

November 12, 1993

MEMORANDUM

To: Interested Parties

From: Wendell E. Primus

Attached is a revised version of the document we worked from at our last meeting. I have tried to incorporate all comments I received and also to reflect the discussion we had. At David's suggestion, I have also included a substantial amount of new material to provide the need and vision for the proposal. I hope you find this useful. I have kept a very sharp distinction between the vision and the actual plan and its detail.

The material in italics is either an option or is sufficiently controversial not to have been agreed to by most participants at our recent meetings. Obviously, I may have misclassified some of the concepts or ideas in this document. Let me apologize in advance, and please contact myself or Marcy to straighten out any differences.

I recognize that much of the time in the meetings on Friday and Monday will be to prepare documents for the Working Group meeting on Saturday. However, I would like your feedback on this document as much as possible, even though it will not be used for the Working Group immediately. It is the document we are working from to prepare cost estimates and to prepare a more detailed set of specifications. I would hope we could spend some time with this document and to lessen the amount of material in italics.

This document implies that we have come to agreement in many areas. We made substantial progress at our last meeting.

I very much welcome your comments.

## DRAFT PROPOSAL OUTLINE

### INTRODUCTION

There is near universal consensus that the current system simply does not work. Conservatives believe that it destroys initiative and fosters perverse incentives which discourage both work and marriage. Liberals contend that it offers modest benefits while robbing individuals of their dignity and self-esteem. Recipients feel degraded and trapped by a system that offers no reward for their efforts to be self-sufficient and gives them no control over their lives. Taxpayers decry spending seemingly innumerable dollars on a program for which they see little positive result. And most importantly, millions of children and their parents languish in poverty within a system that offers little hope for the future.

It is increasingly common to stereotype and finger-point. 'Us versus them' thinking pervades welfare debates. Ugly, racist, and mean-spirited images and policies are often loudly proclaimed. That cannot be a productive part of this discussion. Nor can we obscure the reality that the nature of the welfare system itself is flawed. It fails to support those who need and deserve our help. And it serves to divide the country along dangerous racial and income cleavages.

The long-term goal must be to improve the lives of children. But welfare seems to leave millions of children poor, and it fails to reinforce basic values involving work, family, opportunity and responsibility. Only by fundamentally refocusing social policy on these values can we achieve long term security for our children.

There are six key elements in what we propose:

#### PROMOTING PARENTAL RESPONSIBILITY AND PREVENTING WELFARE DEPENDENCY

The American public expresses deep concern about the values and behavior of children. The ties between at-risk teenagers and our social institutions are weak. Rather, peer groups and the mass media appear to be shaping our teenagers' views and values. In our inner-cities, the pillar social institutions are in decay--families, schools, policing, other municipal services, and employment. We need to restore basic values to our social programs. Opportunities should be increased and responsibility, most importantly parental responsibility should be emphasized.

Recent data indicate that teenagers who have children out of wedlock are most likely to come onto welfare and to remain on welfare the longest. Therefore, our proposal must contain measures designed to increase responsible sexual behavior, to prevent teenage pregnancy and to encourage high school completion. But out-of-wedlock childbearing involves far more than teenagers. We are nearly to the point where one out of every three children born in the U.S. is born to an unmarried mother. We must send clear and unambiguous messages that out-of-wedlock childbearing is a serious mistake.

Ultimately, if we cannot find a way to reverse the trends in out-of-wedlock childbearing, we cannot guarantee the security of our children.

## **MAKING WORK PAY**

A great tragedy of the past two decades is that economic weakness has pushed down wages for many workers, especially those at the lower end. Simultaneously, the welfare system sets up a devastating array of barriers to people who want to work. It penalizes those who work by taking away benefits dollar for dollar. It imposes a blistering array of reporting requirements for those with earnings. It prevents savings for the future. It stigmatizes and humiliates the working poor who apply for support. Part of the long run answer must be to improve the economy. But we must also ensure that the families can support themselves adequately through work. People who choose work over welfare ought to be rewarded with higher incomes, positive support rather than stigma, with simplicity rather than nightmarish bureaucratic rules.

Our strategy requires that we improve the economic and social security of working families and that we simplify and humanize the administration of such supports. We have already expanded the EITC to make work pay. We will guarantee health security to all Americans with health reform. And we must meet the child care needs of working families. Increased child care is important to the welfare reform program in two ways. First, if work is genuinely to pay for low income families, they must be eligible for child care subsidies sufficient to make it financially possible for them to leave AFDC. Second, if the welfare program is transformed into a program of transitional assistance and work preparation followed by work, child care subsidies must be available for those who are required to participate in work or work preparation activities. We must also simplify advance payment of the EITC. We must make it simple and easy to gain access to food support if a working family is still poor. And we must recognize the volatility of low paying jobs.

## **CHILD SUPPORT ENFORCEMENT**

Our current system of child support enforcement is the worst of all worlds. It is heavily bureaucratic and legalistic. It is unpredictable and maddeningly inconsistent for both custodial and non-custodial parents. It lets many absent parents off the hook, while frustrating those who do pay. It seems to neither offer the provision of security for children, nor focus on the difficult problems of nurturing. It typically excuses the fathers of children born out of wedlock from any obligation and offers no support for their children. And it fails miserably to collect the amount estimated available for collection.

Our system must strongly convey the message that both parents are responsible to support their children and that the Government's role is to assist parents--not substitute for them--in meeting those responsibilities. Because one parent should not be expected to do the work of two, we must ensure that the system presents equal opportunities and obligations to mothers and fathers, to single-parent families and married-couple families. The evidence is clear that children benefit from interaction with two parents, and we should, therefore, avoid offering special benefits to single parents and making single parenthood the key criteria for benefit eligibility. By removing work and marriage disincentives, and through universal paternity establishment and improved child support enforcement, we can ensure that both parents share the responsibility of supporting their children.

## **REINVENTING GOVERNMENT**

For many low income parents, the financial gain from working is minimal. Much has been accomplished but more needs to be done. The earned income tax credit was dramatically expanded but to improve its effectiveness, the payment should be periodic and not received as a lump sum at the end of the year and more of the eligible individuals should receive the credit. The Health Security Act will enable many single parent to leave the welfare roles without risking the loss of health insurance for their children. Finally, we must assist individuals in remaining off of public assistance by providing needed transportation and child care services.

## **TRAINING AND TRANSITIONAL ASSISTANCE**

The welfare office must be perceived as a link to resources which foster entry into the labor market, including education and training services, job listings and job search assistance, and parenting and self-esteem classes. The whole system needs to be based on a philosophy of mutual obligation: the Government provides--through the reformed welfare/work support system--the necessary opportunities, support services and incentives to allow individuals to move toward self-sufficiency, and the recipient agrees to accept responsibility for working toward that end.

A great tragedy of the current education and training system is that low income persons are usually eligible for considerable support for education and training. Yet few of those who apply for welfare ever learn about the services they could receive. And many of the existing services are not designed to serve the types of people who are now on welfare. Welfare cannot and should not be the key to new and special services. Rather, all those who need education and training--whether or not they have children--should have access to the same high quality investments that the nation needs to compete in the 21st century. The welfare office can and should help people use the services they need.

## **TIME LIMITS ON CASH AID FOR THE EMPLOYABLE WHO ARE NOT WORKING**

No system which is designed to encourage work and responsibility can allow people who are able to work to collect the maximum amount of aid indefinitely without making real attempts to work. A relatively small portion of the entrants into welfare actually stay for a very long period. That is the way the system should work. But a smaller group comes on and stays for a very long time. And they consume a very large fraction of the resources of the welfare system. That needs to be changed.

These potential long term recipients should have the access to the training they need. Work must pay so that any job they take ought to improve their situation. And the system must be sensitive to the unique circumstances that confront individuals such as disabled children, personal illness, or severe educational deficiencies. People should be expected to be on track to help themselves from their first day on welfare. But after two years, the bulk of recipients can and should be expected to work in private sector jobs or to work in service to the community. If there are no jobs available, the government does have an obligation to provide work, but those who receive assistance must help serve in return.

In designing this options outline, we have endeavored to keep these principles in mind. All pose very difficult challenges, especially in the current budget crisis. The following is an outline of

policies which embody these principles and which represent an attempt to define areas of consensus and areas where options remain.

## PREVENTION

### NEED/VISION

A message of prevention is a key element of the Administration's welfare reform initiative. To prevent the future dependency, families must take greater responsibility for their own actions, and institutions must provide real opportunities for them as well as access to these opportunities.

### PARENTAL RESPONSIBILITY/STRENGTHENING FAMILIES

- State demonstration to provide comprehensive case management focused on all family members as a means to help a welfare recipients' children never go on welfare as well as helping keep existing recipients off. Target teens.
- *Require minor mothers to live with their parents or in other supervised settings. Establish well-defined exceptions.*
- *Demonstrations on making case heads accountable for their family members' participation in education and training activities, e.g., reduce benefit level.*
- *Calculate a teen parent's AFDC benefit based on their parents' ability to contribute to their support.*
- *Paternity establishment required as a condition for benefit eligibility.* ✓
- *State option to limit additional benefits for additional children born while on welfare.*

### PROMOTING RESPONSIBILITY

- A highly publicized Presidential-level conference could address the promotion of responsible behavior in the media industry. The conference could summarize research and oversee a public debate on the effects of the media on youth.
- Conduct a national campaign to reduce and prevent teen pregnancy. Utilize media/entertainment industry to promote messages about responsible sexual behavior, staying in school, and avoiding the use of drugs and alcohol. Encourage sensitive and responsible television advertising for contraception. ✓
- Provide challenge grants to States for innovative ways to reward and require responsible behavior. ✓

## PREGNANCY PREVENTION

- Make family planning services available to all adolescents<sup>NO</sup> and adults receiving AFDC. For example, Title X funds could be used to develop a special outreach to AFDC mothers with daughters in their early teens.
- Increase the outreach efforts of family planning services agencies, enhance counseling services provided by those agencies, and increase the accessibility both in location and hours of operation, of those agencies to teenagers through school-based and school-linked services.

## PROMOTING OPPORTUNITY

- Provide programs of adults volunteering to work with disadvantaged children one-on-one, such as Big Brothers/Sisters and mentoring programs tied to colleges and business, a White House spotlight and document successful innovation in recruiting and training volunteers and reaching disadvantaged children.
- Provide support, such as planning, organizing, and coordination funds, to non-profit community-based organizations that foster responsible behavior and prepare youth for the opportunities awaiting them. Examples include churches, PTAs, and boys and girls scouts.
- *Recruit and train older recipients who went on welfare as teen mothers to serve as counselors as part of their community service assignment.*
- Coordinate and pool Federal resources to encourage comprehensive interventions to address the comprehensive and multi-generational nature of economic and social deficiencies in many disadvantaged neighborhoods. For example, applicants for empowerment zone grants could be encouraged to include a prevention theme, or empowerment zone grants could be prioritized based on applicants' proposed prevention strategies. Applicants would be given a range of possible activities that could fulfill the requirement, thus minimizing any burden or possible deterrent effect.
- *Demonstrations which would hold schools accountable for "tracking" at risk youth and drop-outs and for helping to provide these youth with education or training alternatives.*

## MAKING WORK PAY

### NEED/VISION

For many low-income parents, the financial gain from working is minimal. Much has been accomplished, but more needs to be done. The Earned Income Tax Credit (EITC) was dramatically expanded in the recent budget reconciliation bill, but to improve its effectiveness, the payment should be periodic and not received as a lump sum at the end of the year; and more of the eligible individuals should receive the credit. The Health Security Act will enable many single parents to leave the welfare roles without risking the loss of health insurance for their children. Finally, we must assist individuals in remaining off of public assistance by providing needed transportation and child care services.

The federal government currently subsidizes child care through a number of different programs. Each of the programs has somewhat different eligibility rules and regulations, making for an extremely complicated system that is hard for both providers and recipients to navigate. There is a need for consolidation and simplification, as well as for increased funding for subsidies and for investments in the quality of child care.

### EITC

- Joint administration of food stamps and EITC to working families using EBT technology where available. Partial advance payment of EITC with remainder paid as bonus at end of year.
- Automatic calculation of EITC by IRS.
- Incorporate Treasury concepts to make advance payment of EITC more of a reality. Allow families with a simplified W-5 form to receive an advance EITC equal to employee FICA tax.

### CHILD CARE

- Consolidate all IV-A programs and possibly child care disregards under AFDC and food stamps to create an open-ended entitlement for all welfare and JOBS participants at the new JOBS match rate. This would be for low-income families eligible for food stamps and JOBS participants. Use increased CCDBG for non-welfare families.
- *Create two funding streams (not one) for low-income families. The program described above would be for AFDC and JOBS participants, and a new capped entitlement equal to the current level of transitional and at-risk child care plus food stamps would also be created.*
- Standardize child care disregards under AFDC and food stamps.
- *Make dependent care tax credit refundable for families not receiving assistance under CCDBG and the new consolidated child care program. Cost considerations probably imply that this means eliminating TCC and the at-risk portion of IV-A programs, keeping the food stamp disregard and IV-A being limited to JOBS and work slot individuals.*
- Make rules between CCDBG and new program(s) consistent. Care would have to be legal under State law and if exempt from State regulation, would have to meet CCDBG minimum health and safety standards.
- States would set maximum rates and co-payment rates which would be the same for all categories of recipients.
- Funding for CCDBG would gradually increase. At least 25 percent of CCDBG must be used for quality and supply enhancements. Quality enhancements that would be encouraged under the block grants would include resource and referral services, parent information and education, investments in facilities and equipment, the development of family day care networks, training, ties between Head Start and child care, and special programs for bringing AFDC recipients into the child care work force.

## OTHER SERVICES

- Demonstration to examine the effectiveness of a comprehensive work support agency.
- Demonstration of a family unemployment-type benefit.
- State option to provide additional services such as transportation, job matching, training opportunities, etc. to encourage working families to stay off welfare.
- *Emergency assistance program at State option—either inside or outside the welfare system—to provide temporary assistance to persons who lose their job in order to encourage reentry into the labor force without going on welfare. The current AFDC Emergency Assistance system would be reformed and capped at 3 percent of AFDC expenditures.*

## CHILD SUPPORT

### NEED/VISION

In spite of the concerted efforts of Federal, State and local governments to establish and enforce child support orders, the current system fails to ensure that children receive adequate support from both parents. Many noncustodial parents fail to pay any support, and in [1992], of the \$55 billion that is estimated could be collected, only \$11 billion was actually paid. While legislative changes in 1988 and 1990 have yielded positive change, more remains to be done. Paternity establishment should be universal and done as much as possible immediately after birth of the child. States should develop central registries of collections and disbursements which can be coordinated with other States. Tougher enforcement mechanisms should be made available to collection agencies. Finally, a large-scale, multi-State demonstration project should be undertaken to test the effectiveness of providing support services to fathers who owe child support.

### CHILD SUPPORT ENFORCEMENT

#### Structure and Organization

- State-based system with more state centralization, universal central state registries and centralized collections/disbursements
- Stronger federal role with National Child Support Enforcement Clearinghouse; expanded IRS role; stronger federal technical assistance; more performance based, "state friendly" auditing process.
- Broader, more universal provision of services, monitoring of all cases, elimination of welfare/non-welfare distinctions.
- New funding formula and emphasis on performance-based incentives.
- Revised payment and distribution rules that strengthen families.

- Much improved data and performance measures.

#### Paternity

- Universal Establishment Approach - new universal paternity measurement and performance standards, performance based paternity incentives, education and outreach efforts.
- Simplified Paternity Establishment Process - expanded voluntary acknowledgement program, streamlined process for contested cases.
- Clear Paternity Establishment Responsibility - clearer, stricter cooperation requirement; clearer responsibility and tight timeframes for agency.
- *Universal paternity establishment with corresponding sanctions for noncompliance. No personal exemption, dependent care credit, EITC, Pell grants or college loans, unless paternity is established.*
- *Mandatory paternity establishment as a condition of AFDC. If mother cooperates, full AFDC benefits are paid, but first \$100 per month is at State expense until paternity is actually established.*

#### Appropriate Payment Levels

- Universal, periodic, administrative updating of awards.
- National Guidelines Commission.

#### Tougher Enforcement

- Expanded uniform interstate procedures, adoption of UIFSA.
- IV-D administrative power to take many enforcement actions.
- Expanded access and matching with other state data bases.
- A variety of tough enforcement tools.
- *Reduction in retirement pensions if child support not paid.*

#### CHILD SUPPORT ASSURANCE

- All child support assurance options would be linked to work requirements for the fathers.
- *States would advance up to \$50 per month, per child of child support payments owed by the absent parents to custodial parents not on AFDC. Payments and arrearages would continue to accumulate.*

- *Child support assurance with annual Federal benefits of \$2,500 (\$1,700) for one child, plus \$500 per child. States may implement only if they meet certain enforcement criteria. Full offset of AFDC, or only partial offset of AFDC in low-benefit States. State demos possible.*
- *As a phase-in strategy and as part of the safety net, provide CSA benefits to children receiving food stamps.*
- *Increase child support disregard or increase incentives for low-income fathers to pay.*

### NONCUSTODIAL PARENTS

- *Multi-site demonstration(s) of expanded training, peer support and other support for noncustodial parents, including job training and parenting classes, which increase ability to meet child support obligations. States would be given considerable flexibility in their design.*
- *National Commission on Access and Visitation.*
- *PSE or CWEP job slots (full-time or part-time) allocated for noncustodial parents who have failed to, or are unable to, pay child support. Include at State option providing unsubsidized community service slots.*
- *Subsidize State demonstrations of programs designed to increase paternity establishment by identifying putative fathers through referrals from health and early childhood education programs/facilities and educating them about their rights and responsibilities in preparation for birth.*
- *Reduce arrearages if current support payments are faithfully made.*
- *Targeted Jobs Tax Credit (TJTC) made available to fathers with children receiving food stamps.*
- *JOBS made available to noncustodial parents at State option.*
- *Suspend all or a portion of child support payments for fathers participating in JTPA, finishing high school, completing a GED, or in other JOBS activities. During this period, the suspended payments would be paid by the State.*

### REINVENTING GOVERNMENT

#### NEED/VISION

One of the real problems with the current welfare system is its enormous complexity. There are many different programs with differing rules. This fact increases administrative cost, confuses recipients and caseworker alike and leads to program errors and inefficiencies. In addition, program administration focuses on the wrong goals. We have become very efficient at calculating checks but have spent little effort in moving families to self-sufficiency, establishing paternity, and collecting child support.

The goal of the changes described below is to simplify the lives of recipients and caseworker by conforming to the maximum degree possible the rules between AFDC and food stamps. It also simplifies reporting and other eligibility rules in a budget neutral manner by enhancing fraud activities and coordinating information between welfare and tax offices. It also targets public assistance benefits by subjecting all cash and near cash benefits to taxation.

### PERFORMANCE STANDARDS

- Establish new performance standards designed to focus training and placement as the primary goal of transitional assistance. Focus quality control and audits on participation rates and performance standards, as opposed to eligibility and benefit levels. For example, audits and errors should be based on samples of actual mispayments (both under- and overpayments) identified rather than a failure to have certain records or materials.
- Child support and paternity establishment reimbursement to States based on performance.

### SIMPLIFICATION AND CONFORMITY AMONG ASSISTANCE PROGRAMS

- Asset rules simplified and AFDC rules liberalized to be in conformity with food stamps.
- Adopt APWA regulatory and legislative proposals, including application, redetermination, and reporting streamlining.
- All benefits (including AFDC, food stamps, housing, child support assurance, and SSI) taxable to custodial parent. Increase in standard deduction for heads of household.
- Eliminate 100-hour rule and quarters-of-work rule in AFDC.
- States required to determine a need standard according to a standard methodology and update it annually. States must also designate a portion of AFDC as housing.
- State flexibility to increase AFDC earnings disregards. Earnings disregards should be constant over time (e.g. no difference between fifth month and twelfth month on AFDC).
- *Change housing subsidy to provide less assistance to a greater number of households by having housing count for food stamps or by designating part of AFDC as housing assistance. Also, freeze rents for a fixed period of time after the recipient takes a job.*
- State option, when calculating countable resources, to disregard up to \$10,000 in savings designated for the purchase of a home, a car, or for education or a microenterprise.
- *Eliminate the \$50 passthrough for child support and replace with increase in benefit level.*
- *Filing units for AFDC and food stamps standardized.*
- *Enhance interagency waiver authority through Community Enterprise Board.*

## CONSOLIDATION

- Permit States to integrate other employment and training programs (i.e., Food Stamp ETP) into the JOBS program.
- *OPTION: Encourage States to implement "one-stop shopping" education and training models.*
- Consolidation of several child care programs.

## FRAUD AND ABUSE

- *Coordination of tax, welfare, UI, Social Security and child support enforcement data in national data base.*

## TRANSITIONAL ASSISTANCE

### NEED/VISION

One of the clearest lessons of the site visits and hearings held by the Working Group is that the current welfare system is not about getting people access to jobs that allow them to maintain independence and control. It is not about training or job placement or work supports. It is about determining who qualifies for receiving welfare and writing checks to those individuals.

Our current reform effort must transform the culture of welfare and welfare administration from eligibility determination and benefit distribution as the primary focus, to the welfare office being seen as a work support agency which helps individuals who are "doing the right thing" to obtain employment and achieve self-sufficiency. The welfare office must be perceived as a link to resources which foster entry into the labor market, including education and training services, job listings and job search assistance, and parenting and self-esteem classes. The whole system needs to change based on a philosophy of mutual obligation: the Government provides--through the reformed welfare/work support system--the necessary opportunities, support services and incentives to allow individuals to move toward self sufficiency, and the recipient agrees to accept responsibility for working toward that end.

The JOBS program will be redesigned to increase dramatically the number of people participating. States will continue to have broad flexibility in designing the structure of their programs and the range of eligible activities. The mission of the JOBS program is to assure that welfare recipients have access to and information about all existing education and training programs. This includes such opportunities as Pell grants and the JTPA system. New administration initiatives such as School-to-Work, One-Stop Shopping, and Apprenticeship Training will enhance the opportunities available to welfare recipients.

### PARTICIPATION

- Replace AFDC with JOBS. Phase-in increase in participation standards for JOBS from the current level (20% of nonexempt caseload in FY 1995). Reduce the number of exemptions from JOBS and place an overall limit on the number and duration of extensions/exemptions.

- Broaden definition of participation to include substance abuse treatment and possibly other activities (parenting/life skills classes, domestic violence counseling).
- Increase flexibility for States in the operation of the JOBS program, i.e., relax requirement that work supplementation jobs be new jobs, extend limit on participation in job search (currently eight consecutive weeks).

#### INTAKE/CASE MANAGEMENT

- *Require most new applicants to engage in supervised job search from the date of application for benefits. Sanction for non-participation.* ✓
- Federal government will provide guidance and technical assistance in helping States redesign the "culture" of their welfare offices.
- *Require all applicants to sign a social contract specifying the responsibilities of both the State agency and the recipient.* ✓

#### TARGETING TEENS

- Teen parents would be subject to the same requirements under the transitional and post-transitional programs, with appropriate incentives and sanctions to encourage compliance. Intensive case management. State option to delay time limit to allow teen recipients to finish high school.
- *Require all teen parents to develop, in conjunction with the caseworker, an individualized case plan.*

#### SANCTIONS

- Similar to current law sanctions, which gradually increase in severity and are 'curable' upon compliance, with some additional State flexibility.

#### TIME LIMITS

- The allowed length of time in JOBS activities geared to work preparation (rather than work itself) will vary depending on the needs and capabilities of the individual. The exact length of time will be determined in the case plan, but may not exceed two years. States will have flexibility to provide a limited number of extensions of up to two years to complete an education or training program leading directly to work or to finish high school.
- Permit one-time extensions of the time limit for completion of an education/training program which is expected to lead directly to employment (extensions limited in duration) or for completion of high school. *This should not be an extension to complete a college degree.* ✓
- Time spent on a waiting list for the JOBS program would not be counted against the time limit. ?

- Allow recipients who have left the rolls to earn additional months of assistance for months working and/or not on assistance.
- *Require job search for last 90 days before time limit expires.*
- *Exempt low-income working families who are working 20 hours per week (more hours at State option) from time limits.*

#### FUNDING

- Enhance funding for JOBS commensurate with the increase in participation standards, increase federal match rate for JOBS. Federal match rates would increase if State unemployment rate exceeds a certain target.
- *OPTION: Increase match rate for case management and/or provide additional funding to States for case management.*

### POST-TRANSITIONAL ASSISTANCE

#### NEED/VISION

Integral to the welfare reform plan is the principle that individuals who are able to work should not collect cash assistance indefinitely. During the transitional assistance period, individuals would be expected to obtain the necessary training and skills to move into the private sector labor force. A recipient who reached the time limit for participation in work preparation activities without finding private sector employment would be required to participate in the post-transitional assistance work program (hereafter work program).

The goal of the work program would be to prepare participants for, not to serve as an alternative to, private sector employment. Whenever possible, recipients who had reached the time limit for transitional assistance would be placed in private sector jobs rather than public sector employment.

#### STRUCTURE

- Require States to involve the private sector and community organizations in the operation of the work program by, for example, tapping local Private Industry Councils to help identify and develop private sector jobs. States would be encouraged to enter into performance-based contracts with public-private entities or private firms to place recipients who had reached the time limit into private sector positions.
- Provide financial incentives for States to place work program participants into private sector employment.
- Work program positions to be either within government entities or created through contracts with non-profits; encourage States to employ work supplementation and on-the-job training (private sector) as part of the post-transitional assistance program.

- Create a fixed number of work program positions (300,000-500,000); positions allocated either on a first-come, first-serve basis or according to need. Recipients on a waiting list for public work positions would be permitted to do community service work (i.e., volunteering at a non-profit) to fulfill the work requirement.
- States to absorb the full or a greater share of the cost of cash assistance for those on the waiting list. Allow the AFDC benefit level to be reduced in high-benefit States or for recipients who are receiving AFDC, Food Stamps and housing assistance; only AFDC benefits could be reduced, and the safety net could not fall below 60 percent of poverty.
- Require local IV-A agencies to develop an inventory of job opportunities available through existing Federal initiatives. Train and employ some of the participants in the work program as child care providers.
- Increase incentives to employers to hire, train and retain families who are on cash assistance.

#### *Alternative Structure for Work Program*

- Require States to open the work program up to competitive bidding. States would issue a request for proposals to provide temporary positions to recipients who had reached the time limit for transitional assistance. Any employer, public or private, non-profit or for-profit, could submit a proposal to provide work program positions. Proposals would be selected on the basis of cost, extent and value of training provided and potential for movement into unsubsidized employment with the same employer.
- States would be given wide discretion in designing the work program, which could be operated by a State agency other than the IV-A agency, a quasi-public corporation, a consortia of local employers, or a combination of public and private entities.
- Contracting employers would be allowed to establish objective criteria, such as a high school degree or a typing or literacy test, for entry into contracted work program positions. Subjective screening of recipients would not be permitted.
- Total Federal funding for the work program would be capped and distributed on a formula basis to States. Total funding (Federal and State) would be approximately \$3 billion, allowing for the creation of 500,000 positions at \$6,000 per position. The number of work program positions would not be fixed; States able to contract with employers to provide positions at a lower cost would be able to create more positions per dollar of funding. The cap could be increased if unemployment rises significantly above a target level.

#### **TIME LIMIT**

- No time limit on participation in the work program (although individuals might change positions several times).
- Establish an 18-month time limit on participation in the work program.

- *Permit States to impose a time limit on participation in the work program (including self-initiated community service).*

### HOURS AND WAGES

- Each work assignment would be for 20 hours per week. States would have the option to increase the requirement to 35 hours per week.
- All work program assignments would pay the minimum wage (higher at State option). Compensation from work program positions would be treated as earned income and benefits would be calculated accordingly.
- *Calculate required hours of work by dividing the AFDC benefit by the minimum wage; compensation would be treated as benefits rather than earnings. Child support collected would be deducted from the AFDC benefit for the purpose of calculating the required number of hours.*
- Work program positions would be treated as private sector employment with respect to FICA and Worker's Compensation.
- Earnings from work program positions would not count as earned income for the purpose of the Earned Income Tax Credit.

### JOB SEARCH

- Require persons in the work program to engage in job search either concurrently (i.e., 8 hours per week) or periodically (i.e., two weeks every 120 days, or for a fixed period after completing a work program assignment).
- *Recipients on the waiting list for work program positions, included those in self-initiated community service, to engage in continuous job search.*

### SANCTIONS

- Not working the required number of hours would result in a corresponding reduction in wages and no change in benefits (i.e., benefits would not rise to offset the fall in work program earnings).
- If an individual refused an offer of a full- or part-time private sector job without good cause, benefits for at least the next six months would be calculated as if the job had been taken. The sanction would end upon acceptance of a private sector job.

### FUNDING

- Provide matching funds for work program positions at the FMAP rate. Establish a cap on administrative and supervision costs. The Federal match rate would increase if a State's unemployment exceeded a certain target level.

- *Establish a variable match rate that declines with an individual's length of participation in the work program. States would receive reduced reimbursement for participants who had been in the work program beyond a fixed time period (or periods).*

### **ECONOMIC DEVELOPMENT**

- Integrate the public sector work program with other Administration economic development initiatives, including empowerment zones and microenterprise loan programs.
- *Create a special equity fund to invest in businesses which hire the parents of children on welfare (this would include both welfare recipients and noncustodial parents of children on welfare.)*

### **DEMONSTRATIONS, RESEARCH AND EVALUATION**

- A thorough evaluation of all aspects of the proposal to be conducted after full implementation of time-limited assistance and post-transitional work.
- In addition to child support assurance, noncustodial parent and work support agency demos previously mentioned, other demos would be designed to test various concepts and ideas including America Works, school attendance incentives, serving persons with disabilities, etc.

November 11, 1993

MEMORANDUM FOR WENDELL PRIMUS

FROM: BRUCE REED  
SUBJECT: Additions to Welfare Reform Options Paper

You've probably gone through a few drafts by now, and already incorporated many of the changes raised at our last meeting. But here are some of our concerns and suggestions. Thanks for pushing this along.

General Comments

1. We strongly believe (and David may agree) that the Parental Responsibility / Prevention section should come first, in both the Introduction and the detailed outline. We think we should talk about our values before we talk about our programs. This section should stress the social contract and parental responsibility, not simply welfare prevention.

2. We would like to see a Reinventing Government section that includes simplification, asset rules, performance incentives, etc. We also recommend that this section give the VP's Community Enterprise Board the interagency waiver authority described in the Republican bill (I think David likes this idea, too).

3. The Introduction needs a few paragraphs that put this whole issue in the broader context -- the explosion of out-of-wedlock births, the need to restore basic values to our social programs, the importance of the social contract, the decline of opportunity, responsibility, and work, etc. I will take a shot at this; others should as well.

Section-by-section

1. Make Work Pay -- changes were suggested at the retreat.

2. Child Care -- I still think we need explicit mention here of using (not just training) post-transitional recipients as child care workers. The more we use our child care dollars to hire people off welfare, the more jobs we can say we're creating, and/or the less money we'll need overall. Can we claim some of the Title XX money that is designated to Empowerment

Zones for this explicit purpose?

### 3. CSE

**Paternity:** Include mandatory paternity establishment as a condition of AFDC and other government benefits. Can we set 90 or 100% P/E as a goal by 2000?

**Enforcement:** It wouldn't hurt to say what that "variety of tough enforcement tools" actually includes.

**CSA:** We stand by our insistence that any child support assurance demonstrations must be linked to work requirements for the fathers.

4. Noncustodial Parents -- The PSE/CWEP option should also include the option of providing unsubsidized community service slots, as in the Wisconsin program and the Republican bill.

### 5. Transitional Assistance

**Job Search:** We still want to require most new applicants to engage in supervised job search -- not simply encourage them as Mary Jo suggested (although we would like to do that, too, by offering an enhanced match for job search). We like Howard's idea of required job search plus a sanction for nonparticipation. We would be willing to go further, and require job search before a person can receive benefits -- with a state option to provide benefits during job search to those who really need it. Required job search will give us scorable savings -- and more important, send a clear message that our whole program is about work.

**Social Contract:** We should require the social contract, which is simple and the same for everybody. We have doubts about requiring "individualized case plans," which sound bureaucratic and paperwork-intensive. Many recipients don't need case management; they need opportunities and expectations. If states want to emphasize case management, fine; they can choose to make individualized plans part of their social contracts.

**Participation:** The definition should be broadened to include self-initiated community service. We should make clear that everybody does something. We should require participation for all new applicants by a date certain.

**Exemptions:** There should be an overall limit on the number and duration of exemptions/extensions. There shouldn't be an extension to finish a college degree.

**Job Search Last:** We would like to require job search for the last 90 days before the time limit expires. We may also want to offer work supplementation vouchers to go with it.

6. Post-Transitional: MORE TO FOLLOW LATER TODAY

7. Personal/Parental Responsibility (and Prevention)

As mentioned above, we believe this section should come first, and should mention the Social Contract.

**Paternity Establishment:** requirement for AFDC and other government benefits. We also support giving states the option to make payment of child support a requirement on fathers who seek other government benefits.

**Family cap:** state option to limit additional benefits for additional children born while on welfare.

**Responsibility Fund:** a pot of money available in challenge grants to states for innovative ways to reward and require responsible behavior.

**Teen Pregnancy:** A national campaign to reduce and prevent teen pregnancy.

November 1, 1993

MEMORANDUM

To: Mary Jo Bane  
David Ellwood  
Bruce Reed

From: Wendell E. Primus

Re: Attached Welfare Reform Proposal Outline

Attached is the proposal outline document, which I sincerely hope can serve as a working document in our discussions later today. In this document, I and my staff have endeavored to incorporate ideas from all of the plans submitted for the last retreat, which represent the spectrum of options on the table. In my mind, the goal of the meeting today is to add, delete or modify policy ideas in this very abbreviated format. This applies both to the items in regular type, about which there is assumed to be some general consensus, and to the options in italics, about which more discussion is clearly needed. There will be a longer document available later this week that will provide greater detail on how these ideas are actually translated into legislation or regulations.

Both the revised outline and the longer document will be circulated late in the week for your comment. There is no pride of authorship, as I do expect both documents to change frequently over the next several weeks. However, I do hope they can become our working documents and that we do not change paper each time we meet.

In my opinion, we have a long way to go over the next two months, particularly because we have not yet begun to address how we will allocate our resources among the various components of the proposal. In order to meet our tentative deadline, we need to begin drafting legislation soon after Thanksgiving. The ASPE health crowd agrees that if indeed we are to have a finished product by late January, this is not an unreasonable time frame. I recognize that the President will have probably made no decisions at that time, but drafting imposes its own discipline which will aid in the decisionmaking process. We can begin by drafting less controversial pieces such as the amendments to JOBS and the demonstration projects that we want included in the legislation.

The longer document to be drafted later this week will serve as legislative specifications. This is not meant to preclude in any way Presidential memos that make the case for one option or the other or other documents that make the case for welfare reform or a particular vision. I will leave that to others to

write. My primary intent with these two documents is to enable the group to reach consensus on what options (and their gory details) are still on the table and to put those options into legislative language so that each option can be estimated with accuracy and so that other analytic work can proceed. Every idea remaining on the table will require a substantial amount of budget analysis and work in supplying the necessary details.

I hope this is helpful and would appreciate any feedback.

cc: Group

## DRAFT PROPOSAL OUTLINE

### INTRODUCTION

There is near universal consensus that the current system simply does not work. Conservatives believe that it destroys initiative and fosters perverse incentives which discourage both work and marriage. Liberals contend that it offers modest benefits while robbing individuals of their dignity and self-esteem. Recipients feel degraded and trapped by a system that offers no reward for their efforts to be self-sufficient and gives them no control over their lives. Taxpayers decry spending seemingly innumerable dollars on a program for which they see little positive result. And most importantly, millions of children and their parents languish in poverty within a system that offers little hope for the future.

It is increasingly common to stereotype and finger-point. 'Us versus them' thinking pervades welfare debates. Ugly, racist, and mean spirited images and policies are often loudly proclaimed. That cannot be a productive part of this discussion. Nor can we obscure the reality is that the nature of the welfare system itself is flawed. It fails to support those who need and deserve our help. And it serves to divide the country along dangerous racial and income cleavages.

The long term goal must be to improve the lives of children. But welfare seems to leave millions of children poor, and it fails to reinforce basic values involving work, family, opportunity and responsibility. Only by fundamentally refocussing social policy on these values, can we achieve long term security for our children.

There are five key elements in what we propose:

#### Make Work Pay

A great tragedy of the past two decades is that economic weakness has pushed down wages for many workers, especially those at the lower end. *wages haven't risen - 1959* Simultaneously, the welfare system sets up a devastating array of barriers to people who want to work. It penalizes those who work by taking away benefits dollar for dollar. It imposes a blistering array of reporting requirements for those with earnings. It prevents savings for the future. It stigmatizes and humiliates the working poor who apply for support. Part of the long run answer must be to improve the economy. But we must also ensure that the families can support themselves adequately through work. People who choose work over welfare ought to be rewarded with higher incomes, positive support rather than stigma, with simplicity rather than nightmarish bureaucratic rules.

Our strategy requires that we improve the economic and social security of working families and that we simplify and humanize the administration of such supports. We have already expanded the EITC to make work pay. We will guarantee health security to all Americans with health reform. And we must meet the child care needs of working families. We must also simplify advance payment of the EITC. We must make it simple and easy to gain access to food support if a working family is still poor. And we must recognize the volatility of low paying jobs.

## Child Support Enforcement

Our current system of child support enforcement is the worst of all worlds. It is heavily bureaucratic and legalistic. It is unpredictable and maddeningly inconsistent for both custodial and non-custodial parents. It lets many absent parents off the hook, while frustrating those who do pay. It seems to neither offer security provision of children, nor focus on the difficult problems of nurturing. It typically excuses the fathers of children born out of wedlock from any obligation and offers no support for their children. And the biggest indictment of all is the finding that of \$55 billion that could be collected, only \$11 billion is actually paid.

Our system must strongly convey the message that both parents are responsible to support their children and that the Government's role is to assist parents--not substitute for them--in meeting those responsibilities. Because one parent should not be expected to do the work of two, we must ensure that the system presents equal opportunities and obligations to mothers and fathers, to single-parent families and married-couple families. The evidence is clear that children benefit from interaction with two parents, and we should, therefore, avoid offering special benefits to single parents and making single parenthood the key criteria for benefit eligibility. By removing work and marriage disincentives, and through universal paternity establishment and improved child support enforcement, we can ensure that both parents share the responsibility of supporting their children.

## Training and Transitional Assistance

One of the clearest lessons of the site visits and hearings held by the working group is that the current welfare system is not about getting people access to jobs that allow them to maintain independence and control. It is not about training or job placement or work supports. It is about writing checks. It is about writing checks in an environment with a numbingly large number of regulations, all of which must be met or penalties will accrue to the state and recipient alike. We have created a system preoccupied with detail which misses the big picture.

Our current reform effort must transform the culture of welfare and welfare administration from eligibility determination and benefit distribution as the primary focus, to the welfare office being seen as a work support agency which helps individuals who are "doing the right thing" to obtain employment and achieve self-sufficiency. The welfare office must be perceived as a link to resources which foster entry into the labor market, including education and training services, job listings and job search assistance, and parenting and self-esteem classes. The whole system needs to be based on a philosophy of mutual obligation: the Government provides--through the reformed welfare/work support system--the necessary opportunities, support services and incentives to allow individuals to move toward self-sufficiency, and the recipient agrees to accept responsibility for working toward that end.

A great tragedy of the current education and training system is that low income persons are usually eligible for considerable support for education and training. Yet few of those who apply for welfare ever learn about the services they could receive. And many of the existing services are not designed to serve the types of people who are now on welfare. Welfare cannot and should not be the key to new and special services. Rather, all those who need education and training--whether or not they have children--should have access to the same high quality investments that the nation needs to compete in the 21st century. The welfare office can and should help people use the services they need.

## Time-Limits on Cash Aid for the Employable

No system which is designed to encourage work and responsibility can allow people who are able to work to collect cash aid indefinitely. A relatively small portion of the entrants into welfare actually stay for a very long period. That is the way the system should work. But a smaller group comes on and stays for a very long time. And they consume a very large fraction of the resources of the welfare system. That needs to be changed.

These potential long term recipients should have the access to the training they need. Work must pay so that any job they take ought to improve their situation. And the system must be sensitive to the unique circumstances that confront individuals such as disabled children, personal illness, or severe educational deficiencies. People should be expected to be on track to help themselves from their first day on welfare. But after two years the bulk of recipients can and should be expected to work in private sector jobs or to work in service to the community. If there are no jobs available, the government does have an obligation to provide work, but those who receive assistance must help serve in return. *should help them find*

/ NO

## Preventing the Formation of Single Parent Families *Parental Responsibility - Social Contract*

Finally, welfare reform must include significant attention to prevention. Recent data indicate that teenagers who have children out of wedlock are most likely to come onto welfare and to remain on welfare the longest. Therefore, our proposal must contain measures designed to increase responsible sexual behavior, to prevent teenage pregnancy and to encourage high school completion. But out-of-wedlock childbearing involves far more than teenagers. We are nearly to the point where one out of every three children born in the U.S. is born to an unmarried mother. We must send clear and unambiguous messages that out-of-wedlock childbearing is a serious mistake. Ultimately, if we cannot find a way to reverse the trends in out-of-wedlock childbearing, we cannot guarantee the security of our children.

In designing this options outline, we have endeavored to keep these principles in mind. All pose very difficult challenges, especially in the current budget crisis. The following is an outline of policies which embody these principles and which represent an attempt to define areas of consensus and areas where options remain.

- A. EITC
- B. CCARE
- C. H. CARE
- D. ~~UI~~ UI

NOTB: better, more simplification to REGO

### MAKE WORK PAY

STRATEGY:

③ Joint administration of food stamps and EITC to working families using EBT technology where available. Partial advance payment of EITC with remainder paid as bonus at end of year. state option  
| 4

- Automatic calculation of EITC by IRS.
- Automatic eligibility for families receiving food stamps for Head Start and subsidized day care.
- Health insurance subsidies administered by same agency to low-income working families. | \$?
- Demonstration to examine the effectiveness of a comprehensive work support agency. | means what?
- Demonstration of a family unemployment-type benefit. ? us cur. stop
- Other advance payment options.
- *OPTION: Dramatically simplify and coordinate food stamps and EITC for working poor families not on AFDC.*

*OPTION: Federal incentives for States to establish State EITCs to supplement existing benefit.* | good

- *OPTION: Emergency assistance program at State option--either inside or outside the welfare system--to provide temporary assistance to persons who lose their job in order to encourage reentry into the labor force without going on welfare. The current AFDC EA system could be reformed.* | why?
- *OPTION: State option to provide additional services such as transportation, job matching, training opportunities, etc. to encourage working families to stay off welfare.*

### CHILD CARE

- Significantly increase access to child care. Create stronger linkages between child care and Head Start.

#### OPTIONS FOR FUNDING:

① Use 3 programs

Provide funding for child care for all families at or below 130% of poverty through a new entitlement program (eliminating current programs). Include sliding fee scale. NO

- Consolidate IV-A programs to create an open-ended entitlement for all welfare and JOBS participants at increased match rate. Use increased CCDBG for non-welfare families. NO

Make rules between programs more consistent.

NOTB: double-digit 20's

or capped

capped entitlement for working poor  
Keep 2 streams separate  
Wendell: House wait allow entitlement  
Make tax credit refundable?

R: SEPARATE REGO TITLE

- Provide increased match rate for first 2 years of eligibility.

OPTIONS FOR TARGETING STRATEGIES (with limited funding):

Make DCTC refundable?

- ✍ Give priority to single-parent families. NO
- ✍ Give priority for CCDBG funds to transitional assistance exhaustees. ?
- Exempt from participation parents with first (or any) children under certain ages (1) 2, or 3).  
Avis: thorny issue
- Increase number of parents mandated to participate part-time rather than full-time. / school hrs.

OPTIONS TO INCREASE QUALITY/SUPPLY:

Individual proposals may not be controversial; the main issue is the level of resources to devote to increasing quality and supply.

- Train welfare recipients to become child care workers. YES
- ⊙ Allow flexibility for States to pay higher reimbursement for care they define as higher quality. } Why? MSB agrees
- Increase quality set-aside in the CCDBG.
- Provide increased funding for training and TA, including training for Work Support Program case managers and parent education.
- Increase funding to Child Care Resource and Referral Agencies and to Child Care Food sponsors to provide/purchase training and TA for child care providers and to recruit new providers.
- ⊙ Work through community development banks to provide loans to establish child care facilities. YES

CHILD SUPPORT ENFORCEMENT

Structure and Organization

not an unfunded mandate

- State-based system with more state centralization, universal central state registries and centralized collections/disbursements
- Stronger federal role with National Child Support Enforcement Clearinghouse; expanded IRS role; stronger federal technical assistance; more performance based, "state friendly" auditing process.
- Broader, more universal provision of services, monitoring of all cases, elimination of welfare/non-welfare distinctions.
- New funding formula and emphasis on performance-based incentives. (← MORE)

→ Mandatory paternity estab for AFDC<sub>5</sub> + other govt programs

- Revised payment and distribution rules that strengthen families.
- Much improved data and performance measures.

### Paternity

→ Mandatory P/E for other govt. benefits

- Universal Establishment Approach - new universal paternity measurement and performance standards, performance based paternity incentives, education and outreach efforts.
- Simplified Paternity Establishment Process - expanded voluntary acknowledgement program, streamlined process for contested cases.
- Clear Paternity Establishment Responsibility - clearer, stricter cooperation requirement; clearer responsibility and tight timeframes for agency.

### Appropriate Payment Levels

- Universal, periodic, administrative updating of awards.
- National Guidelines Commission.

→ INNOVATION FUND: Loans for CSE Improvements  
 → BET GOVS. ON BOARD  
 → STATE OPTIONS: Licenses, etc.

### Tougher Enforcement

- Expanded uniform interstate procedures, adoption of UIFSA.
- IV-D administrative power to take many enforcement actions.
- Expanded access and matching with other state data bases.
- A variety of tough enforcement tools. (→ Fishing & Drivers Licenses, etc.) ← MORE

### Child Support Assurance

GO TO CUSTODIAL

- **OPTION:** Suspend all or a portion of child support payments for unemployed fathers participating in JTPA or JOBS activities. During this period, the suspended payments would be paid by the State. NO
- **OPTION:** States would advance up to \$50 per month, per child of child support payments owed by the absent parents to custodial parents not on AFDC. Payments and arrearages would continue to accumulate. NO  
 - MSB: why would states want? Belle: banks at nucleus
- **OPTION:** Child support assurance with annual benefits of \$2,500 (\$1,700) for one child, plus \$500 per child. Full offset of AFDC. State demos possible. NO  
 Mean-spirited
- **OPTION:** Same as above but without full offset of AFDC in low benefit States. NO
- **OPTION:** CSA coordinated with EITC and/or Social Security. NO

- *OPTION: As a phase-in strategy and as part of the safety net, provide CSA benefits to children receiving food stamps.* NO
- *OPTION: Increase child support disregard or increase incentives for low-income fathers to pay.* NO

### NONCUSTODIAL PARENTS

- Multi-site demonstration(s) of expanded training, peer support and other support for noncustodial parents, including job training and parenting classes, which increase ability to meet child support obligations. States would be given considerable flexibility in their design.
- National Commission on Access and Visitation. → Wisc Programs
- *OPTION: PSE or CWEP job slots (full-time or part-time) allocated for noncustodial parents who have failed to, or are unable to, pay child support.* NO -  
NO \$ (Wisc.)  
*of Wisconsin*
- *OPTION: Subsidize State demonstrations of programs designed to increase paternity establishment by identifying putative fathers through referrals from health and early childhood education programs/facilities and educating them about their rights and responsibilities in preparation for birth.*
- *OPTION: JOBS made available to noncustodial parents at State option.* NO

### TRANSITIONAL ASSISTANCE

#### Intake/Case Management

- Require most new applicants to engage in supervised job search from the date of application for benefits. *plus sanctions* ← *enforce? flexibility?* GOOD
- Require all applicants to sign a social contract specifying the responsibilities of both the State agency and the recipient and to develop, in conjunction with the caseworker, an individualized case plan. ← GOOD  
← NO

#### Participation

- Phase-in increase in participation standards for JOBS from the current level (20% of nonexempt caseload in FY 1995).
- Broaden definition of participation to include substance abuse treatment and possibly other activities (parenting/life skills classes). ?
- Increase flexibility for States in the operation of the JOBS program, i.e., relax requirement that work supplementation jobs be new jobs, extend limit on participation in job search (currently eight consecutive weeks). /good
- Reduce criteria for exemptions. ?

*all-  
combine*

Jobs 1<sup>st</sup>, AFDC 2<sup>d</sup> = boldest change in our lifetime

- ~~OPTION~~ Increase participation standard for JOBS to 100 percent of the caseload; essentially, replace AFDC with JOBS. / YES
- *non-exempt*  
OPTION: Broaden definition of participation further to include additional human development activities (immunization of children, domestic violence counseling, parent-teacher conferences). community service / ?

### Sanctions

- Similar to current law sanctions, which gradually increase in severity and are 'curable' upon compliance, with some additional State flexibility. / TOUGHER

### Time Limits

- Limit cash assistance for non-exempt recipients to two years, after which participation in a work program would be required.
- Permit one-time extensions of the time limit for completion of an education/training program which is expected to lead directly to employment (extensions limited in duration) or for completion of high school. *Overall limit on # of duration of extensions* / *1-2 yr. extension for state-approved program NOT NECESSARY*
- Allow recipients who have left the rolls to earn additional months of assistance for months working and/or not on assistance. / MAYBE

*OPTION: Establish a 6 month grace period during which a recipient could be inactive without penalty; limit cash assistance to maximum permitted length of participation in JOBS (as defined by States), plus grace period.* / NO

- *OPTION: Exempt low-income working families from time limits.* / ? MAYBE  
*STATE OPTION: Require work sooner*

### Funding

- Enhance funding for JOBS commensurate with the increase in participation standards, increase federal match rate for JOBS.
- *OPTION: Increase match rate for case management and/or provide additional funding to States for case management.*

### Performance Standards

- Establish new performance standards designed to focus training and placement as the primary goal of transitional assistance, for example, the percentage of recipients placed in private sector employment (and the immunization rate for recipient children) / YES
- QC and audits focus on participation rates and performance standards, as opposed to eligibility and benefit levels.

David: Simplify + include Training  
MJB: Already in - E-T entitlement, R# Grants - capacity-bldg.

Consolidation

- Permit States to integrate other employment and training programs (i.e., Food Stamp ETP) into the JOBS program. Good
- *OPTION: Encourage States to implement "one-stop shopping" education and training models.*

POST-TRANSITIONAL ASSISTANCE

Structure

→ Job Search Last

- Require recipients who have reached the time limit for cash assistance to participate in a public sector work program; require States to place all recipients who have reached the time limit in public work program positions. ~~Community service~~
- Public work program positions to be for at least 20 hours and no more than 35 hours per week (state option) and compensation to be at the minimum wage.
- No time limit on participation in public sector work program positions (although individuals might change positions several times). / NO
- Public sector work program positions to be either within government entities or created through contracts with non-profits; encourage States to employ work supplementation and on-the-job training (private sector) as part of the post-transitional assistance program. / YES
- *OPTION: Permit States to contract out the entire work program to a non-profit or for-profit concern.* / YES
- Provide incentives for States to place public work program participants in private sector employment; encourage States to enter into performance-based contracts with private firms and to make performance payments to local IV-A agencies (compensation based on the number of work program participants placed in private sector employment). YES
- Encourage States to explicitly consider the labor market in designing the work program, i.e., which occupations are or are expected to be in demand. //
- Encourage States to involve the private sector in the operation of the work program, i.e., public-private job councils to identify and develop private sector jobs. / STRONGER
- *OPTION: Increase incentives to employers to hire, train and retain families who are on cash assistance.* ?
- Require persons in the public sector work program to engage in job search either concurrently (i.e., 8 hours per week) or periodically (i.e., two weeks every 120 days, or for a fixed period after completing a public work program assignment). YES
- Unemployment Insurance, Worker's Compensation, and FICA would apply to public work program positions; the EITC would not.

### Sanctions

- Not working required number of hours would result in corresponding reduction in 'wages'.

### Funding

- Provide matching funding for public sector work program positions at the FMAP rate.

## ALTERNATIVE MODELS FOR POST-TRANSITIONAL ASSISTANCE

### Model I

Wisconsin amdt.

- Limit participation in the work program to a fixed period; permit States to reduce or eliminate benefits for recipients who reach this limit.
- Reduce the federal match rate for any cash assistance to persons who have reached the limit on work program participation.
- Create an in-kind benefit (housing and food stamps) for those who have reached the time limit and are no longer eligible for cash benefits.

### Model II

- Create a fixed number of public work program positions (not necessarily sufficient to meet the demand); require recipients who have reached the time limit for cash assistance to apply for public work program positions; positions provided on a first-come, first-served basis or according to need.
- Recipients on a waiting list for public work program positions required to find self-initiated volunteer work/community service activities outside the work program to continue receiving aid.
- *OPTION: Recipients on the waiting list required to engage in continuous job search.* / YES
- *OPTION: States to absorb the full cost of cash assistance for those on the waiting list; allow high-benefit States to reduce the benefit level by a set percentage.* / ?
- *OPTION: Reduce benefits after time limit exceeded to AFDC plus food stamps. AFDC is offset dollar for dollar by housing benefits.* / ?

Declining match

## AMENDMENTS TO ASSISTANCE PROGRAMS

- Asset rules simplified and liberalized between AFDC and food stamps.
- Treatment of children in welfare system made consistent with treatment of children in tax system.

→ More REGO

- Adopt APWA regulatory and legislative proposals, including application, redetermination, and reporting streamlining.
- All benefits (including AFDC, food stamps, housing, child support assurance, and possibly SSI) taxable to custodial parent.
- Eliminate 100-hour rule and quarters-of-work rule in AFDC.
- States required to determine a need standard according to a standard methodology and update it annually. The level of AFDC payments set by each State as a percentage of this need standard (including food stamps). / ?
- State flexibility to increase AFDC earnings disregards so long as definitions within the food stamp program are used.
- Change housing subsidy to provide less assistance to a greater number of households by having housing count for food stamps, by designating part of AFDC as housing assistance, or by some other method (e.g. reducing percentage of FMR paid). / ?
- State option, when calculating countable resources, to disregard up to \$10,000 in savings designated for the purchase of a home, a car, or for education or a microenterprise.
- Audits and errors based on samples of actual mispayments (both under- and overpayments) identified rather than a failure to have certain records or materials.
- *OPTION: Eliminate the \$50 passthrough for child support and replace with increase in benefit level.* / NO
- *OPTION: Filing units for AFDC and food stamps standardized.*
- *OPTION: Determine time-limited cash assistance as a percentage of the food stamp benefit.*

### TARGETING TEENS

- Teen parents subject to the same requirements under the transitional and post-transitional programs, with appropriate incentives and sanctions to encourage compliance. Intensive case management. State option to delay time limit to allow teen recipients to finish high school.

### PREVENTION

#### OPTIONS:

#### *Parental Responsibility/Strengthening Families*

→ P/E estab. for AFDC - others  
→ Family cap

- *Eliminate welfare eligibility for minor mothers, require them to live with their parents or in other supervised settings. Establish well-defined exceptions. No AFDC for mother*
- *State Options/Demo*  
• *Make case heads accountable for their family members' participation in education and training activities, e.g., reduce benefit level.*

- Calculate a teen parent's AFDC benefit based on their parents' ability to contribute to their support.
- Allow States the option of requiring welfare recipients to enroll in parenting classes, ensure immunizations, etc.
- Provide comprehensive case management focused on all family members as a means to help a welfare recipients' children never go on welfare as well as helping keep existing recipients off. Target teens.

demo ↑  
/ ?

**Pregnancy Prevention**

- Require or encourage schools receiving Chapter 1 grants to establish school-based or school linked clinics that provide counseling, health screening, and family-planning services to adolescents. *teen pregnancy prevention*
- Require all adolescents in a family receiving AFDC to participate in family planning; make family planning services available to adults.
- Encourage voluntary use of Norplant.
- Recruit and train older recipients who went on welfare as teen mothers to serve as counselors as part of their community service assignment.
- Provide support to non-profit community-based organizations to foster responsible attitudes and behavior.
- A national campaign to prevent teen pregnancy: Innovation Fund/Responsibility Fund
- Utilize media/entertainment industry to promote messages about responsible sexual behavior. Encourage sensitive and responsible television advertising for contraception.

Health Bill Version

**Other Promotion of Responsibility Options**

- Hold schools accountable for "tracking" at risk youth and drop-outs.
- Utilize mentors from business or colleges in the community.

TIG TO EDUC. DEPT.

**FRAUD AND ABUSE**

- OPTION: Coordination of tax, welfare, UI, Social Security and child support enforcement data in national data base.

**DEMONSTRATIONS, RESEARCH AND EVALUATION**

- A thorough evaluation of all aspects of the proposal to be conducted after full implementation of time-limited assistance and post-transitional work.

- In addition to child support assurance, noncustodial parent and work support agency demos previously mentioned, other demos would be designed to test various concepts and ideas including America Works, school attendance incentives, serving persons with disabilities, etc.