

PENDING STATE WAIVERS AND THEIR AVAILABILITY UNDER THE WORK AND RESPONSIBILITY ACT OF 1994

NOTE: This listing is not definitive but is intended to convey how the Administration's welfare reform plan reflects state interests, as indicated by their pending waiver requests; the following summarizes the most frequently requested waivers.

WAIVER REQUEST	CA	CT	GA	IN	MD	MA	MI	MS	MT	NH	NM	NY	OH	OK	OR	PA	SC	WA	AVAILABILITY UNDER WORK AND RESPONSIBILITY ACT (WRA)
Time limited assistance (State requests vary in length of time-limit and post-AFDC requirements/support)	X	X		X	X	X			X					X			X		WRA limits cash assistance for non-working families to 24 months; up to five states will be allowed authorization for time limits other than 24 months
Require community service work for able-bodied recipients (State requests vary in their target group and time limit)		X	X		X	X		X	X					X			X		WRA allows for CWEP under JOBS; WORK program creates public and private jobs
Provide post-AFDC case management		X		X												X			State option to provide post-JOBS/WORK support services
Family Cap	X			X ¹	X														State option to deny benefits for children conceived while receiving AFDC
Expand eligibility for 2-parent families				X	X		X	X	X			X	X	X		X	X	X	State option to eliminate special eligibility requirements for 2-parent families (e.g. 100-hour rule)

¹ Indiana's request would deny additional benefits for children born while receiving AFDC.

*WRA
State options*

WAIVER REQUEST	CA	CT	GA	IN	MD	MA	MI	MS	MT	NH	NM	NY	OH	OK	OR	PA	SC	WA	AVAILABILITY UNDER WORK AND RESPONSIBILITY ACT (WRA)
Require teen parents to live at home				X	X	X		X											WRA requires teen parents to live at home or with a legal guardian
Require teen parents to stay in school					X	X		X				X ²	X						WRA requires teen parents to participate in JOBS, with education as the presumed activity
Increase earned income disregards, greater flexibility on fill-the-gap		X	X					X	X	X			X	X	X	X	X	X	State option to disregard recipients' earned income (minimum of \$120)
Increase asset limits (State requests vary in amount of increase)		X		X	X				X						X	X	X		WRA raises asset limit to \$2000; state option to allow Individual Dev. Accounts (capped at \$10,000)
Increase vehicle valuation limit (State requests vary in amount of increase)		X	X		X		X				X		X	X	X	X	X		WRA anticipates regulatory action to raise AFDC auto exemption to \$3500 equity value (Food Stamp)
Disregard student earnings/educational assistance	X	X	X		X						X						X		WRA exempts all educational assistance and earnings of students under age 19
Extend transitional child care/Medicaid		X		X		X			X				X			X			Available under waiver; current 12 month assistance remains
Extend JOBS to non-custodial parents			X		X			X				X					X		State option to use up to 10% of JOBS/WORK funds on programs for non-custodial parents
Require children of recipients to attend school				X					X			X	X						Available under waiver

² New York's request would provide incentives for teen parents to stay in school but would not require them to do so.

WAIVER REQUEST	CA	CT	GA	IN	MD	MA	MI	MS	MT	NH	NM	NY	OH	OK	OR	PA	SC	WA	AVAILABILITY UNDER WORK AND RESPONSIBILITY ACT (WRA)
Streamline AFDC and Food Stamp eligibility requirements									X			X				X			WRA has several provisions to provide greater continuity to AFDC and Food Stamp policies
Redirect child support payments to the AFDC family (increase pass-through)		X						X	X				X		X				State option to provide all child support payments directly to AFDC family
Allow greater flexibility for self employment/microenterprise	X						X					X							WRA has several provisions to encourage more self-employment/microenterprise (e.g. IDAs)
Cash-out Food Stamps for employed AFDC recipients						X	X	X	X				X		X	X			Available under waiver
Require immunization of children				X			X	X											WRA requires children funded under IV-A child care programs to be immunized at PHS levels
Require personal responsibility agreement/self sufficiency plan				X			X	X	X							X ¹	X		WRA requires that recipients sign a personal responsibility agreement and develop an employability plan
Disregard income of dependent children			X		X														WRA exempts income of children up to age 19 who are elementary or secondary school students

¹ Pennsylvania's request allows, but does not require, recipients to sign a written agreement intended to move them toward employment.

WR - State Options

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Require community service work for able-bodied recipients (State requests vary in their target group and time limit)		X	X		X	X		X	X					X			X		WRA allows for CWEP under JOBS; WORK program creates public and private jobs
Provide post-AFDC case management		X		X												X			State option to provide post-JOBS/WORK support services
Family Cap	X			X	X														State option to deny benefits for children conceived while receiving AFDC
Expand eligibility for 2-parent families				X	X		X	X	X			X	X	X		X	X	X	State option to eliminate special eligibility requirements for 2-parent families (e.g. 100-hour rule)
Require teen parents to live at home				X	X	X		X											WRA requires teen parents to live at home or with a legal guardian

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Require / Provide financial incentives for teen parents to stay in school					X	X		X				X	X						WRA requires teen parents to participate in JOBS, with education as the presumed activity; State option to provide financial incentives
Increase earned income disregards, greater flexibility on fill-the-gap		X	X					X	X	X			X	X	X	X	X	X	State option to disregard recipients' earned income (minimum of \$120)
Increase asset limits (State requests vary in amount of increase)		X		X	X				X						X	X	X		WRA raises asset limit to \$2000; state option to allow Individual Dev. Accounts (capped at \$10,000)
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Extend transitional child care/Medicaid		X		X		X			X				X			X			Available under waiver; current 12 month assistance remains
Extend JOBS to non-custodial parents			X		X			X				X						X	State option to use up to 10% of JOBS/WORK funds on programs for non-custodial parents
Require children of recipients to attend school				X					X			X	X						Available under waiver
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Expand eligibility for 2-parent families				X	X		X	X	X			X	X	X		X	X	X	State option to eliminate special eligibility requirements for 2-parent families (e.g. 100-hour rule)
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Increase earned income disregards, greater flexibility on fill-the-gap		X	X					X	X	X			X	X	X	X	X	X	State option to disregard recipients' earned income (minimum of \$120)
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WR - State
Options

STATE OPTIONS IN THE WELFARE REFORM PROPOSAL

CHILD SUPPORT ENFORCEMENT PROPOSAL

- I. ESTABLISH AWARDS IN EVERY CASE
 - A. Financial Incentives for Paternity Establishment
 - B. Simplifying Paternity Establishment
 - i. Paternity Outreach
 - C. Administrative Authority to Establish Orders Based on Guidelines
- II. ENSURE FAIR AWARD LEVELS
 - A. Modifications of Child Support Orders
 - B. Distribution of Child Support Payments
 - i. Treatment of Child Support for AFDC Families - State Option
- III. COLLECT AWARDS THAT ARE OWED
 - A. State Role
 - i. Option for Integrated State Registry
 - ii. Centralized Collection and Disbursement Through a State Central Payment Center
- IV. GUARANTEEING SOME LEVEL OF SUPPORT - CHILD SUPPORT ASSURANCE DEMONSTRATIONS

JOBS, TIME LIMITS AND WORK

- I. JOBS AND TIME LIMITS
 - A. Effective Date and Definition of Phased-In Group
 - B. Employability Plan
 - C. Deferrals
 - D. Substance Abuse and Deferral from JOBS or WORK
 - E. JOBS Services
 - i. Up-Front Job Search
 - ii. Other Provisions Concerning JOBS Services
 - F. Minimum Work Standard
 - G. JOBS Participation
 - i. JOBS Participation for the Not-Phased-In Group
 - H. JOBS Funding
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 - i. Other Areas of Responsibility
- III. WORK
 - A. WORK Funding
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 - C. Allocation of WORK Assignment/Interim Activities
 - D. Supportive Services/Worker Support

- E. Sanctions/Penalties (JOBS and WORK)
 - i. JOBS Sanctions
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- F. Assessing Participation in WORK Beyond Two Years

IV. ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-CUSTODIAL PARENTS

- A. Training and Employment for Non-Custodial Parents

PREVENT TEEN PREGNANCY AND PROMOTE PARENTAL RESPONSIBILITY

I. RESPONSIBILITIES OF SCHOOL-AGE PARENTS RECEIVING CASH ASSISTANCE

- A. Limiting AFDC Benefits to Additional Children Conceived while on AFDC
- B. Teen Parenting Education and Parenting Activities State Option

II. MAKE WORK PAY

- A. Child Care
 - i. Program Simplification/Consistency Issues
 - ii. Continuity of Care
- B. Improving the EITC
 - i. Permitting Publicly Administered Advanced EITC Payment Systems
- C. Income Disregards

INFORMATION SYSTEMS AND INFRASTRUCTURE [Title IV]

I. Multi-State Collaborative Projects, State Lead with Federal Partnership

- A. Transitional Assistance Support System
- B. Child Care and JOBS/WORK Case Management Information Systems

IMPROVING GOVERNMENT ASSISTANCE

I. Rationalization and Simplification Across Assistance Programs

- A. Resources
 - i. National Unsubsidized IDA Program
- B. Filing Unit
 - i. UP Provisions
- C. Optional Retrospective Budgeting

II. Regulatory Revisions

- A. Verification

NON-CITIZEN PROVISIONS

- I. Sponsor to Alien Deeming

STATE OPTIONS IN THE WELFARE REFORM PROPOSAL

CHILD SUPPORT ENFORCEMENT PROPOSAL

I. ESTABLISH AWARDS IN EVERY CASE

Financial Incentives for Paternity Establishment

At State option, States may experiment with programs that provide financial incentives to parents to establish paternity. The Secretary will additionally authorize up to three demonstration projects whereby Federal financial participation is available for establishing paternity.

Simplifying Paternity Establishment

As part of a State's civil procedures for establishment of paternity, each State must:

(1) provide that acknowledgements of paternity create either a rebuttable or conclusive presumption of paternity. If a rebuttable presumption of paternity is created, States must provide that the presumption ripens into a conclusive legal determination with the same effect as a judgment no later than 12 months from the date of signing the acknowledgment. **States may, at their option, allow fathers to move to vacate or reopen such judgments at a later date in cases of fraud or if it is in the best interest of the child.**

Paternity Outreach

(Under the proposal) States will be required to implement outreach programs promoting voluntary acknowledgement of paternity through a variety of means such as the distribution of written materials at schools, hospitals, and other agencies. These efforts should be coordinated with the U.S. Department of Education. States are also encouraged to establish pre-natal programs for expectant couples, either married or unmarried, to educate parents on their joint rights and responsibilities in paternity. **At State option, such programs could be required of all expectant welfare recipients;**

Administrative Authority to Establish Orders Based on Guidelines

(1) States must have and use simple administrative procedures in IV-D cases to establish support orders so that the IV-D agency can impose an order for support (based upon State guidelines) in cases where:

(a) in cases of separation where a parent has applied for IV-D services and there is not a court proceeding pending for a legal separation or divorce. **At State option, States may extend such authority to all cases of separation and divorce, but they are not required to do so.**

II. ENSURE FAIR AWARD LEVELS

Modifications of Child Support Orders

(1) States shall have and use laws that require the review of all child support orders included in the State Central Registry once every three years. The review may consist of an exchange of financial information through the State Central Registry. The State shall provide

that a change in the support amount resulting from the application of guidelines since the entry of the last order is sufficient reason for modification of a child support obligation without the necessity of showing any other change in circumstances. **(States may, at their option, establish a threshold amount not to exceed 5 percent since entry of the last order.)** States shall adjust each order in accordance with the guidelines unless both parents decline the adjustment in a writing filed with the State Central Registry.

(2) States may set a minimum timeframe that runs from the date of the last adjustment that bars a subsequent review before a certain period of time elapses, absent other changed circumstances. Individuals may request modifications more often than once every three years if either parent's income changes by more than 20 percent.

Distribution of Child Support Payments

Treatment of Child Support for AFDC families -State Option

1. At State option, States may provide that all current child support payments made on behalf of any family receiving AFDC must be paid directly to the family (counting the child support payments as income).

III. COLLECT AWARDS THAT ARE OWED STATE ROLE

Option for Integrated State Registry

States may, at their option, maintain a unified, integrated registry by connecting local registries through computer linkage. (Local registries must be able to be integrated at a cost which does not exceed the cost of a new single registry.) Under this option, however, the State and State staff must still perform all of the activities described herein for central registries and must maintain a State Central Payment Center for collection and disbursement of payments.

Centralized Collection and Disbursement Through a State Central Payment Center

(1) Through a fully automated process, the State Central Payment Center must:

(a) serve as the State payment center for all non-wage withholding payments through the use of payment coupons or stubs or electronic means, unless the parties meet specified opt-out requirements. States, at their option, may allow cash payments at local offices or financial institutions only if the payments are remitted to the State Central Payment Center for payment processing by electronic funds transfer within 24 hours of receipt.

(2) States may form regional cooperative agreements to provide the collection and disbursement function for two or more States through one "drop box" location with computer linkage to the individual State registries.

IV. GUARANTEEING SOME LEVEL OF SUPPORT - CHILD SUPPORT ASSURANCE DEMONSTRATIONS

(1) Congress will authorize and appropriate funds for three CSA demonstration programs:

(a) As part of the demonstrations, some States will have the option of creating work programs so that noncustodial parents could work off the support if they have no income.

(2) The child support assurance criteria for the State demonstration programs will require that:

(a) the CSEA program shall be administered by the state IV-D agency, or at state option, its department of revenue; in order to be eligible to participate in the CSA program, States must ensure that their automated systems that include child support cases are fully able to meet the CSEA program's processing demands, timely distribute the CSEA benefit, and interface with an in-house (or have on-line access to a) central statewide registry of CSA cases.

(b) States are provided flexibility in designing the benefit scales within the following parameters: benefit levels between \$1,500 per year for one child and \$3,000 per year for four or more children and benefit levels between \$3,000 per year for one child and \$4,500 per year for four or more children.

(c) CSEA benefits are deducted dollar for dollar from an AFDC grant, except that in low benefit States, the Secretary shall have discretion to approve applications for programs with less than a dollar for dollar deduction. (Also, where CSEA removes someone from the AFDC grant, States may, at their option, continue eligibility for other related benefits that would have been provided under the AFDC grants.) If a State chooses it may supplement the CSEA basic benefit amount by paying the FMAP contribution of any supplement up to \$25, and all of any supplement over \$25.

JOBS, TIME LIMITS AND WORK [Title I, Title II]

JOBS AND TIME LIMITS

1. EFFECTIVE DATE AND DEFINITION OF PHASED-IN GROUP

(a) The effective date for the legislation would be October 1, 1995. States could petition to delay implementation for up to one year after the effective date (i.e., until, at the latest, October 1, 1996) for circumstances beyond the control of the State IV-A agency (e.g., no meeting of State legislature that year). States would be required to have the program implemented statewide (in each political subdivision of the State where it is feasible to do so) within two years of initial implementation.

(b) States would have the option to define the phased-in group more broadly (e.d., custodial parents born after 1969, born after 1971 and all first-time applicants), provided the phased-in group included at least the population described in (b) [The phased in group would be defined as custodial parents, including minor custodial parents, who were born after 1971 (in 1972 or later).

2. EMPLOYABILITY PLAN

(a) To resolve disputes (regarding the employability plan) not settled by the intervention in (f), a State may elect one or more of the following processes:

i. Permit the agency to establish an internal review board to arbitrate disputes. This board would have the final say. The Secretary would establish regulations for such boards.

ii. Permit agencies to employ mediation using trained personnel, rather than arbitration, to resolve the dispute. HHS would be responsible for providing technical assistance to States that wish to use mediation.

iii. Allow the recipient a fair hearing contesting whether the State agency had followed the established process for developing the employability plan. A fair hearing could be the exclusive remedy or could be allowed in addition to the procedure in (i) or (ii).

3. DEFERRALS

(a) States could provide program services to deferred individuals, using JOBS funds, but would not be required to do so. Likewise, States could provide child care or other supportive services to persons who were deferred, but would not be required to do so-- there would be no child care guarantee for individuals in the deferred status. Persons who were deferred would not be subject to sanction for failure to participate in activities. In other words, in order to actually require an individual to participate in an activity, a State would have to classify the individual as JOBS-Mandatory (except with respect to participation in substance abuse treatment; see SUBSTANCE ABUSE AND DEFERRAL FROM JOBS OR WORK below).

(b) Recipients who met one (or more) of the deferral criteria would be permitted to volunteer for the JOBS program, subject to available Federal resources (see JOBS PARTICIPATION below). Such a volunteer JOBS participant would in general be treated as other JOBS participants except that he or she would not be subject to sanction or to the time limit. These volunteers would be distinct from volunteers from the not-phased-in group (see JOBS PARTICIPATION below), who could at State option be subjected to the time limit.

4. SUBSTANCE ABUSE AND DEFERRAL FROM JOBS OR WORK

(a) States may require persons found unable to engage in employment or training due to substance abuse to participate in substance abuse treatment as a pre-JOBS activity.

(b) Sanctions, equivalent to JOBS sanctions, may be levied for non-participation in treatment, provided such treatment is available at no cost to the recipient.

(c) States may also require individuals in JOBS to participate in substance abuse treatment (in conjunction with another JOBS activity or activities) as part of the employability plan.

5. JOBS SERVICES

Up-Front Job Search

(a) States would have the option of requiring all job-ready new recipients, including those in the not-phased-in-group, to perform up-front job search. States would also be permitted to require job search from the date of application (as under current law, this requirement could not be used as a reason for a delay in making the eligibility determination or issuing the payment.

Other Provisions Concerning JOBS Services

The agency administering the JOBS or WORK program would be provided by regulation from referring participants to, contracting with or otherwise making IV-F or IV-G funds available to a provider of education and training services if such institution were disqualified from participation in a program under Title IV of the Higher Education Act or under the Reemployment Act. A State would be provided, by regulation, the option of applying the alternative eligibility procedure established under the Reemployment Act to potential providers of JOBS or WORK services.

6. MINIMUM WORK STANDARD

(a) The minimum work standard would be an average of 20 hours of (unsubsidized) work per week during the month, with a State option to increase to an average of 30 hours per week. States would also have the option to set different minimum work standards for different subgroups (e.g., mothers of children under 6), provided that the standard for each subgroup was at least 20 and no more than 30 hours per week.

7. JOBS PARTICIPATION

JOBS Participation for the Not-Phased-In Group

(a) States would be given substantial flexibility regarding JOBS services for persons not in the Federally-defined phased-in group (custodial parents born after 1971), as discussed below:

i. A State would be required to serve volunteers from the not-phased-in group to the extent that federal JOBS funding was available (i.e., the State had not drawn down its full JOBS allotment). States would have the option of subjecting such JOBS volunteers to the time limit. A State would be required to describe in the State plan its policy with respect to volunteers.

ii. States could define the phased-in group more broadly. e.g., parents born after 1971 and all new applicants. In addition, a State could require recipients who

were not in the phased-in group to participate in JOBS, but could not apply the time limit to such JOBS-mandatory persons (as opposed to volunteers above). In other words, a State that defined the phased-in group as parents born after 1969 could require the person born in 1968 to participate in JOBS, and sanction such an individual for failure to comply, but that person would not be subject to the time limit. An individual in either the phased-in or the not-phased-in groups who met one of the pre-JOBS criteria could not be required to participate in JOBS.

8. JOBS FUNDING

(a) A State would be permitted, beginning in FY97, to reallocate an amount up to 10% of its combined JOBS and WORK allotments (WORK allotment from the capped entitlement) from its JOBS program to its WORK program and vice versa. The amount transferred could not exceed the allotment for the program from which the transfer was made.

(b) If the States were not able to claim all available Federal JOBS and WORK funding (WORK capped entitlement) for a fiscal year, a State could draw down Federal funds for JOBS and/or WORK in excess of its allotments. The additional Federal funding would be drawn from the unobligated balance (JOBS and WORK money not spent by other States). A State would have to draw down its full allocations for both JOBS and WORK to be able to draw down unspent funds beyond these allotments (for spending on either program). This would require legislative authority to distribute unobligated funds from one fiscal year during the subsequent fiscal year and to distribute unliquidated obligations from a fiscal year during, not the succeeding fiscal year, but the one after that (two years afterward).

9. TRANSITION TO Work/WORK

(a) States would have the option of providing an additional month of AFDC benefits to individuals who found employment just as their eligibility for AFDC benefits/JOBS participation ended, if necessary to tide them over until the first paycheck.

ADMINISTRATION OF JOBS/WORK

10. OVERALL ADMINISTRATION

(a) The Governor may designate the agency to administer JOBS/WORK. In the absence of the designation of another agency, the IV-A agency would administer JOBS/WORK.

(b) The Governor would determine whether the State had a State-wide one-stop career center system. That determination would be made at least every two years. If the Governor determined that the State had such a system, the JOBS/WORK program would participate in the operation of the one-stop career centers. The Governor would make one-stop career center services available to the participants in the JOBS/WORK components.

(c) If the IV-A agency retained administration of JOBS, it would have the option of contracting with another entity or entities to carry out any and all functions related to JOBS/WORK. All contracts and agreements with such entities would be written.

Other Areas of Responsibility

In States where an entity other than the IV-A agency is responsible for JOBS/WORK, we propose to give States the flexibility to determine how the following functions are carried out. The State plan would have to contain specific information detailing how the State intended to carry out these functions.

- (a) Determining deferral status;
- (b) Granting extensions to the time limits; and
- (c) Providing secondary reviews and hearings on issues specifically related to JOBS or WORK participation.

WORK

11. WORK FUNDING

(a) As discussed above, (see JOBS Funding), a State would be permitted to reallocate up to 10% of the combined total of its JOBS and WORK allotments from its JOBS program to its WORK program, and vice versa. A State would be permitted to reallocate up to 10% of its JOBS funding for FY97 (the year prior to implementation of the WORK program) to cover WORK program start-up costs.

(b) If, as described in JOBS FUNDING, the States were not able to claim all available Federal JOBS and WORK funding (WORK capped entitlement) for a fiscal year, a State would be able to draw down Federal funds, for WORK spending on operational costs, in excess of its allotment from the capped entitlement.

12. WORK ELIGIBILITY CRITERIA AND REGISTRATION PROCESS

(a) Only one parent in an AFDC-UP family would be required to participate in the WORK program. States would, however, have the option of requiring both parents to participate.

13. ALLOCATION OF WORK ASSIGNMENTS/INTERIM ACTIVITIES

(a) States would have the option of requiring persons who were awaiting WORK assignments to participate in other WORK program activities (e.g., individual or group job search, arranging for child care, self-initiated activities), and to establish mechanisms for monitoring participation in such activities. Persons in this waiting status could include both WORK participants who had completed an initial WORK assignment without finding unsubsidized employment, participants whose assignments ended prematurely for reasons other than the participant's misconduct, and individuals awaiting a hearing concerning misconduct. Individuals who failed to comply with such participation requirements would be subject to sanction as described below (see SANCTIONS).

14. SUPPORTIVE SERVICES/WORKER SUPPORT

(a) States would be permitted to make supportive services available to WORK participants who were engaged in approved education and training activities in addition to a WORK assignment or other WORK program activity. In other words, a States could, but would not be required to, provide child care or other supportive services to enable a

WORK participant to, for example, also take a vocational education course at a community college.

15. SANCTIONS/PENALTIES (JOBS AND WORK)

JOBS Sanctions

(a) A State's conciliation policy (to resolve disputes concerning JOBS participation only) could take one of the following two forms:

- i. A conciliation process that meets standards established by the Secretary; or**
- ii. A process whereby recipients are notified, prior to the issuing of a sanction notice, that they are in apparent violation of a program requirement and that they have 10 days to contact the State agency to explain why they were not in compliance or to indicate their intent to comply. Upon contact from the recipient, the State agency would attempt to resolve the issue and would have the option of not imposing the sanction.**

Ineligibility for a WORK Assignment

(a) The Secretary shall establish regulations defining good cause for each of the following:

- i. Dismissal from a WORK assignment. The regulations would allow a State, subject to the approval of the Secretary, to apply in such instances the definition of misconduct utilized in its unemployment insurance program. (A IV-A agency might be allowed to contract with the State UI hearing system to adjudicate these cases.)**

16. ASSESSING PARTICIPATION IN WORK BEYOND TWO YEARS

At the end of two consecutive WORK assignments, participants who have not found unsubsidized work would be assessed on an individual basis with three possible results:

- (1) Participants determined to be unable to work or to need additional training would be deferred from WORK or re-assigned to the JOBS program.**
- (2) Those determined to be unable to find work in the private sector either because there were no jobs available to match their skills or because they are incapable of working outside a sheltered environment would be allowed to remain in the WORK program for another assignment. Similar assessments would be conducted following each additional assignment.**
- (3) At State option, those who are employable and who live in an area where there are jobs available to match their skills, could be required to engage in intensive job search supervised by a job developer who would be able to require participants to apply for appropriate job openings to determine if they are not making a faith effort to find jobs. Failure to apply for appropriate job openings, noncooperation with the job developer or employer, or refusal to accept a private sector job opening without good**

cause would result in ineligibility for either WORK or AFDC benefits for 6 months. After 6 months of ineligibility, the person could immediately be given another individual work assessment and could again be denied eligibility for noncooperation or refusal to accept a job.

ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-CUSTODIAL PARENTS

1. TRAINING AND EMPLOYMENT FOR NON-CUSTODIAL PARENTS

(a) A State would be able to spend up to 10 percent of its JOBS funding and WORK funding (allotment from the WORK capped entitlement) for training, work readiness, and work opportunities for non-custodial parents. The State would have the complete flexibility as to which of these funding streams would be tapped.

(b) States are not required to provide all the same JOBS or WORK services to custodial and non-custodial parents, although they may choose to do so. Participation in the JOBS program is not a prerequisite for participation in a non-custodial parent work program. The non-custodial parent's participation will not be linked to self-sufficiency requirements or to JOBS/WORK participation by the custodial parent.

(c) Payments of stipends for work will be required. Payment of training stipends is allowed. All stipends are eligible for FFP.

i. Stipends must be garnished for payment of current support.

ii. At State option, the child support obligation can be suspended or reduced to the minimum while the non-custodial parent was participating in program activities which did not provide a stipend or wages sufficient to pay the amount of the current order.

iii. Participation in program activities can be credited against AFDC child support arrears owed the State.

iv. State-wideness requirements will not apply.

PREVENT TEEN PREGNANCY AND PROMOTE PARENTAL RESPONSIBILITY ***[Title V]***

A. RESPONSIBILITIES OF SCHOOL-AGE PARENTS RECEIVING CASH ASSISTANCE

1. Limiting AFDC Benefits to Additional Children Conceived While on AFDC

(a) Allow States the option of limiting the increase, in full or in part, in the AFDC benefit amount when an additional child is conceived while the parent is on welfare. In order to exercise this option, the State must demonstrate that family planning services under 402(a)(15) are available and provided to all recipients.

2. Teen Parent Education and Parenting Activities State Option

(a) Provide States the option to use monetary incentives (which must be combined with sanctions) as inducement for pregnant teens and teen custodial parents who are receiving AFDC and who do not have a high school diploma or GED to enroll (or remain enrolled) in and regularly attend a school or education program leading to a high school diploma or GED, or a program leading to a recognized degree or skills certificate if the State determines this is most appropriate for the recipient. States may also choose to provide incentives for participation in parenting education activities. This option will operate as part of the new JOBS program, and the rules pertaining to JOBS will apply unless it is specifically stated otherwise.

(b) Each State plan must clearly define the following--

- * **Incentives.** States must define by how much benefits will be increased and what kind of achievements will be rewarded.
- * **Sanctions.** Sanctions under the revised JOBS program would apply unless the State proposes alternative sanctions, to be approved by the Secretary, which the States believes better achieves their objectives.
- * **Coordination.** A case manager, as described in A.2, will assess each recipient's needs and arrange for appropriate services. States must describe the mechanism case managers and other service providers will use to coordinate with the schools.
- * **Eligibility.** States must include custodial teen parents under 20 years of age and pregnant women under the age of 20 who have not received a high school diploma (or equivalent). States may choose to include custodial pregnant teens and teen parents up to their 21st birthday.
- * **Exemptions.** Exemptions from participation will be based on the same new guidelines governing participation in JOBS and WORK, with two exceptions. First, teens will only be able to defer participation for 3 months after giving birth. Also, a disability will not allow a recipient to defer participation in school, as schools are required to provide students with disabilities appropriate services. (see JOBS and WORK section of proposal for more specific details).
- * **State-wideness.** States can limit the geographic scope of this option.
- * **Information and Evaluation.** States would be required to provide information at the Secretary's request and to cooperate in any evaluation.

MAKE WORK PAY

A. CHILD CARE

(1) Program simplification/consistency issues

(a) Continue to have the IV-A child care funds flow to the IV-A agency but give the States the explicit option to contract to the CCDBG agency.

(2) Continuity of care

(a) Give States the option under the IV-A programs to extend hours and weeks of care when reasonable to assure continuity of care for children.

B. IMPROVING THE EITC

1. Permitting Publicly Administered Advanced EITC Payment Systems

(a) A State would have the option to propose to the Secretary of the Treasury a demonstration project pursuant to which advance payments of the EITC would be made to eligible residents through a state agency. Such agencies may include public assistance offices (AFDC and/or Food Stamps), Employment Service Offices, State finance and revenue agencies, and so forth. A State may choose only one agency to provide the advance credit.

(b) Where appropriate, States may include in their proposals coordination of advance payments of the EITC and other federal benefits (such as food stamps) through electronic benefit technology.

(c) States would be allowed (but not required) to provide an advanced basis up to 75 percent of the maximum amount of the credit for which the taxpayer is eligible and voluntary requests.

C. INCOME DISREGARDS

(a) States will have the flexibility to establish their own disregard policies on earned income above this amount for both applicants and/or recipients and WORK program participants.

(b) States shall have flexibility in establishing fill-the-gap policies (i.e., States will have the flexibility to determine which types of income should be considered in developing a fill-the-gap policy, such as child support payments, stipends, etc., in addition to earned income).

(c) The AFDC \$50 pass-through of child support payments will be indexed for inflation in rounded \$10 increments. States will have the flexibility to pass-through additional child support payments above this amount.

INFORMATION SYSTEMS AND INFRASTRUCTURE [Title IV]

1. Multi-State Collaborative Projects, State Lead with Federal Partnership

Under this approach, the Department will assist and support State IV-A agencies, or the State's designated contracted agency (for child care or JOBS), in multi-state collaborative projects for purposes of designing and developing automated system models and in developing enhancements to existing systems as follows:

(a) **Transitional Assistance Support System.** In addition to meeting the Federally-sponsored model system functional specifications described above, States may, in collaborative efforts, augment their systems to include automation of additional functions as follows: determining eligibility; improving government assistance standards; performing case maintenance and management functions; calculating, managing, and

reconciling payments to eligible recipients; providing for processes and procedures to detect and prevent fraud and abuse; and producing reports.

(b) Child Care and JOBS/WORK Case Management Information Systems. States may, in collaborative efforts, design, develop, and implement automated information systems that meet the model functional specifications of Child Care and JOBS/WORK described in the Federally-sponsored model approach.

IMPROVING GOVERNMENT ASSISTANCE [Title VII, Title VIII]

A. RATIONALIZATION AND SIMPLIFICATION ACROSS ASSISTANCE PROGRAMS

1. RESOURCES

National Unsubsidized IDA Program

(a) At State option, allow IDAs to be established by Federally insured financial institutions to be used exclusively to pay for post-secondary education or training expenses, first-home purchases, or business capitalization where there is a qualified plan. Effective October 1, 1996.

2. FILING UNIT

1. UP Provisions

(a) **Allow states, at their option, to modify, reduce, or eliminate any of the special eligibility requirements for two-parent families (e.g., the 100-hour rule, 30 day unemployment requirement, the work history test) for both applicants and/or recipients.** For States that elect to maintain a 100 hour rule (or a modified hour rule), WORK program participation would not count towards this rule.

2. Stepparent Deceming

Amend the SSA to give states the flexibility to increase the amount of stepparent disregards. This provision shall be effective October 1, 1995.

2. OPTIONAL RETROSPECTIVE BUDGETING

(a) Amend the Social Security Act at section 402(a)(13) to delete the clause "but only with respect to any one or more categories of families required to report monthly to the State agency pursuant to paragraph (14)". **This technical amendment will make retrospective budgeting optional for States without regard to whether families are required to monthly report.**

B. REGULATORY REVISIONS

1. VERIFICATION

(a) **Exercise current Secretarial waiver authority for IEVS and SAVE to give States greater flexibility relative to the selection of alternate sources for matching activities, the elimination of certain matches, the targeting of client groups for matching and follow-up verification, and the modification of time frames for follow-up action on match "hits."** Amend the Federal regulations on IEVS and change the ACF review perspective on

SAVE (given the absence of regulations in this area) to provide greater latitude on what can be waived and the applicable State justification.

NON-CITIZEN PROVISIONS

A. SPONSOR TO ALIEN DEEMING

(a) Allow States and local programs of assistance to disqualify from participation in general assistance any alien who is disqualified from participation in the SSI, AFDC, and Food Stamp programs due to sponsor-to-alien deeming.

WR State Options

MEMORANDUM

June 9, 1994

TO: Bruce Reed, Kathi Way, Jeremy Ben-Ami
FROM: Jessica Aldrich
RE: State Option Memo

Please review attached memo on state options and return your comments as soon as possible. Thank you.

STATE OPTIONS IN THE WELFARE REFORM PROPOSAL

PREVENT TEEN PREGNANCY AND PROMOTE PARENTAL RESPONSIBILITY

I. RESPONSIBILITIES OF SCHOOL-AGE PARENTS RECEIVING CASH ASSISTANCE

- A. Limiting AFDC Benefits to Additional Children while on AFDC
- B. Case Management for All Custodial Teen Parents
- C. Teen Parenting Education and Parenting Activities

II. MAKE WORK PAY

- A. Child Care
 - i. Program Simplification/Consistency Issues
 - ii. Continuity of Care
- B. Improving the EITC
 - i. Permitting Publicly Administered Advanced EITC Payment Systems
- C. Income Disregards

IMPROVING GOVERNMENT ASSISTANCE

I. Rationalization and Simplification Across Assistance Programs

- A. Filing Unit
- B. Optional Retrospective Budgeting

II. Regulatory Revisions

- A. Boarder Income
- B. Verification

JOBS, TIME LIMITS AND WORK

I. JOBS AND TIME LIMITS

- A. Effective Date and Definition of Phased-In Group
- B. Employability Plan
- C. Pre-JOBS
- D. Substance Abuse and Assignment to Pre-JOBS
- E. JOBS Services
- F. Minimum Work Standard
- G. JOBS Participation
 - i. JOBS Participation for the Not-Phased-In Group
- H. JOBS Funding
- I. Transition to Work

II. ADMINISTRATION OF JOBS/WORK

- A. Overall Administration

III. WORK

- A. WORK Funding
- B. WORK Eligibility Criteria and Registration Process
- C. Allocation of WORK Assignment/Interim Activities
- D. Supportive Services/Worker Support
- E. Sanctions/Penalties (JOBS and WORK)
 - i. JOBS Sanctions
 - ii. Ineligibility for a WORK Assignment
- F. Assessing Participation in WORK Beyond Two Years

IV. ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-CUSTODIAL PARENTS

- A. Training and Employment for Non-Custodial Parents

PERFORMANCE MEASURES PROPOSAL

- A. Expanded Mission for Quality Control System

INFORMATION SYSTEMS

- I. Multi-State Collaborative Projects, State Lead with Federal Partnership
- II. Non-Citizen Provisions
 - A. Sponsor to Alien Deeming

CHILD SUPPORT ENFORCEMENT PROPOSAL

- I. ESTABLISH AWARDS IN EVERY CASE
 - A. Financial Incentives for Paternity Establishment
 - B. Simplifying Paternity Establishment
 - i. Paternity Outreach
 - C. Administrative Authority to Establish Orders Based on Guidelines
- II. ENSURE FAIR AWARD LEVELS
 - A. Modifications of Child Support Orders
 - B. Distribution of Child Support Payments
- III. COLLECT AWARDS THAT ARE OWED
 - A. State Role
 - i. Option for Integrated State Registry
 - ii. Centralized Collection and Disbursement Through a State Central Payment Center
 - B. Other Enforcement Measures
 - i. Tax Deduction Coordination

C. Funding

i. Revolving Loan Fund

IV. GUARANTEEING SOME LEVEL OF SUPPORT – CHILD SUPPORT ASSURANCE
DEMONSTRATIONS

STATE OPTIONS IN THE WELFARE REFORM PROPOSAL

PREVENT TEEN PREGNANCY AND PROMOTE PARENTAL RESPONSIBILITY

A. RESPONSIBILITIES OF SCHOOL-AGE PARENTS RECEIVING CASH ASSISTANCE

1. Limiting AFDC Benefits to Additional Children Conceived While on AFDC

(a) Allow States the option of keeping AFDC benefits constant when a child is conceived while the parent is on welfare. In order to exercise this option, the State must demonstrate that family planning services under 402(a)(15) are available and provided to all recipients.

2. Case Management for All Custodial Teen Parents

(a) Require States to provide case management services to all custodial teen parents receiving AFDC under age 20. States still have the option to serve all older teens.

3. Teen Parent Education and Parenting Activities State Option

(a) Provide States the option to use monetary incentives (which must be combined with sanctions) as inducement for pregnant teens and teen custodial parents who are receiving AFDC and who do not have a high school diploma or GED to enroll (or remain enrolled) in and regularly attend a school or education program leading to a high school diploma or GED, or a program leading to a recognized degree or skills certificate if the State determines this is most appropriate for the recipient. States may also choose to provide incentives for participation in parenting education activities. This option will operate as part of the new JOBS program, and the rules pertaining to JOBS will apply unless it is specifically stated otherwise.

(b) Each State plan must clearly define the following--

- * **Incentives.** States must define by how much benefits will be increased and what kind of achievements will be rewarded.
- * **Sanctions.** Sanctions under the revised JOBS program would apply unless the State proposes alternative sanctions, to be approved by the Secretary, which the States believes better achieves their objectives.
- * **Coordination.** A case manager will assess each recipient's needs and arrange for appropriate services. States must describe the mechanism case managers and other service providers will use to coordinate with the schools.
- * **Eligibility.** States must include custodial teen parents under 20 years of age and pregnant women under the age of 20. States may choose to include custodial pregnant teens and teen parents up to their 21st birthday.
- * **Exemptions.** Exemptions from participation will be based on the same new guidelines governing participation for 3 months after giving birth. Also, a disability will not allow a recipient to defer participation in school, as schools are required to provide students with disabilities appropriate services.
- * **State-wideness.** States can limit the geographic scope of this option.

*** Information and Evaluation.** States would be required to provide information at the Secretary's request and to cooperate in any evaluation.

MAKE WORK PAY

A. CHILD CARE

(1) Program simplification/consistency issues

(a) Have the IV-A child care funds flow to the IV-A agency but give the States the explicit option to contract to the CCDBG agency. States would retain the flexibility to have more than one agency involved.

(b) Added to the health and safety standards section are:

--a requirement that the state must have requirements that all children funded under these authorities are immunized at levels specified by PHS. States will be given the flexibility to exclude particular immunizations if they submit an acceptable justification to the Secretary.

--a requirement that the State must have a requirement to assure that no child has access to toxic or illegal substances or weapons in the child care setting.

(2) Continuity of care

(a) The States will be given the option under the IV-A programs to extend hours and weeks of care when reasonable to assure continuity of care for children and required participation of their parents in JOBS, WORK, and employment.

B. IMPROVING THE EITC

1. Permitting Publicly Administered Advanced EITC Payment Systems

(a) A State would have the option to propose to the Secretary of the Treasury a demonstration project pursuant to which advance payments of the EITC would be made to eligible residents through a state agency. Such agencies may include public assistance offices (AFDC and/or Food Stamps), Employment Service Offices, State finance and revenue agencies, and so forth. A State may choose only one agency to provide the advance credit.

(b) Where appropriate, States may include in their proposals coordination of advance payments of the EITC and other federal benefits (such as food stamps) through electronic benefit technology.

(c) States would be allowed (but not required) to provide an advanced basis up to 75 percent of the maximum amount of the credit for which the taxpayer is eligible.

C. INCOME DISREGARDS

(a) States will have the flexibility to establish their own disregard policies on income above this amount for both applicants and/or recipients and WORK program participants.

(b) Via regulation, States have flexibility in establishing fill-the-gap policies (i.e., States will have the flexibility to determine which types of income should be considered in developing a fill-the-gap policy, such as child support payments, stipends, etc., in addition to earned income).

(c) The AFDC \$50 pass-through of child support payments will be indexed for inflation in rounded \$10 increments. States will have the flexibility to pass-through additional child support payments above this amount.

IMPROVING GOVERNMENT ASSISTANCE

A. RATIONALIZATION AND SIMPLIFICATION ACROSS ASSISTANCE PROGRAMS

1. FILING UNIT

(a) Allow states, at their option, to eliminate any of the special eligibility requirements for two-parent families (i.e. the 100-hour rule, 30 day unemployment requirement, the work history test) for both applicants and/or recipients. For States that elect to maintain a 100 hour rule (or a modified hour rule), WORK program participation would not count towards this rule. The effective date shall be October 1, 1996.

2. OPTIONAL RETROSPECTIVE BUDGETING

(a) Amend the Social Security Act at section 402(a)(13) to delete the clause "but only with respect to any one or more categories of families required to report monthly to the State agency pursuant to paragraph (14)". This technical amendment will make retrospective budgeting optional for States without regard to whether families are required to monthly report.

B. REGULATORY REVISIONS

1. BOARDER INCOME

(a) Modify AFDC and Food Stamp rules to permit States the option to allow a flat rate, a percentage, or either the maximum allotment for a household of the same size as the number of borders in the thrifty food plan or the actual documented cost, if it is higher than the allotment. The same procedure would be adopted for each program.

2. VERIFICATION

(a) Exercise current Secretarial waiver authority for IEVS and SAVE to give States greater flexibility relative to the selection of alternate sources for matching activities, the elimination of certain matches, the targeting of client groups for matching and follow-up verification, and the modification of time frames for follow-up action on match "hits." Amend the Federal regulations on IEVS and change the ACF review perspective on SAVE (given the absence of regulations in this area) to provide greater latitude on what can be waived and the applicable State justification.

JOBS, TIME LIMITS AND WORK

JOBS AND TIME LIMITS

1. EFFECTIVE DATE AND DEFINITION OF PHASED-IN GROUP

(a) States would have the option to define the phased-in group more broadly (e.d., custodial parents born after 1969, born after 1971 and all first-time applicants), provided the phased-in group included at least the population described in (b) [The phased in group would be defined as custodial parents, including minor custodial parents, who were born after 1971 (in 1972 or later).

2. EMPLOYABILITY PLAN

(a) To resolve disputes (regarding the employability plan) not settled by the intervention in (b), a State may elect one or more of the following processes:

i. Permit the agency to establish an internal review board to arbitrate disputes. This board would have the final say. The Secretary would establish regulations for such boards.

ii. Permit agencies to employ mediation using trained personnel, rather than arbitration, to resolve the dispute. HHS would be responsible for providing technical assistance to States that wish to use mediation.

iii. Allow the recipient a fair hearing contesting whether the State agency had followed the established process for developing the employability plan. A fair hearing could be the exclusive remedy or could be allowed in addition to the procedure in (i) or (ii).

3. PRE-JOBS

(a) States could provide program services to individuals in the pre-JOBS phase, using JOBS funds, but would not be required to do so. Likewise, States could provide child care or other supportive services to persons in pre-JOBS status but would not be required to do so--there would be no child care guarantee for individuals in pre-jobs. Persons in pre-JOBS status would not be subject to sanction for failure to participate in pre-JOBS activities. In other words, in order to actually require an individual to participate in an activity, a State would have to classify the individual as JOBS-mandatory.

4. SUBSTANCE ABUSE AND ASSIGNMENT TO PRE-JOBS

(a) States may require persons found unable to engage in employment or training due to substance abuse to participate in substance abuse treatment as a pre-JOBS activity.

(b) Sanctions, equivalent to JOBS sanctions, may be levied for non-participation in treatment, provided such treatment is available at no cost to the recipient.

(c) States may also require individuals in JOBS to participate in substance abuse treatment (in conjunction with another JOBS activity or activities) as part of the employability plan.

5. JOBS SERVICES

Up-Front Job Search

(a) States would have the option of requiring all job-ready new recipients, including those in the not-phased-in-group, to perform up-front job search. States would also be permitted to require job search from the date of application (as under current law, this requirement could not be used as a reason for a delay in making the eligibility determination or issuing the payment).

6. MINIMUM WORK STANDARD

(a) The minimum work standard would be an average of 20 hours of (unsubsidized) work per week during the month, with a State option to increase to an average of 30 hours per week.

7. JOBS PARTICIPATION

JOBS Participation for the Not-Phased-In Group

(a) States would be given substantial flexibility regarding JOBS services for persons not in the Federally-defined phased-in group (custodial parents born after 1971), as discussed below:

i. A State would be required to serve volunteers from the not-phased-in group to the extent that federal JOBS funding was available (i.e., the State had not drawn down its full JOBS allotment). States would have the option of subjecting such JOBS volunteers to the time limit. A State would be required to describe in the State plan its policy with respect to volunteers.

ii. States could define the phased-in group more broadly. e.g., parents born after 1971 and all new applicants. In addition, a State could require recipients who were not in the phased-in group to participate in JOBS, but could not apply the time limit to such JOBS-mandatory persons (as opposed to volunteers above). In other words, a State that defined the phased-in group as parents born after 1969 could require the person born in 1968 to participate in JOBS, and sanction such an individual for failure to comply, but that person would not be subject to the time limit. An individual in either the phased-in or the not-phased-in groups who met one of the pre-JOBS criteria could not be required to participate in JOBS.

8. JOBS FUNDING

(a) A State would be permitted to reallocate an amount up to 10% of its combined JOBS and WORK allotments (WORK allotment from the capped entitlement) from its JOBS program to its WORK program and vice versa. The amount transferred could not exceed the allotment for the program from which the transfer was made.

(b) If the States were not able to claim all available Federal JOBS and WORK funding (WORK capped entitlement) for a fiscal year, a State would be permitted to draw down Federal funds for JOBS spending in the excess of its allotment. The additional Federal funding would be drawn from the unobligated balance (JOBS and WORK money not spent by other States). A State would have to draw down its full allocations for both JOBS and WORK to be able to draw down unspent funds beyond these allotments (for spending on either program). This would require legislative authority to distribute unobligated funds from one fiscal year during the subsequent fiscal year and to distribute unliquidated obligations from a fiscal year during; not the succeeding fiscal year, but the one after that (two years afterward).

9. TRANSITION TO WORK

(a) States would have the option of providing an additional month of AFDC benefits to individuals who found employment just as their eligibility for AFDC benefits/JOBS participation ended, if necessary to tide them over until the first paycheck.

ADMINISTRATION OF JOBS/WORK

10. OVERALL ADMINISTRATION

(a) If the IV-A agency retained administration of JOBS, it would have the option of contracting with another entity or entities to carry out any and all functions related to JOBS/WORK. All contracts and agreements with such entities would be written.

Other Areas of Responsibility

In States where an entity other than the IV-A agency is responsible for JOBS/WORK, we propose to give States the flexibility to determine how the following functions are carried out. The State plan would have to contain specific information detailing how the State intended to carry out these functions.

- (a) Determining JOBS Prep status
- (b) Granting extensions to the time limits
- (c) Providing secondary reviews and hearings on issues specifically related to JOBS or WORK participation.

WORK

11. WORK FUNDING

(a) If, as described in JOBS FUNDING, the States were not able to claim all available Federal JOBS and WORK funding (WORK capped entitlement) for a fiscal year, a State would be able to draw down Federal funds, for WORK spending on operational costs, in excess of its allotment from the capped entitlement.

12. WORK ELIGIBILITY CRITERIA AND REGISTRATION PROCESS

(a) Only one parent in an AFDC-UP family would be required to participate in the WORK program. States would, however, have the option of requiring both parents to participate.

13. ALLOCATION OF WORK ASSIGNMENTS/INTERIM ACTIVITIES

(a) States would have the option of requiring persons who were awaiting WORK assignments to participate in other WORK program activities (e.g., individual or group job search, arranging for child care, self-initiated activities), and to establish mechanisms for monitoring participation in such activities. Persons in this waiting status could include both WORK participants who had completed an initial WORK assignment without finding unsubsidized employment, participants whose assignments ended prematurely for reasons other than the participant's misconduct, and individuals awaiting a hearing concerning misconduct. Individuals who failed to comply with such participation requirements would be subject to sanction as described below (see SANCTIONS).

14. SUPPORTIVE SERVICES/WORKER SUPPORT

(a) States would be permitted to make supportive services available to WORK participants who were engaged in approved education and training activities in addition to a WORK assignment or other WORK program activity. In other words, a States could, but would not be required to, provide child care or other supportive services to enable a WORK participant to, for example, also take a vocational education course at a community college.

15. SANCTIONS/PENALTIES (JOBS AND WORK)

JOBS Sanctions

(a) A State's conciliation policy (to resolve disputes concerning JOBS participation only) could take one of the following two forms:

- i. A conciliation process that meets standards established by the Secretary; or
- ii. A process whereby recipients are notified, prior to the issuing of a sanction notice, that they are in apparent violation of a program requirement and that they

have 10 days to contact the State agency to explain why they were not in compliance or to indicate their intent to comply. Upon contact from the recipient, the State agency would attempt to resolve the issue and would have the option of not imposing the sanction.

Ineligibility for a WORK Assignment

(a) The Secretary shall establish regulations defining good cause for each of the following:

i. Dismissal from a WORK assignment. The regulations would allow a State, subject to the approval of the Secretary, to apply in such instances the definition of misconduct utilized in its unemployment insurance program. (A IV-A agency might be allowed to contract with the State U hearing system to adjudicate these cases.)

16. ASSESSING PARTICIPATION IN WORK BEYOND TWO YEARS

At the end of two consecutive WORK assignments, participants who have not found unsubsidized work would be assessed on an individual basis with three possible results:

(1) Participants determined to be unable to work or to need additional training would be reassigned to Pre-JOBS or JOBS.

(2) Those determined to be unable to find work in the private sector either because there were no jobs available to match their skills or because they are incapable of working outside a sheltered environment would be allowed to remain in the WORK program for another assignment. Similar assessments would be conducted following each additional assignment.

(3) At State option, those who are employable and who live in an area where there are jobs available to match their skills, may be required to engage in intensive job search supervised by a job developer who can require participants to apply for appropriate job openings to determine if they are not making a faith effort to find jobs. Failure to apply for appropriate job openings, noncooperation with the job developer or employer, or refusal to accept a private sector job opening without good cause would result in ineligibility, the person could immediately be given another individual work assessment and could again be denied eligibility for noncooperation or refusal to accept a job.

ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-CUSTODIAL PARENTS

1. TRAINING AND EMPLOYMENT FOR NON-CUSTODIAL PARENTS

(a) A State could spend up to 10 percent of its JOBS funding and WORK funding (allotment from the capped entitlement) for training, work readiness, and work

opportunities for non-custodial parents. The State would have the complete flexibility as to which of these funding streams would be tapped.

(b) States are not required to provide all the same JOBS or WORK services to custodial and non-custodial parents, although they may choose to do so. Participation in the JOBS program is not a prerequisite for participation in a non-custodial parent work program. The non-custodial parent's participation will not be linked to self-sufficiency requirements or to JOBS/WORK participation by the custodial parent.

(c) Payments of stipends for work will be required. Payment of training stipends is allowed. All stipends are eligible for FFP.

i. Stipends must be garnished for payment of current support.

ii. At State option, the child support obligation can be suspended or reduced to the minimum while the non-custodial parent was participating in program activities which did not provide a stipend or wages sufficient to pay the amount of the current order.

iii. Participation in program activities can be credited against AFDC child support arrears owed the State.

iv. State-wideness requirements will not apply.

PERFORMANCE MEASURES PROPOSAL

1. Expanded Mission for Quality Control System

(a) States would be required to conduct periodic, internal audits of their JOBS and WORK processes to ensure the accuracy of reported data and annual audits to establish payment accuracy rates. The Federal government would specify the minimum sample sizes to achieve 90 to 95 percent confidence at the lower limit a method generally used by OIG). States would also be permitted to use current QC resources to conduct special studies to test and improve the system.

INFORMATION SYSTEMS

1. Multi-State Collaborative Projects, State Lead with Federal Partnership

(a) Transitional Assistance Support System. In addition to meeting the Federally-sponsored model system functional specifications described above, States may, in collaborative efforts, augment their systems to include automation of additional functions as follows: determining eligibility; improving government assistance standards;

performing case maintenance and management functions; calculating, managing, and reconciling payments to eligible recipients; providing for processes and procedures to detect and prevent fraud and abuse; and producing reports.

(b) **Child Care and JOBS/WORK Case Management Information Systems.** States may, in collaborative efforts, design, develop, and implement automated information systems that meet the model functional specifications of Child Care and JOBS/WORK described in the Federally-sponsored model approach.

NON-CITIZEN PROVISIONS

A. SPONSOR TO ALIEN DEEMING

(a) **Allow States and local programs of assistance to disqualify from participation in general assistance any alien who is disqualified from participation in the SSI, AFDC, and Food Stamp programs due to sponsor-to-alien deeming.**

CHILD SUPPORT ENFORCEMENT PROPOSAL

I. ESTABLISH AWARDS IN EVERY CASE

Financial Incentives for Paternity Establishment

At State option, States may experiment with programs that provide financial incentives to parents to establish paternity. The Secretary will additionally authorize up to three demonstration projects whereby financial incentives are provided to parents for establishing paternity.

Simplifying Paternity Establishment

Paternity Outreach

(Under the proposal) States will be required to implement outreach programs promoting voluntary acknowledgement of paternity through a variety of means including, but not limited to, the distribution of written materials at schools, hospitals, and other agencies. These efforts should be coordinated with the U.S. Department of Education. States are also encouraged to establish pre-natal programs for expectant couples, either married or unmarried, to educate parents on their joint rights and responsibilities in paternity. **At State option, such programs could be required of all expectant welfare recipients;**

Administrative Authority to Establish Orders Based on Guidelines

(1) States must have and use simple administrative procedures in IV-D cases to establish support orders so that the IV-D agency can impose an order for support (based upon State guidelines) in cases where:

(a) in cases of separation where a parent has applied for IV-D services and there is not a court proceeding pending for a legal separation or divorce. **At State option, States**

may extend such authority to all cases of separation and divorce, but they are not required to do so.

II. ENSURE FAIR AWARD LEVELS

Modifications of Child Support Orders

(1) States shall have and use laws that require the review and adjustment of all child support orders included in the State Central Registry once every three years. The review may consist of an exchange of financial information through the State Central Registry. The State shall provide that a change in the support amount resulting from the application of guidelines since the entry of the last order is sufficient reason for modification of a child support obligation without the necessity of showing any other change in circumstances. (States may, at their option, establish a threshold amount not to exceed 5 percent since entry of the last order.) States shall adjust each order in accordance with the guidelines unless both parents decline the adjustment in a writing filed with the State Central Registry.

(2) States may set a minimum timeframe that runs from the date of the last adjustment that bars a subsequent review before a certain period of time elapses, absent other changed circumstances. Individuals may request modifications more often than once every three years if either parent's income changes by more than 20 percent.

Distribution of Child Support Payments

Treatment of Child Support for AFDC families - State Option

1. At State option, States may provide that all current child support payments made on behalf of any family receiving AFDC must be paid directly to the family (counting the child support payments as income).

III. COLLECT AWARDS THAT ARE OWED STATE ROLE

Option for Integrated State Registry

States may, at their option, maintain a unified, integrated registry by connecting local registries through computer linkage. (Local registries must be able to be integrated at a cost which does not exceed the cost of a new single registry.) Under this option, however, the State and State staff must still perform all of the activities described herein for central registries and must maintain a State Central Payment Center for collection and disbursement of payments.

Centralized Collection and Disbursement Through a State Central Payment Center

(1) Through a fully automated process, the State Central Payment Center must:

(a) serve as the State payment center for all non-wage withholding payments through the use of payment coupons or stubs or electronic means, unless the parties meet specified opt-out requirements. States, at their option, may allow cash payments at

local offices or financial institutions only if the payments are remitted to the State Central Payment Center for payment processing by electronic funds transfer within 24 hours of receipt.

(2) States may form regional cooperative agreements to provide the collection and disbursement function for two or more States through one "drop box" location with computer linkage to the individual State registries.

OTHER ENFORCEMENT MEASURES

Tax Deduction Coordination

In order to enforce orders of support more effectively, States must have and use laws that provide IV-D agency administrative authority to carry out the enforcement functions described below without the necessity of court approval:

(1) automatically impose administrative liens on all nonexempt real and titled personal property if arrearages equal two months' worth of support (**less than two months' worth at State option**); the liens shall cover all current and future support arrearages and shall have priority over all other creditors' liens imposed after the child support liens' imposition; in appropriate cases the agency shall have the power to freeze, seize, sell and distribute encumbered or attached property.

In addition the State must have and use laws that:

(1) require the withholding or suspension of professional or occupational licenses from noncustodial parents who owe past-due child support or are the subject of outstanding failure to appear warrants, capiases, and bench warrants related to a parentage or child support proceeding;

(a) the State shall determine the procedures to be used in a particular State and determine the due process rights to be accorded to obligors.

(b) the State shall determine the threshold amount of child support due before withholding or suspension procedures are initiated.

(2) suspend the drivers licenses, including any commercial licenses, of noncustodial parents who owe past-due child support:

(a) the suspension shall be determined by the IV-D agency, which shall administratively suspend licenses. The State shall determine the due process rights to be accorded the obligor, including, but not limited to, the right to a hearing, stay of the order under appropriate circumstances, and the circumstances under which the suspension may be lifted;

(b) the State shall determine the threshold amount of child support due before withholding or suspension procedures are initiated.

FUNDING

Revolving Loan Fund

(1) The Federal government through OCSE shall provide a source of funds appropriated up to \$100 million to be made available to States and their subdivision to be used solely for short-term, high-payoff operational improvements to the State child support system. Projects demonstrating a potential for increases in child support collections will be submitted to the Secretary on a competitive basis. Criteria for determining which projects to fund shall be specified by the Secretary based on whether adequate alternative funding already exists, and whether collections can be increased as a result. Within these guidelines, **States shall have maximum flexibility in deciding which projects to fund.**

(2) Funding will be limited to no more than \$5 million per State or \$1 million per project, except for limited circumstances under which a large State undertakes a statewide project, in which case the maximum for that State shall be \$5 million for the project. **States may supplement Federal funds to increase the amount of funds available for the project and may require local jurisdictions to put up a local match.**

IV. GUARANTEEING SOME LEVEL OF SUPPORT - CHILD SUPPORT ASSURANCE DEMONSTRATIONS

(1) Congress will authorize and appropriate funds for three CSA demonstration programs:

(a) As part of the demonstrations, some States will have the option of creating work programs so that noncustodial parents could work off the support if they have no income.

(2) The child support assurance criteria for the State demonstration programs will require that:

(a) the CSEA program shall be administered by the state IV-D agency, or at state option, its department of revenue; in order to be eligible to participate in the CSA program, States must ensure that their automated systems that include child support cases are fully able to meet the CSEA program's processing demands, timely distribute the CSEA benefit, and interface with an in-house (or have on-line access to a) central statewide registry of CSA cases.

(b) States are provided flexibility in designing the benefit scales within the following parameters: benefit levels between \$1,500 per year for one child and \$3,000 per year for four or more children and benefit levels between \$3,000 per year for one child and \$4,500 per year for four or more children.

Additional Demonstrations

(1) At least two additional demonstrations will be approved for an advanced minimum child support payment program.

(a) at State option, States may require the noncustodial parent to work off the support due.