

WR - New York

Giuliani Plan to Put Welfare Recipients to Work

By JONATHAN P. HICKS

Mayor Rudolph W. Giuliani said yesterday that his administration is considering requiring at least 10,000 people receiving welfare payments to perform jobs like cleaning streets, filling potholes or scrubbing graffiti in exchange for their payments.

Speaking at a news conference in City Hall, the Mayor said the plan is "in the idea stage," adding that it is one of a number of methods being considered to compel able-bodied welfare recipients to go to work.

Under the proposal being considered, some people receiving Home Relief Welfare grants would be required to work in jobs in the sanitation, parks or transportation departments. The idea was discussed earlier in the day at a City Council hearing in which John S. Dyson, Deputy Mayor for Finance and Economic Development, testified that Mr. Giuliani had directed him to come up with such an initiative.

Mr. Dyson said the target of 10,000 recipients "seemed to be a realistic estimate of what the various departments could ab-

People on relief would clean streets and scrub graffiti.

sorb." He also said that the figure was based on studies indicating that 30 percent of the people on home relief were classified as able-bodied.

He added that the Giuliani administration planned to have the program in place by the summer and that Mr. Giuliani was eager to expand the number of workers over time.

About 221,000 people in New York City receive Home Relief Welfare grants, which are given to poor people who are single or married or to couples with children. Half of the cost of administering the program — about \$700 million — comes from the state, with the balance provided by the city.

As a condition of accepting the payments,

recipients are required to do one of several assignments, ranging from searching for a job to being assigned to work for a nonprofit agency. Some counties in the state require recipients to perform street-cleaning jobs, state officials said. In New York City, the Parks Department employs about 900 home-relief recipients, who perform a number of maintenance and clerical tasks.

Aiming for 10%

Over all, about 14,000 Home Relief recipients in the city already work for their benefits. In addition, a small proportion of mothers with school-age children who receive Federal welfare benefits are required to enroll in training courses.

Mr. Dyson said that it remained unclear how many hours a week the welfare recipients would be required to work, saying that many details had not yet been decided. But he said that the Giuliani administration was considering requiring recipients to work the number of hours that would cover the

Continued on Page B2

Giuliani Wants Welfare Recipients to Work

Continued From Page B1

amount of their welfare payments, calculated on a basis of what they would receive if they were earning the minimum wage. He said that, when Medicaid and food stamp allocations were included, welfare recipients would most likely work a 40-hour week.

"If we get just 10 percent of these people to work, that would be 20,000 people," Mr. Dyson said. "It would double the number of people doing this work and the city would really begin to look like somebody took care of it."

Putting welfare recipients to work was a major theme of Mr. Giuliani's campaign for mayor last year. But since his inauguration, he has been vague about how and under what conditions he would require some of the city's 1.1 million welfare recipients to work.

Mayor Embraces Idea

Last month, in fact, Mr. Giuliani sought to distance himself from a memorandum written by Mr. Dyson, suggesting that the city's welfare recipients be required to put on green uniforms and clean up highways and parks as a condition of receiving

benefits. The Mayor said at the time that the memo — which was written in mid-December and addressed to Peter J. Powers, Deputy Mayor for Operations — did not reflect a clearly formed policy of the administration.

While Mr. Giuliani made clear yesterday that Mr. Dyson's proposal was one of several being discussed, he embraced the idea, saying "it would seem to me that is exactly the area where reform should start."

Mr. Dyson, too, made it clear that he had received the go-ahead from Mr. Giuliani to begin crafting a program to get welfare recipients to clean streets, parks and fill the city's estimated 275,000 potholes. "This would give them the experience, the satisfaction of contributing something back to society and make an overall contribution to the way the

Proposal Is Criticized

But the proposal drew criticism from some experts, who complained that the such a program would not prepare people for long-term, full-time employment. Marion Nichols, a researcher for the Center on Budget and Policy Priorities, a Washington-based group that studies welfare issues, said: "The problem is people do not necessarily get jobs after these programs are completed. It can lead

to a job, but it usually doesn't."

Some union officials, on the other hand, charged that the proposal would replace skilled, unionized workers with people compelled to work for low wages.

"It's a crazy idea," said Peter Scarlotos, president of the Uniformed Sanitationmen's Association. Mr. Scarlotos complained that the idea comes at a time when the Giuliani administration has proposed cutting about 1,500 jobs from the city's sanitation workforce of 9,500 people.

"Mr. Dyson wants to put people who are currently employed out of work, so that unemployed persons can take their jobs," Mr. Scarlotos said. "This is just another attack on organized labor and we will not permit our contractual rights to be trampled on."

Norman Siegel, executive director of the New York Civil Liberties Union, said his organization opposed the idea because "we believe that individuals should not be coerced into employment and this is a form of government coercion." He said that "if the city wants to induce people to work, the city should make work sufficiently attractive."

"We favor the carrot, not the stick," he added.

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DEPARTMENT OF HEALTH & HUMAN SERVICES

Melissa T. Skolfield

Assistant Secretary for Public Affairs

Phone: (202) 690-7850

Fax: (202) 690-5673

WR-24

To: Bruce Reed

Rahm Emanuel

Lorrie McHugh

Fax: _____ Phone: _____

Date: 12/10 Total number of pages sent: 3

Comments:

FYI - This response just came in from New York! Michael Kharfen has already had calls from the NY Post + Daily News, but is just reiterating what we told them yesterday. Ray Hernandez in the New York Time's Albany bureau is also writing a follow-up story for tomorrow. -- no real news though. Please call in the morning if you have any questions. Thanks.

NEW YORK STATE

DEPARTMENT OF SOCIAL SERVICES

40 NORTH PEARL STREET, ALBANY, NEW YORK 12243-0001

BRIAN J. WING
Acting Commissioner

December 10, 1996

Dear Secretary Shelala:

I was shocked and dismayed to read in the newspaper today that certification of our State Plan is being held up. We believe the plan that New York submitted to you in mid-October meets the statutory requirements contained in PL 104-193 and, therefore, DHHS should find our Plan to be complete as it has for other similarly situated states.

Today's newspaper story quoting a spokesman for DHHS and a brief phone call late yesterday are the first indications we have had from you since we submitted our plan 55 days ago that there might be any problem with it. To date we have not received any formal response whatsoever to our submittal. An issue as critical to the future of New York State as welfare reform should not be communicated via the news media. We do not appreciate members of your staff informing the news media without any written communication to us. It is not appropriate.

It is also disturbing because the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PL 104-193) contains no requirement that the five year time limit on welfare payments be included in state Temporary Assistance for Needy Families (TANF) plans. Moreover, the guidance DHHS provided states on preparing their TANF plans does not make any mention of the five year time limit. We also understand that there are other states which have had their plans certified that do not have the legal authority in place to carry out five year time limits.

Notwithstanding these facts, let me assure you that Governor Pataki is committed to instituting time limits on the receipt of welfare payments in New York, consistent with the requirements of PL 104-193. The Governor has submitted legislation to our State Legislature to accomplish that goal.

Accordingly, I need immediate written clarification from you regarding any issues that might be delaying your certification of our State Plan, and an explanation of the standard DHHS is applying to all states in reviewing the completeness of their plans. In our judgement, we have addressed all of the statutory provisions that must be included in our State Plan, including the General and Special Provisions that describe our program, and the Certifications that attest to our compliance with specific statutory requirements.

Let me also add that under policy guidance you provided to states two months ago, there is no basis for New York to lose any federal funds under TANF (as is alleged in today's newspaper article) and I would expect that

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you would correct the media's misunderstanding of this fact. As I made clear in my letter to you yesterday, New York does not elect to delay implementation -- such an election is the only basis under your guidelines for changing the state grant calculation and reducing a state's funding.

I look forward to your official acceptance of our State Plan, and to the commencement of funding for New York under the TANF program.

Sincerely,



Brian J. King
Acting Commissioner
Department of Social Services

cc: Mary Ann Higgins



DEPARTMENT OF HEALTH & HUMAN SERVICES

Melissa T. Skolfield

Assistant Secretary for Public Affairs

Phone: (202) 690-7850 Fax: (202) 690-5673

To: Bruce Reed
Rahm Emanuel

Fax: _____ Phone: _____

Date: 12/10 Total number of pages sent: 2

Comments:

F.Y.I.

Joly

State's fed aid waits for Pataki

Federal officials yesterday said they will hold up part of New York State's \$2.4 billion welfare payment until Gov. Pataki assures them the state will comply with the new welfare law requiring that no federal funds be used to assist a family beyond five years.

Pataki and state lawmakers favor a five-year cap, but Pataki did not formally include the restriction in the plan he unveiled last month.

Daily News Staff Report

Daily News

(New York, NY)

Tuesday, December 10, 1996

p. 12

\$2.4B in fed funds imperiled by state's welfare 'glitch'

By MARYN SAUER in Washington and GREG BERENSON in Albany

Under Sen. yesterday found a glitch in Gov. Pataki's welfare-reform plan — jeopardizing \$2.4 billion in federal funds unless it's fixed. Not stunned Albany officials last night insisted the plan meets all federal requirements.

Federal officials, however, claim Pataki's plan isn't tough enough — because it fails to contain any "assurances" that welfare recipients will be denied federal benefits after five years, as required in the new welfare reform passed by Congress.

The five-year cutoff was a cornerstone of Pataki's plan.

The governor's plan meets the federal mandates (including the cap," said Rabbergsman Pataki spokesman Michael McKern.

Albany is so desperate for the \$2.4 billion in federal welfare block grants that state officials fired off a

letter yesterday asking the feds how long before the Pataki plan is certified.

This isn't the first time Pataki's GOP administration has run into a roadblock at the Democratic White House.

The state has been waiting almost two years for Washington to grant a waiver to implement a cost-saving program for Medicaid recipients.

Michael Kharron, a spokesman for the federal Department of Health and Human Services — which is certifying all state welfare plans before the federal block grants can go to each state — insists Albany knows all about the welfare glitch.

"We ... informed the state there is a problem — there is an incompleteness with their plan," Kharron told The Post. "Our reading in New York has not made the assurance that they won't provide benefits with federal money after five years."

The New York Post
Tuesday December 10, 1996
P. 1F

December 7, 1996

NOTE TO: Bruce Reed
Rahm Emanuel
Lorrie McHugh

RE: Robert Pear Story on New York's welfare plan

As of 5:45pm today, we have learned that Robert Pear is writing a story, probably for tomorrow, on the problems with the completeness of New York's state welfare plan.

We are attempting to make sure that he does not think we are being lax in enforcing the work requirements and time limits included in the new welfare law or that we are cheating New York out of money they desperately need.

Attached are some talking points on this that might be helpful to you tomorrow.

Please call me or Toby Graff if you need any additional information.

Thank you.

Melissa Skolfield

NEW YORK TANF PLAN TALKING POINTS

- o New York State's Temporary Assistance for Needy Families (TANF) plan is currently before the department. We are about to inform the state that there is a problem with the completeness of its plan, although it is a problem with a solution.
- o HHS believes strongly in the opportunity provided to the states in the Personal Responsibility and Work Opportunity Reconciliation Act. Also, HHS is committed to insure the intent of the Congress in the new welfare law that moves people from welfare to work, time limits assistance, requires work and promotes parental responsibility.
- o The problem is that our legal reading is that we cannot provide funding to a state that does not have the legal authority to implement a core element of the federal statute. In New York, the state does not appear to have the legal authority to implement TANF's five year time limit of assistance. We believe that there are ways the state can address this issue, fulfill the basic principles of the new welfare law, obtain its block grant allocation and continue the state's internal deliberations on its developing welfare plan.
- o Similar to the plan submitted and determined complete for the state of California, New York State could propose to assure the department that no federal TANF funds will be used to provide assistance beyond the five years of assistance limited to families under the new law. The state would commit to provide any assistance to families beyond five years with state funds only if it does not make the necessary state statutory changes to impose a time limit not to exceed five years with the exemption provisions in the federal law.
- o New York submitted its state plan for the TANF program on October 17, 1996. The state had not undertaken the minimum 45 day comment period as required by Congress. After conferring with the state, HHS agreed that the state would conduct a comment period concurrent with the review of its state plan submission. The comment period ended on December 1, 1996.
- o In order to insure that the state could obtain the full block grant allocation, we would have to reach agreement with the state on these items prior to February 1, 1997. The deadline, however, does not preclude the further internal deliberations in the state as to its complete welfare program.

Background

There were several news stories that New York might be in jeopardy of losing some additional federal funds that may be available to implement the new welfare law. -- eg the amount of the difference between current welfare spending and the state's block grant allocation under the new Temporary Assistance for Needy Families (TANF) program. It is estimated that the state stands to gain \$450 million more federal dollars for the current fiscal year under the new TANF program than under the previous AFDC program.

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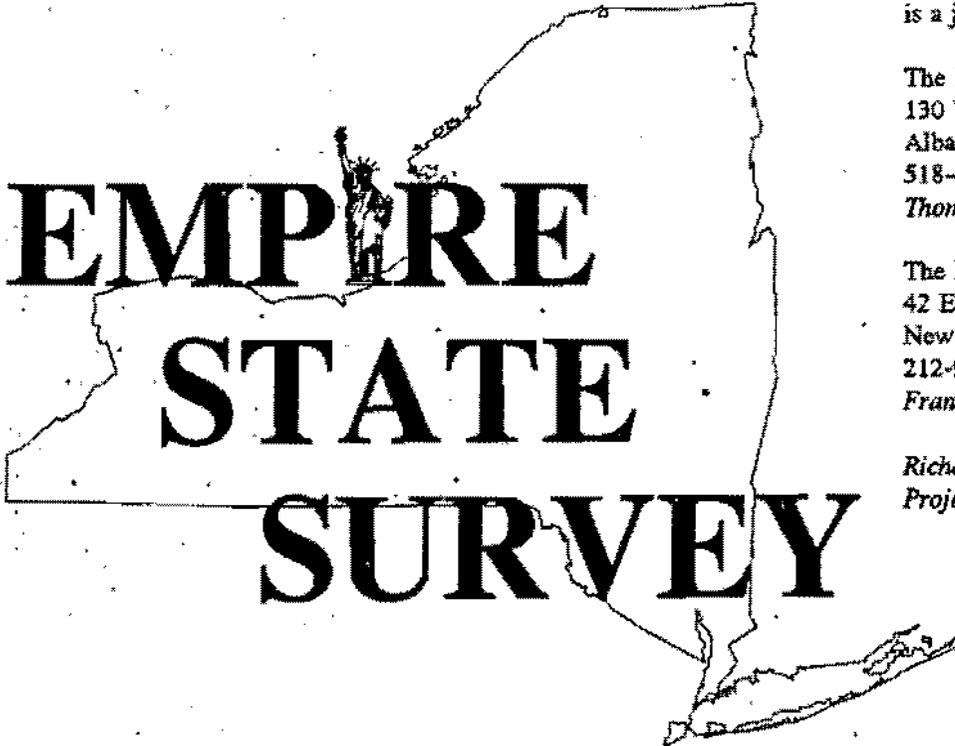
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EMPIRE STATE SURVEY

NEW YORKERS ON THE LIMITS OF WELFARE

A survey of 1221 New York State Residents, May 19-June 9, 1994

Richard J. Behn
Douglas Muzzio, PhD

A PROJECT OF THE EMPIRE FOUNDATION AND THE LEHRMAN INSTITUTE

POST SPECIAL REPORT: THE WELFARE MESS

WELFARE CRISIS

Benefits: The real cost		YEARLY BENEFITS*	
PROGRAM	DESCRIPTION	MOYER AND GIULIANI ON AFDC	Single Adult on Home Relief
AFDC Aid to Families with Dependent Children	Federal welfare program for families with children. Provides monthly cash benefits. Benefits vary from state to state. In New York, the city and state add 100% to the federal monthly benefit.	\$6,924	—
Home Relief	State and city program which pays a monthly cash benefit and housing allowance to single, able-bodied adults that cannot find work, and who do not have children.	—	\$1,644
Food Stamps	Federal program provides food stamps for low-income persons and families. Program funded entirely by Federal Government.	2,556	852
Breakfast and Lunch Program	Over a million New York kids participate in the Federal Program granting free and subsidized breakfasts and lunches during the school year. Funded by Federal Government.	347	—
W.F.C. Special Supplemental Food Program for Women, Infants and Children	Federal program that supplements food stamps with additional vouchers for food for women who are pregnant or have children under 5 years of age.	986	—
Medicaid	Federal medical program of which New York State and localities fund approximately 5% of the costs. Allows for 14 visits per year, 18 laboratory tests, 92 prescriptions, no limits on hospital or nursing home care, family planning services, and mental health services.	4,952	2,340
Housing	Federal and state government provides free housing, subsidies and grants for low-income persons.	5,653	2,580
HEAP Energy Assistance Program	State program provides grants for low-income persons and families to subsidize utility bills.	75	75
Transportation	City provides free bus and subway passes to kids from low-income families.	900	—
Head Start	Federal Child Development program for 3 and 4 year olds.	4,347	—
* Figures are based on persons. Not all welfare recipients participate in all programs.		Total yearly benefits: \$26,940 \$7,491	

By CHRISTOPHER RUDDY

The city is facing an exploding welfare caseload that threatens to plunge it even deeper into fiscal crisis.

One out of every seven New Yorkers now gets a welfare check — and new figures reveal that the number of people on public assistance is spiraling upward, with no end in sight. In fiscal 1993, the city spent \$2.5 billion on its two main welfare programs: Aid to Families with Dependent Children, and Home Relief, which grants benefits to single persons. Of that money, about \$800 million came from the city directly. Another \$800 million came from the state and the rest from the federal government.

Based on spending during the first five months of the current fiscal year, the 1994 figure is expected to be a staggering \$2.9 billion — a \$400 million increase. And that's about \$100 million more than the \$2.77 billion budgeted for welfare for fiscal 1994. A shortfall would be made up by the city, state and feds.

Welfare increases, which have been substantial, are largely a result of the city's continuing recession and high unemployment," said Earl Weber, a spokesman for the City's Human Resources Admin-

1 in 7 New Yorkers are now on the dole

The continually expanding public assistance rolls now include over 1.1 million persons. That's a 34 percent increase over the 822,378 people who were on welfare on Jan. 1, 1989.

The 1994 (cost) is expected to be a staggering \$2.9 billion.

when David Dinkins took office as mayor. About 15,000 more people are joining the welfare rolls every month.

Some 585,000 persons receive benefits under the AFDC program. A mother and two children, for example, get a monthly payment of \$371. The city and state each contribute 25 percent, with the federal government picking up the rest.

An additional 216,300 single persons receive benefits as part of the Home Relief program, which provides \$137 a month in cash and an additional \$215 for housing costs.

WR - New York



They get a real charge out of helping others

By JACKIE ROTHENBERG
America Works gets people off welfare — for a fee. The private, for-profit company claims it can end its clients' dependence on welfare by placing them in private sector jobs. Its fees — \$5,300 per person — are paid by the state. Critics question the program's profit motive in an area that is traditionally nonprofit. Supporters — who include Gov. Cuomo and Mayor Giuliani — say that's of little importance. Richard Schwartz, Giuliani's senior adviser, says the key thing is "whether or not people's lives are being improved." The Dinkins administration showed no interest in America Works, rejecting

repeatedly the company's bids on projects. A spokesman for the city's Department of Employment said officials liked America Works' model, but the program scored low in a competitive bidding process. Company officials are hoping for better luck with Giuliani, who praised America Works during his mayoral campaign and at a Post Forum on Dec. 9. "America Works is run by Peter Cove and Lee Bowes, an entrepreneurial husband-and-wife team. It places up to 500 workers annually, operating as kind of an "old girls" network. Ninety-eight percent of clients are women who've been on the dole about five years. It finds them through See WORKS on Page 18



NO MORE TEARS: Ileana Hamilton, unemployed for five years and on welfare for three, enjoys her job as a data-entry operator on Wall Street.

For mom, happiness is steady work

By JACKIE ROTHENBERG
Ileana Hamilton has never been happier. "My life is much brighter now," she says. "I don't have this big black cloud over my head." Hamilton, who lives in Queens, was one of countless weary women who made the rounds of employment agencies

and kept hearing the same thing: "We'll call you." The call never came. "Many times, I used to come home from interviews in tears," she says. "When you know you have the skills and you're able to do something, it's a hurting feeling." Hamilton, who was separ-

ated from her husband the time, went on welfare, kept searching work and trying employment agencies. She spent a lot of time, frustrated and pining. It was especially frustrating to feel that she could do enough for her kids.

While Grinker acknowledges the recession contributed to the skyrocketing rise in the welfare rolls, he claims HRA made only "modest effort at encouraging clients search for jobs." Grinker cites HRA statistics which show that in fiscal 1992, only 51,000 clients were enrolled in training or work-related activities. Calls by The Post to explain why the city not fully utilized job training programs were unreturned. Giuliani has led America Works, a profit group which has been rebuffed by the HRA, but which trained and moved dozens of welfare recipients off welfare into regular employment.

WORLD PRESERVATION PHOTOGRAPHY

POST SPECIAL REPORT: THE WELFARE MESS



WELFARE CRISIS

It's The real cost

DESCRIPTION	YEARLY BENEFITS	
	1993	1994 (est.)
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State and city program which pays a monthly basic benefit and housing allowance to single, able-bodied adults that cannot find work, and who do not have children.	---	\$1,644
Federal program provides food stamps for low-income persons and families. Program funded entirely by Federal Government.	2,556	852
Over a million New York kids participate in the Federal Program granting free and subsidized breakfasts and lunches during the school year. Funded by Federal government.	547	---
Federal program that supplements food stamps with additional vouchers for food for women who are pregnant or have children under 5 years of age.	986	---
Federal medical program of which New York State and localities fund approximately 5% of the costs. Allows for 14 visits per year, 16 laboratory tests, 60 prescriptions, no limits on hospital or nursing home care, family planning service, and mental health services.	4,952	2,340
Federal and state government provides low housing, subsidies and grants for low-income persons.	5,653	2,500
State program provides grants for low-income persons and families to subsidize utility bills.	75	75
City provides free bus and subway passes to kids 17 from low-income families.	900	---
Federal Child Development program for 3 and 4 year olds.	4,347	---
Total yearly benefits:	\$26,940	\$7,491

By CHRISTOPHER RUDDY

The city is facing an exploding welfare caseload that threatens to plunge it even deeper into fiscal crisis.

One out of every seven New Yorkers now gets a welfare check — and new figures reveal that the number of people on public assistance is spiraling upward, with no end in sight.

In fiscal 1993, the city spent \$2.5 billion on its two main welfare programs: Aid to Families with Dependent Children, and Home Relief, which grants benefits to single persons.

Of that money, about \$800 million came from the city directly. Another \$800 million came from the state and the rest from the federal government.

Based on spending during the first five months of the current fiscal year, the 1994 figure is expected to be a staggering \$2.9 billion — a \$800 million increase.

And that's about \$200 million more than the \$2.77 billion budgeted for welfare for fiscal 1993.

A shortfall would be made up by the city, state and feds. "Welfare increases, which have been substantial, are largely a result of the city's continuing recession and high unemployment," said Earl Weber, a spokesman for the City's Human Resources Admin-

1 in 7 New Yorkers are now on the dole

Home Relief is provided solely by the state and city governments, which split the cost 50-50. Welfare recipients also receive Medicaid, food stamps, other housing benefits, child care and additional services. The city typically pays a significant share of these costs, which are not accounted for in HRA's budget.

The 1994 [cost] is expected to be a staggering \$2.9 billion.

when David Dinkins took office as mayor.

About 10,000 more people are joining the welfare rolls every month.

Some 586,000 persons receive benefits under the AFDC program. A mother and two children, for example, get a monthly payment of \$377. The city and state, each contribute 75 percent, with the federal government picking up the rest.

An additional 218,000 single persons receive benefits as part of the Home Relief program, which provides \$137 a month in cash and an additional \$218 for housing costs.

Administrative costs often exceed the amount of benefits distributed. The HRA spends \$7.3 billion in city, state and federal money. But only \$2.5 billion of that goes directly to recipients in the two largest welfare programs.

During the campaign, Rudy Giuliani criticized Grinker and his administration for not fully participating in the Family Support Act, a 1988 federal program that has allowed other states, like Wisconsin and Michigan, to reduce caseloads by using federal funds for job training programs.

"The city has not succeeded in getting people off the rolls and into jobs," Bill Grinker, Giuliani's welfare adviser and an HRA commissioner under Ed Koch, wrote in the City Journal.

While Grinker acknowledges the recession has contributed to the skyrocketing rise in the welfare rolls, he claims HRA has made only "modest efforts at encouraging clients to search for jobs."

Grinker cites HRA statistics which show that in fiscal 1993, only 61,800 recipients were enrolled in retraining or work-related activities.

Calls by The Post to HRA asking why the city had not fully utilized job retraining programs went unreturned.

Giuliani has lauded America Works, a for-profit group which has been rebuffed by the city's HRA, but which has trained and moved hundreds of welfare recipients off welfare into regular employment.

ny get a real charge out of piping others

ROTHENBERG repeatedly the company's bid on projects. A spokesman for the city's Department of Employment said officials liked America Works' model, but the program scored low in a competitive bidding process. Company officials are hoping for better luck with Giuliani, who praised America Works during his mayoral campaign and at a Post Forum on Dec. 9. America Works is run by Peter Cove and Lee Bowen, an entrepreneurial husband-and-wife team. It places up to 500 workers annually, operating as kind of an "old girls" network. Ninety-eight percent of clients are women who've been on the dole about five years. It finds them through



NO MORE TEARS: Lisa Hamilton, unemployed for five years and on welfare for three, enjoys her job as a data-entry operator on Wall Street.

For mom, happiness is steady work

By JACKIE ROTHENBERG
Lisa Hamilton has never been happier. The 28-year-old mother of two was unemployed for five years and on welfare for three before discovering America Works. Since September, she's been a data entry operator

at DAT Integrated Financial Services on Wall Street. "My life is much brighter now," she says. "I don't have this big black cloud over my head." Hamilton, who lives in Queens, was one of countless weary women who made the rounds of employment agen-

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rated from her husband at the time, went on welfare, but kept assuming wait and see and trying employment agencies. She spent a lot of time at home, frustrated and complaining. "It was especially frustrating to feel that she couldn't do enough for her kids. I just

See WORKS on Page 18

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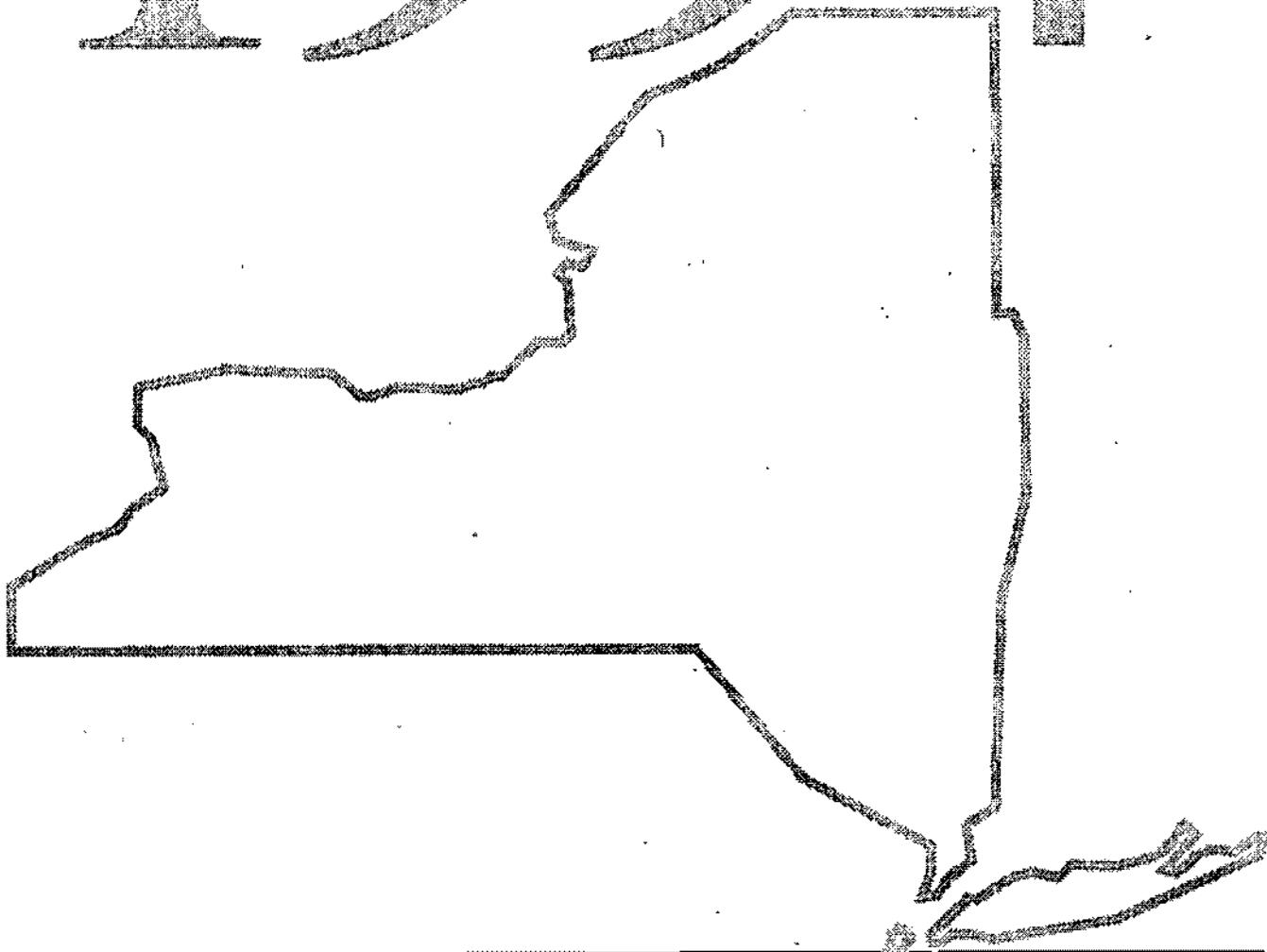
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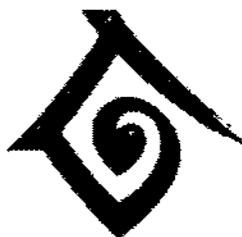
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1994

A FEDERAL HUMAN SERVICES AGENDA
FOR NEW YORK STATE



Mario M. Cuomo, Governor



1994 International Year of the Family



STATE OF NEW YORK
EXECUTIVE CHAMBER
ALBANY 12224

MARIO M. CUOMO
GOVERNOR

June 27, 1994

Dear Mr. Reed:

I am pleased to share with you New York State's 1994 Federal Agenda for Human Services. Many New Yorkers, like people in other states, are facing difficult and complex problems that affect not only their own personal well-being, but that of society as well. Our agenda therefore covers a broad range of issues, from the needs of children to those of older Americans.

The critical issues affecting our families and communities merit national attention and comprehensive solutions. Traditionally, New York has been in the forefront in developing innovative, humane, and cost-effective approaches to the problems faced by its citizens and its communities. While federal leadership is essential in developing national solutions to these national problems, states must be active partners and must have the flexibility necessary to meet the needs of diverse populations.

I look forward to working with you to confront the pressing domestic problems facing the Family of New York and all Americans.

Sincerely,

Mario M. Cuomo

Mr. Bruce Reed
Deputy Assistant to the President
for Domestic Policy
Executive Office of the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

NEW YORK STATE

DEPARTMENT OF SOCIAL SERVICES

40 NORTH PEARL STREET, ALBANY, NEW YORK 12243-0001

MICHAEL J. DOWLING
Commissioner



WR-NY

January 6, 1994

Mr. Bruce Reed
The White House
Old Executive Office Bldg.
Room 216
Washington, D.C. 20500

Dear Bruce:

We have begun to move ahead in New York with the welfare reform agenda that we had the opportunity to discuss when I was in Washington recently.

Governor Cuomo opened the legislative session here yesterday with a call in his Message to the Legislature to "dismantle the traditional welfare system," and to put in its place "a new system better suited to the times, more responsive to society's current needs, and with a greater capacity to promote the benefits of work, family life and parental responsibility."

The attached package of materials lays out in some detail how we propose to begin that transformation, building upon path-breaking New York initiatives such as the Child Assistance Program (CAP) that has attracted national attention.

As always, I welcome your comments, and look forward -- as we proceed -- to New York's contributing not just ideas but proven results to the national reform effort.

Sincerely,

A handwritten signature in cursive script that reads "Michael J. Dowling".

Attachment

PUBLIC ASSISTANCE FACT SHEET¹

ADC Program

	<u>Total</u>	<u>New York City</u>	<u>Rest of State</u>
Cases	442,200	295,915	146,285
Persons	1,224,423	800,308	424,115
Children	797,720	522,102	275,618
percent	65.2%	65.2%	65.0%
Persons per case	2.77	2.70	2.90
Percent of Recipients Deemed Employable	18.8%	18.3%	19.8%
Percent of Adults Deemed Employable	53.9%	52.6%	56.6%
Percent of Cases Containing an Employed Person (as of 12/92)	4.3%	1.7%	9.7%

Home Relief Program

	<u>Total</u>	<u>New York City</u>	<u>Rest of State</u>
Cases	312,483	234,930	77,553
Persons	389,610	296,361	93,249
Persons per case	1.25	1.26	1.20
Percent of Recipients Deemed Employable	52.3%	53.1%	49.9%
Percent of Cases Containing an Employed Person (as of 12/92)	2.4%	1.3%	5.3%

Food Stamps Program

(includes cases and persons also on PA)

	<u>Total</u>	<u>New York City</u>	<u>Rest of State</u>
Cases	969,564	637,406	332,158
Persons	2,088,799	1,334,755	754,044

Monthly Grant Amounts by Household Size for New York City

(for cases with no income other than public assistance)

	<u>Household Size</u>							
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
PA	\$352	\$468	\$577	\$687	\$800	\$884	\$1010	\$1101
FS	\$112	\$178	\$239	\$290	\$332	\$400	\$422	\$483

Public Assistance amounts shown include allowances for basic needs, heat, home energy and rent at the maximum allowed. Food Stamp amounts reflect changes implemented in October 1993.

¹ All figures from August, 1993, unless otherwise noted.

WR - ~~Report~~

New York

New York's Welfare Reform Agenda:

A "Jobs FIRST" Strategy

Changing How The Welfare System Operates



New York State Department of Social Services
Michael J. Dowling, *Commissioner*

January 1994



NEW YORK'S WELFARE REFORM AGENDA

A "Jobs FIRST" Strategy

In 1994, New York will begin dismantling the traditional welfare system. In its place will be a new system better suited to the times, more responsive to society's current needs, with a greater capacity to inculcate the values and promote the benefits of work, family life and parental responsibility.

This welfare reform effort begins from the firm base established by New York's Child Assistance Program (CAP), a unique welfare-reform demonstration program that has been operating since 1988, has been subjected to the most rigorous of evaluations, and has received national and international acclaim. CAP promotes work over welfare, and embodies the principle that both parents are responsible for the support of their children.

CAP is a natural complement to many of New York's other trend-setting efforts to make the welfare system more constructive, including the Comprehensive Employment Opportunity Support Centers (CEOSC), which provide training for mothers on welfare with young children; the application of computer-based technology to the administration of our Child Support Enforcement program; and our successful campaign -- one of the most aggressive in the nation -- to combat fraud and abuse.

Now Governor Cuomo has directed the State Department of Social Services to change the way the entire welfare system operates. The keystone of the new welfare system will be New York's **Jobs FIRST** initiative.

A. How "Jobs FIRST" Will Work

PHASE I: Diverting Entry to the Welfare System

A considerable portion of the problem with the present welfare system lies right at the beginning of the process, when an individual first appears at the local social services office seeking assistance.

As it now stands, the system initiates a process to determine whether or not the individual or family is eligible for either of New York's two welfare programs -- Aid to Dependent Children (ADC) or Home Relief (HR).

Too frequently, little attention is paid to the variable and numerous causes that can force applicants to seek assistance. All applicants exhibit a common symptom -- lack of money with which to support themselves. And they are all prescribed a single treatment -- placement on the welfare rolls, if they are found to meet eligibility requirements. That

treatment is, in many cases, either more than is required, less than is required, or just the wrong prescription to get the applicant on the road to recovery and self-sufficiency.

Jobs FIRST changes the emphasis and the focus right at the beginning of the process. Its prime tenet is that the best, wisest and most compassionate way to help those in need is to connect or re-connect them to the labor force as quickly as possible . . . and to do it whenever possible without engaging ADC or HR.

Jobs FIRST will include an initial screening at the beginning of the process to determine the level of need, the suitability of engaging the formal welfare system to satisfy the need, and possible alternatives to long-term welfare.

Alternatives to Going on Welfare

Four alternatives, particularly, will be explored:

- emergency one-time cash assistance, loans or other non-welfare services if some temporary setback has resulted, or may result, in job loss or impoverishment;
- Supplemental Security Income (SSI) or veterans' benefits eligibility determination if the applicant clearly appears to suffer from a chronic, disabling health condition that would preclude getting a job;
- access to other income supports such as child support payments; or
- immediate job search and participation in job readiness training, or referral to transitional/permanent employment if the applicant is job-ready.

To illustrate, consider the situation of a single mother with young children who is able to work and support her family because she has an old car to drive to work and a relative who cares for the children during working hours. The car breaks down and needs substantial repairs, but the woman has not been able to save for a "rainy day." She will lose her job if she can't get there. She needs help, but she does not need welfare as we know it. Part of New York's welfare reform package is a proposal that would make it possible -- if federal waivers are granted -- for this woman to get the assistance she needs to repair the car, without going on welfare.

Most applicants will enter into an agreement between themselves and the local social services districts that during the typical 30-45 day eligibility determination period they will participate in an intensive set of work-like activities designed to help them enter or re-enter the labor force.

From the outset, welfare applicants will be held to work-like expectations in order to reinforce the notion that the help they receive demands something in return. The **Jobs**

FIRST welfare system is not about eligibility for a handout. It is about work. Employment is the goal. The restructured front-door of the welfare system will also be used to promote two additional goals of the Department of Social Services: good health and quality family life. Aggressive efforts will be made to enroll families and individuals in managed health care in order to ensure access to basic primary care and to discourage use of inappropriate emergency services. The new system will also provide, at the application stage, an opportunity to identify other stresses that some families may labor under, and to intervene early with help -- for example, parenting training or other preventive child-welfare programs -- that can avert crises and reduce foster care placements.

"Jobs FIRST" Philosophy in Practice

In Phase I of the **Jobs FIRST** process, emergency transitional benefits, including child care benefits, would be available until the public assistance applicant has (a) located a job, (b) obtained the necessary short-term assistance, or (c) started receiving SSI benefits or other non-welfare income supports.

In addition, it is government's obligation to ensure that effective employment and training programs are made available to public assistance applicants. **Jobs FIRST** will hold providers of employment and training programs to high standards through performance-based contracting.

Jobs FIRST will also include experimentation with a number of different modalities for delivering employment and training assistance. For example, in several counties we will initiate experimental programs that will combine job search with transitional employment opportunities for able-bodied HR applicants. The purpose of these experiments will be to provide applicants with what they need most -- a temporary job, an immediate source of income and a connection to the labor market.

One example is a model that incorporates elements of the Neighborhood Works Program operated by the Vera Institute of Justice. The Department of Social Services and selected social services districts would develop, on a demonstration basis, temporary employment opportunities with not-for-profit contractors. The contractors would perform various unskilled work assignments, such as highway cleaning, for state and local agencies, under subcontract to existing state contractors.

HR applicants would be expected to report for work assignments four days a week and would be paid weekly for their work. The fifth day of each week would be spent in job search and related activities to improve employability. HR applicants would be expected to participate in this program during the eligibility determination period for public assistance.

Jobs FIRST will also encourage the use of private employment agencies and of job placement programs such as America Works. These programs employ performance

based contracts where reimbursement is contingent on successful placement and retention of clients in jobs.

PHASE II: Welfare as Preparation for Self-Sufficiency

Phase I is all that some applicants will need of the social services system. Clearly, however, many individuals will not be diverted from the system during Phase I, will not find work during the initial job search, and will need longer-term help.

They will become recipients of ADC or HR, assuming they meet all the stringent eligibility requirements and checks for fraud and abuse.

In the new **Jobs FIRST** welfare system, it will not be enough to be a passive recipient of cash benefits. As a condition of receiving benefits, all recipients will become participants, undertaking activities appropriate for them, tailored to their levels of family responsibility and leading to self-sufficiency. Having additional children while on welfare will not alter a recipient's obligation to work toward self-sufficiency. Appropriate self-sufficiency activities will be developed for parents with young children, including those under age three.

Self-Sufficiency Assessments, Plans, Contracts in Phase II

Each person who enters the system will undergo a comprehensive assessment to identify service needs, personal strengths and skills, and barriers to employment. These barriers may include lack of education, inability to speak English, lack of prior labor force attachment, alcohol or substance abuse problems, or difficulty in managing daily life.

After the assessment, an individualized self-sufficiency plan will be developed. This plan will clearly lay out a strategy that may include education, vocational training, counseling, child care, or obtaining a child support order. The plan will clearly delineate time frames for these activities, and will include periodic job searches involving job placement agencies such as America Works to ensure that participants become connected to the labor force as quickly as possible.

A job will be the ultimate goal. Everything else -- education, training, counseling, day care -- are but means to that end.

This plan will become the basis for a self-sufficiency contract that will be mandatory for everyone who enters the public-assistance system. Under the current system, recipients who fail to comply with required employment/training programs are "sanctioned" -- for example, by reducing a portion of their grants. Under **Jobs FIRST**, we will move toward a system in which recipients earn their grants like pay checks. They

will be "paid" for their actual work or work-like effort, reinforcing again the link of welfare to work.

Depending on the categories of recipients and their readiness for training or employment, there will be differing sets of expectations which will be reflected in the self-sufficiency plans and contracts.

For example:

- Individuals not ready for education or training activities, whether due to substance abuse problems, health problems, or other family problems, will have self-sufficiency plans that require participation in treatment or other steps to ameliorate obstacles to employment. Recipients with permanent disabling conditions will be expected to cooperate fully with efforts to document their disabilities and apply for SSI and/or veterans' disability benefits.
- Employable single mothers and teen parents with young children, will have plans that are unequivocal in requiring activities leading to work readiness -- for example, finishing high school or part-time job training. Efforts will be made to develop innovative programs that reconcile the schedules of those involved in job-readiness activities with the schedules of their children, enrolled in pre-school programs such as Head Start. Experimental labor force preparation programs involving in-home computer-based instruction combined with occasional tutorials will also be explored. Efforts will also be made to integrate various services programs for teens with Jobs FIRST.
- Home Relief recipients will be expected to participate continuously in Jobs FIRST activities including job search, education and training, and work experience.

Parental Responsibility Part of Phase II Contracts

Two-thirds of ADC recipients are children. Each one of them has a mother and a father. Both parents have an obligation to support their child(ren). It is wrong for parents -- usually fathers -- to simply walk away from that obligation and forget it. And it is wrong for government to allow them to do so.

Under current law, applicants for ADC are required to cooperate with efforts to establish paternity and to seek orders of child support. These requirements will be rigorously enforced. The ability of the system to hold non-custodial parents accountable for the economic support of their children is seriously compromised when custodial parents fail to establish paternity.

To further encourage the connection of fathers to their children, we will strengthen and expand New York's in-hospital paternity establishment program. This type of program has proven successful in helping to forge parent-child relationships by encouraging paternity establishment right after the child's birth, rather than waiting months or years, as has previously been done.

It would be equally wrong for the state, through its welfare system, to preempt the responsibilities of parents except where there is danger to the children, or in any way to encourage minors to become pregnant, leave home and establish separate households so that they can receive welfare benefits. Legislation will be submitted again this year that will require pregnant and/or parenting adolescents to live with their parent(s) as a condition of receiving ADC.

Another initiative to foster parental responsibility will be New York's School to Success program that will provide incentives to public assistance families whose children regularly attend school. In today's information society, there are few opportunities for economic independence for the uneducated and illiterate. For past generations, education has been one of the main routes to a better life. It is of paramount importance that children remain in school at least through high school.

PHASE III: Leaving Welfare

Work is better than welfare and people should be better off working than they were on welfare. Too frequently, in the present system, they are not. New York has taken on this problem with its successful Child Assistance Program (CAP).

There are two important underlying premises of CAP. One is that both parents have the primary responsibility for the economic support of their children. The second is that work should leave a person better off than being on welfare. Through a radically different benefit structure and with thorough case management, CAP encourages single mothers to make work the main source of income, while enabling them to realize the benefits of a higher standard of living and the opportunity to leave welfare. CAP is succeeding in putting participants on the road to self-sufficiency. It has opened a door out of poverty for many women by providing incentives to work and encouraging parental responsibility through child support. CAP has enabled its participants to be better off, and its positive mix of work, child support and supplementary assistance has begun the process of restoring public support for New York's public assistance programs.

The exit from a reformed welfare system is an expanded and strengthened CAP for single mothers who have child support orders and a new program to be called CAP-Plus for Home Relief recipients.

The reality of the 1990's labor market is that many people will need to supplement their wage incomes and child support collections with other benefits. CAP and CAP-Plus

will encourage this through a benefit structure which allows recipients to keep more of their earnings, encourages savings, and provides support for staying on the job. A strengthened CAP and the new CAP-Plus will also facilitate ongoing access to education and training so that participants can improve their job situations and eventually become economically self-sufficient.

These initiatives will be undertaken in a specialized program environment that is hospitable to working people. For example, the program will attempt to:

- provide longer and non-traditional office hours,
- conduct optional work-site recertifications,
- offer scheduled appointment times for working recipients.

Many times, the rigors of a new job and the demands of new and often complex daily schedules present almost insurmountable problems for people who are trying to get their lives in order and have meager financial resources. Whatever the terms of an individual's self-sufficiency contract, case managers will be empowered to broker the services necessary, even after he or she has found employment.

B. The Larger Context of Reform

Welfare reform built on the Jobs FIRST philosophy cannot be the work of the Department of Social Services alone. In our system, welfare reform will be driven by actions taken in Albany by the Governor and the Legislature and the State Department of Social Services. Welfare reform begins in Albany, but it does not end there. It will happen individual by individual, job by job, all across the state.

Every absent parent who starts making regular child-support payments is part of welfare reform. Each enrollment in Medicaid managed care provides good health and supports welfare reform's work effort. Every time a local social services district worker helps a welfare applicant or recipient put together a package of services that makes it possible for the individual to go to work, welfare reform progresses. And every time a private-sector business hires a welfare recipient, welfare reform advances.

A much stronger partnership between the Department of Social Services and other state and local agencies, together with the business community, will be required in order to create transitional and permanent employment opportunities for welfare recipients, to supplement the earnings of those who are working but still cannot make it wholly on their own, and to help working parents get the non-employment supports they may need to keep working.

The Role of the Local Social Services Districts in Welfare Reform

The fifty-eight local departments of social services will be charged with the front line implementation of this state's welfare reform program and in particular with the **Jobs FIRST** initiative and the targeted job creation efforts designed to support that initiative. Their cooperation and support in this endeavor is vital. The Department will use every means available, including teleconferences, to communicate the basic tenets of the **Jobs FIRST**, and will work with every local district in the state on the development of detailed plans to implement the **Jobs FIRST** initiatives. The Department will in particular seek the assistance of county executives and local commissioners in the development of these implementation plans in order to fashion programs that relate to the labor market and economic conditions prevailing in each county. At the same time, efforts will be made to ensure that the front line staff in local districts understand the importance of this overall effort. As the primary point of contact with clients, it is they who will make this program real. The Department, in partnership with the local social services districts, will seek and expect their full cooperation.

Real welfare reform also needs to be placed within the context of discussions on economic development, workforce preparation and development, improvements in the educational system, other economic supports and government transfers, and national health care reform. Changes in these policies will be important steps to take in concert with welfare reform, so that the state can prevent some of the entries (and re-entries) to public assistance.

State Earned Income Tax Credit

A prime objective is to encourage self-sufficiency through work. This can be accomplished by using incentives in our tax policies. The Earned Income Tax Credit (EITC) is an incentive to low-income workers, and a very real way to help make work pay. It rewards work, and helps people improve their standard of living.

As proposed by Governor Cuomo, the passage of a New York State EITC to supplement the recently expanded federal credit would provide added assistance to working poor families, and help reduce the number of people on welfare.

Increasing Child Support Collections

The judicial branch can also help enact beneficial welfare reforms. In collaboration with the Family Court, the Department of Social Services will develop a program in which parents who fail to pay child support will be directed by the courts to participate in the transitional employment program for able-bodied public assistance applicants. A portion of the wages earned through the program will be applied to child support payment

obligations. The program will also assist parents who fail to pay child support with job search and offer training in parenting skills. This new effort will ensure that the work obligations imposed on custodial ADC parents are shared by non-custodial parents. Rather than simplistic proposals to cut the welfare benefits of single women who have children while on welfare, New York's approach is to insist that both parents make all possible efforts to provide economic support for their children and, at the same time, to assist them positively in doing so.

The Business Community and Job Creation

The obligations of government and its partners in the business community must be equally clear. Employing welfare recipients must be everybody's responsibility, not just the state's. Diligent preparation for entering the labor force must be met with an opportunity to work, not a return to welfare.

All avenues for targeting jobs to employment-ready welfare recipients will be explored. For example, economic development activities such as the Economic Development Zones, state tax credits and economic development subsidies will be reviewed for welfare employment opportunities. The feasibility of requiring state contractors to establish transitional employment opportunities for public assistance applicants through sub-contracting with not-for-profit organizations for low-skill work terms will be explored as well. Another possibility is use of a portion of federal highway infrastructure funds and existing public authority and state agency capital funds to create jobs for welfare recipients.

C. Implementation Strategy

Strengthening Existing Efforts

New York's welfare reform plan calls for two parallel implementation efforts. The first involves immediate, local or statewide initiatives designed to strengthen the current welfare-to-work program. These initiatives can be undertaken under existing or anticipated legislative and regulatory authority. They will include:

- initiatives to make the application process and the eligibility determination stage a period of intensive activities to divert people from the system whenever appropriate, and to engage other non-welfare solutions to their problems;
- initiatives to increase the proportion of welfare recipients participating in welfare-to-work programs;
- initiatives to increase job placements and performance-based monitoring that reflect the job placement priority.

- initiatives to improve the quality of employment and training programs in which recipients participate;
- initiatives to ensure employment program participants receive the training-related expenses to which they are entitled in a timely fashion and that training-related expenses are only provided to those who are entitled to them;
- initiatives to ensure that the welfare system encourages recipients to work by providing more hospitable arrangements such as extended hours and less waiting time, and specific appointments for those who have jobs;
- efforts to expand the CAP demonstration program to other counties;
- implementation of new parental responsibility initiatives including requiring teen parents to live at home and school age children to attend school;
- expansion of finger-imaging program and other efforts to improve system accountability;
- expansion of the use of technology to reduce administrative burden and support system accountability;
- advocacy for a state earned income tax credit to support the efforts of those who work;
- efforts to strengthen and expand the in-hospital paternity establishment program;
- rigorous enforcement of requirements that applicants cooperate with efforts to establish paternity and seek orders of child support.

Federal Waivers

At the same time the above efforts are being made to strengthen the existing program, New York will prepare to put in place the **Jobs FIRST** program outlined here, as well as various initiatives, such as targeted job creation, intended to support **Jobs FIRST**. We will proceed with **Jobs FIRST** demonstrations in selected local districts, and will -- as much as possible -- privatize the job-search, employment and training functions through performance-based contracts with private, proprietary and non-profit entities.

Some of the changes we intend to make in the existing program will require federal waivers. The Department of Social Services has begun preparing federal waiver applications for New York State. Among the requested waivers will be provisions to:

- permit payments and/or loans for one-time emergencies to avoid eventual welfare dependency.
- modify allowable work experience, job training and other employment activities in addition to job search for ADC and food stamp applicants and recipients.
- consolidate and streamline food stamp and ADC eligibility requirements.
- permit the development of a "pay-for-performance" system.
- provide incentives for children to attend school.
- make unemployed non-custodial parents of children on ADC eligible for JOBS programs.
- broaden eligibility for CAP and expand the program across the state.

Proposed Legislation

State legislation will also be required. For example, legislative approval will be sought to:

- expand the obligation of applicants to participate in JOBS activities.
- permit payments and/or loans for one-time emergencies as an alternative to welfare.
- permit the development of a "pay-for-performance" system.
- expand finger-imaging of Home Relief applicants and recipients.
- provide incentives for children to attend school.
- require minors to live at home.
- require participation in JOBS programs for unemployed non-custodial parents of children on ADC.

- provide state authority to require applicants or recipients to sign self-sufficiency contracts;
- continue to expand eligibility for CAP-like benefits.

D. Conclusion

Taken together, these reforms represent nothing less than a complete change in the way the welfare system operates. They will change both the way the system treats people who come to it for assistance, as well as our expectations of those who accept assistance. At the heart of these reforms lies the core truth that futures are built on work, that a job -- any job -- is the beginning of hope for success. That has always been a New York idea. **Jobs FIRST** makes it the central idea of our welfare system.

New York's Welfare Reform Agenda:

A "Jobs FIRST" Strategy

Changing How The Welfare System Operates

Summary

New York State Department of Social Services

Michael J. Dowling, *Commissioner*

January 1994



Goals of Reform

- To improve the welfare of families and children.
- To change the *culture and operation* of the overall system so that employment, not the distribution of cash assistance, is the primary priority.
- To ensure that only those who legitimately need assistance receive it. Every effort should be made to weed out fraud and abuse.
- To target efforts to local conditions by providing flexibility and opportunities for innovation.
- To develop interagency and public/private partnerships to address the welfare problem. The responsibility does not belong to social services alone.
- To improve child support enforcement and family responsibility.

Key Principles

- All work is good and all efforts to work should be supported and rewarded.
- If you are on welfare you should be doing something in return for your check.
- Education and training is not an end in itself but a tool to promote employment.
- Funding to service providers must be tied to performance, with the key performance measure being job placement.
- The roles of all workers in local welfare departments must change. Employment must become everybody's business.

Jobs FIRST

Changing how welfare operates

Three Components

- A) Diverting entry at the front end: changing what happens to clients when they show up at the welfare office.
- B) Preparing for self-sufficiency: changing what's expected of clients while they are on welfare.
- C) Promoting exit from welfare: helping people to leave welfare and stay off.

A) Changing the Front End

The goal is to change how the system operates so that we provide alternatives to going on welfare by

- Providing one-time emergency assistance in a variety of ways that can help avoid welfare
- Intensifying up-front efforts to place employment-ready individuals in jobs
- Maximizing use of other disability benefits such as SSI and veterans' benefits
- Connecting individuals to other needed services (e.g. child welfare services, mental health and substance abuse treatment)
- Intensifying fraud and abuse efforts

B) Preparing for Self-Sufficiency

The goal is to make sure that all those on public assistance actively participate in activities that lead to employment as quickly as possible. This requires:

- Tying education, training and job placement programs to performance
- Expanding work experience assignments in state, local, federal and not-for-profit agencies
- Targeting single parents and teens with young children
 - require school attendance
 - require teens to live at home
 - expand school/welfare collaborations
 - develop programs for non-custodial parents
 - develop innovative education and training programs for parents with young children
- Encouraging both custodial and non-custodial parents to accept responsibility for their children's upbringing
- Targeting Home Relief recipients
 - require intensive participation in programs
 - develop a new work-for-benefits system

C) Promoting Exit from Welfare

- Expand the Child Assistance Program (CAP)
- Expand transitional benefits
- Change the operation of welfare offices to support those who are working
- Develop partnerships with private business and economic development activities to provide job opportunities
- Maximize the use of Earned Income Tax Credits
- Leverage government investments to create job opportunities for public assistance recipients

New York Will Seek Federal Waivers, including:

- Allowing payments or loans for one-time emergencies to avoid welfare dependency.
- Consolidating and streamlining food stamp and ADC eligibility requirements.
- Modifying allowable work experience, job training and other employment activities in addition to job search for ADC and food stamp applicants and recipients.
- Allowing development of a pay-for-performance system.
- Providing incentives for children to attend school.
- Making unemployed non-custodial parents of children receiving AFDC eligible for participation in JOBS programs.
- Broadening eligibility for the Child Assistance Program (CAP) and expanding the program across the state.

Legislative Approval Will Be Sought, Including:

- Expanding the obligation of applicants to participate in JOBS activities
- Permitting payments or loans for one-time emergencies in order to avoid welfare
- Permitting the development of a "pay-for-performance" system
- Expanding finger-imaging of Home Relief applicants and recipients
- Providing incentives for children to attend school
- Requiring minors to live at home as a condition for receiving public assistance
- Requiring participation in JOBS programs for unemployed non-custodial parents of children on ADC
- Providing State authority to require applicants or recipients to sign self-sufficiency contracts
- Expanding eligibility for CAP-like benefits

NEW YORK STATE

DEPARTMENT OF SOCIAL SERVICES

40 NORTH PEARL STREET, ALBANY, NEW YORK 12243-0001

MICHAEL J. DOWLING
Commissioner



January, 1994

Dear New Yorker:

To most people, welfare means public assistance -- the cash and other benefits provided to eligible poor recipients in two programs: Aid to Dependent Children (ADC) and Home Relief (HR).

The truth is, however, that the social services system -- in New York as elsewhere -- encompasses more than public assistance. It is concerned as well with the welfare of children, with those abused or neglected or for other reasons deprived of the adult care they need. The foster care and adoption systems, for example, are part of social services.

Homelessness, too, is a large concern of the system, as are a number of the other vulnerabilities that poverty or addiction or physical and mental disease can bring with them.

These vulnerabilities frequently overlap and impinge upon the same individuals. But, because of the size and complexity of the problems, especially in bad economic times, the bureaucracy charged with handling them tends to segregate them, dealing with each through different offices and workers. The interrelatedness of the problems is frequently ignored, and solutions are delivered in segmented, unrelated services.

When we talk about welfare reform, we mean changing how the entire social services system operates.

Part of the reform we undertake in 1994 will be the attempt to break through old and long-held habits of thought that keep workers in one part of the system from considering how their work might affect another part. Generally, for example, child welfare workers do not work in public assistance offices where individuals make their applications for benefits. Just as bad, employment workers may not deal with applicants until considerably long after eligibility workers have performed their task. And it will probably be even longer after that when someone talks to the applicant about the advantages of receiving medical benefits under the managed-care model. Managed care is the major element of our on-going reform of Medicaid, and can help keep families healthy through increased access to preventive and primary health care.

The central and prime element of our reform is a "Jobs FIRST" strategy because we see work as the surest -- indeed, the only -- way to achieve self-sufficiency. Employment must become the business of everyone who works in the social services system.

We are developing a series of papers to explain our proposals for reform in the various parts of the system. Although they are presented separately, they share a number of common elements. For example, the best thing we can do for people -- for public assistance applicants, for children at risk of foster care and families at risk of losing their children, for those who may be homeless because of some family crisis -- is to keep them out of the formal, long-term system, and to provide the temporary assistance they or their families may need to preserve their independence, and safety and sense of permanency.

There is, throughout the various proposals, an emphasis on alternatives to business as usual, and on the obviously beneficial uses of prevention. Likewise you will see a greater emphasis everywhere on what we legitimately expect of those who seek assistance: that they use public resources as the last resort, not the first; that they do something in return for what they get.

Taken together, these reforms are the most sweeping attempted in many decades. Our success will be measured step by step, individual by individual, one at a time. It will be measured by the number of people who go to work, by the number of families that are preserved and strengthened, by the number of individuals who leave a life in the streets and begin to put their lives together again.

I thank you for your interest and active involvement in the reform of New York's welfare system.

Sincerely,

A handwritten signature in cursive script, reading "Michael J. Dowling". The signature is written in dark ink and is positioned below the word "Sincerely,".



Associates Inc.

WR - New York

**The New York Child
Assistance Program:
Interim Report on
Program Impacts**

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June, 1992

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EXECUTIVE SUMMARY

The New York State Child Assistance Program (CAP) is a demonstration program operating in seven New York counties. The program was conceived and developed by the New York State Department of Social Services (SDSS), and approved by the U.S. Departments of Agriculture and Health and Human Services. CAP was designed as an alternative to the Aid to Families with Dependent Children program (AFDC), the nation's primary public assistance program for poor families with children. CAP intends to promote both the immediate and long-term prospects of children in AFDC single-parent families while requiring that their parents -- both custodial and noncustodial -- take responsibility for supporting their children to the best of their ability. CAP offers single-parent AFDC families a unique financial aid and social service package that includes: incentives for parents to work and assist with child support enforcement efforts; individualized case management services; less burdensome administrative requirements; and financial assistance supplementing parental contributions.

CAP's incentives and services are intended to alter the behaviors and circumstances of AFDC recipients. If the program is successful, clients will: seek employment or increase their hours worked; pursue more vigorously child support enforcement efforts; and improve their personal financial management skills. These actions should lead in turn to several long-term improvements in client circumstances: more income from employment; more child support orders and greater income from them; less dependence on public assistance; and higher total family incomes.

CAP rationale: AFDC has been largely ineffective in helping single-parent families exit from poverty.

Much of the basic rationale and program concept for CAP stems from an investigation of the relationship between poverty and economic dependence conducted by the New York State Task Force on Poverty and Welfare. One of the Task Force's findings was that poverty is over-represented among children, particularly children in single-parent households. A second major finding was that the Aid to Families with Dependent Children program (AFDC), which was

originally established to provide temporary income support for single mothers with children, has been largely ineffective in helping single-parent families become self-supporting or exit from poverty.

The Task Force found that several features of the AFDC program limit its effectiveness as an anti-poverty program. First, combined AFDC and food stamp benefits do not normally raise a family above the poverty line. Second, families cannot readily supplement their AFDC benefits with earnings to raise their standard of living, and AFDC regulations provide no meaningful incentives for earnings. Third, because the labor market for entry-level or part-time workers with minimal skills typically offers low wages, job instability, and limited or no employee benefits, single parents with children may be financially better off receiving AFDC than working.

The problems of the AFDC program are compounded by a trend in the administration of welfare programs which has increasingly separated the eligibility determination and social service functions. AFDC line staff are generally responsible for determining the eligibility and benefits of recipients, rather than providing the supportive services, job search assistance, and skills training which could promote economic independence.

CAP was designed to overcome the obstacles to self-sufficiency seen in the AFDC system.

Enrollment in CAP is limited to custodial parents and children who are eligible to receive AFDC. Grant levels are based on the number of children in the family who are members of the AFDC case and are covered by a court-issued order of child support. Because children who are not eligible for CAP cannot receive AFDC while the family participants in CAP, it is in the interest of the custodial parent to try to establish orders for every child in the family. CAP participants receive program assistance in obtaining child support orders and upgrading their current support orders.

Employment is not a prerequisite to participate in CAP, but the CAP grant will exceed the AFDC grant only when the family has earnings. If all of the children in the family are covered by support orders, and therefore can be included in the CAP grant, monthly earnings

of about \$350 are needed for CAP to be financially advantageous. If one or more children in the AFDC case are not covered by support orders, the client must reach a higher earnings level for CAP to be advantageous.

To motivate clients to increase their work hours and earnings, CAP offers a dramatically lower benefit reduction rate and higher maximum income than AFDC. AFDC benefits are reduced by nearly a dollar for each dollar of earnings, once the client has worked more than four months. CAP benefits are reduced by only 10 cents for each dollar of earnings below the poverty level. CAP families may achieve incomes as high as 150 percent of the poverty level before losing program eligibility.

To further assist participants' efforts to be self-supporting, CAP has waived the AFDC resource rule prohibiting clients from accumulating more than \$1,000 in assets (including the equity value of a car in excess of \$1,500). To encourage self-reliance and remove stigma, CAP provides food stamp benefits by check (commonly referred to as cashout) rather than coupons. CAP also eliminates the restricted shelter and energy vendor payment system commonly used in AFDC in New York State, so that CAP participants must be more actively involved in managing their own household budgets. Finally, CAP case managers provide advice and assistance to support clients' movement toward self-sufficiency.

pretty good

The CAP demonstration is authorized to operate in seven counties through April 1994.

The Child Assistance Program is authorized to run in seven local Department of Social Service districts from October, 1988 to April, 1994. A mixed evaluation design includes both non-experimental sites, to study CAP operations under normal operating conditions, and experimental sites to rigorously test the program for its impacts on participants.

In four counties -- Albany, Allegany, Chautauqua and Ulster -- enrollment is open to all eligible single-parent AFDC families, and for this reason they are referred to as saturation counties. The three remaining counties -- Monroe, Niagara, and Suffolk -- are participating in an experiment designed to measure CAP's effects on participants, and its costs and benefits. In these experimental counties, AFDC cases were randomly assigned to treatment and control

groups. Members of the treatment group were informed of CAP, and invited to participate if they met the program's eligibility requirements. Control group members will not be permitted to enroll in CAP for the duration of the demonstration.

The New York State Department of Social Services (SDSS) used several criteria in selecting these upstate sites. In order to enhance the external validity of the project's evaluation, the SDSS wanted the group of sites to be as representative as possible of upstate (non-New York City) New York, in terms of population, local economic conditions, population density, and other relevant demographic characteristics. The program's mixed evaluation design also necessitated the inclusion of counties with AFDC caseloads large enough to accommodate a random sample design of treatment and control groups.

By April 1988, seven counties had been selected out of a total of fourteen that expressed interest in becoming pilot sites. The counties chosen were: Albany, Allegany, Chautauqua, Monroe, Niagara, Suffolk, and Ulster. The SDSS implemented CAP in three stages. Two saturation counties (Ulster and Chautauqua) began operation in October 1988. The other two saturation counties (Albany and Allegany) began operation in January 1989, and the three experimental counties (Monroe, Niagara, and Suffolk) began sample intake in April 1989.

The impact evaluation focuses on the three experimental counties, in which AFDC recipients were randomly assigned to treatment and control groups and closely tracked.

The SDSS has contracted with Abt Associates, a research firm based in Cambridge, Massachusetts, to conduct the evaluation of the demonstration. The evaluation is comprised of four major studies: an implementation/process study; an impact study; a cost-benefit study; and a food stamp cashout study. This report presents the impact study's interim findings. It is based on data covering the first twelve months of recipients' exposure to CAP.

One cannot determine whether CAP has its desired effects simply by measuring outcomes for CAP participants. Client outcomes with CAP must be compared to the outcomes that would have occurred without CAP. The most scientifically accepted way to make this comparison is to assign clients randomly to treatment and control groups. Members of the treatment group have the opportunity to enroll in CAP, while members of the control group do not. If outcomes

for the treatment group as a whole (including those who do not participate in CAP) differ from outcomes for the control group, we can confidently say that the difference is CAP's impact. All treatment-control comparisons therefore include all members of both groups: those participating in CAP (in the treatment group only), those participating in AFDC, and those no longer receiving any form of assistance.

The three experimental counties (Monroe, Niagara, and Suffolk) had a combined total of about 18,000 AFDC cases that would be potentially eligible for CAP -- that is, cases consisting of a custodial parent and one or more children of an absent parent. From these, the SDSS randomly selected about 4,300 cases, assigning half to the treatment group and half to the control group. The selected cases were approximately equally divided among four key subgroups:

- those that already had some earnings and at least one support order when they were selected;
- those that had earnings but no support orders;
- those with at least one support order but no earnings; and
- those that had neither earnings nor support orders.

Three kinds of data were collected for each case. As the selected cases entered the demonstration, caseworkers administered a Background Information Form to record characteristics of the grantees and their households. For each month thereafter, SDSS automated files provided information on assistance benefits and child support status. Finally, in a follow-up survey one year after selection, clients reported on their employment and earnings for the past twelve months.

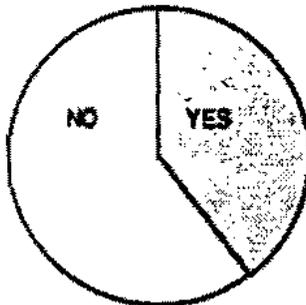
During the twelve-month period covered in this report, we can only observe CAP's short-term impacts. At any point after the demonstration's first few months, we would expect to find the treatment group clients divided into three types: those currently participating in CAP; those who have completed a spell of CAP participation; and those who have not yet enrolled (including those who will never enroll). It was not expected that many people would complete the cycle

of CAP enrollment and participation within one year, and few did so. Thus the 12-month findings mainly reflect the experiences of clients who have not yet enrolled in CAP or who are currently participating.

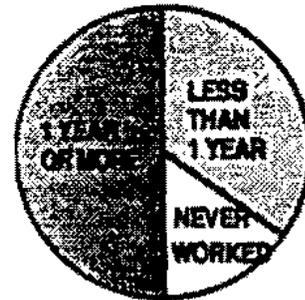
The demonstration population is reasonably representative of the single-parent AFDC caseload in the nation and, with some exceptions, the AFDC caseload in upstate New York.

Virtually all of the AFDC grantees in the experimental sample are women. Most have one or two children, and half have at least one child less than three years old. Half of the grantees have received AFDC continuously for between one and five years, and almost all get food stamps as well as AFDC. Just over half graduated from high school. About 40 percent are white, about the same number are black, and most of the remainder are Hispanic.

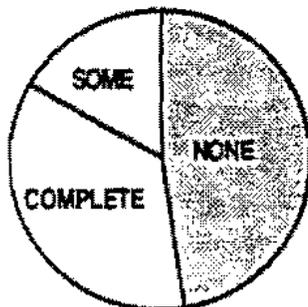
Very few grantees entered the demonstration with enough earnings or child support orders for CAP to be immediately advantageous over AFDC. Although most grantees had some work experience, only one in ten was employed in the baseline month, and just one in twenty earned \$350 or more that month. Half had at least one support order, but only a third had orders for all of their children. Most of those without orders were never married to the absent parent, most have no contact with the absent parent, and most have an absent parent who lives out of state or whose location is unknown.



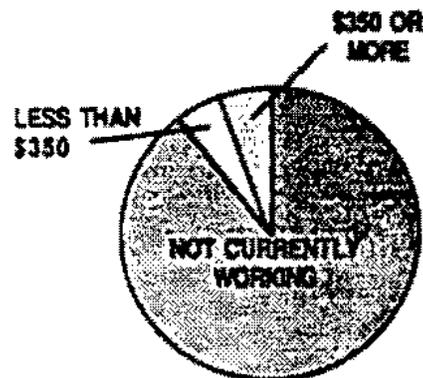
EVER MARRIED



LENGTH OF LONGEST JOB



SUPPORT ORDERS



MONTHLY EARNINGS

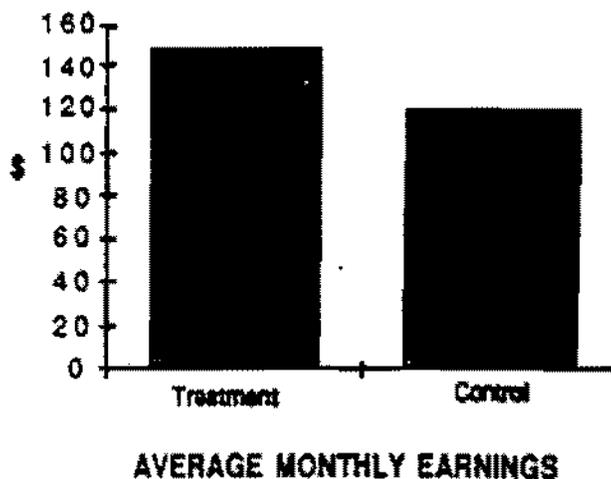
The three counties' caseloads differ in some potentially important ways. Monroe's grantees appear to face the greatest obstacles to participation in CAP. Monroe's grantees have the youngest children and are the least likely to have: ever married, obtained any support orders, finished high school, or ever worked for pay. Niagara's grantees, in contrast, seem the most "ready" for CAP. Niagara had the highest proportion who were employed as they entered the study and the highest proportion who have ever married, obtained support orders, or graduated from high school.

To the extent that comparable figures are available, national statistics suggest that the profile of the experimental sample is quite similar to that of the national AFDC caseload. The sample also resembles in most respects the caseload in upstate New York (i.e., excluding New York City). The experimental sample contains higher percentages of black and Hispanic grantees, never-married grantees, and grantees with a child under age three than New York's upstate AFDC population as a whole. These differences reflect the generally urban nature of the experimental counties, while much of upstate New York is more rural.

Employment and earnings increased significantly with CAP.

During the first 12 months of the demonstration, the employment rate grew in both the treatment and the control group, but the treatment group's employment rate grew faster. Just 10 percent of the grantees were employed when they were selected for the demonstration. By the last three months of the study period, 21 percent of the treatment group grantees were employed, compared to 17 percent of the control group. This difference is statistically significant.

By the last three months of the study period, treatment group members were collectively working over 25 percent more hours than control group members and earning 25 percent more. Averaged across all families, including those with no earnings, the typical treatment group grantee worked 25 hours and earned \$148 per month in the last three months of the study period. The typical



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control group grantee worked 19 hours and earned \$118. Both differences are statistically significant.

CAP principally affected clients who had no earnings at the time they were selected for the demonstration. Among these clients, the effect was strongest for those who already had at least one child support order. Because most of these clients did not need any additional support orders to qualify for CAP, CAP's incentive to obtain jobs was quite clear-cut and apparently effective.

The CAP impact was concentrated in two counties. No significant effect occurred in the third, which had a relatively high unemployment rate and where CAP recruitment was less effective than in the other two counties.

CAP had no overall effect on participation in education and training programs, but a positive effect occurred in one county.

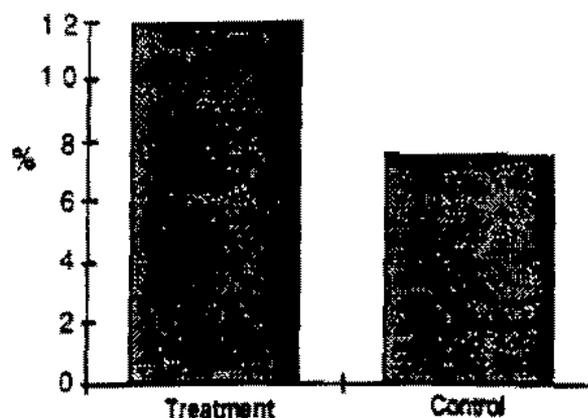
In principle, clients might respond to CAP's employment incentives in either of two ways. They might immediately seek employment or increase their work hours, or they might enroll in education or training programs to increase their employability. The former response predominated.

When all three counties are considered together, treatment and control group members were equally likely to participate in education and training programs. About one third reported participating during the first year, most commonly in GED programs, vocational training, or college courses.

CAP case managers in all three counties sometimes recommended that clients gain more skills or credentials before trying to enroll in CAP, in order to improve their chances for long-term independence. CAP managers in one county tended to view CAP as the client's next step after participating in skill enhancement programs. Many clients who expressed interest in CAP were therefore encouraged to enter such programs first. As a result, significantly more of that county's treatment group participated in education and training than the control group.

CAP brought a significant increase in new child support orders.

About half of the grantees had support orders when they entered the demonstration. Grantees who began with no orders but obtained at least one during the first twelve months make up 7.6 percent of the control group, but 12.0 percent of the treatment group. This difference is not only statistically significant, but proportionately quite large—the number of families gaining orders is more than 50 percent greater in the treatment group than the control group.



INCREASE IN PERCENT OF GRANTEEES WITH SUPPORT ORDERS

As a result of the additional support orders, the average grantee in the treatment group had orders for \$105 in monthly payments in the last three months of the study year. This is 14 percent above the amount due on orders in the control group.

CAP's impact on support orders depends not just on its incentive structure, but also on the way the program is implemented. The county that had the strongest procedures for helping clients pursue support orders had the largest impact. The county considered least effective both in marketing the program to AFDC recipients and in pursuing support orders had no measurable impact on orders.

CAP's impacts on earnings and child support orders occurred despite a relatively low participation rate.

Only 6 percent of treatment group grantees enrolled in CAP during the first year. In the twelfth month, CAP participants represented 5 percent of all treatment group clients receiving assistance.

This participation level is probably lower than what would occur in a non-demonstration implementation of CAP. New programs usually have lower participation than mature ones, and the experimental design prohibited the counties from using the normal marketing and recruitment

approaches. Among the saturation counties, which did not face these recruitment constraints, participation rates ranged from 3 percent to 15 percent in the twelfth month. Nonetheless, as long as CAP is advantageous only to clients who can obtain support orders for most or all of their children as well as substantial earnings, it may well be restricted to a minority of the AFDC population. It is very important, therefore, to learn that CAP impacts can be significant for the population as a whole even when only a small fraction actually participates in CAP.

To the extent that the CAP enrollment rates are artificially depressed, the observed impacts on employment and child support may understate the likely non-demonstration results. We cannot assume that impact would increase proportionally with higher participation levels, especially because CAP is designed to generate impacts even before people participate (as they seek to qualify for the program). Nonetheless, if participation is higher in other implementations of CAP, we would hypothesize that impacts would be greater as well.

The clients who enrolled in CAP during the first year either were CAP-ready when they entered the experiment or had characteristics that enabled them to gain earnings or support orders during the year.

A small number of clients were "CAP-ready" when they were randomly selected for the demonstration -- that is, they already had enough earnings and support orders for the potential CAP grant to exceed their current AFDC grant. Not surprisingly, these clients were the ones most likely to enroll in CAP. Nearly two thirds enrolled during the first year, and they accounted for about a quarter of all first-year participants. Among clients who were not CAP-ready at the beginning, just 4 percent enrolled in the first twelve months.

Clients who were initially CAP-ready might not enroll for several reasons, ranging from changes in their circumstances to fear of leaving AFDC. Analysis reveals that CAP-ready clients with children under one year old seldom enrolled, and that younger clients were more likely to enroll than older ones. Many of the reasons for non-enrollment are probably related to individual family circumstances that are not captured in the data.

Clients who were not initially CAP-ready would have to obtain additional earnings, support orders, or both in order to enroll. Analysis indicates that clients who began without jobs

but obtained employment during the first year were likely to have previously earned at least \$4.00 per hour and to be relatively well educated. Clients who began without support orders but obtained them during the year knew the identity of the absent parent. They also tended to be divorced rather than never married or informally separated, and to have an absent parent living in the State. In addition, some general background factors such as age, race, and length of the AFDC spell were related to gaining jobs or earnings, but not in a consistent pattern.

CAP had little effect on clients' dependency on public assistance or on the amount paid in assistance benefits during the first year.

Relatively few clients left public assistance during the study period. In the last three months of the year, just under 90 percent were receiving AFDC or CAP, with no significant difference between the treatment and control groups. Monthly benefit payments for these programs averaged \$602 in the control group and were not significantly different in the treatment group.

It is not surprising that CAP did not generate significant reductions in dependency at this early stage, even though that is the program's long-term intent. In fact, some planners expected CAP's benefit structure to lead to prolonged assistance spells for some recipients, with a corresponding increase in dependency in the short term. No such increase occurred in the first year, however.

Although total cash assistance benefits remained constant, the child care component of those benefits was greater in the treatment group, especially among cases that already had earnings when they entered the sample. This result partly reflects greater employment in the treatment group. It seems also that treatment group members were more likely to obtain the child care benefits for which they qualified, probably because CAP case managers wanted to make sure that child care problems would not deter people from participating in CAP.

CAP led to a statistically significant reduction of \$5 in monthly food stamp benefits; as clients enter CAP, some of their increased benefit is offset by a reduction in food stamps. CAP had no statistically significant impact on overall benefits for the other assistance programs examined (Emergency Assistance, Medicaid, and Social Services).

CAP generated a modest increase in clients' total family incomes.

In the twelfth month, the average family income for the treatment group as a whole was \$29 higher than the control group average. This 3-percent increase is statistically significant.

The positive effect was concentrated in two counties. In the third, where CAP participation was low and CAP did not affect earnings or child support orders, total income was likewise unaffected.

In addition to raising average incomes, CAP seems to have helped some families achieve incomes substantially above the poverty level. About 21 percent of treatment group families had incomes above 125 percent of the poverty line in the last month of the study period. This compares to 16 percent of control group families, a statistically significant difference.

The magnitude of CAP's impact was limited both by the early stage of the demonstration and by the relatively low CAP participation rate. CAP's most important impact on total family income is hypothesized to occur after families leave assistance, but relatively few did so during the first year. For those still on assistance, CAP-induced increases in earnings were partially offset by reductions in assistance benefits.

CAP demonstrated in the first year an ability to produce the desired short-term improvements in earnings and child support orders. Whether CAP can produce long-term increases in income and reductions in dependency remains to be seen.

The observed impacts on earnings and support orders are statistically significant and proportionately quite substantial. The gain in earnings compares favorably to effects that have been found in evaluations of mandatory welfare work programs. No equivalent comparison can be made for the impact on support orders, but the effect appears large enough to be of interest in policy formulation.

CAP's incentive structure provides the motivating force for these impacts. But the impacts are not automatic; they depend also on effective administration of the program. Hence, although the incentive structure was the same in all three experimental counties, only two implemented CAP in a manner that generated impacts.

The key question now is whether CAP's short-term effects will translate into long-term gains in family income and reduced dependency on public assistance. These questions will be addressed in the final report, which will examine CAP impacts over 24 months.