

Shaw's comments on TAFU reg

TO: DF per CR 3/4/98

Fax to Andrea Kane -

Andrea - FYI in case you didn't see this - John Waller

Proposed TANF Regulations

Forum: Regulations for TANF program - 270 through 275=20
Date: Wed, 18 Feb 1998 22:01:45 GMT=20
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Organization: Other Federal Department or Agency State Government=20

February 18, 1998 Administration for Children and Families, Office of Family Assistance, 5th Floor East, 370 L'Enfant Promenade, SW, Washington, DC 20447.

Dear Assistant Secretary Golden: I extend my compliments to the Department for the solid draft regulation on welfare reform that you made available to the public last November. The proposed rule is thorough, well written, and thoughtful. I find myself in agreement with most of the specific requirements set forth in the regulation. There are, however, a few issues I hope you will consider before publishing the final rule.

The broadest issue involves the assumption, which seems to underlie several of your proposals, that states will take advantage of every opportunity to foil the 1996 welfare reform legislation. I confess that many of us in Congress, based on experience with a number of previous programs, assumed more or less the same thing. But I have now somewhat changed my views.

In the first place, there is no question that the welfare reform movement was receiving substantial energy from the waiver experiments states had been conducting since the late 1980s. By the time we passed the welfare reform law in 1996, more than 40 states were already implementing their own reforms, some of them quite original and far-reaching. Although a few states may resist some features of the welfare reform law, most states show no signs of resistance -- and indeed seem in some respects to be ahead of the federal requirements.

In addition, since the welfare law was signed in August 1996, I have experienced something between shock and amazement at the progress states have made in changing the old AFDC program and the bureaucracies that supported it. Like you, we have been visiting program sites; reading reports, talking with others who are conducting systematic studies of state programs, and watching the remarkable decline in the welfare rolls. As a veteran of efforts to reform various federal and state social programs, nearly all of which came to little or nothing, I am astounded at the rapidity of change we are now witnessing.

The most obvious example is the spectacular decline in welfare rolls. Although newspapers and scholarly papers are full of reports about the decline, two facts are especially noteworthy. First, nearly every state has had substantial declines -- 30 states, for example, had declines of over 20 percent between 1994 and 1997. Second, the rate of decline is still increasing. The caseload decline for the 6-month period ending in January 1995 was a little over 1 percent. By July 1996, the 6-month decline was nearly 4 percent, the fastest rate of decline in the program's history. Even so, the 6-month declines for the periods ending in January 1997 and July 1997 were greater still -- about 8 percent and 12 percent respectively. I believe we can conclude the caseload declines will continue for the foreseeable future.

Finally, despite all the scrutiny state reforms are receiving, I am not aware of evidence that states are attempting to undermine the major provisions of the welfare reform law. Race to the bottom, severe reductions in state spending, cutting benefits, avoiding work programs, setting up separate programs ? to foil federal requirements -- none of these dire predictions have come true. In short, states initiated the welfare reform movement and, as far as anyone can tell, they are continuing their spirited efforts to reform their welfare programs. I take comfort from the very concrete results states are now producing and believe their performance has earned them more leeway than I was willing to give a mere 18 months ago.

In this regard, I now have mixed emotions about the waiver provision we placed in section 415 of the Social Security Act. Those of us working on the legislation were greatly concerned that states would use their section 1115 waivers to preempt essential features of the legislation. We were particularly concerned that states would weaken the work requirements of section 407 and the time limits specified in section 408(a)(7). Given the growing evidence of successful reform in most states, plus the lack of evidence that states are using their waivers to preempt federal requirements, I would now recommend that we let the waivers run their course. If states do use their waivers to avoid the work requirements or time limits, they will in all likelihood experience a serious jolt when their experiment ends and they must immediately comply with federal rules. In addition, they may find that such moves will make them a magnet for recipients from surrounding states that continue to operate aggressive reforms.

Similar suspicions about state intentions are raised by the separate programs a few states are establishing and many more are contemplating. In

discussions with states and advocates, we have noted the consistent concern that the draft regulation's data reporting requirements and restrictions on penalty reductions and corrective compliance are likely to discourage states from setting up separate programs. Like those at HHS who drafted the regulations, I am greatly concerned that by establishing separate programs, states could avoid the data reporting, mandatory work, time limit, and child support requirements imposed on regular programs by federal rules. Even so, useful separate programs might be imagined -- programs for noncitizen children or for addicts, for example.]

We understand that a number of individuals and organizations favor combining the report of separate state programs with the 4th quarter report that is required by the regulation. The problem with this approach is that the regulation requires reporting of state-level data and the 4th quarter report is aggregate data. The issue, of course, is whether we need case-level data on separate state programs. I have tried to conclude that we do not because I am sympathetic with state complaints about data reporting. On the other hand, we won't know much about the recipients in these programs if we have only aggregate data. We have been informed by the Congressional Research Service that Colorado, Hawaii, and Illinois have already established separate programs and that these programs involve 25 percent, 50 percent, and 8 percent respectively of their maintenance-of-effort funds. If three states, including two large states, have already established separate programs, it seems likely that more states will do so in the future. Thus, I cannot avoid the conclusion that we need to have case level data in order to know precisely who is participating in these programs. Moreover, it may be difficult for either HHS or the Congress to determine whether separate programs have been established to avoid federal requirements unless we have case-level data. *

Given that case-level data seem necessary, perhaps you can respond to the state concern about the high level of data reporting by reducing the number of data elements that must be reported about separate programs. }

One more point about separate state programs. I sympathize with your intention to deny penalty relief if the Department detects a "significant pattern" of diverting families into separate programs in order to evade federal rules and goals. The first point to make here is that you are correct to threaten penalties if states use separate programs to avoid federal

rules. But my concern, which is widely shared, is how the

Department will know that the state program is deliberately designed to avoid federal rules on work, time limits, child support, data reporting, or other matters? I cannot answer this question, but I would suggest that if the Department is not confident that it can make this determination with a high degree of accuracy, then we should err on the side of allowing more state flexibility.

Once again, the achievements states have posted so far give me confidence that most states will use separate programs for constructive and appropriate purposes. If a few states try to take advantage of the flexibility that is the heart of the welfare reform law, Congress and the Department can work together to figure out an effective way to stop them. In fact, the need to carefully monitor separate state programs is a major justification for requiring states to report case level data.

Here is one suggestion that might be acceptable to all sides in this debate. Perhaps you can develop guidelines that require full, case-level reporting for some types of separate state programs and less complete, perhaps even aggregate data for other types of state programs. For example, if states established a separate program to subsidize private-sector employment by using a wage subsidy or an EIC-like mechanism, I would be much less concerned about misuse of these funds. On the other hand, if a state set up a separate program and put most of its 2- parent caseload in the program, I would be concerned and would want to know more about both the program and the people participating in the program.

The problem of how much flexibility states should have in implementing their programs also arises with the use of child-only cases. In effect, the draft regulation would disallow the "conversion" of regular cases into child-only cases if the Department finds that the conversion was performed to avoid federal rules. As in the case of separate state programs, the issue here is judging state motivation. How can the Department develop a reliable method for detecting the state's true motivation in allowing cases to be treated as child-only cases? Again, I cannot answer this question. I recommend that, unless the Department has a compelling answer to this question, the regulations err on the side of allowing more state flexibility. Once again, we can work together to discover and deal with states that try to subvert federal rules.

A final issue I want to mention is the draft regulation on work participation rates in 2- parent families. On its face,

the statutory requirement that states involve 90 percent of the 2-parent caseload in work activities seems reasonable. However, we have searched the literature and have not found any work programs that were successful in achieving a 90 percent participation rate. Moreover, our discussions with state officials and scholars who study welfare have left us with the clear impression that many families in the 2-parent caseload have serious barriers to work. I applaud your proposal to adjust the penalty for failure to meet the 2-parent requirement so that the penalty reflects the proportion of the entire TANF caseload in 2-parent families, but would support other measures to modify the work requirement for this group. One possibility would be to allow states to count families above the number required to meet the work requirement in the 1-parent caseload toward fulfilling the 2-parent requirement. Thus, for example, if a state exceeded by 100 cases the number of families required to meet the 1-parent work requirement in a particular year, they could count these 100 cases toward fulfilling the 2-parent requirement. *interesting idea*

Again, I congratulate you on a fine job on the proposed regulation. I am confident that you will carefully consider the many thoughtful recommendations you are certain to receive and make appropriate adjustments in the draft rule. In so doing, I hope you will find ways to expand even further the substantial flexibility states are now using to such good effect in reforming their welfare programs. Sincerely, E. Clay Shaw, Jr., Chairman, Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives.=20

2/4

CC: Cynthia
(note only)

TO: Bruce/Elena

FROM: Andrea

Here are materials from TANF rule re:
data collection + reporting:

I. Summary of # of data elements
under emergency data report, N221 + final rule.

II. List of deleted data elements from Appendix
A (the disaggregated data on families receiving
TANF) -- The deletions on other appendices are
similar.

III. Statutory basis/justification for
Appendices A-C; E-G are SSP provisions

IV. Key excerpts from preamble w/ summary
of Comments + HHS response.

T

Total Number of Data Elements--Data Reports

Emergency TANF Data Report

Appendix

A

B

C

(D = Financial Report)

E

F

G

| Type of Report | ETDR | NPRM | Final Rule |
|--|------|------|------------|
| TANF Data Report: Disaggregated data on TANF recipients. | 55 | 106 | 76 |
| TANF Data Report: Disaggregated data on closed cases. | 6 | 53 | 30 |
| TANF Data Report: Aggregated data. | 7 | 19 | 18 |
| subtotal | 68 | 178 | 124 |
| SSP-MOE Data Report: Disaggregated data on recipients. | | 96 | 70 |
| SSP-MOE Data Report: Disaggregated data on closed cases. | | 49 | 27 |
| SSP-MOE Data Report: Aggregated data. | | 15 | 13 |
| subtotal | | 160 | 110 |

4

-30
(see
Supplement
of
other
changes)

-23

-1

-54

-24

-22

-2

NOTE: SSP reports will only be required for
'welfare-like' programs, which significantly
reduces burden.

| | | | |
|-------|----|-----|-----|
| Total | 68 | 338 | 234 |
|-------|----|-----|-----|

c. Publishing the Appendices As a Part of the Rule

Comment: We received two types of comments on this issue. A few commenters urged us to publish the specific data elements as a part of the final rule and to codify them as a part of the Code of Federal Regulations (CFR). This approach, they believed, would help ensure that States would not only have early access to the requirements but, once they were codified, the requirements would be less subject to change, given the time it takes to revise Federal rules.

Other commenters urged us to publish the data elements in the Federal Register at the same time we published the final rule for the purpose of advance notice to the States of the specific data requirements, but they did not recommend that they be a part of the final rule in the CFR.

Response: We agree with the importance of giving States early access to the specific data elements and have published seven appendices, including all data elements and instructions, in today's Federal Register along with the final rule.

It was never our intention, however, that these data

II

SUMMARY OF MAJOR CHANGES IN THE TANF DATA REPORT

This document is a summary of major revisions made in the TANF Data Report that affected the total number of data elements. For each item discussed, we show the number of the data element as it appears in the final rule and the number of that data element as it appeared in the NPRM in parentheses.

CHANGES IN THE TANF DATA REPORT -- SECTION ONE

1. (Data element 20): Amount of child care disregard

-1 We eliminated this element.

-4 2. Data elements #21-26(22-31): Types of Assistance

We reduced the reporting burden by eliminating reporting on the following types of assistance:

- Break-out Item #23 Educational
- Break-out Item #24 Employment Services
- Break-out Item #28 Other Supportive Services and Special Needs, including Assistance with Meeting Home Heating and Air Conditioning Costs
- Break-out Item #30 Contributions to Individual Development Accounts

0 3. Data element #27(32-42): Reasons for and Amount of Reduction in Assistance

This data element was revised for clarity and specificity and re-formatted to reduce burden. Instead of requiring States to enter the dollar amount of the reduction in assistance for eleven reasons, we ask States to report the dollar amount of reductions only for three categories of reductions (the same three categories that are in the Emergency TANF Data Report) and indicate a YES/NO response for the eleven specific reasons for reductions.

-4 4. Data element #36(51-55): Receives Disability Benefits

We clarified that data element #52 (in the NPRM) applies to disability benefits received under non-Social Security Act programs. To reduce the number of data elements and the reporting burden, we re-formatted five data elements as one data element with five break-out items. We made the same changes in data element item #71(94-95) for children.

+1 5. Data element #40 (data element not in the NPRM): Needs of a

Pregnant Woman

We added this as a new data element for clarity. In the NPRM, this information was requested under the instructions for reporting on Child Characteristics.

- 1 6. Data element #41(59-60): Educational Level

We collapsed two data elements ("Highest Level of Education Attained" and "Highest Degree Attained") into a single data element as requested by APWA and numerous States. We made the same change in item #74(97-98) regarding children.

- 1 7. Data element #44(62-63): Number of Months Countable Toward Federal Time Limit

We collapsed two data elements into one, i.e., "Number of Months Countable within the State (Tribe)" and "Number of Months Countable in other States (Tribes)" is now "Number of Months Countable Toward Federal Time Limit."

- 1 8. Data element #64(83-84): Amount of Earned Income

We moved the item "Earned Income Tax Credit (EITC)" from the Earned Income data element to the Unearned Income data element. We also allow States to report either for the reporting month or for the month used to budget for the reporting month.

- 3 9. Data element #65(85-88): Amount of Unearned Income

We added the item "EITC" to this data element. We also allow States to report either for the reporting month or for the month used to budget for the reporting month. In addition, we reduced the number of data elements by re-formatting five data elements in the NPRM as break-out items under #65. We made the same re-formatting change in data element #76(102-103) for child-level data.

- 3 10. Data elements #104-106 in the NPRM: Child Care

We deleted these three data elements from the final rule. Some of this information is now required to be included in the State's annual report. See §265.9.

III

Attachment B

Statutory Reference Table for Appendix A

Disaggregated Data for Families Receiving Assistance under TANF

| Data Elements | Justification |
|---|--|
| 1. State FIPS Code | Implicit in administering data collection system |
| 2. County FIPS Code | 411 (a) (1) (A) (i) |
| 3. Tribal Code | Implicit in administering data collection system |
| 4. Reporting Month | Implicit in administering data collection system |
| 5. Stratum | Implicit in administering data collection system |
| Family Level Data | Items 6 - 29 |
| 6. Case Number | Implicit in administering data collection system |
| 7. ZIP Code | Needed for geographic coding (and rural/urban analyses) and is readily available. |
| 8. Funding Stream | 411 (a) (1) (A) (xii): Use in calculation of participation rate. |
| 9. Disposition | Implicit in administering data collection system |
| 10. New Applicant | 411 (b), requires the Secretary to report to Congress on families applying for TANF assistance. This element identifies applicants that are newly, approved families receiving assistance. |
| 11. Number of Family Members | 411 (a) (1) (A) (iv) |
| 12. Type of Family for Work Participation | 411 (a) (1) (A) (xii): Use in calculation of participation rate. |
| 13. Receives Subsidized Housing | 411 (a) (1) (A) (ix) |
| 14. Receives Medical Assistance | 411 (a) (1) (A) (ix) |
| 15. Receives Food Stamps | 411 (a) (1) (A) (ix) |

| Data Elements | Justification |
|--|--|
| 16. Amount of Food Stamp Assistance | 411 (a) (1) (A) (ix) |
| 17. Receives Subsidized Child Care | 411 (a) (1) (A) (ix) |
| 18. Amount of Subsidized Child Care | 411 (a) (1) (A) (ix) |
| 19. Amount of Child Support | 411 (a) (1) (A) (xiv): break-out of unearned income. |
| 20. Amount of the Families' Cash Resources | 411 (b), requires the Secretary to report to Congress on financial circumstances of families receiving TANF assistance. |
| Amount of Assistance Received and Number of Months the Family Received Assistance by Type under the State TANF Program | items 21 - 26 are types of assistance |
| 21. Cash and Cash Equivalents | 411 (a) (1) (A) (x) & (xiii) |
| 22. Work Subsidies | 411 (a) (1) (A) (x) & (xiii) |
| 23. TANF Child Care | 411 (a) (1) (A) (x) & (xiii) |
| 24. Transportation | 411 (a) (1) (A) (x) & (xiii) |
| 25. Transitional Services | 411 (a) (1) (A) (x) & (xiii) |
| 26. Other | 411 (a) (1) (A) (x) & (xiii) |
| 27. Reason for and Amount of Reduction in Assistance | 411 (a) (1) (A) (xiii) |
| 28. Waiver Evaluation Experimental and Control Group | 411 (a) (1) (A) (xii): Use to calculate the participation rate for States with an ongoing waiver evaluation for impact analysis purposes |
| 29. Is the TANF Family Exempt from the Federal Time Limit | 409 (a) (9) |
| Adult Characteristics | items 30 - 65 |

| Data Elements | Justification |
|-----------------------------------|---|
| 30. Family Affiliation | 411 (a) (1) (A) (iv) and 411 (b): Needed to identify persons in eligible family receiving assistance and other individuals living in the household. |
| 31. Noncustodial Parent Indicator | 411 (a) (4): Report on Non-custodial Parents requires the number of non-custodial Parents. To provide assistance to non-custodial parents under the State TANF Program, States must include them in the family. Data could be collected under the element Relationship to Head-of-Household. Element was broken out to make the coding cleaner and easier for States to report. |
| 32. Date of Birth | 411 (a) (1) (A) (iii): Age - Date of birth gives the same information but is a constant. |
| 33. Social Security Number | This information is also readily available. States use Social Security Numbers to carry out the requirements of IEVS (see sections 409(a)(4) and 1137 of the Act). We need this information also for research on the circumstances of children and families as required in section 413(g) of the Act (i.e., to track individual members of the TANF family). |
| 34. Race/Ethnicity | 411 (a) (1) (A) (vii) |

| Data Elements | Justification |
|---|---|
| 35. Gender | Data could be collected under the element Relationship to Head-of-Household (e.g., husband, wife, daughter, son, etc.). Element was broken out to make the coding cleaner and easier for States to report. Used the Secretary's Report to the Congress. |
| 36. Receives Disability Benefits | 411 (a) (1) (A) (ii) as revised by P.L. 105-33 |
| 37. Marital Status | 411 (a) (1) (A) (vi) |
| 38. Relationship to Head-of-Household | 411 (a) (1) (A) (iv) as revised by P.L. 105-33 |
| 39. Parent with Minor Child in the Family | 411 (a) (1) (A) (xvii) as revised by P.L. 105-33 and 411 (a) (1) (A) (xii): Needed to calculate the work participation rate. |
| 40. Needs of a Pregnant Woman | 411 (a) (1) (A) (iv) and 411 (a) (1) (A) (xiii) |
| 41. Educational Level | 411 (a) (1) (A) (vii) |
| 42. Citizenship /Alienage | 411 (a) (1) (A) (xv): We have updated our prior coding of citizenship status to reflect the complexity of TANF; also 409 (a) (1) |
| 43. Cooperation with Child Support | 409 (a) (5) |
| 44. Number of Months Countable toward Federal Time Limit | 409 (a) (9) |
| 45. Number of Countable Months Remaining Under State's Time Limit | 409 (a) (9) |
| 46. Is Current Month Exempt from the State's Time Limit | 409 (a) (9) |
| 47. Employment Status | 411 (a) (1) (A) (v) |

| Data Elements | Justification |
|--|--|
| 48. Work Participation Status | 411 (a) (1) (A) (xii): Needed to calculate the work participation rate. |
| Adult Work Participation Activities | Items 49 - 62 are the work participation activities and are needed to calculate the work participation rate. |
| 49. Unsubsidized Employment | 411 (a) (1) (A) (xi) (III) |
| 50. Subsidized Private Sector Employment | 411 (a) (1) (A) (xi) (II) |
| 51. Subsidized Public Sector Employment | 411 (a) (1) (A) (xi) (IV) |
| 52. Work Experience | 411 (a) (1) (A) (xi) (IV) |
| 53. On-the-job Training | 411 (a) (1) (A) (xi) (VI) |
| 54. Job Search and Job Readiness Assistance | 411 (a) (1) (A) (xi) (V) |
| 55. Community Service Programs | 411 (a) (1) (A) (xi) (IV) |
| 56. Vocational Educational Training | 411 (a) (1) (A) (xi) (VII) |
| 57. Job Skills Training Directly Related to Employment | 411 (a) (1) (A) (xi) (VI) |
| 58. Education Directly Related to Employment for Individuals with no High School Diploma or Certificate of High School Equivalency | 411 (a) (1) (A) (xi) (I) |
| 59. Satisfactory School Attendance for Individuals with no High School Diploma or Certificate of High School Equivalency | 411 (a) (1) (A) (xi) (I) |
| 60. Providing Child Care Services to an Individual who is Participating in a Community Service Program | 411 (a) (1) (A) (xi) |

| Data Elements | Justification |
|---|--|
| 61. Additional Work Activities Permitted Under Waiver | 411 (a) (1) (A) (xii): Use to calculate work participation rate, when approved 1115 waiver permits other work activities. |
| 62. Other Work Activities | Related to 411 (a) (1) (A) (xii) and 409 (a) (3) |
| 63. Required Hours of Work Under Waiver | 411 (a) (1) (A) (xii): Use to calculate the Work participation rate, when approved 1115 waiver permits a different number of hours of work participation to count as engaged in work |
| 64. Amount of Earned Income | 411 (a) (1) (A) (v) |
| 65. Amount of Unearned Income | 411 (a) (1) (A) (xiv) |
| Child Characteristics | Items 66 - 769 |
| 66. Family Affiliation | 411 (a) (1) (A) (iv) and 411 (b): Needed to identify persons in eligible family receiving assistance and other individuals living in the household. |
| 67. Date of Birth | 411 (a) (1) (A) (iii): Age - Date of birth gives the same information but is a constant. |
| 68. Social Security Number | This information is also readily available. States use Social Security Numbers to carry out the requirements of IEVS (see sections 409(a)(4) and 1137 of the Act). We need this information also for research on the circumstances of children and families as required in section 413(g) of the Act (i.e., to track individual members of the TANF family). |
| 69. Race/Ethnicity | 411 (a) (1) (A) (viii) |

| Data Elements | Justification |
|---|---|
| 70. Gender | Data could be collected under the element Relationship to Head-of-Household (e.g., husband, wife, daughter, son, etc.). Element was broken out to make the coding cleaner and easier for States to report. Used the Secretary's Report to the Congress. |
| 71. Receives Disability Benefits | 411 (a) (1) (A) (ii) as revised by P.L. 105-33 |
| 72. Relationship to Head-of-household | 411 (a) (1) (A) (iv) as revised by P.L. 105-33 |
| 73. Parent with Minor Child in the Family | 411 (a) (1) (A) (xvii) as revised by P.L. 105-33 |
| 74. Educational Level | 411 (a) (1) (A) (viii) |
| 75. Citizenship/Alienage | 411 (a) (1) (A) (xv): We have updated our prior coding of citizenship status to reflect TANF; also 409 (a) (1) |
| 76. Amount of Unearned Income | 411 (a) (1) (A) (xiv) |

Statutory Reference Table for Appendix B

*Disaggregated Data for Families No Longer Receiving**Assistance Under TANF (at time of case closure)*

| Data Elements | Justification |
|---------------------------------|--|
| 1. State FIPS Code | Implicit in administering data collection system |
| 2. County FIPS Code | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |
| 3. Tribal Code | Implicit in administering data collection system |
| 4. Reporting Month | Implicit in administering data collection system |
| 5. Stratum | Implicit in administering data collection system |
| Family Level Data | Items 6 - 13 |
| 6. Case Number | Implicit in administering data collection system |
| 7. ZIP Code | Needed for geographic coding (and rural/urban analyses) and is readily available. |
| 8. Disposition | Implicit in administering data collection system |
| 9. Reason for Closure | 411 (a) (1) (A) (xvi) |
| 10. Receives Subsidized Housing | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |
| 11. Receives Medical Assistance | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |
| 12. Receives Food Stamps | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |

| Data Elements | Justification |
|------------------------------------|--|
| 13. Receives Subsidized Child Care | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |
| 14. Family Affiliation | Needed to identify persons in State-defined family and other individuals living in the household. |
| 15. Date of Birth | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |
| 16. Social Security Number | This information is also readily available. States use Social Security Numbers to carry out the requirements of IEVS (see sections 409(a)(4) and 1137 of the Act). We need this information also for research on the circumstances of children and families as required in section 413(g) of the Act (i.e., to track individual members of the TANF family). |
| 17. Race/Ethnicity | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |
| 18. Gender | Data could be collected under the element Relationship to Head-of-Household (e.g., husband, wife, daughter, son, etc.). Element was broken out to make the coding cleaner and easier for States to report. Used the Secretary's Report to the Congress. |
| 19. Receives Disability Benefits | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |

| Data Elements | Justification |
|---|--|
| 20. Marital Status | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |
| 21. Relationship to Head-of-Household | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |
| 22. Parent with Minor Child in the Family | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |
| 23. Needs of a Pregnant Woman | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |
| 24. Educational Level | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |
| 25. Citizenship/Alienage | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A) and 409 (a) (1), for families receiving assistance. |
| 26. Number of Months Countable toward Federal Time Limit | 411 (b): Use to construct comparable statistics based on 409 (a) (9), for families receiving assistance. |
| 27. Number of Countable Months Remaining Under State's Time Limit | 411 (b): Use to construct comparable statistics based on 409 (a) (9), for families receiving assistance. |
| 28. Employment Status | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |
| 29. Amount of Earn Income | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |

| Data Elements | Justification |
|-------------------------------|--|
| 30. Amount of Unearned Income | 411 (b): Use to construct comparable statistics based on 411 (a) (1) (A), for families receiving assistance. |

Statutory Reference Table for Appendix C

Aggregated Data for Families Applying for, Receiving +

| Data Elements | Statutory Basis |
|--|---|
| 1. State FIPS Code | Implicit in administering data collection system |
| 2. Tribal Code | Implicit in administering data collection system |
| 3. Calendar Quarter | Implicit in administering data collection system |
| 4. Total Number of Applications | 411 (b): Use in Report to Congress. |
| 5. Total Number of Approved Applications | 411 (a): Implicit in use of samples. Needed to weight sample data report for the newly, approved applicants portion of the sample. 411 (b): Use in Report to Congress. |
| 6. Total Number of Denied Applications | 411 (b): Use in Report to Congress. |
| 7. Total Amount of Assistance | 411 (a) (6) as revised by P.L. 105-33 |
| 8. Total Number of Families | 411 (a) (6) as revised by P.L. 105-33 407 (b) (3): Use in calculation of caseload reduction for adjusting the participation rate standard. 411 (a): Implicit in use of samples to weight State data to national totals. |
| 9. Total Number of Recipients | 411 (a) (6) as revised by P.L. 105-33 |
| 10. Total Number of Adult Recipients | 411 (a) (6) as revised by P.L. 105-33 |
| 11. Total Number of Child Recipients | 411 (a) (6) as revised by P.L. 105-33 |

No Longer Receiving Assistance under TANF

| Data Elements | Statutory Basis |
|--|---|
| 12. Total Number of Two-Parent Families | 411 (a) (6) as revised by P.L. 105-33 407 (b) (3): Use in calculation of caseload reduction for adjusting the participation rate standard. |
| 13. Total Number of One-Parent Families | 411 (a) (6) as revised by P.L. 105-33 |
| 14. Total Number of No-Parent Families | 411 (a) (6) as revised by P.L. 105-33 |
| 15. Total Number of Non-custodial Parents Participating in Work Activities | 411 (a) (4) |
| 16. Total Number of Births | 413 (e): Needed to calculate the Annual Ranking of States related to Out-of-Wedlock Births. |
| 17. Total Number of Out-of-Wedlock Births | 413 (e): Needed to calculate the Annual Ranking of States related to Out-of-Wedlock Births. |
| 18. Total Number of Closed Cases | 411 (a): Implicit in use of samples. Needed to weight sample data report for families no longer receiving assistance. |

IV

HHS Response to
Comments on
Data Reporting
from Preamble

programs.

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comply
with
state
report

States were also concerned about sample sizes, sampling requirements, and the standards for "complete and accurate" reports that we proposed to apply in relation to the reporting penalty. A very few States reported an inability to report any data beyond basic caseload data and described long-standing problems in developing their information systems. Also, some States reported continuing problems in submitting standardized reports due to the autonomy of local jurisdictions.

C. Summary of Departmental Response

We continue to be committed to gathering information that is critically important in measuring the success of the TANF program and meeting the statutory requirements for program accountability.

We have seriously considered all comments and concerns of commenters in making changes to this rule. We appreciate the partnership approach many commenters evidenced in developing their comments. It was clear that many hours of analysis and policy discussion went into the extensive, detailed, and thoughtful comments we received.

In preparing this final rule, we have worked to ensure that our rules support the creativity and commitment that States and communities have shown in supporting families and moving them to work. As a result, we have accepted many of the recommendations to eliminate or reduce the burden of reporting, and we have made several substantive changes in this part. We have also modified or expanded a very limited number of data elements.

We address the specific changes in detail in the section-by-section discussion below. Briefly, however, we have:

- (1) Provided a phase-in period for the implementation of the data collection and other requirements; in the interim, the Emergency TANF Data Report (ETDR) will remain in effect;
- (2) Retained the definition of "family" for reporting on the TANF and the separate State MOE programs, but made reporting of some data elements optional for certain members of the family;
- (3) In section one of the TANF Data Report, reduced the number of and modified some data elements (disaggregated data on TANF recipients, Appendix A);

- (4) In section two of the TANF Data Report, reduced the number of data elements, clarified that only data from the month of closure is required to be reported, and modified the data element on reasons for case closure to include additional break-out items (disaggregated data on closed cases, Appendix B);
- (5) In section three of the TANF Data Report, reduced the number of data elements (aggregated data, Appendix C);
- (6) Changed the name of the TANF-MOE Data Report to the SSP-MOE Data Report to reflect the specific focus of the data collection in this report; specified that States must report information only on separate State programs that provide on-going payments to the family to meet basic needs; and reduced the number of data elements to be reported (Appendices E through G);
- (7) Dropped the provision that required disaggregated and aggregated reporting on separate State programs as a condition for penalty reduction; but if don't provide it
needed for what happens?
→ coordinated + HOB
- (8) Clarified that States have considerable flexibility in designing their sampling plans;
- (9) Reduced by one item and expanded by a limited number of

items the information reported annually that were included in the Addendum and are now in the annual report on the TANF and the State's MOE program(s);

- (10) Eliminated the annual program and performance report intended to gather additional information for the Secretary's report to Congress;
- (11) Clarified our policies on issues such as reporting on non-custodial parents and penalty relief for less than perfect ("complete and accurate") reporting; and
- (12) Consolidated the annual reporting requirements in part 265.

D. Section-by-Section Summary of and Response to Comments

CROSS-CUTTING ISSUES

Before we discuss the comments associated with specific sections of the regulatory text or the Appendices, we want to respond to several crosscutting issues.

a. Phase-in/Transition Period

Comment: More than 36 States and other commenters

of concern or the basis for their objection. Also, some did not distinguish between those data to which the reporting penalty applied and other data.

Some commenters rejected collection of any data that would be used for research and evaluation purposes and argued that the increased reporting requirements were due to the collection of information the Department thought it would be "interesting to know." As an alternative, a few commenters recommended that we develop all reporting requirements using a collaborative approach that would identify outcome measures and performance indicators from which the data elements would then be derived.

Regarding the proposed annual program and performance report, many commenters stated that we had merely shifted to States the responsibility for preparing reports to Congress. They suggested that we obtain data needed for these reports by means of a national sample or other mechanism.

At the same time, many of the more detailed and analytic comments based their objections on administrative and/or programmatic concerns. The data collection that generated the most concern in this area was the proposed reporting of data on closed cases and on participants in separate State MOE programs. Commenters said that the proposals on MOE

reporting illustrated the distrust that States found throughout the NPRM and viewed it as an attempt to control State programs.

Response: We generally disagree with the comments indicating we lack authority to impose the proposed data collection requirements. We continue to believe that States are the primary source of the data needed for the report to Congress. The ETDR collects only that information that was clearly specified in the statute. The Secretary was authorized to define the data elements and to specify the data elements needed to determine work participation rates. However, these definitions and data elements required the issuance of regulations and, therefore, could not be included in the ETDR. The additional data elements that go beyond the ETDR are based on our rulemaking authority under section 411(a)(7) of the Act.

However, we have re-doubled our efforts to reduce unnecessary reporting burdens on the States and have carefully reviewed the justification for, and value of, each data element that we had proposed. Based on that review, and in response to the comments we received, we have eliminated or streamlined many data elements in the Appendices published with this final rule. See the chart below and a further description of the changes we have made

in the section-by-section discussion of §265.3. We believe this reduced set of data represents a reasonable balance between the requirements for data, our statutory authority, and the burden placed on States in providing this information.

POLICY ISSUES IN TANF RULE

Note: Text in [] denotes unresolved issue

Note also that this is to be preceded by a statement that the passback is an integrated position where all parts fit together, and we reserve on other areas depending on HHS' response on these issues; we also await the language reflecting all the clarifications we discussed.

| HHS Initial Position in Draft Final Rule | Tentative Passback | HHS OK | HHS NO |
|---|--|--------|--------|
| <p>I. General Tone</p> <p>Indicates, in certain places where changes were made from the NPRM, that legal authority in NPRM was questionable; uses this to bolster reason for change.</p> | <p>HHS has made changes based on new information, and retains the legal authority to regulate in the same manner as the NPRM if other evidence demonstrates the need to do so. HHS will carefully monitor data to determine whether future regulatory changes are warranted based on the evidence.</p> | | |
| <p>II. Waivers</p> | | | |
| <p>A. No longer denies penalty relief and penalty reduction to states that continue waivers inconsistent with TANF and no longer requires states to abandon waiver program as part of corrective compliance</p> | <p>Agree.</p> | | |
| <p>B. Expands the definition of inconsistent waiver that can be continued under TANF to include the entire range of work rules (exemptions, activities, hours, and who counts in the numerator and denominator of the work rate) or time limit provisions that existed in a state under the waiver if they have waived one or more technical provisions related to work or time limits under prior law.</p> | <p>Agree [still thinking about exemption policy with respect to time limits].</p> | | |

| HHS Initial Position in Draft Final Rule | Tentative Passback | HHS OK | HHS NO |
|---|--|--------|--------|
| III. Child Only | | | |
| A. Deletes the provisions requiring states to report annually on cases excluded from work rate and time limit calculations | Ensure that sufficient information is collected from States to track whether States are converting cases into child-only to avoid work requirements; if key information was dropped from the child-only report in the NPRM (including whether case was previously child-only), add back in [either as new data element(s) in the current reporting or a separate report]. | | |
| B. Deletes provisions allowing the Secretary to add cases back into a calculation if found to have been excluded to avoid penalties | Agree. | | |
| IV. Domestic Violence | | | |
| A. Allow waivers for as long as necessary, while requiring 6-month redeterminations. | Agree. | | |
| B. Expand the reasons for a domestic violence waiver to avoid time limits from "inability to work" to a variety of factors related to the victim's condition. | Agree. | | |
| C. Allows the clock to stop when a family has a waiver (rather than NPRM provision which allowed exemption from time limit if individual reached 60th month and was unable to work) | [Oppose stopping the clock. Instead expand the policy from the NPRM to allow states to provide assistance past the 60 month time limit for victims of domestic violence where it is in the best interest of the family not to leave assistance at the 60th month. This would include inability to work or to leave assistance due to a current DV situation, but recognize time spent under a DV waiver earlier in the past 5 years even though they may no longer be in the DV situation.] | | |

| HHS Initial Position in Draft Final Rule | Tentative Passback | HHS OK | HHS NO |
|--|---|-----------|-----------|
| IV. Separate State Programs | | | |
| A. Eliminates proposed link between state decision to establish SSP and eligibility for penalty relief, but maintains plan to monitor state actions through data reporting and other procedures. | Agree with elimination of direct link to penalty relief, but propose an intermediate step for States where data indicates a pattern of diversion, including evidence of mass shifts of two-parents families into SSPs [could be disallowing a portion of the caseload reduction credit] | | |
| B. Maintains participant-level data reporting in order to qualify for high performance bonus and caseload reduction credit, but not for penalty relief, with reduced number of data elements. | Agreed. | | |
| C. Limits case-level data and aggregate data reporting to SSPs that are "welfare-like", i.e. which provide ongoing payments to the family designed to meet basic needs of the recipients. | Agree with limited reporting but make the definition of "welfare-like" more like the definition of "Assistance"; have already asked HHS to consider explicitly defining these programs based on actual State activities from existing reports, rather than retain the unclear "welfare-like" standard related to "basic needs". | | |

| HHS Initial Position in Draft Final Rule | Tentative Passback | HHS OK | HHS NO |
|--|---|-----------|-----------|
| <p>V. Definition of Assistance</p> | | | |
| <p>A. Continues to include in the definition of assistance spending that provides explicit or implicit income support, including child care, transportation, and related work supports. Expressed policy support for excluding them, but indicates they have no legal basis to do so. Continues to include workfare payments and some wage subsidies in assistance, but clarifies that certain payments to employers might be excluded (e.g. under performance based contracts).</p> | <p>Disagree with HHS counsel's position that there is no legal room to define assistance differently. As a policy matter, narrow the definition to include activities traditionally associated with AFDC that has direct and explicit (not implicit) monetary value (e.g., cash assistance) and exclude other services generally related to work supports (e.g., child care, transportation) [See revised definition from Werfel]. [Exclude IDAs as impractical.] [Include certain wage subsidies, which have direct and explicit monetary value] [Base legal argument on fact that three primary areas where regulatory definition of "Assistance" should apply are in the areas addressed by this regulation (e.g., data reporting, time limits, work participation, caseload counts, child support assignment) and not on areas where HHS is precluded from regulating (e.g., workplace protections, rainy day funds, disclosure) where a broader definition can and should apply.]</p> | | |

2/9
1/28/99

| HHS Initial Position in Draft Final Rule | Tentative Passback | HHS OK | HHS NO |
|--|---|-----------|-----------|
| <p>B. Removes time limits on one-time short-term assistance; clarifies that it can be used to prevent a family going on, or returning to, assistance; and makes general distinction that assistance is to meet ongoing or recurring needs.</p> | <p>Agree with removal of one time per year. Add language [to the regulation if legally permissible] to indicate an expectation that recipients of diversion payments be told that they remain eligible and should apply for Food Stamps, Medicaid, and other appropriate social services, to maintain strong linkages with these programs. With a narrow definition of "assistance", can provide other supports during period of diversion payments. [Define as: "Assistance" excludes cash payments totaling (3)(4)(6) months of assistance, where the period of TANF ineligibility is no longer than the period for which the payment is made.]</p> | | |
| <p>VI. Administrative Costs</p> | | | |
| <p>A. Explicitly includes eligibility determination within the definition of administrative costs in the regulatory text.</p> | <p>[Agree]</p> | | |
| <p>B. Count in the exclusion from the 15 % administrative cost cap for information technology used in monitoring and tracking, all administrative costs directly charged to the use of the technology for this purpose. Do not count indirect administrative costs charged to the grant.</p> | <p>[Count in the exclusion all costs associated with the purchase, installation, operation, and maintenance of the information technology; do not count general program costs like data entry. Do not address issue of whether costs were directly charged to the grant.]</p> | | |

2/9
1/7/8/99

| HHS Initial Position in Draft Final Rule | Tentative Passback | HHS OK | HHS NO |
|---|--|-----------|-----------|
| <p>VII. Data Collection</p> | | | |
| <p>A. HHS eliminated 30 data elements and made others optional. None of the deleted elements appears critical to understanding program trends. HHS also reduced reporting on SSPs to collect only information on programs that serve "basic needs" (e.g., SSP reports on cash assistance programs would be required but reports on child care programs would not). HHS eliminated separate reports for child only cases and annual program summaries, finding that similar information can be produced by looking across a number of other instruments and the regular TANF reporting is sufficient to monitor trends. Conversely, HHS has expanded somewhat the aggregate financial reports for MOE spending to better track State use of funds.</p> | <p>Agree with general reductions, except as noted above and for financial and annual reporting; for financial and annual reports, given the reduced information (and burden) that will be reported with a narrower definition of "assistance", expand reporting to include more on "non-assistance" services like transportation and child care and to define "family" for these purposes. [Delete requirement that States report on total State expenditures for each program claimed as MOE, so that the expenditure data that is reported is limited to the amount claimed as MOE.]</p> | | |
| <p>B. The new effective date for this regular reporting would be October 1, 1999, to allow for a transition consistent with the new fiscal year.</p> | <p>Agreed.</p> | | |

2/9
1/28/99

| HHS Initial Position in Draft Final Rule | Tentative Passback | HHS OK | HHS NO |
|--|--|-----------|-----------|
| VIII. Fiscal Issues | | | |
| A. MOE Spending Test. HHS would use general reports and audits to determine whether States maintain spending on services for low-income families with children equal to 75 or 80 percent of 1994 spending on AFDC-related programs, and do not supplant previous spending with spending from the TANF grant. | [HHS' strategy is not specific enough. In light of recent reports that raise a concern about supplanting, propose a specific strategy to assess State spending against MOE requirements.] | | |
| B. State EITC Counting as MOE: Allow only refundable portion of EITCs to be counted for MOE.EITC | For States that design tax credits (such as EITCs) that only go to TANF-eligible families and are tied to a TANF purpose, allow entire credit as MOE; require that States report on the total amount used for MOE and be able to document the family-specific amounts as an audit requirement. | | |
| IX. Caseload Reduction Credit | | | |
| A. States do not have the option to use the two-parent or all-parent rate in determining their credit. | [Provide states with the flexibility to use either rate for credit purposes] | | |
| B. Do not include in the rule or the preamble the methodology for determining the credit, including the way HHS expects States to account for changes in eligibility. | [Provide this chart for our review and add it to the preamble and possibly an appendix.] | | |

| HHS Initial Position in Draft Final Rule | Tentative Passback | HHS OK | HHS NO |
|--|--------------------------|-----------|-----------|
| X. Recipient and Worker Protections | | | |
| A. Include is preamble and regulation specific references to applicable worker protection laws | [Agreed with DOL edits.] | | |

STATE TANF SUCCESS

OVERVIEW: A wide variety of evidence demonstrates that the nation's welfare system has dramatically changed. The message has changed. States have adopted work-first as their primary approach for moving families from welfare to work. Welfare-to-work programs have expanded. Employment, participation levels, and sanctions are up. Many States have implemented more rigorous time limits. States are making extensive use of diversion programs, expanding supports for working families, and focusing more attention on the needs of the hard-to-serve. Decision-making and program responsibilities continue to devolve.

The authors of the Implementation of the Personal Responsibility Act of 1996 [Dick Nathan and Tom Gais] summarize this dramatic change, as follows:

The central theme of this Overview Report is that a lot is happening now and that there are surprises in the implementation of the Personal Responsibility Act. As researchers and participant-observers in this field for a long time, we have never seen, or expected to see, a period of so much and such pervasive institutional change in social programs. ... These changes have occurred in large part because strong signals have been sent by governors and state legislators that a work-based approach to welfare reform is no longer just one Federal priority among many but is now a central objective within each state...

While there are differences among States, counties, and communities about the extent of change, all States have implemented work-oriented changes.

EVIDENCE OF CHANGE

1) States were successful in meeting the overall TANF participation rates for 1997 (and the vast majority meets the rates without any waiver adjustments). The national average participation rate for 1997 was 27.3 percent and percent of welfare recipients engaged in work has tripled since 1992.

In addition, several States that were not subject to participation requirements in FY 1997 have reported significant participation rates to us. For example, Illinois is showing that 40% of recipients are employed, and employment rates in Cook County are now 34%. In Minnesota, 44% of the caseload are involved in paid employment and another 22% in job search.

2) Caseloads (number of recipients) are down 44 percent since January 1993 and based on the latest data, every state is now showing a caseload decline. Caseloads in Florida went down 65%; in Texas, 56%; in Georgia, 48%; in Ohio, 42%; in Wyoming, 84%; and in Wisconsin, 77%. States with relatively low declines -- below 20% -- include: Alaska (20%), Rhode Island (11%), Hawaii (16%), and New Mexico (18%).

3) For adult recipients, during the last quarter of FY 1997, employment levels increased by about 35 percent. Compared to October 1996 to June 1997, when 14 percent of adult recipients were employed for the 39 reporting states, in the July-September period, 18 percent were employed. The average monthly earnings of those employed increased from about \$506 to \$593, an increase of

about 17 percent.

4) Work participation was mandatory for three of every five adult recipients during the last quarter of FY 1997. States reported that a total of 16 percent of participants were exempt under federal statutory provisions: 7% were exempt from work participation because they were single custodial parents with a child under 12 months of age, 3% were exempt because of a sanction or participation in a Tribal Work Program, and 6% were teen parents who were required to participate in education. In addition, states exempted about 20 percent because of good cause due to disability or in poor health.

5) Employment rates of individuals who were on welfare in the prior year increased 30% from 1996 to 1997.

6) New evaluations show significant successes in moving recipients to work :

- LA's evaluation showed a 33% increase in employment levels and a 46% increase in earnings (among participants, compared to a control group) after 6 months in the program. This program served a population that was largely minority.
- Portland's program achieved a 17% decline in welfare and 35% gain in earnings, with positive outcomes for both job-ready and harder-to-serve participants. It also showed gains in job quality (i.e., a 13-percentage point increase in full-time jobs and 10-percentage point increase in health benefits).
- Minnesota's MFIP program showed a 40% increase in employment and a 17% decrease in poverty among single parents who were long-term recipients living in an urban environment.
- Florida's Family Transition Program increased employment by 7.5% and increased average earnings 15.7%, over its first two years.

7) State claims of waiver inconsistency did not substantially affect the States' ability to meet the all family participation rates, though waivers made more of a difference for the two-parent rates. While a total of 13 states claimed a waiver inconsistency for the all family rate, 11 met the rate without the waiver (CT, IN, MA, MO, NH, OR, SC, SD, TN, UT, VA). Of the 12 states claiming waiver inconsistencies for the two-parent rate, 4 met the rate without the waiver (CT, MO, NH, SC), 6 met the rate with the waiver (IN, MA, MT, OR, TN, and UT), and 2 failed even with the waiver (TX, VA).

*FY 98 data by Apr-June
Rule effective Oct 1, 99
FY 97-99 under reasonable effort*

8) There is little evidence that States are setting up separate State programs for the purpose of avoiding work requirements or diverting the Federal child support collections.

- Only two States that were subject to participation rates for the last quarter of FY97 avoided them by setting up separate State programs—Florida and Maryland. Both have strong work policies for two-parent families. Also, Florida met the old JOBS UP rates (which indicates an excellent history of moving 2-parent families into work). Maryland's UP rate for JOBS was 38.5% (against the 50% standard in effect under JOBS). Georgia avoided the two-parent requirements by funding its two-parent cases entirely with State monies. South Dakota did

- FY98

not have any 2-parent cases (outside Tribal Work programs) during the quarter.

- OCSE is reporting no evidence that States have developed or are planning State-only child support programs that would divert the Federal share of collections. It reached this conclusion based on: (a) this year's audits of programs by the OCSE auditors; (b) the Lewin Group study, which surveyed IV-D directors and State budget staff;  (c) internal analysis of collections information.

9) In the fourth quarter of FY 1997, about 23 percent of TANF families had no adult recipients. The number and percentage of child-only cases have been steadily rising since 1988, but the rate of increase slowed slightly between FY 1996 and October-June 1997. Thus, our data suggest that the growth in child-only cases may be slowing. Also, they provide no evidence of a shift in State policies or practice with respect to child-only cases. *Pending Mathematica study*

10) States have not shifted significant shares of their TANF caseloads into separate State programs (SSP's). According to the third-quarter FY98 fiscal reports, SSP's represent less than 3 percent of State MOE expenditures and are reported by only 14 States. They represent more than 20% of the expenditures only in Colorado, Hawaii, Maine, and West Virginia.

c. care only *GA/EA/college*
11) We expect that nearly all States will participate in the High Performance Bonus and thus will compete for awards based on job placements and recipients' success in work.

12) In FY 97, States made significant investments in child care services, serving an average of 1.25 million children a month (up 25 percent over 1996). All States made their MOE and matching requirements for child care, and States spent 99% of the Federal funds. The total Federal and State dollars spent increased 35% between 1996 and 1997, rising to \$4.2 billion in 1997. *30% for care*

13) Most States are moving forward on implementing the Family Violence Option or developing other specialized strategies to serve victims of domestic violence. Early indications are that States are taking a cautious approach in screening and granting waivers. We have limited data that suggest that the number of victims identified and the number of waivers granted is very modest to date.

14) There have been substantial decreases in sexual activity among high school students (11% between 1991 and 1997) and in teen births (12 percent between 1991 and 1996).



HIGHLIGHTS OF WORK EFFORTS IN KEY STATES

California: On January 1, embarked on CalWORKS, which creates a strong framework for implementation of work requirements throughout the State (including job acceptance requirements, up-front job search, and county performance expectations). The State has also instituted generous earnings disregards and achieved significant caseload reductions. The LA evaluation showed large earnings and employment gains for a highly urban, largely minority population (i.e., 33% and 46%, respectively). State shows high participation in unsubsidized employment.

District of Columbia: Recently took major step forward in moving its welfare-to-work agenda; effective December 1, entered performance-based contracts with third-party providers to provide welfare-to-work services for recipients.

Florida: WAGES program has shown very strong results along a variety of indicators, including caseload reductions, employment entries, and reductions in time on assistance. Claims best results of the big-eight States. Also, FTP evaluation shows significant gains in employment and earnings.

Hawaii: Working in most difficult economic environment, has federalized assistance for two-parent families, instituted stronger work requirements (32 hours for all families), and adopted a full-family sanction (to be effective 7/99).

Illinois: Has instituted strong requirements, especially for those with children over 13, and strong financial incentives for those finding employment. Impressive record of job retention, case closures due to employment (for both State and Cook County), and employment rates (for both State and Cook County).

Minnesota: High employment levels (30%); strong support for working families; 40% gains in employment and earnings and 17% reduction in poverty in demonstration for single-parent, urban participants

New Mexico: Had achieved significant caseload reduction (27%), but progress has been slowed by internal political and legal disputes.

New York: Has achieved a significant caseload reduction (25%) and provides strong support for working families through disregard policies.

Ohio: Has achieved a significant caseload reduction (26%), implemented strong sanction policies and strong work supports (including significant, time-limited earnings disregards), and an employer tax credit to expand job opportunities. Participation and work levels are high statewide and in Cuyahoga.

Pennsylvania: Has achieved significant caseload reduction (37% decrease in recipients since 8/96) and implemented a very tough approach to 24-month work requirement. State rules are raising

concerns that State policies are too tough, especially in Philadelphia.

Rhode Island: Has only recently come under data collection and work penalty provisions. Work focus evident in requirement for participation within 45 days, progressive sanction policy, and enhanced disregards.

Texas: Began to focus more intensively on work about one year ago, too late to be evident in participation rates. State data show significant sanction activity. Evaluation shows high level of employment among individuals diverted from the rolls or leaving welfare for work and off of TANF for 6 months (as well as some evidence of good job quality).

Vermont: Has achieved significant caseload reduction (32%). Supports work through earnings disregards and job acceptance requirements.

Washington: Has achieved significant caseload reduction (27%). Supports work through enhanced disregards and progressive sanctions. 37 percent of the TANF caseload in King County employed.

West Virginia: Has experienced very significant caseload reduction (58% between 8/96 and 6/98). WV Works expanded from 9 counties to statewide in January 1998. Governor is leading effort to create jobs (9,696 as of November 1998).



TOMMY G. THOMPSON

Governor
State of Wisconsin

CC ✓
EK ✓ / CR ✓ / AK ✓
- Another
disgruntled
liberal...
- BR

November 5, 1998

Mr. Bruce Reed
Assistant to the President for Domestic Policy
White House, 1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. Reed:

I am writing in regards to the proposed Temporary Assistance for Needy Families (TANF) program regulations submitted to you by the Administration for Children and Families (ACF). In February 1998, Wisconsin, along with other states, submitted comments to the ACF, federal Department of Health and Human Services, regarding their proposal. One of our major concerns was that flexibility given to states by the enactment of welfare block grants would be negatively impacted by these proposed regulations.

I understand the ACF recently submitted its version of the proposed final TANF regulations to the White House and the Office for Management and Budget (OMB) for approval. I appreciate that the ACF responded to some of the expressed concerns by making changes in the proposed regulations. However, I have been informed that many of the areas of concerns noted by Wisconsin and other states have not been addressed.

Specifically, I am concerned the definition of assistance has not been modified. Under the proposed regulations, transportation subsidies (such as a monthly bus pass) and TANF-funded child care would count against the 60-month lifetime eligibility limit. Wisconsin, as you know, has been very successful in moving families from welfare to work. Support services such as transportation and child care are critical to helping these families remain employed. Excluding child care assistance transportation subsidies, or benefits for working families that are not directed at their basic needs, from the definition of assistance, would allow states more flexibility in serving low-income families. This will allow Wisconsin and other states to effectively help individuals reach and maintain self-sufficiency.

In addition, data collection requirements under the proposed regulations impose a significant workload on states. The proposed federal reporting requirements are more than double those required under the Emergency TANF Data Report and go far beyond the statutory mandates. To meet these data collection requirements, considerable resources will be directed toward dealing with systems issues rather than direct services which help move families to self-sufficiency.

In general, ACF's proposed regulations significantly limit states' flexibility granted under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). Modification of these proposed regulations to reflect states' concerns will restore the spirit of state and federal partnership in welfare reform initiated with the enactment of PRWORA.



November 5, 1998
Page Two

I look forward to working with you to ensure states' flexibility is maintained in the proposed TANF regulations. Thank you for your consideration.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Tommy G. Thompson', is written over the typed name and title.

TOMMY G. THOMPSON
Governor

TGT/ack

cc: Secretary Linda Stewart
Department of Workforce Development

American Federation of Labor and Congress of Industrial Organizations



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July 30, 1998

Mr. Bruce Reed
Advisor to the President for
Domestic Policy
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Bruce:

The AFL-CIO and the Clinton Administration share a keen interest in the fair treatment of individuals who are required to work as a condition of receiving Temporary Assistance for Needy Families (TANF). The Administration has frequently stated its view, which we strongly share, that such individuals should be afforded the same status and protections as other workers, and should not be subjected to second-class status or inferior treatment.

We understand that for several months, the Treasury Department and Internal Revenue Service have been working on a draft regulation to address the tax treatment of TANF payments for TANF recipients engaged in work activities. We believe that Treasury's proposed approach would relieve states and TANF recipients of all tax liability (income tax, FUTA, and FICA) for TANF payments under the IRS's "general welfare doctrine." That doctrine has typically been applied in circumstances where individuals receive benefit payments and receive training but do not perform services in exchange for their benefits. We are greatly concerned that applying the doctrine to TANF payments in circumstances where individuals are clearly performing services sends the message that these individuals are not "real workers," and jeopardizes their status as employees under labor and employment laws. Given its prior pronouncements on the importance of employment protections for workfare participants, I am confident that the Administration shares this concern.

We have consistently taken the view, and have conveyed a detailed analysis supporting our view, that an approach utilizing existing "work relief" exemptions in the governing statutes is superior to the approach under consideration by Treasury, because the "work relief" approach



Mr. Bruce Reed
July 30, 1998
Page Two

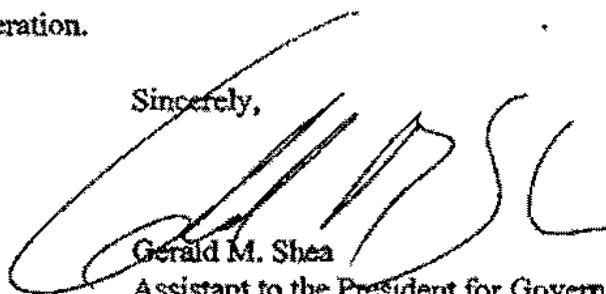
both meets the policy objectives of the Administration and the states without expanding IRS precedent and endangering employee status and related protections for TANF workers.

Earlier this week, we learned that Treasury had decided to proceed with its original "general welfare" approach, albeit with the addition of language aimed at making clear that the ruling in no way was intended to have any effect on labor and employment laws. To the extent language has been added to address concerns regarding potential adverse implications of the Treasury ruling, we appreciate those efforts. At the same time, we do not believe this cures the problem, because by issuing a directive applying the "general welfare doctrine" to TANF payments where recipients are clearly engaged in services, Treasury's approach still sends the message that TANF recipients engaged in work activities are not like other workers. We believe such an approach would also constitute a significant expansion of the general welfare doctrine from current precedent.

We are greatly disappointed that the Administration appears to have decided to proceed down this path when a superior and less harmful approach is available to it, and we ask that the Administration reconsider its decision. If the Administration insists on following the "general welfare doctrine" course, it must ensure that it correctly applies, and does not expand, the doctrine. We ask that the Administration not publish any notice until we have an opportunity to discuss this matter.

Thank you for your consideration.

Sincerely,



Gerald M. Shea
Assistant to the President for Government Affairs

Brule

Thank you'd like
to see Gov. Batt's
response to PONS
letter to Gov's re:
transportation.

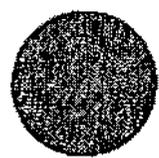
Would it be worth
reaching out on
housing teachers or
transportation as we
go into Appropriations?

Andrea

P.S. We also got an enthusiastic
response from Gov. Cayetano
+ like warm letter from
Vernonich.

258520

2007 Michael



OFFICE OF THE GOVERNOR

P.O. BOX 43720
BOISE, 83720-0034

PHILIP E. BATT
GOVERNOR

(208) 334-2100

March 26, 1998

The Honorable Bill Clinton
President of the United States of America
White House
Washington, D.C.

Dear President Clinton:

Thank you for the letter regarding transportation, housing and child-care as they relate to Idaho's participants in the TANF program. From the beginning of Welfare Reform in Idaho, I have been supportive of a plan to use TANF monies to expand access to transportation and affordable housing for TANF participants. We believe the continued availability and use of a wide range of supportive service options will help us move cash assistance participants and their families toward self-reliance. To that end, we have dedicated much of our TANF funding to assure supportive services are available to our participants.

Because Idaho is primarily a rural, agricultural state with few large cities and limited transportation, we have found it necessary to be as flexible as possible in meeting needs on an individual, local basis. Because of this, I will greatly appreciate your continued work with Idaho's Congressional delegation to sponsor innovative options that allow states maximum flexibility in serving our most vulnerable families as they move toward self-reliance.

Very truly yours,

Philip E. Batt
Governor

FEB:pmd

MAR 30 1998

Ample

THE WHITE HOUSE

WASHINGTON

February 17, 1998

The Honorable Frank O'Bannon
Governor of Indiana
Indianapolis, Indiana 46204

Dear Frank:

When I delivered my 1998 State of the Union speech to Congress, I was joined by Elaine Kinslow from Indianapolis, one of the many individual heroes of the welfare revolution. After 13 years on and off welfare, Elaine now works as a transportation dispatcher with a van company. This job is not only helping Elaine create a better life for her family, but it's also helping other welfare recipients travel to and from work. Her company takes patients to doctors appointments and provides rides to former welfare recipients who cannot reach their jobs by public transportation.

Throughout our country -- in rural, urban, and suburban areas -- there is a critical need for transportation to move people physically from welfare to work. As you know, few welfare recipients own cars. In many areas, either there is no mass transit or the transportation available does not provide adequate links to jobs within a reasonable commute time. In addition, many entry-level jobs require work during evenings or weekends, when transportation services are limited.

To support innovative efforts such as the one in Indianapolis, I have proposed a \$100-million-a-year welfare-to-work transportation plan as part of my ISTEA reauthorization bill. Funds could be used for both capital and operating expenses, and local transportation and human service systems would be strongly encouraged to collaborate. This competitive grant program will assist states and localities in developing flexible transportation alternatives to help welfare recipients and other low-income workers get to where the jobs are. This plan, if enacted, and the 50,000 new welfare-to-work housing vouchers I've proposed will help welfare recipients move closer to new jobs or obtain stable housing.

Because of the tremendous need for transportation services, I urge you to use existing funds for this purpose wherever possible. Both the Temporary Assistance for Needy Families (TANF) block grant established in the 1996 welfare reform law and the Welfare-to-Work grants created by the Balanced Budget Act of 1997 offer considerable flexibility to provide certain transportation services. For example, TANF funds can be used for families eligible for TANF, and Welfare-to-Work funds can be used for a subset of the welfare population, those long-term recipients with specific employment barriers. To encourage each state and community to take full advantage of current funds, the Secretaries of HHS, Labor, and Transportation will provide you with written guidance by early April.

Together, we've helped reduce the welfare rolls by 4.3 million people over the last five years -- by 2.4 million in the new welfare law's first 13 months. I urge each of you to take the savings from these lower caseloads and use them to help even more people move from welfare to work by investing in transportation, child care, and other critically needed services. I look forward to our continued partnership in this area.

Sincerely,

Bill Clinton

WE
TALK



U.S. DEPARTMENT OF EDUCATION
OFFICE OF THE DEPUTY SECRETARY
600 INDEPENDENCE AVENUE, S.W.
WASHINGTON, D.C. 20202-0500

DATE: July 8, 1997

TO: Bruce Reed

ORGANIZATION: EOP

PHONE: 456-2216

FAX: 456-2878

FROM: Mike Smith

PHONE: 401-1000

FAX: (202) 401-9027

TOTAL PAGES (including cover) 4

CR-

I don't agree. (But it was nice of Mike to take the time.)



UNITED STATES DEPARTMENT OF EDUCATION

THE DEPUTY SECRETARY

JUL - 8 1997

Mr. Bruce Reed
Assistant to the President
for Domestic Policy
Office of Policy Development
Executive Office of the President
1600 Pennsylvania Ave., N.W.
2nd Floor, West Wing
Washington, D.C. 20500

Dear Bruce:

I am writing to convey the Department's views regarding one issue under the House and Senate versions of the reconciliation bill that raises important considerations for education. The issue concerns a provision in the welfare legislation which provides a cap on the number of TANF recipients "[participating] in vocational educational training" who "may be determined to be engaged in work" for purpose of meeting a State's mandatory work participation requirements. (Section 407(c)(2)(D) of the Social Security Act, as amended last year by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193)

Under current section 407, as generally understood by the States and by our Department, 20 per cent of a State's welfare caseload (including teen parents who may remain in high school or complete their GED) may be counted for work participation purposes by virtue of participation in vocational educational training.

The House reconciliation bill (H.R. 2015) contains two revised versions of this provision. One version, sec. 9003, emanating from the Ways and Means Committee, would reduce the cap to 30 percent of the number of TANF recipients "who are treated as engaged in work for a month," but would remove teen parents from the computation. The other, sec. 5002 from the Committee on Education and the Workforce, would limit the cap to 20 per cent of those "treated as engaged in work for a month," including teen parents. The Senate version, section 5905(k) of S. 947, as passed by the Senate on June 25, would clarify that the cap is 20 per cent of "individuals in all families and 2-parent families," or the entire caseload, the same language as is in the current TANF statute, and would remove the teen parents from the calculation.

Page 2 -- Mr. Bruce Reed

In several letters to the relevant committees, the Administration opposed any changes in the cap as not within the scope of the Budget Agreement and recommended that the current law limitation (20 per cent of caseload, including teen parents) be retained. However, both Houses, by their different actions on the provision, have indicated an intent to change current law. For the reasons stated below, we believe that the Administration should now express a preference for the Senate version.

1. The Senate version is closest to the Administration position (no change in current law) except that it removes teen parents. In removing teen parents from the computation, the Senate bill simply and properly avoids differences in treatment among States based on their significant variations in teen parent counts, thus putting States on a more equal footing in serving their adult TANF populations who need vocational educational training to be placed in a job that will permanently remove them from the welfare rolls.

2. The Senate version gives greater flexibility to the States in responding to these needs without jeopardizing receipt of TANF funds. Both House versions reduce the flexibility of States in responding to the educational needs of their adult TANF recipients as compared with current law. The option of how to use this flexibility lies with the States. The National Governors' Association wrote the House Committee on Ways and Means on June 5, regarding an earlier version of its proposal: "The proposed new cap would place states at risk of financial penalties and greatly limit the state flexibility and discretion that we believe is essential to state implementation of the TANF program."

3. The Senate version retains the overall emphasis of the TANF statute on placement in work rather than vocational education. No change is made in the work requirements applicable to individuals. However, data indicates that acquisition of targeted, sustained vocational training provides a welfare recipient with a greater opportunity to find and hold a job providing a wage sufficient to support a family. A healthy mix of education and training has contributed to the success of welfare-to-work programs. Education, along with work experience, is clearly important to further the careers and financial well-being of TANF recipients. Based on a survey of a number of models of welfare-to-work programs, including the successful Riverside, California GAIN program, a recent study concluded that the most successful programs were those that involved a "mixed" approach, including strong education and training components, as well as job search. See Dan Bloom, Welfare-to-Work Choices and Challenges for States, at 40-50 (MDRC, 1997).

Page 3 -- Mr. Bruce Reed

We believe that the Administration should state a clear preference for the Senate version as closer to current law and the Budget Agreement, and as more likely to enhance State flexibility and foster links between education and work in the interest of moving recipients from welfare to work. An identical letter has been sent to Director Raines.

Sincerely,



Marshall S. Smith
Acting Deputy Secretary



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

MAY 16 1997

WR
TANF

MEMORANDUM FOR THE PRESIDENT

SUBJECT: State Use of "Excess" TANF Funds

Recent news stories have asserted that states have "excess" or "surplus" funds available to them under the new Temporary Assistance for Needy Families (TANF) block grant created by the welfare reform legislation. In fact, many states are receiving more federal funds in Fiscal Year (FY) 1997 under TANF than they received in the previous year under the predecessor programs (Aid to Families with Dependent Children (AFDC), Emergency Assistance (EA), and the Job Opportunities and Basic Skills (JOBS) Training program), largely due to setting the funding at historically high levels followed by dramatic caseload decreases. However, these extra funds are distributed very unevenly across states and may be only a first- and possibly second-year phenomenon. Given our commitment to moving welfare families to self-sufficiency, we must take advantage of every opportunity to urge Congress and the states to view these resources not as a "surplus," but rather as essential for making critical early investments to enable welfare families to transition to work.

We all must use every available occasion to strongly encourage states to invest these federal resources (along with state Maintenance of Effort resources) to support the welfare-to-work goals of the legislation. Based on what we know so far about the costs of reaching and serving the most disadvantaged welfare families, we need to ensure that states and cities receive the additional welfare-to-work resources provided in the new budget agreement, and states need to invest wisely to prepare all welfare families for self-sufficiency within the time limits in the statute.

The purpose of this memorandum is to:

- explain what we know now about the level of resources available to states for investment in welfare reform under TANF;
- describe what we know at this interim point in state legislative sessions about the choices that state legislatures are currently making about the use of these resources, and provide some examples both of promising state choices that seem likely to attain the goals of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), and of less promising choices that could undercut those goals;
- argue that achieving the goals of welfare reform, especially in high unemployment areas like inner cities and rural areas, requires both the additional welfare-to-work resources and tools provided in the new budget agreement and that states invest wisely the federal and state resources available to them; and

- highlight what you can emphasize in your speeches and meetings about this issue.

Resources Available to States

Since January 1993, the number of welfare recipients has dropped in nearly all states. However, the reductions have not been uniform, and the financial impact varies across states. Table 1 shows that all but four states have a smaller number of welfare recipients now than they did in January 1993, with 36 states experiencing at least 20 percent reductions. The welfare reform law provides fixed federal funding at historically high levels for child care, work programs, and other assistance; for FY 1997 TANF funding exceeds FY 1996 funding for AFDC and related programs by about 10 percent, or \$1.5 billion. While the great majority of states are receiving more money under TANF than their combined federal funding for AFDC, EA, and JOBS in FY 1996, as Table 2 shows, 24 states are receiving only a modest increase, and seven states are actually receiving less federal funding.

States experiencing sizeable reductions in welfare caseloads and funding increases under TANF that have already made substantial investments in work and child care are in an especially good position to continue the historic transformation from welfare programs to job programs. On the other hand, states that have experienced smaller caseload reductions, have low benefit levels, or have unmet needs for supportive services face a tremendous challenge.

Child care is one of the most important services that families need in order to work. As TANF's work requirements (both participation rates and hours) increase, states must make more child care services available. Investments are also needed to provide child care for the working poor in order to enable those parents to sustain their employment and to ensure continuity of care for the children whose parents are making the transition from welfare to work. The PRWORA provides separate and enhanced funding to states for child care that allows them to pay for child care in any of a variety of ways: out of the Child Care Development Fund (CCDF), by transferring (up to 30 percent) TANF funds into the CCDF, or by paying for child care services directly out of TANF. States can also use their own state money on child care. Despite the child care funding increases, resources still may not be sufficient to meet the needs of both transitioning and low-income working parents. We will advise you as we get closer to the next budget cycle about the unmet child care needs and our deep concerns about quality standards.

There also are other important areas in which states must maintain or enhance their investment to help recipients move from welfare to work. One critical area is job creation and partnerships with the private sector, including subsidized workfare positions. In addition, it is generally accepted that after the most employable recipients have made the transition from welfare to work, the remaining adult participants will have more barriers to self-sufficiency and will require more intensive services. These supportive services run the gamut from expanded job readiness and job search programs, public sector jobs, literacy programs, and intensive case management services, to drug testing and treatment, services to address domestic violence, accommodating populations with special needs such as mental and physical disabilities, and rural transportation.

States are required to maintain only 80 percent (or 75 percent if the state meets its mandatory work participation requirements) of historic expenditures. Because the law permits states to disinvest up to 25 percent of their prior expenditures on needy families with children, there is some risk that some or all of these "surplus" funds will simply be used to substitute for state dollars, thereby effectively reverting to state treasuries. The initial choices that states make in spending their TANF funds and in providing child care and other supportive services to families are critical to their success in moving families from welfare to work and to the overall success of welfare reform.

What We Know

It is still too early for the Department to have a full picture of how states will decide to use these "surplus" funds. Many states have not yet made the funding and program design decisions that will shape their TANF programs, but from what we can tell now most changes are incremental. Many states appear to be basing their TANF programs on their welfare reform waiver demonstrations or the AFDC program, without making significant program design changes at this point. Therefore, from a budget perspective, most states are assuming that they will have to spend a certain amount of TANF money on cash assistance and existing job training programs. It should be noted that few state legislatures have completed their sessions for this year, so the information we do have on allocation of funds comes from several different stages in the decision-making process and may represent only preliminary steps in that process. Reports from the Department's Regional Offices and other sources have given us some information about what some states are proposing to do with "excess" TANF funding. Enclosure A includes a fuller discussion of the early information we have on state decisions and the critical investments they are making to spend "excess" TANF funds.

Welfare-to-Work Programs and Child Care: It is widely acknowledged that helping recipients move from welfare to work often requires up-front investments in training and supportive services. (Enclosure B provides some information on the costs associated with operating work programs and providing child care services. It should also be noted that the Congressional Budget Office (CBO) estimated that the state costs of meeting the PRWORA work requirements were underfunded in the TANF block grant. If the CBO were to re-estimate the costs of the work program, it is likely that the shortfall would be considerably smaller, given the larger-than-expected caseload decreases.) Many states are assuming that, as time goes on, the remaining adult participants will have more barriers to self-sufficiency than those who have already made the transition from welfare to work, and that such recipients will require more intensive services. As a result, states are also considering spending more money on drug testing and treatment, intensive case management services, rural transportation, job preparation, job training, and public sector jobs. Many states are also considering putting more money into child care services, although it is not yet clear if this represents simply the increased CCDF allocations states received under the PRWORA, plans to spend state "maintenance of effort" (MOE) dollars on

child care, or shifts of TANF welfare funds for additional child care funding. We all need to encourage states to use any "excess" federal TANF funds to supplement rather than supplant state funding needed to access the CCDF.

Other TANF Purposes: States are also looking at the broad flexibility they have under the TANF block grant and are considering other types of programs, including juvenile justice and other services formerly funded under the Emergency Assistance program, housing and nutrition programs, teen pregnancy prevention initiatives, energy assistance, family planning, fatherhood conferences, and transfers to the Title XX social services block grant to offset previous federal reductions.

Rainy Day Funds: Notwithstanding the availability of the contingency fund, state allocations are fixed regardless of the state of the economy or caseload trends. Therefore, a number of states are considering building a reserve in the event of a recession, since there is no requirement that states spend their full federal allocations in the fiscal year in which they become available.

Services to Immigrants: Under the welfare law, qualified aliens are banned from receiving Food Stamps and SSI benefits, and qualified aliens who arrived in the United States after August 22, 1996 are banned from receiving assistance from federal TANF funds for a period of five years. A number of states have indicated that they expect to continue benefits for such aliens nonetheless, using state funds. States also have the option of continuing TANF benefits for immigrants who arrived before the bill's enactment. Only Alabama, South Carolina and Wyoming have indicated that they will not be continuing benefits for these aliens.

Choices that Undercut the Goals of PRWORA: Not all states, however, intend to reinvest their savings in welfare-related services or assistance for immigrants. In addition to authorizing federal TANF funding, the welfare reform law requires states to maintain a certain level of historic effort (MOE) in order to access the TANF block grant. Both TANF and MOE funds must be spent to provide assistance to needy families with children and to promote job preparation and work, among other purposes. Some states are treating the difference between the MOE requirement and the amount they would have spent in the absence of welfare reform as a general surplus, to be used for any purpose they desire. Proposed uses include dividing the funds between the state and local governments for unrestricted spending, allocating them to the state's general fund, and replacing state spending on child protection services and the elderly. The state funds thus freed can be used for any purpose including underwriting a tax cut, which has already been proposed in several states.

Do States Need More Funding?

In contrast to the increased child care funds and "excess" TANF funds many states currently have available, other provisions of PRWORA cut funding and increased demands on states. The new law significantly reduced federal funding for other programs serving low-income populations, in particular legal immigrants. It established increasingly tough work requirements within a

framework of time-limited federal assistance for needy families with children. The requirement that families to achieve self-sufficiency within five years or less presents a tremendous challenge to states and demands a commitment to making critical investments as early as possible.

Moving families from welfare to work requires increased state investments in critical services such as child care, supports and subsidies for work, services to address barriers like substance abuse and domestic violence, literacy programs, expanded job readiness and job search programs and expanded case management. Some states have an especially great need for supportive services, have experienced smaller reductions in caseloads, or have other special circumstances (like inner city or rural areas of high unemployment and poverty or large numbers of noncitizen residents) which might necessitate costly investments in economic development or transportation. In addition, since the 80 (or 75) percent MOE requirement is based on FY 1994 expenditures, some states that have experienced significant caseload reductions since 1994 potentially could be required to commit larger sums of state funds under TANF than they would have spent under the predecessor programs. The wide variation in benefit levels across states (as illustrated in Table 3) highlights the difficulties some states will face. Clearly the states with higher benefit levels and a history of greater state effort on low-income assistance have more capacity to invest in additional services to help families move from welfare to work and sustain their employment.

States must begin now to make front-end investments if they are to have in place the programs they will need to move large numbers of single parents from welfare to work in the later years, when participation and hours of work requirements are higher and populations begin reaching state time limits. States must also obtain unprecedented commitment from business, non-profit organizations, and religious institutions. The so-called "excess" TANF funds are not a windfall, may be only temporary, and are not available to all states.

Getting Out the Message

The new budget agreement will enable us to ensure that needed funding is available to states and communities to achieve the goals of welfare reform, especially in areas with high unemployment. Three initiatives included in the new budget agreement have been and continue to be particularly important: enabling welfare families to transition to work, restoring unacceptable cuts in benefits to immigrants, and providing support for low-income working families to sustain their employment. As a result of your efforts, states and communities will have \$2 billion over the next five years to spend on wage subsidies and job creation and retention activities to help the hardest-to-employ long-term welfare recipients find and keep jobs. An additional \$500 million is available in the form of tax incentives to employers to create job opportunities for long-term welfare recipients and able-bodied childless adult food stamp recipients who face work and time limit requirements. Legislation to fulfill your goal of moving people from welfare to work must include the grants and tax incentives necessary to support states, cities, and the private sector in creating job opportunities for the hardest to employ welfare recipients.

The budget agreement will also protect the most vulnerable populations of legal immigrants -- children and individuals with disabilities -- from the restrictions placed on their receipt of Medicaid and SSI benefits. It helps to protect a minimal safety net for the most needy legal immigrants and supports our immigrant traditions and protects public health.

We are already taking the lead in reducing the number of children without health insurance, and this is one of the most important things we are doing. Twenty-three states currently have expanded transitional Medicaid benefits through waivers, some by extending the period of eligibility beyond 12 months and others by expanding who is eligible. Four additional waiver requests are under review, including two new states. In addition, the new budget agreement expands health coverage for millions of uninsured children, including a new grant program that provides additional dollars to supplement state efforts to cover uninsured children in working families.

As I indicated earlier in this memorandum, it is a little too early to know how short the states are on child care money. We are increasingly concerned about quality standards for child care. The recent White House Conference on the Brain highlighted the need for substantial quality investments and high standards. The White House conference planned for later this year will focus on quality child care.

We need your help to encourage states to make the right decisions for their needy citizens and taxpaying citizens alike. Your achievement of the recent historic budget agreement presents a particularly opportune time to take the lead and through your speeches and meetings with public and private sector leaders to encourage all states to make the serious investments that are needed to help move families from welfare to work and sustain their employment. These investments will require not only effective use of federal funding (including the new funds provided through the budget agreement) but also a commitment to continued state funding. The needs are great, as are our opportunities to make a difference in the lives of the nation's most vulnerable populations -- welfare families, children without health insurance, and legal immigrants.

I am sending a copy of this memorandum to Bruce Reed.



Donna E. Shalala

Enclosures

TABLE 1.
CHANGE IN WELFARE CASELOADS

Total AFDC/TANF recipients by State

| State | Jan.93 | Jan.94 | Jan.95 | Jan.97 | Percent change '93-'97 |
|-------------------------|-------------------|-------------------|-------------------|-------------------|------------------------------|
| Wisconsin | 241,098 | 230,621 | 214,404 | 123,758 | -49 |
| Wyoming | 18,271 | 16,740 | 15,434 | 10,117 | -45 |
| Oregon | 117,656 | 116,390 | 107,610 | 66,919 | -43 |
| West Virginia | 119,916 | 115,376 | 107,668 | 68,600 | -43 |
| Indiana | 209,882 | 218,061 | 197,225 | 121,224 | -42 |
| Oklahoma | 146,454 | 133,152 | 127,336 | 87,144 | -40 |
| Tennessee | 320,709 | 302,608 | 281,982 | 194,860 | -39 |
| Mississippi | 174,093 | 161,724 | 146,319 | 108,365 | -38 |
| Massachusetts | 332,044 | 311,732 | 286,175 | 207,932 | -37 |
| North Dakota | 18,774 | 16,785 | 14,920 | 11,904 | -37 |
| South Carolina | 151,026 | 143,883 | 133,567 | 97,146 | -36 |
| Alabama | 141,746 | 135,096 | 121,837 | 91,569 | -35 |
| Kansas | 87,525 | 87,433 | 81,504 | 57,528 | -34 |
| Utah | 53,172 | 50,657 | 47,472 | 35,442 | -33 |
| Michigan | 686,356 | 672,760 | 612,224 | 460,793 | -33 |
| Florida | 701,842 | 689,135 | 657,313 | 478,329 | -32 |
| South Dakota | 20,254 | 19,413 | 17,652 | 14,050 | -31 |
| Virginia | 194,212 | 194,959 | 189,493 | 135,908 | -30 |
| Colorado | 123,306 | 118,081 | 110,742 | 87,074 | -29 |
| Kentucky | 227,879 | 208,710 | 193,722 | 161,150 | -29 |
| New Hampshire | 28,972 | 30,366 | 28,671 | 20,627 | -29 |
| Ohio | 720,476 | 691,099 | 629,719 | 518,595 | -28 |
| New Jersey | 349,902 | 334,760 | 321,151 | 256,000 | -27 |
| Arkansas | 73,982 | 70,563 | 65,325 | 54,751 | -26 |
| Maine | 67,836 | 65,006 | 60,973 | 51,031 | -25 |
| Montana | 34,848 | 35,415 | 34,313 | 26,294 | -25 |
| Nebraska | 48,055 | 46,034 | 42,038 | 36,490 | -24 |
| Georgia | 402,228 | 396,736 | 388,913 | 305,732 | -24 |
| North Carolina | 331,633 | 334,451 | 317,836 | 252,564 | -24 |
| Maryland | 221,338 | 219,863 | 227,887 | 169,723 | -23 |
| Iowa | 100,943 | 110,639 | 103,108 | 78,076 | -23 |
| Arizona | 194,119 | 202,350 | 195,082 | 151,526 | -22 |
| Louisiana | 263,338 | 252,860 | 258,180 | 208,582 | -22 |
| Texas | 785,271 | 796,348 | 765,460 | 625,376 | -20 |
| Pennsylvania | 604,701 | 615,581 | 611,215 | 483,625 | -20 |
| Missouri | 259,039 | 262,073 | 259,595 | 208,132 | -20 |
| Vermont | 28,961 | 28,095 | 27,716 | 23,515 | -19 |
| Nevada | 34,943 | 37,908 | 41,848 | 28,817 | -18 |
| Minnesota | 191,526 | 189,615 | 167,949 | 159,855 | -17 |
| Delaware | 27,652 | 29,286 | 26,314 | 23,141 | -16 |
| Illinois | 685,508 | 709,969 | 710,032 | 599,629 | -13 |
| Rhode Island | 61,116 | 62,737 | 62,407 | 54,588 | -11 |
| New York | 1,179,522 | 1,241,639 | 1,268,350 | 1,074,100 | -9 |
| Washington | 286,258 | 292,608 | 290,940 | 263,792 | -8 |
| Idaho | 21,116 | 23,342 | 24,050 | 19,925 | -6 |
| New Mexico | 94,836 | 101,676 | 105,114 | 89,914 | -5 |
| Connecticut | 160,102 | 164,265 | 170,719 | 155,578 | -3 |
| California | 2,415,121 | 2,621,383 | 2,692,202 | 2,474,689 | 2 |
| District of Columbia | 65,660 | 72,330 | 72,330 | 67,871 | 3 |
| Alaska | 34,951 | 37,505 | 37,264 | 36,189 | 4 |
| Hawaii | 54,511 | 60,975 | 65,207 | 65,312 | 20 |
| United States 1/ | 14,114,992 | 14,275,877 | 13,918,412 | 11,359,582 | -20 |

1/ Includes Guam, Puerto Rico, and the Virgin Islands.

Source: U.S. Dept. of Health & Human Services, Administration for Children and Families, Office of Family Assistance, AFDC/TANF Flash Report, January 1997.

TABLE 2.

**COMPARISON OF FEDERAL FUNDING FOR AFDC AND RELATED PROGRAMS
AND FAMILY ASSISTANCE GRANTS UNDER PRWORA**

(in thousands)

| State | FY 1996 Grants for AFDC, EA & JOBS 1/ | Fy 1997 State Family Assistance Grant 2/ | Increase from FY 1996 Level | Percent Increase from FY 1996 Level |
|---------------------|--|---|--------------------------------|---|
| Indiana | \$133,119 | \$206,799 | \$73,681 | 55.3 |
| Wyoming | 14,969 | 21,781 | 6,813 | 45.5 |
| Louisiana | 114,252 | 163,972 | 49,720 | 43.5 |
| Tennessee | 137,445 | 191,524 | 54,079 | 39.3 |
| Ohio | 543,666 | 727,966 | 184,303 | 33.9 |
| Dist. of Columbia | 70,813 | 92,610 | 21,796 | 30.8 |
| Virginia | 121,386 | 158,285 | 36,899 | 30.4 |
| Massachusetts | 353,060 | 459,371 | 106,311 | 30.1 |
| West Virginia | 87,683 | 110,176 | 22,493 | 25.7 |
| Oklahoma | 118,234 | 148,014 | 29,779 | 25.2 |
| Connecticut | 215,259 | 266,788 | 51,529 | 23.9 |
| Mississippi | 70,341 | 88,768 | 18,427 | 23.4 |
| Alabama | \$75,909 | \$93,315 | 17,406 | 22.9 |
| Michigan | 632,232 | 775,353 | 143,121 | 22.6 |
| Minnesota | 220,839 | 267,985 | 47,146 | 21.3 |
| Utah | 64,695 | 76,829 | 12,134 | 18.8 |
| Oregon | 142,045 | 167,925 | 25,879 | 18.2 |
| Texas | 419,021 | 486,257 | 67,236 | 16.0 |
| Kentucky | 157,238 | 181,288 | 24,050 | 15.3 |
| Wisconsin | 278,357 | 318,188 | 41,831 | 15.1 |
| Georgia | 288,410 | 330,742 | 42,332 | 14.7 |
| Kansas | 89,753 | 101,931 | 12,178 | 13.6 |
| New York | 2,160,652 | 2,442,931 | 282,279 | 13.1 |
| Florida | 497,539 | 562,340 | 64,801 | 13.0 |
| Montana | 40,391 | 45,534 | 5,143 | 12.7 |
| Arizona | 197,754 | 222,420 | 24,666 | 12.5 |
| Vermont | 42,378 | 47,353 | 4,975 | 11.7 |
| Missouri | 185,388 | 217,052 | 21,664 | 11.1 |
| New Hampshire | 34,677 | 38,521 | 3,844 | 11.1 |
| Arkansas | 51,854 | 56,733 | 4,879 | 9.4 |
| Alaska | 58,665 | 63,609 | 4,944 | 8.4 |
| South Dakota | 20,242 | 21,894 | 1,652 | 8.2 |
| Maryland | 214,292 | 229,098 | 14,806 | 6.9 |
| Nevada | 41,357 | 43,977 | 2,620 | 6.3 |
| Rhode Island | 89,479 | 95,022 | 5,543 | 6.2 |
| South Carolina | 94,401 | 99,968 | 5,567 | 5.9 |
| New Jersey | 383,177 | 404,035 | 20,857 | 5.4 |
| Maine | 74,786 | 78,121 | 3,335 | 4.5 |
| Nebraska | 56,014 | 58,029 | 2,015 | 3.6 |
| California | 3,622,756 | 3,733,818 | 111,062 | 3.1 |
| North Dakota | 25,680 | 26,400 | 740 | 2.9 |
| Iowa | 128,853 | 131,525 | 2,672 | 2.1 |
| Idaho | 31,297 | 31,938 | 641 | 2.0 |
| Hawaii | 97,908 | 98,905 | 997 | 1.0 |
| Washington | 415,384 | 404,332 | -11,053 | -2.7 |
| Illinois | 601,059 | 585,057 | -16,002 | -2.7 |
| North Carolina | 312,630 | 302,240 | -10,390 | -3.3 |
| New Mexico | 132,129 | 126,103 | -6,025 | -4.6 |
| Pennsylvania | 770,098 | 719,499 | -50,599 | -6.6 |
| Delaware | 35,190 | 32,291 | -2,899 | -8.2 |
| Colorado | 158,311 | 136,057 | -22,255 | -14.1 |
| State Totals | \$14,931,044 | \$16,488,667 | \$1,557,623 | 10.4 |

1/ Excludes IV-A child care. AFDC benefits include the Federal share of child support collections in order to be comparable to the Family Assistance Grant.

2/ Does not include additional funds authorized under P.L. 104-327.

Source: U.S. Dept. of Health & Human Services, Administration for Children and Families, Office of Financial Management.

TABLE 3.

Maximum AFDC Benefit for a Three-Person Family by State
July, 1996

| State | Schedule/Geography | Monthly | Annual |
|----------------------|---------------------------|---------|----------|
| Alaska | Statewide | \$923 | \$11,076 |
| Hawaii | Statewide | 712 | 8,544 |
| New York | Suffolk Co. | 703 | 8,436 |
| Guam | Statewide | 673 | 8,076 |
| Connecticut | Region A | 636 | 7,632 |
| Vermont | Chittenden | 633 | 7,596 |
| California | Statewide | 596 | 7,152 |
| New York | New York City | 577 | 6,924 |
| Utah | Statewide | 568 | 6,816 |
| Massachusetts | Statewide | 565 | 6,780 |
| Rhode Island | Statewide | 554 | 6,648 |
| New Hampshire | Statewide | 550 | 6,600 |
| Washington | Statewide | 546 | 6,552 |
| North Carolina | Statewide | 544 | 6,528 |
| Minnesota | Statewide | 532 | 6,384 |
| Wisconsin | Urban | 517 | 6,204 |
| Michigan | Region VI (Washtenaw Co.) | 489 | 5,868 |
| Oregon | Statewide | 460 | 5,520 |
| Michigan | Region IV (Wayne Co.) | 459 | 5,508 |
| Montana | Statewide | 438 | 5,256 |
| North Dakota | Statewide | 431 | 5,172 |
| South Dakota | Statewide | 430 | 5,160 |
| Kansas | Schedule 1 | 429 | 5,148 |
| Iowa | Statewide | 426 | 5,112 |
| New Jersey | Statewide | 424 | 5,088 |
| Pennsylvania | Group 1 | 421 | 5,052 |
| Maine | Statewide | 418 | 5,016 |
| District of Columbia | Statewide | 415 | 4,980 |
| New Mexico | Statewide | 389 | 4,668 |
| Illinois | Group 1 | 377 | 4,524 |
| Maryland | Statewide | 373 | 4,476 |
| Nebraska | Statewide | 364 | 4,368 |
| Wyoming | Urban | 360 | 4,320 |
| Colorado | Statewide | 356 | 4,272 |
| Virginia | Group 3 | 354 | 4,248 |
| Nevada | Statewide | 348 | 4,176 |
| Arizona | Statewide | 347 | 4,164 |
| Ohio | Statewide | 341 | 4,092 |
| Delaware | Statewide | 338 | 4,056 |
| Idaho | Statewide | 317 | 3,804 |
| Oklahoma | Statewide | 307 | 3,684 |
| Florida | Statewide | 303 | 3,636 |
| Missouri | Statewide | 292 | 3,504 |
| Indiana | Statewide | 288 | 3,456 |
| Georgia | Statewide | 280 | 3,360 |
| Kentucky | Statewide | 262 | 3,144 |
| West Virginia | Statewide | 253 | 3,036 |
| Virgin Islands | Statewide | 240 | 2,880 |
| Arkansas | Statewide | 204 | 2,448 |
| South Carolina | Statewide | 200 | 2,400 |
| Louisiana | Urban | 190 | 2,280 |
| Texas | Statewide | 188 | 2,256 |
| Tennessee | Statewide | 185 | 2,220 |
| Puerto Rico | Statewide | 180 | 2,160 |
| Alabama | Statewide | 164 | 1,968 |
| Mississippi | Statewide | 120 | 1,440 |

Source: Congressional Research Service, Aid to Families with Dependent Children (AFDC): Program Benefit Rules, July 1, 1996.

EARLY INFORMATION ON HOW STATES ARE SPENDING "EXCESS" TANF FUNDS

Very Preliminary Indications

Information about how states propose to spend "excess" TANF funds is only preliminary. Most state legislatures are working out their welfare reform plans now, and are at different stages of decision making. Information from newspaper articles, state press releases, as well as early reports from HHS Regional Offices suggest that many states are making investments in child care, work programs, and supportive services while other states are putting money into less "desirable" practices such as supplanting state funds with federal dollars. At this stage, it is hard to get information on state expenditures and categories of spending. It is particularly difficult at this time to determine whether states will be spending federal TANF monies or state maintenance of effort (MOE) monies on an activity, and whether they are spending new monies or merely supplanting state funds with federal dollars. The following material summarizes our early information.

Welfare-to-Work Programs and Child Care

It is widely acknowledged that helping recipients move from welfare to work often requires up-front investments in training and supportive services. Many states are considering putting more money into child care services. Florida, Michigan and Tennessee reportedly are adding \$60 million, \$44 million and \$25 million, respectively, to child care. It is not yet clear if this represents simply the increased CCDF allocations states received under the PRWORA or shifts of TANF welfare funds for additional child care funding. Georgia's budget includes \$3.5 million in federal TANF funds to hire additional staff to coordinate and determine eligibility for child care services. Under the child care provisions of Wisconsin's W-2 program, the state intends to increase annual child care funding from \$48 million in 1996 to \$186.2 million in 1999. The state has requested legislative authority to transfer \$63.637 million from TANF to child care in 1998. They believe that cash outlays originally targeted for assistance can, as a result of caseload decreases, be rebudgeted for child care, provided that their economy stays strong and their caseload trends continue. Among all states, Wisconsin has had the largest percentage drop in welfare caseloads. These state actions to increase child care subsidies may benefit the working poor as well as welfare recipients. For example, the Wisconsin legislature is considering expanding eligibility for child care by raising income eligibility limits from 165 percent of poverty to 200 percent.

In discussions with our Child Care Bureau, state officials have indicated orally that they are transferring TANF dollars to CCDF in order to invest in child care. States appear to be spending their own funds to draw down fully the CCDF funding as well. States report using these monies for welfare families, quality improvements and working poor families. Because of the multiple demands on TANF dollars, it is worrisome when states spend federal TANF funds on child care

in lieu of state funds or without first having drawn down all of the child care funding to which they are entitled under the CCDF, which can be spent only on child care. If the Administration makes a concerted push to have states spend their excess TANF funding on child care, the message has to be that federal funds should supplement, rather than supplant, state funding needed to access the CCDF.

States are also considering spending more money on drug testing and treatment, intensive case management services, rural transportation, job preparation, job training, and public sector jobs. California, Indiana, Maryland and Massachusetts are reported to be considering these possibilities. These states are aware of the possibility that the remaining adult participants will have more barriers to self-sufficiency than those who have already made the transition from welfare to work, and thus that such recipients will require more intensive services. Georgia's budget includes \$8 million in federal TANF funds to purchase job placement services for recipients who have traditionally been hard to place. New York's proposed budget would set aside \$42 million for client work activity assessments, medical examinations, and incentive bonuses for local district performance, \$45 million to expand work training activities, and \$57 million for a variety of targeted initiatives involving work activities.

Other TANF Purposes

States are also looking at the broad flexibility they have under the TANF block grant and are considering other types of programs. California is considering putting \$141 million into juvenile justice services formerly funded under the Emergency Assistance program. Indiana, whose welfare caseloads have dropped more than most other states, plans to use MOE monies to create more positions for child welfare workers and to increase funding for employment and training activities. Plans for the state's TANF funding include rural transportation, energy assistance, family planning, working with non-custodial parents, as well as employment services, child care, and data collection. Connecticut reports planning to put \$24 million of TANF funding into programs such as housing and nutrition. Georgia's budget includes \$3.5 million from the Indigent Care Trust Funds to implement teen pregnancy prevention initiatives in support of welfare reform. Indiana is considering funding energy assistance, family planning, and fatherhood conferences, among other services.

Rainy Day Funds

Because TANF is a block grant, state allocations will not increase in the event of a recession. Therefore, a number of states are considering building a reserve in case the economy cools down and caseloads increase. While only actual expenditures of state funds can count towards the TANF maintenance of effort requirement, there is no requirement that states spend their full federal allocations in the fiscal year in which they become available. Ohio, New York and Vermont are three states that are reportedly considering saving significant portions of their "excess" TANF funds.

Services to Immigrants

Under the welfare law, qualified aliens are banned from receiving Food Stamps and SSI benefits. Those qualified aliens who arrived after August 22, 1996 are banned from receiving assistance from federal TANF funds for a period of five years. A number of states have indicated that they expect to continue benefits for such aliens nonetheless, using state funds. For example, Massachusetts has estimated that it will spend \$26 million on legal immigrants who are not citizens. In states with substantial immigrant populations, most notably California, continuing to provide services to qualified aliens is expected to be a significant financial burden.

Other Purposes

Not all states intend to reinvest their savings in welfare-related services. Some are treating the difference between their MOE requirement¹ and the amount they would have spent under prior law as a general surplus, to be used for any purpose they desire. For example, the Governor of New York has proposed to divide \$416 million between the state and the local governments, to be spent without restrictions. California is considering allocating \$562 million over two years into the state's general fund. Texas' Governor has proposed to use federal TANF funds and part of the state's required maintenance of effort expenditure to replace \$190 million in state spending on child protection services and the elderly. The state funds thus freed can be used for any purpose including underwriting the Governor's proposed tax cut.

1. Each state's maintenance of effort (MOE) level is set at 75 percent of the state's FY 1994 spending for AFDC, EA, JOBS and IV-A child care (80 percent if the state fails to meet TANF work participation rates).

INFORMATION ABOUT COSTS OF INVESTING IN WELFARE REFORM

It is difficult to estimate how much more it will cost states to operate welfare to work programs. Since the mid-1980's, MDRC and Abt Associates have evaluated numerous work-oriented demonstrations with relatively high participation rates, and the per recipient costs reported in their major studies have varied as the table below shows. The gross per person costs to the government range from about \$2,200 (in FY 1997 dollars) under Florida's Project Independence to about \$27,000 under the Supported Work program¹.

| Estimated Gross Costs* Per Person for Selected Welfare to Work Programs | | |
|--|-----------------|---------------|
| Program | Period of Costs | In 97 Dollars |
| Supported Work** (<i>many sites</i>) | 27 months | \$26,938 |
| Homemaker- Home Health Aide** (<i>many sites</i>) | NA | 14,588 |
| Grand Rapids JOBS (<i>Labor Force Attachment</i>) | 2 years | 4,915 |
| Atlanta JOBS (<i>Labor Force Attachment</i>) | 2 years | 3,695 |
| Riverside GAIN | 2 years | 3,299 |
| San Diego SWIM | 2 years | 2,272 |
| Florida Project Independence | 2 years | 2,189 |

Source: MDRC [the Homemaker-Home Health Aide project was evaluated by Abt Associates.]
 * Includes costs of job clubs, case managers, child care, and training. ** These costs include program wages paid to participants, but do not include non-welfare agency costs. Costs shown in this table are for single-parent AFDC recipients averaged across all experimental group members, including those who did and those who did not participate in program activities.

It should be noted that while each of these programs produced significant increases in employment and declines in welfare outlays, these outcomes do not replicate the work expectations and time limits of the PRWORA. Under the Riverside GAIN program which produced particularly impressive results, only 23 percent of the program participants were working and off AFDC at the end of the project's three-year follow-up period, indicating the challenges faced by these programs.

Some states have an especially great need for supportive services, have experienced smaller reductions in caseloads, or have other special circumstances (like large urban centers, significant areas of rural poverty, Indian reservations, and pockets of high unemployment) which might

The Supported Work Demonstration provided work experience to hard-to-employ target groups including long-term AFDC recipients. To help them achieve self-sufficiency, participants worked in crews in closely supervised jobs with gradually increasing demands.

require that they make greater costlier investments in economic development or transportation. The wide variation in benefit levels across states (as illustrated in Table 3) highlights the difficulties some states will face. Under the AFDC program, the maximum annual benefit for family of three ranged from \$1,440 in Mississippi to \$11,076 in Alaska. Nationally the cost of a part-time child care slot is \$3,160 a year; a full-time, full-year slot costs \$4,406. In 11 states and territories the cost for part-time child care is greater than the welfare benefit.

More than in its predecessor programs, TANF requires that states deal with special needs populations. These include individuals who are substance abusers as well as those who are victims of domestic violence. Over a quarter of the AFDC caseload includes adults with disabilities and, under prior law, these individuals were exempted from the training and work requirements of the JOBS program. States have never addressed preparing recipients with disabilities for work including special case management, remedial services and accommodations.