

More Than Half the Nation Enacting Welfare Reform Under the Clinton Administration

The Clinton Administration has approved 33 demonstrations in 29 states, launching welfare reform for thousands of families in more than half of the states, more than the two previous Administrations combined. In an average month, the welfare demonstrations cover 6.8 million people, representing 48 percent of all recipients. All of the waivers which we have granted build on many of the central principles of President Clinton's vision for welfare reform, including:

PRINCIPLE	DESCRIPTION	STATES APPROVED
Work	<i>Twenty-One states</i> are helping people move from welfare to work, from receiving welfare checks to earning paychecks, by increasing education and training opportunities and creating public/private sector partnerships.	21 - Arizona, Connecticut, Delaware, Florida, Georgia, Hawaii, Indiana, Michigan, Mississippi, Missouri, Montana, Nebraska, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Vermont, Virginia, Wisconsin, Wyoming
Time Limited Cash Assistance	<i>Seventeen states</i> are making welfare a transitional support system, rather than a way of life, by providing opportunity, but demanding responsibility in return.	17 - Arizona, Colorado, Connecticut, Delaware, Florida, Indiana, Iowa, Michigan, Missouri, Montana, Nebraska, Oklahoma, South Carolina, South Dakota, Vermont, Virginia, Wisconsin
Child Support Enforcement	<i>Fourteen states</i> are strengthening child support enforcement and sending a clear message that both parents must be responsible for their children.	14 - Arizona, Connecticut, Delaware, Indiana, Michigan, Mississippi, Missouri, Montana, New York, Ohio, Oregon, Vermont, Virginia, Wisconsin
Making Work Pay	<i>Twenty-Five states</i> are providing incentives and encouraging families to work not stay on welfare, so they can achieve and maintain economic self-sufficiency.	25 - Arizona, California, Colorado, Connecticut, Delaware, Florida, Illinois, Indiana, Iowa, Michigan, Mississippi, Missouri, Montana, Nebraska, New York, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Vermont, Virginia, Wisconsin, Wyoming
Parental Responsibility	<i>Twenty-Two states</i> are promoting parental responsibility by encouraging education, or limiting benefits for families who have another child while on AFDC.	22 - Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Mississippi, Missouri, Nebraska, New York, Ohio, Oklahoma, Pennsylvania, South Carolina, Vermont, Virginia, Wisconsin, Wyoming

W. B. ...

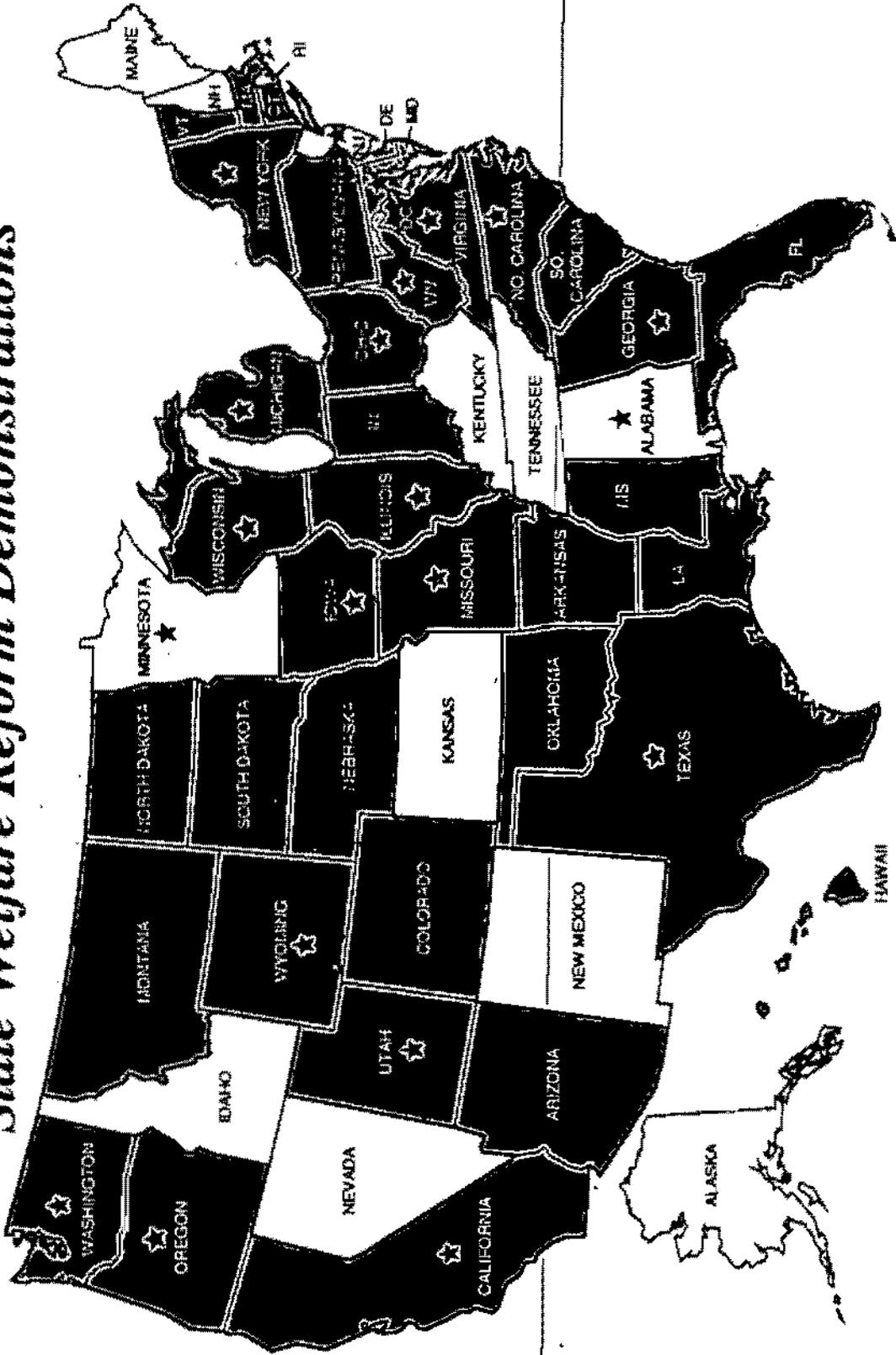
More Than Half the Nation Enacting Welfare Reform Under the Clinton Administration

The Clinton Administration has approved 53 demonstrations in 37 states, launching welfare reform for thousands of families in more than half of the states, more than the two previous Administrations combined. In an average month, the welfare demonstrations cover over 10 million people, representing over 73 percent of all recipients. All of the waivers which we have granted build on many of the central principles of President Clinton's vision for welfare reform, including:

PRINCIPLE	DESCRIPTION	STATES APPROVED
Work	<i>Twenty-Eight states</i> are helping people move from welfare to work, from receiving welfare checks to earning paychecks, by increasing education and training opportunities and creating public/private sector partnerships.	28 - Arizona, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Utah, Vermont, Virginia, West Virginia, Wisconsin, Wyoming
Time Limited Cash Assistance	<i>Twenty-Four states</i> are making welfare a transitional support system, rather than a way of life, by providing opportunity, but demanding responsibility in return.	24 - Arizona, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Louisiana, Maryland, Michigan, Missouri, Montana, Nebraska, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Vermont, Virginia, Washington, Wisconsin
Child Support Enforcement	<i>Nineteen states</i> are strengthening child support enforcement and sending a clear message that both parents must be responsible for their children.	19 - Arizona, Connecticut, Delaware, Georgia, Indiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, New York, North Carolina, North Dakota, Ohio, Oregon, Vermont, Virginia, Wisconsin
Making Work Pay	<i>Thirty-Three states</i> are providing incentives and encouraging families to work not stay on welfare, so they can achieve and maintain economic self-sufficiency.	33 - Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, North Carolina, North Dakota, Nebraska, New York, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming
Parental Responsibility	<i>Thirty states</i> are promoting parental responsibility by encouraging education, or limiting benefits for families who have another child while on AFDC.	30 - Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Carolina, Texas, Vermont, Virginia, Wisconsin, Wyoming

WR - Waivers

State Welfare Reform Demonstrations



UK-Waites

■ Clinton Administration ★ Previous Administrations

As of April 17, 1996

The New York Times
Friday, June 28, 1996

WR - Waivers

Michigan Asks U.S. to Consent To a Work-for-Welfare Plan

By ROBYN MENEDITH

DETROIT, June 27 — The State of Michigan asked the Clinton Administration today for permission to undertake a vast welfare overhaul whose central provision would mandate work in exchange for benefits.

This afternoon the state delivered to the Federal Department of Health and Human Services an inch-high stack of documents requesting the necessary waivers — 75 exemptions in all — that would allow it to deviate from the Government's welfare rules.

In addition, two Michigan Republicans — Senator Spencer Abraham and Representative Dave Camp — introduced in Congress today legislation that would mandate the Government's approval of the waivers.

Michigan's Governor, John Engler, along with Gov. Tommy G. Thompson of Wisconsin, has been in the forefront of a Republican effort for a vast change in national policy that would end welfare's status as a Federal entitlement and grant the states, with virtually no strings, the authority to design and administer their own welfare programs.

President Clinton signaled his support last September for one welfare-overhaul bill approved by the Senate but vetoed a later version of it, calling it too harsh on children. In the meantime, states like Michigan, granted a variety of waivers by Washington, have proceeded with their own experiments, imposing restrictions on welfare beneficiaries and treating work incentives.

In submitting the new waiver requests today, Mr. Engler, frequently mentioned as a possible running mate of Bob Dole, the apparent Republican Presidential nominee, blamed the Administration for the delay in changing the nation's welfare laws.

"President Clinton, who has said he wants to end welfare as we know it, has done his utmost to protect a failed system and preserve welfare as we know it," the Governor said.

Melissa T. Skoffield, an Assistant Secretary of Health and Human Services, defended Mr. Clinton's record.

"The President has said repeatedly that he would like Congress to pass national welfare reform legislation," Ms. Skoffield said, "but in the meantime we have used our waiver authority under current law to aggressively reform the welfare system state by state."

In all, the Administration has now granted 49 states a total of 87 such waivers. An additional waiver

seemed at hand last month, when Mr. Clinton, in a radio address, appeared to endorse a Wisconsin plan intended to abolish welfare. But since then, Administration officials have said they have concerns about some of that plan's central provisions.

Both Michigan and Wisconsin would move welfare policy in the same direction: They would require nearly all welfare recipients to work, and they would quickly cut off benefits to those who did not. But the Michigan plan stops short of Wisconsin's proposal, which would not guarantee a job and could leave even those who qualify for benefits without government aid.

This difference in the two approaches may make it easier for Michigan to win the Administration's approval.

In fact, on Wednesday the Administration approved part of an earlier waiver request from Michigan: the Department of Health and Human Services agreed to allow the state to cut off cash benefits to teen-age parents who do not live with their own parents or other adults, and to teen-age parents who skip school.

On the other hand, the Department of Agriculture, which handles waiver

States' requests for welfare waivers continue to flower.

requests for the food-stamp program, today denied Michigan permission to cut off stamps to the very same beneficiaries who were the subject of the Health and Human Services waiver. The department said it lacked the legal authority to grant such a waiver.

Mr. Engler today called for Mr. Clinton to approve Michigan's new waiver requests within 30 days. But Ms. Skoffield said a decision was unlikely to come so quickly because Michigan's complex application did not meet requirements for so-called fast-track approval. As a result, she said, a 30-day period for public comment is first necessary, and the Administration's goal will be to reach a decision within four months.

The Michigan plan takes a carrot-and-stick approach to welfare.

The state would cut off welfare benefits and food stamps within 60 days to recipients who refused to take a job offered or, if no job was available, to those who refused to perform community-service work or enroll in job-training programs.

But the state would guarantee access to health care, transportation and child care for those who participated in the program. Michigan would also pay to continue Medicaid benefits for one year for welfare recipients who find jobs in the private sector but lack health insurance.

Michigan's welfare caseload has dropped significantly over the last two years, but it is unclear whether it is the changes in the political climate or in the economic climate that deserve the greater credit.

Mr. Engler has repeatedly pointed to the decline in the state's caseload as evidence that his earlier welfare changes are working. There are now 176,834 people receiving welfare benefits in the state, down 20 percent from the levels of two years ago.

But the numbers have been helped by Michigan's strong economy. Buoyed by an automobile industry that is earning record profits, the state has boomed in recent years, and unemployment is low.

More Than Half the Nation Enacting Welfare Reform Under the Clinton Administration

The Clinton Administration has approved 58 demonstrations in 37 states, launching welfare reform for thousands of families in more than half of the states, more than the two previous Administrations combined. In an average month, the welfare demonstrations cover over 10 million people, representing over 75 percent of all recipients. All of the waivers which we have granted build on many of the central principles of President Clinton's vision for welfare reform, including:

PRINCIPLE	DESCRIPTION	STATES APPROVED
Work	<i>Twenty-Nine states</i> are helping people move from welfare to work, from receiving welfare checks to earning paychecks, by increasing education and training opportunities and creating public/private sector partnerships.	29 - Arizona, Connecticut, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, Wyoming
Time Limited Cash Assistance	<i>Twenty-Seven states</i> are making welfare a transitional support system, rather than a way of life, by providing opportunity, but demanding responsibility in return.	27 - Arizona, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Louisiana, Maryland, Massachusetts, Michigan, Missouri, Montana, Nebraska, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Vermont, Washington, Wisconsin
Child Support Enforcement	<i>Twenty states</i> are strengthening child support enforcement and sending a clear message that both parents must be responsible for their children.	20 - Arizona, Connecticut, Delaware, Georgia, Indiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, New York, North Carolina, North Dakota, Ohio, Oregon, Texas, Vermont, Virginia, Wisconsin
Making Work Pay	<i>Thirty-Four states</i> are providing incentives and encouraging families to work not stay on welfare, so they can achieve and maintain economic self-sufficiency.	34 - Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming
Parental Responsibility	<i>Thirty-one states</i> are promoting parental responsibility by encouraging education, or limiting benefits for families who have another child while on AFDC.	31 - Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Texas, Vermont, Virginia, Wisconsin, Wyoming

Welfare Waivers

To Esua Rahm FYI - I talked to Dave last week & meant to tell you

Fri.
good
piece.
Melina

Social Issues

THE SAFETY NET

THE SILENT WELFARE REFORMS

Many states are finding creative ways to cut the rolls

Peggy Davis, 24, manager of a Popeye's Famous Fried Chicken restaurant in Milwaukee, weaned herself from welfare after 15 years, so she figures that other moms can quit the dole too. "It's beautiful to be working," she says, before hefting a batch of chicken into the deep-fat fryer. "Some mothers don't want to do anything with their life. But it ain't worth lazing around."

Davis didn't make the transition from welfare to work unassisted, however. Wisconsin, which has been furiously experimenting with a range of pilot programs, provides Davis' company with monthly work subsidies of up to \$400 for some employees for up to nine months. And although Davis has been working for four years, she still receives Medicaid for herself and her four children.

Now, Wisconsin is seeking approval in Washington for a radical new statewide move that would end the notion of limitless entitlement, forcing most recipients into jobs beginning in late 1997. The innovative program, called Wisconsin Works, or W-2, would provide subsidized employment, means-tested child care, and extended medical care to families to keep them working and off welfare rolls.

Wisconsin isn't the only state tinkering with the 60-year-old federal welfare system. While Democrats and Republicans in Washington have wrangled for two

years over competing welfare legislation, a quiet revolution has taken place in state capitals. In the past three years, 27 states have sought and received 60 separate waivers from strict federal rules on Aid to Families with Dependent Children, which is funded by Washington but administered by the states. Waivers now cover 10 million welfare recipients—more than 70% of the total.

Conservative advocates of welfare reform are delighted with what's happen-

ing in local welfare offices. "Bill Clinton can justifiably claim that he has indeed ended welfare as we know it," says Douglas J. Besharov, a welfare expert at the American Enterprise Institute, a conservative think tank. Clinton twice vetoed GOP welfare overhauls last year after his own measure stalled in Congress. But thanks in part to the Administration's waiver program—and a strong economy—welfare caseloads are down 2.5% since 1992, compared with the 31% increase during the Bush Administration, according to Besharov.

Have any of the states found the key to ending welfare dependency? Critics point out that lawmakers aren't being saved any money, but allow that local experiments do demonstrate benefits. Many of the ideas may yet be applicable to federal legislation. But final results from independent audits aren't in, and the two most critical questions will take the longest to answer. What happens to the current successes when the economy goes south? And, what is the effect of all the tinkering on poor children?

THE NEW LANDSCAPE

OREGON Provides up to nine months of work, guaranteeing wages above combined state and food stamp benefits.

MISSOURI Expands eligibility to two-parent families. Provides childcare for up to 16 months; teen parents and pregnant teens must attend school.



UTAH Recipients can earn some wages without ending benefits. But benefits end if teen parents don't get education and training.

COLORADO Participants must find work or training after two years, but get cash for graduating from high school.

MICHIGAN Recipients must seek work, but can own a car without affecting eligibility. Immunizations required for pre-school-age kids.

■ States that have won federal clearance to modify welfare programs
□ No changes made

of all the tinkering on poor children? The ambiguities abound. Take Ohio's Learning, Earning, and Parenting program, or LEAP, which requires teens receiving AFDC to stay in school or face benefit reductions. Such "earnfare" programs have already spread to 27 states, and on May 4, Clinton announced that he was signing an executive order extending LEAP's provisions to all states. A recent study by Manpower Demonstration Research Corp., an independent auditor, concluded that those who stayed in school experienced a 40% increase in employment rates. But LEAP has had no effect on teens already out of school.

The controversial "family cap" plan has produced mixed results. The idea, which 20 states are employing in some form, is to remove automatic support for bringing more children into a welfare family. Family cap proponents trumpeted an apparent 59% drop in illegitima-

(OVER)

Social Issues

cy among New Jersey welfare mothers after the state, in 1992, stopped sending AFDC payments for children conceived while the mothers were on welfare. But then Rutgers University researchers revised the illegitimate birth decline to 6.7%—and discovered a similar drop in a control group of mothers not on welfare.

The effect of time limits on AFDC benefits is also murky. The federal program places no limit on the number of years AFDC recipients can receive checks, but 27 states have been granted waivers to limit benefits. Florida limits most recipients to two years of aid; in any five-year period, although Medicaid and food stamps aren't affected. But studies of Florida's program are inconclusive. In any case, 42% of welfare mothers historically have managed to find jobs within two years of signing up for AFDC, limiting the impact time limits can have.

"Welfare." Even if such programs succeed in getting people off the dole, they don't come cheap. Despite some claims that reform will reduce costs in the long run, savings mostly haven't materialized. True, Wisconsin's spending has dropped since 1997—but the state has budgeted \$180 million for child-care costs alone in 1998, up from \$83 million this year. More will go into elementary job



EX-WELFARE MOM

Peggy Davis: "Some mothers don't want to do anything with their life. But it ain't worth lazying around"

a 55% caseload reduction, studies show. "Many states haven't had to even worry about creating public-sector jobs, but things get much more difficult when you shift the focus to rural areas in Utah or to older cities where jobs are scarce," warns LaDonna Favetti, a welfare expert at the Urban Institute.

But troubling of all, liberals and conservatives alike point to a failure to check illegitimacy, the stubborn problem at the core of welfare. Nearly a third of U.S. children are still born out of wedlock. They are seven times as likely to grow up poor than children born to couples who remain married. The challenge of reducing such births will be the ultimate test of any welfare reform. It's certainly worth trying to make legitimacy with family care, benefit time limits, and stay-in-school schemes. But it will be years before anyone figures out if it has worked.

By Paul Magnusson in Washington and Richard A. Melcher in Chicago

Economic Trends

BY GENE MORITZ

BREAKING THE TIES TO WELFARE

Many single mothers try—and fail

If America's efforts to turn welfare-dependent single mothers into self-sufficient wage-earners are to bear fruit, reformers will need to understand the actual circumstances of such women. A new study, by Kathryn J. Edin of Rutgers University and Laura Linn of the University of Texas at Austin, to be published by the Russell Sage Foundation provides just such details.

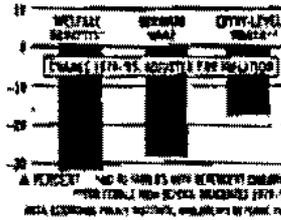
The study—based on six years of close observation and multiple inter-

views with some 400 representative low-income single mothers in Massachusetts, Texas, Illinois, and South Carolina—captures a number of popular views. Rather than being passively dependent on welfare checks and averse to work, for example, almost half of the welfare recipients in the group supplemented welfare with covert work—usually legitimate jobs off the books. And nearly 9 of 10 received some help from family, friends, boyfriends, and absent fathers.

Such numbers explain why most welfare recipients who leave welfare for work return to welfare for another spell. While 65% of the welfare moms interviewed had worked in the past five years, many said that they were simply unable to make it financially in the low-wage, dead-end jobs available to them.

Indeed, a majority of the women studied had repeatedly tried to leave welfare for work. And most had vowed intentions to do so permanently if they could obtain child care and adequate training to improve their economic positions. The bad news, say Edin and Linn, is that the current labor market and the training programs available to them seem woefully inadequate to provide the decent-paying jobs they need to become self-sufficient.

HARD TIMES FOR POVERTY MOMS



Such strategies, the researchers found, are essential for economic survival, since benefits have fallen sharply in real terms in recent decades (chart). The welfare families surveyed had average monthly expenses of \$370 in 1991, of which 70% went for necessities such as food, shelter, clothing, medical care, and transportation. Yet their welfare incomes, via Aid to Families with Dependent Children and food stamps, averaged just \$265.

What's more, Edin calculates that in order to leave the welfare rolls without lowering their living standards, the mothers studied would need an extra \$150 a month for work-related costs (including transportation, child care, and

clothing), plus \$125 for higher rents (lower housing subsidies). That comes to some \$18,000 a year—far above the \$10,000 or so low-wage year-round workers could expect to earn in 1991.

Editorials & Op-Ed

GIVE THIS WORKFARE PLAN A CHANCE

Remember Clinton's 1992 promise to end welfare as we know it and the GOP's 1994 pledge to reform welfare? Clinton's proposed overhaul was born on Capitol Hill, and he vetoed two GOP-backed reform plans. If all you heard was the debates in Washington, you'd call welfare reform a dead end.

The truth is almost the opposite. States are experimenting, trying to see what policy changes might turn the welfare safety net into an economic ladder. This burst of welfare innovation has been fueled by the Clinton Administration's granting 87 states some 80 waivers from rigid federal rules on Aid to Families with Dependent Children, the nation's principal welfare program. It's stunning how widespread the innovation has become: More than 10 million people, or over 75% of welfare recipients, are affected by state experimentation.

Now, Wisconsin Governor Tommy G. Thompson has signed one of the most sweeping overhauls of all, the "Wisconsin Works" plan. It would provide welfare payments only to those willing to work, seek work, or get training. To make "workfare" possible, Wisconsin will provide child care, job training, transportation, extended Medicaid benefits and, in some cases, subsidies to employers. All this costs money, and Wisconsin will actually spend more money, at least in the short run.

The program has promise, and the federal government should grant Wisconsin the waiver it needs. Yet Washington should monitor the program carefully. There is a lot of skepticism about whether an unskilled single mother can support herself and her children by working, especially when the next economic downturn strikes. Yet, as Supreme Court Justice Louis Brandeis wrote in 1932, "It is one of the happy accidents of the federal system that a single courageous state may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country." Let's find out if workfare really works.

BUSINESS WEEK / MAY 20, 1996

WR - Waivers

Revised

Question and Answer on D.C. Waiver

Q: Clay Shaw claims that the Administration is allowing D.C. and several states to avoid implementing the tougher provisions of the new welfare legislation by granting them waivers. How do you respond?

A: Congress included a provision in the legislation that would give states the option to continue their welfare reform demonstrations under the new law. Although we believe that most states will no longer need waivers to implement welfare reform under the new law, the Administration has granted waivers to D.C. and the two other new states (Idaho and Kansas) that requested them, just as we had for 41 states previously. Representative Shaw helped add this provision to the legislation; it clearly protected the 41 states that had already received waivers, as well as those that received waivers prior to the law's enactment.

It is the Administration's understanding that all states would have to meet the work participation rates in the legislation. In other words, this is not going to undermine the work requirements in the new law.

(Background: 41 states had waivers when Representative Shaw amended the bill. HHS has since granted waivers to three additional jurisdictions: Kansas, Idaho, and D.C. Idaho and Kansas have Republican governors.)

WR-Waves



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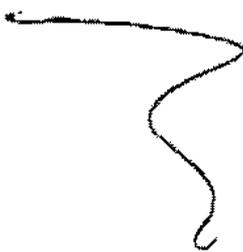
To: Bruce Reed

Fax: _____ Phone: _____

Date: _____ Total number of pages sent: _____

Comments:

waiver info —
sent to Rahm.



WELFARE WAIVER PROCESSING TIMES

Median time for approved waivers: 158 days.

Median time for active pending requests: 70 days.

In FY95 HHS approved a waiver demonstration every nine working days.

MAY-21-1996 17:39 FROM

TO

2608180 P.03

Question:

Senator Dole noted that the time it takes your agency to grant waivers takes years, not days. How can you justify pending waiver requests that are still on the books from 1994?

Answer:

- o Only 4 states have waiver requests going back to 1994: California, Kansas, New Hampshire and Pennsylvania. With one exception, those States had asked us to hold further Federal action on their requests.
- o For example, the oldest pending request from New Hampshire was submitted in September 1991. We offered the State draft terms and conditions under which we would approve their request one month later, in October 1993. The waiver request, based on State legislation, would have increased earned income disregards for the purpose of encouraging work. Though the State included a different scheme to increase earned income disregards in a waiver request they submitted last September, they never gave us the go ahead to approve that waiver and have never formally withdrawn it.
- o We had worked out the specifics of an agreement with the State of Kansas in April of 1995 and stood ready to approve the waiver when the State asked us to table further action. On April 30 of this year, the State submitted an amended request which is now under review.
- o In the case of Pennsylvania, we promptly initiated a review process of waiver requiring school attendance and expected to approve quickly. However, the State soon thereafter asked us to hold up further Federal action while they worked with the schools to work out certain details. It has remained on hold at the State's request.
- o Upon receiving the other Pennsylvania waiver request for the Savings for Education Program, we immediately informed the State that they might prefer to implement the provisions through a State plan amendment rather than as a demonstration project requiring waivers. The State chose to look into this option, and again, asked us to defer further action.
- o The only "old" application that a State has not asked us to hold is one from California that would deny additional cash assistance to families following the birth of a child conceived while receiving AFDC. We have offered the State draft terms and conditions on which we would approve that waiver request on more than one occasion, most recently in a letter dated February 1, 1996.

MAY-21-1996 17:39 FROM

TO

2608180 P.04

SUMMARY OF PENDING WAIVER APPLICATIONS - AS of 5/22/96**TOTAL - 25 applications from 18 States****ACTIVE - Median time pending = 70 days****States Applications - 20 Applications from 17 States****Wyoming (New Opportunities and New Responsibilities: Phase II - Amendments)**

Received: 5/13/96 Pending: 9 days

Wisconsin (Work Not Welfare and Pay for Performance Demonstration Projects - Amendments)

Received: 5/8/96 Pending: 14 days

Hawaii (Pursuit of New Opportunities (PONO) Program)

Received: 5/7/96 Pending: 15 days

Tennessee (Families First)

Received: 5/1/96 Pending: 21 days

Kansas (Actively Creating Tomorrow for Families Demonstration)Received: 4/30/96 Pending: 22 days¹**Maryland (Family Investment Program)²**

Received: 4/26/96 Pending: 26 days

Michigan (To Strengthen Michigan Families Demonstration - Amendments)³

Received: 4/26/96 Pending: 26 days

Minnesota (Work First Program)

Received: 4/4/96 Pending: 48 days

Minnesota (AFDC Barrier Removal Project)

Received: 4/4/96 Pending: 48 days

California (California Work Pays Demonstration Project - Amendments)⁴

Received: 3/13/96 Pending: 70 days

California (California Work Pays Demonstration Project - Amendments)⁵

Received: 3/13/96 Pending: 70 days

Utah (Single Parent Employment Demonstration - Amendments)

Received: 2/7/96 Pending: 95 days

Indiana (Impacting Families Welfare Reform Demonstration Project - Amendments)

Received: 12/14/95 Pending: 160 days

MAY-21-1996 17:48 FROM

TO

2608160 P.05

Oklahoma (Welfare Self-Sufficiency Initiative)

Received: 10/27/95 Pending: 207 days

New Hampshire (New Hampshire Employment Program)⁶

Received: 10/6/95 Pending: 228 days

Florida (Family Responsibility Act)

Received: 10/4/95 Pending: 230 days

Maine (Welfare to Work Program)

Received: 9/20/95 Pending: 244 days

New Hampshire (New Hampshire Employment Program and Family Assistance Program)

Received: 9/18/95 Pending: 247 days

Illinois (Six Month Paternity Establishment Demonstration)

Received: 7/18/95 Pending: 309 days

Georgia (Jobs First Project)

Received: 7/5/95 Pending: 321 days

INACTIVE (State has not accepted reasonable offer)**1 applications from 1 State****California (California Work Pays Demonstration Project - Amendments)⁷****INACTIVE (State has asked us to hold further Federal action)****4 applications from 3 States****California (California Work Pays Demonstration Project - Amendments)¹****New Hampshire (Earned Income Disregard Demonstration Project)⁶****Pennsylvania (School Attendance Improvement Program)****Pennsylvania (Savings for Education Program)****NOTES:**

1. Proposal significantly amends a previously pending proposal received 7/26/94. We were prepared to approve the earlier proposal on April 14, 1995, but the State asked us to hold Federal action pending the outcome of national welfare reform legislation.
2. Would expand provision of currently operating pilot component statewide and add additional statewide provisions.

MAY-21-1996 17:48 FROM

TO

2608188 P.06

3. Would amend current demonstration by adding requirements that minor parent live in supervised setting and attend school.
4. Would add provisions to the previously approved California Work Pays Demonstration Project that reduced Maximum Aid Payment (MAP) statewide and established region-based MAP and need standard.
5. Would add provision not to count grandparent's income to a minor parent's child living in same household to the previously approved California Work Pays Demonstration Project.
6. Portion of currently pending application resubmitted under Fast Track/30 day approval procedures.
7. Would add family cap provision to the previously approved California Work Pays Demonstration Project.
8. Would add provisions to decrease benefits after periods of time on assistance to the previously approved California Work Pays Demonstration Project.
9. Application received 9/20/93. It would have increased earned income disregards for applicants and recipients. State was sent draft terms and conditions on which we could have approved the project October 28, 1993 but chose not to pursue any further action on the project. They never formally responded in writing nor withdraw the proposal. However, their newest proposal includes a different increase in earned income disregards and many other features.

Status of Welfare Reform Waiver Applications

QUESTION:

What is the status of the pending waiver requests from California?

ANSWER:

- California currently has four requests for welfare reform demonstration pending. Each proposes various amendments to the operating Assistance Payments Demonstration Project and California Work Pays Demonstration Project. They include:
 - The first application, dealing with reductions in AFDC cash benefits related to the amount of time a family has been on assistance was received March 14, 1994. The State asked us to hold our review of a request.
 - The second application, would implement a family cap under which additional benefits would not be provided to a family following the birth of a child conceived while receiving AFDC. It was received November 9, 1994. Draft terms and conditions on which we might reach an agreement were offered to the State in August of 1995 and February of this year. However, the State has rejected these terms and conditions.
 - Two other applications were recently received on March 13. We have begun a review of these applications and published a description in the Federal Register in order to facilitate public comment. We have also requested, and are waiting for, information from the State concerning how they would prefer to structure one of these initiatives.
- We have approved five previous applications from the State.

QUESTION:

What is the status of the pending waiver request from Florida?

ANSWER:

- HHS received the waiver request, "Family Responsibility Act," on October 4, 1995.
- A list of questions and issues was sent to the state on January 22, 1996.
- After discussions with the state, draft terms and conditions were sent on April 18, 1996.
- We are awaiting the state's response and expect to move toward final terms and conditions soon.

MAY-21-1996 17:41 FROM

TO

2628162 P.09

QUESTION:

What is the status of the pending waiver request from Georgia?

ANSWER:

- HHS received Georgia's request for waivers to implement the Jobs First demonstration on June 30, 1995.
- ~~Shortly after the proposal was submitted, we were asked to curtail our review for several months, because a State legislator had indicated a desire to submit an amendment to a pending bill to terminate the proposal. At the end of the session, the amendment had not materialized, and we were subsequently asked to resume the review process.~~
- However, shortly afterward, the State asked us to again defer action on Jobs First in order to concentrate our efforts on another waiver request (Work for Welfare) that the State had also previously asked us to temporarily hold action. That proposal has since been approved and implemented.
- At the State's request, we resumed our review of the Jobs First proposal and sent the State a list of issues and questions resulting from our Federal review on January 19, 1996. We are waiting to receive the State's response before moving forward on a final decision.

MAY-21-1996 17:41 FROM

TO

2608160 P.10

QUESTION:

What is the status of the pending waiver request from Hawaii?

ANSWER:

- HHS received Hawaii's welfare reform waiver request earlier this month, on May 7.
- We have begun a Federal review of the application. In accordance with our procedures for processing these requests, we will published a description of the state's proposal in the Federal Register allowing for a 30-day public comment period.

QUESTION:

What is the status of the pending waiver request from Illinois?

ANSWER:

- MHS received Illinois' request for waivers to implement the Six-Month Paternity Establishment Demonstration on July 18, 1995.
- Draft terms and conditions on which we might reach an agreement were offered to the State in November of 1995 and February of this year. However, the State has rejected these terms and conditions.
- Based on continued discussions with the state, we sent revised draft terms and conditions on April 24. We are currently waiting for the state's response.

MAY-21-1996 17:42 FROM

TO

2608180 P.12

QUESTION:

What is the status of the pending waiver request from Indiana?

ANSWER:

- Indiana's pending welfare reform waiver request, which would amend the currently operating "Impacting Families Welfare Reform Demonstration," was originally received on December 14, 1995 and additional amendments were received on February 6, 1996.
- On March 4, 1996 we sent the State a list of issues and questions resulting from our Federal review of the proposal. We have been waiting to receive the State's response before moving forward. On May 20 we had a conference call with state staff to discuss the questions and issues and will shortly send them draft terms and conditions.

MAY-21-1996 17:42 FROM

TO

2608180 P.13

QUESTION:

What is the status of the pending waiver request from Kansas?

ANSWER:

- HHS received the state's original welfare reform waiver request, "Actively Creating Tomorrow for Families," on July 26, 1994 and received amendments on April 30, 1996.
- Draft terms and conditions on which approval could be granted were sent to the state on March 15, 1995.
- Final terms and conditions of approval were being sent to the Secretary for a decision on April, 1995 when the state requested that a final decision be put on hold.
- We received the amended request on April 30, 1996 and met with state officials on May 13.
- We have begun to draft terms and conditions which we will send to the state soon.

MAY-21-1996 17:42 FROM

TO

2609180 P.14

QUESTION:

What is the status of the pending waiver request from Maine?

ANSWER:

- NHS received the "Welfare to Work Program" waiver request from the state on September 20, 1995.
- On October 19, 1995 we sent the state a list of questions and issues. We received partial responses to these questions and issues over several months between January and April 1996.
- Draft terms and conditions were sent to the state on April 26 and a conference call was held on May 2 to clarify remaining questions.
- We expect to send revised terms and conditions to the state shortly and move toward a final decision soon.

MAY-21-1996 17:43 FROM

TO

2608180 P.15

QUESTION:

What is the status of the pending waiver request from Maryland?

ANSWER:

- HHS received Maryland's welfare reform waiver request, "Family Investment Program - Amendments," on April 26, 1996.
- We have begun a review of the application, published a description in the Federal Register in order to facilitate public comment, and begun discussions with the state.

MAY-21-1996 17:43 FROM

TO

2600160 P.16

QUESTION:

What is the status of the pending waiver request from Michigan?

ANSWER:

- Michigan's pending welfare reform waiver request, which would amend the currently operating "To Strengthen Michigan Families Demonstration Project," was received April 26, 1996.
- We have begun a Federal review of the request and a letter addressing certain issues of concern was sent to the State May 3.

Background

- Michigan also submitted another non-welfare reform waiver request which remains pending. It would permit the State to divert up to 10 percent of a family's AFDC benefit to a shelter provider who obtains a court judgment for nonpayment of rent or property damage.
- HHS's is currently reviewing waiver issues related to request.

QUESTION:

What is the status of the pending waiver request from Minnesota?

ANSWER:

- HHS received two welfare reform waiver applications, "Work First Program" and "AFDC Barrier Removal," on April 4, 1996.
- We met with state officials on May 16 to discuss issues and obtain clarifications.
- We are drafting terms and conditions which we will send to the state.

QUESTION:

What is the status of the pending waiver requests from New Hampshire?

ANSWER:

- We received New Hampshire's request for waivers to implement the New Hampshire Employment Program and Family Assistance Program on September 18, 1995.
- We promptly notified the State that a significant portion, but not all of the waiver request was eligible for expedited review and approval under our fast-track process. The State submitted a separate request for these provisions on October 6, 1995 and we promptly sent draft terms and conditions to the State less than two weeks later.
- The State never accepted terms and conditions under the fast-track review, so we proceeded to work diligently with State staff to reach an agreement on the whole package.
- After resolving initial issues and reaching an oral agreement, we sent the State draft terms and conditions on March 19, 1996.
- We have continued discussions with the State on additional issues, but are waiting on the State to provide language on amendments they are proposing to their program.
- As soon as we receive these amendments, we are confident that we will issue a final decision on New Hampshire's proposal.

MAY-21-1996 17:44 FROM

TO

2600100 P.19

QUESTION:

What is the status of the pending waiver request from Oklahoma?

ANSWER:

- We received Oklahoma's request for waivers to implement the Welfare Self-Sufficiency Initiative on October 27, 1995.
- An analysis paper was sent to the State on January 26, 1996, shortly after we returned from the Federal shutdown.
- The State did not send a response to these issues until April 4, 1996.
- We have resolved the remaining issues with the State and expect to send Oklahoma draft terms and conditions within the next week. If they find these acceptable, we would move promptly to issue a final decision on their waiver.

QUESTION:

What is the status of the pending waiver requests from Pennsylvania?

ANSWER:

- Two applications are pending from Pennsylvania.
- HHS received Pennsylvania's request for waivers to implement the School Attendance Improvement Program September 12, 1994. An analysis paper listing issues and questions identified as a result of a Federal review of their application for the School Attendance Improvement Program was sent to the State in November of 1994. The State is currently working out details with potential school districts before getting back to us to continue the process of finalizing a decision on this proposal.
- At our suggestion, the State is also currently exploring whether they would prefer to implement the provisions of their proposed Savings for Education Program through State plan amendment rather than as a demonstration project requiring waivers. The application was received December 29, 1994.

Background

- The State also recently wrote us to ask whether there are any impediments to receiving approval of waivers to allow the State to deny AFDC to a person who has been sentenced for a felony or misdemeanor offense or who fails to appear at a criminal court proceeding when summoned as a defendant and to allow the State Police and Board of Probation and Parole to have access to recipient identification (finger imaging) records.
- We sent a letter responding that we do not have the legal authority to approve such waivers. The Secretary of Health and Human Services may approve waivers under authority of section 1115 of the Social Security Act only for demonstrations that serve the objectives of the Act, i.e., to furnish financial assistance and increase family capability for self-support. The proposed provisions do not seem to serve those purposes but rather appear to serve only criminal justice objectives.
- The letter also says that we support their intentions and explain the parameters under which they may assist law enforcement officials in their duties under the Act. continue to receive public assistance and remain financially dependent on taxpayers. Under section

MAY-21-1996 17:45 FROM

TO

2608180 P.21

QUESTION:

What is the status of the pending waiver request from South Carolina?

ANSWER:

- HHS received the waiver application, "Family Independence Program," on June 12, 1995.
- We worked with the state to resolve issues and clarify their proposal.
- On May 3, 1996 we issued final terms and conditions of approval to the state to implement their demonstration.

QUESTION:

What is the status of the pending waiver request from Tennessee?

ANSWER:

- HHS received Tennessee's request for waivers to implement Families First on May 1, 1996.
- We have begun a Federal review of the proposal and have begun initial discussions with the State.

QUESTION:

What is the status of the pending waiver request from Utah?

ANSWER:

- HRS received the waiver application, "Single Parent Employment Demonstration - Amendments," on February 7, 1996.
- A list of questions and issues was sent to the state on April 3, 1996.
- Based on the response from the state, we are drafting terms and conditions which we expect to send to the state shortly.

QUESTION:

What is the status of the pending waiver request from Wisconsin?

ANSWER:

- HHS received the welfare reform waiver application, which would amend two previously approved demonstrations, on May 8, 1996.
- We are currently reviewing the proposal and will publish a description in the Federal Register to facilitate public comment.

QUESTION:

What is the status of the pending waiver request from Wyoming?

ANSWER:

- MHS recently received the welfare reform waiver request, "New Opportunities and New Responsibilities - Phase II (Amendments)," on May 13, 1996.
- We are currently reviewing the proposal and will publish a description in the Federal Register to facilitate public comment.

FACSIMILE TRANSMISSION
Assistant Secretary
The Administration for Children and Families

WR-Waives

DATE:

May 17, 1996

TO:

Thomas Keck
Telephone: *456-6575*
Fax: *456-5557*
Number of Pages (excluding cover): *5*

FROM: Mary Jo Bane
Assistant Secretary for Children and Families

Telephone: (202)401-2337
Fax: (202)401-4678

MESSAGE:



Department of Health and Human Services
Administration for Children and Families
370 L'Enfant Promenade, S.W., Washington, D.C. 20447
Phone: (202) 401-9200

DRAFT--5/16/96--DRAFT--DRAFT

MEMORANDUM TO THE PRESIDENT

SUBJECT: What We're Learning from Welfare Reform Demonstrations

BACKGROUND

Since the spring of 1993, the Department has approved ___ welfare reform demonstrations in ___ states. Currently over three-quarters of all AFDC recipients reside in a geographical area which is subject to one or more welfare reform waiver provisions. That the vast majority of states have embodied the Administration's approach to reform is evident from the following:

- ___ states have strengthened their work and training requirements,
- ___ states have made work pay by allowing recipients to keep more of their income when they go to work,
- ___ states have imposed time limits on assistance with protections for children,
- ___ states have expanded child care for families in work or training,
- ___ states have implemented requirements/incentives for teen parents to live at home and stay in school,
- ___ states have implemented tougher child support enforcement, and
- ___ states have implemented family caps.

The effect of these welfare reforms, combined with Administration policies that have created a strong economy and other policies to encourage work such as the EITC expansion, have produced the longest sustained caseload decrease in the history of AFDC--from March of 1994 to February of 1996 the caseload has declined by over 1.5 million individuals. [Internal comment: The only larger absolute decrease was in the months following OBRA of 1981 which cut about 400,000 families with earnings or stepparents off the rolls, but which began to be reversed after only nine months. Interestingly, in the period of the recent decrease most states have reversed one or both of these OBRA policies.] In addition, participation in the JOBS program is up significantly, increasing by ___ percent from FY92 to FY95, and over 1 million adults on AFDC participate in JOBS or work every month. All in all, welfare reform is truly beginning to end welfare as we know it.

WHAT WE'RE LEARNING

When combined with demonstrations approved by earlier administrations, there are currently ___ approved welfare reform demonstration projects in ___ States, about three-quarters of which have actually been implemented. Although the vast majority have been approved since the spring of 1993, because of the time

necessary to obtain evaluation results, the best impact information is about older projects. Later this year will really be the first year in which a number of States approved in the Clinton Administration begin submitting interim reports. In the meantime, we have learned a considerable amount about: what good implementation of welfare reform requires (from quarterly monitoring reports and implementation studies) and about what welfare reform means in terms of costs and savings (from cost neutrality reports).

The remainder of this memorandum outlines what we're learning from these various sources of information

STRENGTHENING WORK REQUIREMENTS AND WORK INCENTIVES

The Urban Institute, under contract with HHS, studied five States (Utah, Colorado, Iowa, Michigan, and Vermont), focusing on issues related to increasing JOBS participation substantially and changing the culture of welfare. This report showed that States have taken different approaches to similar reform goals. Some of the key findings from the report include:

- It is possible to increase participation substantially in work or work-related activities in a relatively short period of time, but it costs more money to do so.
- Child care plays an important role in transforming the welfare system into a more work-oriented system.
- If large numbers of recipients are placed in unsubsidized employment and caseloads decline substantially, those recipients left behind are likely to be the recipients with multiple barriers to employment.
- Sanctions are an important strategy for reforming the welfare system.

These States have not focused exclusively on work requirements, however, to encourage employment. They have also implemented waivers that allow recipients who work to keep more of their earnings. The current "earned income disregards" have been criticized for being too complicated, ending too abruptly and not being generous enough to provide an effective incentive to work. Not surprisingly, one of the most popular waivers granted to States involves changing these disregards to increase incentives to work. Not only do such changes encourage work among recipients, but some workers also report that they are no longer reluctant to encourage recipients to take any job. In addition, most States have significantly expanded eligibility for support services to facilitate the transition from welfare to work.

While it is too early to draw conclusions about the overall effectiveness of these changes in promoting employment, it is

clear that there are now substantially more AFDC recipients who are combining welfare with work. Thus, between FY92 and FY 95, the percentage of cases with earnings increased by about ___ percent.

Comprehensive welfare reform necessarily involves investments in work programs and in child care. Because welfare reform demonstrations are expected to be cost neutral over the life of the project, most states plan on balancing investments in the early years with caseload savings in later years. The cost neutrality reports that states submit help us to understand the extent to which this is actually happening. [need to complete] For example, it is clear that in many States with AFDC savings, the emphasis on work and participation in JOBS has led to increases in child care costs.

TIME LIMITS

The Manpower Demonstration Research Corporation (MDRC) recently completed a report on implementing time-limited welfare based on the early experiences in Florida, Vermont, and Wisconsin. It has important lessons for other States contemplating similar reforms.

For example:

- Implementing time limits without adequate time for planning can pose significant risks both for recipients and for the credibility of the programs. States must consider critical issues of services capacity, for example, JOBS services, child care, systems changes, and staff training.
- Communicating the new program rules to recipients can be difficult, especially when a number of far-reaching changes are implemented simultaneously. It is important to continually repeat and reinforce the new policies.
- Each State has expanded its JOBS program and is trying to focus on employment, but their approaches vary.

The MDRC report showed that time limits are just part of a larger welfare reform strategy, also involving changes designed to get people off assistance to minimize the number who reach a time limit, as well as having policies in place to ensure that those who do hit a time limit have the opportunities and resources to be self-supporting. Time-limited welfare involves many difficult policy choices and implementation is demanding. Since several States now have cases reaching the time limit, further research will identify new issues and strategies.

LEARNFARE

There are two types of Learnfare programs: some require teen

parents to be in school and some require dependent children who are not parents to be in school. So far the only evidence we have of success are with respect to the former. Thus, findings from the Ohio LEAP program show that a learnfare intervention for teen parents can have positive impacts on school attendance, completion and subsequent employment. However, such results are not automatic, but depend on the quality of implementation and perhaps the target group. Thus, Wisconsin's Learnfare evaluation shows that a school requirement for both teens and dependent children had little impact on school attendance. It also suggests that, at least in Milwaukee, that the program has suffered from substantial implementation failures.

FAMILY CAPS

At this point we have no very clear results on the impact of family caps. Very preliminary analysis from the New Jersey Family Development Program indicates that over a one year period there was no difference between experimentals and controls with respect to subsequent births. However, other preliminary information suggests that the research design was not well-implemented, and that many controls also believed that they were subject to the cap. Although claims and counterclaims will continue to be made about what the "results" show, it will require longer time and more analysis to have reliable estimates of the impact of family caps.

OTHER RESULTS

Several other states have submitted interim evaluation findings. These generally cover a very short period and they should be viewed as very preliminary. All represent projects that were approved by previous administrations, some of which have been modified in the Clinton Administration.

- After 2 years, Michigan's "To Strengthen Michigan's Families" (TSMF) demonstration which does ... is producing very small, but positive, impacts on employment and earnings, while producing reductions in AFDC payments. Although the State makes great claims about the success of this demonstration, by showing fairly large caseload reductions since implementation of the demonstration, the impact reports suggest that this is due to other factors, e.g., an improving economy.
- Utah's multi-faceted welfare reform demonstration includes a diversion component, where families that appear eligible for AFDC may be diverted from AFDC. The diversion payment can be up to 3 times the regular monthly grant. About 10 percent of all applicants have been diverted, and only a small number of diverted families have returned to AFDC. Since diversion is but one of many components, it's not possible to know for

certain what impact it has had, but it appears to be a promising approach.

- Under current rules, an AFDC Unemployed Parent (UP) family loses eligibility if the principal wage earner is employed for 100 hours or more a month, even if the family's income is low enough to otherwise make it financially eligible. Waivers of the 100-hour rule have been requested by many States as a way of encouraging employment among two-parent families. However, preliminary findings from demonstrations that eliminate the 100-hour rule for AFDC-UP families in California, Wisconsin, and Utah suggest that the waiver had little impact on employment and earnings, and slightly increased case duration and public assistance costs.

FUTURE ACTIONS

The early implementation experiences of States are extremely important. For this reason, the Department is initiating further efforts to augment state evaluations. We will soon begin a series of site visits to a number of States testing innovative reforms. These visits will include interviews with State and local staff, case file reviews, and on-site observation of program operations. The purpose of these visits will be to focus on implementation and operational issues, and what procedures were adopted to resolve them. These reviews will become a regular part of the monitoring process and the information gained from them will be shared with other States on an on-going basis. In addition, the Department will shortly initiate two new cross-state projects examining implementation issues on:

- 1) teen parent school attendance and minor parent living arrangement requirements, and
- 2) strategies to facilitate the rapid employment of AFDC applicants and recipients.

CONCLUSION

Waiver demos really are welfare reform and they are bringing about fundamental changes in the way welfare programs operate. However, reforming welfare is a complicated process and we can learn a lot and improve operations as time goes on. [need to complete]

WR - Waivers

**The President's Radio Address
Welfare Reform
May 18, 1996
[taped May 17, 1996]**

Good morning.

Four years ago, I challenged America to end welfare as we know it. A few days after I took office, I met with the nation's 50 governors and urged every one of them to send me a welfare reform plan that would help meet that challenge.

Many of them have. In the last 3 years, my administration has granted welfare waivers to a record 38 states -- more states than all previous administrations combined. We have cleared away federal rules and regulations to permit states to build effective welfare reforms of their own. The state-based reform we have encouraged has brought work and responsibility back to the lives of 75 percent of Americans on welfare.

We're doing a lot more than signing waivers. We've also pressed ahead on fundamental reforms to make the welfare system reflect the basic values that have stood us so well for so long: That if you bring a child into this world, you must take responsibility for that child ... That government will not subsidize irresponsible or reckless behavior ... That welfare is a second chance, not a way of life.

That is why I signed an executive order to require federal employees to pay child support. I toughened sanctions on welfare and food stamp recipients who refuse to work. I took action earlier this month to require teenage mothers to stay in school and sign personal responsibility contracts, if they are to receive welfare benefits. And it is also why I sent Congress a sweeping welfare reform plan that would do all this and more.

Our hard work is paying off. America is in the midst of what The New York Times has called a "quiet revolution" in welfare reform under my administration. The number of Americans on welfare has dropped by 1.3 million since I took office in January 1993. Food stamp rolls are down. So are teen pregnancy rates. What numbers are up? Child support collections, which have jumped 40% ... and the number of people who are required to work as a condition for receiving welfare.

Today, I am pleased to report that two states -- Wisconsin and Maryland -- are adding momentum to this "quiet revolution." Last week, Wisconsin submitted for approval the outlines of a welfare reform plan that is one of the boldest yet attempted in America -- and I am encouraged by what I have seen so far. The Wisconsin plan will replace a welfare system that is based on dependency with one that is based on work.

Under the Wisconsin plan, people on welfare who can work must work -- immediately. The state says it will see to it that families have health care and child care so parents can devote their energies to getting off welfare and going to a job. They will learn that if you don't go to work, you won't get paid. And if you do, you will have the dignity of earning a paycheck, not a welfare check. The plan will send a clear message to teen parents as well: if you are a minor with a baby, you will receive benefits only if you stay in school, live at home, and turn your life around.

All in all, Wisconsin has the makings of a solid welfare reform plan. We should get it done. And I pledge that my administration will work with Wisconsin to make an effective transition to a new vision of welfare based on work, that protects children and does right by working people and their families.

And Wisconsin is not alone. Maryland just came up with its own innovative reform plan. The Maryland plan cracks down on welfare fraud. It comes down hard on parents who turn their backs on child support. And it helps working parents with child care so they won't be driven onto the welfare rolls in the first place.

The reforms in Wisconsin, Maryland, and other states are encouraging for two reasons. First, because they give us hope that we can break the vicious cycle of welfare dependency. And second, because they make clear that there is a widespread national consensus, shared by both Democrats and Republicans, on what welfare reform should look like.

So the states can keep sending me strong welfare reform proposals -- and I'll keep signing them. I will keep doing everything in my power as President to reform welfare, state by state, if that's what it takes. But there's a faster way to bring this welfare reform revolution to the entire nation. There are bipartisan welfare reform plans sitting in the House and Senate right now that do what Americans agree welfare reform must do: require welfare recipients to work, limit the time people can stay on welfare, toughen child support enforcement, and protect our children.

So I say to Congress: Send me a bill that honors these fundamental principles. I'll sign it. Let's get the job done, and bring welfare reform to all 50 states. And then we'll move on to the other challenges we face as we stand at the dawn of a new century.

Thanks for listening.

HHS NEWS

WR-Waiver

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOR IMMEDIATE RELEASE
Friday, May 3, 1996

Contact: Michael Kharfen
(202) 401-9215

HHS APPROVES SOUTH CAROLINA WELFARE DEMONSTRATION

HHS Secretary Donna E. Shalala today announced approval of Family Independence Act (FIA), a statewide welfare project in South Carolina. This is the second waiver demonstration for South Carolina approved under the Clinton administration.

"South Carolina's new project brings the total to 60 demonstrations approved by the Clinton administration -- more than all previous administrations combined," said Secretary Shalala. "President Clinton is making good on his pledge to help states change welfare as we know it."

The Family Independence Act requires that Aid to Families with Dependent Children (AFDC) applicants participate in job search as a condition of eligibility. Recipients must sign an Individual Self-Sufficiency Plan outlining employment and training requirements, family skills training, and, if necessary, substance abuse treatment. Children will also be required to attend school. There will be sanctions for failure to comply with the plan's requirements or refusing an offer of employment.

AFDC benefits will be limited to two years, with good faith extensions. There will be no additional cash benefits for additional children born 10 or more months after the family enrolls on AFDC, but vouchers will be available for child-related commodities.

- More -

- 2 -

When a family reaches the time limit, if the parent requests an extension, the state may require the family to relocate in order to accept a bona fide job offer in another part of the state. The state will provide relocation assistance, including funds for moving expenses, housing search, child care, and rent for the first month. The relocation provision would apply only to families living in counties where the unemployment rate is 50 percent higher than the rest of the state. The state will also consider good cause exceptions.

FIA expands AFDC eligibility for two-parent families by removing the 100-hour employment rule and increasing the resource limit to \$2,500. Recipients can also own one vehicle worth up to \$10,000 and can save up to \$10,000 in an Individual Development Account. They can keep earned income of children attending school, and interest and dividends of up to \$400 per year.

FIA requires parents to participate in a family skill training program when appropriate. It increases the amount of child support passed through to AFDC recipients incrementally to 100 percent, and requires extensive information for paternity establishment.

"South Carolina's project combines tough time limits and sanctions with incentives to help families transition from welfare to work," said Mary Jo Bane, assistant secretary for children and families. "FIA will make a difference for the people of South Carolina."

The demonstration will operate for seven years and include a rigorous evaluation.

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*Duke News Clips
Duke-Waivers*

Waivers Change the Face of Welfare

LATimes June 20th



In letting states go their own ways, Clinton has already made relief more a privilege than an entitlement.

By DOUGLAS J. BESHAROV

As Bill Clinton and Bob Dole jockey for position as the candidate who is tougher on welfare reform, a larger point has been missed. Clinton's permissive approach to granting states waivers from the strictures of federal law has set in motion forces that are transforming welfare in ways that even Ronald Reagan would envy: In more and more states, welfare is looking more like a privilege to be earned than an entitlement.

The Social Security Act gives the executive branch authority to waive many of the requirements embedded in federal welfare law—a power that Clinton has used liberally. His administration has granted more than 60 waivers to 37 states. Before Clinton, waivers of major programmatic components were extremely rare.

During the administration's first three years, the waivers were usually modest in scope. The most common allowed recipients who go to work or get married to keep more of their earnings or to stay on Medicaid longer. Others reduced benefits if welfare mothers failed to send their children to school, keep their immunizations up to date and so forth. Beneficial as they were, these waivers amounted to little more than tinkering with the basic program.

But in recent months, 25 states have received waivers that go to the very heart of the program: They end the absolute and unconditional entitlement to long-term benefits (five more states have similar waivers pending). About half completely terminate cash benefits and about half trigger a work requirement after a specific period on the rolls, usually 24 or 36 months. Three others terminate benefits after a period of mandatory work.

Don't assume that the only states making these fundamental changes are small ones with minimal welfare

caseloads. Included are California, Illinois, Ohio and Texas. (New York will probably join the list soon.)

Many of the waiver requests submitted by states initially proposed an absolute termination of benefits after the time limit. So far, however, the Clinton administration has insisted that there be some sort of protection for long-term recipients, even when the state did not want one—although there is no telling what the Clinton White House might do in the heat of the campaign. According to congressional testimony by the assistant secretary in charge of the program, "Time limited benefits must be followed by jobs, supported work or some other continuing support for those who have played by the rules."

Hence, all approved state waivers have some sort of safety-net-like exception at the end of the time limit. The most common exceptions are personal hardship (14 states), inability to find a job (13), the caretaker's age (10) and the child's age (nine).

Although some critics argue that such exemptions eviscerate the effectiveness of a time limit, most Americans will welcome the apparent assurance that the truly needy are still being protected. More important, it looks like such exemptions will not prevent states from throwing people off welfare—especially those who do not comply with new requirements to look for a job, participate in job training or accept a public service job.

Since Iowa's toughened requirements took effect in October 1994, an average of 165 families a month have been subjected to six-month suspensions of cash assistance. In the last six months, hundreds have been thrown off the rolls in Virginia for various forms of noncompliance.

As these numbers suggest, the states are unlikely to turn the screws and suddenly throw a high proportion of current recipients off welfare. Even the most conservative politicians will not want tens of thousands of homeless families in the streets. Nevertheless, this new round of waivers has the practical effect of ending the unconditional entitlement to welfare and, in its stead, has given administrators and caseworkers vast

new discretion in deciding who gets welfare.

The state-by-state waiver process is an unexpected and unintended way to reform welfare, at least partially. The federal government gets reform on the cheap, without an up-front appropriation of vast new funding for job training and child care. The states get a measure of the flexibility they want, without the financial risks inherent in the Republican block grants, although also without their financial advantage as caseloads decline. And Bill Clinton gets a credible claim that he did, indeed, reform welfare.

But there is also a downside to using such an informal policy instrument to make these momentous changes: Many important issues go unaddressed or are hidden from public view. One troubling example is the vague standards being established for exempting families from the time limits (and the potential for arbitrary application). Ohio's provision is typical: "Extensions of welfare payments will be provided after reaching a time limit if the family shows good cause—which includes the inability, through no fault of the individual, to obtain or retain employment."

What does it mean to be unable to work "through no fault of the individual"? Does it mean that welfare mothers must leave their children with relatives, must work at the minimum wage without medical benefits, must spend many hours traveling to a low-paid job? How are such crucial decisions to be made? And by whom? Anyone who, like this old veteran of the civil rights struggles, remembers when racial minorities were routinely denied welfare or hassled about staying on will wish that such issues had been more thoroughly addressed.

In 1992, candidate Clinton promised to "end welfare as we know it." By effectively ending the welfare entitlement, that is just what he has done. To his liberal supporters, Clinton may claim that the Republicans made him do it. For the general electorate, however, he will be sure to claim that he kept his promise. And, for better or worse, he has.

Douglas J. Besharov is a resident scholar at the American Enterprise Institute for Public Policy Research and a visiting professor at the University of Maryland School of Public Affairs.

Arabs Ponder How to Salvage Peace

■ **Middle East:** Netanyahu's election might send Israel down a different path.

In a flagrant breach of this principle, indeed, of the whole concept of peace as adopted in Madrid, Netanyahu has openly declared that he will not restore the Golan Heights to Syria. While Israel's military

commitments. There can be no talk of economic incentives and of a Middle East market as long as Israel makes military discussion the basis of a process it attributes to

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WR -
Waivers

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Cynthia A. Rice/OPD/EOP
Subject: Waiver info; expiration dates are in parentheses

I. The following states used definitions of work or hours of work in their waivers that did not require waivers of prior law, but would qualify as inconsistencies under HHS's proposed reg and therefore could continue:

- | | |
|-------------------------|------------------------------|
| Connecticut (2003) | Delaware (2002) |
| Hawaii (2004-2005) | Massachusetts (2005) |
| Minnesota (2001 - 2002) | Missouri (2000) |
| Nebraska (2002) | New Hampshire (2001-2002) |
| North Dakota (2003) | South Carolina (2003 - 2004) |
| South Dakota (1999) | Tennessee (2007 - 2008) |
| Texas (2002) | Utah (2000) |
| Vermont (2001) | |

HHS says the list above is probably incomplete, and it may also include: Virginia, Indiana, Iowa, Illinois, and maybe Oregon and Michigan

II. The following states have time limits that could continue because they are inconsistent with current law:

- | | |
|------------------------------|----------------------------|
| Arizona (2002) | Connecticut (2003) |
| Delaware (2002) | Florida (2001) |
| Hawaii (2004 - 2005) | Illinois (2000) |
| Indiana (2002) | Iowa (1998) |
| Louisiana (2002) | Nebraska (2002) |
| North Carolina (2001 - 2002) | Ohio (2001) |
| Oregon (2002) | South Carolina (2003-2004) |
| Tennessee (2007-2008) | Texas (2002) |
| Virginia (2003) | Wisconsin (2006) |

11/14

WAIVERS (WI)*WI-Waivers*

The Clinton Administration approved waivers to implement four welfare reform demonstrations for Wisconsin. Waivers for five welfare reform demonstration were approved previously. Waivers requested for two demonstrations remained pending upon the date of enactment of the Personal Responsibility and Work Opportunities Act of 1996 (PRWORA).

- **Learnfare I and II and Other Demonstration Components (Approved Sept 1988)**

Preliminary Results of Impacts of Learnfare I (3 semesters)

Some small but significant increases in school participation were found in the first and second semesters and for specific subgroups (dropouts, teenage parents, older teens, and teens living outside Milwaukee). However, by the third semester no effects of Learnfare were detectable for any of the subgroups or for study sample of teenagers as a whole.

- **Parental and Family Responsibility Demonstration Project (Approved April 1992)**
- **Two-Tier Welfare Demonstration Project (Approved July 1992)**
- **Vehicle Asset Waiver Demonstration (Approved January 1993)**
- **AFDC Special Resource Account Demonstration (Approved January 1993)**
- **Work Not Welfare Demonstration (Approved November 1993)**

In two counties, combines AFDC and cashed-out food stamps benefits into one Work Not Welfare (WNW) payment with benefits limited to 24 monthly payments and 12 months of transition benefits within a 48 month period; after 24 months of payments no additional cash payments are available for 36 months unless an exemption is granted. WNW benefit must be "earned" by participation in education, training or work-related activities and in most cases benefits do not change between eligibility determinations as income changes. The AFDC portion of the WNW payment for children conceived after first receiving a WNW payment is not increased unless a child was conceived after not receiving a WNW payment for six months; child support collections are paid directly to the family; the 100 hour rule is eliminated for AFDC-UP cases; and earned income disregard of \$30 and 1/3 is replaced by continuous disregard of \$30 and 1/6.

- **AFDC Benefit Cap (ABC) Demonstration Project (Approved June 1994)**

Statewide, with exceptions, eliminates increased AFDC benefit for additional children conceived while receiving AFDC.

- **Pay for Performance Project (Approved August 1995)**

Statewide, requires new AFDC applicants to meet with a financial planning resource specialist who will emphasize alternatives to welfare; requires all JOBS non-exempt individuals to complete 60 hours of JOBS activities during a 30 day application period; eliminates the 100-hour rule provision for AFDC-UP recipients; require applicants/recipients with children under age 6 to participate full-time (more than 20

/ Wisconsin

hours per week) in JOBS; assign JOBS mandatory participants not working 30 hours or more per week to up to 40 hours of JOBS activities and reduce AFDC benefits for each hour of non-participation without good cause by the federal minimum hourly wage with no corresponding adjustment in the Food Stamp allotment, and further reduce Food Stamp benefits at the same rate to make up any difference. Further, in any month when the hours of participation in JOBS fall below 25 percent of assigned hours, reduces AFDC grant to \$0 and Food Stamp allotment to \$10.

- **Wisconsin Works Child Support Demonstration (Approved February 1997)**

Statewide, pays all current child support collected on behalf of families receiving Temporary Assistance for Needy Families (TANF) assistance directly to the family and all collected arrears accrued on their behalf as of the month of their eligibility for TANF assistance. These child support payments will not reduce the amount of the family's TANF benefits.

Waivers pending upon enactment of PRWORA:

- **Work Not Welfare Demonstration and Pay for Performance Project - Amendments**
- **Wisconsin Works (W2)**

These waiver requests included a child support pass through provision which was approved in February 1997 (see above). Action on other waivable IV-A provisions is unwarranted as they may be implemented under the state's TANF plan.

WAIVERS (AZ)

The Clinton Administration approved waivers to implement one welfare reform demonstration for Arizona.

- **Employing and Moving People Off Welfare and Encouraging Responsibility (EMPOWER) Program (Approved May 1995)**

Statewide, will not increase benefits for additional children conceived while receiving AFDC; limit benefits to adults to 24 months in any 60 month period; allow recipients to deposit up to \$200/month (with 50% disregarded) in Individual Development Accounts; require minor mothers to live with parents; extend Transitional Child Care and Medicaid to 24 months and eliminate the 100-hour rule for AFDC-U cases. Also, in a pilot site, will provide individuals with short-term subsidized public or private OJT subsidized by grant diversion which includes cashing-out Food Stamps.

WAIVERS (IL)

The Clinton Administration approved waivers to implement four welfare reform demonstration for Illinois. Waivers for two welfare reform demonstrations were approved previously.

- A Chance for Self-Sufficiency (Approved May 1989)
- Fresh Start Demonstration (Approved January 1993)

Note: Originally approved as Multi-Pronged Welfare Reform Demonstration

- Work Pays Project (Approved November 1993)

Statewide, adds component to the Fresh Start Demonstration which changes earnings disregards and increases gross income test.

- Work and Responsibility Demonstration (Approved September 1995/Amended August 1996)

The demonstration includes six components, five of which will be implemented statewide. 1) Targeted Work Initiative - limits receipt of AFDC benefits to a total of 24 months without earnings for households whose youngest child is at least 13 years of age; any month with budgeted income due to employment will not be counted toward the 24 month time limit. 2) Get a Job Initiative - requires new applicants determined to be job ready and whose children are between 5 and 12 to participate in job search for up to six months. 3) Family Accountability - eliminates increase in assistance payments resulting from the birth of children conceived while the parent was receiving assistance. 4) Job Track - subjects exempt volunteers for JOBS to the same requirements and sanctions as non-exempt participants; limits participation in basic education or GED programs to two years unless the individual is working or participating in an approved work activity. 5) Self-Sufficiency Plan - requires all applicants and recipients to complete a self-sufficiency plan as a condition of eligibility. 6) Quarterly Budgeting - in selected sites, requires cases with earned income to report income quarterly; the information will be used to prospectively budget income for the next quarter. Failure to report earnings will result in case closure and overpayment recovery.

Amended to include additional two provisions: centrally closes cases for failure to report earnings based on computer matching against wage records; and disregards value of one vehicle.

- School Attendance Demonstration (Approved September 1995)

Statewide, may require participation in a plan for poor elementary school attendance and, upon continuation of poor attendance, the establishment of a protective payee, progressing to a sanction resulting in the removal of the caretaker's portion of the AFDC grant.

/ Illinois

- **Six Month Paternity Establishment Demonstration (Approved June 1996)**

Statewide, requires more extensive information for cooperation with paternity establishment and increases sanctions for continued non-cooperation that occurs beyond six months after notification of requirements for cooperating in establishing paternity.

TANF STATE PLAN (IL)

The State of Illinois has not submitted a TANF State Plan.

Food Stamp Waivers

Illinois has received three waivers for certain areas of the state, partly due to unemployment greater than 10%, partly due to unemployment 20% above the national average, and partly due to insufficient jobs. There are also three more requests pending.

WAIVERS (IN)

The Clinton Administration approved waivers to implement two welfare reform demonstrations for Indiana.

- **Impacting Families Welfare Reform Demonstration Project (IMPACT) (Approved December 1994)**

Originally approved as "Manpower, Placement and Comprehensive Training Program.

Statewide, for up to 12,000 job-ready AFDC adult recipients, measured at any point in time: limits AFDC cash benefits to 24 consecutive months; extends grant diversion to up to 24 months; freezes AFDC benefits for up to 24 months for working recipients at the payment level in effect at entry into employment; increases the AFDC resource limit to \$1,500; extends post-employment supportive services (e.g., case management); and increases sanctions for failure to comply with JOBS program requirements. For all AFDC families statewide: eliminates the incremental increase in AFDC benefits for additional children conceived on welfare and does not count such additional children for purposes of the JOBS exemption for the care of a child under age 3; establishes fiscal sanctions for voluntarily terminating employment; requires AFDC applicants and recipients to sign a personal responsibility agreement; eliminates the 100-hour rule for AFDC-UP; requires children to attend school and to be immunized; eliminates the JOBS exemptions for recipients living in rural or hard-to-access areas and those employed 30 or more hours per week; establishes food stamp eligibility periods that are consistent with those in AFDC and Medicaid; for the purposes of determining food stamp eligibility and benefits, disregards child support payments and earnings for a 6-month period following the initiation of employment; and requires Food Stamp Program fair hearing requests to be in writing. Also, in up to 5 counties, the State may implement Emergency Assistance pilots.

- **Impacting Families Welfare Reform Demonstration Project (IMPACT) - Amendments (Approved August 1996)**

Statewide, amends previously implemented demonstration to impose 24-month limit on AFDC; provide 1 additional month for each 6 months full-time employment; require minor parents to live with a specified relatives and count the relative's income and resources; extend fraud penalties; establish 3 unexcused absences as "unacceptable school attendance" for dependent children; provide one-half the amount otherwise payable for family cap child as a voucher; allow employed AFDC recipient option of receiving child care or an AFDC payment equal to the family's benefit before employment; require establishment of paternity as a condition of eligibility; establish additional conditions of eligibility for AFDC; impose penalties for illegal drug use; subject JOBS volunteers to JOBS sanctions; eligibility test will be 100% of the federal poverty in lieu of 185% of need; expand voluntary quit penalties; and limit transitional child care to 12 months in the period of the demonstration.

WAIVERS (IA)

The Clinton Administration approved waivers to implement two welfare reform demonstrations for Iowa.

- **Family Investment Plan (Approved August 1993)**

Statewide, changes income disregards, increases resource limits, limits JOBS exemptions, extends child care transitional benefit to 24 months, requires most parents to develop self-sufficiency plan which includes individually based time frame for achieving self-sufficiency. Those unable to achieve self-sufficiency, but demonstrating effort and satisfactory performance, will have their time frames extended; those failing to do so, or choosing not to develop a plan, are assigned to a Limited Benefit Plan under which their AFDC cash benefits can be terminated after 3 months and their family's after six months followed by a period of six months during which they cannot re-apply.

- **Family Investment Plan - Amendments (Approved April 1996)**

Statewide, amends the Family Investment Plan Demonstration, changing the current JOBS exemption from parents with children younger than 6 months old to younger than 3 months old; requiring minor parents to live with an adult parent or legal guardian; requiring parents age 19 and younger to attend parenting classes; requiring minor parents to participate in high school completion activities; and disregarding earned income of full time students age 19 and younger.

Findings of the Limited Benefit Plan (LBP) Study -- May 1997

The results show that the termination of cash benefits appears to move some families toward self-sufficiency, while removing an important financial safety net for others, resulting in a decline in their economic well-being. The results also show that placement in the LBP does not appear to shift the burden of dependency from the public sector to the private, nonprofit sector. However, this study reveals strong evidence that extended family, friends, and neighbors provide important emotional and material support to LBP families whose cash assistance has temporarily ceased. Case-study interviews with these families indicate that this support does not always endure, implying that these families might be more reliant on private, nonprofit social service providers if the LBP period of no cash benefits were longer than 6 months.

WAIVERS (MI)

The Clinton Administration approved waivers to implement two welfare reform demonstrations for Michigan. Waivers for one welfare reform demonstration were approved previously. Waivers requested for one demonstration remained pending upon the date of enactment of the Personal Responsibility and Work Opportunities Act of 1996 (PRWORA).

- **To Strengthen Michigan Families Demonstration Project (Approved August 1992)** Bush
- **To Strengthen Michigan Families Demonstration Project - Amendments (Approved October 1994)**

Statewide, eliminates deprivation as eligibility factor; removes certain AFDC and Food Stamp Program restrictions on self-employment business income and assets; excludes one vehicle of any value; requires immunization of pre-school-age AFDC children; allows federal funding for visitation and custody services provided by the child support enforcement agency; pilots applicant job search; eliminates JOBS exemptions; and changes sanction under the JOBS to 25% of AFDC and Food Stamp benefits for the first 12 months of non-compliance and loss of family's AFDC benefits after 12 months of non-participation.

- **To Strengthen Michigan Families Demonstration Project - Further Amendments (Approved June 1996)**

Statewide, adds amendments that require minor parents to live in an adult-supervised setting as a condition of eligibility; and require minor parents who have not graduated from high school to attend school or receive a fiscal penalty eliminating AFDC cash benefits for the minor and her children.

Preliminary Results of Impacts of the Provisions of To Strengthen Michigan Families (3rd year impacts)

Statistically significant but modest increases were found in employment (2.8 - 4.2 percentage point increases among different subgroups) and earnings increases were found for one-parent family cases who were on assistance at the time the provisions were implemented (a \$442 increase) relative to the control group at the three-year point. The initiative also produced reductions in the rate of receipt of cash assistance and the amount of AFDC payments (a decrease of about \$114 over the third year. In addition, the project was found to increase the proportion of cases which combined work and welfare by about 2.5 percentage points.

Waivers pending upon enactment of PRWORA:

- **To Strengthen Michigan Families Demonstration Project - Further Amendments**

Though never formerly withdrawn by the state, action on waivable IV-A provisions is unwarranted as they may be implemented under the state's TANF plan.

WAIVERS (OR)

The Clinton Administration approved waivers to implement two welfare reform demonstrations for Oregon. Waivers for one welfare reform demonstration were approved previously.

- **JOBS Waiver Project (Approved July 1992)** *BUSH*
- **JOBS Plus Demonstration (Approved September 1994)**

In six counties, provided program participants with short-term subsidized public or private OJT at State minimum wage and supplemental payments to offset any loss of benefits, provided participants with workplace mentoring and other support services, created employer-funded "individual education accounts," and distributed child support collections directly to custodial family. Modified eligibility computation and income disregard, and increased resource limitation to \$10,000 for program participants. Subsequently consolidated into Oregon Option demonstration.

- **Oregon Option (Approved March 1996)**

Statewide, incorporates waivers already approved in 1992 for JOBS Welfare Program and in 1994 for the JOBS Plus Demonstration with previously pending waiver requests to increase the AFDC vehicle asset limit and extend transitional child care. Also, with some exceptions, limits receipt of AFDC benefits to no more than 24 out of 84 months for families with employable parents; allows case manager to determine JOBS exemptions on an individual basis; eliminates the time restrictions on job search; imposes progressive sanctions, leading to full-family ineligibility, for non-compliance with JOBS; requires ineligible alien parents of AFDC children to participate in JOBS; requires counseling for recipients with substance abuse problems; requires teen parents to live in an adult-supervised setting; eliminates the 100-hour rule and work history requirements for AFDC-UP; increases asset limit to \$2,500 for non-JOBS participants and \$10,000 for JOBS participants, and treats lump-sum payments as an asset; and requires annual AFDC eligibility redeterminations.

WA
Waivers

Cynthia -
FYI
BR

Bruce:

I don't know if you've seen this report, but it's an interesting compendium of what state plans reveal about inconsistencies between waivers and the law. See pages 4-7, for example.

It raises the question of whether it is time to revisit the question of these inconsistencies. HHS's strategy is to ignore this issue, as you know, and hope it doesn't become public.

Diana

**Waivers and the New Welfare Law:
Initial Approaches in State Plans**
by Mark Greenberg and Steve Savner

The Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA) imposes a set of requirements on States receiving Temporary Assistance for Needy Families (TANF) block grants. However, the PRWORA also provides that if a State opts to continue a waiver that was in effect on the date of enactment of the new law (i.e., August 22, 1996), the State need not comply with PRWORA provisions that are inconsistent with the waiver until the expiration of the waiver. There are many unresolved questions about how to determine whether a State's waiver should be considered "inconsistent" with a PRWORA provision. The federal Department of Health and Human Services (HHS) has not yet provided an interpretation of when it believes a waiver is "inconsistent" with a PRWORA provision. Instead, HHS has suggested that when a State submits a State Plan, the State should describe the areas in which the State believes that its waiver is inconsistent with one or more provisions of the PRWORA.

CLASP has reviewed the State Plans submitted by thirty-two States. This document summarizes the areas in which those States have identified inconsistencies between requirements of the PRWORA and their waivers. In their submissions, at least half of the States are indicating an intent to continue one or more waivers, but States are taking a range of approaches: some States have been quite explicit and specific in identifying areas of inconsistencies, some States have worded their plans in more ambiguous ways, some have made no reference whatsoever to their current waivers; and some have expressly indicated that they have no applicable waivers or wish to terminate their existing waivers.

A State's silence or ambiguity (or assertion that it has no applicable waivers) should not preclude the State from arguing the existence of inconsistency at a later point, because HHS has requested States to identify inconsistencies in their State Plan submissions, but there is no legal requirement that States do so. At the same time, if a State that believes it is not subject to particular requirements of the PRWORA because they appear inconsistent with the State's waiver, the State may conclude it is advantageous to explicitly describe the inconsistencies in its State Plan. This is because most penalties that States risk in relation to their TANF block grants are subject to a "reasonable cause" exception. A State that has expressly articulated the basis for believing a provision of the law is inconsistent with the waiver may be in a better position to assert that the State had reasonable cause for its conduct or non-conduct.¹

¹ For example, Arizona's State Plan expressly notes: "Arizona expects DHHS to advise the State of any Federal statutes which conflict with this State Plan and to notify the State of any potential penalties."

The following text first briefly summarizes the law concerning the relation between waivers and inconsistent PRWORA requirements,² and then specifically outlines the approach of each State whose plan CLASP has had the opportunity to review.³

Provisions of the Law

The PRWORA creates a new Section 415 of the Social Security Act, which relates to both waivers that were in effect as of the date of enactment of the PRWORA (i.e., August 22, 1996), and to waivers that were pending as of the date of enactment and approved on or before July 1, 1997.

First, Section 415 provides that if a State has a waiver which relates to the provision of assistance under a State plan (as in effect on September 30, 1996) and which is in effect as of the date of enactment of the PRWORA (i.e., August 22, 1996), then the amendments made by the PRWORA (other than those relating to the repeal of certain child care programs) shall not apply to the State before the expiration of the waiver "to the extent such amendments are inconsistent with the waiver."

Second, the PRWORA provides that if a waiver application was filed before the date of enactment, but is granted subsequent to the date of enactment (but on or before July 1, 1997), then such a waiver is to be treated in the same manner as waivers in effect as of the date of enactment, subject to two key differences:

- The state will only be freed from the obligation to comply with inconsistent provisions of the Act if the State demonstrates to the satisfaction of the Secretary that the waiver will not result in Federal expenditures under Title IV of the Social Security Act (as in effect without regard to the amendments made by the Act) that are greater than would occur in the absence of the waiver; and
- Receiving approval after the date of enactment for a waiver application pending on the date of enactment "shall not affect the applicability of section 407 to the State." Section 407 is the provision of TANF that establishes the all-family and two-parent-family participation rates, the requirements for sanctioning in connection with non-compliance

² This text only discusses the law relating to the effect of a provision of the PRWORA being inconsistent with a State waiver. There may also be other factors that could affect whether a State retains a waiver, e.g., cost-neutrality and evaluation considerations. A more detailed discussion of Section 415 may be found in CLASP's **WAIVERS AND BLOCK GRANT IMPLEMENTATION: INITIAL QUESTIONS** (August 12, 1996).

³ The States whose plans are covered in this report include: Alabama, Arizona, California, Connecticut, Florida, Indiana, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Wisconsin, and Wyoming.

with work requirements, and the limited protection for single parents of children under age 6 who are unable to comply with work requirements due to the unavailability of needed child care.

The wording of Section 415 provides little guidance to a State seeking to decide whether it considers the requirements of the new law inconsistent with an existing waiver. To date, HHS' only written discussion has been a suggestion, in draft State Plan Guidance, that a State's Plan should include a discussion of whether the State intends to continue one or more individual waivers, along with an identification of each waiver provision and provision of the new law that the State believes is inconsistent, and the basis for the assessment of inconsistency. HHS' draft guidance also notes that: "Future legislative or regulatory action may limit which provisions of the TANF may be considered inconsistent with waivers for purposes of determining penalties. If this happens, States will have an opportunity to submit a new plan in order to come into compliance with the requirements."⁴

State Approaches, In General

To date, State approaches can generally be categorized in the following ways:

- Twelve States have expressly identified one or more inconsistencies in their State Plans. (Alabama, Arizona, Connecticut, Massachusetts, Michigan, Missouri, Nebraska, New Hampshire, Oregon, South Carolina, South Dakota, Texas).
- Five States generally assert their intention to continue a waiver, without specifically identifying areas of inconsistencies. (Indiana, Oklahoma⁵, North Carolina, Tennessee, Vermont).
- Two States appear to be awaiting State legislative sessions. California appears to be expressing an intent to assert inconsistencies until State law is changed and Utah indicates that because its waivers are referenced in State law, the waivers must be retained until after the next legislative session.
- Two States (Florida and Mississippi) expressly assert their interest in engaging in further consultation with federal officials before deciding whether to terminate their waivers.
- Two States (Kentucky and Nevada) indicate that they do not have any Section 1115 waivers.

⁴ Department of Health and Human Services, DRAFT State Guidance for the Temporary Assistance for Needy Families Program (September 1996), p.4.

⁵ Oklahoma's waiver is a two-county learnfare waiver; the State indicates its intention to continue it until completion but does not indicate which, if any, TANF provisions the waiver is inconsistent with.

- Four States express an intent to terminate waivers or indicate that no waivers are applicable (Louisiana, Maryland, New Jersey, Wyoming):
- Three States are silent on the question of waivers (Kansas, Maine, New York).
- Two States have language in their State plans which is difficult to classify (Ohio, Wisconsin).

Note that in some cases, a State originally sought a waiver in order to implement specific State legislation. If a waiver is based on the requirements of State legislation, the State agency may lack the authority under State law to act to terminate the waiver without authorization from the State legislature. (California and Utah expressly note that they intend to continue under their waivers until there is a change in State law.) Once a waiver is terminated, it may not be possible to reinstate it even if the legislature subsequently decides that it was inappropriate for the agency to have acted to terminate it. Accordingly, in any State in which the agency is seeking to terminate the State's waiver, it is appropriate to ensure that the agency has the authority to do so under State law.

Areas of Inconsistencies

States have asserted inconsistencies with a range of PRWORA provisions, including (but not limited to) those relating to teen parent school attendance, teen parent living arrangement requirements, child support cooperation penalties, work and participation requirements, penalties for non-compliance with work requirements, transitional assistance, and time limit policies.⁶ The approaches taken by each individual State are described in the subsequent section of this document.

There has been considerable discussion about the relationship between Section 415 and the PRWORA work and participation and time limit requirements. Some States are specifically asserting inconsistencies relating to the work and participation requirements and/or the time limit provisions of the PRWORA. No State has asserted that it believes it is not subject to any participation rate, but some States are asserting that they believe that participation or participation rate requirements should be modified to reflect exemption, hourly requirements, or countable activities under their waivers. Similarly, no State has asserted that it believes it is not subject to any time limit, but some States are asserting that time-limit policies under their waivers should apply.

⁶ In the following discussion, it is possible -- and in some instances likely -- that additional States are intending to assert inconsistencies, but we have limited our listing to those instances where the identification of an inconsistency is expressly noted in the State Plan.

Work and Participation Requirements: The single most common area in which States have identified inconsistencies concerns the law's work and participation requirements. Under the PRWORA, a State's Plan must outline how the State will comply with three distinct work and participation requirements:

- the requirement that individuals must be engaged in work (as defined by the State) within 24 months;
- the PRWORA's all-families participation rate; and
- the two-parent families participation rate.⁷

In discussing these State plan provisions, a State might assert an inconsistency relating to one or more of these three provisions. As a practical matter, however, States asserting inconsistencies relating to the all-families participation rate have either been silent about the two-parent rate, or have worded their assertions of inconsistencies in such a way that the assertion may also apply to the two-parent rate, but it is difficult to be certain.

As to the 24-month work requirement, the statutory provision does not expressly provide for any exemptions. Connecticut, Massachusetts and New Hampshire each indicate that they will use the exemption policies operating under their waivers for purposes of the 24-month requirement. Texas may be envisioning a similar approach: in addressing the 24-month requirement, Texas notes it will "require parents or caretakers to engage in work at least 20 hours per week in accordance with the terms and conditions of the State's Title IV-A waiver."

As to the all-families participation rates, a State might assert that the PRWORA's exemption provisions, the Act's hourly participation requirements, or the Act's definitions of countable activities are inconsistent with its waiver. Each of these has been expressly asserted by one or more States.

- Connecticut, New Hampshire and South Dakota are asserting that the Act's exemption provisions are inconsistent with their waivers.⁸
- Connecticut and Massachusetts assert that the Act's hourly participation requirements are inconsistent with their waivers.

⁷ A fourth requirement, that non-exempt parents or caretakers participate in community service employment after two months of receiving assistance, applies to the State within one year from the date of enactment of the new law unless the State opts out.

⁸ Other States may be envisioning a similar approach, but do not explicitly assert the inconsistency. For example, Nebraska indicates that the State will use its existing exemption policies, without expressly noting that they are inconsistent with PRWORA requirements. Texas indicates that it will use "the participation rate methodologies previously approved for JOBS under the waiver."

- Seven States (Connecticut, Missouri, Nebraska, New Hampshire, South Carolina, South Dakota and Texas) assert that they will apply a definition of countable activities different from the definition generally applicable to participation rates under the PRWORA.

In some instances, a State is asserting that there is a direct conflict between a specific provision of the PRWORA and a specific provision of the State's waiver. However, when a State asserts an inconsistency with the exemption, required hours, or countable activities provisions of the TANF participation rates, the State may instead be asserting an inconsistency in a broader sense: the State may be asserting, in effect, that the details of the participation rate requirements would force the State to operate its program in a manner inconsistent with the approach the State was taking under its waiver-based welfare reform initiative. For example, many States had used the waiver process to broaden the number of families who were subject to program participation requirements, but States often operated with flexible and individualized determinations of the activities in which individuals were required to participate, or the levels of required participation. The PRWORA does not prohibit States from making extensive use of activities such as job search or education and training, but sharply limits when they are countable toward the Act's participation rates. A State may conclude that an inconsistency exists because the redesign of allowable activities that would be necessary to meet the TANF participation rates using the TANF definition of countable activities would require a fundamental alteration of the approach taken under the State's waiver.

Note that under a narrow reading of Section 415, one might suggest that no State was operating a waiver inconsistent with the Act's new participation rates.⁹ However, the plain language of Section 415 creates a strong implication that it was envisioned that States with waivers in effect on the date of enactment could assert inconsistencies with the participation rate requirements of Section 407.¹⁰

Time Limits: As to time limits, three States (Arizona, Connecticut, and South Dakota) expressly identify inconsistencies, and several others describe seemingly inconsistent time limits without expressly asserting an inconsistency.

⁹ Under prior law, no State had ever received a waiver to narrow who was subject to JOBS participation rates, or to reduce countable hours requirements for JOBS participation rates, or to change which activities counted toward JOBS participation rates. This was because HHS' waiver authority under Section 1115 of the Social Security Act authorized waivers of Section 402 of the Social Security Act, and the requirements relating to JOBS participation rates were contained in Section 403.

¹⁰ We reach this conclusion because Section 415 draws an explicit distinction between waivers in effect on the date of enactment, and waivers pending on the date of enactment and granted subsequently. As to the latter group, the Act says that the granting of the waiver "shall not affect the applicability of Section 407 to the State." The existence of this language in relation to pending waivers and its absence in the discussion of waivers in effect on the date of enactment creates a strong implication that Congress did envision that States with waivers in effect on the date of enactment would be able to assert inconsistencies that would affect the applicability of Section 407.

A State might be asserting that its time limit is inconsistent either because it wishes to use its waiver exemption and extension policies rather than the PRWORA's 20% hardship exceptions, or because the State wishes to take an approach other than terminating family assistance (e.g., reducing assistance, requiring participation in a work program) after a family reaches a time limit. Even if a State envisions making use of a time limit shorter than five years, the State still may assert an inconsistency if, for example, the State anticipates that the percentage of cases subject to exemptions or extensions could exceed the federal 20% cap.¹¹ For example, Connecticut is making use of a 21-month limit for non-exempt families, but asserts that its exemption and extension policies create an inconsistency with the 60-month-limit/20% exceptions provisions of the PRWORA.

Specific State Approaches

The following text specifically summarizes the approach to inconsistencies taken in each State Plan we have reviewed. This listing of identified inconsistencies is not intended to suggest that HHS will necessarily agree with each identified inconsistency (or that CLASP necessarily agrees with each identified inconsistency); rather, we have simply sought to list the approaches taken by States to date.

Alabama: The State Plan indicates that the State intends to continue implementation of its ASSETS waiver in three counties designated in the waiver as pilot sites. In those three counties, waiver provisions concerning income, assets, and assistance unit composition will be followed. The State expressly notes that it intends to continue a provision inconsistent with TANF concerning the eligibility of a child living with a non-relative caretaker.

Arizona: The State indicates that it intends to continue operating under the terms and conditions of its EMPOWER waiver. While a number of the terms and conditions are consistent with TANF, the State identifies the following specific inconsistencies:

Time Limits: The State indicates that time limits "will follow the welfare reform waiver initiative implemented November 1, 1995" and that adult household members can only receive cash assistance for 24 months during a five year period, and will only receive 60 months of assistance during their lifetime. Exemptions from the time limit may be due to being physically or mentally unable to go to work or training; being the only member of the assistance unit who can stay home to care for another physically or mentally disabled household member; or being a participant in the JOBSTART demonstration project. Up to two four-month extensions can be allowed for completing education or training, and an extension of up to six months can be allowed for good cause.

¹¹ For example, in CLASP's review of State time-limit approaches in the waiver process, a number of States seeking to implement time-limits shorter than five years were making use of exemption policies under which more than 20% of the caseload was projected to be exempt from the time limit. See Greenberg, Savner, and Swartz, *Limits on Limits: State and Federal Policies on Welfare Time Limits* (Center for Law and Social Policy, June 1996).

Transitional Benefits: Under the EMPOWER waiver, Transitional Child Care and Transitional Medicaid are each extended to 24 months. The State notes that while the length of Transitional Child Care is left to State option under the new law, Transitional Medicaid remains a 12-month program, and so the continuation of the waiver is required.

Teen Parents: Under the State's waiver, teen parents are required to live with a parent or other responsible relative in order to receive cash assistance. While this is also required under TANF, the State notes that it will not provide or assist the teen parent in locating a second-chance home, maternity home, or other appropriate adult-supervised living arrangement (as required under TANF).

California: The State Plan indicates that California's Program "will include California's existing Section 1115 demonstration projects, including the California Work Pays Demonstration Project (CWPDP)." The State indicates that it intends to seek a change in state law to require work in accordance with the TANF 24-month requirement; however, until State law changes, the State will continue to operate its GAIN program under its federally approved waiver and the State statute. Under the waiver, GAIN participants who have received aid for 22 of the last 24 months and meet other specified criteria are required to participate in at least 100 hours a month in preemployment preparation or work experience activities.

It is unclear whether the State is also asserting that its waiver is inconsistent with the participation requirements of Section 407. The text describes operations of the State's GAIN Program and work requirements applicable to certain families "consistent with the CWPDP."

Connecticut: The State Plan expressly notes that the Terms and Conditions for the State's Reach for Jobs First Waiver are to be considered part of the State Plan, and the following inconsistencies are expressly identified:

Statewideness: The State notes that its waiver provides for different treatment of control group cases in the research sites, and that "[t]o the extent this different treatment would be considered to be a separate 'program', as opposed to a lack of uniformity permissible under the new law, this waiver provision is inconsistent with the law, and therefore supersedes it."

Child Support Distribution: The State's waiver provides for passing-through to a family the first \$100 of child support received, with federal participation in the cost of the pass-through. Under prior law, the federal government participated in the cost of a \$50 pass-through, but the PRWORA eliminates this federal participation. The State indicates that "[s]ince federal financial participation in this pass-through is inconsistent with Title IV-D distribution provisions, as amended by PRWORA, the waiver provision takes precedence. Federal financial participation should continue for the pass-through."¹²

¹² The PRWORA provides that a State electing to continue its waiver will only qualify for its TANF block grant amount, as opposed to funding under prior AFDC rules. Connecticut appears to be asserting, however, that this provision does not prevent federal participation in additional costs through the IV-D system (rather than through TANF). Note, however, that the waiver must still maintain overall federal cost-neutrality.

Time Limits: The State's waiver includes a 21-month time limit for non-exempt families and provides for extensions for qualified families who reach the time limit. The State notes that the waiver provisions are inconsistent with the 60 month time limit in the PRWORA with regard to both extensions and exemptions provided for in the waiver.

Extensions: The waiver provides for extensions for six months at a time, and the number of six month extensions is not limited so long as the family qualifies. A family that reaches the time limit will qualify for an extension if the adult in the family has made a good faith effort to find employment, but has income less than the state's payment standard. In addition, families suffering from domestic violence or other circumstances beyond their control which prevent the adult from working may qualify for extensions. As the overall duration of the extensions for which a family may qualify is not limited, and the number of families who may qualify is not limited to a specific percentage. "Federal financial participation is available for all those qualifying for an extension, regardless of the length of the time receiving assistance."

Exemptions: The waiver specifies that the following families will be exempt from the state's time limit: a family with an adult relative who is incapacitated or of advanced age; a family with an adult relative needed in the home to care for an incapacitated household member; a family with an adult relative caring for a child under the age of one who is not covered under the waiver's family cap provision; a family with a pregnant or postpartum adult relative who is unable to work; and a family with an adult relative who is determined to be unemployable.

Families that meet any of these criteria and do not include another adult who is non-exempt are not subject to the time limit during any period in which they qualify for an exemption. There is no limit to the number of families that may be exempt at any point in time. "Federal financial participation is available for those exempt from the time limit for the duration of their assistance."

Definition of Work Activities: The State's waiver requires non-exempt individuals to participate in job search and job readiness activities for up to 12 months prior to an employability assessment, and may provide for additional periods of job search thereafter. This State asserts that this provision is inconsistent with provisions of the PRWORA that limit the extent to which job search may be treated as a countable activity in calculating a state's participation rate. Therefore, "[i]ndividuals participating in job search and job readiness activities should be considered to be "engaged in work" for the purposes of calculating the participation rate for as long as they are satisfactorily participating in such activities."

Hours of Participation: Under the State's waiver, required hours of participation will vary based on the specific activity to which an individual is assigned, and full participation may be less than 20 hours per week. The State asserts that this provision is inconsistent with the provisions of the PRWORA that mandate minimum hours of participation in calculating a State's participation rate. Therefore, an individual who is participating in a work activity to the extent required in the individual's employability plan should be considered to be "engaged in work" for purposes of determining the state's participation rate.

Assessment/Employability plan: The State's waiver includes a two step assessment process. The first step requires participation in self-directed job search for six to 12 months. If an individual satisfactorily completes the job search component but fails to secure unsubsidized employment, an employability assessment is undertaken to develop an individualized employability plan. The State asserts that these provisions of the waiver are inconsistent with timing and substance of the

employability plan provisions of Section 408(b)(2)(B), and therefore the waiver provisions take precedence.

Exemptions from Work Requirements: The State's waiver exempts several categories of individuals from work requirements, including: children under 18, except for minor parents who are not in school; individuals who are incapacitated or of advanced age; individuals needed in the home to care for an incapacitated household member; individuals caring for a child under the age of one who is not covered under the waiver's family cap provision; pregnant or postpartum women who are unable to work; and individuals who are determined to be unemployable.

The State asserts that these exemption policies are inconsistent with the requirement that all adults must engage in work by the 24-month point, and are also inconsistent with the all-families participation rate, which only allows an optional exemption for parents of children under age one when calculating a state's participation rate. The PRWORA does "...not recognize additional exemptions by considering them in the calculation of the participation rates." "Individuals exempt under these waiver provisions should not be required to participate in work activities and should not be considered in calculating the state's participation rate."

Minor Parents and School Attendance: Under the State's waiver, a minor parent who does not have a diploma or GED, and who is not in school, loses her exempt status from JOBS participation. If the minor parent then fails to participate in JOBS without good cause, she is subject to the JOBS sanction (as modified by the waiver), which is a percentage reduction of the grant that increases with each violation and upon the third or subsequent violation results in ineligibility for the entire family. The State asserts that this provision is inconsistent with the provision of the PRWORA which specifies that if the minor parent fails to attend school she is ineligible for assistance. The "...waiver provision prevails."

Penalties for Failure to Comply: In the event an individual fails without good cause to comply with child support cooperation or work requirements, the State's waiver provides a specific progression of penalty amounts based on the number of prior violations, and minimum durations for each penalty, without regard to whether the individual begins or resumes compliance prior to the end of the specified period. The PRWORA penalty for non-cooperation with child support is a 25% reduction in the assistance payment -or complete denial -at the state's option. The penalty for failure to comply with work requirements is a pro rata reduction in benefits during the period of refusal. The State asserts that "...this is an area of inconsistency and the waiver prevails."

Minor parents Living with Adults: The State's waiver includes a provision requiring certain minor parents to live with a parent or legal guardian.

- The waiver, unlike the PRWORA, requires married teen parents who are not living with their spouses to live with an adult or in an adult supervised setting.
- The waiver specifies that a minor parent who is not living with her parent or legal guardian must live in adult supervised setting regardless of whether the current living arrangement would be considered appropriate. The minor parent is only allowed to live in the current arrangement if no adult supervised setting is available. The PRWORA specifies that if a parent or legal guardian is unavailable or inappropriate, the minor must live in an adult supervised setting unless her current arrangement is determined to be appropriate.
- The waiver requires the supervising adult with whom the minor is living to act as representative payee for the minor. The PRWORA does not include such a requirement.

The State asserts that because of these inconsistencies, "...the waiver provisions take precedence."

Medicaid Extension: The State's waiver provides for a 24-month extension of Medicaid for families who become ineligible because of increased earnings, loss of earned income disregards, or an increase in child support. Families are also eligible for the extension if an individual becomes employed within six months after leaving AFDC, even if no one in the family was employed at the time their case closed. There are no quarterly reports required, nor income tests during the period of the extension. The State asserts that since these provisions are inconsistent with the Medicaid extension provided for under the PRWORA, "...the waiver provisions take precedence."

Florida: The State Plan does not identify specific inconsistencies, but notes that the State has three currently approved waiver packages and does not opt to terminate these waivers at this time. Rather, the State wishes to consult further with the Administration for Children and Families regarding the usefulness of continuation of some of the evaluation activities before making this decision.

Indiana: The State Plan indicates that Indiana intends to continue to operate the IMPACT waiver, as modified in August 1996. The State Plan does not expressly indicate which provisions of the PRWORA are inconsistent with the State's waiver package, but does state that "those provisions which are inconsistent with the waivers received by the State of Indiana prior to enactment of the Act shall not apply."

Kansas: The State Plan makes no reference to the State's currently approved waiver.

Kentucky: The State has no current waivers, and accordingly indicates that the issue of relation of waivers to the PRWORA is "not applicable."

Louisiana: The State Plan expressly states that "No Waivers will be applicable."

Maine: It is unclear whether the State is asserting any inconsistencies. The State Plan makes no reference to existing waivers, but in describing its Plan in relation to the 24-month-work requirement and the participation requirements of Section 407, the State attaches its manual pages describing JOBS exemptions and also notes that "recipients of AFDC based on unemployment and single parents with skills necessary to work who have no children under age 5 will be referred immediately to ASPIRE for Job Search activities. These activities will continue throughout receipt of AFDC."

Maryland: It is unclear whether the State is asserting any inconsistencies. In its Plan, the State makes no direct assertion of inconsistencies, but does describe a 20-hour-a-week work activity

requirement and states that exemptions from this requirement will include adults and children who are severely disabled. The State does indicate that it is opting to terminate its Primary Prevention Waiver and the cash assistance component of its Family Investment Waiver.

Massachusetts: The State Plan indicates that the State will comply with requirements of the PRWORA with the exception of those provisions identified in a section of the State Plan entitled "Provisions which Massachusetts will Continue to Implement under its 1115 Waiver Authority." In that section, the State identifies the following areas:

Work Requirements: Under the State's waiver, a recipient who is nonexempt and whose youngest child is of school age must work and/or perform community service for 20 hours a week. In two-parent households, both parents are subject to the work program requirement unless exempt. The State has its own definition of "nonexempt." The State indicates it will retain this work requirement. The State expressly notes that it is applying its work requirement rather than the community service requirements of TANF, that it is applying its own definition of "nonexempt" for purposes of the 24-month-work requirement, and that it will apply its own standard for number of required hours (20 hours a week) and its own penalties (described below) for purposes of the TANF participation rate requirements. (The State does not expressly say that it is applying its own definitions of who is exempt for purposes of the TANF participation rates.)

Sanctions: Under the State's waiver, a mandated parent or caretaker who fails to comply with work requirements without good cause will be ineligible for cash assistance. Failure to do so on more than one occasion will result in termination of assistance for the entire household. For two-parent households, both parents may be sanctioned for failure to comply. The State indicates it will continue this waiver approach.

Job Search: Under its waiver, the State may require job search without a limit on the number of weeks. The State indicates it will continue this waiver. It is not clear if the State envisions that such extended participation in job search would be countable toward participation rate requirements.

Child Support Cooperation: Under the State's waiver, a caretaker relative who fails to cooperate with child support requirements without good cause will have his or her grant reduced by an amount equal to the caretaker's portion of the grant. Massachusetts indicates that it will retain this sanction for failure to comply with child support requirements.

Transitional Child Care: Under its waiver, a family may be eligible for Transitional Child Care without having met the requirement to have received assistance in at least three of the prior six months. The State indicates it will continue to provide Transitional Child Care assistance to such recipients under its waiver authority.

Transitional Medical Assistance: Under its waiver, a family may be eligible for Transitional Medical Assistance without satisfying quarterly reporting requirements and without meeting the requirement to have received assistance in at least three of the prior six months. The State indicates it will continue to provide Transitional Medical Assistance to such recipients under its waiver authority.

Michigan: Michigan's Plan includes a copy of the State's "To Strengthen Michigan Families 1992-1994-1996 Waiver package booklet" to describe the policies that Michigan intends to implement in the future. In addition, the State Plan identifies three specific inconsistencies:

Sanction policy: The State will maintain its policy, approved by federal waiver, of reducing the cash assistance grant by 25% for persons who fail to cooperate with work requirements without good cause. This is in lieu of the TANF provisions which provide for reducing assistance on a pro rata basis for failure to comply with work requirements.

Child Support Cooperation: Michigan will, if its pending waiver is approved, remove the needs of the non-cooperating person from the grant until cooperation occurs; if cooperation has not occurred by the end of a four-month-period, the family's grant will be terminated. Michigan's policy would be in lieu of the TANF policy, which requires a minimum 25% grant reduction for failure to cooperate with child support enforcement requirements.

Reporting Absence of a Child: Michigan will allow 10 days for clients to report changes in family circumstances, rather than the TANF requirement that a child's absence affecting eligibility must be reported within five days.

Mississippi: The State Plan does not expressly identify any areas of inconsistency, but does state: "Mississippi wishes to continue all approved waivers at this time. Based on our conversation with federal, APWA, and NGA staff we do not believe that it has been definitively determined what provisions are inconsistent with TANF and with other aspects of the Personal Responsibility and Work Opportunity Reconciliation Act. For example, the Medicaid linkage implications of terminating a waiver in TANF have not yet been decided. Continuing all of our waivers until all appropriate federal decisions are made will ensure that Mississippi will have the ability to continue all aspects of its current program."

Missouri: The State Plan states that Missouri will retain its Missouri Families Mutual Responsibility Plan (MF-MRP) which is statewide, and its 21st Century Communities Demonstration Project, which operates in specific zip codes of Jackson County. The State indicates that: "Allowable work activities in the Missouri Families Mutual Responsibility Plan are inconsistent with the new law. MFMRP counts all components under the previous Title IV-F JOBS Program. The state intends to continue allowing all work activities as defined in the Social Security Act Section 482, and previously approved under the State's Title IV-F JOBS State Plan, to meet work participation rates as required under PRWORA."

Nebraska: The State expressly indicates an inconsistency in the context of countable activities for work requirements: the State Plan indicates that the State will use its existing policies and procedures to define the activities that will be accepted as meeting work requirements, and will use the definition as outlined in the State's waiver which differs from the Act. The State also indicates (without expressly noting an inconsistency between State waiver policies and the Act) that the State will use existing policies and procedures to define those individuals who are temporarily exempt

from work requirement; use existing sanction procedures; and limit services to families with an employable adult to no more than two years without earned income and no more than 60 months regardless of source of income.

Nevada: The State Plan indicates: "There are no 1115 waivers in Nevada."

New Hampshire: The contents of New Hampshire's State Plan describe the program in effect on October 1, 1996. The Plan indicates that on January 1, 1997, the State will begin implementation of the "New Hampshire Employment Program/Family Assistance Program," as approved in New Hampshire's prior waiver application. HHS approved the waiver in June 1996. The Plan indicates that amendments will be made as implementation occurs. The Plan indicates that inconsistent provisions of the waiver will supersede the provisions of the Act, and that additions or changes to the list of inconsistencies described below may be made in the future.

Definition of Work Activities: The State notes that the definition of the activities that count toward participation for purposes of the work and participation requirements of the PRWORA are more restrictive than the work activities that may be required under the State program. Under the State program, activities that qualify as work include: job search, unsubsidized work, a subsidized job, on-the-job training, community service, alternative work experience programs, work supplementation, adult basic education services, job readiness programs, community services and resources, training programs and post secondary education activities, work for benefits programs, and any other employment related activity as determined by the state agency. The Plan indicates that the State will use its own definition of work instead of the definition included in the Act.

Limitation on Job Search: The Act limits the duration of job search activities that will count toward the work and participation rates. As these activities are not time-limited under New Hampshire's program, the State asserts that its provisions supersede the limitations included in the Act.

Limitation on Vocational Educational Training: The state's waiver does not limit the number of individuals who may be treated as being engaged in work as a result of participation in vocational education activities or being the head of a household with satisfactory school attendance. Under the waiver, participation in all approved activities are treated equally. The State asserts that its waiver provisions supersede the Act's limitation on the number of individuals who may be counted as being engaged in work as a result of participation in vocational educational activities or being the head of household with satisfactory school attendance.

Exemptions from Work Requirements: The State's waiver provides exemptions from participation consistent with prior JOBS exemptions and provides for an additional exemption based on an agency determination that an individual has "...significant employment related barriers." The State asserts that its waiver provisions supersede inconsistent provisions of the Act which specify both for purposes of calculating the state's work participation rate, and for purposes of the "24 month work requirement," that the only exemption available is for those caring for a child under the age of 12 months.

Medicaid: The State's waiver allows it to use the income and resources methodologies of the waiver demonstration in place of those contained in the state's AFDC State Plan. The State asserts that its provisions supersede inconsistent provisions of the Act which specify that States must continue to use pre-Act eligibility criteria for determining Medicaid eligibility.

Transitional Medicaid: The state's waiver provides that a family need not have received cash assistance during three of the last six months in order to be eligible for transitional Medicaid. The State asserts that these provisions supersede the Act's requirement that eligibility for transitional Medicaid be conditioned on having received aid in three of the last six months.

Definition of Dependent Child: The State's waiver defines a dependent child as including a child up to age 20 provided the child is a full-time student in a secondary school or in an equivalent level of vocational or technical training. The State asserts that its provision supersedes the Act's provision defining a minor child as an individual under the age of 18, or under the age of 19 and a full-time secondary school student or in an equivalent level of vocational or technical training.

Use of TANF Funds for Medical Services: The state's waiver authorizes payment for medical and dental services if the agency determines that such services are needed to help an individual obtain or retain employment. The State asserts that its provision supersedes the provision of the Act that bars the use of TANF funds to pay for medical services.

New Jersey: The State Plan states that "New Jersey wishes to discontinue its Title IV-A/F waivers since the law allows states the flexibility to implement provisions without the need for waivers."

New York: The State Plan makes no reference to existing waivers. The Plan, in outlining how the State will conduct a program that provides assistance to needy families, indicates that the State will "fulfill this goal for the immediate future by implementing a program which to the extent practicable conforms with the program policy provisions" of the State AFDC and JOBS plans that existed as of September 30, 1996, (subject to new penalty policies when an adult applying for assistance fails to perform assigned job search activities or fails to submit to required finger imaging. Instead of outlining how the State will satisfy the participation rate requirements of Section 407, the Plan states that New York will "ensure that parents and caretakers receiving assistance under the program engage in work activities in accordance with the aforementioned JOBS State Plan."

North Carolina: The State Plan notes that a waiver package was approved in February 1996 and took effect on July 1, 1996. The State Plan asserts: "This state plan is based on North Carolina's existing state plan for Title IV-A of the Social Security Act and waivers that were approved in February, 1996. Inconsistencies between this state plan and the requirements of P.L. 104-193 [i.e., the PRWORA], not expressly prohibited by federal law, are supported by approved waivers, as interpreted with reference to the laws in effect at the time."

The State Plan does not expressly identify any inconsistencies, although the narrative does describe the State's sanction policy (\$50 for three months, then \$75 for three months, then \$75 for

six months, then \$75 for twelve months) and notes that these sanctions were included in the approved waiver package.

Ohio: The State Plan indicates that for the immediate future the State will implement a program which to the extent practicable conforms with the program policy provisions of the Ohio State AFDC and JOBS plans, and the Terms and Conditions to Waivers of the AFDC and JOBS programs as of September 30, 1996. However, the plan also states that in implementing TANF "the State will defer to any existing TANF provisions or subsequent changes in federal law which may be in conflict with its AFDC and JOBS state plans." The State does not specify whether it will also defer to TANF provisions which may be in conflict with its waivers.

Oklahoma: The State indicates that it will continue a two-county learnfare waiver until its completion (although the plan does not indicate what, if any, provision of TANF the waiver might be inconsistent with.)

Oregon: The State Plan repeatedly makes references to features of the Oregon Option Waiver Project which appear inconsistent with PRWORA requirements, but the State Plan only expressly notes one inconsistency:

Child Care: Parents of infants under 90 days are exempt under the Oregon Option Waiver, and the State Plan says that "[t]he State will continue to use the Oregon Option exemption for infants less than 90 days old, rather than the new federal exemption for parents of children under age 6 who claim that suitable child care is not available."¹³

In addition, the State describes a set of exemptions from required participation under the Oregon Option. These exemptions are not provided under the PRWORA. The State also describes its time limit (24 months in an 84 month period), and describes exemptions and extensions for its time limit, without expressly noting whether the State is asserting inconsistency with the federal sixty-month limit.

The State may also be asserting inconsistency with the participation rate requirements of Section 407. In Section (1)(A)(I) of its State Plan, the State describes its approach under its JOBS Program. Then, in describing its approach to Section 407, the State Plan says "The State will ensure that parents and caretakers receiving assistance under the program engage in work activities through the JOBS Program as described in Section (1)(A)(I) of this document."

¹³ Note, however, that federal law does not provide for an exemption for parents with children under age 6 when child care is unavailable. Rather, the federal law provides that a State may not reduce or terminate assistance to a single parent of a child under age 6 if the parent is unable to comply with work requirements due to the unavailability of needed child care.

South Carolina: The State indicates that it intends to retain certain waivers which "appear to be in conflict with the TANF legislation." Five specific areas are identified:

Transitional Medicaid: The State indicates that it will provide up to 24 months of transitional Medicaid for AFDC recipients who lose eligibility because of employment or who become unemployed after losing eligibility due to the AFDC time limit, whose earnings are less than the Federal Poverty Guidelines and whose employment would be jeopardized by medical expenditures.

Non-Custodial Parent Participation: The State Plan indicates that the State will require court-ordered non-custodial parents of children receiving AFDC to participate in the Family Independence Employment and Training Program.

Individual Development Accounts (IDA): The State indicates that under its waiver, the State will exclude as a resource for applicants and recipients funds up to \$10,000 deposited in an IDA and will disregard from income a lump sum payment of \$10,000 or less that is deposited in an IDA within 30 days of receipt. (The State will count any amount toward the family's resource limit that is transferred to a non-exempt account or withdrawn for other than allowable purposes.)¹⁴

Ninety-Day Medicaid Extension: The State indicates that it will extend Medicaid eligibility to individuals who are participating in an alcohol or drug treatment program for up to 90 days after termination of AFDC benefits due to the removal of the dependent child(ren) from the home due to abuse or neglect.

Definition of Work: The State indicates that "[u]nder the Terms and Conditions agreed to in the Section 1115 Waiver, [the State] will continue to define work as involvement in specific components that will lead to employment or improved employability as specified in the legislation. Components which will continue to count toward participation are (1) the Family Life Skills requirements mandated by the Family Independence Act and (2) the various Job Club curricula. Included within Job Club is the mandatory 60-day job search. In addition, [the State] intends to define as work participation various components required under the Family Independence Act of 1995. Participation in Literacy Classes, Adult Education, GED classes, technical schools, vocational training, Work Experience and On-the-Job Training will all count toward the participation rate, all of which were countable components as of the date waiver terms and conditions were granted to South Carolina."

South Dakota: The State's Plan identifies four "primary inconsistencies" with TANF provisions:

Treatment of Disabled: The State Plan notes that under the State's currently approved waiver, disabled adults and adults needed in the home to care for a disabled family member are exempt from work requirements and time limits. Accordingly, the State indicates an intent to

¹⁴ The State does not specify how its IDA provision is inconsistent with the PRWORA. Under the PRWORA, a State would be free to develop its own rules for treatment of resources and lump sums. The PRWORA does contain its own IDA provision, which generally provides that if an IDA is designed in accordance with the statutory provisions, a State may elect to provide that the funds deposited in the IDA will not affect eligibility for federal means-tested programs. It is not clear whether the State is seeking to combine its own IDA design rules with those in the statute.

exclude such individuals from the numerator and denominator for purposes of calculating participation rates, and that the State will not count these individuals against the 20% hardship exceptions to the 60-month time limit.

Twenty-Four Month Work Requirement: The State notes that TANF allows for up to 24 months of benefits prior to requiring a parent or caretaker to engage in a work activity, but that South Dakota plans to count months of benefits received under the State's waiver when determining if the parent or caretaker is ready to engage in work or has received 24 months of countable benefits, whichever is earlier.

Secondary Education and Job Readiness: The State Plan notes that TANF is more restrictive about when secondary education and job readiness components count as participation than is true under the State's waiver, so the State will continue current provisions regarding both activities. "All participation in secondary education, (high school, alternative high school, GED, basic/remedial education, or English as a second language instruction), will count towards an individual's first 20 hours of participation regardless of the person's age for both 'all families' and 'two-parent families.' Likewise job readiness pre-employment training will be defined as a work activity for determining participation rates."

Postsecondary Education and Vocational Training: The State indicates that college education and vocational training will be considered as acceptable work activities and counted when determining South Dakota's work participation rates for both "all families" and "two-parent families."

Tennessee: The State expresses its intent to continue operating its statewide waiver. The State does not explicitly identify inconsistencies with TANF, but at least the following areas of inconsistency appear to exist from the State's Plan: 1) Exemptions: The State allows a set of exemptions from its work requirements (i.e., disabled, age 60 or greater, providing in-home care for a disabled relative, not included in the assistance group, incapacitated, parent of a newborn who is four months of age or less). TANF does not allow all of these exemptions. 2) Countable Activities: The State's Plan provides that nonexempt parents and caretakers must engage in work plan activities, but the list of countable activities is broader than the list counting toward TANF participation rates. 3) The State has a 60-month lifetime time limit but provides for an express set of exemptions.

Texas: Texas initially states that "Texas operates a TANF block grant assistance program on a statewide basis in accordance with state law, the terms and conditions of its 1115 waiver, and state policy to the extent that they are inconsistent with federal law." The two areas of inconsistency specifically noted are:

24-Month Work Requirement: In describing the State's approach to the 24-month work requirement, the State Plan states: "Texas requires parents or caretakers to engage in work at least 20 hours per week in accordance with the terms and conditions of the State's Title IV-A waiver."

Participation Rates: In describing the State's approach to the participation rates of Section 407, the State Plan states: "Texas requires parents or caretakers to engage in work activities in

accordance with the terms and conditions of the State's Title IV-A waiver. This includes the use of participation rate methodologies previously approved for JOBS under the waiver."

Utah: The State Plan notes: "Because all Single Parent Employment Demonstration Project waivers are currently referenced in the Employment Assistance for Utah Families State Statute, the State must keep all waivers until after the next legislative session. The State fully intends to comply with the TANF requirement that the Federal Government must be notified no later than 90 days after the end of the State's legislative session concerning which waivers the State will elect to maintain."¹⁵

Vermont: The State Plan does not expressly identify inconsistencies, but notes that Vermont implemented a 7-year welfare restructuring demonstration project on July 1, 1994, and that the Welfare Restructuring Project provides transitional assistance through Vermont's AFDC program, Aid to Needy Families with Children (ANFC), and its welfare-to-work component, Reach-Up. The State Plan further states that "Submission of this State Plan commits the State of Vermont to operating TANF in accordance with current state policies and procedures applicable to Vermont's AFDC program, Aid to Needy Families with Children, and JOBS program, Reach Up." The State further notes that "the State will continue to require a parent or caretaker receiving assistance to engage in work according to the provisions of the WRP waiver terms and conditions, Act 106, and applicable regulations in Vermont's Welfare Assistance Manual."

Wisconsin: The State Plan does not identify any areas of inconsistencies, but references, among other documents "as policy for phase-in of the TANF block grant" the State's currently approved waivers and the W-2 (pending waiver) program narrative.

Wyoming: The State Plan indicates that "Wyoming has requested the approved and submitted waivers be terminated."

Future Updates

CLASP will update this listing of identified inconsistencies as other State Plans are submitted in the coming months.

¹⁵ Note that Section 415 does not require that a State provide such a notice within ninety days of the end of the next regular State legislative session, but does provide that if the State has accrued any federal cost-neutrality liability, the State will be held harmless if the waiver is terminated by that date.

SPECIAL REPORT

WR-Waivers

Arizona

Time limits: Limits adults to 24 months of benefits in any 60-month period. Child care/Medicaid: Provides child care and Medicaid for 24 months for families that leave AFDC. Job creation/participation: At one demonstration site, provides short-term subsidized employment. Requires parents and pregnant teens ages 13 to 18 to undergo job training and undertake job searches. Assets/earnings: Allows families to put aside \$100 a month in Individual Development Accounts for training and education. Accounts can grow to as much as \$9,000. Other strategies: Provides no increase in benefits for children born 10 months after initially receiving AFDC; requires minor mothers receiving AFDC to live with parents.

Arkansas

Time limits: Federal rules apply. Child care/Medicaid: Federal rules. Job creation/participation: Federal rules apply. Assets/Earnings: Federal rules. Other strategies: In two-thirds of state, no increase in benefits for a child conceived while family is receiving AFDC. Parents under 18 required to attend school regularly or face reductions in benefits.

California

Time limits: Seeking waiver to cut off assistance to able-bodied adults after 24 months and reduce benefits incrementally prior to cutoff. Child care/Medicaid: Allows recipients who are working to choose Medicaid and child-care assistance in lieu of a cash welfare assistance. Provides child care and Medicaid for families no longer eligible for AFDC because of asset or income increases caused by marriage. Job creation/participation: Federal rules apply. Assets/Earnings: Allows families to accumulate up to \$2,000 in assets and have a car worth up to \$4,500. Allow families to deposit \$5,000 into savings if funds are used to purchase a home, start a business or finance education, increase earnings limits before losing benefits. Other strategies: Provides bonuses to recipients who advance in school and graduate. In one county, experimenting with requiring welfare parents ages 16-18 to attend school or participate in job training and placement. Seeking waiver to prohibit benefits to child conceived while father parent is receiving AFDC until the family has been off welfare for 24 consecutive months.

Colorado

Time limits: In five counties, terminates AFDC benefits after two years for parents who refuse to work or participate in training. Child care/Medicaid: Federal rules apply. Job creation/participation: Federal rules apply. Assets/Earnings: Changing rules to allow families to keep more earned income and own a car regardless of its value. Other strategies: Provides financial bonuses when participants stay in school and graduate from high school or GED program.

Connecticut

Time limits: Requires work two years after recipients go on AFDC. Limits benefits for families with employable adults to 12 months — a lifetime limit. Child care/Medicaid: Extends child care and Medicaid benefits up to 24 months after parents go off AFDC. Provides child care while income is below 75% of state median. Job creation/participation: Requires recipients to spend at least 12 weeks in job search. Seeks waiver to provide employer tax credits for hiring AFDC recipients. Assets/Earnings: Raises the limits on cash resources to \$3,000. Other strategies: Reduces benefits by half for any children born while parents are on welfare. Requires teenage parents to live with adults.

Delaware

Time limits: Limits benefits for employable adults above age 19 to two years — a lifetime limit. Provides up to two additional years of benefits under pay-for-performance work experience program. Child care/Medicaid: Provides child care and Medicaid for 24 months for families after leaving AFDC. Job creation/participation: Requires recipients to sign a "contract of mutual responsibility" that includes job search and training. Other strategies: Reduces AFDC benefits for children conceived while family is on AFDC. Requires teen mothers to attend school, take parenting classes and live in a supervised setting. Financial incentives for teens to stay in school.

Florida

Time limits: In eight counties, limits benefits to 24 months in any 60-month period for most recipients, followed by participation in guaranteed transitional employment. Exceptions made when the child's portion of the AFDC grant is necessary to keep the child in the home. Child care/Medicaid: Extends child care and Medicaid for families up to 24 months after leaving welfare. Job creation/participation: Federal rules apply. Assets/Earnings: Increasing the amount of assets and earnings recipients can have. Other strategies: Provides only half of benefits for first child and no increase for additional children born while parents on welfare. Requires dependent children and teen parents below age 18 to remain in school.

Georgia

Time limits: Excludes from AFDC any able-bodied recipient ages 16 to 50 who later re-discovers pregnancy at 14 and refuses to work or leaves employment without good cause. The rest of family can continue on AFDC. In 10 counties, limits AFDC benefits to 24 months out of any 36-month period, after which adults must work up to 20 hours per month at an assigned job. Child care/Medicaid: Seeks waiver to extend Medicaid for families up to 24 months after going off AFDC. Job creation/participation: In 10 counties, seeks waiver to replace AFDC payments with paid employment or extend job search and training if work is not available. Assets/Earnings: Allows families to own vehicle of any value if it is used to commute to work or school. Other strategies: Provides family planning and parenting services. Benefits denied for additional children born after the family has been on welfare for at least two years.

Hawaii

Time limits: Federal rules apply. Child care/Medicaid: Federal rules apply. Job creation/participation: Requires recipients who can work to pursue job leads developed by state. Assets/Earnings: Federal rules. Other strategies: Federal rules.

Illinois

Time limits: Limits families to two years of full benefits when the family's youngest child is 13 or older. Family may not reapply for assistance for two years after the time limit is reached. Child care/Medicaid: Extends Medicaid and child care for up to 24 months after family leaves AFDC. Job creation/participation: Requires welfare recipients ages 14 to 20 to stay in school or enroll in job training. Requires 60 hours subsidized work per month if employment is not found in the first year of AFDC. Requires applicants with children ages 5 to 12 to participate in job search and training. After six months of unemployment, community service is assigned. Assets/Earnings: If recipients work, two of each three dollars earned will not be counted in formula used to lower AFDC benefits. Other strategies: No increase in benefits for the birth of a child conceived while the family is receiving AFDC. Requires recipients to draw up a plan for moving off of welfare.

Indiana

Time limits: Terminates cash benefits to adults after 24 months. They're then not eligible for benefits for another 36 months. Seeking waiver to limit benefits to 24 months — a lifetime limit — for adults. Child care/Medicaid: Seeks waiver to provide vouchers for child care, equal to half of what a family is receiving in cash assistance. Job creation/participation: Extends subsidies, to a maximum 24 months, for employers who hire welfare recipients. Freezes benefits for up to 24 months upon employment. Seeks waiver to allow recipients to continue receiving benefits until income reaches 100% of the poverty level. Assets/Earnings: Disregards earned income in determining food stamp benefits for first six months a recipient works. Other strategies: Provides no additional benefits for children conceived while parents are on AFDC. Mandates school attendance. Requires recipients to sign a personal responsibility agreement.

Iowa

Time limits: Benefits are terminated based on each family's self-sufficiency plan. Recipients who don't participate in plan have benefits phased out over six months and don't reapply for six months. Child care/Medicaid: Extends child-care benefits up to 24 months after family leaves AFDC. Job creation/participation: Requires most AFDC parents to participate in training and support services. Only parents with a child under 8 months old at home, those working at least 30 hours a week and the disabled are exempt. Assets/Earnings: Uses a formula which disregards 50% of their earnings when awarding benefits. Requires recipients to contribute to "individual development accounts." Funds can only be withdrawn to pay for education, home ownership, business start-ups or emergencies. Families can hold up to \$5,000 in cash assets and own a vehicle worth up to \$3,000. Other strategies: Requires minor parents to live with parents. Parents who are 19 years old or younger must attend parenting classes and complete high school.

Kansas

Time limits: Seeking waiver to limit cash assistance to parents to 30 months. After that, no cash assistance is available for three years. Child care/Medicaid: Seeking waiver to extend Medicaid benefits 24 months after families leave AFDC. Job creation/participation: Seeking waiver to limit job search and training to the immediately employable. Other strategies: Seeking waiver to reduce benefits by half for second child born to welfare family; subsequent children would not receive benefits. Requires school attendance for children and educational program for parent until age 13 to 19. Requires AFDC minors to live with a guardian.

Louisiana

Time limits: Seeking waiver to limit benefits to 24 months in a 60-month period. Child care/Medicaid: Federal rules apply. Job creation/participation: Federal rules apply. Assets/Earnings: Federal rules. Other strategies: Benefits withheld if AFDC children miss 15 days of school in any six-month period, and more than three days a month thereafter.

Maine

Time limits: Federal rules apply. Child care/Medicaid: Seeks waiver to replace sliding-scale fees with flat-rate fees for child care and Medicaid and expand eligibility. Job creation/participation: Seeks waiver to severely restrict any expansion for job search and training programs. Assets/Earnings: Federal rules apply. Other strategies: Seeks waiver to require parenting classes and make caretaker relatives sign a family contract.

Maryland

Time limits: In three counties, requires able-bodied recipients to participate in job search, employment or community service. After six months of non-compliance, benefits for entire family end. Child care/Medicaid: Extends Medicaid to 24 months after families leave AFDC. Job creation/participation: Extends job search and training services to unemployed, non-custodial parents. Assets/Earnings: Federal rules apply. Other strategies: Offers no additional cash benefits for children born 10 months after initial AFDC receipt. Instead, offers voucher payments for the purchase of goods for the child. Requires minor parents to live with a guardian or adult parent and attend parenting classes.

Massachusetts

Time limits: Federal rules apply. Child care/Medicaid: Extends child care and Medicaid benefits after families leave AFDC. Job creation/participation: Requires community service and job search after 60 days on AFDC. Provides jobs for recipients who cannot find work by combining AFDC grants and the cash value of food stamps to subsidize private sector jobs for up to 12 months. Assets/Earnings: Requires employers of recipients to contribute to Individual Asset Accounts, increases limits on income and assets. Other strategies: Provides no benefits for children born more than 10 months after AFDC has begun. Requires parents below age 20 to finish high school. Requires children below age 14 to attend school. Requires mothers under age 20 to live with a guardian or parent.

Michigan

Time limits: Requires recipients participate in job search, training programs or "social contract" activities that encourage work. Benefits can be denied if recipients refuse. Child care/Medicaid: Extends child-care benefits after recipient leaves AFDC. Job creation/participation: Requires applicants look for work while eligibility is determined. Assets/Earnings: Disregards value of one vehicle in determining benefits.

Minnesota

Time limits: Federal rules apply. Child care/Medicaid: Combines AFDC, food stamps, other benefits into a cash grant with uniform rules. Raises Medicaid eligibility limits. Job creation/participation: Requires recipients take advantage of employment and training services. Assets/Earnings: Increases asset limits. State determines AFDC eligibility based on net income only.

Mississippi

Time limits: Federal rules apply.

Child care/Medicaid: Seeks waiver to provide Medicaid and child care to families even if they have not received AFDC for three months. Job creation/participation: In six counties, provides subsidized, private-sector employment for job-ready participants. The state provides extra payments to recipients with extremely low earnings from work. Assets/Earnings: Allows recipients to have an individual development account for family savings, to which employers will contribute \$1 per hour of work. Increases the amount of earned income recipients can earn without losing benefits. Other strategies: Mandates school attendance for children ages 6 to 17. Provides no additional benefits for children conceived while the family receives welfare.

Welfare waivers

How states are limiting benefits

For y-two states now are using their own rules to mize people off welfare calls — and keep them off. After getting approval from the federal government, known as a waiver, each state uses different combinations of limits on time, requirements for work and restrictions on teenagers or those who have children after going on welfare.

The 5 page outlines major variations in the way each state runs its major aid program, the Aid to Families with Dependent Children. The eight states that are without waivers are Alabama, Alaska, Idaho, Kentucky, Nevada, New Mexico, Rhode Island and Tennessee. Some states are still in the process of receiving approval for parts of their plans. Others are staging experiments known as demonstration or pilot projects in only a few counties. Many already vary greatly from federal law. Under current federal law:

► **Time limits:** Most recipients can stay on welfare for an unlimited time.

► **Child care/Medicaid:** Federal law doesn't strictly require school for minors but a child over 16 who is not in



school may be subject to job-training requirements. Federal law allows a family that works its way off welfare to qualify for Medicaid health care and transitional child care for up to a year. Many states are extending those benefits.

► **Job creation/participation:** Federal law requires states to reduce a family's grant if a parent fails to comply with job search and training requirements.

► **Assets/earnings:** Federal law sets specific limits on the number of hours recipients can work, the income they earn and the value of assets they can keep, including cars, to receive benefits. A formula sets that limit on a state by state basis. Now many states are raising those limits, to encourage people to work and save money so that they can be self-sufficient.

The most common type of reform among states is increasing the resources and earned income a family can keep without losing benefits.

► Cover story, 1A

Source: Welfare Coverage, Assets and Characteristics of Health and Human Services

Missouri

Time limits: Limits adult benefits to 24 months. But the limit can be extended another 24 months to help recipients gain self-sufficiency. Those who receive benefits for 36 months or more and achieve self-sufficiency are not eligible for further benefits.

Child care/Medicaid: Federal rules.

Job creation/participation: Requires recipients to sign and comply with a self-sufficiency agreement establishing a plan for work.

Assets/earnings: The limits on assets will be increased for all families and they may own one automobile without regard to its value.

Other strategies: Minor parents must live with adult parents to receive benefits. Requires school attendance of all children until completion of high school.

Montana

Time limits: Limits adult benefits to 18 months for two-parent families and 24 months for single-parent families. Requires community service when limit is reached.

Child care/Medicaid: Requires all recipients to choose between reduced Medicaid benefits and a partial payment toward a private health insurance plan. Full Medicaid coverage provided on an emergency basis when the job is jeopardized because of a health problem.

Job creation/participation: Requires 20 hours of community service per week when AFDC limit has been reached but recipient is not self-sufficient. Requires participation in job search and training, including minor parents below age 16.

Assets/earnings: Raises six limits on assets and income AFDC families can earn.

Other strategies: Requires applicants to sign Family Investment Agreement. Provides one-time payment for families at risk of becoming welfare dependent.

Nebraska

Time limits: Limits cash assistance to families to 24 months in a 48-month period, with exceptions.

Child care/Medicaid: Extends child care and Medicaid to 24 months after families leave AFDC.

Job creation/participation: Requires participation in education, training, job search or work. Offers recipients two choices. One, slightly lower benefits at first, but fewer benefits are lost when a recipient begins working. Two, slightly higher benefits, but the level of benefits decreases more quickly when recipients begin to earn income.

Assets/earnings: Allows families to have \$5,000 in savings.

Other strategies: Provides no benefits for a child born after the initial 18 months of AFDC. Requires school attendance by minor recipients. Requires that minor parents who live at home receive aid from their parents if those adult parents have mid- to high-income.

New Hampshire

Time limits: In three pilot sites, seeks waiver to require work after six months of AFDC benefits.

Child care/Medicaid: Seeks waiver to expand eligibility for Medicaid after families leave AFDC.

Job creation/participation: Seeks waiver to require recipients look for work for up to 26 weeks, and once they find work stay employed for at least 26 weeks. Would exempt pregnant women from job search and training during third trimester.

Assets/earnings: Federal rules apply.

Other strategies: Requires minors attending school work or take advantage of training programs or other work-related activities.

New Jersey

Time limits: Governor Christie Whitman seeking a waiver to put a five-year lifetime cap on benefits.

Child care/Medicaid: Extends child care and Medicaid benefits for families leaving AFDC roles.

Job creation/participation: Seeks waiver to mandate work for anyone receiving food stamps or welfare. Would require recipients to hold low-paying job with no benefits, if necessary, rather than spend time in training.

Assets/earnings: Federal rules apply.

Other strategies: Provides no additional benefits for a child born 10 months after initial receipt of AFDC. Seeking waiver to require teen-age parents to live with adult parents, attend school.

New York

Time limits: In four counties, gives applicants the option to receive child care or job training in place of AFDC. The program will provide cash assistance or other services in emergencies.

Child care/Medicaid: Allows children in AFDC families to receive aid for up to two years after a stepparent parent marries if the new spouse's income makes the family eligible — so long as the household income does not exceed 150% of the poverty level. Extends eligibility for Medicaid after families leave AFDC.

Assets/earnings: Encourages recipients to start businesses by providing certain business income and resources, including vehicles.

Job creation/participation: Allows non-custodial parents to take advantage of job training programs.

Other strategies: Provides financial incentives for children to attend school.

North Carolina

Time limits: Limits family eligibility for cash assistance to 24 cumulative months. Family may reapply after three years.

Child care/Medicaid: Federal rules apply.

Job creation/participation: AFDC applicants must sign a Personal Responsibility contract. Recipients must work a minimum of 30 hours per week, unless exempted.

Assets/earnings: To keep families from gaining welfare roles, families in need can get a one-time lump sum equal to three months of AFDC benefits. Such payments must be repaid if the person later applies for AFDC.

Other strategies: Benefits are not increased when children are born after parents go on welfare. Teenage parents must live with their parents or guardians.

North Dakota

Time limits: In 10 counties, individualized time limits set, after which full family benefits may be ended.

Child care/Medicaid: In alternative program, AFDC, food stamps and housing assistance is transformed

into a single cash benefit.

Job creation and participation: Requires minimum of 32 hours paid employment and nonpaid work. Requires enrollment in welfare-to-work program during the first six months of pregnancy and after a child is 3 months old.

Assets/earnings: Allows families to earn more money and accumulate more assets without losing benefits. They may own one vehicle, regardless of value, to get to and from work. Income of stepparent not included for first six months after a marriage.

Ohio

Time limits: Seeks waiver to limit AFDC eligibility to 30 months in a 60-month period; extensions available.

Child care/Medicaid: Extends child care up to 18 months after family leaves AFDC.

Job creation/participation: In five sites, state will work with local businesses to generate up to 2,500 subsidized jobs. These jobs are expected to pay at least \$8 per hour. Wages will be supplemented by food stamps and AFDC payments.

Assets/earnings: Increases the amount of money a family can retain before losing AFDC eligibility.

Other strategies: Requires all recipients develop a self-sufficiency contract with the state. Requires regular school attendance by 6- to 13-year-olds. Requires regular school attendance by pregnant and parenting teens. Provides incentives for applicants and employers to hire

Oklahoma

Time limits: In six counties, requires work in private or subsidized jobs following 36 months of receiving benefits in any 60-month period.

Child care/Medicaid: Extends child care benefits up to 24 months after families leave AFDC.

Job creation/participation: Requires participation in a subsidized job program after a recipient searches for work and gets training.

Other strategies: Requires recipients age 13-18 attend school. Prohibits additional benefits for children born while parents on AFDC. Requires that adults with preschool-age children participate in parent education classes and enroll children in a preschool program or Head Start.

Oregon

Time limits: Limits AFDC benefits to 24 in an 84-month period for families with employable parents.

Child care/Medicaid: Provides child care for up to 24 months.

Job creation/participation: Provides recipients with up to nine months subsidized public or private job at minimum wage or better.

Assets/earnings: Provides Individual Education Accounts for each recipient, which employers will contribute to and can be used for training or school. In addition, families can keep more resources without losing benefits.

Other strategies: Requires teen parents live in a supervised setting. Requires parents below age 16 stay in school or some education program.

Pennsylvania

Time limits: Federal rules apply.

Child care/Medicaid: Provides child care for up to 24 months after families leave AFDC.

Job creation/participation: Federal rules apply.

Assets/earnings: Increases amount of assets and earnings families can keep without losing benefits. Allows families to deposit money into retirement savings and education accounts without penalty.

Other strategies: In seven sites, seeking waiver to mandate school attendance for all minor recipients. In one county, requires written agreement aimed at employment.

South Carolina

Time limits: Establishes individualized time limit based on self-sufficiency plan created for each recipient. Would limit AFDC benefits to 24 out of 120 months — and not to exceed 60 months in a lifetime — for families with able-bodied adults.

Child care/Medicaid: Continues child care and Medicaid benefits after family leaves AFDC.

Job creation/participation: In pilot sites, public or private job subsidies available.

Assets/earnings: Allows families to keep resources of up to \$3,000 without losing benefits. Value of vehicles not included in that estimate.

Other strategies: Denies additional benefits for children born while parents on welfare. Requires minor children to attend school. Requires participation in family skills training. Requires recipients to submit to random drug tests and/or drug or alcohol treatment.

South Dakota

Time limits: Limits adult benefits to 24 months for recipients if they are assigned to an employment program and 60 months for recipients in an education program. Requires work or community service upon completion of either track.

Child care/Medicaid: Extends child care and Medicaid benefits after families leave welfare.

Job creation/participation: No waiver, federal rules apply.

Assets/earnings: Any earnings by children who are attending school are not to be counted in reducing benefits. Allows children to have a savings account of up to \$1,000.

Texas

Time limits: Limits recipients' AFDC benefits to 12, 24 and 36 months depending on education and experience; extensions are available.

Child care/Medicaid: Extends Medicaid and child-care benefits to individuals who exhaust their benefits.

written cash benefits.

Job creation/participation: Requires that recipients take advantage of education, training, volunteer service, community work or therapy training.

Assets/earnings: In some counties, allows families to set up Individual Development Accounts of up to \$10,000 for education, training, home ownership, business start-ups or medical expenses.

Other strategies: Requires recipients to sign a responsibility agreement that pledges children will attend school and that anyone receiving benefits will abstain from illegal drugs and not abuse alcohol.

Washington

Time limits: Progressively reduces cash benefits after four years of payments in a five-year period.
Child care/Medicaid: Continues benefits for child care and Medicaid while family on AFDC.
Job creation/participation: Federal rules apply.
Assess/earnings: Increases the income a family can earn without losing benefits.

West Virginia

Time limits: Federal rules apply.
Child care/Medicaid: Provides child care when both parents have gaps in job search and placement.
Job creation/participation: Program to place job seekers with private employers and provide a travel expenses stipend.
Assess/earnings: Allows increased earnings without losing benefits.

Wisconsin

Time limits: Limits recipients to benefits up to 24 months, plus 12 months of benefits in a 48-month period upon reaching first family recurrence eligible for 36 months.

State seeking waiver to exclude AFDC with a work requirement for all except mothers with children younger than 12 weeks. The state will provide \$300 per month wage subsidies to employers who offer trial jobs. Participation would be limited to 24 months in each calendar year, and five years maximum.
Child care/Medicaid: Extends child care and Medicaid up to 24 months as families leave welfare. Seeking waiver to require parents to pay for part of their child care costs.

Job creation/participation: Requires recipients to work or look for jobs. Requires AFDC applicants to complete 100 hours of job search and training activities prior to approval. Seeking waiver to institutionalize job search and training and training in return for a \$555 five-day grant.

Assess/earnings: AFDC applicants must meet with a financial planning resource specialist to explore alternatives to welfare.

Other strategies: Allows no additional AFDC benefits for children born after parents start receiving the benefits.

Wyoming

Time limits: Federal rules apply.
Child care/Medicaid: Federal rules.
Job creation/participation: Requires work experience or community service of all able-bodied jobs who receive benefits.
Earnings/assess: Federal rules.
Other strategies: In three counties, requires school attendance for recipients ages 15 and above if they are to remain eligible.

Utah

Time limits: Federal rules apply.
Child care/Medicaid: Provides child care and Medicaid up to 24 months after families leave AFDC.

Job creation/participation: Exits family's AFDC benefits if parents fail to comply with education, training and work requirements.

Assess/earnings: Allows recipients to lose higher monthly earnings without affecting welfare cash benefits. Allows a one-time payment to meet basic needs and prevent people from applying for welfare.

Vermont

Time limits: Phase a 30-month limit on receipt of AFDC benefits, then a work requirement looks in.

Child care/Medicaid: Extends some child care and Medicaid benefits after families leave welfare.

Job creation/participation: Requires that AFDC recipients who community or public service jobs. Subsidized job available to meet work requirements.

Assess/earnings: Allows recipients to keep more income and more assets without reducing benefits.

Other strategies: Requires teen parents to attend school or training programs. Requires most men to live at supervised settings.

Virginia

Time limits: After receiving AFDC for 24 months, a family becomes ineligible for 24 months. Provides continuous benefits to high school students until age 21.

Child care/Medicaid: Extends child care and Medicaid benefits up to 36 months after families leave welfare.

Job creation/participation: Provides on-warehouse training for recipients who have been on AFDC at least two years. Have a diploma or GED, and have no children below age 5. Assigns structured work.

Assess/earnings: Allows families to save up to \$5,000 to purchase a home or pay for education.

Other strategies: Provides no additional benefits for children born in a state on AFDC. Requires school attendance for children under age 18. Requires minor parents to live with an adult guardian. Requires signing of Agreement of Parental Responsibility.

In a pilot program, AFDC eligible applicants can get up to 120 days of benefits in one payment, with the stipulation that they won't receive any more benefits for 180 days.



DEPARTMENT OF HEALTH & HUMAN SERVICES
Director for Intergovernmental Affairs

Office of the Secretary
Washington, D.C. 20201

*WR - Monahan
Waivers*

October 22, 1996

NOTE FOR BRUCE REED
JEREMY BEN-AMI
EMILY BROMBERG
DIANA FORTUNA

FROM: John Monahan

Attached are the final talking points relating
to States' use of the inconsistency provision of the
welfare reform law.

Final Talking Points

State Welfare Waivers and the New Welfare Reform Legislation

- o We are moving ahead rapidly with the Congress and our state partners to implement the new welfare reform legislation and achieve our goals of moving families from welfare to work, promoting parental responsibility, and protecting children.
- o The new legislation provides states with broad new flexibility to design their own programs. It allows them to decide how they can best move families to work -- while containing clear requirements that they must move families from welfare to work.
- o We are working with the Congress to clarify statutory provisions which allow states to continue existing waivers that are "inconsistent" with the new statute. Because there is some ambiguity in the statutory language, the Administration and the Congress have agreed to a process under which states will include in their state plans a list of any waiver provisions that they believe are "inconsistent" with the statute and that they would like to continue.
- o This approach will allow the Administration, the Congress, and the states to make thoughtful decisions about how to interpret the ambiguous language, based on real examples of the policies that states would like to put in place.
- o The Administration does not expect states to use the waiver provision to circumvent the work requirements and time limits in the new welfare reform law and would oppose efforts by states designed to do so. We believe that work requirements and time limits are central to the new welfare reform law and will work with Congress to ensure their integrity.
- o **IF ASKED:** The Administration acknowledges the fact that HHS will not determine a state TANF plan to be incomplete on the grounds that it asserted the "inconsistency" provision in the areas of work requirements and the limits. If states do choose to use the "inconsistency" provision to circumvent work requirements and time limits, we will work with Congress to ensure the integrity of the welfare reform law.

WR Waivers

NOTE TO:

Carol Rasco
Bruce Reed
Diana Fortuna
Lyn Hogan
Debbie Fine
Emily Bromberg
Ken Apfel
Elena Kagan

FROM: Jeremy Ben-Ami

SUBJECT: **HHS DRAFT MEMO TO LEON PANETTA WITH ATTACHMENTS**

Our cover memo

- 1) *Clarity issues/aim limits*
- 2) *Oppose ES by*
- 3) *Wisc. waiver*
- 4) *No on completeness, guidelines*

NOTE TO JEREMY BEN-AMI

FROM JOHN MONAHAN

Attached you will find a draft version of the proposed joint memorandum relating to welfare reform implementation issues. Please share with your colleagues. Thank you very much.

DRAFT

DRAFT

MEMORANDUM TO LEON PANETTA

FROM:

Following is the current thinking of HHS and _____ regarding three key issues that have emerged in our implementation of the welfare reform law: how the 45 day comment period requirement should be handled for states that have submitted plans within 45 days of enactment; interpretation of the Section 415 waiver authority; and certifying "completeness" of TANF state plans. There is a need for quick resolution of these issues.

45-Day Comment-Period Requirement

Section 402(a)(4) of the Act, as amended by the PRWORA, contains a requirement that a state include in its state plan a certification that local governments and private sector organizations have been given at least 45 days to comment on the plan. In order for this comment-period requirement to be meaningful, the comment period must occur at a time when the plan has been formulated and the law under which the plan will operate is known.

Maintaining the integrity of the comment-period requirement is of prime importance, since there may be no other forum for the citizens of a state to learn about and influence the structure of the state TANF program. While the PRWORA was being considered in Congress, the Administration advocated vigorously for an opportunity for public input in each state's plan development process.

In that light, the Department proposes that with respect to any state that submits its plan after October 1, 1996, the following procedure be followed: The state will be notified of the Department's receipt of its plan and that the 45-day comment period must have occurred at a time when the plan had been formulated and the law under which the plan will operate (the Social Security Act, as amended by the PRWORA) is known. We will suggest that the state, if it has not done so already, begin the comment period. We will assure the state that once the comment period has expired, the state has informed us of any amendments the state wishes to make to the plan as a result of comments received; and the state's plan has otherwise been determined by the Department to be complete, the state will be declared to be an eligible state and will receive TANF block grant funding calculated from the day the plan was first received by the Department.

No - get it automatically

For TANF state plans submitted prior to October 1, 1996, a

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different rationale is necessary.

The PRWORA stipulates that a state cannot receive block grant funds for any fiscal year unless it was an "eligible state" (i.e., had submitted a TANF state plan that the Department had found contained all of the elements listed in section 402 of the Social Security Act, as amended by the PRWORA) during that fiscal year. Thus, in order to receive any TANF funds for fiscal year 1996, a state must be an eligible state before October 1, 1996.

Wisconsin submitted its TANF plan on August 22 and Michigan submitted its TANF plan on August 26. Both states are eager to start receiving funding under the block grant as soon as possible.

Michigan has notified the Department that it began a comment period with respect to its state plan submission on August 15, 1996. Thus, it will be possible for the Department to find that Michigan met the comment-period requirement before the end of fiscal 1996 and provide Michigan with TANF block grant funding as of August 26, 1996 (assuming the plan it has submitted otherwise meets the requirements of section 402).

While Wisconsin has not conducted a comment period formally so styled, the Department believes that Wisconsin has had in effect an informal comment period since at least August 15, 1996. Wisconsin's plan is based quite extensively on its waiver application, which was the subject of a formal federal comment period. Additionally, during the Wisconsin legislative process and thereafter, there was opportunity for public comment. The W2 plan continues to be publicly available. Thus, the Department is able to find that Wisconsin met the comment-period requirement before the end of fiscal 1996 and provide Wisconsin with TANF block grant funding as of August 22, 1996 (assuming the plan it has submitted otherwise meets the requirements of section 402).

Section 415 Waiver Authority

With very limited exceptions, new section 415 of the Social Security Act allows states to delay the application of any provision of the new legislation (not just title I, the Temporary Assistance for Needy Families Block Grant) to the extent that such provision is inconsistent with one or more approved waivers that were applied for before enactment and approved before July 1, 1997. The delay is effective to the expiration date of the waiver, determined without extension, and the exceptions are that all states are subject to the repeal of title IV-A child care, and all states approved after enactment and before July 1, 1997 are subject to the section 407 work requirements.

Because they have penalties associated with them, two of the significant areas of potential inconsistency with the PRWORA that states are most concerned with are whether section 415 allows

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states to have alternative, and presumably more achievable, work requirements, and to have alternative time limits.

With respect to work requirements, although it has not been suggested that the participation rates not apply to all states, probably about one-half of all states would be able to count more activities as work than would be allowed under TANF if section 415 were read to permit that flexibility.

With respect to time limits, a large number of states would provide for more generous extension policies than the 20% TANF exemption policy would allow, and there is the open question of whether a waiver demonstration with no time limit could be determined under section 415 as allowing a state to not impose the 5-year time limit.

The Statement of Managers suggests a narrower reading of the statute that would not permit states to continue some of these waiver policies under section 415. However, some members of Congress, including Charles Stenholm who has written the Department, believe that the floor debate supports providing a broad interpretation. Any approach will involve a trade-off between, on the one hand, broader state flexibility and a large number of states that would advocate for it both with their members of Congress and with the Executive Branch, and, on the other, a tighter view of state accountability for enforcing a narrower interpretation of work requirements and time limits under TANF. A decision based on a narrower interpretation is likely to be criticized as undermining state flexibility and disrupting the progress of the states that have been most in the forefront of welfare reform. A decision grounded on a broader view is likely to be criticized as undermining work requirements and time limits. These potential criticisms could be directed at either the Congress or the Executive Branch to the extent that either takes action to advance an interpretation.

HHS favors an approach that would initially request that states identify in their state plans specific provisions of their demonstrations that they believed were inconsistent with the PRWORA. [We would also alert them that subsequent legislative or regulatory action regarding TANF penalties might limit their flexibility in the future, [although such action would be effective only prospectively.] Seeing how states view this issue through the state plan process could lead to better informed decisions on an interpretation of section 415. The Department has recently received a joint letter from Chairman Archer and Chairman Roth strongly supporting this approach.

NO

TANF state plan guidance

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Pub. L. 104-193) replaces the AFDC, JOBS and EA programs with a new block grant -- the Temporary Assistance to Needy Families program. To be eligible to receive its block grant funds, the law requires a State to submit a State plan to the Secretary no later than July 1, 1997, which the Secretary has found meets the statutory requirements.

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Section 402 of the Social Security Act (as revised by the legislation) provides, in general terms, the statutory framework of the State plan and requires States to outline the program of job preparation, work, support services and benefits which will enable clients to become self-sufficient.

Because of the enormous flexibility that states have under the PRWORA, it is extremely important that the plan lay out in some detail the benefits and services that the state will provide, the eligibility criteria for benefits and services, the requirements that the states will impose on recipients and other features of their program. The plan will be the basic document through which citizens and potential recipients will understand program rules. There are many constituencies that have an interest in this information. Clients, advocacy groups, state officials, Congress and the administration all have an interest in a clear understanding of the state's program. Moreover, the plan will be the basic document from which the federal government obtains information about what states are doing, to compare with their reports of how well they are doing.

To help states develop complete plans, ACF has prepared a draft guide for States to use in preparing their plan submissions (draft attached) consisting of an overview, the statutory text, State plan certifications and funding instructions. Rather than the current uniform preprint state plans, we envision a very descriptive plan that clearly outlines for the public the expectations, services and benefits available.

To assist states in preparing a "complete" program description that is understandable to the public and addresses all statutory requirements, ACF is planning to supplement the state plan guidance with a more detailed checklist that states can use to make sure they have covered the required elements of the plan. This checklist will also be used by ACF in determining whether or not the plan is complete for purposes of funding. (See attached)

NO

ATTACHMENT

"...our nation's answer to this great social challenge will no longer be a never-ending cycle of welfare, it will be the dignity, the power and the ethic of work. Today, we are taking an historic chance to make welfare what it was meant to be: a second chance, not a way of life." President William J. Clinton

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STATE GUIDANCE
FOR THE
TEMPORARY ASSISTANCE
FOR
NEEDY FAMILIES
PROGRAM



Department of Health and Human Services
Administration for Children and Families
370 L'Enfant Promenade, S.W., Washington, D.C. 20447
September 1996

A New Beginning...

The Temporary Assistance for Needy Families (TANF) Program

On August 22, President Clinton signed into law the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996," a comprehensive bipartisan welfare reform bill that establishes the Temporary Assistance for Needy Families (TANF) program. This legislation will dramatically change the nation's welfare system into one that requires work in exchange for time-limited assistance. It contains strong work requirements, a performance bonus to reward States for moving welfare recipients into jobs, State maintenance of effort requirements, comprehensive child support enforcement, and supports for families moving from welfare to work.

In signing the bill, President Clinton said, "This is not the end of welfare reform, this is the beginning." He went on to say:

Today, we are ending welfare as we know it. But I hope this day will be remembered not for what it ended, but for what it began -- a new day that offers hope, honors responsibility, rewards work, and changes the terms of the debate....

The new legislation gives States the opportunity to create a new system that promotes work and responsibility, and strengthens families. It challenges us all to remedy what is wrong with the old system, and to provide opportunities that will help needy families under a framework of new expectations.

Starting the Program

The new TANF program replaces the AFDC, JOBS and EA programs with a new block grant program. A State is eligible to participate in the new program no earlier than the submittal of its State TANF plan. A State will receive its block grant funds once the Secretary has found the State's plan to be complete.

States must submit their TANF plans no later than July 1, 1997, but can submit them earlier if they choose. States should consider several factors in deciding whether to implement the TANF program prior to July 1, 1997. In States with reduced caseloads, funding for the AFDC, EA and JOBS programs may be less than the amounts the States would receive under the new block grant. Thus, it may be financially advantageous for some States to accelerate their effective date.

In addition to the financial implications, States should also weigh other considerations in determining when to implement the new program. Given the complexity of the new legislation and the

tremendous range of options available, designing and implementing a new program will require a significant effort on the part of States. They must consult and coordinate with numerous parties, undertake staff training and modify computer systems. Inadequate attention to these activities could undermine the long-term effectiveness of the State's program. Further, once States submit their plans, the work requirements and the 5-year time limit begin. Penalty and data collection requirements begin July 1, 1997, or 6 months after the plan has been submitted, whichever is later.

Suggested State Plan Outline

The statute requires States to outline how they intend to conduct a program that provides assistance to needy families with children and provide parents with job preparation, work and support services to enable them to leave the program and become self-sufficient.

We recommend that States use the State plan process to consider and address a set of important questions, and to outline to the citizens of the State, other interested parties, and the Federal government how those questions will be addressed in the operation of the State's program. Toward that end, we suggest that a State plan include discussion of the issues outlined below as well as addressing all other requirements specified in the law.¹ Attachment A provides a copy of the statutory text.

A possible format is a 15-20 page document that describes the State's program goals, approach, and program features. Some States may emphasize some areas more than others depending on the circumstances in the State. States must submit plans every two years. They may submit amendments to keep the plan current whenever they wish to make changes in the administration or operation of the program. A State plan will be considered complete as long as it includes the information required by the Act.

GOALS, RESULTS AND PUBLIC INVOLVEMENT

What are the overarching goals for your program? How were local governments and private sector organizations involved in designing the TANF plan? How has the public been involved in program design and has the public had the opportunity to provide input? How will you judge and measure progress toward goals? What results will be measured and how will accountability be ensured?

NEEDY FAMILIES

Who will be assisted under this program? How will "needy families" be defined? Will all families in the State have access

to the same program or will it vary? Will the same services be offered to families who have moved from another State? How will eligible non-citizens be treated within the program? How will the privacy of families be protected? What rights will applicants and beneficiaries have to challenge decisions?

WORK AND SELF-SUFFICIENCY

What are your overall goals for work and self-sufficiency? How will the program move families to work and ultimately to self-sufficiency? What services will be available to move clients to work? How will you identify and provide additional, targeted support to victims of domestic violence and others who may have particular difficulty successfully making the transition from welfare to work? How will current workers be protected from displacement? How will various community, education, business, religious, local governments, and non-profit organizations be involved in the effort to provide work for clients? How will the delivery of services vary across the State?

BENEFITS

What benefits will be given to needy families? Will benefits be delivered through cash, in-kind, vouchers, or electronic benefits transfer (EBT)? How will time limits and sanctions be incorporated into the program? What supportive services will be available to clients? How will child care be provided to allow parents to go to work?

CULTURE CHANGE

What measures will be taken to change the culture of the welfare office to support work and self-sufficiency? What kind of training will take place for staff who will be involved in administering the program?

PARENTAL RESPONSIBILITY

How will parental responsibility be encouraged? How will child support enforcement interact with the TANF program? Will non-custodial parent be involved in any work programs? What efforts will be made to reduce the incidence of out-of-wedlock births? How will problems of domestic violence and statutory rape be addressed?

TRIBES

How will you ensure equitable access to your program for members of Indian tribes who are not eligible for assistance under a tribal family assistance plan? How will you assist tribes in implementing their programs? What kind of assistance will be available to tribes in implementing their programs?

ADMINISTRATION

What is the structure of the agency administering the program? What will be the role of public or private contractors in the delivery of services? How will elements of the program be

phased-in? Will the implementation date differ from the plan
submittal date?

WAIVERS

Do you intend to continue one or more individual waivers as provided under section 415? If so, please identify each waiver provision and each provision of new law that you believe are inconsistent, and provide the basis for your assessment of inconsistency. (You may wish to consult with the chief law officer of your State in making this assessment.) What is the name of the 1115 demonstration which contains the waiver? What are the beginning and ending dates of the demonstration? Is the waiver incorporated into your TANF plan applicable statewide? If not, how will TANF operate in those areas of the State not covered by the continuing waivers? Note: Future legislative or regulatory action may limit which provisions of the TANF may be considered inconsistent with waivers for purposes of determining penalties. If this happens, States will have an opportunity to submit a new plan in order to come into compliance with the requirements.

Description of Attachments

In additions to this guidance, we are providing three attachments that State policy makers may wish to use in developing their State TANF plans. Attachment A is a copy of the statutory requirements regarding the state plan. Attachment B contains suggested formats for the required certifications that must be submitted with a state plan. Attachment C provides technical information for financial officers of the program regarding funding and a mechanism for States to request TANF funds.

Paperwork Reduction Act

The information in the State TANF plan is collected in accordance with section 402 of the Social Security Act, as amended. Information received in the State plans sets forth how the TANF program will be administered and operated in the States.

The response burden for this collection of information is estimated to be 60 hours per response, including the time for reviewing the statute, this guidance gathering and preparing the information, and reviewing the information.

The information collected is mandatory in accordance with the above-mentioned citations.

This information is not considered confidential; therefore, no additional safeguards are considered necessary beyond that customarily applied to routine government information.

Inquiries

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Inquiries should be addressed to the appropriate Regional Administrator, Administration for Children and Families. Information about all State plans will be posted on the ACF home page.

ATTACHMENT A

◆ Statutory Text Relating to State Plans ◆

STATUTORY TEXT

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) was signed by the President August 22. The following is the statutory language relative to the State TANF plan.

SECTION 402 -- STATE PLAN REQUIREMENTS

(a) (1) OUTLINE OF FAMILY ASSISTANCE PROGRAM. -

(A) General Provisions. - A written document that outlines how the State intends to:

(i) Conduct a program, designed to serve all political subdivisions in the State (not necessarily in a uniform manner), that provides assistance to needy families with (or expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient.

(ii) Require a parent or caretaker receiving assistance under the program to engage in work once the State determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months, whichever is earlier.

(iii) Ensure that parents and caretakers receiving assistance under the program engage in work activities in accordance with section 407.

(iv) Take steps to restrict the use and disclosure of information about individuals and families receiving assistance.

(v) Establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for reducing the illegitimacy ratio of the State for calendar years 1996 through 2005.

(vi) Conduct a program that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

(B) Special Provisions. -

(i) The document shall indicate whether the State intends to treat families moving into the State from

another State differently than other families under the program, and if so, how the State intends to treat such families under the program.

(ii) The document shall indicate whether the State intends to provide assistance under the program to individuals who are not citizens of the United States, and if so, shall include an overview of such assistance.

(iii) The document shall set forth objective criteria for the delivery of benefits and the determination of eligibility and for fair and equitable treatment, including an explanation of how the State will provide opportunities for recipients who have been adversely affected to be heard in a State administrative or appeal process.

(iv) Not later than 1 year after the date of enactment of this Act, unless the chief executive officer of the State opts out of this provision by notifying the Secretary, a State shall, consistent with the exception provided in section 407(e)(2), require a parent or caretaker receiving assistance under the program who, after receiving such assistance for 2 months is not exempt from work requirements and is not engaged in work, as determined under section 407(c), to participate in community service employment, with minimum hours per week and tasks to be determined by the State.

(2) CERTIFICATION THAT THE STATE WILL OPERATE A CHILD SUPPORT ENFORCEMENT PROGRAM.-A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a child support enforcement program under the State plan approved under part D.

(3) CERTIFICATION THAT THE STATE WILL OPERATE A FOSTER CARE AND ADOPTION ASSISTANCE PROGRAM.-A certification by the chief executive officer of the State that, during the fiscal year, the State will operate a foster care and adoption assistance program under the State plan approved under part E, and that the State will take such actions as are necessary to ensure that children receiving assistance under such part are eligible for medical assistance under the State plan under title XIX.

(4) CERTIFICATION OF THE ADMINISTRATION OF THE PROGRAM.-A certification by the chief executive officer of the State specifying which State agency or agencies will administer and supervise the program referred to in paragraph (1) for the fiscal year, which shall include assurances that local governments and private sector organizations-

(A) have been consulted regarding the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations; and

(B) have had at least 45 days to submit comments on the plan and the design of such services.

(5) CERTIFICATION THAT THE STATE WILL PROVIDE INDIANS WITH EQUITABLE ACCESS TO ASSISTANCE.-A certification by the chief executive officer of the State that, during the fiscal year, the State will provide each member of an Indian tribe, who is domiciled in the State and is not eligible for assistance under a tribal family assistance plan approved under section 412, with equitable access to assistance under the State program funded under this part attributable to funds provided by the Federal Government.

(6) CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE AGAINST PROGRAM FRAUD AND ABUSE.-A certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to ensure against program fraud and abuse, including standards and procedures concerning nepotism, conflicts of interest among individuals responsible for the administration and supervision of the State program, kickbacks, and the use of political patronage.

(7) OPTIONAL CERTIFICATION OF STANDARDS AND PROCEDURES TO ENSURE THAT THE STATE WILL SCREEN FOR AND IDENTIFY DOMESTIC VIOLENCE.-

(A) In General.-At the option of the State, a certification by the chief executive officer of the State that the State has established and is enforcing standards and procedures to-

(i) screen and identify individuals receiving assistance under this part with a history of domestic violence while maintaining the confidentiality of such individuals;

(ii) refer such individuals to counseling and supportive services; and

(iii) waive, pursuant to a determination of good cause, other program requirements such as time limits (for so long as necessary) for individuals receiving assistance, residency requirements, child support cooperation requirements, and family cap provisions, in cases where compliance with such requirements would make it more difficult for individuals receiving assistance under this part to escape domestic violence or unfairly penalize such individuals who are or have

been victimized by such violence, or individuals who are at risk of further domestic violence.

(b) PUBLIC AVAILABILITY OF STATE PLAN SUMMARY.-The State shall make available to the public a summary of any plan submitted by the State under this section.

ATTACHMENT B

◆ State Plan Certifications ◆

This has been designed to enable the Chief Executive Officer of a State to certify that the State will operate its Temporary Assistance to Needy Families (TANF) program in accordance with the statutory requirements in section 402(a)(2) through (7).

CERTIFICATIONS

The State will operate a program to provide Temporary Assistance to Needy Families (TANF) so that the children may be cared for in their own homes or in the homes of relatives; to end dependence of needy parents on government benefits by promoting job preparation, work, and marriage; to prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and encourage the formation and maintenance of two-parent families.

This program is known as _____

Executive Officer of the State (Name) _____

In administering and operating a program which provides Temporary Assistance for Needy Families with minor children under title IV-A of the Social Security Act, the State will:

1. Specify which State agency or agencies will administer and supervise the program under part A in all political subdivisions of the State:

_____ is (are) the agency(ies) responsible for administering the program;

_____ is (are) the agency(ies) responsible for supervising the program;
2. Assure that local governments and private sector organizations:
 - (a) Have been consulted regarding the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations; and
 - (b) Have had at least 45 days to submit comments on the plan and the design of such services.
3. Operate a Child Support Enforcement program under the State plan approved under part D;
4. Operate a Foster Care and Adoption Assistance program in accordance with part E, and certify that the State will take all necessary actions to ensure that children receiving assistance are eligible for medical assistance;

Certifications

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5. Provide each member of an Indian tribe, who is domiciled in the State and is not eligible for assistance under a Tribal Family Assistance plan approved under Section 412, with equitable access to assistance under the State program funded under this part attributable to funds provided by the Federal Government.
6. Establish and enforce standards and procedures to ensure against program fraud and abuse, including standards and procedures concerning nepotism, conflicts of interest among individuals responsible for the administration and supervision of the State program, kickbacks, and the use of political patronage.
7. Make available to the public a summary of the State plan;
and

OPTIONAL CERTIFICATION

- [] The State has established and is enforcing standards and procedures to:
- (1) Screen and identify individuals receiving assistance under this part with a history of domestic violence while maintaining the confidentiality of such individuals;
 - (2) Refer such individuals to counseling and supportive services; and
 - (3) Waive, pursuant to a determination of good cause, other program requirements such as time limits (for as long as necessary) for individuals receiving assistance, residency requirements, child support cooperation requirements, and family cap provisions, in case where compliance with such requirements would make it more difficult for individuals receiving assistance under this part to escape domestic violence or unfairly penalize such individuals who are or have been victimized by such violence, or individuals who are at risk of further domestic violence.

CERTIFIED BY THE CHIEF EXECUTIVE OFFICER OF THE STATE:

Date

Signature and Title

ATTACHMENT C

◆ Funding ◆

FUNDING

Section 403(a)(1)(A) provides that each eligible State shall be entitled to receive for each of the fiscal years 1996 through 2002, a grant in an amount equal to the State family assistance grant as defined in section 403(a)(1)(B).

I. Payments to Agency Administering the TANF Program

- ▶ Payments for the TANF program will be made to the organization managing the AFDC/JOBS programs as of August 22, 1996, unless the State indicates that the TANF administering agency is changed. If a change is made, describe the name, address and EIN number of the new organization.

II. State Payments for TANF Program

- ▶ Section 405 requires that grants be paid to States in quarterly installments, based on State estimates. The State's estimate for each quarter of the fiscal year by percentage is:

For FY 1998 and Future Years-

<u>1st</u> <u>quarter</u>	<u>2nd</u> <u>quarter</u>	<u>3rd</u> <u>quarter</u>	<u>4th</u> <u>quarter</u>
_____	_____	_____	_____

- ▶ For FY 1997, States should indicate below the percentage of TANF funds requested for only those quarters in which they plan to operate the program.

For FY 1997

<u>1st</u> <u>quarter</u>	<u>2nd</u> <u>quarter</u>	<u>3rd</u> <u>quarter</u>	<u>4th</u> <u>quarter</u>
_____	_____	_____	_____

III. Changes and Inquiries

- ▶ If a State determines that these estimates require changes, a letter indicating the change in percentages should be sent to your ACF Regional Office and to ACF's Central Office. The Central Office address is:

The Administration for Children and Families
The Office of Program Support
The Division of Grants Management
6th Floor, Aerospace Building
370 L'Enfant Promenade
Washington, D.C. 20447

CHECKLIST
FOR STATE PLANS FOR THE
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)
PROGRAM

This checklist is intended to serve as a planning aid when developing the TANF plan. It includes the stated statutory requirements, as well as optional areas which are important to cover in describing the State's program for assisting needy families and encouraging self-sufficiency. Specific statutory plan requirements are identified with an arrow (→) for your convenience.

During your planning for the TANF program and the preparation of the plan document, you may find it helpful to consult the following checklist to ensure that your program description is complete and understandable to your constituents.

ASSISTANCE

I. Benefits

- [] What benefits and services will be provided to needy families? [Section 402(a)(1)(B)(iii)]
- [] What standard(s) will you use to determine eligibility? [Section 402(a)(1)(B)(iii)]
- [] How often will you issue benefits? [Section 402(a)(1)(B)(iii)]
- [] How will you treat families moving into the State from another State? [Section 402(a)(1)(B)(i)]
- [] Will benefits be issued as direct cash assistance, vouchers, services, wages, certificates, or other? Will an electronic benefits transfer system be utilized? [Sections 402(a)(1)(B)(iii)], 404(g), and 104(a)(1)(B)]
- [] What are the methods and processes for recovering overpayments (e.g. use of IRS tax intercept) and correcting underpayments to beneficiaries of the program?

II. Application Process

- [] How will needy families gain access to benefits and services? [Section 402(a)(1)(A)(i)]
- [] Have you established time frames for processing the application for assistance?
- [] For what period will benefits be authorized, before eligibility must be reestablished? [Section 402(a)(1)(B)(iii)]
- [] How will the initial assessment of the skills, work experience and employability of each adult recipient be completed? [Sections 402(a)(1)(A) and 408(b)(2)(B)(i)]

- Will you require Individual Responsibility Plans? (If yes, please describe the process and include a copy?) [Sections 402(a)(1)(A) and 408(b)(2)(A)]
- Will you exempt single custodial parents with a child under 12 months of age from work requirements?

III. Assistance Unit

- How will the State define the assistance unit for benefits and services? [Section 402(a)(1)(A)(i)]
- How do you define the term "caretaker relative"? [Sections 402(a)(1)(A) and 408(a)(1)(A)(i)]
- What is your definition of a family? Which individuals in the home will be included as part of the family for the purposes of eligibility and determining the amount of benefits? [Section 402(a)(1)(A)(i)]
- For purposes of receiving assistance, how many days may a child be absent from home? What are the good cause exceptions? [Sections 402(a)(1)(B)(iii) and 408(a)(10)]

IV. Eligibility, Income and Resources

- What income levels will you use in determining need? What resource levels if any, will you use in determining need? [Section 402(a)(1)(B)(iii)]
- How will you budget income? [Section 402(a)(1)(B)(iii)]
- What are the disregards that will apply to income and resources [Section 402(a)(1)(B)(iii)]
- Do you have deprivation factors for determining eligibility?
- Do you have any other conditions of eligibility in addition to income or resource limits?
- What are your criteria for covering pregnant women with no other minor children? [Sections 402(a)(1)(A)(i) and 408(a)(1)(A)(ii)]
- Do you have legislation that allows benefits to be given to an individual who is convicted of possession, use, or distribution of a controlled substance? [Sections 402(a)(1)(B)(iii) and 115(d)]
- Will you provide benefits to individuals who are not citizens of the United States? Have you included an overview of such assistance? [Sections 402(a)(1)(B)(ii) and Section 431 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996]

V. Time Limits

- [] Will you impose any time limits of less than 60 months for receipt of benefits? [Sections 402(a)(1)(A)(i) and 408(a)(7)]
- [] What are the criteria for exempting families from the time limit due to hardship or domestic violence? [Sections 402(a)(1)(A) and 408(a)(7)(C)]
- [] What criteria will you use to determine which families, if any will be exempted for the time limits?
- [] How will you ensure that the number of exemptions does not exceed 20 percent?
- [] What benefits and services, if any, will be provided to non-exempt families that reach the time limit?

EMPLOYMENT SERVICES

I. Goals and Strategies

- [] What are your overall goals for work and self-sufficiency and your strategy for ensuring that the program will promote work and enable families to become self-sufficient?
- [] What models or other effective programs or practices did you use in developing your goals and strategy for promoting work and self-sufficiency?
- [] Have you established State numerical goals for participation in work activities and for placements? What are your goals?

II. Work Activities

- What work activities does the State include in its definition of work? [Sections 402(a)(1)(A)(ii) and (iii) and 407(d)]
- [] unsubsidized employment;
- [] subsidized private sector employment;
- [] subsidized public sector employment;
- [] work experience;
- [] on-the-job training
- [] job search and job readiness assistance;
- [] community service programs;
- [] vocational education training;
- [] job skills training directly related to employment;
- [] education directly related to employment;
- [] satisfactory attendance at secondary school or equivalent;
- [] provision of child care services to an individual who is participating in a community service program.

III. Work and Participation Requirements

Checklist for State Plan for the Temporary Assistance to Needy Families Program

- [] What are your criteria will be used to determine whether a parent or caretaker relative is ready to engage in work before 24 months? [Section 402(a)(1)(A)(ii)]
- [] Will you require community service employment for parents or caretaker relatives who are not exempt and not engaged in work and who have received assistance for two months? If not, have your Governor notified the Secretary? [Section 402(a)(1)(B)(iv)]
- [] How have you defined "satisfactory attendance" for teen heads of households who attend secondary school or education directly related to employment? [Sections 402(a)(1)(A)(iii) and 407(c)(2)(C)]
- [] Do you exempt single custodial parents who care for children under 12 months of age? [Sections 402(a)(1)(A)(iii) and 407(b)(5)]
- [] What criteria have you established relative to a single custodial parent's "demonstrated inability" to obtain needed child care? [Sections 402(a)(1)(A)(iii) and 407(e)(2)]

IV. Employment Placement Program

- [] Will you use the grant to operate an employment placement program? Will this program make payments (or provide vouchers) to public and private job placement agencies to provide employment placement services? [Section 402(a)(1)(A)(i) and 404(f)]

V. Penalties on Individuals

- [] What are your sanction criteria and methodology for calculating penalties for individuals who refuse to engage in work or who fail to comply with the Individual Responsibility Plan? [Sections 402(a)(1)(A)(iii), 407(e)(1), 408(b)(2)(A) and 408(b)(3)]
- [] What are your good cause and other exceptions from the work requirements? [Sections 402(a)(1)(A)(iii), 407(e)(1) and 408(b)(3)]
- [] Will you impose a sanction on a family that includes an adult if such adult fails to ensure that the minor dependent children attend school? If yes, what are your criteria and methodology for imposing a sanction on the family? [Sections 402(a)(1)(A)(i) and 404(i)]
- [] Will you impose a sanction on a family that includes an adult who is older than 20 and younger than 51, if the adult does not have and is not working toward a high school diploma or equivalency diploma unless exempt? [Sections 402(a)(1)(A)(i) and 404(j)]

VI. Grievance Procedures and Worker Protection

- [] What is your grievance procedure for resolving complaints by regular employees regarding alleged violations of the requirement regarding filling vacancies? [Sections 402(a)(1)(B)(iii) and 407(f)(3)]
- [] How will you prevent displacement of regular employees?
- [] How will your program ensure that all regular workers continue to receive the full range wage and hours and other labor protections?

VII. Special Populations

- [] Will you require noncustodial, non-supporting minor parents to fulfill community work obligations and attend appropriate parenting or money management classes after school under the TANF program? [Sections 402(a)(1)(A)(i) and 407(h)]

VIII. Supportive Services

- [] Which supportive services do you intend to provide while individuals are receiving TANF services and after they become independent of TANF due to work? Will you impose

any limits on the length, amount, or type of supportive services?

IX. Incentives

- What bonuses or stipends do you intend to offer to individuals engaging in work activities?
- What criteria will you use for awarding the bonuses or stipends?
- Will you allow beneficiaries to establish individual development accounts (IDAs)? [Sections 402(a)(1)(B)(iii) and 404(h)(2)(A)]
- Which "qualified purposes" for IDAs will you permit? [Sections 402(a)(1)(B)(iii) and 404(h)(2)(B)]

WAIVERS

I. Continuation of Waivers

- Does your TANF plan basically mirror the welfare reform policies approved for the State under one or more 1115 waiver demonstrations, and the underlying AFDC and JOBS provisions that were not waived? Which demonstration(s)? What are the name(s) of the demo(s). [Sections 402(a)(1)(A)(i) and 415(a)(1)(A)]
- Are there any policy differences between your TANF plan and the approved demonstration or demonstrations? [Sections 402(a)(1)(A)(i) and 415(a)(1)(A)]
- What are the beginning and ending dates of the demonstration? Is the demonstration(s) incorporated into your TANF plan applicable statewide? If not, how will TANF operate in those areas of the State not covered by the demonstration(s)? [Sections 402(a)(1)(A)(i) and 415(a)(1)(A)]

II. Inconsistent Waiver Provisions

- Are there any provisions of TANF that the State considers to be inconsistent with the approved waiver demonstration(s) incorporated into this plan? What is the basis for your assessment of inconsistency? (You may wish to consult with the chief law officer of your State in making this assessment.) [Sections 402(a)(1)(A)(i) and 415(a)(1)(A)]

Note: If any inconsistent provisions have been identified, then the State is assumed to be operating a welfare reform demonstration for the period of the demonstration in lieu of a program under the block grant. If this is the case, then cost neutrality and evaluation requirements apply.

Limitations on which provisions of the TANF may be considered inconsistent with waivers for purposes of determining

penalties may be established through future legislative or regulatory action. If this happens, States will have a period of no more than one year to submit a new plan coming into compliance with the requirements.

STRENGTHENING FAMILIES

- [] Have you certified that the State will operate a child support enforcement program? [Section 402(a)(2)]
- [] Have you certified that the State will operate a foster care and adoption assistance program? [Section 402(a)(3)]
- [] What goals, programs, and initiatives have you developed to prevent or reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies? What collaborative activities do you have with State and local law enforcement officials, the education system, and relevant counseling services? [Sections 402(a)(1)(A)(v) and (vi)].
- [] How will you conduct a program, designed to reach State and local law enforcement officials, the education system, and relevant counseling services, that provides education and training on the problem of statutory rape? How will your teenage pregnancy prevention programs be expanded in scope to include men? [Section 402(a)(1)(A)(vi)]
- [] Have you exercised the option to certify that the State will establish standards and procedures to ensure that it will screen for and identify domestic violence? [Section 402(a)(7)]
- [] If you exercised the option above, how will you screen and identify individuals with a history of domestic violence, and refer them to counseling and supportive services? Which TANF program requirements will be waived pursuant to a good cause determination? What constitutes good cause?
- [] What programs do you have that encourage non-custodial parents to participate in the rearing of their children?
- [] What family preservation services will be available to TANF families? Will TANF funds be used to cover such services?

ADMINISTRATION

I. Organizational Structure

- [] Which State agency or agencies will administer and supervise the program? [Section 402(a)(4)]

- Have you included a description or an organizational chart which reflects the involvement and relationship of other organizations, community agencies or private entities? [Section 402(a)(4)]
- Which program unit(s) or individual(s) will be responsible for responding to issues and questions regarding TANF?

II. Program Uniformity

- Which agency(ies) will be responsible for the supervision of the program and describe the role of the supervising agency, if the program is county (or otherwise) administered?
- Have you instituted uniform program policies in all political subdivisions? If not, what and where are the variations? [Section 402(a)(1)(A)(i)]
- What procedures and agreements have been established to coordinate contracts and agreements between the State agency(ies) and other entities?

III. Client Protections

- How will case information be safeguarded? What information will be disclosed? [Section 402(a)(1)(A)(iv)]
- What is your notice and hearing process and the criteria for appeal? [Section 402(a)(1)(B)(iii)]
- How will you ensure fair and equitable treatment?
- How will you ensure that affordable, suitable child care is available for single custodial parents with a child under the age of 6?
- How will you ensure that tribal families will have equal access to TANF assistance?

IV. Program Integrity

- What procedures have you established to prevent fraud and abuse?
- How will you assure effective services and accurate benefits?

V. Consultations

- What process did you use to consult with local governments and private sector organizations regarding the plan and design of welfare services? Did you consider and incorporate their comments?

VI. Data System

- [] What are your plans to develop a data system needed to track the provisions of the legislation?