **Audrey Rowe, Commissioner, Connecticut Department of Social Services, member of APWA's Task Force on Self Sufficiency**
- **Celinda Lake, Mellman-Lazarus-Lake**
- **Vince Breglio, R/S/M, Inc.**
- **Elaine Ryan, Director of Government Affairs, APWA**
- **Rick Ferreira, Senior Policy Analyst, APWA and staff to Task Force on Self-Sufficiency**

We look forward with great interest to this presentation and discussion.

~~CONFIDENTIAL~~ 10/1

Proposal

for

Welfare Reform

APWA Task Force

on

Self-Sufficiency

Self-Sufficiency Through Work

Introduction

This section of the TFSS' plan addresses our priority for establishing a mandatory work requirement. The other TFSS priorities—job creation, enhanced funding for JOBS, child support enforcement and assurance, making work pay, and program simplification and coordination—are addressed in subsequent sections of this document.

Overview

The provision and receipt of Aid to Families with Dependent Children should reflect a mutual responsibility on the part of government and families with family self-sufficiency as the goal. It should serve as a temporary source of support and a supplement to available family resources and other forms of assistance.

Our proposal is based on the belief that welfare recipients want to work and that government has the responsibility to ensure that they be provided every opportunity to do so. To achieve this goal, we propose a three-phase JOBS program in which, within 90 days of eligibility determination, all AFDC recipients will be required to participate in mandatory job search in combination with:

- A JOBS preparation phase; or
- Up to a limit of two years in a JOBS career-focused education and training phase; and/or
- A JOBS mandatory work phase in which AFDC parents would be required to work in an unsubsidized private- or public-sector job, with Community Work Experience (CWEP) available as a last resort for those who complete JOBS and are unable to locate unsubsidized work. This mandatory work requirement becomes effective for all participants in the career-focused education and training, phase after two years.

We believe that *when all of the elements of our proposal are fully implemented*—making work pay, health care reform, improved child support enforcement, and strategies

to improve creation of jobs—it is reasonable to expect that those who participate in the JOBS career-focused education and training phase can enter the workforce within a two year period. It is essential, however, that sufficient federal resources be available to provide the education, training, employment, and supportive services necessary to support parents and their families not only during their education and training, but after the parents enter the workforce as well. This includes the provision of ongoing case management.

Effective linkages with educational programs, basic skills training, health care, and rehabilitation services are essential. We believe strongly that the responsibility for the parent's successful participation in JOBS and the workforce does not rest just with the welfare system, but is shared by the parent, the education system, the vocational rehabilitation system, the JTPA system, the employment service and the health and mental health service delivery systems.

The following are the major components of the proposal:

I. Agreement of Mutual Responsibility

We recommend that all AFDC households enter into Agreements of Mutual Responsibility with the welfare agency at the time of application for benefits, delineating the mutual obligations on the part of government and the household while financial assistance is provided. The agreement will include, at a minimum, a requirement that the parent on behalf of the household and the public agency participate in: (1) an assessment of the parent's education and literacy needs, work experience, and personal and family circumstances; (2) the development of an employability plan outlining goals for employment, the broad responsibilities of the parent and the agency for meeting these goals, and the specific steps to be undertaken.

If during the application process it is determined that adult members of families with children are physically or psychologically disabled on a permanent basis, the state or local agency will assist the family in securing Supplemental Security Income (SSI) for the disabled. The Task Force strongly recommends review of the current SSI eligibility criteria.

II. Employability Plan

- At the time of application, or within 90 days of eligibility determination, the individual and family will be assessed for employment and support service needs and an employability plan will be developed, and will include:
 - the parents' educational, child care, and other supportive service needs;

- ✓ the parents' proficiencies, skill deficiencies, and prior work experience;
 - ✓ a review of the family circumstances, which may include the needs of any child in the family; and
 - ✓ other factors that the welfare agency and family determine are relevant in developing the employability plan.
- It would be the responsibility of the welfare agency to ensure that any services, including referral services covered by the employability plan are forthcoming within the mutually agreed upon time-frames.
- At state option, additional financial incentives may be provided to participants complying with any stage of their employability plan, whether in the JOBS preparation, career-focused education and training, or the mandatory work phase.

III. The JOBS Preparation Phase

← OPTION

As a result of the assessment, if a parent is determined not to be able to: (1) work immediately or (2) participate in JOBS career-focused education and training, the employability plan will incorporate reasonable and appropriate activities that support parents' preparation to participate in JOBS education and training or the workforce.

Following the assessment and development of the employability plan, these parents will be expected to participate in the JOBS preparation phase in which case management, child care, medical assistance, remedial education, and support services are provided to help them move into JOBS career-focused education and training or employment. Case managers will work with families to implement the employability plan, which specifies goals for moving into career-focused education and training and work with an understanding of family responsibilities, such as for caring for a young child or incapacitated adult or child in the household.

The Task Force proposes a "graduation rate"—an outcome-based performance standard measuring parents' movement out of the JOBS preparation phase—as a requirement for states to meet to ensure that participants complete their program and move on to JOBS career-focused education and training and employment.

In addition:

- As federal and state resources permit, all states would be required to implement and provide programs and services, including child care under the JOBS preparation phase. If funding is not available to serve all families under this phase, states have the option to establish community service programs for parents who request to volunteer in their community. The provision of child care and other support services may be provided by the state.
- The JOBS preparation phase is at a minimum, expected to include those who have severe or multiple barriers to employment.

JOBS preparation would include those who have severe or multiple barriers to employment--parents typically exempt under current rules and pregnant and parenting teens who are expected to complete school. Individuals may participate as volunteers in their community, attend remedial education programs, or both. Our proposal does not require all AFDC parents to participate in a "structured" program activity. For some the employment plan may spell out their responsibility to care for a disabled child or other adult member in the household. The goal for participants in this phase is to move into the career-focused education and training phase and/or employment. States would be required to meet an outcome-based "graduation rate" representing movement from JOBS preparation into education and training.

- Participation in the JOBS preparation phase is considered temporary . The goal for participants in this program is to eventually move into JOBS career-focused education and training phase and/or employment. The circumstances of each family will be formally reassessed—at a minimum annually. States would have the option to set reasonable time-limits for completion of this phase.
- A family in the JOBS preparation phase will receive AFDC, food stamps, child care, transportation, and other support services while participating in program activities.
- Connections to educational programs, basic skills training, health care, and rehabilitation services are considered essential. The responsibility for the parent's successful move to JOBS career-focused education and training or employment is a shared responsibility of the parent and by the federal and state education system, the vocational rehabilitation system, the JTPA system, the employment service, and health and mental health service delivery systems.

IV. JOBS Career-Focused Education and Training

Those parents who are determined to be employable are required to participate in the JOBS education and training phase as defined in their employability plans. Similarly, the agency is required to provide the services and resources described in the employability plan which will enable participants to reach their goals.

Under the JOBS career-focused education and training phase, states will be required to offer the four JOBS components mandated under current law (education below post-secondary level, skills training, job readiness, and job development and placement) and all of the optional components under current law (job search, on-the-job training, work supplementation, and community work experience). Active job search and placement will be a mandatory program activity for all JOBS participants consistent with their employability plans. ✓

Once parents begin participating in a career-focused education and training activity, they will have up to 24 months to find employment. This does not mean that parents wait until the two-year limit is exhausted before looking for work. On the contrary, we expect them to begin the process of looking for and going to work from the very beginning of their receipt of AFDC. If they are not employed at the end of 24 months, the mandatory work requirement will be imposed. Our goal is to ensure that participating parents obtain employment before reaching the two-year time limit.

In addition:

- A parent may volunteer to participate in career-focused education and training and will be served as defined in their employability plan if resources permit.
- Once families are referred to JOBS career-focused education and training, they will be assigned a case manager who will work with them to achieve the following: (1) implement the employability plan which specifies employment goals within a two year period; (2) enroll in labor attachment activities; (3) receive counseling and resolve problems; and (4) re-assess employment and training status at regular intervals. Case managers will also monitor participation in the labor attachment component and recommend incentive payments or penalties as appropriate.
- The agency and the parent will determine how frequently the employability plan should be reviewed, but it should occur at least every six months over a 24-month period from the date the initial plan is signed by both parties.
- If the parent wants to participate in self-initiated job search prior to actual participation in a JOBS career-focused education and training component or activity, the state must refer the parent to the employment service or provide

structured job search activities. All parents will be required to participate in a structured job search activity in addition to participating in a JOBS career-focused education and training component activity as specified in the employability plan.

- Employment offers of full or part-time work must be accepted consistent with a parent's employability plan.
- The current requirement that use of work supplementation can only occur in newly created positions would be eliminated for private sector employment.
- States will provide child care, medical assistance and support services to all participants as under current law.
- Breaks in the 24-month limit would be allowed when education, training, or support services are not available or when medically-verified illness prevents participation. If parents leave AFDC before the 24-month period is exhausted, they will be eligible to participate in career-focused education and training for the remaining months of eligibility.

V. Mandatory Work Requirement

After two years, participants in the career-focused education and training phase who cannot find employment will be required to work as a condition of continued eligibility for financial assistance and support services. Placement in unsubsidized private and public sector jobs would be the highest priority. We realize, however, that most AFDC recipients may not be working in unsubsidized employment at the end of two years as evidenced by recent findings for the California GAIN program, where over 70 percent of persons who went through the program were without employment after two years (65 percent in Riverside County, which had the highest impacts) and over 60 percent were still receiving AFDC (47 percent in Riverside).¹ Given these outcomes, we anticipate the need for expansion of subsidized employment opportunities. We call for expansion of the use of existing approaches—on-the-job training, work supplementation—and increased and aggressive use of the Targeted Jobs Tax Credit (TJTC). We believe that President Clinton's National Service legislation to provide education awards of \$4,725 per year for two years of service in education, environment, human services, or public safety may also serve as an additional source of employment and community service.

¹ Friedlander, Daniel, James Riccio, and Stephen Freedman, *GAIN: Two-Year Impacts in Six Counties*, Manpower Demonstration Research Corporation, April 1993.

We recommend, as a last resort, that those not working in subsidized or unsubsidized employment be placed in Community Work Experience. As under current law, all CWEP placements would be reassessed every six months with reassignment occurring every nine months. While we anticipate a significant expansion of the CWEP program because of the increased numbers of AFDC parents required to participate in pre-employment or employment activities, we do not believe that it is the best option for all parents unable to find a job, particularly those who are job ready and have previous work experience.

We emphasize the need for employment that results in family self-sufficiency as the successful end-point for both client and agency efforts. We underscore our preference for jobs in the private sector, the primary source for economic growth and development.

The JOBS mandatory work phase would be implemented as follows:

- If still receiving AFDC after 24 months of active participation in career-focused education and training, JOBS participants will be required to work. All employment offers of full or part-time work must be accepted.
- Individuals working at least 20 hours per week are considered to be meeting the mandatory work requirement. Individuals working 20 hours per week and still receiving AFDC, shall receive case management, child care, support services and other employment and training assistance necessary to enable them to stay employed.
- The work options to be offered after 24 months will be the same as during the first two years with placement in an unsubsidized job in the private or public sector as the first priority. As resources permit, all participants who are not working in unsubsidized employment may be placed in subsidized employment utilizing work supplementation or on-the-job training.
- The mandatory work requirement will not be imposed if agency resources are not available to support a parents satisfactory participation in a work activity.
- The welfare agency will monitor participation in mandatory work. JTPA or the employment service will provide job search and development activities for individuals in mandatory work who will be a priority for such services in both systems. ²

VI. Child Care

²

Families who are receiving AFDC should be treated no differently than families who are not receiving AFDC when it comes to having their child care needs met. Safe, affordable and accessible child care is just as important to AFDC parents as non-AFDC parents. All children need child care services that support their continued growth and development.

Child care must also be flexible and support parents' activities such as full day care, after school care, drop-in care, etc. There should be continuity in child care - the parent who studies in the morning and works at night or whose eligibility status changes over time should not have to move his or her child from one provider to another.

States have implemented a number of programs in a very short period of time including the IV-A JOBS Child Care program and the Transitional Child Care (TCC) program from the 1988 Family Support Act, and the At-Risk Child Care program and the Child Care & Development Block Grant (CC&DBG) from the 1990 Omnibus Budget Reconciliation Act. The publicly-financed child care system does not need another program or an entirely new system. We simply need to improve our present framework to increase flexibility and provide adequate funding. In doing so, we propose that:

- Child care regulations, eligibility guidelines, and reporting requirements would be made more consistent from program to program and encourage integration between the programs. In 1988, the federal General Accounting Office (GAO) counted 46 federal programs for specific aspects of child care from subsidizing milk for children in some day care centers to providing child care at military installations. Current discrepancies between the various federal programs continue to be a very serious problem particularly for the IV-A and CC&DBG programs in terms of allowable costs and differential payment rates.
- Under IV-A child care federal matching rates would be increased to provide states with greater flexibility to pay for child care at higher levels to ensure that parents have reasonable choices. Current limits on the amount of federal reimbursement restrict reasonable payment levels and deny low-income parents equal access to quality service. The limits also make collaboration with other child care programs more difficult. Payment rates would be at levels that reflect real market costs.

In addition to increased federal financial participation states would be able to reimburse the cost of care above the 75th percentile. States currently must pay child care at the 75th percentile of the rate for a category of care or at a lower rate set by the state as a "statewide limit" but not less than the child care

disregard. The 75th percentile is not attainable for some states. Other states need greater flexibility because the 75th percentile limit is not high enough. For the first group, states would be able to use federal funding and determine local market rates. States would also be able to use multiple statewide limits that for example, take differing living costs into consideration. States would continue to ensure that their reimbursement policy does not negatively impact family access to child care. For the second group of states, they would be able to pay a higher reimbursement to provide financial incentives for higher quality.

- States would be allowed to receive a federal match for more expenses under the IV-A Child Care program. States should be permitted to use Title IV-A funds for licensing and monitoring of child care programs. Recruitment and training of child care providers also should be allowable particularly when the state administers IV-A and CC&DBG through one system.
- Under federal regulations, particularly Title IV-A, child care must be "reasonably related" to the hours of the parents' work or training activity. In many instances, this has been interpreted by HHS to mean that child care cannot be authorized for any more hours than the actual hours the parent is at work or in training. This interpretation is based on the mistaken notion that child care is readily available for purchase on an hourly, drop-in basis. Most child care providers offer their services to the general public on either a full day, full week basis or a partial day, full week basis. This regulation would be relaxed to ensure consistent access to services for either a full day or part day services.
- Reporting requirements for all child care programs would be made less burdensome. Current reporting requirements are administratively burdensome; most states cannot report what is required of them given their lack of automation capability. The Task Force recommends that a small state/federal working group be established by HHS to simplify requirements and help address automation capacity problems.

VII. Transitional Support Services

As under current law those who go to work and leave AFDC at any time will be provided 12 months of transitional child care (TCC) and transitional medical assistance (TMA). States would have the option to provide these services an additional 12 months with federal financial participation. They would also have the option to offer assistance for up to 24 months, not necessarily consecutively.

The Task Force recommends that current law be changed to allow eligibility for TCC and TMA for households that leave AFDC due to increased child support collections. We recommend that states be allowed to provide case management and pay for work-related support services, including transportation, for up to 12 months.

In addition we propose the following changes in current child care policy to assist states in improving the delivery of child care services to families leaving welfare for work:

- States will be allowed to use Transitional Child Care and At-Risk child care for training as well as employment: Presently, TCC and At-Risk Child Care cannot be used to pay for child care for someone who is in a training program. This is particularly a problem for people employed part-time while in a training program. States must cover part of the day with one federal funding source and another with a second funding source.
- States will be allowed to continue to provide child care through At-Risk and TCC for a 30 day period job search period when employment is interrupted. Child care would also be provided during the period when a parent is receiving treatment for mental health or substance abuse related problems as long as the parent is employed or on a leave of absence from employment due to such treatment.
- Federal funding for At-Risk Child Care should be increased. This program is essential to prevent families from entering welfare. We strongly support increasing the current capped entitlement for At-Risk Child Care and lowering state matching requirements.
- Current regulations limit use of CC&DBG funds for administrative costs (10 percent cap). As a result many states are forced to use state, local, or Title CC funds to pay for administration of the program. States would have more flexibility determining what can be charged as a service cost under the program. For example, activities such as consumer education, health screenings, child care resource and referral would be considered service delivery, not administrative costs.
- States would be allowed to set differential payment rates within a category of care for CC&DBG. State flexibility is currently limited in differentiating payment rates within a category of care. For example, states must pay unregulated but legally exempt providers basically the same amount as regulated providers even though the cost of providing care may be different. States would prefer variance in rates within a category of care that is

compatible with Title IV-A policy. This would take child care one step closer to a seamless system. Additionally, if states could differentiate by degree of compliance with state standards there would be a financial incentive to providers to improve the quality of care.

We also propose changes to existing policy on the provision of case management during the transition to work.

- AFDC recipients who become employed at any time may, at state option, retain access to a case manager for up to one year instead of 90 days as under current regulation. Case management activities would be aimed at promoting long-term job retention, maintaining family stability, and reducing recidivism. The case manager would be responsible for helping families: (1) review employment status on a regular basis; (2) resolve problems as they arise; and (3) identify available community resources as needed. Case managers could also help collect data on employment status and wages for ongoing evaluation of program effectiveness.

Additionally, those parents who have successfully completed the JOBS program and have to participate in the mandatory work requirement will also be assigned case managers.

VI. An Uncapped Federal Entitlement

In meeting the expectation that all AFDC recipients participate in a pre-employment or work activity, the Task Force recommends that federal financial participation be provided as an uncapped entitlement for all activities and supportive services under all phases of the JOBS program, including case management. We propose a maintenance of effort requirement whereby states must spend at the same level of state spending in FY 92 for the current JOBS program. State matching requirements would be the same as under current law (the state's medicaid match rate or 60 percent, whichever is higher). For amounts matched above the FY 92 level, a state's match rate would be 10 percent.

We recommend that implementation be phased in, starting with new applicants no later than two years after enactment of the legislation and issuance of final regulations. States may implement sooner and federal financial participation would be available.

VIII. Modification of the Waiver Process to Support Family Self-Sufficiency

A primary goal of our proposal is to ensure that those who go to work do not remain in poverty. States should be given the option to increase the earned income deduction or use other methods to reduce the ratable reduction in AFDC to provide such support. To implement such changes, states should be allowed to amend their AFDC state plan and not be forced to seek waiver authority under Section 1115 of the Social Security Act. ✓

The Task Force also recommends that states be given the flexibility to modify their state plans to implement the following changes in the AFDC and food stamp programs rather than obtaining federal approval through the waiver process:

- increasing the asset limit for certain approvable purposes such as education or training, purchase of a home or otherwise enhancing employability, including self-employment or purchase of an automobile;
- cash-out of food stamp benefits;
- disregarding the income of stepparents in calculating income and eligibility; and
- elimination of the 100 hour rule and the JOBS 20 hour rule;

IX. Penalties

The family's failure to enter into the Agreement of Mutual Responsibility would result in ineligibility for AFDC. If the welfare agency fails to enter in the agreement, the family would not lose its eligibility for assistance.

For AFDC parents who fail to participate in development of an employability plan or comply with such plan and for participants in any phase of JOBS who refuse to participate in the programs, refuse to accept employment, or terminate employment or reduce their earnings without good cause, we propose a penalty reducing the family's combined AFDC grant and food stamp benefit by 25 percent. ✓

For the state and local agencies administering AFDC and JOBS, sufficient federal and state resources must be provided to ensure those participating in any phase of JOBS can meet the requirements for satisfactory participation. If the agency is unable to provide the necessary resources to support satisfactory participation in the programs, requirements of the Agreement of Mutual Responsibility will not be imposed, including the mandatory work requirement after two years for JOBS participants.

X. Those Seeking to Return to Welfare

The Task Force believes strongly that when all of the elements of our proposal are fully implemented those who participate in the JOBS career-focused education and training phase can enter and stay in the workforce. Research has shown, however, that even though individual spells on welfare commonly last less than two years, families exiting welfare are likely to return at a later date because of loss of income, change in family circumstance or personal crisis. Even when each individual spell is brief, the accumulation of multiple spells may result in cycles during which families exit and re-enter welfare. A recent study by the Institute for Women's Policy Research, for example, found that 22 percent of the welfare recipients studied alternated between paid work and welfare benefits and did not receive money from both sources simultaneously.

We believe that those seeking to return to welfare will do so for very different reasons and with very different circumstances surrounding their return to assistance. The Task Force proposes that families who leave welfare either before or after the completion of the 24 months in the JOBS career-focused education and training phase shall be subject to the following requirements and provisions, depending on their circumstances, should they return in the future.

- If the agency determines the parent to be employable regardless of time left on the 24 month JOBS career-focused education and training phase clock then: *the parent would immediately, upon AFDC eligibility determination, be required to work as a condition of continued eligibility for financial assistance and support services.* ✓
- If the agency determines the parent not to be immediately employable and time is left on the 24 month clock and the state determines the individual would benefit from additional education or training then: *the parent can complete some or all of the 24 month clock. At the end of the remaining months of eligibility for JOBS career-focused education and training the parent would be required to work as a condition of continued eligibility for financial assistance and support services.*
- If the agency determines the parent to have suffered a drastic negative change in employability and there is no time left on the clock then: *the state may permit a 12 month extension for participation in JOBS career-focused education and training followed by the mandatory work requirement.* ?

Parents in the mandatory work requirement phase who are placed in CWEP (as resources permit) because no other employment opportunity exists will continue to receive their financial assistance from the state welfare agency. Responsibility for CWEP placement and supervision, continued job development and placement, and

payment of work-related expenses will be the responsibility of the U.S. Department of Labor employment and training system, i.e., the employment service and JTPA. We recommend that those AFDC parents participating in CWEP and referred to JTPA be considered first priority for service. We further recommend that Service Delivery Area/Local Private Industry Councils face a financial sanction of JTPA funds for individuals still receiving AFDC after three years of referral by the state welfare agency. We encourage the U.S. Department of Labor to take a strong leadership role with HHS to ensure the active involvement and participation of State Job Training Coordinating Councils and local Private Industry Councils.

✓
**
3-yr limit

Job Creation

In order to contribute to the development of private sector jobs available to our clients, we propose a new, adequately funded job development/job creation strategy that would target 75 percent of its employment opportunities to JOBS graduates and 25 percent to the working poor. This new money would not be used to create a new program if the expansion and further targeting of already existing programs (TJTC, enterprise zones, etc.) would fulfill the purpose. We propose discussions with business representatives, economic development and employment agencies, labor unions, and others to determine how best to use the new appropriation.

?

Our proposal recognizes that the goal of self-sufficiency for the welfare system's clients cannot be achieved through the intervention of the welfare system alone. It emphasizes the need for employment that results in family self-sufficiency as the successful end-point for both client and agency efforts. It underscores our preference for jobs in the private sector—the primary source for economic growth and development.

To help develop private sector jobs and ensure that they will be available to our clients, we recommend two additional strategies:

1. Expanding the use of on-the-job-training, work supplementation, the Targeted Jobs Tax Credit, and other existing private sector incentives. These are proven methods for increasing the role of the private sector in hiring welfare recipients. Work supplementation, while currently utilized in only limited ways by states, could be a greater resource if we drop the requirement that such jobs must be newly created and vacant positions. This requirement makes it difficult for our offices to find such positions for clients. The Task Force proposal strongly endorses such a change.

✱

3. Enactment of the National Service Act as a viable employment and education option for AFDC recipients. This program provides education awards of \$4,725 per year for a maximum of 2 years of service in human services, education, environment, or public safety. It would mean that people age 17 or older, including AFDC recipients, could perform community service before, during or after their post-secondary education.

Enhanced Funding for the Current JOBS Program

The Task Force believes that some mechanism must be created to increase the investment in the current JOBS program. Fiscal constraints have restricted the ability of States to fully utilize the federal funds currently available under the JOBS program. The Task Force urges the Administration and Congress to provide an immediate increase of federal funds for JOBS to enable States to fully and effectively implement the current program during the time period between now and when welfare reform is enacted and implemented.

This should be done by:

- Decreasing State matching requirements for both program and administrative costs under the JOBS program; and
- Simplifying the match requirement; and
- Increasing the capped entitlement amount authorized in the Family Support Act (currently set at \$1 billion and increasing to \$1.1 billion in FY '94 and \$1.3 billion in FY '95 then decreasing to \$1 billion in FY '96 and thereafter).

Child Support Enforcement and Assurance

The Task Force believes that a more effective child support system is a critical part of welfare reform. Both the custodial and non-custodial parent must accept primary responsibility for the support of their children.

The current system, unfortunately, is not working very well. States do not have the tools or the resources to run a truly effective system. The sad truth is that only 60 percent of eligible women have child support orders and only half collect the

full amount. This means that 75 percent of mothers entitled to child support either lack support orders or do not receive the full amount due under such orders.

Our recommendations in child support follow:

I. Improve Paternity Establishment

Paternity establishment is a prerequisite for obtaining a child support order but currently one out of every four children born in this country each year is a non marital birth according to the federal Office of Child Support Enforcement (OCSE). This produces a situation where paternity is established in less than one-third of the non marital births.

Studies show, however, that more than 80 percent of parents of non marital children are in contact with each other at the time of birth. States such as Virginia and Washington State have been very successful in increasing paternity establishment by conducting outreach at hospitals and birthing centers. We support legislation recently enacted by Congress under the Omnibus Budget Reconciliation Act of 1993 that would require states to establish new, higher performance standards for paternity by setting up voluntary acknowledgment processes in hospitals.

II. Improving Enforcement and Collection

Uniform Child Support Guidelines

The 1988 Family Support Act mandated that every state develop their own child support guidelines to be presumptively applied in all cases. However, the interstate problem discussed below means that an effective child support system requires national uniform guidelines. We endorse the Interstate Commission's recommendation that a National Child Support Guidelines Commission be established to develop a national child support guideline after undertaking an analysis of current national support guidelines models while also taking account of regional cost-of-living differences. This is not an immediate mandate on states but an attempt to move toward a national uniform system.

Enforcement of Health Coverage

Currently about 60 percent of all child support orders lack provisions regarding health insurance. Furthermore, many insurance companies ignore health care orders. We are pleased by the recent changes enacted by Congress in the Omnibus Budget Reconciliation Act of 1993 that will lead to improvements in the

enforcement of health care coverage. These changes would require states to pass laws that: (1) prohibit insurers from denying enrollment of a child on the grounds that the child was born out of wedlock, the child was not claimed as a dependent on the parent's federal income tax return or the child does not reside with the parent; (2) require insurers of non-custodial parents to provide information to the custodial parent necessary for the child to obtain medical benefits and permit custodial parents to submit claims and receive reimbursement of such claims; (3) provide for garnishment of wages if the non custodial parent fails to reimburse the custodial parent if reimbursement was provided by the insurer; and (4) provide for open enrollment of health insurance in child support cases.

We believe that further steps should be taken. The 1974 Employee Retirement Income Security Act (ERISA) does not allow states to regulate employers who have self-insured plans. Although ERISA mostly deals with the protection of employee pension plans, even when there is an order for health coverage the self-insured exemption allows many employer-provided insurance plans to discriminate in dependency coverage, obligors to fail to enroll their children as ordered, insurance carriers to refuse to accept claims filed by the custodial parent on behalf of the employee's dependent, and obligors to pocket insurance reimbursements rather than forward the money to the custodial parent.

Congress should remove the effects of the ERISA preemption of state regulation regarding health care coverage for children by amending ERISA so that self-insured health care plans are subject to state regulatory control.

Interstate Enforcement

Currently, the easiest way to avoid paying child support is merely to move to another state. One-third of all child support cases are interstate meaning that the father and mother live in different states. But only 10 percent of the dollars collected are from interstate cases. And over time an even larger percentage of all cases will be interstate.

The most effective way to deal with the interstate problem is to make the state systems more uniform. States should be required to provide uniform rules for jurisdiction of orders through the Uniform Interstate Family Support Act (UIFSA), a model law developed by the National Conference of Commissioners on Uniform State Laws. According to the American Bar Association (ABA), six states have already adopted UIFSA including Arizona, Arkansas, Colorado, Montana, Texas, and Washington State.

States currently have different versions of an interstate statute that was developed during the 1950s and 1960s. However, all states now need a statute that is the

same and that is updated for the problems of families in the 1990s. Normally, APWA opposes federal mandates. We continue to oppose unfunded mandates. But we support this mandate on the child support system as the only way to deal with the problem of interstate child support cases. ✓

Under our proposal, states would have approximately three years from the date the federal law was enacted to adopt UIFSA and all states would then begin using the new method of handling interstate cases on the same date (for example, January 1, 1996). The U.S. Commission on Interstate Child Support, which was established by the 1988 Family Support Act to study interstate issues, also recommended that all states adopt UIFSA.

W-4 Reporting

We also recommend that employers be required to report new hires within seven days to the state via a copy of the W-4 form. Based on a process operating in the state of Washington, this system would use a revised W-4 form for a new employee to report any child support obligations and to allow states to identify cases in which they can initiate income withholding. The problem with the current system is that most states receive employer wage information three to six months after the employee is hired, so the information is generally too old to be useful.

The proposed W-4 reporting process would begin when a new employee completes the paperwork on the first day of the job. An expanded W-4 would require the employee to report the amount of child support obligation paid under an income withholding order, the name and address of the payee, and the availability of health insurance. This information would be stored in a Registry of Support Orders in each state. The Registries would include all IV-D support cases and private cases where either party requests that their case be part of the registry. A national system would be created by linking up each state system. W-4 reporting is also recommended by the Interstate Commission and is a proactive measure that benefits state and obligees by providing early identification of employment for the immediate implementation of income withholding.

III. Provide adequate resources to the program.

One of the top priorities for the child support system is to provide adequate resources through funding reform and simplification of the funding mechanism. Nationally, the average cases-per-worker is 1,000. We need adequate resources to provide reasonable staff levels. We recommend that the Congress and administration examine various IV-D funding options to assist states in

establishing and meeting minimum staffing standards and to provide adequate resources for staff training.

IV. Reform the child support audit process.

The Task Force recommends establishing a Commission that includes significant state involvement to develop regulations to change the child support audit system from a process-oriented system to an outcome-oriented system.

/s/ [Signature]

The present federal child support audit criteria contain more than 130 process-oriented criteria focusing on whether certain pieces of paper are properly filed instead of whether the child support is actually paid. This focus on administrative process rather than on performance outcomes makes for a flawed audit system where 71 percent of the states do not pass their initial audit. Most states do eventually pass the audit after a corrective action period. However, the current audit process requires the federal Office of Child Support Enforcement (OCSE) to commit approximately 50 percent of its central office staff resources to the audit function.

The Task Force recommends an alternative audit proposal developed in conjunction with the National Governors' Association (NGA) and the child support directors over the last year. The best reform would be for a Commission to develop audit criteria for the Department of Health and Human Services to implement through regulations. Specifically, the Commission would develop regulations to reform the child support audit system to measure performance outcomes. Outcomes would be measured on paternity establishment, order establishment, collections, collections of arrears, health insurance, and distribution. This would ensure uniformity and accuracy of data reporting and hold states accountable for effective programs.

V. Establishing federally funded demonstration projects of child support assurance.

A Child Support Assurance System (CSAS) guarantees a minimum child support benefit to all custodial parents who have a child support order and have established paternity. The federal government would make up any difference between the amount of support collected and a predetermined minimum benefit level. In the United States, only New York has established a form of child support assurance.

There is bipartisan consensus that there should be demonstration projects of child support assurance. The Interstate Commission, the National Commission on Children, the Downey-Hyde proposal, and the House Republican's child support

proposal all include assurance demonstrations. We recommend that a limited number of states be allowed to conduct child support demonstration projects. After a suitable evaluation period, we recommend allowing additional states who meet certain minimum criteria in their child support programs to participate in the program.

Making Work Pay

When an AFDC recipient leaves welfare for work and earns a wage that still keeps her poor, has a job that does not provide health care coverage and lacks access to affordable child care, it is highly probable she will eventually return to welfare. Previous attempts at welfare reform, including the Family Support Act, have not adequately addressed strategies to "make work pay" to help in alleviating the high rate of multiple spells on welfare. The Task Force strongly believes that unless the following strategies and recommendations are adopted and in place, the goal of reducing poverty and increasing self-sufficiency among poor children and their families will not be realized. We call for the following changes as part of our proposal for comprehensive welfare reform.

Health Care Reform

Reform of the welfare system is inextricably linked to reform of the health care system. Poor families want and need access to affordable health care just as badly as non-poor families, particularly if they have unmet health care needs. The Task Force on Self-Sufficiency, with most of its members having responsibility for administering the Medicaid program, know all too well the impact of rising Medicaid costs on state budgets--costs that have been spiraling in part because of expansion of coverage under the program over the last several years, and in part because of the growing number of uninsured who turn to welfare or remain on welfare to ensure health care coverage for their children.

National policy must assure access to health care for America's poor families and children. As stated in APWA's October 1988 report *Access* assuring the availability of health care for poor children and their families is a matter of equity and an economic necessity. Health care is critical to strong, stable, self-sufficient families. It is critical for children to grow and thrive. We must find a way in reform of the nation's health care system to make financial access to basic health care services available to all citizens regardless of economic status. Individuals and families have a responsibility to pursue self-sufficiency through employment. Success in attaining self-sufficiency requires that health care needs are met.

Success in reducing welfare costs and caseloads may have as much to do with remedying the lack of accessible and affordable health care coverage. In a recent

study conducted by Robert Moffitt, Ph.D. and Barbara L. Wolfe, Ph.D., *Medicaid, Welfare, Dependency, and Work: Is there a causal link?* access to health care through private insurance was found to be positively linked to workforce participation and reductions in welfare caseloads and costs. The authors stated, "If we took a more generous step and both increased the value of private coverage to the level of Medicaid and extended private coverage to all female workers, then we predict a decline of more than eight percentage points in the AFDC participation rate and close to a 25 percent reduction in AFDC caseload! The labor force participation of these women is expected to increase by more the 18 percentage points, or nearly one-third."

The study found that the impact on welfare savings would be equally dramatic--a potential savings of \$4000 per woman per year who either left welfare or were discouraged from turning to welfare in the first place. This savings did not include food stamps, which would add another \$1250 in savings per household for a total of \$5250 per household. Using these savings, the authors found that nearly 9.1 million families would be removed from welfare based on the national average monthly number of AFDC recipients in 1986. If coupled with the results of GAIN and other JOBS programs, these savings would be even more impressive.

Expansion of the Earned Income Credit

Our guiding principles call for federal policies to support families to move toward the greatest possible self-sufficiency. We can think of no better policy proposal that supports families, promotes self-sufficiency and rewards work than the Earned Income Credit.

We support the recent expansion of the Earned Income Credit enacted by Congress under the Omnibus Budget Reconciliation Act of 1993. The five-year, \$21 billion expansion will mean that families with a full-time worker and two or more children would receive a \$4 wage supplement for every \$10 of the first \$8,425 they earn. Equally important is the savings the proposal will generate for both the states and federal government from welfare expenditures since the EIC expansion, we will increase incentives for recipients to leave welfare for work.

All working AFDC recipients and those leaving AFDC for work should be encouraged to file annually for their Earned Income Credit. State and local human service agencies have used a variety of ways to inform families of EIC, including sending out notices at the beginning of the year to all families that worked their way off AFDC or other assistance programs, sending notices once a year to current recipients of AFDC, food stamps or Medicaid, and providing information to AFDC recipients upon termination of benefits. The Task Force on Self-Sufficiency believes that more can be done to improve outreach efforts to both

recipients and employers. First, we support a requirement that all AFDC, food stamp, and Medicaid recipients be notified in writing of the availability of the Earned Income Credit upon application for and termination from the programs. Second, we support a requirement that all employers offer the advance payment to all new employees at the time of hiring.

Raising and Indexing the Minimum Wage

As part of the administration's Making Work Pay strategy for welfare reform, President Clinton has endorsed raising and indexing the value of the minimum wage -- that is, adjusting the minimum wage each year for inflation. The Task Force believes that a combination of increasing the minimum wage and expansion of the Earned Income Credit can lead to a shared burden between the public and private sectors in helping to make work pay. We would like to see the minimum wage level raised eventually, however, concerns about the current weakened economy, continued job loss, and U.S. competitiveness in the global economy make it unrealistic for us to propose a change at this time.

Child Care

Our recommendations for changes to the current publicly-financed child care system are included under the priority area Self-Sufficiency Through Work. We view the need to expand quality child care options for low-income families, especially those leaving AFDC, an essential part of Making Work Pay. We believe that ultimately, quality child care should be principally provided through the private sector, and where publicly financed available on a sliding fee scale to all families who need it. Our goal is to eliminate any incentive for working poor families to apply for welfare in order to receive child care assistance.

While our goal is a universal child care system, we recognize such a goal is long range due to budget constraints and capacity issues. Appropriate first steps must be taken now to ensure that the system more rationally, and successfully, supports a family's efforts to move from welfare to work. An important initial step is to make the Child and Dependent Care Tax Credit fully refundable.

The largest federal child care subsidy is the Dependent Care Tax Credit which cost \$4.2 billion in 1991. Because the credit is nonrefundable, however, only families that earn enough to pay taxes can use it. Making the credit fully refundable would allow poor families and working poor families that pay no taxes to benefit from this national policy.

Program Simplification and Coordination

Simplification and coordination of public assistance programs have long been a goal of both administrators and program advocates. APWA and the states have regularly proposed since the mid-1980s a series of changes that would streamline and conform these programs, particularly the AFDC and food stamp programs. Administrators have targeted these two programs because of their size, because most recipients of one program participate in the other, and because most states now administer the two programs in tandem. The need for simplification has grown even more acute in the last three years as national AFDC and food stamp caseloads have experienced unprecedented growth and state budgets have been unable to keep pace. APWA's National Council of State Human Service Administrators (NCSHSA) recently completed an 18-month project that developed simplification and coordination recommendations for nearly every aspect of AFDC and food stamp policy, and which is now being presented to Congress and the Clinton administration.

Over the years states have put forward many recommendations to streamline public assistance programs. In 1986 APWA published One Child in Four, which presented the state and local human service commissioners' recommendations for comprehensive welfare reform. A significant APWA recommendation not enacted in the Family Support Act was the Family Living Standard (FLS), a nationally mandated, state-specific cash grant that would take the place of AFDC, food stamps, and Low Income Home Energy Assistance Program (LIHEAP) payments. The FLS payment would reflect actual family need by being based on local costs of shelter and other necessities. The 1988 legislation did require a study of the FLS and other alternative benefit formulas by the National Academy of Sciences. The study is still in progress.

As broad, systemic reforms such as the FLS are examined and debated, APWA has continued to recommend immediate improvements to the existing assistance programs that remain the backbone of the public welfare system. In 1986 APWA issued a paper recommending over 30 specific changes to conform AFDC and food stamps, and in 1987 USDA's Food and Nutrition Service (FNS) issued proposed conformity regulations that embodied some of these recommendations. However, FNS received considerable negative comment, especially from advocacy organizations, and the regulations were withdrawn.

In 1990 the NCSHSA established the Food Stamp Reauthorization Task Force to propose food stamp improvements for the 1990 reauthorization of the farm bill. The task force's recommendations included a number of simplification and coordination changes and many were enacted in the farm bill later that year. Examples of those enacted were a state option to administer monthly reporting and

retrospective budgeting in conformance with AFDC, a provision to allow one household member to attest to the citizenship status of all members, and removal of several restrictions on form content and format. Follow-up food stamp technical amendments passed in 1991 provided some additional relief to states including simpler handling of resources and educational income.

Even though states welcomed these improvements they were still incremental and left untouched the majority of AFDC and food stamp program policy. APWA and the states were particularly determined to continue advancing the coordination and simplification agenda in the face of the mounting caseloads and state budget crises that were hitting with full force by 1991. Since July 1989 AFDC caseloads have risen by nearly 34 percent and food stamp caseloads have increased by nearly 47 percent. Many states have been unable to adequately staff their assistance program units to meet this demand and consider administrative simplification an essential and urgently needed change. Program complexity and incompatibility also leave states unable to make referrals and perform other case management tasks, activities necessary for successfully helping recipients access services that may move them toward self-sufficiency.

States' concerns about program complexity have recently been joined by a growing interest in simplification and coordination at the federal level. The 1990 farm bill included an APWA-supported provision to create the Welfare Simplification and Coordination Advisory Committee, an appointed body charged with examining AFDC, food stamps, Medicaid, and low-income housing assistance and making recommendations for improving recipient access and ease of administration. The committee's report released in July 1993 included a recommendation calling for establishment of uniform rules and definitions to be used by all needs-based programs in making their eligibility determinations.

A simplification and coordination task force of the NCSHSA's Economic Security Committee began meeting in December 1991 to develop the specific simplification and coordination package. The package of recommendations was unanimously adopted by the NCSHSA on December 10, 1992 at their meeting in San Diego, California, and has also been adopted by the Task Force on Self-Sufficiency.

A summary chart of the recommendations is located in Appendix (....) Separate columns describe the issue addressed, current AFDC and food stamp policy, the task force's initial recommendation, the final positions adopted by the Economic Security Committee and approved by the NCSHSA, and whether each change must be accomplished through regulatory or legislative action. Some annual cost estimates are included as well, based on information available from ACF and FNS

at the time of publication. Many recommendations are low- or no-cost, and several generate savings.

Several coordination and simplification priorities should be implemented in law or regulation as quickly as possible to reduce the administrative burden on families and workers. These are described below.

I. Application Process

The initial procedures now required to take and process application information present some of the most time consuming and difficult tasks in administering AFDC and food stamps. The Task Force on Self-Sufficiency believes current requirements can be greatly streamlined without harm to either the accuracy of case data or to applicants' opportunities to provide necessary information.

The Task Force recommends simplifying the food stamp program and conform it to AFDC by removing current detailed food stamp requirements and replace them with a policy allowing states to deny an application if the household does not provide requested verification within ten days. Simplify both AFDC and food stamps by allowing states to choose what information to verify. Make optional use of the federal Income Eligibility Verification (IEVS) and Systematic Alien Verification (SAVE) systems.

II. Changes and Budgeting

Many families, particularly in the Food Stamp Program, hold jobs in which wages change frequently. Participants in both programs also experience frequent changes in their family composition and expenses. States are now required to track these fluctuations closely, a policy that results in repeated contact between the family and the caseworker and in numerous changes to the case record. Workers spend inordinate amounts of time tracking and processing these changes; participants must repeatedly contact workers to report changes; and repeated handling of the case budget contributes to payment errors.

The Task Force recommends adopting requirements for estimating earned income and reporting changes in which adjustments in the budget for anticipated income are tied to a change in the income status, not an arbitrary \$25 as in current food stamp policy. This proposal is close to the AFDC policy used in many states. FNS is considering, but has not issued, new regulations which may address some of these concerns, such as: conforming AFDC to food stamp policy regarding the effective date of changes and supplemental benefits to new members; conforming AFDC policy to food stamps to allow retrospective budgeting of nonmonthly

reporters; and conforming AFDC policy to food stamps to eliminate the 10 day reporting requirement for monthly reporters.

III. Income and Deductions

Perhaps no aspect of eligibility determination is as complex and time-consuming as the calculation of income and deductions from income. Both programs have highly detailed (and frequently different) rules for determining what and how much income is "counted," that is, used in calculating whether a family qualifies for assistance and if so how much. Once income is determined, many families can have their gross income reduced by a variety of expenses and other items deemed necessary for such important purposes as child care or going to work.

The Task Force proposes a number of specific recommendations. The proposals would completely exclude from consideration several types of income now counted in one or both programs; conform the two programs in the many detailed areas where they now differ; disregard all educational assistance; and conform the programs with respect to dependent care expenses and the incentive disregards for holding a job.

The Omnibus Budget Reconciliation Act of 1993 increased the dependent care expenses for food stamps from \$160 to \$200 per month (children under two) and to \$175 per month (for children over two). This policy is now consistent with AFDC policy. The Task Force on Self-Sufficiency has addressed the issue of incentive disregards for wage earners in the section, *Self-Sufficiency Through Work*.

IV. Recertification and Redetermination

Both AFDC and food stamps provide for renewal or extension of eligibility once a family is receiving assistance. Cases are "redetermined" in AFDC and "recertified" in food stamps through repeating some of the same interview and documentary processes required for initial application, but do so through fundamentally different approaches. In AFDC, a family is considered eligible continuously until determined otherwise through the redetermination process or other change. In food stamps, a family's eligibility is finite and endures only for the "certification period" assigned based on stability of income and other factors. This and other substantial differences severely hamper any attempt to coordinate the recertification/redetermination process for a given family.

The Task Force recommends allowing an "open-ended" authorization of benefits for all families in both programs, with required reviews of cases at least every 24 months.

V. Resources

Both AFDC and food stamps allow eligible households to have certain resources--an amount of cash on hand and certain items of property, such as their home and personal items. Beyond that simple statement the two programs diverge substantially, and have different rules for both resource amounts and allowable types. The issue is a constant source of difficulty for both staff and participants.

In many areas of resource policy, our proposals result in minimal budgetary impact, for example the task force's recommendations for common definitions of excluded property, like treatment of the value of insurance and burial plans, and the same cash on hand limit. With regard to allowable vehicles, however, the preferred alternative-- the complete exclusion of one vehicle per household, regardless of value, and the counting of the equity value of any other licensed--is extremely simple and equitable but could entail substantial budget costs. We support the policy change for food stamps contained in the Omnibus Budget Reconciliation Act of 1993, which provided for an increase in the allowable value of vehicles that is not counted towards the food stamp resource limit. The current limit of \$4,500 is raised slightly over the next two years and is then indexed for inflation beginning with a base of \$5,000 on October 1, 1996. We support the same change for AFDC.

VI. Employment and Training

Much attention has been focused recently on the Job Opportunities and Basic Skills program (JOBS), the AFDC employment and training component required by the Family Support Act. The Food Stamp Program also has an employment and training (E&T) program. Most states are now finding it best to coordinate these two work programs since there is so much overlap in clientele. Once again, however, a multitude of differences in AFDC and food stamp policy hampers these efforts.

The Task Force recommends that HHS and USDA, in consultation with the states, coordinate as many elements of these two work programs as possible. At a minimum the areas to be coordinated should include design of program components, funding, criteria for participation, penalties for nonparticipation, standards to be met, and monitoring systems.