

# **WELFARE REFORM**

## **LEGISLATIVE SPECIFICATIONS**

### **PART I**

*- MAY 26, 1994 -*

- I. PREVENT TEEN PREGNANCY AND PROMOTE PARENTAL RESPONSIBILITY**
- II. MAKE WORK PAY**
  - Child care
  - Advanced Earned Income Tax Credit
  - Earned Income Disregards
- III. IMPROVING GOVERNMENT ASSISTANCE**

# PREVENT TEEN PREGNANCY AND PROMOTE PARENTAL RESPONSIBILITY

## A. NATIONAL TEEN PREGNANCY PREVENTION INITIATIVE

### 1. Teen Pregnancy Prevention Mobilization Grants and Establishment of a National Clearinghouse on Teen Pregnancy

#### Current Law

There are numerous Federal programs that address the issue of teen pregnancy prevention, including repeat pregnancies. Some focus specifically on teen pregnancy, but given that the multiple problems adolescents face are often interrelated, the specific problems that other programs emphasize (e.g., substance abuse, school drop-out) are also related to adolescent pregnancy prevention. Current federal efforts include HHS's family planning grants, maternal and child health programs, adolescent health programs, runaway and homeless youth programs, and alcohol and substance abuse prevention programs. Department of Education efforts include drug-free schools and communities programs, and postsecondary education outreach and student support services programs; and the Department of Labor efforts include New Chance, Youth Fair Chance, JTPA programs, and the Young Unwed Fathers Project. There are also programs in the Departments of Housing and Urban Development, Agriculture, Justice, Interior and Defense.

#### Vision

We must address the issue of raising births to unmarried teens. There will be a national campaign to help reduce the number of unmarried teenagers who become pregnant (and parents). This campaign will also take into account the myriad of risky behaviors that can be related to teenage pregnancy. It will also strive to develop, enhance and promote youth competence; and connection to families, communities, and society.

<sup>crisis</sup> The rise in births to unmarried teens over the past generation has raised the issue of teen pregnancy to national significance. The number of births to unwed teen mothers increased from 92,000 in 1960 to 368,000 in 1991. Cases headed by unwed mothers (teen and older) accounted for about four-fifths of the growth of 1.1 million in the welfare rolls over the past ten years, from 3.86 million families in 1983 to 4.97 families in 1993.

Adolescents who bring children into the world face a very difficult time getting themselves out of poverty, while young people who graduate from high school and defer childbearing until they are mature, married and able to support their offspring are far more likely to get ahead. Both parents bear responsibility for providing emotional and material support. The overwhelming majority of teenagers who bring children into the world are not yet equipped to handle this fundamental obligation. They are often not equipped to handle peer pressures and the risk of other activities leading to negative consequences, such as substance abuse, delinquency and violence.

The non-legislative aspects of this campaign are a national (mobilization) that pulls together business, national and community voluntary organizations, religious institutions, schools, and the media behind a shared and urgent challenge directed by the President; the announcement of national goals to define the mission and to guide the work of the national campaign; and the establishment of a privately funded non-profit, non-partisan entity committed to the goals and mission of the national campaign. These are the essential building-blocks of a comprehensive campaign for youth balancing opportunity

and responsibility across the full range of Administration youth initiatives, including Goals 2000, School-to-Work, National Service, the preventive health provisions under the Health Security Act, the after-school and jobs programs included in the prevention package in the Crime Bill, as well as the prevention strategies proposed below as part of welfare reform.

There are two legislative aspects of this initiative. The first, addressed below, is a Teen Pregnancy Prevention ~~Mobilization Grant Program~~ where about 1,000 schools and community-based programs would be provided flexible grants, averaging \$100,000 each, can implement teen pregnancy prevention strategies with records of promising results. Funding would be targeted to schools with the highest concentration of middle and high school age youth at-risk. The goal would be to work with youth as early as age 10 and establish continuous contact and involvement through graduation from high school. To ensure quality and establish a visible and effective presence, these programs will be supervised by professional staff and, where feasible, be supported by a team of national service participants provided by the Corporation for National and Community Service. The second, described in number 2 below, is a comprehensive services demonstration approach to enhance our learning from prevention approaches.

### Specifications

- (a) A separate authority under the Title XX of the Social Security Act would be established for grants to promote the development, operation, expansion, and improvement of school-based and -linked adolescent pregnancy prevention programs in areas where there are high poverty rates or high rates of unmarried adolescent births.
- (b) The approved applicant shall be entitled to payment of at least \$50,000 and not more than \$400,000 each fiscal year for five years. The grant amount will be based on an assessment of the scope and quality of the proposed program and the number of children to be served by the program. The grant must be expended in that fiscal year it is awarded or the succeeding fiscal year. At least a 20 percent non-Federal, cash or in-kind match, is required. Priority will be given to those with a higher match or an increasing ratio of non-Federal resources over the length of the grant.
- (c) The grants will be jointly awarded by HHS, Education, and the Corporation for National and Community Service, in consultation with other Federal departments and agencies. The administration of the program could be delegated to another Federal entity, such as the proposed Ounce of Prevention Council.
- (d) Eligible grantees are a partnership that includes a local education agency, acting on behalf of one or more schools, and one or more community-based organizations, institutions of higher education, or public or private for-profit or nonprofit agencies or organizations. Existing successful programs—including those now operated by national voluntary organizations—would be encouraged to apply for funds to expand and upgrade their services. Grantees would have to be located in a school attendance area where either (1) at least 75 percent of the children are from low-income families as defined under part A of title I of the Elementary and Secondary Education Act of 1965, (2) a significant number of children receiving AFDC, or (3) there is a high unmarried adolescent birth rate. Geographic distribution, including urban and rural distribution, would be taken into account in selection of grantees.
- (e) Grantees would, based on local needs, design and implement promising programs to prevent teen pregnancy through a variety of approaches. Grantees would be given a great deal of flexibility in designing their program. However, core components at each site must include:

Enterprise Board

→ SET NATIONAL GOALS

- Curriculum and counseling designed to reach young people that address the full range of consequences of premature sexual behavior and teen pregnancy. Existing models of best practices suggest that these educational activities should focus on developing the psychology and character required for responsible behavior as well as on expanding cognitive knowledge.
- Activities designed to develop sustained relationships with caring adults. Group coaching, individual mentoring, and a range of activities after-school, on weekends, and in the summer could be included. Such activities could also include community service by the youth themselves.

To ensure quality, programs would be coordinated by one or more professional staff. The programs, where feasible, would also utilize national service participants to engage students, parents, families, and the community in organized efforts to reduce risk-taking behaviors that may lead to adolescent pregnancy, including the delivery of services and in the coordination of during- or after-school activities. Grantees will be asked to describe the role that any National Service participants will play in the program, consistent with the National and Community Service Act of 1990. / 93?

Grantees are allowed to expand on these core components, including conducting activities as part of another youth development program.

- (f) Grantees would be asked to submit an application. The primary aspect of the application would be a plan which describes (a) the measurable goals the applicant wants to achieve and how they intend to measure progress in achieving the goals; (b) curriculum and counseling and sustained adult relationships components of the program, as well as any additional components, and how they intend to implement them; (c) how national service participants will be an integral part of the program, where feasible; and (d) how local needs will be addressed.

They would also be asked to provide other assurances, including--

- How the services provided are based on research on effective approaches to reducing teen pregnancy. Other risk-taking behaviors correlated with teen pregnancy should be included.
- How both male and female teens and, where possible, out-of-school teens will be served.
- How each program would work with middle and/or high school age youth (ages 10 through 19) to establish continuous contact and involvement through graduation from high school.
- How school staff, parents, community organizations, and the teens to be served have been and will be included in the development of the application as well as the planning and implementation of the program.
- Evidence of ongoing commitment with other community institutions, such as churches, youth groups, universities, businesses, or other community, civic, and fraternal organizations.

- Coordination of their program with other Federal or federally assisted programs, state and local programs, and private activities, and how the applicants resources and services are linked and coordinated.
  - How the program plans to continue operation following completion of the grant period.
  - How funds will not supplant Federal, State, or local funds.
- (g) A grantee would be given priority if their non-Federal resources are significantly in excess of the 20 percent required or there is an increasing ratio of non-Federal resources over the length of the grant, and if they participate in other Federal and non-Federal programs.
- (h) The Secretary may terminate a grant before the end of the 5-year period if the Secretary determines, after providing training or technical assistance, that the grantee conducting the project has failed to carry out the project as described in the approved application.
- (i) Total funding for the program is \$300 million over five years. \$20 million in FY 1995, \$40 million in FY 1996, \$60 million in FY 1997, \$80 million in FY 1998 and \$100 million in FY 1999 and each subsequent fiscal year. Up to ten percent of the funding will be set-aside for the evaluation, training, and technical assistance as well as for establishment of a National Clearinghouse on Teen Pregnancy (see j. and k. below). Since this program and the Clearinghouse is authorized through Title XX of the Social Security Act, any funds not expended in a fiscal year shall be redirected to the Title XX Social Services Block Grant Program.
- (j) A rigorous Federal evaluation would be conducted of some sites. Grantees would be asked to provide information requested for the evaluation. Training and technical assistance would also be provided to the grantees.
- (k) A National Clearinghouse on Teen Pregnancy Prevention would be established to provide communities and schools with teen pregnancy prevention programs with curricula, models, materials, training and technical assistance. This could be an existing clearinghouse. It will establish an information exchange and network on promising models and rigorous evaluations.

The Clearinghouse would be a national center for the collection and dissemination of programmatic information and technical assistance that relates to teen pregnancy prevention programs. It will also look at the state of teen pregnancy prevention program development, including information on the most effective models. It would develop and sponsor training institutes and curricula for teen pregnancy prevention program staff, and develop networks of for sharing and disseminating information. The Clearinghouse could also conduct evaluations of teen pregnancy prevention programs (not limited to the grants provided in this bill).

NATIONAL GOALS

2. Learning from Prevention Approaches through Comprehensive Services Demonstrations to Prevent Teen Pregnancy in High Risk Communities

Current Law

*There are demonstration authorities that exist to serve youth in particular areas, but most are not as comprehensive as the demonstrations described below in the scope of services for all youth and are not a saturation model.*

Vision

*Early unwed child-bearing and other problem behaviors are interrelated and strongly influenced by the general life-experiences associated with poverty. Changing the circumstances in which people live and consequently how they view themselves is needed to change the decisions young people make in regard to their lives.*

*For any effort which hopes to have results that are large enough to be meaningful, attention must be made to circumstances in which youth grow up. It should address a wide spectrum of areas associated with youth living in a healthy community: economic opportunity, safety, health, and education.*

*Particular emphasis must be paid to the prevention of adolescent pregnancy before marriage. Programs that combine these elements have shown the most promise, especially for adolescents who are motivated to avoid pregnancy until they are married. However, for those populations where adolescent pregnancy is a symptom of deeper problems, sex education and contraceptive services alone will be inadequate; they must be part of a much wider spectrum of services.*

*Interventions need to enhance education, link education to health and other services, help stabilize communities and families in trouble. This would provide a sense of rationality and order in which youth can develop, make decisions, place trust in individuals and institutions serving them, and have a reasonable expectation of a long, safe, and productive life.*

*Comprehensive Demonstration Grants for Youth in High-Risk Communities of sufficient size or "critical mass" to significantly improve the day to day experiences, decisions and behaviors of youth are proposed. Services would be non-categorical, integrated and delivered with a personal dimension. They would follow a "youth development" model and would seek to assist communities as well as directly support youth and families. These demonstrations would be coordinated with other Administration activities, such as the prevention components of the Crime bill, and would be part of an overall community strategy for youth.*

Specifications

- (a) A separate authority under the Title XX of the Social Security Act would be established whereby a designated number of neighborhood sites chosen by the Secretary, in consultation with the Secretaries of Education, HUD, Justice, and Labor, would be entitled to a demonstration grant to educate and support school-age youth (youth ages 10 through 21) in high risk situations and their family members through comprehensive social and health services, with an emphasis on pregnancy prevention.
- (b) Funding and services provided under this program do not have to achieve this goal of comprehensiveness in and of themselves. Rather, this funding can be used to provide "glue money," fill gaps in services, ensure coordination of services, and other similar activities which will help achieve the overall goal of comprehensive integrated services to youth.
- (c) Up to seven community sites would be entitled to \$90 million over 5 years (up to \$3.6 million per site). Grantees would be required to provide a 10 percent, in cash or in-kind, match of the Federal funding. Priority would be given to those with a higher match or an increasing ratio of non-Federal resources over the length of the grant. This could include in-kind contributions. Since this program is authorized through Title XX of the Social Security Act,

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any funds not expended in a fiscal year shall be redirected to the Title XX Social Services Block Grant Program.

- (d) The activities authorized under the demonstration would be focused on four broad areas; grantees would be given great flexibility to design programs within these areas:
- (i) **Health education and access designed to promote physical and mental well-being and personal responsibility.** These include school health services, health education, family planning services, substance abuse prevention services and referral for treatment, life skills training, and decision-making skills training.
  - (ii) **Educational and employability development services designed to promote educational advancement that lead to a high school diploma or its equivalent and opportunities for high skill, high wage job attainment and productive employment, to establish a lifelong commitment to learning and achievement, and to increase self-confidence.** Activities could include, but are not limited to, academic tutoring, literacy training, drop-out prevention programs, career and college counseling, mentoring programs, job skills training, apprenticeships, and part-time paid work opportunities.
  - (iii) **Social support services designed to provide youth with a stable environment, continuous contact with adults, and encouragement to participate in safe and productive activities.** Services could include, but are not limited to, cultural, recreational and sports activities, leadership development, peer counseling and crisis intervention, mentoring programs, parenting skills training, and family counseling.
  - (iv) **Community activities designed to improve community stability, and to encourage youth to participate in community service and establish a stake in the community.** Activities could include, but are not limited to, community policing, community service programs, community activities in partnership with less distressed communities, local media campaigns, and establishment of community advisory councils with youth representation.
- (e) Sites would have to meet the following characteristics, and any others determined by the Secretary of Health and Human Services, in consultation with the Secretaries of Education, HUD, Justice, and Labor.
- (i) **Geographic** – Communities must identify the neighborhood or neighborhoods they will target. Smaller, more focused boundaries than those required in Empowerment Zones or Youth Fair Chance will be used in order to develop a "critical mass" of services to meet the above goals. Each neighborhood must have an identifiable boundary and must be considered a neighborhood by its residents.
  - (ii) **Population** – Each community or group of communities have populations of approximately 20,000 to 35,000 people.
  - (iii) **Poverty** – The entire area must have a poverty rate of at least 20%, with 50% of the area having a rate of at least 35% and 90% of the area having a rate of at least 25%.

- (f) Local governments (or units of local governments) and local public and private non-profit organizations could apply. Applicants would be required to supply evidence of comprehensive commitment to the project and collaboration between the community and the city and State (such as local school to work partnerships). The applicant must involve multiple elements (e.g., government, schools, churches, businesses) of the community and the State in the planning and implementation of the demonstration program. Applicants must demonstrate (1) ability to manage this major effort, (2) resources for obtaining data and maintaining accurate records, (3) how they will coordinate with other with other programs serving the same population, and (4) assurances that the funding provided through this program will not be used to supplant Federal funds for services and activities which promote the purposes of this program.
- (g) Applicants must define the goals intended to be accomplished under the project. They must also describe the methods to be used in measuring progress toward accomplishment of the goals and outcomes to be measured. Outcomes to be measured would include, but are not limited to, unmarried birth rates, high school graduation rates, college attendance rates, rates of alcohol and other drug use and violence reduction.
- (h) The Department will support rigorous evaluations of all demonstrations. The Federal government will also provide technical assistance to applicants throughout the life of the demonstration. These activities will be coordinated with the National Clearinghouse on Teen Pregnancy Prevention. \$10 million would be provided for these activities.
- (i) The Secretary may terminate a grant before the end of the 5-year period if the Secretary determines that the grantee conducting the project has failed to carry out the project as described in the approved application.

## B. RESPONSIBILITIES OF SCHOOL-AGE PARENTS RECEIVING CASH ASSISTANCE

### 1. Minor Mothers Live at Home

#### Current Law

*Under Section 402(a)(43) of the Social Security Act, States have the option of requiring minors (those under the age of 18) to reside in their parents' household, or a legal guardian or other adult relative, or reside in a foster home, maternity home or other adult supervised supportive living arrangement (with certain exceptions). Delaware, Maine, Michigan, Virgin Islands, and Puerto Rico have included this in their State plan.*

#### Vision

*By definition, minor mothers are children. Generally, we believe that children should be subject to adult supervision. This proposal would require minor mothers to live in an environment where they can receive the support and guidance they need. At the same time, the circumstances of each individual minor will be taken into account in making decisions about living arrangements.*

#### Specifications

- (a) All States would require minor mothers to reside in their parents' household, with a legal guardian or other adult relative, with certain exceptions as described below. This is the same as current law, except that now the provision would be a requirement.

- (b) As in current law, when a minor mother lives with her parent(s), the parent(s)' income is taken into account in determining the benefit. If the minor mother lives with another responsible adult, the responsible adult's income is not taken into account. Child support would be sought in all cases.
- (c) A minor parent is an individual who (i) is under the age of 18, (ii) has never been married, and (iii) is either the natural parent of a dependent child living in the same household or eligible for assistance paid under the State plan to a pregnant woman. This is the same definition as current law.
- (d) The following exceptions (now in current law) to living with a parent or legal guardian will be maintained:
  - (i) individual has no parent or legal guardian of his or her own who is living and whose whereabouts are known;
  - (ii) no living parent or legal guardian of such individual allows the individual to live in the home of such parent or guardian;
  - (iii) the State agency determines that the physical or emotional health or safety of the individual or dependent child would be jeopardized if the individual and dependent child lived in the same residence with the individual's own parent or legal guardian;
  - (iv) individual lived apart from his or her own parent or legal guardian for a period of at least one year before either the birth of any dependent child or the individual having made application for aid to families with dependent children under the plan; or
  - (v) the State agency otherwise determines (in accordance with regulations issued by the Secretary) that there is good cause for waiving the requirement. (In those States that have this policy, the following are examples of what they determine to be good cause exceptions: the home is the scene of illegal activity; returning home would result in overcrowding, violation of the terms of the lease, or violation of local health and safety standards; the minor parent is actively participating in a substance abuse program which would no longer be available if she returned home; no parent or legal guardian lives in the State.)
- (e) Current law is maintained regarding the determination of a minor mother's residency status must be made within the 45 days that all eligibility determinations are made.
- (f) If the State determines the minor should not live with a parent, legal guardian or other adult relative, the minor must be assisted in obtaining an appropriate supportive alternative to living independently (or the State may determine that the individual's current living arrangement is appropriate). (The types of living arrangements that States now use or are considering include living with an adult relative, a licensed foster home, in a group home for pregnant teens or teen parents, and in an approved congregate housing facility.) If no appropriate setting is found the State must grant eligibility, but must utilize case managers to provide support for the minor.

- (g) The State would use the case management for teen parent provision (see #2 below) to make the determinations required under this provision. As described in the next proposal, these case managers would be trained appropriately and have reasonable caseloads. Determinations would be made after a full assessment of the situation, including taking into account the needs and concerns expressed by the minor.

## 2. Limiting AFDC Benefits To Additional Children Conceived While on AFDC

### Current Law

*Currently, families on welfare receive additional support because their AFDC benefits increase automatically to include the needs of an additional child.*

### Vision

*The welfare system should reinforce parental responsibility by keeping AFDC benefits constant when a child is conceived while the parent is on welfare. The message of responsibility would be further strengthened by providing the family an opportunity to earn back what they lost.*

### Specifications

- (a) Allow States the option of keeping AFDC benefits constant when a child is conceived while the parent is on welfare. In order to exercise this option, the State must demonstrate that family planning services under 402(a)(15) are available and provided to all recipients.
- (b) Under this option, if a parent has an additional child, the State must disregard an amount of income equal to any increase in aid that would have been paid as a result of the additional child. Types of income to be disregarded include:
- (i) child support;
  - (ii) earned income; or
  - (iii) any other source that the State develops and is approved by the Secretary.
- (c) Provision will not be applied in the case of rape or in any other cases that the State agency finds would violate the standards of fairness and good conscience.

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## 3. Case Management for All Custodial Teen Parents

### Current Law

*Section 482(b)(3) of the Social Security Act allows States to provide case management to all those participating in the JOBS program.*

### Vision

*Frequently, it is multiple problems that lead youth to the welfare system. Their complex needs often stand in the way of their meeting educational requirements and other responsibilities. Removing these barriers to self-sufficiency can involve the confusing and difficult process of accessing multiple service systems. This proposal would provide every teen with a case manager who would help them navigate these systems and hold them accountable for their responsibilities and requirements.*

Specifications

- (a) Require States to provide case management services to all custodial teen parents receiving AFDC under age 20. States still have the option to serve all older teens.
- (b) Case management services to teen parents will include, but is not limited to:
  - (i) assisting recipients in gaining access to services, including, at a minimum, family planning, parenting education, and educational or vocational training services;
  - (ii) determining the best living situation for a minor parent taking into account the needs and concerns expressed by the minor (see #1 above);
  - (iii) monitoring and enforcing program participation requirements (including sanctions and incentives where appropriate); and
  - (iv) providing ongoing general guidance, encouragement and support.
  - (v) States must in their plans describe how they will meet these requirements.
- (c) Case managers must receive adequate training in the social service and youth development field, and States should take into account recommendations by appropriate professional organizations to carry this out. Also, the ratio of case managers to clients must be sufficiently small to adequately serve and protect teen parents and their children.

4. Teen Parent Education and Parenting Activities State OptionCurrent Law

*Under Section 402(a)(19) of the Social Security Act, teen custodial parents are required to participate in the JOBS program unless they are under 16 years of age, attending school full-time, or are in the last seven months of pregnancy. Participation in the JOBS program involves an assessment of the individual, and an agreement specifying what support services the State will provide and what obligations the recipient has. For those who have not obtained a high school diploma or a GED, attendance at school can serve as their JOBS assignment. Participation in the JOBS program is contingent on the existence of such a program in the geographic vicinity of the recipients' residence.*

*In addition, under a Section 1115 waiver, States can implement programs which utilize incentives or sanctions to encourage or require teen parents on AFDC to continue their education. Two examples of a State having done or planning to do this are the Learning, Earning, and Parenting Program (LEAP) in Ohio and Cal Learn in California, which is in the process of being implemented. LEAP and Cal Learn are mandatory for all pregnant and custodial teen parents who are receiving AFDC and who do not have a high school diploma or GED. Under both LEAP and Cal Learn program rules, all eligible teens are required to enroll (or remain enrolled) in and regularly attend a school or education program leading to a high school diploma or GED. These two initiatives apply only to teens who are case heads. Other States have obtained waivers to implement programs using sanctions to influence dependents to continue their education. This may become relevant if minor mothers are not permitted to be caseheads.*

## Vision

*Teenage mothers face substantial obstacles to achieving self-sufficiency. Eighty percent of teen mothers drop out of high school and only 56 percent ever graduate. Their earning abilities are limited by lack of education and job skills. Teen parents are often not well prepared in the area of parenting. This proposal provide States with a mechanism to utilize creative approaches for encouraging and supporting youth in both their educational and parenting endeavors.*

## Specifications

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

Examples of incentives chosen by Ohio and California are as follows:

In Ohio's LEAP, teens who provide evidence of school enrollment receive a bonus payment of \$62. They then receive an additional \$62 in their welfare check for each month in which they meet the program's attendance requirements. For teens in a regular high school, this means being absent no more than four times in the month, with two or fewer unexcused absences. Different attendance standards apply to part-time programs, such as Adult Basic Education (ABE) programs providing GED preparation assistance, but the same financial incentives apply.

Participants of Cal Learn will be required to present their report cards four times a year. The grant will be increased by \$100 for the month after the Cal Learn participant receives a report card with a "C" average or better. For graduating high school (or its equivalent), these teens will have their grants increased on a one time basis by \$500.

- **Sanctions.** Sanctions under the revised JOBS program would apply unless the State proposes alternative sanctions, to be approved by the Secretary, which the State believes better achieves their objectives.

Examples of sanctions chosen by Ohio and California are as follows:

In LEAP, teens who do not attend an initial assessment interview (which commences participation in LEAP) or fail to enroll in school have \$62 deducted from their grant (i.e., the teens are "sanctioned") each month until they comply with program rules. Similarly, enrolled teens are sanctioned by \$62 for each month that they exceed the allowed number of unexcused absences. Teens who exceed the allowed number of total absences, but do not exceed the allowed number of unexcused absences receive neither a bonus nor a sanction.

In the Cal Learn program, teens who do not receive at least a "D" average or who do not submit his/her report card will have the assistance unit grant reduced over a two month period by the lesser of \$50 or the amount of the grant. This will result in a sanction of not more than \$100. Included in the sanctions will be teens that do not present their report cards because they have dropped out of school or were expelled.

- **Coordination.** A case manager (as described in A.2) will assess each recipient's needs and arrange for appropriate services. States must describe the mechanism case managers and other service providers will use to coordinate with schools.

- **Eligibility.** States must include custodial teen parents under 20 years of age and pregnant women under the age of 20. States may choose to include custodial pregnant teens and teen parents up to their 21st birthday.

- **Exemptions.** Exemptions from participation will be based on the same new guidelines governing participation in JOBS Prep, JOBS and WORK, with two exceptions. First, teens will only be able to defer participation for 3 months after giving birth. Also, a disability will not allow a recipient to defer participation in school, as schools are required to provide students with disabilities appropriate services. (See JOBS and WORK section of proposal for more specific details.)

- **State-wideness.** States can limit the geographic scope of this option.

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

## MAKE WORK PAY

### Background and Vision

A crucial component of welfare reform that promotes work and independence is making work pay. In 1992, 30 percent of female heads of families with children worked but the family remained poor. Even full-time work can leave a family poor. Almost 11 percent of these female heads who worked full-year/full-time were poor, 15 percent if they had children under six years of age. Simultaneously, the welfare system sets up a devastating array of barriers for people who receive assistance but want to work. It penalizes those who work by taking away benefits dollar for dollar; it imposes arduous reporting requirements for those with earnings but still eligible to receive assistance; and it prevents saving for the future with a meager limit on assets. Moreover, working poor families often lack adequate health protection and face sizeable child care costs. Too often, parents may choose welfare instead of work in order to ensure that their children have health insurance and receive child care. If our goals are to encourage work and independence, to help families who are playing by the rules, and to reduce both poverty and welfare use, then work must pay better than welfare.

Working family tax credits are a major component of making work pay. Last summer's expansion of the Earned Income Tax Credit (EITC) was a significant step toward making it possible for low-wage workers to support themselves and their families above poverty. When fully implemented, it will have the effect of making a \$4.25 per hour job pay nearly \$6.00 per hour for a parent with two or more children. Those families who are eligible for the maximum credit in 1996 obtain, in effect, a raise worth \$1.62 per hour, assuming full-year/full-time work. Full utilization and periodic distribution will maximize the effect of this pay raise for the working poor.

Another essential component for making work pay is affordable, accessible child care. In order for families, especially single-parent families, to be able to work or prepare themselves for work, they need dependable care for their children. In addition to ensuring child care for participants in the transitional assistance program and for those who transition off welfare, child care subsidies will be made available to low-income working families who have never been on welfare.

Another critical step toward making work pay is ensuring that all Americans have health insurance coverage. Many recipients are trapped on welfare by their inability to find or keep jobs with health benefits that provide the security they need. And too often, poor, non-working families on welfare have better coverage than poor, working families. The President's health care reform plan will provide universal health care coverage, ensuring that no one will have to choose welfare instead of work to ensure that their children have health insurance. The EITC expansion, access to child care, and health care reform will support workers as they leave welfare to maintain their independence and self-sufficiency.

All regulatory provisions specified in this section shall be published within 1 year of enactment of this act, unless specified as otherwise.

## A. CHILD CARE

### Current Law and General Direction of Proposal:

*The Federal Government currently subsidizes child care for low-income families through a number of different programs. The programs have different eligibility rules and regulations, creating an extremely complicated system that is hard for both providers and recipients to navigate. The major existing programs include an entitlement to child care for AFDC recipients (title IV-A); transitional child care (TCC) (also an entitlement) for up to a year for people who have left welfare for work; a capped entitlement (\$300 million) for those the State determines to be at-risk of AFDC receipt (At-Risk); and the Child Care and Development Block Grant (CCDBG). There is also a disregard for child care costs available to working AFDC recipients. While these multiple programs provide valuable support for child care, legislative changes are needed to strengthen the welfare reform plan.*

*We are at this time making changes only in the IV-A programs, which will remain as separate authorities. Any changes in the CCDBG will be made during its reauthorization in 1995.*

### Vision:

*Child care is critical to the success of welfare reform. It is essential to provide child care support for parents receiving assistance who will be required to participate in education, training, and employment. In addition, child care support for the working poor is also essential to "making work pay" and to enable parents to remain in the workforce. Our goals are to increase child care funding so that families have the access to the child care that they need, to simplify the administration of Federal child care programs to support the development of State child care systems and to reduce the likelihood that parents and children will have to change providers as they move from funding stream to funding stream, and to assure that children are cared for in healthy and safe environments.*

### Rationale:

*We are proposing to increase significantly available child care support by entitling to funding JOBS Prep and WORK program participants, as well as those in JOBS and eligible for Transitional Child Care and by increasing the funding for child care for working poor families through the At-Risk Child Care Program. To assure access to a variety of forms of child care, we would prohibit States from lowering their State-wide limits and mandate that States supplement the disregard or provide a second, direct payment option to all parents. To improve consistency, we propose to have IV-A child care programs follow the CCDBG requirements and allow States to place all Federal child care programs in one agency. Finally, to increase supply and improve quality in order to ensure that children are in healthy and safe environments, we propose to create a set-aside in the IV-A program, to make licensing and monitoring of IV-A child care programs allowable for reimbursement as an administrative cost, to add a requirement that States must assure that children do not have access to toxic substances and weapons, and to require that all children must be immunized to meet the Public Health Service immunization standards.*

*We have selected the strategy of using the CCDBG standards and adding two new standards because we believe this truly represents the minimal requirements that can assure that children are protected. Many States obviously agree since they are already using the same standards for IV-A child care and CCDBG child care according to their State plans. In all cases except immunization, States will continue to establish their own standards; in the case of immunization, we do not believe requirements should vary from State to State. Using the CCDBG standards for IV-A child care also strengthens the parental choice requirements for those programs; we will assure the parental choice of providers.*

*provide parents information on options for care and payment of child care, and establish a system for parental complaints.*

**Specifications:**

**1. Expansion of Funds to the Working Poor**

- (a) Change the State match for the At-Risk Child Care Program, Section 402(i) to that consistent with the new, enhanced match in other IV-A programs. Change the amount specified for the program (to be specified)--Section 403(n)(2)(B). Restrict eligibility to families not eligible for other IV-A child care programs. Unused At-Risk funds will be reallocated to States that have exceeded the required State match.

**2. Program Simplification/Consistency Issues**

- (a) Have the IV-A child care funds flow to the IV-A agency but give the States the explicit option to contract to the CCDBG agency. States would retain the flexibility to have more than one agency involved.
- (b) The requirements for coordination, public involvement, and consultation in relationship to development of the IV-A child care plan will follow the CCDBG statute.
- (c) IV-A child care requirements will be made consistent with CCDBG requirements in the following areas:
- unlimited parental access
  - parental complaints
  - parental choice
  - consumer education
  - establishment of health and safety requirements
  - compliance with State and local health and safety requirements
  - reduction in standards

Added to the health and safety standards section are:

- a requirement that the State must have requirements that all children funded under these authorities are immunized at levels specified by PHS. States will be given the flexibility to exclude particular immunizations if they submit an acceptable justification to the Secretary.
  - a requirement that the State must have a requirement to assure that no child has access to toxic and illegal substances or weapons in the child care setting.
- (d) A requirement that the State will have to establish and periodically revise, by rule, a sliding fee scales that provide cost sharing by the families that receive Federal assistance for child care services. The fee scales will be the same for all programs (that used for CCDBG).
- (e) There will be one requirement for State reporting to cover all programs, with core data elements to be defined by the Secretary.

**3. Continuity of Care**

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

**4. Information to Parents**

- (a) - States must provide child care information to parents (use CCDBG language, adding "(including options for care and payment).")

**5. Supply and Quality Issues**

- (a) Create a 10% set aside in the At-Risk program for supply building and quality improvements using language in CCDBG Section 658 (G) as allowable activities and adding as an allowable activity the expansion of the supply of care for infants and toddlers in low-income communities (as defined by the States).
- (b) Establish explicitly that licensing and monitoring of IV-A funded child care providers is an allowable administrative cost, limited by a formula established by the Secretary.

**6. Payment**

- (a) Prohibit States from lowering their statewide limits below those in effect on January 1, 1994.
- (b) Retain the disregard, but mandate that States must offer working AFDC recipients the same level and forms of child care assistance as families in JOBS, TCC, and At-Risk Child Care. To accomplish this, States may either offer families the choice of the disregard or a direct payment for care or they may instead offer them a supplement to the disregard.

**7. Clarification of the Guarantee**

Child care is guaranteed for volunteers whose activities are approved as part of their employability plan under JOBS regardless of the availability of JOBS funding for those activities.

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## B. IMPROVING THE EITC

### 1. Permitting Publicly Administered Advanced EITC Payment Systems

#### Current Law

*The earned income tax credit (EITC) is a refundable tax credit available to a low-income filer who has earned income and whose adjusted gross income is below specified thresholds. Low income workers can claim the EITC when filing their tax returns at the end of the year. In addition, workers with children have the choice of obtaining a portion of the credit in advance through their employers, and claiming the balance of the credit upon filing their income tax returns. The amount of the advanced payment is calculated on the basis that taxpayers have only one qualifying child. The annual advanced EITC payment cannot exceed 60 percent of the maximum full-year EITC for a family with one child. In 1994, the maximum advance payment would be \$1,223 in 1994, relative to a maximum annual EITC of \$2,038 for a family with one child for a family with one child and \$2,528 for a family with two or more children.*

*An employee choosing to receive a portion of the EITC in advance does so by filing a form W-5 with his or her employer. The employer is not required to verify employee's eligibility for the credit. Employers may be penalized for failing to comply with an employee's request for an advanced payment. The employer calculates the advanced EITC payment to which an employee is entitled based on the employee's wages and filing status and adds the appropriate amount to the employee's paycheck. The employer reduces its payment of employment and income taxes to the IRS by the aggregate amount of advanced EITC payments made during the period and reports this amount to the IRS on form 941.*

*At the end of the year, the employer notifies both the IRS and the employee of the actual amounts of advanced credits paid to the employee by filling in a box on the form W-2. When filing their income tax return at the end of the year, an employee is required to report advance payments, if any, of the EITC.*

#### Vision

*The proposal would promote use of advance payment option of the Earned Income Tax Credit (AEITC) by shifting the outreach and administrative burden from employers to selected public agencies in those states which choose to exercise this option. For example, a States might choose to administer the AEITC through Food Stamp offices. States are not permitted to do this under current statute.*

#### Rationale

*Few programs are as effective in reaching the eligible population as the EITC. Despite the successes of the current program, the delivery of the EITC could be improved, particularly by enhancing the probability that the EITC will be claimed in advance throughout the year rather than as a year-end lump sum payment. In recent years, fewer than 1 percent of EITC claimants have received the credit through advance payments in their paychecks. The reasons for the low utilization rate are not fully known, though a recent GAO study found that many low-income taxpayers were unaware they could claim the credit in advance.*

*There may be other barriers to participation in the advance payment option. The GAO study also found that once informed, many workers stated that they would prefer to receive the EITC in a lump-sum payment. While some workers may simply prefer the forced savings aspect of receiving the credit in a lump sum, others may fear their employer's reaction if they ask for a government wage supplement to be added to their paycheck. Others may be fearful of owing the government a large sum of money at the end of the year because they received too large an amount in advance.*

*It is believed that welfare recipients, in particular, could benefit from receiving the credit at more regular intervals throughout the year. By receiving the credit as they earn wages, workers would observe the direct link between work effort and the EITC. Public agencies that deal directly with welfare recipients are uniquely advantaged to ensure that the AEITC option is used frequently and appropriately. They could explain to recipients who are about to transition from welfare to work how the AEITC will increase their income stream, making work a more rational option.*

*Allowing states the option to provide advance payments of the EITC through public agencies (e.g., the offices which also provide food stamp benefits) could dramatically increase use of the AEITC among the working AFDC and ex-AFDC populations. A State could choose to target information about the EITC to welfare recipients or other individuals likely to become welfare recipients but who are currently outside the workforce. Individuals could have the a choice of receiving the credit from a neutral third-party, without fear of notifying their employers of their eligibility for the EITC. Moreover, they could receive assistance in determining appropriate amount of the EITC to claim in advance. States would also have the resources to verify eligibility for the credit better than employers, reducing the risk of erroneous payments being made to ineligible persons. This option would also allow for an evaluation of alternative delivery systems.*

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#### Specifications

- (a) A State would have the option to propose to the Secretary of the Treasury a demonstration project pursuant to which advance payments of the EITC would be made to eligible residents through a State agency. Such agencies may include public assistance offices (AFDC and/or Food Stamps), Employment Service Offices, State finance and revenue agencies, and so forth. A state may choose only one agency to provide the advance credit.
- (b) Approval by the Secretary of the Treasury of a State's proposal would be required in all cases. The Secretary of the Treasury would consult with the Secretary of Health and Human Services, the Secretary of Agriculture, and other Departmental Secretaries as appropriate if the State proposal includes coordination of EITC payments and other Federal benefits.
- (c) Where appropriate, States may include in their proposals coordination of advance payments of the EITC and other federal benefits (such as food stamps) through electronic benefit technology.
- (d) State plans would be required to specify how payment of the EITC would be administered. States must include a detailed explanation of how eligibility for the credit would be determined and verified. States would also have to agree to provide recipients and the IRS with annual information reports in a timely fashion (typically by January 31 of the following year) showing the amounts of the EITC paid in advance. In addition, states would agree to provide the IRS with a listing by December 1st of the names, social security numbers, and the amounts of advance payments received through October of all persons who participated in the state program at any time during the year (through October). States which failed to meet these reporting requirements would not be allowed to continue participation in the program.

- (e) States would be allowed (but not required) to provide on an advanced basis up to 75 percent of the maximum amount of the credit for which the taxpayer is eligible.
- (f) States would reduce payments of withholding taxes (for both income and payroll taxes) from their own employees by the amount of the advance payments made during the prior quarter.
- (g) After the processing of income tax returns and matching of returns with information reports, the Secretary of the Treasury would be required to issue an annual report detailing the extent to which EITC claimants under State plans: (1) participated in the state plan; (2) filed a tax return; (3) reported accurately the amount of the advanced payments payable during the year by the state; and (4) repaid any overpayments of the advanced EITC within the proscribed time. The report would also contain an estimate of the amount of the excessive overpayments made by the state. Excessive overpayments would include advance payments not reported on the tax return and advance payments in excess of the EITC calculated on the basis of information reported to the IRS and causing taxpayers to owe outstanding amounts to the IRS.
- (h) States would be required to repay the Federal government 50 percent of excessive advance payments subsequently not recaptured by IRS made to State residents participating in the plan over a 4 percent threshold. The Secretary of the Treasury would demonstrate that due and diligent effort had been made to recapture these amounts through normal procedures. The 4 percent threshold applies to all advanced payments made by the state for a given tax year. States would become liable for the excessive amounts within two years of when the filing of a tax return was required.
- (i) The Secretary of Treasury and the Secretary of Health and Human Services would jointly ensure that technical assistance is provided to States undertaking demonstration projects aimed at increasing participation in the EITC and the EITC advanced payment programs. Sufficient training and adequate resources would be provided to both agencies pursuant to the provision of technical assistance to the States. The Secretary of HHS will see that such pilots are rigorously evaluated.
- (j) The Secretary shall enter into agreements with up to 4 States to pilot and assess the development and implement publicly administered advanced Earned Income Tax Credit initiatives.
- (k) These agreements shall provide planning and implementation grants to States selected under this provision provided:
  - (i) that the Secretary of the Treasury also reviews and approves of the proposal submitted to the Secretary of DHHS;
  - (ii) that the selected States agree to share their findings and lessons with other interested States in a manner to be described by the Secretary.
- (l) The total amount available under this provision is \$1.4 million and no individual State can receive a grant in excess of \$500,000.
- (m) Unless otherwise extended by the Secretary, these demonstration programs shall not exceed three years in duration.

## C. EARNED INCOME DISREGARDS

### Current Law

*Federal AFDC law requires that all income received by an AFDC recipient or applicant be counted against the AFDC grant except income that is explicitly excluded by definition or deduction. States are required by Federal law to disregard the following income: (1) for the first four months of earnings, working recipients are allowed a \$90 work expense disregard, another \$30 unspecified disregard, and one-third of remaining earnings are also disregarded; (2) the one-third disregard ends after four months; and (3) the unspecified \$30 disregard ends after 12 months.*

*In addition, a child care expense disregard of \$175 per child per month (\$200 if the child is under 2) is permitted to be calculated after other disregard provisions have been applied. Currently, \$50 in child-support is passed through to families with established awards. States are now required to disregard the EITC in determining eligibility for and benefits under the AFDC program.*

### Vision

*The provisions proposed under this component are designed to: (1) make the treatment of income simpler for both recipients and welfare officials to understand; (2) make work a more attractive, rational option for those who would continue to receive assistance; (3) remove the time sensitivity of current rules (i.e., eliminate provisions which change the rules governing the treatment of income depending on how long the person has worked); and (4) improve the economic well-being of those who need to combine work and welfare.*

### Specifications:

- (a) Require States to disregard a minimum of \$120 in earnings, indexed for inflation in rounded increments of \$10. The effective date shall be October 1, 1996.
- (b) States will have the flexibility to establish their own disregard policies on earned income above this amount for both applicants and/or recipients and participants in the WORK program.
- (c) Additionally, via regulation, States have flexibility in establishing fill-the-gap policies (i.e., States will have the flexibility to determine which types of income should be considered in developing a fill-the-gap policy, such as child support payments, stipends, etc, in addition to earned income).
- (d) The AFDC \$50 pass-through of child support payments will also be indexed for inflation in rounded \$10 increments. States will have the flexibility to pass-through additional child support payments above this amount.

### Rationale

*The proposal allows for greater State flexibility; State can determine the appropriate income disregard and can determine which sources of income to disregard. The indexing of the minimum amount will ensure that working recipients are afforded an adequate earned disregard in the future.*

## IMPROVING GOVERNMENT ASSISTANCE

### A. RATIONALIZATION AND SIMPLIFICATION ACROSS ASSISTANCE PROGRAMS

*The rationalization and simplification of assistance programs is something of the holy grail of welfare reform—always sought, never realized. The reasons are many: different goals of different programs, varied constituencies, Departmental differences, divergent Congressional committee jurisdictions, and the inevitable creation of winners and losers from changing the status quo. Yet everyone agrees that recipients, administrators, and taxpayers are all losers from the current complexity. Below are several proposals for reform. The proposals do not make substantial changes in program structures. Rather, the proposals achieve simplification by streamlining administrative processes and by conforming program rules between the AFDC and Food Stamp programs. The proposals modify existing rules that create unnecessary complexity and confusion for program administrators and recipients.*

#### 1. FILING UNIT

*Under current law, the AFDC filing unit must consist of a needy deprived child, its natural or adoptive parent(s), and all natural and adoptive brothers and sisters (including half brothers and sisters) who are living together. The unit's income and resources are used to determine eligibility and the amount of payment. A stepparent is treated the same as a natural or adoptive parent for filing unit purposes in seven States (Nebraska, New Hampshire, Oregon, South Dakota, Utah, Vermont, and Washington). These States have laws of general applicability which hold the stepparent responsible for the children to the same extent as a natural or adoptive parent. In all other States, the stepparent's needs are not included in the unit and his/her income, after certain disregards, are considered available to the unit members.*

*If there is no parent in the home, then another non-legally responsible relative with whom the child is living may, at his/her option, join the unit and be assisted. Additionally, States may exercise the option of including other individual(s) living in the home as an essential person(s). The essential person's income and resources are used to determine eligibility and amount of payment.*

*Certain parents and siblings are excluded from the unit: illegal and sponsored aliens, recipients of SSI, foster children, and individuals ineligible due to lump sum income.*

#### 1. UP Provisions

##### Current Law

*The Social Security Act at section 407(a) and 407(b) limits AFDC eligibility for two-parent families to those where the principal wage earner is unemployed, and has worked six of the last 13 quarters. "Unemployed" is defined in regulations as working less than 100 hours in a month.*

##### Specifications

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

- (b) Remove the sunset provision that allows for the termination of AFDC-UP in 1998 and make it a permanent program.

### Rationale

*Some of the arguments for removing the additional eligibility requirements are that eliminating them would:*

- *remove the remaining vestiges of the AFDC marriage penalty in which single-parent families have easier access to benefits than married couples;*
- *improve horizontal equity by treating disadvantaged children the same irrespective of whether they live with one or two parents;*
- *encourage work, as the current rule limiting labor market attachment would be incongruous in a new transitional welfare program that emphasizes work;*
- *eliminating these special rules would also enhance the simplicity of the system; and,*
- *finally, a number of States have sought waivers in this area.*

## 2. Essential Person Provision

### Current Law

*The Social Security Act at section 402(a)(7) and the implementing regulation at 45 CFR 233.20(a)(2)(vi) permit States, at their option, to include in the AFDC grant benefits for essential persons. Such individuals are not eligible for AFDC in their own right, but their needs are taken into account in determining the benefits payable to the AFDC family because they are considered essential to the well-being of an AFDC recipient in the family. Twenty-two States currently include the option as part of their respective State plans.*

### Specifications

- (a) Limit the kinds of individuals that a State may identify as essential to individuals providing at least one of the following benefits or services to the AFDC family:
- (1) child care which enables a caretaker relative to work part-time outside the home;
  - (2) care for an incapacitated AFDC family member in the home;
  - (3) child care that enables a caretaker relative to attend high school or GED classes on a part-time basis;
  - (4) child care that enables a caretaker relative to participate in JOBS; and
  - (5) child care that enables a caretaker relative to receive training on a part-time basis.

### Rationale

*The Social Security Amendments of 1967 provided a specific statutory base for an essential person policy. This policy has two aspects. First, States are permitted to specify those individuals who can be considered essential; second, States must permit the AFDC family to have the final decision as to whether such individuals are in fact essential. Under this policy, States are not required to identify the benefits or services that these essential persons must provide.*

In 1989, this policy became contentious. Based in part on an OIG review of certain State practices (most notably in New York) (our predecessor organization, the Family Support Administration, published final regulations which limited State authority to determine categories of individuals who could be considered as essential to the family. These regulations precluded States from covering individuals who did not provide an essential benefit or service to the family. (The permissible categories are the five shown in option 2 above.) However, in 1990 the district court for the Eastern District of Pennsylvania in Yance v. Sullivan and the district court for the District of Maine in McKenney v. Sullivan held that these regulatory limitations conflict with section 402(a)(7)(A) of the Social Security Act. The courts interpreted this section as providing States with the authority to identify in their State plans the categories of individuals who may be recognized as essential persons. These judicial decisions were not appealed. Consequently, the Department revoked the 1989 regulations and reinstated the prior policy. In order to curtail or limit the use of the essential person policy, a statutory amendment to section 402(a)(7)(A) is necessary.

### 3. Stepparent Deeming

#### Current Law

Section 402(a)(31) of the Social Security Act requires that the income of an AFDC dependent child's stepparent who lives in the same home as the child is counted in the monthly determination of eligibility and the amount of assistance. The statute also requires that the following disregards will be applied in determining the amount of the stepparent's countable income:

- The first \$90 of the stepparent's gross earned income;
- An additional amount for the support of the stepparent and other individuals who live in the home, who are not in the assistance unit, and who the stepparent claims as dependents for Federal income tax purposes. This disregard must equal the State's need standard amount for a family group of the same composition as the stepparent and the other individuals not in the assistance unit;
- Alimony and child support payments to individuals not living in the household; and
- Amounts actually paid by the stepparent to individuals not living in the home but who he or she claims as dependents for Federal income tax purposes.

#### Specification

- (a) Amend the Social Security Act to give States the flexibility to increase the amount of the stepparent disregards.

#### Rationale

Allowing the disregards to be increased provides incentives for AFDC recipients to marry to improve the stability of the family, and provides an incentive for stepparents to increase their earnings.

## 2. RESOURCES

### (A) General

#### Current Law

*The Social Security Act and implementing regulations set a \$1,000 limit (or a lower limit at State option) on the equity value of resources that a family may have and be eligible for AFDC. Excluded from consideration as countable resources are the home owned and occupied by the family; an automobile with a maximum equity value of \$1,500 (or a lower limit at State option); bona fide funeral agreements with a maximum equity value of \$1,500 for each family member (or lower limit set by the State); one burial plot for each family member; and real property for a period of 6 consecutive months (or 9 consecutive months at State option) which the family is making a good faith effort to sell. Under certain conditions, States may establish rules regarding transfer of resources in order to obtain or retain eligibility.*

*The Food Stamp Act and implementing regulations set a \$2,000 limit (or \$3,000 for a household with a member age 60 or over) on the value of resources a household may have and participate in the program. The Act does not specify how the value of resources is to be determined, but provides for uniform national eligibility standards for income and resources. State agencies are prohibited from imposing any other standards of eligibility. Households in which each member receives AFDC, SSI, or general assistance from certain programs do not have to pass the food stamp resource eligibility test. Regulations exclude from resources the value of one burial plot per family member and the cash value of life insurance policies. Also excluded is real property which the household is making a good faith effort to sell at a reasonable price and which has not been sold. There is no specific exclusion for burial plans (funeral agreements). Any amounts that can be withdrawn from a funeral contract without an obligation to repay is counted as a resource.*

*Food Stamp law prohibits the transfer of resources within the 3-month period prior to application. A household that knowingly transfers resources for the purposes of qualifying or attempting to qualify for food stamps shall be ineligible to participate in the program for a period of up to one year from the date of discovery of the transfer.*

#### Vision

*Both the AFDC and Food Stamps programs serve similar needy populations. Yet, because the rules for treatment of both the amounts and categories of resources are different in each program, resources that meet one program's requirement can result in ineligibility under the other. Both programs have substantially different rules for evaluating the resources of that needy group, forcing welfare administrators to apply different program rules to the same resources in the same family. The following legislative proposal would reduce the current administrative complexity and confusion for welfare administrators and recipients by providing uniform treatment of assets where appropriate.*

#### Specifications

Require the Secretaries in both Departments to develop uniform resource exclusion policies in the following areas:

(a) Resource Limits:

Increase the AFDC resource limit to \$2,000 (or \$3,000 for a household with a member age 60 or over) to conform to the Food Stamp resource limit.

## (b) The Secretary shall specify in regulations the valuation and method for determining valuation of an automobile.

(c) Resource Exclusions:

(i) Real Property: Propose legislation to amend the Social Security Act to exclude real property which the AFDC family is making a good faith effort to sell at a reasonable price and which has not been sold, to conform to the Food Stamp policy.

(ii) Cash Surrender Value of Life Insurance Policies: Propose legislation to amend the Social Security Act to totally exclude the cash surrender value of life insurance policies under the AFDC program to conform to the Food Stamp policy.

(iii) Transfer of Resources: Propose legislation to provide that a household that knowingly transfers resources for the purposes of qualifying or attempting to qualify for AFDC shall be ineligible for benefits for a period of up to one year from the date of discovery of the transfer. This proposal conforms to the Food Stamp policy.

Rationale

*The administrative complexity that exists in applying certain resource requirements in the AFDC and Food Stamp programs will be greatly reduced under the proposed changes. Welfare administrators will be able to apply the same rules to the same resources for the same family. These conforming changes achieve simplification by streamlining the administrative processes in both programs.*

(B) Asset Accumulation - Individual Development AccountsCurrent Law

*The Social Security Act and implementing regulations set a \$1,000 limit (or a lower limit at State option) on the equity value of resources that a family may have and be eligible for AFDC, with only limited exclusions.*

*The Food Stamp Act and implementing regulations set a \$2,000 limit (or \$3,000 for a household with a member age 60 or over) on the value of resources a household may have and participate in the Program. Section 13925 of Pub. L. 103-66 of the Omnibus Budget Reconciliation Act provides that the Secretary of Agriculture shall conduct, for a period not to exceed 4 years, projects to test allowing not more than 11,000 households nationwide to accumulate up to \$10,000 each in excluded resources. These assets are for later expenditures for a purpose directly related to improving the education, training or employability (including self-employment) of household members, for the purchase of a home for the household, for a change in the household's residence, or for making major repairs to the household's home.*

## Vision

*Welfare reform should include strategies to test the notion that one way out of welfare for some people is through empowering them to start their own businesses and encouraging them to save their earnings to build for the future. During the campaign, the President endorsed the idea of helping welfare recipients help themselves by proposing to increase the number of microenterprises and establish Individual Development Accounts (IDAs). These legislative proposals would promote self-sufficiency by encouraging recipients to accumulate savings, assets and start their own businesses.*

*An IDA is an optional earnings-bearing, tax-benefitted trust account in the name of one person. An IDA would be held in a licensed, federally-insured financial institution. Withdrawals can be made from the account only for qualified purposes, which include: first home purchase, post-secondary education (college/long-term training), or business development (microenterprises). There would be penalties for non-designated use of the account. Participant eligibility would be determined by the State agency using Federal guidelines. Monies placed into an IDA account by an AFDC and Food Stamp recipient would be disregarded for purposes of determining resource limits, up to \$10,000. All income placed into an IDA would be tax deferred. An individual would retain the IDA after leaving welfare, but would still be required to use the resources for specified purposes or would face penalties.*

*The tax laws will be amended to allow for the establishment of IDAs; DHHS and USDA regulations will set the limit at \$10,000; subsidized IDAs will be established on a demonstration basis; unsubsidized IDAs will also be permitted for qualified individuals not involved in a demonstration. Current recipients (and applicants with established IDAs) for both the AFDC and Food Stamp programs can establish IDAs and have their savings and interest excluded.*

## Specifications

### 1. National Unsubsidized IDA Program

- (a) Allow IDAs to be established by Federally insured financial institutions to be used exclusively to pay for post-secondary education or training expenses, first-home purchases, or business capitalization where there is a qualified plan.
- (b) Recipients of Food Stamps and AFDC are eligible for participation in the IDA program. Individuals otherwise eligible for the Earned Income Tax Credit shall be permitted to establish IDAs, but some restrictions apply (*specifically see provision (iii) below*).
  - (i) Annual contributions shall not exceed the lesser of \$2,000 or 100% of all income, excluding public assistance, with a total account limit of \$10,000 per family.
  - (ii) If the accounts are established while a family is on AFDC or Food Stamps, the IDA account balance will not count against a family's resource limits. Families who leave the rolls after opening an account can continue the account. If the family re-applies for AFDC or Food Stamps at a later date, their IDA savings and interest, up to \$10,000, are excluded.
  - (iii) If an IDA-eligible individual establishes an IDA while not receiving AFDC or Food Stamps (for example, upon receiving an EITC payment) and subsequently applies for assistance to either program, the amount in the IDA shall be applied against the resource limits for purposes of determining eligibility.

- (c) Funds in an IDA account are tax deferred until withdrawn.
- (d) The penalty for a withdrawal from an unsubsidized IDA for purposes other than those specified will be 10 percent of the amount withdrawn that is includable in income.

## 2. Subsidized Individual Development Account (IDA) Demonstration

- (a) Amend the tax laws to allow States, localities, and community development financial institutions to apply to receive grants to operate 5-year IDA demonstration projects. Project grants will be awarded by the Community Development Bank and Financial Institutions Fund on a competitive basis and must be renewed annually. Authorized levels are \$10 million in fiscal year 1997 and 2002 and \$20 million for fiscal years 1998 - 2001.
  - (i) \$500 in initial financial assistance will be placed into accounts established for project participants who establish IDAs so banks are willing to set up the accounts. In addition, participant contributions may be subsidized in amounts ranging from \$.50 to \$4 for each \$1 deposited, not to exceed \$2,500. Total individual IDA amounts may not exceed \$10,000.
  - (ii) Eligible participants are households with: at least one member eligible for EITC, an adjusted gross income not in excess of \$18,000, and a net worth not in excess of \$20,000.
  - (iii) Grantees will maintain a reserve fund to be spent on assisting participants in achieving self-sufficiency, administering the project, and to collect evaluation information.
  - (iv) Grantees must submit annual reports on the progress of their project.
  - (v) The Fund will contract for an independent evaluation of individual demonstration projects describing project features, assessing levels of self-sufficiency and benefit reduction achieved, levels of assets accumulated, and their effects.
  - (vi) The penalty for a non-designated withdrawal from a subsidized IDA will be the total amount of the subsidy and 10 percent of the individual's contribution of the amount withdrawn.

## 3. Self-Employment/Microenterprise Demonstration

- (a) Through a memorandum of understanding, HHS and SBA will jointly develop and administer a minimum 5-year, self-employment/microenterprise demonstration program. Consultation with Agriculture, HUD and Labor is also required. Participants must be persons with incomes below 130 percent of poverty or persons participating in JOBS, WORK or AFDC-only, with the percentage of welfare recipients to be established by the agencies. Local intermediaries (organizations or consortium of organizations) will apply to enter into agreements to demonstrate the program. Authorized amounts shall be \$4 million for fiscal years 97 and 02 and \$8 million for fiscal years 1998 - 2001.
  - (i) HHS and SBA, in consultation with public and private organizations, will identify promising program models currently used to provide self-employment and related services to low-income individuals and design a demonstration to evaluate, using a randomized experimental design, at least two types of models with contrasting levels

of technical assistance. The agencies may fund up to five other projects with designs that do not lend themselves to a randomized experiment.

- (ii) HHS and SBA may provide technical assistance, grants, loan guarantees and loans to intermediaries.
- (iii) In selecting intermediaries, SBA and HHS will take into consideration the applicant's record of success, program design, capacity and other criteria.
- (iv) Intermediaries must have contracts with the local JOBS agency such that JOBS and WORK program funds will be used to provide supportive services including training and technical assistance for participants who are welfare recipients.
- (v) Preliminary and final effectiveness evaluation reports together with recommendations must be submitted to the President and Congress. A report on barriers is also required. The evaluation study shall take into consideration increase in self-sufficiency, reduced costs of public support, number of businesses and jobs created, cost-effectiveness, and program effectiveness. Early and regular feedback to the participating intermediaries is also specified.

#### 4. Other Legislative Changes

- (a) The Social Security Act and the Food Stamp Act will be amended, as appropriate, to comport with the changes in the tax laws. In addition, amendments will be drafted to include the following provisions:
  - (i) Lump sum income: Non-recurring lump sum income will not be counted for resource purposes in the month of receipt or the following month if put in an IDA.
  - (ii) The total exclusion for an AFDC assistance unit or Food Stamp household is \$10,000.

#### Rationale

*IDAs and other set-asides provide welfare recipients the opportunity to be entrepreneurs in the private sector and accumulate savings for specific purposes. This approach promotes self-sufficiency by empowering them to start their own businesses and encouraging them to save money they earn to build for their future. Additionally, the money saved in IDAs might be used by participants for educational and training purposes, thus saving local program resources.*

#### (C) Microenterprise (Self-Employment)

#### Current Law

#### Resource Exclusions

*Under Federal AFDC policy, except for real property, States may disregard for AFDC purposes income-producing property (as defined by the State) of self-employed individuals. States may also disregard income-producing property owned by a recipient who is not currently employed, but who the State reasonably expects to return to work. Federal regulations at 45 CFR 233.30(a)(3)(xxi) require that States disregard, for AFDC purposes, bona fide loans from any source for any purpose that meet the criteria set out in the State Plan.*

*Section 5(g)(2) of the Food Stamp Act and implementing regulations at 7 CFR 273.8(e)(4), (5), (6), (9), (15) and (16) exclude "property which annually produces income consistent with its fair market value; property which is essential to the self-employment of a household member; installment contracts for the sale of lands and buildings, if the contract ... is producing income consistent with fair market value; resources.. of.. self-employed persons, which has been prorated as income;" non-liquid assets with liens resulting from business loans; and real or personal property that is needed for maintenance of certain vehicles.*

### Specifications

- (a) Amend the Social Security and Food Stamp Acts to give the respective Secretaries the authority to specify in regulations exclusions necessary for self-employment. Require that these regulations be prepared jointly and demonstrate consistency between the two programs.
- (b) Amend the Food Stamp Act to exclude business loans from resources.

### Rationale

*Current AFDC policy does not permit funds necessary for the operation of a microenterprise to be excluded separately from the general \$1,000 resource limit. This restriction discourages recipients from establishing small businesses. By expanding the microenterprise resource exclusions, microenterprise owners will be able to set aside sufficient liquid resources to operate the business.*

## 3. INCOME ISSUES

### Vision

*Federal laws or rules frequently disregard a part or the total income of applicants and recipients in determining eligibility and benefits for assistance programs. Often, the same income is treated differently in the AFDC and Food Stamp programs. Such differences are incomprehensible to recipients and difficult to administer.*

*Our goal is to adopt uniform equitable income disregard policies for the AFDC and Food Stamp programs which are easy to understand, simple to administer and promote work and education.*

### 1. Treatment of Lump Sum Income

#### Current Law

*Under Section 402(a)(17) of the Social Security Act, non-recurring lump sum income is considered to be available to meet an AFDC family's current and future needs. If the assistance unit's countable income, because of receipt of lump sum income, exceeds the applicable State need standard, the unit is ineligible for a period determined by dividing the total countable income (including the lump sum) by the need standard.*

*The Food Stamp Act, at 5(d)(8), excludes from income non-recurring lump sum payments. Such amounts, if not spent in the month received, are treated as resources.*

Specifications

For applicants and recipients:

- (a) Amend section 402(a)(17) of the Social Security Act (SSA) to exclude non-recurring lump sum payments from income.
- (b) Amend both the SSA and FSA to disregard as resources, for one year from the date of receipt, non-recurring lump sum payments that are reimbursements or advanced payments.
- (c) Amend both the SSA and the Food Stamp Act (FSA) to disregard the amount of any Federal or State EITC lump sum payments as resources for one year from receipt.

Rationale

*Lump sum payments are treated completely differently in the two programs. Considerable simplification for both the clients and workers can be achieved if the policies are consistent. Also, current AFDC policy can result in hardship for families since they are supposed to conserve the payments to meet future living expenses rather than to cover debts and other costs.*

2. Treatment of Educational AssistanceCurrent Law

*Several laws address the treatment of educational assistance for AFDC. Any educational assistance provided under programs in title IV of the Higher Education Act or the Bureau of Indian Affairs must be disregarded (P.L. 102-325, sec. 479B). A State must disregard payments made for attendance costs under the Carl D. Perkins Vocational and Applied Technology Education Act (P.L. 101-392, sec. 507(a). Under AFDC rules, the State must disregard educational loans and grants that are obtained and used for direct educational expenses, such as tuition and books (233.20(a)(3)(iv)(B). (Any of the educational assistance covering items in the State's need standard is counted as income.) Also, States may disregard all educational assistance as complementary assistance that is for a different purpose than AFDC (233.20(a)(3)(vii)(a)).*

*Portions of income received under the Job Training Partnership Act and the Higher Education Act are disregarded in the Food Stamp program. By regulation, such educational assistance provided on behalf of the household for living expenses, food, or clothing to the extent that the funds exceed the costs of tuition and mandatory fees are counted as income. (7 CFR 273.9(c)(1)(v); 273(c)(3); 273(c)(4); 273.9(c)(5)(i)(D); and 373.9(c)(10)(xi).*

Specifications

- (a) Amend the Social Security Act and Food Stamp Act to totally disregard all educational assistance received by applicants and recipients.

3. Earnings of StudentsCurrent Law

*For a dependent child receiving AFDC, the earned income of a full-time or part-time student (not employed full-time) attending a school, college, or university, or a course of vocational or technical*

training designed to fit him for gainful employment is disregarded (402(a)(8)(A) of the Social Security Act). At State option, the earned income of a dependent child applying for AFDC may also generally be disregarded. The earnings of minor parents attending school are not excluded.

Effective September, 1994, the Food Stamp program will exclude the earnings of elementary or high school students age 21 and under (FSA 5(d)(5); 7 CFR 273.9(c)(7).

#### Specifications

- (a) Amend the Social Security and Food Stamp Acts to conform Food Stamps to AFDC policy and limit the disregards to elementary and secondary students up to age 19.

#### 4. Irregular Income

##### Current Law

No statutory provisions address irregular income for AFDC. Rules permit States to disregard small, nonrecurring gifts not to exceed \$30 per individual per quarter (233.20(a)(3)(iv)(F).

The Food Stamp Act (Sec. 5(d)(2)) requires the exclusion of income of \$30 or less in a quarter per household received too infrequently or irregularly to be anticipated. The exclusion does not apply under retrospective budgeting.

##### Specifications

- (a) Amend the Food Stamp Act to conform to AFDC rules to exclude inconsequential income not in excess \$30 per individual per quarter.

#### 5. Treatment of JTPA Income

##### Current Law

For AFDC, the income of a dependent child which is derived from participation in a JTPA program may be disregarded. Earned income may be disregarded for a period up to six months per calendar year. Unearned income may be disregarded indefinitely (section 402(a)(8)(A)(v) of the SSA).

Under Food Stamps, training allowances from vocational and rehabilitation programs and JTPA earnings are excluded, except income from on-the-job training programs under section 204(5) of title II. All OJT income of individuals under age 19 and under parental control is excluded. (7 CFR 273.9(b)(1)(iii) and (v); 273.9(c)(10)(v)

##### Specifications

- (a) Amend the Social Security and the Food Stamp Acts to disregard as income all training stipends and allowances received by a child or adult from any program, including JTPA.
- (b) Eliminate targeted earned income disregards so that the earned income from any on-the-job training programs or from a job will be counted after the general earned income disregards are deducted.

## 6. Supplemental Payments

### Current Law

Section 402(a)(28) of the Social Security Act requires those States that deduct income from the need rather than the payment standard (full-the-gap) now and in July of 1975 to provide a supplemental payment to families who have less disposable income because child support is paid to the child support agency instead of directly to the family.

*Food Stamps - No such provision exists in the Food Stamp program.*

### Specifications

- (a) Amend the Social Security Act to remove this provision.

## 7. Treatment of In-kind Income

### Current Law

*AFDC rules require earned in-kind income to be counted. As a matter of policy, States may disregard any unearned in-kind income. If the State elects to count unearned in-kind income, the amount counted is limited to the value of the item in the State's need standard.*

*Under Food Stamps, in-kind benefits such as food, clothing, housing, produce are excluded. (FSA 5(d)(1); 7 CFR 273.9(c)(1))*

### Specifications

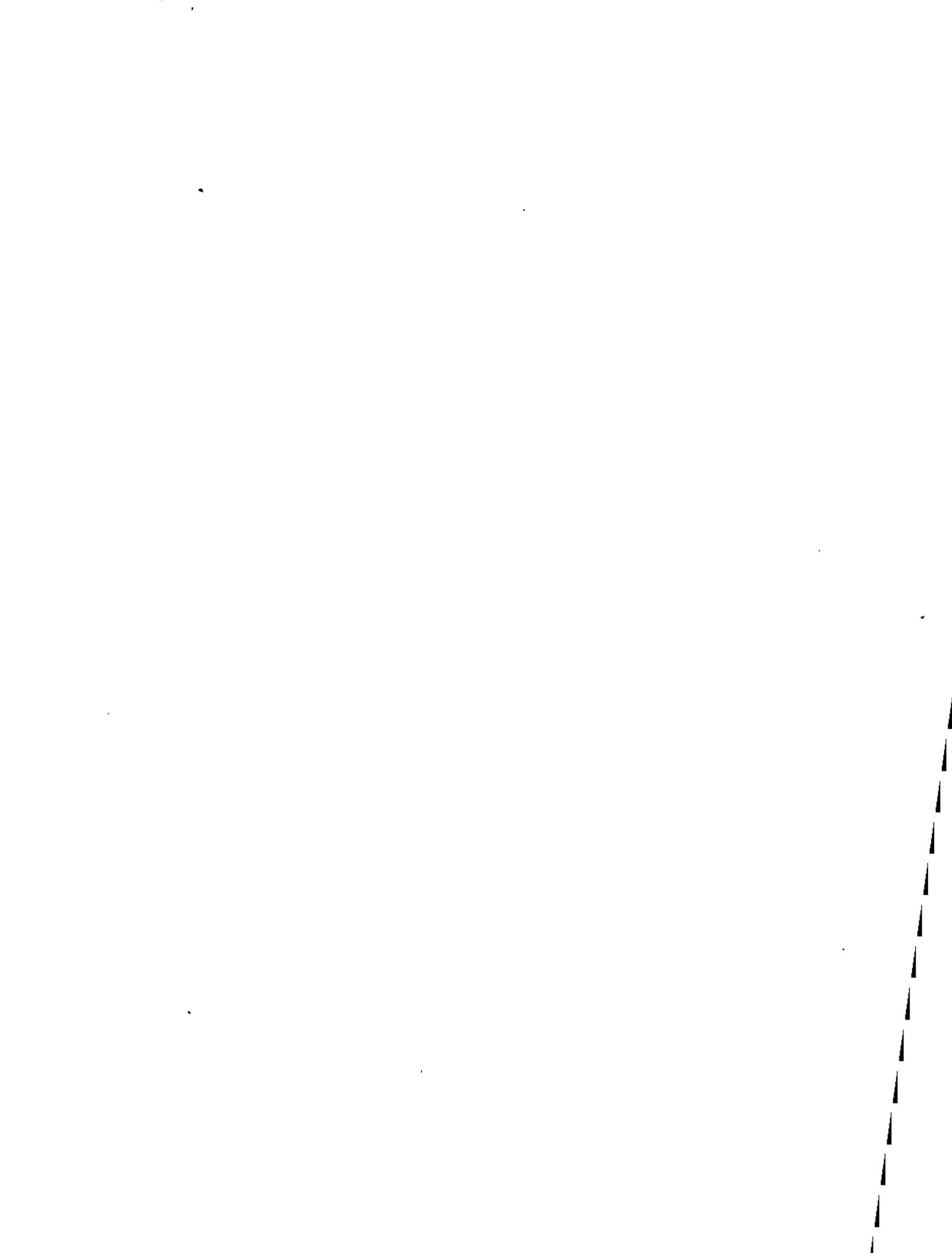
- (a) Amend the Social Security Act to require States to disregard both earned and unearned in-kind income.

## 8. Treatment of National and Community Service Act Benefits

### Current Law

*No statutory provision excludes, for purposes of the AFDC program, allowances, stipends and educational awards received by participants in a National Service program established under the National and Community Service Act of 1990, as amended by the National and Community Service Trust Act of 1993.*

*The Food Stamp program will exclude from income National Service program benefits. The National and Community Service Act, as amended, specifies that the exclusion in section 142(b) of the Job Training Partnership Act (JTPA) applies to National Service program benefits. Section 142(b) of the JTPA provides that payments will not be considered as income for purposes of income transfer and in-kind aid furnished under any Federal or federally assisted program based on need, other than Social Security Act programs.*



Specifications

- (a) Amend section 402(a)(8)(A) of the Social Security Act to disregard from the income of a family allowances, stipends and educational awards received by volunteers participating in a National Service Program under the National and Community Service Act of 1990, as amended by the National and Community Service Trust Act of 1993.

**4. OPTIONAL RETROSPECTIVE BUDGETING**Current Law

*For the AFDC program, the Social Security Act permits States to use retrospective budgeting only for the categories of families required to monthly report. The Food Stamp Act permits States to retrospectively budget cases that are not required to monthly report.*

Specifications

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

Rationale

*Allowing States to use retrospective budgeting without requiring cases to monthly report will foster consistency between the AFDC and Food Stamp programs, and will give States greater flexibility to administer their programs.*

**5. MISCELLANEOUS ADMINISTRATIVE PROVISIONS****1. Underpayments**Current Law and Policy

*Section 402(a)(22) of the Social Security Act requires State agencies to promptly take all necessary steps to correct any underpayments. Regulations at 45 CFR 233.20(a)(13) limit the issuance of underpayments (both agency and client caused) to current recipients and former recipients who would be currently eligible if the error causing the underpayment had not occurred. As a result of litigation, program policy also permits States to issue underpayments to former recipients who would no longer be currently eligible. The amount of the underpayment is not limited by the number of eligible months covered.*

*Section 11(e)(11) of the Food Stamp Act provides that benefits are to be restored to a household requesting them if the benefits have been "wrongfully denied or terminated." The period for which benefits are restored is limited to one year prior to the date the State agency either receives a request for restoration from the household or otherwise learns that a loss to the household occurred. The Food Stamp rule (7 CFR 273.17) also prohibits the State agency from restoring benefits for a period longer than 12 months. The rule requires that benefits be restored even if the household is currently ineligible.*

Vision

*To provide clients with a rational and consistent policy in the processing of underpayments.*

Specifications

- (a) Amend section 402(a)(22) of the Social Security Act to conform to Food Stamp law by requiring the issuance of agency caused underpayments to current and former recipients for a period not in excess of 12 months from the date that the agency learns about the underpayment.

Rationale

*Since clients are responsible for reporting changes in circumstances that affect eligibility and benefits, a 12-month limit on restoring lost benefits due to agency error reinforces positive behavior. The change also achieves consistency between the AFDC and Food Stamp underpayment policies. However, because the proposal represents a contraction of AFDC program policy (i.e., the prohibition on underpayments due to client error) client advocacy groups are likely to object.*

2. Recovery of Overpayments Through Federal Tax InterceptCurrent Law

*Section 402(a)(22) of the Social Security Act requires, as a condition for aid and services to needy families with children, a State plan which must provide that a State agency will promptly take all necessary steps to correct any overpayment to any individual who is no longer receiving aid under the plan. Recovery shall be made by appropriate action under State law against the income or resources of the individual or the family.*

Vision

*To allow State agencies to recover AFDC program overpayments through the use of a tax intercept program in coordination with the IRS. A 50% match rate to cover administrative costs will be provided.*

Specifications

- (a) Amend section 402(a)(22)(b) of the Social Security Act to permit State agencies to coordinate with the IRS to intercept Federal Income Tax Returns for the collection of outstanding AFDC overpayments, provided they pursue other means of collection under State law prior to using the Federal tax intercept program. The tax intercept recovery method would only be used to recover overpayments made to individuals who are no longer receiving aid under the plan.
- (b) The administrative costs would have a 50% Federal match rate for State contributions.

Rationale

*Currently States have the authority to intercept State tax refunds but are unable to do so if the overpaid individual moves to another State. A Federal system would allow States to collect from individuals, regardless of their State of residence. FNS has been running an IRS tax intercept program as a demonstration project since 1992. The program has proved to be very effective in*

collecting outstanding overpayments, so much so that FNS has expanded the demonstration every year to include more States. A 50% match for administrative costs supports the Administration's philosophy that the administration of the AFDC program should be an equal Federal/State partnership.

### 3. Administrative Cost Structuring for Certain Social Services

#### Current Law

Section 402(a)(15) of the Social Security Act provides for certain services to be offered and provided promptly (directly or under arrangements with others) to all individuals voluntarily requesting such services. Services will be voluntary and shall not prerequisite to eligibility. This is to be provided to each appropriate relative and dependent child receiving aid and for each appropriate individual (living in the same home as a relative and child receiving aid) whose needs are taken into account in making the eligibility determination.

#### Vision

Section 403(a)(3) indicates that administrative costs of such services are not matched at 50 percent if the State includes family planning services under their Title XX Social Services Block Grant Program. This policy would be amended to allow for administrative matching.

#### Specifications

- (a) Change Section 403(a)(3), to allow a 50 percent match for such services if they are provided under Title XX.

### 4. Declaration of Citizenship and Alienage

#### Current Law

Section 1137(d) of the Act requires, as a condition of eligibility for assistance, a declaration in writing by the individual (or, in the case of an individual who is a child, by another on his/her behalf) under penalty of perjury, stating whether or not the individual is a citizen or national of the United States, and, if such individual is not a citizen or national of the United States, whether he/she is in a satisfactory immigration status.

#### Vision

To bring the AFDC program into alignment with Food Stamps by allowing one adult member of an applicant assistance unit to sign the declaration of citizenship or alien status for all members of the unit.

#### Specifications

- (a) Amend the Social Security Act by revising section 1137(d)(1)(A) as follows:

- (1)(A) The State shall require, as a condition of an individual's eligibility for benefits under any program listed in subsection (b), a declaration in writing by the individual (or, in the case of an individual who is a child or a spouse in a two parent unit, by another on the individual's behalf), under penalty of perjury, stating whether or not the individual is a citizen or national of the United States, and, if that individual is not a citizen or national of the United States, that the individual is in satisfactory immigration status.

### Rationale

*The current requirement is administratively burdensome as it requires each adult in the AFDC unit to sign a separate declaration. This proposal will allow the adult payee or principal earner in an assistance unit to declare on behalf of his/her spouse and children, thereby simplifying the application and redetermination process. This proposal would also provide consistency with Food Stamps.*

## 6. TERRITORIES

*Welfare Reform Working Group staff have met with representatives from Puerto Rico and the other territories to discuss recommendations relative to the operation and funding of the territorial welfare programs. These representatives, including staff from the territorial Congressional delegation, recommended that we (1) eliminate the funding cap, and (2) extend SSI to the territories. In addition, the representative from American Samoa believes that the territory should be permitted to operate an Aid to the Aged, Blind, and Disabled (AABD) program and receive appropriate funding. The representatives also asked that funding for JOBS, child care, and the application of the time limit be addressed. For example, Puerto Rico is concerned that the two year time will be difficult to enforce in an economy with 18 percent unemployment.*

### Current Law

*Section 1108 of the Social Security Act permits the territories (i.e., Guam, Puerto Rico, and the Virgin Islands) to operate the AABD and AFDC programs; American Samoa is only authorized to operate an AFDC program. Funding for Child Care and Transitional Child Care is provided for under the JOBS limit of entitlement. If the territory elects to operate these programs, it must also have a title IV-E or Foster Care program. The territory must adhere to the same eligibility and payments requirements as the States. The Federal government matches 75 percent of costs; however, funding for the territories is capped. The caps are \$82 million for Puerto Rico, \$3.8 million for Guam, and \$2.8 million for the Virgin Islands. Between 1979 and the present, the caps were increased once, by roughly 13 percent.*

### Vision

*To create realistic funding levels for the territories that are reflective of the current economy and caseload. A mechanism that will provide occasional adjustments in funding levels will be developed to replace the current burdensome method of petitioning Congress for adjustments.*

### Specifications

- (a) Continue to require the territories to operate the AABD, AFDC (including JOBS supportive services) and Foster Care programs. Amend section 1108 of the Social Security Act to increase the caps by an additional  percent and create a mechanism for indexing. The effective date shall be October 1, 1996.

- (b) The territories would not be required to operate AFDC-UP programs (effective upon enactment of this act).

### Rationale

*The number of public assistance programs funded under the current caps, coupled with only one adjustment to these caps in 15 years, has seriously limited the territories' abilities to provide, let alone increase benefits. Benefit payments above the cap are financed 100 percent by the territories, resulting in situations such as Guam's where the Federal share is roughly 40 percent. Puerto Rico reports that, since 1987, AFDC caseloads have nearly doubled from 98,000 units to 183,000 units. Further, beginning October, 1994, Puerto Rico will be required to extend eligibility to two-parent families. Puerto Rico estimates that an additional 40,000 families will be eligible for AFDC due to this provision. If match rates were determined by formula, as they are in the States, the territories would be eligible for higher match rates. Increasing the caps and providing a mechanism for efficient adjustments to those caps will not only continue to give territories the authority to operate public assistance programs but adequate means to do so as well (See Appendix A, Fact Sheet On The Territories).*

## B. REGULATORY REVISIONS

*The effort, compromise and time involved in making statutory revisions and amendments make the identification of reforms that can be implemented with comparative ease through regulatory amendment and revision a must. The following proposals, while few in number, will provide for more timely reforms and allow States to at least begin to simplify and streamline assistance programs while the broader reforms are addressed by Congress. All regulatory provisions would be published within 6 months of enactment of this act.*

### 1. MICROENTERPRISE EXPENSES (SELF-EMPLOYMENT)

#### Current Requirements

*In the AFDC program, the rules (45 CFR 233.20(a)(6)(v)(B)) provide that profit from self-employment (e.g., microenterprises) is derived from subtracting business expenses from gross receipts. All the earned income disregards (Section 402(a)(8)) are applied to the profit the same as income from wages. Allowable business expenses are those directly related to producing goods or services. However, the following expenses are not allowed: depreciation, purchases of capital equipment, payments on the principal of loans for capital assets or durable goods, personal transportation, and personal business or entertainment expenses. A State may designate an objective flat amount or percentage for self-employment business expenses, but must allow higher actual costs.*

*The Food Stamp program excludes from income the cost of producing self-employment income. The rules (273.11(a)(4)(i)) list the following examples of the specific costs that should be excluded: the identifiable costs of labor, stock, raw material, seed and fertilizer, interest paid to purchase income-producing property, insurance premiums, and taxes paid on income-producing property. The following expenses are not excluded as costs of doing business: payments on the principal of the purchase price of income-producing real estate and capital assets, equipment, machinery, and other durable goods; net losses from previous periods; and depreciation. In addition, Federal, State, and local income taxes, retirement monies, and other work related personal expenses (such as transportation to and from work) are not allowed because these expenses are accounted for by the 20 percent earned income deduction in Section 273.9(d)(2).*

#### Regulatory Specifications

- (a) Change the Food Stamp and the AFDC regulations to provide a deduction of the amount of depreciation or the actual cost of purchasing the asset as claimed for tax purposes, or if none yet claimed according to State criteria.
- (b) Delete current language in AFDC regulations to conform with Food Stamp rules by adding examples of specific costs of producing self-employment income, such as the identifiable costs of labor, stock, raw material, interest paid to purchase income producing property, insurance premiums, and taxes paid on income producing property.

#### Rationale

*A compatible AFDC/Food Stamp exclusion for business expenses, including a deduction for depreciation or actual the actual expenses of necessary assets, would result in greater effectiveness, clarity and efficiency in the administration of both programs. The change would encourage self-employment, self-sufficiency and recognize the legitimate cost of doing business. Allowing the*

eligibility worker to recognize business deductions as claims by the individual for income tax purposes would simplify such calculations.

## 2. BOARDER INCOME

### Current Requirements

*Under the AFDC program, neither the statute or rules address allowable costs of business income received from boarders. Under program policy, a State may designate a flat amount or percentage for self-employment business expenses. However, the State must allow higher documented costs.*

*The Food Stamp Act is also silent on specific procedures for determining the income of households with self-employment income from boarders. However, the House Report which accompanied the Food Stamp Act of 1977 (H.R. 95-464, page 38) indicates Congressional intent that the cost of doing business for boarder income be calculated "for purposes of administrative ease, at a fixed rate or the value of a monthly coupon allotment for a one-person household" for each boarder. The report also indicates Congressional intent that actual costs be allowed, but the cost exclusions from income cannot exceed the income received.*

*Section 273.11(b)(1) of the Food Stamp rules provides procedures for calculating the income received from boarders based on the legislative history contained in the Food Stamp Act. Income from boarders includes all direct payments to the household for room and meals, including contributions to the household's shelter expenses. The cost of doing business is either (1) the maximum allotment amount for a household size that is equal to the number of boarders or (2) the actual documented cost of providing room and meals, if that cost exceeds the maximum allotment amount. If actual costs are used, only separate and identifiable costs of providing room and meals to boarders can be excluded. The excluded costs cannot exceed the amount of income received.*

### Regulatory Specifications

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

### Rationale

*A uniform AFDC/Food Stamp policy in calculating boarder income would result in greater effectiveness and efficiency in the administration of both programs.*

## 3. REPORTING AND BUDGETING

*One of the major complaints about the differences between the AFDC and Food Stamp programs is that the programs use different periods to determine benefits for the current month and require too much reporting of changes in circumstances. In a transitional program where more recipients may have fluctuating income, the reporting burdens on recipients, the fluctuations in benefit amounts, and the constant need for case worker recalculations of benefits would impose complexity on all parties involved.*

## Current Requirements

### 1. Monthly Reporting and Budgeting Requirements

*Both AFDC and Food Stamps permit States to adopt monthly reporting requirements and to use either retrospective or prospective budgeting to determine the benefit amounts for some or all cases. Yet there are some differences in application. For example, the Food Stamp Act permits retrospective budgeting of non-monthly reporting cases, while the Social Security Act does not.*

*Under a monthly reporting and retrospective budgeting system, families report income and other case circumstances every month, whether or not a change affecting eligibility and payment amounts has occurred since the previous month. This information, as well as any supplementary report of a change in circumstances, is used to determine continued eligibility and to determine the amount of assistance based on a prior month's income.*

*Under a prospective budgeting system, eligibility and benefit amounts are based on a projection of income and circumstances that will exist in the month for which payment is to be made. The Food Stamp program by regulation and statute is more prescriptive in how the estimates are to be made. The AFDC rules are not contained in statute and provide States more flexibility in making the estimate.*

### 2. Effective Date of Reported Changes

*Both programs require families to report changes in circumstances. In AFDC, States must establish procedures for timely and accurate reporting of changes that affect eligibility and amount of assistance. Any change is effective in the month it occurred. Food Stamp rules allow for a tolerance in which a change of less than \$25 per month does not have to be reported and the rules governing the effective date of any change give the recipient and agency time to report and act upon the change.*

### 3. Recertification Period

*In the Food Stamp program, recertification of eligibility is mandatory and must occur every one to twelve months (depending on the characteristics of the household) under specific procedural rules. In AFDC, redetermination of eligibility must occur every six to 12 months according to State established procedures. Unlike AFDC, food stamp benefits automatically terminate when the certification period expires.*

## Regulatory Specifications

- (a) Allow States to continue to use retrospective and prospective budgeting. Require recipients to timely report all significant changes in circumstances affecting eligibility or the amount of assistance.
- (b) Require the State to make timely adjustments to benefits, both up and down, when significant changes in income and other factors are reported by the recipient. Significant changes in income include getting or losing employment, promotion, permanent changes in hours worked, etc. Non-permanent fluctuations in income (overtime, absence) are not considered to be significant.

- (c) Overpayments would not occur where recipients report timely and the agency makes adjustments no later than the second month after the month in which the change occurred, subject to notice requirements. These specifications closely conforms to current Food Stamp program policy.

### Rationale

*These proposed administrative rules will significantly simplify benefit calculation procedures for joint AFDC/Food Stamp households. By rationalizing the procedures in benefit determination and calculation, workers and recipients will benefit through less paperwork processing and time spent on recalculating benefits because of fluctuations in income. The rules maintain a balance between assuring benefits are accurately determined by reducing the current complexities retaining the appropriate level of responsibilities on recipients to report information.*

## **4. AUTOMOBILE RESOURCE LIMIT**

### Current Requirements

*The Social Security Act provides for the exclusion of so much of a family member's ownership interest in one automobile as prescribed by the Secretary. That exclusion is set by regulation at \$1,500 equity value (or a lower limit set by the State) in one vehicle with any excess equity value counted toward the \$1,000 AFDC resource limit.*

*The Food Stamp Act provides for the total exclusion of vehicles that are used over 50 percent of the time for income-producing purposes; annually producing income consistent with their FMV; necessary for long distance travel for work (other than daily commute); used as the household's home; or needed to transport a physically disabled household member. For the following vehicles, the amount of the FMV over \$4,500 is counted as a resource: one per household (regardless of use); and vehicles used for work, training or education to prepare for work in accordance with food stamp employment and training requirements. For all other vehicles, the FMV over \$4,500 or the equity value, whichever is more, is counted as a resource.*

### Vision

*Reliable transportation will be essential to achieving self-sufficiency for many recipients in a time-limited program. Because a dependable vehicle is important to individuals in finding and keeping a job, particularly for those in areas without adequate public transportation, both the AFDC and the Food Stamp programs need a conforming automobile resource policy that supports acquiring reliable vehicles. This proposal would simplify the automobile resource policy by conforming the program rules and reducing the unnecessary complexity and confusion for program administrators in both programs.*

### Regulatory Specifications

- (a) Exercise Secretarial authority and amend the regulations to increase the AFDC automobile limit to \$3,500 equity value, indexed for inflation.

## Rationale

*This proposal is a first step towards bringing a level of conformity between the two programs that would eliminate some of the administrative complexity involved with valuing vehicles under varying criteria and would result in greater effectiveness and efficiency in the administration of both programs.*

## 5. VERIFICATION

### Current Requirements

*Food Stamp law and regulations include specific requirements for verification and documentation of information needed for eligibility and benefit determinations. Food Stamp regulations mandate verification of utility and medical expenses (when actual is claimed), identity, residency (address), disability and household composition. In the AFDC program, the Act and regulations do not address how verification is to occur but State procedures have generally conformed to the verification policy outlined in the Federal quality control manual.*

*Under the Food Stamp Act (FSA) (sections 11(e)(3),(9)) and Social Security Act (Act) (sections 402(a)(25) and 1137), income must be verified through the Income and Eligibility Verification System (IEVS). The State must request wage and benefit information for from the State Wage Information Collection Agency, the Social Security Administration, and the agency administering Unemployment Insurance Benefits. Unearned income information must be requested from the Internal Revenue Service. Both programs are also required by law to verify alien status through the Immigration and Naturalization Service's Systemic Alien Verification for Entitlement system.*

*Both programs review the accuracy of eligibility decisions and benefit amounts through quality control systems, with the intended result that much information is verified at application and at recertification to avoid errors. States may, in both programs, adopt other verification requirements.*

### Vision

*Federal computer matching and verification requirements are often burdensome for both clients and eligibility staff. Even where States have flexibility, the emphasis on payment accuracy and the potential for fiscal quality control penalties have often resulted in unnecessary documentation, delays in benefits and improper denials and terminations. Yet, to assure the public that their taxes are being spent to serve only those in need, verification will continue to be a critical component of the new system for delivering assistance to families. States must be afforded the flexibility to simplify matching procedures, while assuring program integrity through minimum standards.*

### Regulatory Specifications

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

Rationale

*States will welcome the increased flexibility provided by this proposal and be able to streamline their verification activities, saving time and paperwork. At the same time, the State plan approval process will ensure adequate protection of client rights and program integrity without restricting State flexibility.*

**6. OTHER RESOURCE EXCLUSIONS**

- (a) **Burial Plots:** Propose regulations to amend the Social Security Act to totally exclude one burial plot per family member to conform to the Food Stamp policy.
- (b) **Funeral Agreements (Burial Plans):** Propose regulations to totally disregard one funeral agreement per family member.

**7. TREATMENT OF INCOME FROM COMPLEMENTARY PROGRAMS**Current Law

*Under AFDC regulations, States may disregard assistance from other agencies and organizations that are for a different purpose (complementary) than AFDC and do not duplicate needs already met in the need standard. (45 CFR 233.20(a)(3)(vii))*

*With specified exceptions, the Food Stamp program disregards cash donations based on need to the household not to exceed \$300 in any one quarter from one or more charitable organizations. (FSA 5(d), (k); 7 CFR 273.9(b), (c)(13).*

Regulatory Specifications

- (a) The Secretary of HHS will consider adopting the current Food Stamp policy.

HUD  
utility -  
Dropped

JOBS

1. P/t work
2. WORK limit
3. WORK funding
4. 2-parents

Draft - for discussion only

5/12

## JOBS, TIME LIMITS AND WORK

~~CONFIDENTIAL~~

### JOBS AND TIME LIMITS

Where's Wendell?

#### 1. EFFECTIVE DATE AND DEFINITION OF PHASED-IN GROUP

##### Legislative Specifications

- (a) The effective date for the legislation would be one year after the date of enactment. States could petition to delay implementation for up to one year after the effective date (i.e., two years after the date of enactment) for circumstances beyond the control of the State IV-A agency (e.g., no meeting of State legislature that year).
- (b) The phased-in group would be defined as custodial parents, including minor custodial parents, who were born after 1971 (in 1972 or later).
- (c) States would have the option to define the phased-in group more broadly (e.g., custodial parents born after 1969, born after 1971 and all first-time applicants), provided the phased-in group included at least the population described in (b).
- (d) States would be required to apply the new rules, including the time limit, to all applicants in the phase-in group as of the effective date of the legislation. Recipients (parents) in the phase-in group who were on AFDC prior to the effective date would be subject to the new rules, including the time limit, as of their first redetermination following the effective date.

#### 2. PROGRAM INTAKE

##### Current Law

*The Family Support Act requires a State agency to make an initial assessment of JOBS participants with respect to employability, skills, prior work experience and educational, child care and supportive service needs. On the basis of this assessment, the State agency must develop an employability plan for the participant. The State agency may require participants to enter into a formal agreement which specifies the participant's obligations under the program and the activities and services to be provided by the State agency. The employability plan is not considered a contract.*

##### Vision

*At the point of intake, applicants will learn of their specific responsibilities and expectations regarding the JOBS program, the two-year time limit and its relationship to JOBS participation and AFDC benefits not conditioned upon work. Each applicant will now be required to enter into a personal responsibility agreement with the State agency broadly outlining the obligations of each party. While the personal responsibility agreement will serve as a general accord, the employability plan will be focused on the specific employment-related needs of each applicant.*

## Rationale

*States must change the culture of the welfare system by changing the expectations of both the recipient and the State agency. This calls for modifying the mission of the welfare system at the point of the intake process to stress employment and access to needed services rather than eligibility and benefit determination. The mutual obligations of the State agency and the participant must be spelled out and enforced. JOBS programs must continue to link clients to services in the community.*

## Legislative Specifications

- (a) All applicants (parents) in the phased-in group would be required as part of the application/redetermination process to sign a Personal Responsibility Agreement with the State IV-A agency specifying the general responsibilities of both the applicant and the State agency (for the applicant, following the employability plan; for the State, making available the services in the plan). Current recipients (parents) in the phased-in group, if they had not previously signed the Agreement, would be required to sign the Agreement as part of the redetermination process. *everyone*
- (b) The Personal Responsibility Agreement shall not be a legal contract.
- (c) The State IV-A agency would be required to orient each applicant to the AFDC program by providing information about the AFDC program, which would include (among other items) the nature and applicability of the two-year time limit, the JOBS participation requirement, the services provided under JOBS and the availability of such services to persons not in the phased-in group. Each applicant in the phased-in group would be informed of the number of months of cash assistance/JOBS participation for which he or she was eligible (e.g., 24 for first-time applicants). The orientation information could be provided as part of the eligibility determination process or in a subsequent one-on-one or group orientation session. States would be required to provide the orientation information prior to or as part of the development of the employability plan. The information would be imparted in the recipient's primary language whenever possible. Child care would be available as needed to enable an individual to receive the orientation information (as under CFR 255.2).
- (d) The State would have to obtain confirmation in writing from each applicant that he or she had received and understood the requisite orientation information.
- (e) Recipients who were already on assistance as of the effective date of the legislation would be provided with the requisite orientation information at the earliest possible date but in no event later than at the development or revision of the employability plan (see below) or as part of the redetermination process, whichever comes first.

### 3. EMPLOYABILITY PLAN

#### Legislative Specifications

- (a) The State agency would be required to complete the assessment and employability plan (for new recipients) within 90 days from date of application. For recipients on assistance as of the effective date, the employability plan would have to be developed (or revised, if such a plan were already in place) within 90 days of the date the recipient became subject to the time limit (i.e., within 90 days of the redetermination; see above).
- (b) The employability plan will be developed jointly by the State agency and the recipient. In designing the employability plan, the agency and the recipient would consider, among other elements, the months of eligibility (for JOBS participation/AFDC benefits not contingent upon work; see DEFINITION OF THE TIME LIMIT below) remaining for that recipient (if that recipient were subject to the time limit).
- (c) An employability plan would be required for all recipients (parents) in the phased-in group, including those in pre-JOBS status (see below), and for all JOBS participants not in the phased-in group (i.e., volunteers).
- (d) The employability plan for persons required to participate in JOBS would include an expected time frame for achieving self-sufficiency and the activities intended to assist the participant in obtaining employment within that time period. The time frame would, in the case of many JOBS participants, be fewer than 24 months. For persons in pre-JOBS status (see below), the employability plan would, when appropriate, detail the activities needed to remove the obstacles to JOBS participation.
- (e) Amend section 482(b)(1)(A) by adding "literacy" after the word "skills."
- (f) The State agency shall provide that if the recipient and the State agency staff member or members responsible for developing the employability plan cannot reach agreement on the plan, a supervisory level staff member or other State agency employee trained to mediate these disputes will intervene to provide further advocacy, counseling or negotiation support.
- (g) To resolve disputes (regarding the employability plan) not settled by the intervention in (f), a State may elect one or more of the following processes:
  - i. Permit the agency to establish an internal review board to arbitrate disputes. This board would have the final say. The Secretary would establish regulations for such boards.
  - ii. Permit agencies to employ mediation using trained personnel, rather than arbitration, to resolve the dispute. HHS would be responsible for providing technical assistance to States that wish to use mediation.

- iii. <sup>Allow</sup> The recipient ~~would be entitled to~~ a fair hearing, contesting whether the State agency had followed the established process for developing the employability plan. A fair hearing could be the exclusive remedy or could be allowed in addition to the procedure in (i) or (ii). (only phased-in recipients required to participate in JOBS would be entitled to a fair hearing)
- (h) Persons who refused to sign or otherwise agree to the employability plan after the completion of the conciliation process would be subject to sanction, curable by agreeing to the plan. In the event of an adverse ruling at a fair hearing concerning the employability plan, the individual would not have the right to a second fair hearing prior to imposition of the sanction.
4. PRE-JOBS

#### Current Law

*States must require non-exempt AFDC recipients to participate in the JOBS program to the extent that resources are available. Exemptions under the current JOBS program are for those recipients who are ill, incapacitated, or of advanced age; needed in the home because of the illness or incapacity of another family member; the caretaker of a child under age 3 (or, at State option, under age 1); employed 30 or more hours per week; a dependent child under age 16 or attending an educational program full time; women in the second and third trimester of pregnancy; and residing in an area where the program is not available. The parent of a child under age 6 (but older than the age for an exemption) who is personally providing care for the child may be required to participate only if participation does not exceed 20 hours per week and child care is guaranteed. For AFDC-UP families, the exemption due to the age of a child may be applied to only one parent, or to neither parent if child care is guaranteed.*

#### Vision

*Under new provisions, a much greater percentage of AFDC recipients will be required to participate in JOBS. Single-parent and two-parent families will be treated similarly under the new JOBS system. The current exemption policy will be replaced with a policy under which persons not yet ready for participation in JOBS will be assigned, temporarily in many cases, to the pre-JOBS phase. Some of the criteria for placement in pre-JOBS status are based on current regulations concerning exemptions, but in a number of instances the definition is tightened significantly.*

#### Rationale

*In order to change the culture of welfare, it is necessary to maximize participation in the JOBS program. It is also critical to ensure that all welfare recipients who are able to participate in JOBS have such services made available to them by the States. Elimination of exemptions sends a message that participation in JOBS should be the normal flow of events, and not the exception. The pre-JOBS policy does, however, give States the flexibility to consider differences in the ability to work and to participate in education and training activities in determining whether to require an individual to enter the JOBS program.*

Legislative Specifications

- (a) Adult recipients (see Teen Parents below for treatment of minor custodial parents) who were not able to work or participate in education or training activities (e.g., due to care of a disabled child) could be assigned to the pre-JOBS phase either prior to or after entry into the JOBS program (or after entry into the WORK program; see WORK specifications below). For example, if an individual became seriously ill after entering the JOBS program, he or she would then be placed in pre-JOBS status.
- (b) The State agency would be required to make an initial determination with respect to pre-JOBS status prior to or as part of the development of the employability plan, since the determination would in turn affect the content of the employability plan. A recipient who is required to participate in JOBS rather than assigned to pre-JOBS status could request a fair hearing focusing on whether the individual meets one of the pre-JOBS criteria (see below). The time frame for completion of the employability plan (see above) would be waived in such cases.
- (c) Persons in the pre-JOBS phase would be expected to engage in activities intended to prepare them for employment and/or the JOBS program. The employability plan for a recipient in pre-JOBS status could detail the steps, such as locating suitable medical care for a disabled or ill adult or arranging for an appropriate setting for a disabled child, needed to enable the adult to enter the JOBS program and/or find employment.

Recipients not likely to ever participate in the JOBS program (e.g., those of advanced age) might not be expected to engage in pre-JOBS activities. The employability plan for such individuals might still include steps intended to, for example, improve the family's health status or housing situation. For individuals who were expected to enter the JOBS program shortly (e.g., mothers of young children), pre-JOBS services could be provided, when appropriate, to address any outstanding barriers to successful participation in JOBS (e.g., arranging for child care).

- (d) States could provide program services to individuals in the pre-JOBS phase, using JOBS funds, but would not be required to do so. Likewise, States could provide child care or other supportive services to persons in pre-JOBS status but would not be required to do so--there would be no child care guarantee for individuals in pre-JOBS. Persons in pre-JOBS status would not be subject to sanction for failure to participate in pre-JOBS activities. In other words, in order to actually require an individual to participate in an activity, a State would have to classify the individual as JOBS-mandatory.
- (e) Persons in pre-JOBS would not be subject to the time limit, e.g., months in which a recipient was assigned to pre-JOBS would not count against the two-year limit on cash benefits.
- (f) The criteria for pre-JOBS status would be the following:
  - (1) A parent of a child under age one, provided the child was not conceived while the parent was on assistance, would be assigned to the pre-JOBS phase. A parent of a child conceived while on assistance would be placed in pre-JOBS

for a twelve-week period following the birth of the child (consistent with the Family and Medical Leave Act).

(Under current law, parents of a child under age three, under age one at State option, are exempted from JOBS participation, and no distinction is made between children conceived while on assistance and children while not on assistance)

- (2) Is ill, when determined by the State on the basis of medical evidence or another sound basis that the illness or injury is serious enough to temporarily prevent entry into employment or training;
- (3) Is incapacitated, when verified by the State that a physical or mental impairment, determined by a physician or a licensed psychologist or mental health professional, prevents the individual from engaging in employment or training;
- (4) Has an application pending for the SSI or SSDI program, if there is a reasonable basis for the application;  
(Under the proposed law, a pending SSI/SSDI application would be used as an alternate standard for incapacity)
- (5) Is 60 years of age or older;
- (6) Needed in the home because another member of the household requires the individual's presence due to illness or incapacity as determined by a licensed physician, psychologist or mental health professional, and no other appropriate member of the household is available to provide the needed care;
- (7) Third trimester of pregnancy; and  
(Under current law and regulations, pregnant women are exempted from JOBS participation for both the second and third trimesters)
- (8) Living in a remote area. An individual would be considered remote if a round trip of more than two hours by reasonably available public or private transportation would be required for a normal work or training day. If the normal round-trip commuting time in the area is more than 2 hours, the round-trip commuting time could not exceed general accepted standards for the area.  
(Same as current regulations, CFR 250.30))

- (g) Only one parent in an AFDC-UP family could be placed in pre-JOBS under f(1).
- (h) Each State would be permitted to place in pre-JOBS, for good cause as determined by the State, a number of persons up to a fixed percentage of the total number of persons in the phased-in group (which would include adult recipients, minor custodial parents and persons in the WORK program). These good cause assignments to pre-JOBS would be in addition to those meeting the pre-JOBS criteria defined in (f). Good cause could include substantial

barriers to employment—a severe learning disability or serious emotional instability. The percentage cap on such good cause placements in pre-JOBS would be set, in statute, at 10%. A State would be able, in the event of extraordinary circumstances, to apply to the Secretary to increase the percentage cap on good cause placements.

- (i) The Secretary would develop and transmit to Congress, by a specified date, recommendations regarding the level of the cap on good cause placements in pre-JOBS; the Secretary could recommend that the cap be raised, lowered or maintained at ten percent.
- (j) The State agency would be required to reevaluate the status of persons in the pre-JOBS phase at such time as the condition is expected to terminate (if the condition is expected to be temporary) but no less frequently than at each semiannual assessment (see SEMIANNUAL ASSESSMENT below) to determine if the individual should remain in pre-JOBS status or should enter (or re-enter) the JOBS or WORK programs.
- (k) Recipients who met the criteria for placement in the pre-JOBS phase would be permitted to volunteer for the JOBS program. Such a volunteer JOBS participant would in general be treated as other JOBS participants except that he or she would not be subject to sanction or to the time limit.
- (l) A State agency would be required to promptly inform a recipient of any change in his or her status with respect to JOBS participation and/or the time limit (e.g., movement from the pre-JOBS phase into the JOBS program).

## 5. SUBSTANCE ABUSE AND ASSIGNMENT TO PRE-JOBS

### Current Law

*Current law does not specifically mention substance abuse. Regulations under the JOBS program provide that a recipient whose only activity is alcohol or drug treatment would not be counted toward a State's participation rate. Alcohol or drug treatment may, however, be provided as a supportive service using JOBS funds should a State choose to do so. Oregon currently operates under a waiver that permits the JOBS program to require participation in substance abuse diagnostic, counseling, and treatment programs if they are determined to be necessary for self-sufficiency.*

### Vision

*States will be provided with flexibility to require recipients they determine to be unable to engage in employment or training because of a substance abuse problem to participate in substance abuse treatment as a pre-JOBS activity. Sanctions may be imposed for non-participation in substance abuse treatment provided that both treatment and child care are made available.*

### Rationale

*States report (on an anecdotal basis) substance abuse as a problem they encounter in their JOBS populations. It is a barrier to self-sufficiency for a number of AFDC recipients who will require*

*treatment if they are to successfully participate in employment or training activities. It is estimated that approximately 4.5% of AFDC recipients have substance abuse problems sufficiently debilitating to preclude immediate participation in employment or training activities. Nearly one-third of these have participated in some form of alcohol or drug treatment in the past year.*

### Legislative Specifications

- (a) States may require persons found not able to engage in employment or training due to substance abuse to participate in substance abuse treatment as a pre-JOBS activity.
- (b) Sanctions, equivalent to JOBS sanctions, may be levied for non-participation in treatment, provided such treatment is available to the recipient.
- (c) Child care and/or other supportive services must be made available to an individual required to participate in substance abuse treatment.
- (d) Provisions concerning the semiannual reassessment apply to persons in the pre-JOBS phase participating in substance abuse treatment as described in this section.

## 6. DEFINITION OF THE TIME LIMIT

### Current Law

*Some States (those which did not have an AFDC-UP program in place as of September 26, 1988) are permitted to place a type of time limit on participation in the AFDC-UP program, restricting eligibility for AFDC-UP to 6 months in any 12-month period (Section 407(b)). Thirteen states presently impose time limits on AFDC-UP eligibility. Under current law, however, no other type of time limits may be placed on participation in the AFDC program.*

### Vision

*Most of the people who enter the welfare system do not stay on AFDC for many years consecutively. It is much more common for recipients to move in and out of the welfare system, staying a relatively brief period each time. Two out of every three persons who enter the welfare system leave within two years and fewer than one in ten spends five consecutive years on AFDC. Half of those who leave welfare return within two years, and three of every four return at some point in the future. Most recipients use the AFDC program not as a permanent alternative to work, but as temporary assistance during times of economic difficulty.*

*While persons who remain on AFDC for long periods at a time represent only a modest percentage of all people who ever enter the system, however, they represent a high proportion of those on welfare at any given time. Although many face very serious barriers to employment, including physical disabilities, others are able to work but are not moving in the direction of self-sufficiency. Most long-term recipients are not on a track toward obtaining employment that will enable them to leave AFDC.*

*The proposal would establish, for adult recipients not placed in pre-JOBS, a cumulative time limit of two years on the receipt of AFDC benefits not contingent upon work, with extensions to the time limit to be granted under certain circumstances. Months in which an individual was placed in pre-JOBS status would not count against the time limit. The two-year limit would be renewable to a degree—once an individual left the welfare system, he or she could begin to qualify for additional months of eligibility for AFDC benefits/JOBS participation.*

*The two-year time limit is part of the overall effort to shift the focus of the welfare system from disbursing funds to promoting self-sufficiency through work. This time limit gives both the recipient and the welfare agency a structure that necessitates steady progress in the direction of employment and economic independence. As discussed in the WORK specifications below, recipients who reach the two-year time limit without finding an unsubsidized job will be offered publicly subsidized jobs to enable them to support their families.*

### Legislative Specifications

- (a) The time limit would be a limit of 24 on the cumulative number of months of AFDC benefits an adult (parent) could receive before being required to participate in the WORK program (see Teen Parents for treatment of young custodial parents). In other words, the 24 months would be counted from the date of authorization or application (depending on whether the State paid from authorization or application). Months in which an individual was receiving assistance but was in pre-JOBS rather than in JOBS would not count against the 24-month time limit.

**ISSUE:** Should the clock begin at the completion of the employability plan, rather than at authorization/application? This is the approach taken in the Mainstream Forum welfare reform plan. Under the APWA proposal, the clock does not begin until the individual begins participating in an education or training activity. Starting the clock at completion of the employability plan is not inherently more administratively complicated than starting from authorization/application; in fact, it might reduce the administrative burden on States.

**NO!**  
-not with  
"joint"  
process

- (b) The time limit, as indicated in (a) above, would generally be linked to JOBS participation. Recipients required to participate in JOBS would be subject to the time limit. Conversely, the clock would not run for persons assigned to pre-JOBS status.
- (c) The 24-month time clock would not begin to run until a custodial parent's 18th birthday. In other words, months of receipt as a custodial parent before the age of 18 would not be counted against the time limit.
- (d) The State agency would be required to update each recipient subject to the time limit as to the number of months of eligibility remaining for him or her no less frequently than at the semiannual assessment (see SEMIANNUAL ASSESSMENT below). In addition, the State agency would be required to contact and schedule a meeting with any recipient who was approaching

the 24-month time limit at least 90 days prior to the end of the 24 months (see TRANSITION TO WORK/WORK below).

## 7. APPLICABILITY OF THE TIME LIMIT

### Legislative Specifications

- (a) The time limit would apply to parents (for treatment of teen parents, see Teen Parents below). A record of the number of months of eligibility for cash assistance remaining would be kept for each individual subject to the time limit. Non-parent caretaker relatives would not be subject to the time limit.

## 8. AFDC-UP FAMILIES AND THE TIME LIMIT

### Legislative Specifications

- (a) In an AFDC-UP family, both parents would be subject to the time limit if the principal earner were in the phased-in group (see below). A separate record of months of eligibility remaining would be kept for each parent. If one parent in an AFDC-UP family were placed in pre-JOBS status, that parent would not be subject to the time limit--months in the pre-JOBS phase would not count against that individual's 24-month limit. The other parent, however, would still be subject to the time limit. Placements of a second parent in pre-JOBS would not count against the cap on good cause assignments to pre-JOBS. | ?
- (b) If one parent had reached the time limit and the other had not, the parent who had reached the time limit would be required to enter the WORK program. If the parent who had reached the limit declined to participate in the WORK program, that parent's needs would no longer be considered in calculating the family's grant. His or her income and resources would still be taken into account. The family would still be eligible for the remainder of the benefit (essentially, the other parent and the children's portion) until the other parent reached the two-year limit. ?
- (c) If a parent in an AFDC-UP family reached the time limit but declined to enter the WORK program, the needs of that individual would (as above) not be taken into account in calculating either the AFDC benefit or any earnings supplement (if the other parent did enter the WORK program; see *WORK* specifications below). If such a parent subsequently reversed course and entered the WORK program, he or she would be considered part of the assistance unit for the purpose of determining the supplement and would also be eligible for a WORK assignment. As discussed in the *WORK* specifications below, a State would not be required to provide WORK assignments to both parents in an AFDC-UP family.
- (d) With respect to the phase-in, both parents in an AFDC-UP family would be considered subject to the new rules if the principal earner were in the phased-in group. If the parents subsequently separated, both would still be subject to the new rules.

## 9. TEEN PARENTS

### Vision

*Persons under 18 are not ready to be independent and should generally be in school. Under the proposed law, minor parents would not be allowed to set up independent households. They would receive case management and be expected to remain in school. A teen parent's time clock would not begin to run until he or she turned 18 (and could establish an independent household).*

### Legislative Specifications

- (a) States would be required to provide case management services to all custodial parents under 19 and to 19-year-old custodial parents who did not have a high school degree or the equivalent. States would have the option to provide case management services to a broader population, for example, all custodial parents under 20.
- (b) All custodial parents under 20 would be required to participate in the JOBS program, with education as the presumed activity for those who had not completed high school or the equivalent (e.g., a GED program). The 24-month time clock, however, would not begin to run until a custodial parent turned 18. In other words, months of receipt as a custodial parent before the age of 18 would not be counted against the time limit.
- (c) Custodial parents under 20 who had a child under one would be required to participate in JOBS as soon as the child reached twelve weeks of age. States would be permitted to assign custodial parents under 20 to pre-JOBS status in the event of a serious illness or other condition which precludes school attendance.
- (d) Custodial parents who were eligible for and receiving services under the Individuals with Disabilities Education Act would receive an automatic extension up to age 21 if needed to complete high school. These extensions would not be counted against the cap on extensions.

## 10. JOBS SERVICES AVAILABLE TO PARTICIPANTS

### Current Law

*A range of services and activities must be offered by States under the current JOBS program, but States are not required to implement JOBS uniformly in all parts of the State and JOBS programs vary widely among States. The services which must be provided as part of a State's JOBS program are the following: educational activities, including high school and equivalent education, basic and remedial education, and education for persons with limited English proficiency; job skills training; job readiness activities; job development and job placement; and supportive services to the extent that these services are necessary for participation in JOBS. Supportive services include child care, transportation and other work-related supportive services. States must also offer, in addition to the aforementioned services, at least 2 of the following services: group and individual job search, on-the-job training (OJT), work supplementation programs and community work experience programs.*

Vision

*The definition of satisfactory participation in the JOBS program will be broadened to include additional activities that are necessary for individuals to achieve self-sufficiency. States will continue to have broad latitude in determining which services are provided under JOBS. Greater emphasis, however, would be placed on job search activities, to promote work and employment.*

Legislative Specifications**Up-Front Job Search**

- (a) All adult new recipients in the phased-in group (and minor parents who had completed high school) who were judged job-ready would be required to perform job search from the date of approval. Job-ready would in general be defined as having nonnegligible previous work experience; States would include a more detailed definition in the State plan. Individuals could be deemed not job-ready due to illness or other reason. A determination of pre-JOBS status would not be needed at this point. CBO scoring?
- (b) States would have the option of requiring all job-ready new recipients, including those in the not-phased-in group, to perform up-front job search. States would also be permitted to require job search from the date of application (as under current law, this requirement could not be used as a reason for a delay in making the eligibility determination or issuing the payment).
- (c) Extend permissible period of initial job search from 8 weeks to 12;

**Other Provisions Concerning JOBS Services**

- (d) States would be required to include job search among the JOBS services offered.
- (e) Clarify the rules so as to limit job search (as the exclusive activity, i.e., not in conjunction with other services) to 4 months in any 12-month period. The up-front job search (described above) and the 45-90 days of job search required immediately before the end of the two-year time limit (see TRANSITION TO WORK/WORK below) would both be counted against the 4-month limit. ?
- (f) Amend section 482(d)(1)(A) by replacing "basic and remedial education to achieve a basic literacy level" with "employment-oriented education to achieve literacy levels needed for economic self-sufficiency."
- (g) Self-employment programs would be added to the list of optional JOBS activities.
- (h) Increase the limit on Federal reimbursement for work supplementation program expenditures from the current ceiling, which is essentially based on a maximum length of participation, in a work supplementation program, of 9 months, to a level based on a maximum length of participation of 12 months.

- (i) Change the anti-displacement language to permit work supplementation participants to be assigned to unfilled vacancies in the private sector.

#### Regulatory Specifications

- (j) Alternative Work Experience would be limited to 90 days within any 12-month period.
- (k) The State plan would include procedures to ensure that, to the extent possible, (external) service providers promptly notify the State agency in the event of noncompliance by a JOBS participant, e.g., failure to attend a JOBS activity.

#### 11. MINIMUM WORK STANDARD

##### Legislative Specifications

- (a) Months in which an individual met the minimum work standard would not count against the time limit. In an AFDC-UP family, if one parent meets the minimum work standard, neither parent is subject to the time limit.

*OPTION A: The minimum work standard would be 30 hours per week, with a State option to reduce the minimum to 20.*

*OPTION B: The minimum work standard would be 20 hours per week for parents of children under 6 and 30 hours for all others, with a State option to reduce the minimum to 20 hours across the board.*

#### 12. JOBS PARTICIPATION

##### Current Law

*Under the Family Support Act of 1988, which created the JOBS program, minimum JOBS participation standards (the percentage of the non-exempt AFDC caseload participating in JOBS at a point in time) were established for fiscal years 1990 through 1995. States face a reduced Federal match rate if those standards are not met. In FY 1993 States were required to ensure that at least 11% of the non-exempt caseload in the State was participating in JOBS (in an average month). The standard increased to 15% for FY 1994 and will rise to 20% for FY 1995. There are no standards specified for the fiscal years after FY 1995. Individuals who are scheduled for an average of 20 hours of JOBS activities per week and attend for at least 75% of the scheduled hours are countable for participation rate purposes. States are required to meet separate, higher participation standards for principal earners in AFDC-UP families. For FY 1994, a number of AFDC-UP parents equal to 40 percent of all AFDC-UP principal earners are required to participate in work activities for at least 16 hours per week. The standard rises to 50 percent for FY 1995, 60 percent for FY 1996 and 75 percent for each of the Fiscal Years 1997 and 1998.*

Vision

*To transform the welfare system from an income support system into a work support system, the JOBS program must be expanded significantly. This substantial increase in the number of JOBS participants will be phased in over time.*

Legislative Specifications

- (a) States would be required to meet two participation standards for those subject to the time limit, a coverage rate and a service continuity rate. The standard for the coverage rate would be set at 85%, with a tolerance level of +/- 5%. For the service continuity rate, the standard would be 35%, with a tolerance level of +/- 5%.
- (b) The JOBS program targeting requirements would be eliminated.
- (c) Individuals in self-initiated education and training activities (including, but not limited to, post-secondary education) would receive child care benefits if and only if such activities were approved through the JOBS program. Costs of such education and training would not be reimbursable under JOBS. Child care and supportive services expenditures, however, would be matchable through IV-A and JOBS, respectively.

Regulatory Specifications

- (d) Alter the definition of participation such that an individual enrolled half-time in a degree-granting post-secondary educational institution who was making satisfactory academic progress (as defined by the Higher Education Act) and whose enrollment was consistent with an approved employability plan would be considered to be participating satisfactorily in JOBS, even if such a person were scheduled for fewer than 20 hours of class per week. (contingent on definition of participation remaining similar to current law)
- (e) Broaden the definition of JOBS participation to include participation in activities other than the optional and mandatory JOBS services which are consistent with the individual's employability plan.
- (f) The broadened definition of participation would include participation in the Small Business Administration Microloan Demonstration program. As above, satisfactory participation in the SBA Microloan program would meet the JOBS participation requirement, even if the scheduled hours per week were fewer than 20. (contingent on definition of participation remaining similar to current law)

**JOBS Participation for the Not-Phased-In Group**Legislative Specifications

- (g) There would be no participation standards set for the not-phased-in group.

- (h) States would be required to continue providing services to a person already participating in JOBS as of the effective date, consistent with the employability plan in place as of that date.
- (i) States would be given substantial flexibility regarding JOBS services for persons not in the Federally-defined phased-in group (custodial parents born after 1971), as discussed below:
  - i. A State would be expected to serve volunteers from the not-phased-in group to the extent that Federal JOBS funding was available (i.e., the State had not drawn down its full JOBS allotment). Such volunteers would in general participate in JOBS according to the same rules and on the same basis as phased-in JOBS participants, except that they might not be subject to the time limit—States would have the option to apply the time limit to these volunteers.
  - ii. States could require persons in the not-phased-in group to participate in JOBS, but could not apply the time limit to such JOBS-mandatory persons. In other words, a State that defined the phased-in group as persons born after 1971 could require a person born in 1968 to participate in JOBS, and sanction such an individual for failure to comply, but that person would not be subject to the time limit. Individuals (not phased-in) who met one of the pre-JOBS criteria could not be required to participate in JOBS, but would not be considered to be in pre-JOBS (pre-JOBS status would apply only to the phased-in group).

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### 13. JOBS FUNDING

#### Current Law

*Under current law, the capped entitlement for JOBS is distributed according to the number of adult recipients in a State, relative to the number in all States. State expenditures on JOBS are currently matched at three different rates. States receive Federal matching funds, up to the State's 1987 WIN allocation, at a 90 percent Federal match rate. Expenditures above the amount reimbursable at 90 percent are reimbursed at 50 percent, in the case of spending on administrative and work-related supportive service costs, and at 60 percent in the case of the cost of full-time JOBS program staff and other program expenditures (apart from spending on child care, which does not count against the JOBS capped allotment and is matched at the FMAP). The JOBS entitlement (Federal funding) is capped at \$1.1 billion for FY 94, \$1.3 billion for FY 95, and \$1 billion for FY 96 and each subsequent fiscal year.*

#### Legislative Specifications

- (a) The capped entitlement for JOBS would be allocated according to the average monthly number of adult recipients (which would include WORK participants) in the State relative to the number in all States (similar to current law).
- (b) The capped entitlement (Federal) would be set at \$1.7 billion for FY 1996, \$2 billion for FY 1997 and \$2.1 billion for each of the fiscal years 1998, 1999 and 2000.

- (c) The Federal match rate (for each State) for all JOBS expenditures under the proposed law would be set at the current law JOBS match rate plus five to ten percentage points, i.e., FMAP plus five or ten percentage points, with a floor between 65 and 70 percent (contingent on resolution of State match issues). Spending for direct program costs, for administrative costs and for the costs of transportation and work-related supportive services would all be matched at the single rate. The current law hold harmless provision, under which expenditures up to a certain level are matched at 90 percent, would be eliminated.
- (d) A State would be permitted to reallocate an amount up to 10% of its combined JOBS and WORK allotments (WORK allotment from the capped entitlement) from its JOBS program to its WORK program and vice versa. The amount transferred could not exceed the allotment for the program from which the transfer was made.

**EXAMPLE:**

A State with a \$5 million JOBS allotment and a \$6 million allotment from the WORK capped entitlement (see WORK FUNDING below) can allocate \$1.1 million from JOBS to WORK or vice versa. The State finds that spending on the JOBS program is running higher than expected and so it opts to reallocate \$600,000 from WORK to JOBS. The State can now draw down up to \$5.6 million, rather than \$5 million, in Federal funding for JOBS expenditures. On the other hand, the State can now receive only \$5.4 million in Federal matching funds, at the higher rate, for spending on WORK costs.

- (e) If the States were not able to claim all available Federal JOBS and WORK funding (WORK capped entitlement) for a fiscal year, a State would be permitted to draw down Federal funds for JOBS spending in excess of its allotment. (?)
- (f) Funding for teen case management (see TEEN PARENTS above) would be provided not as a set-aside, but as additional dollars within the JOBS capped entitlement.
- (g) The capped entitlement for JOBS would rise by 10 percent if the national unemployment rate for the previous year exceeded 7 percent, and by 20 percent if the national unemployment rate for the prior year exceeded 10 percent. + WORK?
- (h) If the unemployment rate in a State exceeded the trigger level for emergency unemployment compensation (EUC), the State match rate for JOBS, WORK and At-Risk Child Care would be reduced by ten percent (not by ten percentage points, i.e., from 30 percent to 27 percent, not from 30 percent to 20 percent)

**14. SEMIANNUAL ASSESSMENT****Legislative Specifications**

- (a) The State agency would be required to conduct an assessment (in person) of all JOBS participants and all those in the pre-JOBS phase (i.e., all adult recipients and minor parents in the phased-in group and all JOBS participants not in the phased-in group) on at least a semiannual basis to evaluate progress toward achieving the goals in the employability plan. This assessment could be integrated with the annual AFDC eligibility redetermination. Persons in pre-JOBS status found to be ready for participation in employment and training

could be assigned to the JOBS program following the assessment. Conversely, persons in the JOBS program discovered to be facing very serious obstacles to participation could be placed in the pre-JOBS phase. Other revisions to the employability plan would be made as needed.

- (b) The assessment would entail an evaluation of the extent to which the State was providing the services called for in the employability plan. In instances in which the State was found not to be delivering the specified education, training and/or supportive services, the agency would be required to take steps to ensure that the services would be delivered from that point forward.

## 15. TRANSITION TO WORK/WORK

### Legislative Specifications

- (a) Persons would be required to engage in job search during a period of not less than 45 days (up to 90 days, at State option) before taking a WORK assignment. The employability plan would be modified accordingly. In most cases, the job search would be performed during the 45-90 days immediately preceding the end of the time limit.
- (b) The State agency would be required to schedule a meeting with any recipient approaching the end of the 24-month time limit at least 90 days in advance of that individual's reaching the limit. The State agency would, as part of the 90-day assessment, evaluate the recipient's progress and employability to determine if an extension were appropriate to, for example, complete a training program in which the recipient was currently enrolled (see EXTENSIONS below). The State agency would be required to inform the recipient, both in writing and at the face-to-face meeting, of the consequences of reaching the time limit—the need to register for the WORK program in order to be eligible for further support, in the form of a WORK assignment. Recipients would also be apprised of the requirement to engage in job search for the final 45-90 days and of the State's extension policy.
- (c) States would have the option of providing an additional month of AFDC benefits to individuals who found employment just as their eligibility for AFDC benefits/JOBS participation ended, if necessary to tide them over until the first paycheck.

### **Worker Support**

- (d) States would be permitted to use JOBS or WORK funds (from the capped WORK allocation; see below), to provide services designed to help persons who had left the JOBS or WORK programs for employment keep those jobs.

Services could include case management, work-related supportive services, and job search and job placement assistance for former recipients who had lost their jobs. Case management could entail assistance with money management, mediation between employer and employee and aid in applying for advance payments of the EITC. Work-related supportive services could include payments for licensing or certification fees, union dues, clothing or uniforms, auto repair or other transportation expenses and emergency child care expenses.

### Regulatory Specifications

- (e) The State agency would notify the recipient, either by phone or in writing, of the purpose and need for the 90-day meeting, and the State agency would be required to make additional attempts at notification if the recipient failed to appear.
- (f) For persons re-entering the JOBS program (including those previously assigned to pre-JOBS) with fewer than six months of eligibility remaining, the development/revision of the employability plan could be considered the 90-day meeting, if the requisite information were provided at that point. In the case of an individual re-entering with fewer than 90 days of eligibility, the meeting would be held at the earliest possible date.
- (g) The semiannual assessment could be treated as the 90-day meeting, provided it fell within the final six months of eligibility. Conversely, the 90-day assessment would meet the requirement for an semiannual assessment.
- (h) For individuals who had received an extension to the time limit, a subsequent, similar meeting 90 days prior to the end of the extension would not be required, unless the extension were of unusual duration.

### 16. EXTENSIONS

#### Legislative Specifications

- (a) States would be required to grant extensions to persons who reached the time limit without having had adequate access to the services specified in the employability plan. In instances in which a State failed to substantially provide the services, including child care, called for in the employability plan, the State would be required to grant an extension equal to the number of months needed to complete the activities in the employability plan (up to a limit of 24 months). States would be mandated to take the results of the semiannual assessment(s) into account in determining if services were delivered satisfactorily. If an extension were granted on the grounds of inadequate service delivery, the employability plan could be revised, as appropriate, at that point. Disagreements about revisions to the plan would be subject to the same dispute resolution procedures as was the initial development of the plan.
- (b) If the State agency and the recipient disagreed with respect to whether services were substantially provided and hence as to whether the recipient was entitled to an extension, the State agency would be mandated to inform the recipient of her or his right to a fair hearing on the issue. The recipient would have to request a hearing (if desired) at least 30 days prior to the end of the 24-month time limit. All hearings would be held prior to the end of the individual's 24 months of eligibility.
- (c) In a fair hearing regarding a recipient's claim that he or she was entitled to an extension due to State failure to make available the services in the employability plan, the State would have to show what services were provided. A recipient would be entitled to an extension if the hearing officer found that the recipient was unable to complete the elements of the

employability plan because services, including necessary supportive services, were not available for a significant period of time. If it was determined that adequate services were not provided, an extension would be granted and the recipient and State agency would revise the employability plan, as appropriate (see above).

- (d) Persons enrolled in a structured learning program (including, but not limited to, those created under the School-to-Work Opportunities Act) would be granted an extension up to age 22 for completion of such a program. A structured learning program would be defined as a program that begins at the secondary school level and continues into a post-secondary program and is designed to lead to a degree and/or recognized skills certificate. Such extensions would not count against the cap on extensions (see below).
- (e) States would also be permitted, but not required, to grant extensions of the time limit under the circumstances listed below, up to 10% of all adults and minor parents required to participate in JOBS. Extensions due to State failure to deliver services, as discussed above, would be counted against the cap. A State would, however, be required to grant an extension if services were not provided, regardless of whether the State was above or below the 10% cap.
  - (1) For completion of a GED program (extension limited to 12 months).
  - (2) For completion of a certificate-granting training program or educational activity, including post-secondary education or a structured microenterprise program expected to enhance employability or income. Extensions to complete a two or four-year degree would be conditioned on simultaneous participation in a work-study program or other part-time work.

The extension is contingent on the individual's making satisfactory academic progress (extension limited to 24 months).

- (3) For some persons who are learning disabled, illiterate or who face language barriers or other substantial obstacles to employment. This would include a person with a serious learning disability whose employability plan to date has been designed to address that impediment and who consequently has not yet obtained the job skills training needed to secure employment (extension not limited in duration).

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The State agency would be required to set a duration for each extension granted, sufficient to, for example, finish a training program already underway or, in the event of a State failure to provide services, to complete the activities in the employability plan.

- (f) States would be required to continue providing supportive services as needed to persons who had received extensions of the time limit.
- (g) A State would be permitted, in the event of extraordinary circumstances, to apply to the Secretary to have its cap on extensions raised.

- (h) The Secretary would develop and transmit to Congress (see PRE-JOBS above), by a specified date, recommendations regarding the level of the cap on extensions; the Secretary could, as mentioned above, recommend that the cap be raised, lowered or maintained at ten percent.

17. QUALIFYING FOR ADDITIONAL MONTHS OF ELIGIBILITY

Legislative Specifications

- (a) Persons who had left AFDC with fewer than six months of eligibility for AFDC benefits/JOBS participation remaining would qualify for a limited number of additional months of eligibility, to serve as a cushion. An individual in this category (fewer than 6 months of eligibility remaining) would qualify for one additional month of eligibility for every four months during which the individual did not receive AFDC and was not in the WORK program, up to a limit of six months of eligibility at any time.
- (b) Persons who left the WORK program would also be able to qualify for up to 6 months of eligibility for AFDC benefits/JOBS participation, just as described in (a).

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## WORK

### Current Law

*There is at present under Title IV no work program of the type envisioned here. States are presently permitted to operate on-the-job training, work supplementation and community work experience programs as part of the JOBS program (Section 482(e) and 482(f), Social Security Act, 45 CFR 250.61, 250.62, 250.63). Regulations, however, explicitly prohibit States from operating a program of public service employment under the JOBS umbrella (45 CFR 250.47).*

### Vision

*The focus of the transitional assistance program will be helping people move from welfare to unsubsidized employment. The two-year time limit for cash assistance not contingent on work is part of this effort. Some recipients will, however, reach the two-year time limit without having found a job, despite having participated satisfactorily in the JOBS program. We are committed to providing them with the opportunity to work to help support their families. The design of the WORK program will be guided by a principle central to the reform effort, that persons who work should be no worse off than those who are not working.*

*The WORK program would make work assignments (hereafter WORK assignments) in the public, private and non-profit sectors available to persons who had reached the time limit. States would be required to create a minimum number of WORK assignments, but would otherwise be given considerable flexibility in the expenditure of WORK program funds. For example, States would be permitted to contract with private firms and not-for-profits to place persons in subsidized or unsubsidized private sector jobs.*

**NOTE:** The specifications below describe the standard model for the WORK program. The attached specifications describe a State option to develop a WORK program using an alternative model.

**Definition:** The terms "WORK assignments" and "WORK positions" are defined as temporary, publicly-subsidized jobs in the public, private or not-for-profit sectors.

### 18. WORK ADMINISTRATIVE STRUCTURE

[further specifications forthcoming on the administration of the JOBS and WORK programs at the State level]

### Legislative Specifications

- (a) Each State would be required to operate a WORK program made WORK assignments available to persons who had reached the 24-month time limit for AFDC benefits not conditioned upon work.

- (b) A State would be mandated to make the WORK program available in all areas of the State (where it is feasible to do so) by a specified date.

## 19. WORK FUNDING

### Legislative Specifications

- (a) There would be two WORK program funding streams:
  - 1) A capped entitlement which would be distributed to States according to the average monthly number of persons required to participate in JOBS and subject to the time limit in a State relative to the number in all States.
  - 2) An uncapped entitlement to reimburse States for wages paid to WORK program participants, which would include wage subsidies to private, for-profit employers.

The capped entitlement would be for WORK operational costs, which would include expenditures to develop WORK assignments, payments to placement contractors and spending on other WORK program services such as supervised job search.

- (b) A State would receive matching funds, up to the amount of the capped allocation, for expenditures for WORK operational costs at the WORK match rate, which would be set at the same level as the JOBS match rate—the current law JOBS match rate plus five to ten percentage points (contingent on resolution of State match issues). For expenditures on wages to WORK participants, including wage subsidies to private employers, a State would be reimbursed at its FMAP.

**EXAMPLE:** State A's allocation (annual) from the capped WORK entitlement for FY 99 is \$1.5 million. The State's WORK (and JOBS) match rate is 75 percent and its FMAP is 50 percent. The State spends a total of \$5.2 million on the WORK program—\$1.6 million to develop the WORK assignments, make payments to placement contractors, and provide job search services and \$3.6 million on wage subsidies to private employers and wages for WORK participants in the public and not-for-profit sectors. State A would be reimbursed for the \$1.6 million in spending on operational costs at the 75 percent capped allocation match rate, for a total of \$1.2 million in reimbursement at that rate. For the \$3.6 million in expenditures on WORK wages, the State would be reimbursed at the FMAP, for \$1.8 million in Federal dollars from the uncapped stream and a total of \$3 million in Federal matching funds.

- (c) The WORK capped allocation would be set at \$400 million for FY 1998, \$1.1 billion for FY 1999, \$1.5 billion for FY 2000, \$1.6 billion for FY 2001 and \$1.7 billion for FY 2002.

- (d) As discussed above (see JOBS FUNDING), a State would be permitted to reallocate up to 10% of the combined total of its JOBS and WORK allotments from its JOBS program to its WORK program, and vice versa.
- (e) If, as described in JOBS FUNDING, the States were not able to claim all available Federal JOBS and WORK funding (WORK capped entitlement) for a fiscal year, a State would be permitted to draw down Federal funds for WORK spending for operational costs in excess of its allotment from the capped entitlement.
- (f) The capped entitlement for WORK would rise by 10 percent if the national unemployment rate for the previous year exceeded 7 percent, and by 20 percent if the national unemployment rate for the prior year exceeded 10 percent.
- (g) As discussed in JOBS FUNDING above, if the unemployment rate in a State exceeded the trigger level for emergency unemployment compensation, the State match rate for JOBS, WORK and At-Risk Child Care would be reduced by ten percent (not by ten percentage points, e.g., from 30 to 27 percent, not from 30 to 20 percent).

## 20. FLEXIBILITY

### Legislative Specifications

- (a) States would enjoy wide discretion concerning the spending of WORK program funds. A State could pursue any of a wide range of strategies to provide work to those who had reached the two-year time limit, including:
  - Subsidize private sector jobs.
  - Create positions in the not-for-profit sector (which could entail payments to cover the cost of training and supervising WORK participants)
  - Offer employers other incentives to hire JOBS graduates.
  - Execute performance-based contracts with private firms or not-for-profit organizations to place WORK program participants in unsubsidized jobs.
  - Create positions in public sector agencies (which might include employing adult welfare recipients as mentors for teen parents on assistance or as child care workers).
  - Support microenterprise and self-employment efforts.

The approaches above would be listed in statute as examples, but States would not be restricted to these strategies.

21. LIMITS ON SUBSIDIES TO PRIVATE SECTOR EMPLOYERS

Legislative Specifications

- (a) There would be a 12-month time limit on any single WORK assignment. Ideally, after the subsidy ended, the private employer would retain the WORK participant in unsubsidized employment.
- (b) The Secretary may adopt, as necessary, regulations to assure the appropriate use of the wage subsidy (e.g., to prevent fraud and abuse).

22. COORDINATION

Legislative Specifications

- (a) The agency administering the WORK program would be required to coordinate delivery of WORK services with both the private and the not-for-profit sectors, including large and small businesses, United Ways, voluntary agencies and community-based organizations. Particular attention should be paid to involving the community, including the public sector and community-based organizations (CBOs), in the development of the WORK program in that locality.
- (b) Localities would have to designate or establish a body with balanced union and private, public and not-for-profit (including CBOs) sector representation to provide guidance to the WORK program. Jeremy
- (c) The WORK agency would be required to include in the State plan provisions for coordination with the State comprehensive reemployment system (including the employment service) and other relevant employment and public service programs in the public, private and not-for-profit sectors, including efforts supported by the Corporation for National and Community Service.

23. RETENTION REQUIREMENTS

Legislative Specifications

- (a) States would be required to keep a record of the rate at which <sup>public-private</sup> employers retained WORK program participants (after the subsidies ended). Similarly, States would be mandated to monitor the performance of placement firms. / ??

24. NONDISPLACEMENT AND GRIEVANCE PROCEDURES

[See draft language from Labor for nondisplacement and grievance language.]

25. NUMBER OF WORK ASSIGNMENTS

Legislative Specifications

- (a) A State would be required to have in WORK assignments at a point in time at least 80 percent of the average monthly number of persons who had been in the WORK program for less than 24 consecutive months. WORK assignments would be defined as subsidized positions in the public, private and not-for-profit sectors.

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26. WORK ELIGIBILITY CRITERIA AND APPLICATION PROCESS

Legislative Specifications

- (a) ~~Recipients who had reached the two-year time limit for AFDC benefits not contingent upon work and who otherwise met the AFDC eligibility criteria (e.g., income and asset limits) would be eligible to enter the WORK program. In instances in which the AFDC grant to the family did not exceed \$100 per month, the recipient would not be required to participate in the WORK program, but would be permitted to voluntarily enter the WORK program.~~
- (b) States would be mandated to describe the WORK program, including the terms and conditions of participation, to all recipients at least 90 days before they were slated to reach the 24-month time limit (see TRANSITION TO WORK/WORK above). Recipients who had reached the 24-month time limit would be required to register for the WORK program in order to be eligible for either a WORK assignment or for AFDC benefits while awaiting a WORK position (see ALLOCATION OF WORK ASSIGNMENTS/INTERIM ACTIVITIES below).
- (c) States would be required to establish an application/registration process for the WORK program. The application/registration process would in general include an assessment for the purpose of matching the participant with a WORK assignment which the individual has the ability to perform and which will assist him or her in securing unsubsidized employment. The agency would be expected to draw upon an individual's JOBS case record in making such an assessment. States would be prohibited from denying an eligible individual (as described above) entry into the WORK program, provided he or she followed the application procedure.
- (d) Only one parent in an AFDC-UP family would be required to participate in the WORK program. States would, however, have the option of requiring both parents to participate.
- (e) An individual who had exited the system after having reached the time limit or after having entered the WORK program, but did not yet qualify for any additional months of AFDC benefits/JOBS participation (see QUALIFYING FOR ADDITIONAL MONTHS OF ELIGIBILITY above) would be permitted to enroll, or re-enroll, in the WORK program.

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**EXAMPLE:**

A WORK program participant finds a private sector job and leaves the WORK program, but is laid off after just one month, before qualifying for any months of AFDC benefits/JOBS participation (see above). This person would be eligible for the WORK program.

- (f) States would be required, for persons in WORK assignments, to conduct a WORK eligibility determination (similar to an AFDC eligibility determination in all respects, except that WORK wages would not be included in countable income; see below) on a semiannual basis. If the circumstances of an individual in a WORK assignment changed (e.g., increase in earned income, marriage) such that the family were no longer eligible for AFDC, the participant would be permitted to remain in the WORK assignment until the semiannual redetermination. An individual found to be ineligible for the WORK program as of the redetermination, however, would not be permitted to continue in a WORK assignment. Persons found to be ineligible for the WORK program would not have access to a WORK assignment, other WORK program services or to the AFDC benefits provided to persons in the WORK program who were not in WORK assignments.
- (g) WORK wages would not be included in countable income for purposes of determining WORK eligibility.

## 27. ALLOCATION OF WORK ASSIGNMENTS/INTERIM ACTIVITIES

### Legislative Specifications

- (a) The entity administering the WORK program in a locality would be required to keep an updated tally of all WORK registrants awaiting WORK assignments (as opposed to, for example, WORK participants who had been referred to a placement contractor). WORK positions would not be allocated strictly on a first-come, first-served basis. An individual whose sanction period had just ended would be placed in a new WORK assignment as rapidly as possible. Among other WORK participants, persons new to the WORK program would have priority for WORK assignments over persons who had previously held a WORK position. Subject to those two conditions, States would be permitted to allocate each WORK assignment so as to maximize the chance of a successful placement, provided that the allocations were made in a non-discriminatory manner.
- (b) States would have the option of requiring persons who were awaiting WORK assignments to participate in other WORK program activities (e.g., individual or group job search, arranging for child care, self-initiated activities), and to establish mechanisms for monitoring participation in such activities. Persons in this waiting status could include both WORK participants who had completed an initial WORK assignment without finding unsubsidized employment, participants whose assignments ended prematurely for reasons other than the participant's misconduct, and individuals awaiting a hearing concerning misconduct. Individuals who failed to comply with such participation requirements would be subject to sanction as described below (see SANCTIONS).

- (c) States would be required to provide child care and other supportive services as needed to participate in the interim WORK program activities (described above).
- (d) The family of a person who was in the WORK program but not in a WORK assignment (e.g., awaiting an assignment or in an alternate WORK activity) would receive AFDC benefits, provided that the individual were complying with any applicable requirements (as described above).
- (e) Participants who left a WORK assignment for good cause (see SANCTIONS below) would be placed in another WORK assignment or enrolled in an interim or alternate WORK program activity (e.g., job search until a WORK assignment became available). Such persons and their families would be eligible for AFDC benefits (as outlined above).
- (f) In localities in which the WORK program was administered by an entity other than the IV-A agency, the IV-A agency would still be responsible for AFDC benefits to families described in 10(d). States would not be permitted to distinguish between such families and other AFDC recipients with respect to the determination of eligibility and calculation of benefits—States could not apply a stricter standard or provide a lower level of benefits to persons on the waiting list.

## 28. HOURS OF WORK

### Legislative Specifications

- (a) States would have the flexibility to determine the number of hours for each WORK assignment. The number of hours for a WORK assignment could vary depending on the nature of the position. WORK assignments would have to be for at least an average of 15 hours per week during a month and for no more than an average of 35 hours per week during a month.

Each State would be required, to the extent possible, to set the hours for WORK assignments such that the average wages from a WORK assignment represented at least 75 percent of the typical AFDC benefit for a family of three in the State. This would be a State plan requirement.

## 29. EARNINGS SUPPLEMENTATION

### Legislative Specifications

- (a) In instances in which the family income, net of work expenses, of an individual in a WORK assignment were not equal to the AFDC benefit for a family of that size, the individual and his/her family would receive an earnings supplement sufficient to leave the family no worse off than a family of the same size on assistance (with no earned income).
- (b) The earnings supplement would be in the form of either AFDC or a new program identical to AFDC with respect to the determination of eligibility and calculation of benefits. The level of

the earnings supplement would be fixed for 6 months. The level of the supplement would not be adjusted either up or down during the 6-month period due to changes in earned income or to non-permanent changes in unearned income, provided the individual remained in the WORK assignment.

- (c) The work expense disregard for the purpose of calculating the earnings supplement would be set at the same level as the standard \$120 work expense disregard. States which opted for more generous earnings disregard policies would be permitted not to apply these policies to WORK wages.

*but not required*

### 30. TREATMENT OF WORK WAGES WITH RESPECT TO BENEFITS AND TAXES

#### Legislative Specifications

- (a) Wages from WORK assignments would be treated as earned income with respect to Federal and Federal-State assistance programs other than AFDC (e.g., food stamps, Medicaid, public and Section 8 housing).
- (b) Participants in WORK assignments and their families would be treated as AFDC recipients with respect to Medicaid eligibility, i.e., they would be categorically eligible for Medicaid.
- (c) Persons in WORK assignments would be subject to FICA taxes. States would be required to ensure that the corresponding employer contribution for OASDI and HI was made, either by the employer or by the entity administering the WORK program (or through another method).
- (d) Earnings from WORK positions would not be treated as earned income for the purpose of calculating the Earned Income Tax Credit.
- (e) The employment of participants under the WORK program would not be subject to the provisions of any Federal or State unemployment compensation law.
- (f) To the extent that a State's workers' compensation law is applicable, workers' compensation in accordance with such law would be available with respect to WORK participants. To the extent such law is not applicable, the State would be required to provide WORK participants with medical and accident protection for on-site injury at the same level and to the same extent as that required under the relevant State workers' compensation statute.
- (g) WORK program funds would not be available for contributions to a retirement plan on behalf of any participant.
- (h) With respect to the distribution of child support, WORK program participants would be treated exactly as individuals who had reached the time limit and were working in unsubsidized jobs meeting the minimum work standard. In instances in which the WORK program participant were receiving an earnings supplement in addition to WORK program wages, child support would be treated just as it would for a family receiving AFDC benefits (generally, a

\$50 pass-through, with the IV-A agency retaining the remainder to offset the cost of the earnings supplement).

31. SUPPORTIVE SERVICES/WORKER SUPPORT

Legislative Specifications

- (a) States would be required to guarantee child care for any person in a WORK assignment, as with JOBS program participants under current law (Section 402(g)(1), Social Security Act). Similarly, States would be mandated to provide other work-related supportive services as needed for participation in the WORK program (as with JOBS participants, Section 402(g)(2), Social Security Act).
- (b) States would be permitted to make supportive services available to WORK participants who were engaged in approved education and training activities *in addition to* a WORK assignment or other WORK program activity. In other words, a State could, but would not be required to, provide child care or other supportive services to enable a WORK participant to, for example, also take a vocational education course at a community college.

32. WAGES AND WORKING CONDITIONS

Legislative Specifications

- (a) Participants employed under the WORK program shall be compensated for such employment in accordance with appropriate law, but in no event at a rate less than the highest of--
  - (1) the Federal minimum wage specified in section 6(a)(1) of the Fair Labor Standards Act of 1938;
  - (2) the rate specified by the appropriate State or local minimum wage law;
  - (3) the rate paid to employees or trainees of the same employer working the same length of time and performing the same type of work.
- (b) Except as otherwise provided in these specifications, participants employed under the WORK program shall enjoy the same level of benefits and comparable working conditions to other employees or trainees of the same employer working the same length of time and performing the same type of work. / H. Care?
- (c) Employers would be permitted but not required to provide health insurance coverage to WORK participants.
- (d) All participants would be entitled to a minimum number of sick and personal leave days, to be established by the Secretary. These would be provided by the employer, if they were provided to other comparable (as described in attached draft) employees (employers may offer more days). The agency administering the WORK program would be required to design a

method of providing the minimum number of sick and personal days to WORK participants whose employers did not provide such a minimum number. A person in a WORK assignment who becomes ill and exhausts her/his sick leave, or whose child requires extended care, shall be placed in pre-JOBS if s/he meets the pre-JOBS criteria.

- (e) A parent of a child conceived while the parent was in the WORK program (and/or on AFDC) would be placed in pre-JOBS for a twelve-week period following the birth of the child (or such longer period as is consistent with the Family and Medical Leave Act of 1993).

### 33. SANCTIONS/PENALTIES (JOBS AND WORK)

#### Current Law (JOBS)

*The sanction for the first instance of failure to participate in JOBS as required (or failure to accept a private sector job or other occurrence of noncompliance) is the loss of the non-compliant individual's share of the grant until the failure to comply ceases. The same sanction is imposed, but for a minimum of 3 months, for the second failure to comply and for a minimum of 6 months for all subsequent instances of non-compliance. The State, however, cannot sanction an individual for refusing to accept an offer of employment, if that employment would result in a net loss of income for the family.*

*For sanctioned AFDC-UP families, both parents' shares are deducted from the family's grant, unless the second parent is participating in the JOBS program.*

#### Legislative Specifications

#### **JOBS Sanctions**

- (a) A State's conciliation policy (to resolve disputes concerning JOBS participation only) could take one of the following two forms:
  - (i) A conciliation process that meets standards established by the Secretary; or
  - (ii) A process whereby recipients are notified, prior to the issuing of a sanction notice, that they are in apparent violation of a program requirement and that they have 10 days to contact the State agency to explain why they were not out of compliance or to indicate their intent to comply. Upon contact from the recipient, the State agency would attempt to resolve the issue and would have option of not imposing the sanction.
- (b) Program Interactions:
  1. Individuals sanctioned within the JOBS program would still have access to other available services, including JOBS activities, child care and Medicaid.
  2. Sanctioned months would be counted against the 24-month time limit.

- (c) The sanction for refusing a job offer without good cause would be changed from the current penalty (removal of the adult from the grant) to loss of the family's entire AFDC benefit for 6 months or until the adult accepts a job offer, whichever is shorter. The Secretary would promulgate regulations concerning good cause for refusing a private sector job offer (see SANCTIONS below); the definition would encompass the criteria in current regulations (CFR 250.30).
- (d) Change the statute such that for sanctioned AFDC-UP families, the second parent's share of the benefit would not also be deducted from the grant, unless the second parent were also required to participate in JOBS and were similarly non-compliant.
- (e) States would be required to conduct an evaluation of any individual who failed to cure a first sanction within 3 months or received a second sanction, in order to determine why the parent is not complying with the program requirements. Following such an evaluation, the State would, if necessary, provide counseling or other appropriate support services to help the recipient address the causes of the non-compliance.

**Ineligibility for a WORK Assignment**

- (f) Persons may be declared ineligible for a WORK assignment due to willful misconduct related to the program. Misconduct would include any of the following, provided good cause does not exist:
  - i. Failure to accept an offer of unsubsidized employment;
  - ii. Failure to accept a WORK assignment;
  - iii. Quitting a WORK assignment;
  - iv. Dismissal from a WORK assignment;
  - v. Failure to engage in job search or other required WORK activity (see ALLOCATION OF WORK ASSIGNMENTS/INTERIM ACTIVITIES above).
- (g) The Secretary shall establish regulations defining good cause for each of the following:
  - i. **Refusal to Accept an Offer of Unsubsidized Employment or a WORK Assignment or to Participate in Other WORK Program Activity.** Such definition shall include the reasons provided in 45 CFR 250.35 for refusal to participate in a required JOBS activity or to accept employment. Accordingly, a person would be entitled to refuse an unsubsidized job offer if accepting the offer would result in a net loss of cash income (as under 45 CFR 250.35). etc  
Do BY  
REBS
  - ii. **Quitting a WORK Assignment or Unsubsidized Job.** These regulations shall include the provision that an employee must notify the WORK agency upon quitting a WORK assignment.
  - iii. **Dismissal from a WORK Assignment.** The regulations shall allow a State, subject to the approval of the Secretary, to apply in such instances the definition of

misconduct utilized in its unemployment insurance program. (A IV-A agency might be allowed to contract with the State UI hearing system to adjudicate these cases.)

- (h) A WORK participant shall be notified of the agency's intent to impose a penalty and shall have a right to request a hearing prior to the imposition of the penalty. The Secretary shall establish regulations for the conduct of such hearings, which shall include setting time frames for reaching decisions (e.g., 30 days from date of request for hearing). A State shall be permitted to follow the same procedures it utilizes in hearings regarding claims for unemployment compensation.
- (i) Recipients awaiting a hearing for alleged misconduct may be required to participate in interim WORK program activities. Refusal, pending the hearing, to participate in such WORK program activities on the same grounds (e.g., bedridden due to illness) claimed as cause for the original alleged misconduct would not constitute a second occurrence of potential misconduct.
- (j) Penalties imposed would be as follows:
- i. **Refusal to Accept an Offer of Unsubsidized Employment.** A WORK participant who turns down an offer of an unsubsidized job without good cause shall be ineligible for a WORK assignment, and the family ineligible for AFDC benefits, for a period of 6 months (consistent with the JOBS sanction for refusing a job offer). Such an individual would be eligible for services, such as job search assistance, during this period. ETC
  - ii. **Quitting, Dismissal from or Refusal to Accept a WORK Assignment without Good Cause.** A person who quits a WORK assignment without good cause, who is fired from a WORK assignment for misconduct related to the job, or who refuses to take an assignment without good cause shall be subject to the penalties described below.

*For a first occurrence:* The family would receive 50% of the AFDC grant that would otherwise be provided (i.e., if the individual were not sanctioned and were awaiting a WORK assignment) for one month or until the individual accepts a WORK assignment, whichever is sooner.

*For a second occurrence:* Fifty percent (50%) reduction in the family's grant for 3 months. The individual would not be eligible for a WORK assignment during this period--this penalty would not be curable upon acceptance of a WORK assignment.

*For a third occurrence:* Elimination of the family's grant for a period of 3 months. As with a second occurrence, the individual would not be eligible for a WORK assignment during this period.

*For a fourth and subsequent occurrence:* Same as the penalty for a third occurrence, except that the duration would be no less than 6 months.

The State would be required to make job search assistance (and supportive services, as needed) available to such penalized persons (any occurrence, first or subsequent) if requested.

- iii. **Refusal to Participate in Job Search or Other Required WORK Program Activity.** An individual who refused to participate in job search (e.g., following a WORK assignment) or other required WORK program activity would be subject to the same penalty as persons who quit or were fired from WORK assignments, with each refusal to be considered one occurrence. If such a refusal constituted the first occurrence, the penalty, as above, would be curable upon engaging in the required activity.
  - iv. **Quitting an Unsubsidized Job without Good Cause.** Individuals who without good cause voluntarily quit an unsubsidized job that met the minimum work standard (e.g., 20 hours per week) would not be eligible to register for the WORK program for a period of 3 months following the quit.
- (k) All penalties (any occurrence, first or subsequent) would be curable upon acceptance of an unsubsidized job meeting the minimum work standard. In other words, a sanctioned individual who took an unsubsidized job meeting the minimum work standard would be treated exactly the same as an unsanctioned individual with respect to calculating the earnings supplement. If the family's income, net of work expenses, were lower than the AFDC grant for a family of that size, the family would receive an earnings supplement sufficient to make up the difference (see EARNINGS SUPPLEMENTATION above). Such an individual would still not, however, be eligible for the WORK program during the six-month period.
  - (l) Food stamp and housing law and regulations would be amended as necessary to ensure that neither food stamps nor housing assistance would rise in response to a JOBS or WORK penalty.
  - (m) A person ineligible for the WORK program, and the family, provided they were otherwise qualified, would still be eligible for other assistance programs, including food stamps, Medicaid and housing assistance.
  - (n) The State would be required, upon a second penalty, to conduct an intensive evaluation of the participant and the family to ascertain why the individual is not in compliance and to determine the appropriate services, if any, to address the presenting issues. The evaluation would include, when appropriate, a Child Protective Services abuse and neglect investigation. The WORK administering agency could, as a result of the evaluation, decide, for example, that the parent should be placed in pre-JOBS or that he or she should receive intensive counseling.

## 34. JOB SEARCH

- (a) WORK program participants would generally be required to engage in job search at the conclusion of a WORK assignment or while otherwise awaiting a WORK assignment or enrollment to a WORK program activity serving as an alternative to a WORK assignment (see ALLOCATION OF WORK ASSIGNMENTS/INTERIM ACTIVITIES). The number of hours per week (up to a maximum of 35) and the duration of periods of required job search would be set by the State, consistent with regulations to be promulgated by the Secretary.
- (b) The State could also require WORK participants to engage in job search while in a WORK assignment, provided that the combined hours of work and job search did not exceed an average of 35 per week. The number of hours for job search would be the expected time to fulfill the particular job search requirement, i.e., if a WORK participant were expected to make 5 contacts per week, the number of hours of job search would be the estimated number of hours needed to make the contacts.

## 35. TIME LIMIT ON PARTICIPATION IN THE WORK PROGRAM

- (a) Individuals would be limited to a maximum of 12 months in any single WORK assignment, after which they would be required to perform supervised job search (for a period of time to be set by the State) prior to placement in another WORK assignment.
- (b) States would be required to conduct a comprehensive assessment of any person who had completed two WORK assignments or who had been in the WORK program for two years. A State could, following the reassessment, require the individual to continue in the WORK program, assign the person to the JOBS program or to the pre-JOBS phase or impose penalties (i.e., ineligibility for the WORK program). Such penalties could only be imposed in the event of misconduct related to the WORK program (see SANCTIONS/PENALTIES above).

For example, an individual judged to be job-ready would be required to take a new WORK assignment, while a participant found to be in need of further training in order to obtain unsubsidized employment could be returned to the JOBS program for a limited period.

- (c) The criteria for placing WORK participants in the pre-JOBS phase would be identical to the pre-JOBS criteria for persons who had not yet reached the two-year time limit (see PRE-JOBS above). Persons who were assigned to pre-JOBS after reaching the time limit would be eligible for AFDC benefits. Such individuals would be treated exactly the same as persons assigned to pre-JOBS before reaching the time limit, except that if the condition necessitating placement in pre-JOBS ended, they would enter or re-enter the WORK program, rather than the JOBS program. Adult recipients placed from the WORK program into pre-JOBS would count against any relevant cap on the number of pre-JOBS placements (see PRE-JOBS above).

## ENHANCING RESPONSIBILITY AND OPPORTUNITY FOR NON-CUSTODIAL PARENTS

### Vision

*Issues concerning child support enforcement and issues concerning non-custodial parents cross-cut to a great degree. The well-being of children who only live with one parent will be enhanced if emotional and financial support were provided by both of their parents. There are many reasons that such support is not provided. In some cases non-custodial parents are unwilling to provide financial support. Proposed improvements in the child support enforcement system will reduce such willful denial of financial support.*

*Other parents have inadequate skills and resources to provide adequate support for their children. These parents are often part of the growing number of workers with low and very low incomes. Young workers, the less well-educated, and minorities in particular have disproportionately borne the brunt of the economic changes of the past few decades. These parents need help in obtaining skills and jobs which will help them meet their financial child support responsibilities.*

*Finally, some non-custodial parents have difficulty understanding their rights and responsibilities as parents, because they had missing or inadequate role models when they were children. These parents need programs to help them reconnect to a family structure in which they can nurture and support their children. Strengthening the non-custodial parent's involvement with his children is an important beginning to strengthening attachment to work and a willingness to provide financial support. These programs will help communities and families work together to improve the well-being of our most vulnerable children.*

*As there is not a long track record of research and evaluation on programs for non-custodial parents, it is envisioned that new programs should be modest and flexible, growing only as evaluation findings begin to identify the most effective strategies.*

### 36. TRAINING AND EMPLOYMENT FOR NON-CUSTODIAL PARENTS

#### Current Law

*Section 482 of the Social Security Act (Title IV-F) permits the Secretary to fund demonstrations to provide services to non-custodial parents. The Secretary is limited as to the number of projects that can be funded under this provision. Evaluations are required. This provision, along with section 1115 of the Social Security Act, provide the authority for the Parents Fair Share Demonstrations currently underway.*

#### Vision

*States would be provided with the option of developing JOBS and/or work programs for the non-custodial parents of children who are receiving AFDC or have child support arrearages owed to the state from prior periods of AFDC receipt. States will be given the flexibility to develop different*

*models of non-custodial parent programs which could best address the needs of children and parents in their state. Evaluations will be required as appropriate for the options developed by the States.*

### Rationale

*As the child support system becomes more vigorous in its pursuit of financial support for all children, recognition needs to be given to the fact that some fathers are as poor as the mothers and children who are receiving AFDC. These parents need to be provided with opportunities to fulfill their role as financial providers for their children.*

*There is evidence that one of the primary reasons for non-support by some non-custodial parents is unemployment and underemployment. In a recent GAO report evidence was presented that about 29 percent of non-custodial fathers under age 30, many of whom were non-marital fathers, had income below the poverty level for one or no income at all. It will be difficult for these fathers to contribute much to the financial support of their children without additional basic education, work-readiness and job training which would enhance their earning capacity and job security.*

### Legislative Specifications

- Net cost = 20% of gross cost.
- (a) A State could spend up to <sup>10</sup>(15) percent of its JOBS funding and WORK funding (allotment from the capped entitlement) for training, work readiness, and work opportunities for non-custodial parents. The State would have complete flexibility as to which of these funding streams would be tapped.
- i. State option must be specifically approved by the Secretary.
  - ii. Additionally, States may submit an application to the Secretary to conduct a random assignment evaluation of its non-custodial program and, if approved, no State match will be required to operate the program. (If the non-custodial program is a multi-site or state-wide program, the State match would be waived in those areas covered by the random assignment evaluation.)
  - iii. Parenting and peer support services offered in conjunction with other employment-related services are eligible for FFP.
  - iv. A State could, for example, provide services to non-custodial parents through the JOBS program and a non-custodial parent work program, or through a single program.
- (b) A non-custodial parent is eligible to participate (1) if his or her child is receiving AFDC or the custodial parent is in the WORK program at the time of referral or (2) if he or she is unemployed and has outstanding AFDC child support arrears. Paternity, if not already established, must be voluntarily acknowledged or otherwise established prior to participation in the program and, if an award has not yet been established, the non-custodial parent must be cooperating in the establishment of a child support award. Arrears do not have to have accrued in order for non-custodial parents to be eligible to participate. For those parents with no identifiable income, participation could commence as part of the establishment or enforcement process.
- Why?  
How with work req.

- (c) <sup>may</sup> The state must allow a non-custodial parent to <sup>complete</sup> continue participating in the program even if the children become ineligible for AFDC. However, if the non-custodial parent voluntarily left the program, was placed in a job, or was terminated from the program, he would have to be redetermined as eligible under the criteria in (b) above.
- (d) States are not required to provide all the same JOBS or WORK services to custodial and non-custodial parents, although they may choose to do so. Participation in the JOBS program is not a prerequisite for participation in a non-custodial parent work program. The non-custodial parent's participation will not be linked to self-sufficiency requirements or to JOBS/WORK participation by the custodial parent. Non-custodial parents who participate in such programs will, for purposes of calculating the JOBS participation rate, be included in the numerator but not the denominator. | ?
- (e) Payment of stipends for work will be required. Payment of training stipends is allowed. All stipends are eligible for FFP.
- i. Stipends must garnished for payment of current support.
  - ii. At State option, the child support obligation can be suspended or reduced to the minimum while the non-custodial parent was participating in program activities which did not provide a stipend or wages sufficient to pay the amount of the current order. | why?
  - iii. Participation in program activities can be credited against AFDC child support arrears owed the State.
  - iv. State-wideness requirements will not apply.

### 37. DEMONSTRATION GRANTS FOR PATERNITY AND PARENTING PROGRAMS

#### Current Law

None

#### Vision

*This proposal would focus on helping fathers (primarily poor, young, non-marital fathers) understand and accept their responsibilities to nurture and support their children. In the long run, increasing fathers' attachment to their children should help in increasing their work effort and financial support for their children. Building on programs which seek to enhance the well-being of children, such as Head Start, Healthy Start, and Family Preservation, this proposal would facilitate the development of parenting components aimed specifically at fathers whose participation in the lives of their children is often ignored or even unintentionally discouraged.*

### Rationale

*There is considerable evidence that increased poverty is not the only adverse affect on children of fatherless families. Fathers have an important role to play in fostering self-esteem and self-control in children and in increasing and promoting the career aspirations of both sons and daughters. Some clinical researchers and social commentators believe that much of the increase in violent behavior among teenage boys is at least in part due to the lack of positive male role-models and supportive fathering in many communities. But good fathering is especially difficult for the many men who themselves belong to a second and third generation of "fatherless" families or whose own role models for parenting were abusive or neglectful.*

### Legislative Specifications

- (a) Demonstration grants will be made available to States and/or community based organizations to develop and implement non-custodial parent (father) components for existing programs for high-risk families (e.g. Head Start, Healthy Start, Family Preservation, Teen Pregnancy and Prevention) to promote responsible parenting, including the importance of paternity establishment and economic security for children and the development of parenting skills.
- (b) Grants must last three years, have an evaluation component and be replicable in similar programs.
- (c) Funding appropriation will be a capped set-aside within JOBS.

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(WORK)  
5/5

## JOBS, TIME LIMITS AND WORK

~~CONFIDENTIAL~~ (10)

Provisions in the JOBS and Time Limits section of these specifications apply to all recipients unless otherwise indicated (e.g., provisions concerning time limits apply only to the recipients in the phased-in group).

MJB: Can they waive time limit?

### JOBS AND TIME LIMITS

#### 1. EFFECTIVE DATE AND DEFINITION OF PHASED-IN GROUP

##### Drafting Specifications

Waiver for effective date

- (a) The effective date for the legislation would be October 1, 1995.
- (b) The phased-in group would be defined as custodial parents, including minor custodial parents, who were born after 1971 (in 1972 or later).
- (c) States would have the option to define the phased-in group more broadly (e.g., custodial parents born after 1969). A State would be required to obtain the approval of the Secretary to define the phased-in group other than as described in (b). STATE OPTION

= waiver on state plan and t?

#### 2. PROGRAM INTAKE

##### Current Law

*The Family Support Act required a State agency to make an initial assessment of JOBS participants with respect to employability, skills, prior work experience and educational, child care and supportive service needs. On the basis of this assessment, the State agency must develop an employability plan for the participant. The State agency may require participants to enter into a formal agreement which specifies the participant's obligations under the program and the activities and services to be provided by the State agency. The employability plan is not considered a contract.*

##### Vision

*At the point of intake, applicants will learn of their specific responsibilities and expectations regarding the JOBS program and the two-year time limit on JOBS participation and on AFDC benefits not conditioned upon work. Each applicant will now be required to enter into a personal responsibility agreement with the State agency specifying the obligations of each party. While the personal responsibility agreement will serve as a general accord, the employability plan will be focused on the specific employment-related needs of each applicant.*

##### Rationale

*States must change the culture of the welfare system by changing the expectations of both the recipient and the State agency. This calls for modifying the mission of the welfare system at the point of the*

*Intake process to stress employment and access to education and training rather than eligibility and benefit determination. The mutual obligations of the State agency and the participant must be spelled out and enforced. JOBS programs must continue to link clients to services in the community.*

### Drafting Specifications

- (a) All applicants (parents) would be required as part of the application/redetermination process to sign a Personal Responsibility Agreement with the State IV-A agency specifying the general responsibilities of both the applicant and the State agency under the revised transitional assistance program. Current recipients (parents), if they had not previously signed the Agreement, would be required to sign the Agreement as part of the redetermination process. This provision would apply to all parents, including those not in the phased-in group. The version of the Agreement to be signed by persons not in the phased-in group would make no reference to the two-year time limit.
- (b) The Personal Responsibility Agreement shall not be a legal contract.
- (c) The State IV-A agency would be required to orient each applicant to the AFDC program by providing information about the AFDC program, which would include (among other items) the nature and applicability of the two-year time limit, the JOBS participation requirement and the services provided under JOBS. Each applicant in the phased-in group would be informed of the number of months of cash assistance/JOBS participation for which he or she was eligible (e.g., 24 for first-time applicants). The orientation information could, for example, be provided as part of the eligibility determination, or in a subsequent one-on-one or group orientation session. States would be required to provide the orientation information prior to or as part of the development of the employability plan. The information would be imparted in the recipient's primary language whenever possible. Child care would be available as needed to enable an individual to receive the orientation information (as under CFR 255.2).
- (d) The State would have to obtain confirmation in writing from each applicant that he or she had received and understood the requisite orientation information.
- (e) The State plan would include, if appropriate, a policy for sanctions in the event of failure to attend an orientation session (e.g., if the orientation information were provided at a session subsequent to or separate from the eligibility determination). Sanctions for such failure could not be imposed prior to at least two notices or other contacts conveying the need to attend such an orientation session. The sanction would be subject to a fair hearing (on whether the recipient had good cause for not attending) and would be curable if the recipient attended an orientation. *(by regulation)*
- (f) Recipients who were already on assistance as of the date of enactment of the proposed law would be provided with the requisite orientation information at the earliest possible date but in no event later than at the development or revision of the employability plan (see below) or the redetermination, whichever comes first.

PHASE IN  
+ VOLUNTEER

Immigration?

OMIT

24 mos from application?

- employ plan can  
state less the 24 mos  
- work supp 12 mos, not 9

3. EMPLOYABILITY PLAN

- clock starts w/ approval of  
application for benefits

Drafting Specifications

- (a) Add language requiring the State agency to complete the assessment and employability plan within a period of time (e.g., 60 days from date of application specified by the Secretary of Health and Human Services). For recipients on assistance as of the date of enactment, the employability plan would have to be developed (or revised, if such a plan were already in place) within the same period from the date of enactment. (phased-in only)
- (b) The employability plan will be developed jointly by the State agency and the recipient. In designing the employability plan, the agency and the recipient would consider, among other elements, the months of eligibility (for JOBS participation/AFDC benefits not contingent upon work; see DEFINITION OF THE TIME LIMIT below) remaining for that recipient (if that recipient were subject to the time limit).
- (c) An employability plan would be required for all recipients (parents) in the phased-in group, including those in JOBS-Prep status (see below), and for all JOBS participants not in the phased-in group.
- (d) The employability plan for persons required to participate in JOBS would include a time frame for achieving self-sufficiency and the activities intended to assist the participant in obtaining employment within that time period. (all recipients with employability plans, including those not in the phased-in group). For persons in JOBS-Prep status (see below), the employability plan would, when appropriate, detail the activities needed to remove the obstacles to JOBS participation. (phased-in only)
- (e) Amend section 482(b)(1)(A) by adding "literacy" after the word "skills."
- (f) The State agency shall provide that if the recipient and the State agency staff member or members responsible for developing the employability plan cannot reach agreement on the plan, a supervisory level staff member or other State agency employee trained to mediate these disputes will intervene to provide further advocacy, counseling or negotiation support.
- (g) To resolve disputes not settled by the intervention in (f), a State may elect one or more of the following processes:
  - i. Permit the agency to establish an internal review board to arbitrate disputes. This board would have the final say. The Secretary would establish regulations for such boards.
  - ii. Permit agencies to employ mediation using trained personnel, rather than arbitration, to resolve the dispute. HHS would be responsible for providing technical assistance to States that wish to use mediation.

less than  
2 yrs.

silly

- iii. The recipient would be entitled to a fair hearing, contesting whether the State agency had followed the established process for developing the employability plan. A fair hearing could be the exclusive remedy or could be allowed in addition to the procedure in (i) or (ii). (only phased-in recipients would be entitled to a fair hearing)
- (i) Persons who refused to sign or otherwise agree to the employability plan after the completion of the conciliation process would be subject to sanction, curable by agreeing to the plan. In the event of an adverse ruling at a fair hearing concerning the employability plan, the individual would not have the right to a second fair hearing prior to imposition of the sanction.
- (j) The employability plan would also include language encouraging the recipient to contact the State agency in the event of difficulties concerning JOBS participation, e.g., perceived failure by the State agency to make available the services detailed in the employability plan. The State agency would be required to schedule a meeting, if requested by the recipient, to address such concerns. (by regulation)

#### 4. JOBS-PREP

All provisions in this section apply only to recipients in the phased-in group.

#### Current Law

*States must require non-exempt AFDC recipients to participate in the JOBS program to the extent that resources are available. Exemptions under the current JOBS program are for those recipients who are ill, incapacitated, or of advanced age; needed in the home because of the illness or incapacity of another family member; the caretaker of a child under age 3 (or, at State option, under age 1); employed 30 or more hours per week; a dependant child under age 16 or attending a full-time educational program; women in the second and third trimester of pregnancy; and residing in an area where the program is not available. The parent of a child under age 6 (but older than the age for an exemption) who is personally providing care for the child may be required to participate only if participation does not exceed 20 hours per week and child care is guaranteed. For AFDC-UP families, the exemption due to the age of a child may be applied to only one parent, or to neither parent if child care is guaranteed.*

#### Vision

*Under new provisions, a greater percentage of AFDC recipients will be required to participate in JOBS. Single-parent and two-parent families will be treated similarly under the new JOBS system. The current exemption policy will be replaced with a policy under which persons not yet ready for participation in JOBS will be assigned, temporarily in many cases, to the JOBS-Prep phase.*

#### Rationale

*In order to change the culture of welfare, it is necessary to maximize participation in the JOBS program. It is also critical to ensure that all welfare recipients who are able to participate in JOBS have such services made available to them by the States. Elimination of exemptions sends a message that participation in JOBS should be the normal flow of events, and not the exception. The JOBS-Prep policy does, however, give States the flexibility to consider differences in the ability to work and to participate in education and training activities in determining whether to require an individual to enter the JOBS program.*

### Drafting Specifications

- (a) Adult recipients (see Teen Parents below for treatment of minor custodial parents) who were not able to work or participate in education or training activities (e.g., due to care of a disabled child) could be assigned to the JOBS-Prep phase either prior to or after entry into the JOBS program (or after entry into the WORK program; see WORK specifications below). For example, if an individual became seriously ill after entering the JOBS program, he or she would then be placed in JOBS-Prep status.
- (b) The State agency would be required to make the determination with respect to JOBS-Prep status prior to or as part of the development of the employability plan, since the determination would in turn affect the content of the employability plan. A recipient who is required to participate in JOBS rather than assigned to JOBS-Prep status could request a fair hearing focusing on whether the individual meets one the JOBS-Prep criteria (see below). The time frame for completion of the employability plan (see above) would be waived in such cases.
- (c) Persons in the JOBS-Prep phase would be expected to engage in activities intended to prepare them for employment and/or the JOBS program. The employability plan for a recipient in JOBS-Prep status could detail the steps, such as locating suitable medical care for a disabled or ill adult or arranging for an appropriate setting for a disabled child, needed to enable the adult to enter the JOBS program and/or find employment.

Recipients not likely to ever participate in the JOBS program (e.g., those of advanced age) might not be expected to engage in JOBS-Prep activities. The employability plan for such individuals might still include steps intended to, for example, improve the family's health status or housing situation. For individuals who were expected to enter the JOBS program shortly (e.g., mothers of young children), JOBS-Prep services could be provided, when appropriate, to address any outstanding barriers to successful participation in JOBS (e.g., arranging for child care).

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

JOBS Prep/Substance Abuse provisions: If not job ready bc of addiction, they must participate in treatment.

- (e) Persons in JOBS-Prep would not be subject to the time limit, e.g., months in which a recipient was assigned to JOBS-Prep would not count against the two-year limit on cash benefits.

**EXAMPLE:**

An individual applies for cash assistance in January of 1996. She and her caseworker design an employability plan in March of 1996 and she begins participating in the JOBS program activities in the plan. In September 1996, her father becomes seriously ill and she is needed in the home to care for him. At that point, she is placed in the JOBS-Prep phase. Her father's condition improves and by August 1997 he no longer requires full-time care. As of August 1997, she is eligible for 16 more months of cash assistance. She re-enters the JOBS program and reaches the 24-month time limit in November 1998. At that point, however, she is only four months from completing her Licensed Practical Nurse (LPN) training. She is then granted a 4-month extension to finish her LPN training.

- (f) The criteria for JOBS-Prep status would be the following:

*Add Italic's on  
viding exemption*

- (1) A parent of a child under age one, provided the child was conceived prior to the family's most recent application for assistance, would be assigned to the JOBS-Prep phase. A parent of a child conceived after the most recent application for assistance would be placed in JOBS-Prep for a twelve-week period following the birth of the child (consistent with the Family and Medical Leave Act).

(Under current law, parents of a child under age three, under age one at State option, are exempted from JOBS participation, and no distinction is made between children conceived before and children conceived after application for assistance)

- (2) Is diagnosed as mentally ill or mentally retarded by a licensed psychiatrist, psychologist or mental health professional, and it is certified that the mental illness or retardation prevents the individual from engaging in employment or training under JOBS;

*Higher than  
current law*

(Under current law and regulations, persons can be exempted if they are diagnosed as falling under the broader heading of incapacity or illness)

- (3) Has an application pending for the SSI or SSDI program, if there is a reasonable basis for the application;

(Under current law, an individual can be exempted from JOBS participation on the grounds of diagnosed incapacity, regardless of whether he or she has applied for or is in the process of applying for SSI or SSDI. Under the proposed law, the SSI/SSDI application would be used as the standard for incapacity other than mental illness or retardation)

- (4) Is 60 years of age or older;  
(Same as current regulations, CFR 250.30)

- (5) Needed in the home because another member of the household requires the individual's presence due to illness or incapacity as determined by a licensed physician, psychologist or mental health professional, and no other appropriate member of the household is available to provide the needed care;

(Same as current regulations, CFR 250.30)

(6) Third trimester of pregnancy; and  
(Under current law and regulations, pregnant women are exempted from JOBS participation for both the second and third trimesters)

(7) Living in a remote area. An individual would be considered remote if a round trip of more than two hours by reasonably available public or private transportation would be required for a normal work or training day. If the normal round-trip commuting time in the area is more than 2 hours, the round-trip commuting time could not exceed general accepted standards for the area.

(Same as current regulations, CFR 250.30))

- (g) Only one parent in an AFDC-UP family could be placed in JOBS-Prep under f(1).
- (h) Each State would be permitted to place in JOBS-Prep, for good cause as determined by the State, a number of persons up to 10% of the total number of persons in the phased-in group (which would include adult recipients, minor custodial parents and persons in the WORK program). These good cause assignments to JOBS-Prep would be in addition to those meeting the JOBS-Prep criteria defined in (f). The percentage cap on such good cause placements in JOBS-Prep would be specified in statute. Good cause could include temporary illness or incapacity precluding JOBS participation or substantial barriers to employment--a severe learning disability or serious emotional instability.
- (i) The State agency would be required to reevaluate the status of persons in the JOBS-Prep phase at such time as the condition is expected to terminate (if the condition is expected to be temporary) but no less frequently than at each semiannual assessment (see SEMIANNUAL ASSESSMENT below) to determine if the individual should remain in JOBS-Prep status or should enter (or re-enter) the JOBS or WORK programs.
- (j) Recipients who met the criteria for placement in the JOBS-Prep phase would be permitted to volunteer for the JOBS program. Such a volunteer who was participating in JOBS would be subject to the time limit but would be permitted to opt out--return to the JOBS-Prep phase--at any time, provided he or she still met the JOBS-Prep criteria. The State agency would be required to inform such volunteers accordingly.
- (k) A State agency would be required to promptly inform a recipient of any change in his or her status with respect to JOBS participation and/or the time limit (e.g., movement from the JOBS-Prep phase into the JOBS program).

FIX NUMBER

OPT IN  
OUT??

State Option  
to subject  
volunteers to  
time limit

## 5. DEFINITION OF THE TIME LIMIT

All provisions in this section apply only to recipients in the phased-in group.

### Current Law

*Some States (those which did not have an AFDC-UP program in place as of September 26, 1988) are permitted to place a type of time limit on participation in the AFDC-UP program, restricting eligibility for AFDC-UP to 6 months in any 12-month period (Section 407(b)). Thirteen states presently impose time limits on AFDC-UP eligibility. Under current law, however, no other type of time limits may be placed on participation in the AFDC program.*

### Vision

*Most of the people who enter the welfare system do not stay on AFDC for many years consecutively. It is much more common for recipients to move in and out of the welfare system, staying a relatively brief period each time. Two out of every three persons who enter the welfare system leave within two years and fewer than one in five spends five consecutive years on AFDC. Half of those who leave welfare return within two years, and three of every four return at some point in the future. Most recipients use the AFDC program not as a permanent alternative to work, but as temporary assistance during times of economic difficulty.*

*While persons who remain on AFDC for long periods at a time represent only a modest percentage of all people who ever enter the system, however, they represent a high proportion of those on welfare at any given time. Although many face very serious barriers to employment, including physical disabilities, others are able to work but are not moving in the direction of self-sufficiency. Most long-term recipients are not on a track toward obtaining employment that will enable them to leave AFDC.*

*The proposal would establish, for adult recipients not placed in JOBS-Prep, a cumulative time limit of two years on the receipt of AFDC benefits not contingent upon work, with extensions to the time limit to be granted under certain circumstances. Months in which an individual was placed in JOBS-Prep status would not count against the time limit. The two-year limit would be renewable—once an individual left the welfare system, he or she could begin to qualify for additional months of eligibility for AFDC benefits/JOBS participation.*

*The two-year time limit is part of the overall effort to shift the focus of the welfare system from disbursing funds to promoting self-sufficiency through work. This time limit gives both the recipient and the welfare agency a structure that necessitates steady progress in the direction of employment and economic independence. As discussed in the WORK specifications below, recipients who reach the two-year time limit without finding a private sector job will be offered publicly subsidized jobs to enable them to support their families.*

### Drafting Specifications

- (a) The time limit would be a limit of 24 on the cumulative number of months of cash assistance an adult could receive before being subject to the work requirement (see Teen Parents for

treatment of custodial parents under 19). Months in which an individual was receiving assistance but was in JOBS-Prep rather than in JOBS would not count against the 24-month time limit.

- (b) The time limit, as indicated in (a) above, would generally be linked to JOBS participation. Recipients required to participate in JOBS would be subject to the time limit. Conversely, the clock would not run for persons assigned to JOBS-Prep status.
- (c) The State agency would be required to update each recipient subject to the time limit as to the number of months of eligibility remaining for him or her no less frequently than at the semiannual assessment (see SEMIANNUAL ASSESSMENT below). In addition, the State agency would be required to contact and schedule a meeting with any recipient who was approaching the 24-month time limit at least 90 days prior to the end of the 24 months (see TRANSITION TO WORK/WORK below).

6. APPLICABILITY OF THE TIME LIMIT

All provisions in this section apply only to recipients in the phased-in group.

Drafting Specifications

- (a) The time limit would apply to parents (for treatment of teen parents, see Teen Parents below). A record of the number of months of eligibility for cash assistance remaining would be kept for each individual subject to the time limit. Caretaker relatives would not be subject to the time limit.

7. TWO-PARENT FAMILIES AND THE TIME LIMIT

All provisions in this section apply only to recipients in the phased-in group.

Drafting Specifications

- (a) In a two-parent family, both parents would be subject to the time limit, provided neither parent was placed in JOBS-Prep status. If one parent had reached the time limit and the other had not, the parent who had reached the time limit would be required to enter the WORK program. If the parent who had reached the limit declined to participate in the WORK program, that parent would be removed from the assistance unit, but the family would still be eligible for the remainder of the benefit (the other parent and the children's portion) until the other parent's clock struck 24.
- (b) If a parent in a two-parent family reached the time limit but declined to enter the WORK program, the needs of that individual would not be taken into account in calculating either the either the AFDC benefit or the earnings supplement (if the other parent did enter the WORK program; see WORK specifications below). If such a parent subsequently reversed course and entered the WORK program, he or she would be considered part of the assistance unit for the purpose of determining the supplement and would also be eligible for a WORK assignment.

→ child only  
LOophOLE  
(Handoff  
of kids)

As discussed in the *WORK* specifications below, a State would not be required to provide *WORK* assignments to both parents in a two-parent family.

**EXAMPLE:**

A single father of two who came onto the rolls twelve months ago marries a woman with no children and no prior welfare receipt. Both are required to participate in JOBS. Twelve months later, the father reaches the time limit, but refuses to enter the *WORK* program. From that point forward, the father's needs are no longer considered in determining the AFDC grant. The mother continues to participate in JOBS and the family receives the mother and children's share of the benefit. Twelve months later, the mother reaches the time limit. At that point, she decides to enter the *WORK* program and is assigned to a 20-hour per week *WORK* position. For purposes of calculating the earnings supplement, the assistance unit consists of the mother and the children, even though the father is still in the home. Three months later, the father changes his mind and enters the *WORK* program. The State refers the father to a placement agency, rather than assigning him to a *WORK* slot. The father's needs are now considered in calculating the family's earnings supplement.

Under current law, the second parent in a two-parent family is not exempted from participation in JOBS. If, however, under the proposed law a State agency chose to place the second parent in JOBS-Prep status (e.g., for good cause rather than under one of the specified criteria), the second parent would not be subject to the time limit. The second parent would then be counted toward any relevant cap on the number of adult recipients (and minor parents) a State would be permitted to place in the JOBS-Prep phase.

NOTE: If a second parent who would otherwise be placed in JOBS-Prep status volunteered for the JOBS program, that second parent would be subject to the time limit, as with any other volunteer.

- (c) With respect to the phase-in, both parents in a two-parent family would be considered subject to the new rules if the principal earner were in the phased-in group. If the parents subsequently separated, both would still be subject to the new rules. ?

**8. TEEN PARENTS**

Drafting Specifications

- (a) All custodial parents under 20 would be required to participate in the JOBS program, with education as the presumed activity for those who had not completed high school or the equivalent (e.g., a GED program). The 24-month time clock, however, would not begin to run until a custodial parent turned 18. In other words, months of receipt as a custodial parent before the age of 18 would not be counted against the time limit.
- (b) Custodial parents under 20 who had a child under one would be required to participate in JOBS, rather than placed in JOBS-Prep status. Such parents could in general be placed in JOBS-Prep only for a period of up to twelve weeks following the birth of the child. States would be permitted to assign custodial parents under 20 to JOBS-Prep status in exceptional circumstances, for example, in the event of a serious illness which precludes school attendance.

- (c) Individuals who were eligible for and receiving services under the Individuals with Disabilities Education Act would receive an automatic extension up to age 21 if needed to complete high school. These extensions would not be counted against the cap on extensions.
- (d) States would be required to provide case management services to all custodial parents under 20.

[see Promote Parental Responsibility and Prevent Teen Pregnancy specifications for a discussion of all provisions in the plan concerning teen parents, including further detail on case management.]

## 9. JOBS SERVICES AVAILABLE TO PARTICIPANTS

### Current Law

*A range of services and activities must be offered by States under the current JOBS program, but States are not required to implement JOBS uniformly in all parts of the State and JOBS programs vary widely among States. The services which must be provided as part of a State's JOBS program are the following: educational activities, including high school and equivalent education, basic and remedial education, and education for persons with limited English proficiency; job skills training; job readiness activities; job development and job placement; and supportive services to the extent that these services are necessary for participation in JOBS. Supportive services include child care, transportation and other work-related supportive services. States must also offer, in addition to the aforementioned services, at least 2 of the following services: group and individual job search, on-the-job training (OJT), work supplementation programs and community work experience programs.*

### Vision

*The definition of satisfactory participation in the JOBS program will be broadened to include additional activities that are necessary for individuals to achieve self-sufficiency. States will continue to have broad latitude in determining which services are provided under JOBS. Greater emphasis, however, would be placed on job search activities, to promote work and employment.*

### Drafting Specifications

- (a) Amend JOBS program job search rules to accomplish the following:
  - (1) Require States to include job search among the JOBS services offered;
  - (2) Require all adult applicants (and minor parents who had completed high school) who were judged job-ready to perform job search from the date of approval (date of application at State option). Job ready would in general be defined as having nonnegligible previous work experience; States would include a more detailed definition in the State plan. States would not be required to meet any separate numerical participation standard for applicant job search.

OK  
 Option to req job search  
 for everybody  
 → Scenario

- (3) Extend permissible period of initial job search from 8 weeks to 12;
- (4) Clarify the rules so as to limit job search (as the exclusive activity, i.e., not in conjunction with other services) to 4 months in any 12-month period. Initial job search and the 45-90 days of job search required immediately before the end of the two-year time limit (see TRANSITION TO WORK/WORK below) would both be counted against the 4-month limit.
- (b) Eliminate the JOBS program targeting requirements.
- (c) Change the anti-displacement language to permit work supplementation participants to be assigned to established unfilled vacancies in the private sector.
- (d) Limit Alternative Work Experience to 90 days within any 12-month period (*by regulation*).
- (e) Amend section 482(d)(1)(A) by replacing "basic and remedial education to achieve a basic literacy level" with "employment-oriented education to achieve literacy levels needed for economic self-sufficiency."
- (f) The State plan would include procedures to ensure that (external) service providers promptly notified the State agency in the event of noncompliance by a JOBS participant, e.g., failure to attend the JOBS activity. (*by regulation*)

EXTEND TO 12 MONTHS?

10. PART-TIME WORK

Drafting Specifications

- (a) Months in which an individual met the minimum work standard would not count against the time limit. The basic minimum work standard would be 30 hours (20 at State option).

good

ISSUE: Should the minimum work standard for parents of children under 6 be set at 20 hours for all States, or only for those States that opted to set the standard at 20 hours for everyone?

NO

11. JOBS PARTICIPATION

Current Law

→ Require to accept full-time job if offered

Under the Family Support Act of 1988, which created the JOBS program, minimum JOBS participation standards (the percentage of the non-exempt AFDC caseload participating in JOBS at a point in time) were established for fiscal years 1990 through 1995. States face a reduced Federal match rate if those standards are not met. In FY 1993 States were required to ensure that at least 11% of the non-exempt caseload in the State was participating in JOBS (in an average month). The standard increased to 15% for FY 1994 and will rise to 20% for FY 1995. There are no standards specified for the fiscal years after FY 1995.

Vision

*To transform the welfare system from an income support system into a work support system, the JOBS program must be expanded significantly. This substantial increase in the number of JOBS participants will be phased in over time.*

[Language concerning participation standards—the definition of participation, the nature and calculation of the participation rate and the level of the participation rate—is forthcoming from the performance measures group. Items (b) through (d) below are based on a draft proposal from ACF concerning treatment of not-phased-in recipients with respect to JOBS participation.]

The draft paper and the specifications below correspond to a substantially lower level of JOBS spending under the proposed law than that found in the estimates to date, which assume that the FY 1995 participation rate of 20 percent would be extended beyond FY 1995 for the not-phased-in group.

Drafting Specifications

- (a) States would be required to meet a participation standard or standards for the phased-in group (e.g., a point-in-time measure similar to the current law participation rate, a coverage measure or both). These standards are to be described in the *Performance Measures* specifications.
- (b) There would be no participation standard for the not-phased-in group.
- (c) States could not require recipients who were not in the phased-in group to participate in JOBS. Individuals who were not in the phased-in group would participate in JOBS on a voluntary basis only—volunteers from the not-phased-in group would be permitted to participate in JOBS. Such volunteers would be treated as phased-in JOBS participants except as otherwise stated in the specifications (e.g., not-phased-in volunteers would not be subject to the time limit).
- (d) The State would be required to serve all volunteers from the not-phased-in group, up to a fixed level of expenditures.

*OPTION (alternative to (c) and (d) above):*

*States could require recipients in the not-phased-in group to participate in JOBS, and could sanction not-phased-in persons for failing to comply. Such mandatory JOBS participants would not be subject to the time limit. Individuals (not phased-in) who met one of the JOBS-Prep criteria could not be required to participate in JOBS, but would not be considered to be in JOBS-Prep (JOBS-Prep status would apply only to the phased-in group).*

- (e) Alter the definition of participation such that an individual enrolled half-time in a degree-granting post-secondary educational institution who was making satisfactory academic progress (as defined by the Higher Education Act) would be considered to be participating

→ REEXAMINE  
JOBS LEVEL

Fast  
phase in  
option

?

satisfactorily in JOBS, even if such a person were scheduled for fewer than 20 hours of class per week. *(by regulation; contingent on definition of participation remaining similar to current law)*

- (f) Broaden the definition of JOBS participation to include participation in activities, other than the optional and mandatory JOBS services, which are consistent with the individual's employability plan. *(again, by regulation)*
- (g) The broadened definition of participation would include participation in the Small Business Administration Microloan Demonstration program. As above, satisfactory participation in the SBA Microloan program would meet the JOBS participation requirement, even if the scheduled hours per week were fewer than 20. *(by regulation; contingent on definition of participation remaining similar to current law)*

## 12. JOBS FUNDING

### Current Law

*Under current law, the capped entitlement for JOBS is distributed according to the number of adult recipients in a State, relative to the number in all States. State expenditures on JOBS are currently matched at three different rates. States receive Federal matching funds, up to the State's 1987 WIN allocation, at a 90 percent Federal match rate. Expenditures above the amount reimbursable at 90 percent are reimbursed at 50 percent, in the case of spending on administrative and work-related supportive service costs, and at 60 percent in the case of all other spending on JOBS (apart from spending on child care, which does not count against the JOBS capped allotment and is matched at the FMAP).*

### Drafting Specifications

- (a) The capped entitlement for JOBS would be allocated according to the average monthly number of recipients required to participate in JOBS in the State relative to the number in all States.
- (b) The capped entitlement would be set at \$2.1 billion for FY 1996, \$2.5 billion for FY 1997, \$2.7 billion for FY 1998 and \$2.7 billion for FY 1999.
- (c) The Federal match rate (for each State) for all JOBS expenditures under the proposed law would be set at the current law JOBS match rate plus five to ten percentage points, i.e., FMAP plus five or ten percentage points, with a floor between 65 and 70 percent (contingent on resolution of State match issues). Spending for direct program costs, for administrative costs and for the costs of transportation and work-related supportive services would all be matched at the single rate. The current law hold harmless provision, under which expenditures up to a certain level are matched at 90 percent, would be eliminated.
- (d) A State would be permitted to reallocate up to 10% of its JOBS allotment to its WORK program, and vice versa.

10% (JOBS-work)

good

EXAMPLE: A State with a \$5 million JOBS allotment and a \$6 million allotment from the WORK capped entitlement (see WORK FUNDING below) can allocate \$500,000 from JOBS to WORK or \$600,000 from WORK to JOBS. The State finds that spending on the JOBS program is running higher than expected and so it opts to reallocate \$600,000 from WORK to JOBS. The State is now able to receive up to \$5.6 million, rather than \$5 million, in Federal reimbursement for JOBS expenditures. On the other hand, the State could receive only \$5.4 million in Federal reimbursement for spending for WORK operational costs.

- (e) If States were not able to draw down all available Federal JOBS funding for a fiscal year, unclaimed Federal JOBS funds would be distributed, (but with no State match), among the States that drew down their full allotments. For example, if States drew down only \$2.4 billion of the \$2.7 billion in Federal funding available for FY 1998, the remaining \$300 million would be apportioned among those States that did draw down their full allotments. The funds would be distributed using the JOBS allocation formula, i.e., the money would be disbursed according to the number of persons required to participate in JOBS in the State relative to the number required to participate in all States *that drew down their full allocations*.
- (f) Funding for teen case management (see TEEN PARENTS above) would be provided not as a set-aside, but as additional dollars within the JOBS capped entitlement.

NO -  
Pot, not  
bonus

13. SEMIANNUAL ASSESSMENT

Unemployment Trigger

Drafting Specifications

- (a) The State agency would be required to conduct an assessment of all JOBS participants and all those in the JOBS-Prep phase (i.e., all adult recipients and minor parents in the phased-in group and all JOBS participants not in the phased-in group), on at least a semiannual basis to evaluate progress toward achieving the goals in the employability plan. This assessment could be integrated with the annual eligibility redetermination (see *Improving Government Assistance* specifications). Persons in JOBS-Prep status found to be ready for participation in employment and training could be assigned to the JOBS program following the assessment. Conversely, persons in the JOBS program discovered to be facing very serious obstacles to participation could be placed in the JOBS-Prep phase. Other revisions to the employability plan would be made as needed.
- (b) The assessment would entail an evaluation of the extent to which the State was providing the services called for in the employability plan. In instances in which the State was found not to be delivering the specified education, training and/or supportive services, the agency would be required to document that failure and establish a plan to ensure that the services would be delivered from that point forward.

## 14. TRANSITION TO WORK/WORK

All provisions in this section apply only to recipients in the phased-in group.

Drafting Specifications

- (a) Persons would be required to engage in job search during a period of not less than 45 days (up to 90 days, at State option) before taking a WORK assignment. The employability plan would be modified accordingly. In most cases, the job search would be performed during the 45-90 days immediately preceding the end of the time limit.
- (b) The State agency would be required to schedule a meeting with any recipient approaching the end of the 24-month time limit at least 90 days in advance of that individual's reaching the limit. The State agency would, as part of the 90-day assessment, evaluate the recipient's progress and employability to determine if an extension were appropriate to, for example, complete an training program in which the recipient was currently enrolled (see EXTENSIONS below). The State agency would be required to inform the recipient, both in writing and at the face-to-face meeting, of the consequences of reaching the time limit--the need to register for the WORK program in order to be eligible for further support, in the form of a WORK assignment. Recipients who were not granted an extension would also be apprised of the requirement to engage in job search for the final 45-90 days and of the State's extension policy. *(90-day meeting established by statute, details of the 90-day meeting by regulation)*
- (c) The State agency would notify the recipient, either by phone or in writing, of the purpose and need for the 90-day meeting, and the State agency would be required to make additional attempts at notification if the recipient failed to appear. REGS
- (d) For persons re-entering the JOBS program (including those previously assigned to JOBS-Prep) with fewer than six months of eligibility remaining, the development/revision of the employability plan could be considered the 90-day meeting, if the requisite information were provided at that point. The semiannual assessment could also be treated as the 90-day meeting, provided it fell within the final six months of eligibility. Conversely, the 90-day assessment would meet the requirement for an semiannual assessment. *(by regulation)*
- (e) For individuals who had received an extension to the time limit, a subsequent, similar meeting 90 days prior to the end of the extension would not be required, unless the extension were of unusual duration. *(by regulation)*
- (f) Recipients who refused without cause to participate in the required period of job search would not be eligible to register for the WORK program until such period was completed. A person in this category could request a fair hearing on whether he or she had good cause for refusing to participate in the required job search. Such an individual (after reaching the time limit) would receive AFDC benefits at the level provided to persons on the WORK waiting list pending the hearing. ] ?  
OMIT

- (g) States would have the option of providing additional months of cash assistance to individuals who found employment just as their eligibility for cash assistance ended, if necessary to tide them over until the first paycheck.

**EXAMPLE:**

January is the last month in which a recipient is eligible for cash benefits. At the end of January, he finds a job. He will not, however, receive his first paycheck until the end of February. The State would have the option of issuing a benefit check for the month of February, even though he reached the time limit in January.

**Worker Support**

- (h) States would be able, <sup>encouraged to</sup> using JOBS or WORK funds (from the capped WORK allocation; see below), to provide services to persons who had left the JOBS or WORK programs for employment.

Services could include case management, work-related supportive services, and job search and job placement assistance for former recipients who had lost their jobs. Case management could entail assistance with money management, mediation between employer and employee and aid in applying for advance payments of the EITC. Work-related supportive services could include payments for licensing or certification fees, union dues, clothing or uniforms, auto repair or other transportation expenses and emergency child care expenses.

**15. EXTENSIONS**

All provisions in this section apply only to recipients in the phased-in group.

Drafting Specifications

- (a) The State agency would be required to decide if an extension were appropriate at least 90 days prior to a recipient's reaching the two-year time limit. (see TRANSITION TO WORK/WORK above)
- (b) States would be required to grant extensions to persons who reached the time limit without having had adequate access to the services specified in the employability plan. In instances in which a State failed to substantially provide the services, including child care, called for in the employability plan, the State would be required to grant an extension equal to the number of months needed to complete the activities in the employability plan (up to a limit of 24 months). States would be mandated to take the results of the semiannual assessment(s) into account in determining if services were delivered satisfactorily. If an extension were granted on the grounds of inadequate service delivery, the employability plan could be revised, as appropriate, at that point. Disagreements about revisions to the plan would be subject to the same dispute resolution procedures as was the initial development of the plan.
- (c) If the State agency and the recipient disagreed with respect to whether services were substantially provided and hence as to whether the recipient was entitled to an extension, the State agency would be mandated to inform the recipient of her or his right to a fair hearing on

the issue. The recipient would have to request a hearing (if desired) at least 30 days prior to the end of the 24-month time limit. All hearings would be held prior to the end of the individual's 24 months of eligibility.

- (d) In a fair hearing regarding a recipient's claim that he or she was entitled to an extension due to State failure to make available the services in the employability plan, the State would have to show what services were provided. A recipient would be entitled to an extension if the hearing officer found that the recipient was unable to complete the elements of the employability plan because services, including necessary supportive services, were not available for a significant period of time. If it was determined that adequate services were not provided, an extension would be granted and the recipient and State agency would revise the employability plan, as appropriate (see above).
- (e) Persons would also have the right to a fair hearing on the grounds that the State had incorrectly calculated the number of months of eligibility remaining, i.e., the individual had not reached the 24-month time limit. *omit*
- (f) Persons enrolled in a structured learning program (including, but not limited to, those created under the School-to-Work Opportunities Act) would be granted an extension up to age 22 for completion of such a program. A structured learning program would be defined as a program that begins at the secondary school level and continues into a post-secondary program and is designed to lead to a degree and/or recognized skills certificate. Such extensions would not count against the cap on extensions (see below).
- (g) States would also be permitted, but not required, to grant extensions of the time limit under the circumstances listed below, up to 10% of all adult recipients and minor parents required to participate in JOBS. Persons granted extensions due to State failure to deliver services, as discussed above, would be included under the cap. ?
- (1) For completion of a GED program (extension limited to 12 months).
  - (2) For completion of a certificate-granting training program or educational activity, including post-secondary education or a structured microenterprise program, expected to enhance employability or income. The extension is contingent on the individual's making satisfactory academic progress (extension limited to 24 months). *and is employed at least part-time* *Add worker Study*
  - (3) For some persons who are learning disabled, illiterate or who face other substantial barriers to employment. This would include a seriously learning disabled person whose employability plan to date has been designed to overcome that obstacle and who consequently has not yet obtained the job skills training needed to secure employment (extension not limited in duration). *language*

The State agency would be required to set a duration for each extension granted, sufficient to, for example, finish a training program already underway or, in the event of a State failure to provide services, to complete the activities in the employability plan.

- (h) States would be required to continue providing supportive services as needed to persons who had received extensions of the time limit.
- (i) A State would be permitted, in the event of unusual circumstances, to apply to the Secretary to have its cap on extensions raised.

16. QUALIFYING FOR ADDITIONAL MONTHS OF ELIGIBILITY

All provisions in this section apply only to recipients in the phased-in group.

Drafting Specifications

- (a) Persons who had left the cash assistance program would qualify for additional months of eligibility for AFDC benefits/JOBS participation at a rate of one month of additional eligibility for every four months during which the individual did not receive AFDC and was not in the WORK program.
- (b) The number of additional months an individual could qualify for would be limited to 6, and the total months of eligibility for a person at any time could never exceed 24.

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EXAMPLE:

An individual applies for assistance for the first time in January 1997 and is declared JOBS-mandatory. She obtains a private sector job and leaves the JOBS program in December of 1997. At that point, she is eligible for 13 months of AFDC benefits/JOBS participation. Two years later, she is laid off from her job and is unable to find another. She re-applies for assistance in February 2000, 26 months after leaving welfare. At this point, she has qualified for the maximum of 6 additional months of assistance (26 months out, divided by 4, equals 6.5, which exceeds the maximum of 6). When added to the original 13 months, the additional months for which she has qualified give her a total of 19 months of eligibility remaining. She finds a new job after 3 months and exits the JOBS program for a second time. At this point, she has 16 total months of eligibility and 3 "qualified" months, meaning that she can qualify for no more than 3 additional months of assistance.

- (c) Persons who left the WORK program would also be able to qualify for additional months of AFDC benefits/JOBS participation, just as described in (a).

## WORK

### Current Law

*There is at present under Title IV no work program of the type envisioned here. States are presently permitted to operate on-the-job training, work supplementation and community work experience programs as part of the JOBS program (Section 482(e) and 482(f), Social Security Act, CFR 250.61, 250.62, 250.63). Regulations, however, explicitly prohibit States from operating a program of public service employment under the JOBS umbrella (CFR 250.47).*

### Vision

*The focus of the transitional assistance program will be helping people move from welfare to unsubsidized employment. The two-year time limit for cash assistance not contingent on work is part of this effort. Some recipients will, however, reach the two-year time limit without having found a job, despite having participated satisfactorily in the JOBS program. We are committed to providing them with the opportunity to work to help support their families. The design of the WORK program will be guided by a principle central to the reform effort, that persons who work should be no worse off than those who are not working.*

*The WORK program would make work assignments (hereafter WORK assignments) in the public, private and non-profit sectors available to persons who had reached the time limit. States would be required to create a minimum number of WORK assignments, but would otherwise be given considerable flexibility in the expenditure of WORK program funds. For example, States would be permitted to contract with private firms and non-profits to place persons in unsubsidized private sector jobs.*

**NOTE:** The specifications below describe the standard model for the WORK program. The attached specifications describe a State option to develop a WORK program using an alternative model.

Definition: The terms "WORK assignments" and "WORK positions" are defined as temporary, publicly-subsidized jobs in the public, private or not-for-profit sectors.

### 17. WORK ADMINISTRATIVE STRUCTURE

[further specifications forthcoming on the administration of the JOBS and WORK programs at the State level]

### Drafting Specifications

- (a) Each State would be required to operate a WORK program which would make WORK assignments available to persons who had reached the 24-month time limit for cash assistance not conditioned upon work.

- (b) Localities would be required to designate a body with balanced private sector, union and community (e.g., community-based organization) representation, such as the local Private Industry Council (PIC), to provide guidance to the WORK program. Localities, subject to State approval, would have the option of designating the WORK board as the administrative entity for the WORK program.
- (c) Each State would be required to make the WORK program available in all areas of the State (where it is feasible to do so) by a specified date.

18. WORK FUNDING

Drafting Specifications

(a) There would be two WORK program funding streams:

- 1) A capped entitlement which would be distributed to States according to the total number of persons in the JOBS and WORK programs in a State--the average monthly number of persons required to participate in JOBS plus the average monthly number of persons in the WORK program (including individuals in the WORK program who were not in WORK assignments).

*OPTION:* Allocate two-thirds of the capped WORK entitlement according to the average monthly number of people required to participate in JOBS and one-third according to the average monthly number of persons in the WORK program.

(?) ok

- 2) An uncapped entitlement to reimburse States for wages paid to WORK program participants, which would include wage subsidies to private, for-profit employers.

x all fed share x participants

The capped entitlement would be for WORK operational costs, which would include expenditures to develop WORK assignments, payments to placement contractors and spending on other WORK program services such as supervised job search.

- (b) A State would receive matching funds, up to the amount of the capped allocation, for expenditures for WORK operational costs at the WORK match rate, which would be set at the same level as the JOBS match rate--the current law JOBS match rate plus five to ten percentage points (contingent on resolution of State match issues). For expenditures on wages to WORK participants, including wage subsidies to private employers, a State would be reimbursed at its FMAP.

WORK - SAME MATCH?

**EXAMPLE:** State A's allocation (annual) from the capped WORK entitlement for FY 99 is \$1.5 million. The State's WORK (and JOBS) match rate is 75 percent and its FMAP is 50 percent. The State spends a total of \$5.2 million on the WORK program--\$1.6 million to develop the WORK assignments, make payments to placement contractors, and provide job search services and \$3.6 million on

David - one per theory      Wendell - 2 parts      21  
 1. Admin  
 2. wages + supplement

wage subsidies to private employers and wages for WORK participants in the public and not-for-profit sectors. State A would be reimbursed for the \$1.6 million in spending on operational costs at the 75 percent capped allocation match rate, for a total of \$1.2 million in reimbursement at that rate. For the \$3.6 million in expenditures on WORK wages, the State would be reimbursed at the FMAP, for \$1.8 million in Federal dollars from the uncapped stream and a total of \$3 million in Federal matching funds.

- (c) As discussed above (see JOBS FUNDING), a State would be permitted to reallocate up to 10% of its JOBS allotment to its WORK program, and vice versa.
- (d) If States did not draw down the full capped WORK entitlement, unclaimed funds would be distributed, using the WORK allocation formula, to States that did draw down their full allotments from the WORK capped entitlement (see JOBS FUNDING above).
- (e) WORK dollars would be, for example, IV-G funds (depending on the Social Security Act title for the WORK program) rather than IV-A or IV-F funds, which would permit the funds to be distributed directly to an entity other than the IV-A agency.

19. FLEXIBILITY

Drafting Specifications

- (a) States would enjoy wide discretion concerning the spending of WORK program funds. A State could pursue any of a wide range of strategies to provide work to those who had reached the two-year time limit, including:

- Subsidize not-for-profit or private sector jobs.
- Offer employers other incentives to hire JOBS graduates.
- Execute performance-based contracts with private firms or not-for-profit organizations to place WORK program participants in unsubsidized jobs.
- Create positions in public sector agencies (which might include employing adult welfare recipients as mentors for teen parents on assistance).
- Support microenterprise and self-employment efforts.

C. CARE  
HIRING

The approaches above would be listed in statute as examples, but States would not be restricted to these strategies.

- (b) States would be required to submit a joint JOBS/WORK plan to the Secretary of HHS (and possibly the Secretary of Labor) for approval.

20. LIMITS ON SUBSIDIES TO PRIVATE SECTOR EMPLOYERS

Drafting Specifications

- (a) There would be a 12-month time limit on any single WORK assignment. Ideally, after the subsidy ended, the private employer would retain the WORK participant in unsubsidized employment.
- (b) The Secretary may adopt as necessary regulations to assure the appropriate use of the wage subsidy, particularly with respect to private, for-profit firms (e.g., to prevent fraud and abuse).

good

21. COORDINATION

Drafting Specifications

- (a) States would be required to include in the JOBS/WORK plan provisions for coordination with the State comprehensive reemployment system and other relevant employment and public service programs in the public, private and not-for-profit sectors, including efforts supported by the Corporation for National and Community Service.

22. RETENTION REQUIREMENTS

Drafting Specifications

- (a) States would be required to keep a record of the rate at which private, for-profit employers retained WORK program participants (after the subsidies ended). Similarly, States would be mandated to monitor the performance of placement firms.
- (b) States would be required, to the extent possible, to give preference in contracting with the WORK program to the employers and placement firms with the best records in retaining or placing WORK program participants. A disallowance would not be taken for failure to comply with this provision.

→ WHY NOT KEEP TRACK OF SERVICE PROVIDERS?

→ GIVE BENEFICIARIES PERFORMANCE DATA ON SERVICE PROVIDERS

23. NONDISPLACEMENT AND GRIEVANCE PROCEDURES

[See attached draft language from Labor for nondisplacement and grievance language.]

24. NUMBER OF WORK ASSIGNMENTS

Drafting Specifications

- (a) A State would be required to provide a number of WORK assignments equal to either a number set by the Secretary based on the State's capped allocation or to a number equal to 75 percent of the average monthly number of persons in the WORK program, whichever is

L. KATZ

lower. WORK assignments would be defined as subsidized positions in the public, private and not-for-profit sectors.

- (b) The target number set by the Secretary would be calculated such that each State could meet the standard and still have money from the capped allocation available for supervised job search and other strategies (e.g., performance-based placement contracts with private firms).
- (c) In the event that a State failed to generate the minimum number of WORK assignments, the bonus, as described in the *Performance Measures* specifications, would not be awarded.

## 25. WORK ELIGIBILITY CRITERIA AND APPLICATION PROCESS

### Drafting Specifications

- (a) Recipients who had reached the two-year time limit for AFDC benefits not contingent upon work and who otherwise met the AFDC eligibility criteria (e.g., income and asset limits) would be eligible to enter the WORK program. In instances in which the AFDC grant to the family did not exceed \$100 per month, the recipient would not be required to participate in the WORK program, but would be permitted to voluntarily enter the WORK program. FIX  
?
- (b) States would be mandated to describe the WORK program, including the terms and conditions of participation, to all recipients at least 90 days before they were slated to reach the 24-month time limit (see TRANSITION TO WORK/WORK above). Recipients who had reached the 24-month time limit would be required to register for the WORK program in order to be eligible for either a WORK assignment or for AFDC benefits while awaiting a WORK position (see ALLOCATION OF WORK ASSIGNMENTS/INTERIM ACTIVITIES below).
- (c) States would be required to establish an application/registration process for the WORK program. The application/registration process would in general include an assessment for the purpose of matching the participant with a WORK assignment which the individual has the ability to perform and which will assist him or her in securing unsubsidized employment. The agency would be expected to draw upon an individual's JOBS case record in making such an assessment. States would be prohibited from denying an eligible individual (as described above) entry into the WORK program, provided he or she followed the application procedure.
- (d) Only one parent in a two-parent family would be required to participate in the WORK program. States would, however, have the option of requiring both parents to participate.
- (e) An individual who had exited the system after having reached the time limit or after having entered the WORK program, but did not yet qualify for any additional months of AFDC benefits/JOBS participation (see QUALIFYING FOR ADDITIONAL MONTHS OF ELIGIBILITY above) would be permitted to enroll, or re-enroll, in the WORK program.

**EXAMPLE:**

A WORK program participant finds a private sector job and leaves the WORK program, but is laid off after just one month, before qualifying for any months of AFDC benefits/JOBS participation (see above). This person would be eligible for the WORK program.

- (f) States would be required, for persons in WORK assignments, to conduct a WORK eligibility determination (similar to an AFDC eligibility determination in all respects, except that WORK wages would not be included in countable income; see below) on a semiannual basis. If the circumstances of an individual in a WORK assignment changed (e.g., increase in earned income, marriage) such that the family were no longer eligible for AFDC, the participant would be permitted to remain in the WORK assignment until the semiannual redetermination. An individual found to be ineligible for the WORK program as of the redetermination, however, would not be permitted to continue in a WORK assignment. Persons found to be ineligible for the WORK program would not have access to a WORK assignment, other WORK program services or to the AFDC benefits provided to persons in the WORK program who were not in WORK assignments.
- (g) WORK wages would not be included in countable income for purposes of determining WORK eligibility.

Mississ.

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**26. ALLOCATION OF WORK ASSIGNMENTS/INTERIM ACTIVITIES**Drafting Specifications

- (a) States would be required to keep an updated tally of all WORK participants awaiting WORK assignments (as opposed to, for example, WORK participants who had been referred to a placement contractor). WORK positions would not be allocated strictly on a first-come, first-served basis. An individual whose sanction period had just ended would be placed in a new WORK assignment as rapidly as possible. Among other WORK participants, persons new to the WORK program would have priority for WORK assignments over persons who had previously held a WORK position. Subject to those two conditions, States would be permitted to allocate each WORK assignment so as to maximize the chance of a successful placement, provided that the allocations were made in a non-discriminatory manner.
- (b) States would have the option of requiring persons who were awaiting WORK assignments to participate in other WORK program activities (e.g., individual or group job search, arranging for child care), and to establish mechanisms for monitoring participation in such activities. Persons in this waiting status could include both WORK participants who had completed an initial WORK assignment without finding unsubsidized employment, participants whose assignments ended prematurely for reasons other than the participant's misconduct, and individuals awaiting a hearing concerning misconduct. Individuals who failed to comply with such participation requirements would be subject to sanction as described below (see SANCTIONS).
- (c) States would be required to provide child care and other supportive services as needed to participate in the interim WORK program activities (described above).

self-initiated  
volunteer  
work

- (d) The family of a person who was in the WORK program but not in a WORK assignment (e.g., awaiting an assignment or in an alternate WORK activity) would receive AFDC benefits, provided that the individual were complying with any applicable requirements (as described above).
- (e) Participants who left a WORK assignment for good cause (see SANCTIONS below) would be placed in another WORK assignment or enrolled in an interim or alternate WORK program activity (e.g., job search until a WORK assignment became available). Such persons and their families would be eligible for AFDC benefits (as outlined above).
- (f) In localities in which the WORK program was administered by an entity other than the IV-A agency, the IV-A agency would still be responsible for AFDC benefits to families described in 10(d). States would not be permitted to distinguish between such families and other AFDC recipients with respect to the determination of eligibility and calculation of benefits--States could not apply a stricter standard or provide a lower level of benefits to persons on the waiting list.

## 27. HOURS OF WORK

### Drafting Specifications

- (a) States would have the flexibility to determine the number of hours for each WORK assignment. The number of hours for a WORK assignment could vary depending on the nature of the position. WORK assignments would have to be for at least an average of 15 hours per week during a month and for no more than an average of 35 hours per week during a month.

Each State would be required, to the extent possible, to set the hours for WORK assignments such that the average wages from a WORK assignment represented at least 75 percent of the typical AFDC benefit for a family of three in the State. This would be a State plan requirement; a disallowance would not be taken for failure to comply with this provision.

## 28. EARNINGS SUPPLEMENTATION

### Drafting Specifications

- (a) In instances in which the family income, net of work expenses, of an individual in a WORK assignment were not equal to the AFDC benefit for a family of that size, the individual and his/her family would receive an earnings supplement sufficient to leave the family no worse off than a family of the same size on assistance (with no earned income). Any wages lost due to the wilful misconduct of the participant shall be presumed to have been received by the family.
- (b) The earnings supplement would be in the form of either AFDC or a new program identical to AFDC with respect to the determination of eligibility and calculation of benefits. The accounting period for the earnings supplement would be 6 months. The level of the

supplement would not be adjusted *either up or down* during the 6-month period, unless the WORK participant were either fired from the WORK assignment or left the WORK program due to employment or another reason.

?  
Another job?  
good

- (c) The work expense disregard for the purpose of calculating the earnings supplement would be set at the same level as the standard \$120 work expense disregard. States which opted for more generous earnings disregard policies would not be permitted to apply these policies to WORK wages.

29. TREATMENT OF WORK WAGES WITH RESPECT TO BENEFITS AND TAXES

Drafting Specifications

- (a) Wages from WORK assignments would be treated as earned income with respect to Federal and Federal-State assistance programs other than AFDC (e.g., food stamps, Medicaid, public and Section 8 housing).

- (b) Persons in WORK assignments would be subject to FICA taxes. States would be required to ensure that the corresponding employer contribution for OASDI and HI was made, either by the employer or by the entity administering the WORK program (or through another method).

- (c) Earnings from WORK positions would not be treated as earned income for the purpose of calculating the Earned Income Tax Credit. *Counts as income for fed tax purposes*

Ask Treasury

- (d) The employment of participants under the WORK program would not be subject to the provisions of any Federal or State unemployment compensation law.

- (e) To the extent that a State's workers' compensation law is applicable, workers' compensation in accordance with such law would be available with respect to WORK participants. To the extent such law is not applicable, the State would be required to provide WORK participants with medical and accident protection for on-site injury at the same level and to the same extent as that required under the relevant State workers' compensation statute. *(by regulation, as under CFR 251.2)*

- (f) WORK program funds would not be available for contributions to a retirement plan on behalf of any participant.

- (g) With respect to the distribution of child support, WORK program participants would be treated exactly as individuals who had reached the time limit and were working in unsubsidized jobs meeting the minimum work standard. In instances in which the WORK program participant were receiving an earnings supplement in addition to WORK program wages, child support would be treated just as it would for a family receiving AFDC benefits (generally, a \$50 pass-through, with the IV-A agency retaining the remainder to offset the cost of the earnings supplement).

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→ HEALTH CARE MANDATE?

30. SUPPORTIVE SERVICES/WORKER SUPPORT

Drafting Specifications

- (a) States would be required to guarantee child care for any person in a WORK assignment, as with JOBS program participants under current law (Section 402(g)(1), Social Security Act). Similarly, States would be mandated to provide other work-related supportive services as needed for participation in the WORK program (as with JOBS participants, Section 402(g)(2), Social Security Act). For example, to the extent that the work expense disregard did not cover on-going work expenses, the State would be required to pay or reimburse for such on-going expenses. | ② No
- (b) States would be permitted to make supportive services available to WORK participants who were engaged in approved education and training activities *in addition to* a WORK assignment or other WORK program activity. In other words, a State could, but would not be required to, provide child care or other supportive services to enable a WORK participant to, for example, also take a vocational education course at a community college. OK

31. WAGES AND WORKING CONDITIONS

[see attached draft from Labor for language concerning wages and working conditions; provisions below are in addition to such language]

Drafting Specifications

- (a) All participants would be entitled to a minimum number of sick and personal leave days, to be established by the Secretary. These would be provided by the employer, if they were provided to other comparable (as described in attached draft) employees (employers may offer more days). The agency administering the WORK program would be required to design a method of providing the minimum number of sick and personal days to WORK participants whose employers did not provide such a minimum number. A person in a WORK assignment who becomes ill and exhausts her/his sick leave, or whose child requires extended care, shall be placed in JOBS-Prep if s/he meets the JOBS-Prep criteria. | [?]
- (b) A parent of a child conceived while the parent was in the WORK program would be placed in JOBS-Prep for a twelve-week period following the birth of the child (or such longer period as is consistent with the Family and Medical Leave Act of 1993).

32. SANCTIONS (JOBS AND WORK)

Current Law (JOBS)

*The sanction for the first instance of failure to participate in JOBS as required (or failure to accept a private sector job or other occurrence of noncompliance) is the loss of the non-compliant individual's share of the grant until the failure to comply ceases. The same sanction is imposed, but for a minimum of 3 months, for the second failure to comply and for a minimum of 6 months for all*

subsequent instances of non-compliance. The State, however, cannot sanction an individual for refusing to accept an offer of employment, if that employment would result in a net loss of income for the family.

For sanctioned two-parent families, both parents' shares are deducted from the family's grant, unless the second parent is participating in the JOBS program.

Drafting Specifications

**JOBS Sanctions**

→ 50%  
UNTIL CURED

- (a) A State's conciliation policy (to resolve disputes concerning JOBS participation only) could take one of the following two forms:
  - (i) A conciliation process that meets standards established by the Secretary; or
  - (ii) A process whereby recipients are notified, prior to the issuing of a sanction notice, that they are in apparent violation of a program requirement and that they have 10 days to contact the State agency to explain why they were not out of compliance or to indicate their intent to comply. Upon contact from the recipient, the State agency would attempt to resolve the issue and would have option of not imposing the sanction if there was good cause or recipient decided to comply.
- (b) Program Interactions:
  - 1. Individuals sanctioned within the JOBS program would still have access to other available services, including JOBS activities, child care and Medicaid.
  - 2. Sanctioned months would be counted against the 24-month time limit. (phased-in recipients only)
- (c) The sanction for refusing a job offer without good cause would be changed from the current penalty (removal of the adult from the grant) to loss of the family's entire AFDC benefit for 6 months or until the adult accepts a job offer, whichever is shorter.
- (d) Change the statute such that for sanctioned two-parent families, the second parent's share of the benefit would not also be deducted from the grant, unless the second parent were also required to participate in JOBS and were similarly non-compliant.
- (e) States would be required to conduct an intensive evaluation of any individual who failed to cure a first sanction within 3 months or received a second sanction, in order to determine why the parent is not complying with the program requirements. Following such an evaluation, the State would, if necessary, provide counseling or other appropriate support services to help the recipient address the causes of the non-compliance.

FS+ Housing may not go up

→ More info  
EITC

**WORK Sanctions**

- (f) WORK program participants may be sanctioned for willful misconduct related to the WORK program. Misconduct would include any of the following, provided good cause does not exist:
- i. Failure to accept an offer of unsubsidized employment;
  - ii. Failure to accept a WORK assignment;
  - iii. Quitting a WORK assignment;
  - iv. Dismissal from a WORK assignment;
  - v. Failure to engage in job search or other required WORK activity (see ALLOCATION OF WORK ASSIGNMENTS/INTERIM ACTIVITIES above).
- (g) The Secretary shall establish regulations defining good cause for each of the following:
- i. **Refusal to Accept an Offer of Unsubsidized Employment or a WORK Assignment or to Participate in Other WORK Program Activity.** Such definition shall include the reasons provided in 45 CFR 250.35 for refusal to participate in a required JOBS activity or to accept employment. Accordingly, a person would be entitled to refuse an unsubsidized job offer if accepting the offer would result in a net loss of cash income (as under 45 CFR 250.35). ETC
  - ii. **Quitting a WORK Assignment.** These regulations shall include the provision that an employee must notify the WORK agency prior to quitting a WORK assignment.
  - iii. **Dismissal from a WORK Assignment.** The regulations shall allow a State, subject to the approval of the Secretary, to apply in such instances the definition of misconduct utilized in its unemployment insurance program. (A IV-A agency might be allowed to contract with the State UI hearing system to adjudicate these cases.)
- (h) A recipient shall be notified of the agency's intent to impose a sanction and shall have a right to request a hearing prior to the imposition of a sanction. The Secretary shall establish regulations for the conduct of such hearings, which shall include setting time frames for reaching decisions (e.g., 30 days from date of request for hearing). A State shall be permitted to follow the same procedures it utilizes in hearings regarding claims for unemployment compensation.
- (i) Recipients awaiting a hearing for alleged misconduct may be required to participate in interim WORK program activities. Refusal, pending the hearing, to participate in such WORK program activities on the same grounds (e.g., bedridden due to illness) claimed as cause for the original alleged misconduct would not constitute a second occurrence of potential misconduct.

(j) Sanctions imposed would be as follows:

- i. **Refusal to Accept an Offer of Unsubsidized Employment.** A WORK participant who turns down an offer of an unsubsidized job without good cause shall be ineligible for a WORK assignment, and the family ineligible for AFDC benefits, for a period of 6 months (consistent with the JOBS sanction for refusing a job offer). Such an individual would be eligible for services, such as referral to a placement firm or job search assistance, during this period.
- ii. **Quitting, Dismissal from or Refusal to Accept a WORK Assignment Without Good Cause.** A person who quits a WORK assignment without good cause, who is fired from a WORK assignment for misconduct, or who refuses to take an assignment without good cause shall be subject to the penalties described below.

*For a first occurrence:* The family would receive 50% of the AFDC grant that would otherwise be provided (i.e., if the individual were not sanctioned and were awaiting a WORK assignment) for one month or until the individual accepts a WORK assignment, whichever is sooner. If an individual accepts a WORK assignment during the sanction period, the earnings supplement would be calculated based upon the wages from the WORK assignment, as described above under EARNINGS SUPPLEMENTATION. Total cash benefits for the month would be calculated based upon wages received, with no sanction imposed.

OMT

*For a second occurrence:* Fifty percent (50%) reduction in the family's grant for 3 months. The individual would not be eligible for a WORK assignment during this period--this sanction would not be curable upon acceptance of a WORK assignment.

*For a third and subsequent occurrence:* Elimination of the family's grant for a period of 3 months. As with a second occurrence, the individual would not be eligible for a WORK assignment during the sanction period.

No -  
3 months  
→ 6 months

The State would be required to make job search assistance available to such sanctioned persons (any occurrence, first or subsequent) if requested.

- iii. **Refusal to Participate in Job Search or Other Required WORK Program Activity.** An individual who refused to participate in job search (e.g., following a WORK assignment) or other required WORK program activity would be subject to the same sanction as persons who quit or were fired from WORK assignments, with each refusal to be considered one occurrence. If such a refusal constituted the first occurrence, the sanction, as above, would be curable upon engaging in the required activity.

(k) All sanctions (any occurrence, first or subsequent) would be curable upon acceptance of an unsubsidized job meeting the minimum work standard. In other words, a sanctioned individual who took an unsubsidized job meeting the minimum work standard would be treated exactly the same as an unsanctioned individual with respect to calculating the earnings

But not  
core  
work  
eligibility

supplement. If the family's income, net of work expenses, were lower than the AFDC grant for a family of that size, the family would receive an earnings supplement sufficient to make up the difference (see EARNINGS SUPPLEMENTATION above).

- (l) As under current law, food stamp benefits <sup>^</sup> would not increase in response to the reduction in the family's income due to the sanction. / good
- (m) Sanctioned families who were otherwise qualified would still be eligible for other assistance programs, including food stamps, Medicaid and housing assistance.
- (n) The State would be required, upon a second sanction, to conduct an intensive evaluation of the participant and the family to ascertain why the individual is not in compliance and to determine the appropriate services, if any, to address the presenting issues. The evaluation would include, when appropriate, a Child Protective Services abuse and neglect investigation. The WORK administering agency could, as a result of the evaluation, decide, for example, that the parent should be placed in JOBS-Prep or that he or she should receive intensive counseling.
- (o) Individuals who without good cause voluntarily quit an unsubsidized job that met the minimum work standard, e.g., 20 hours per week (or a job with wages equal to the minimum work standard multiplied by the minimum wage) would not be eligible to register for the WORK program for a 60-day period following the quit. The Secretary would establish regulations defining good cause for quitting a private sector job. These regulations would be consistent, to the extent possible, with the good cause criteria for quitting a WORK assignment.

3 months  
 - 60  
 NO-  
 LONGER  
 ↓  
 don't want this to be universal jobs program (crutch)

33. JOB SEARCH

- (a) WORK program participants would generally be required to engage in job search at the conclusion of a WORK assignment or while otherwise awaiting a WORK assignment or enrollment to a WORK program activity serving as an alternative to a WORK assignment (see ALLOCATION OF WORK ASSIGNMENTS/INTERIM ACTIVITIES). The number of hours per week (up to a maximum of 35) and the duration of periods of required job search would be set by the State.
- (b) The State could also require WORK participants to engage in job search while in a WORK assignment, provided that the combined hours of work and job search did not exceed an average of 35 per week. The number of hours for job search would be the expected time to fulfill the particular job search requirement, i.e., if a WORK participant were expected to make 5 contacts per week, the number of hours of job search would be the estimated number of hours needed to make the contacts.

34. TIME LIMIT ON PARTICIPATION IN THE WORK PROGRAM

- (a) Individuals would be limited to a maximum of 12 months in any single WORK assignment, after which they would be required to perform supervised job search (for a period of time to be set by the State) prior to placement in another WORK assignment.
- (b) There would be no time limit on overall participation in the WORK program.
- (c) States would be required to conduct a comprehensive assessment of any person who had completed two WORK assignments or who had been in the WORK program for two years. A State could, following the reassessment, require the individual to continue in the WORK program, assign the person to the JOBS program or to the JOBS-Prep phase or impose sanctions (i.e., in the event of misconduct). For example, an individual judged to be job-ready would be required to take a new WORK assignment, while a participant found to be in need of further training in order to obtain unsubsidized employment could be returned to the JOBS program.
- (d) The criteria for placing WORK participants in the JOBS-Prep phase would be identical to the JOBS-Prep criteria for persons who had not yet reached the two-year time limit (see JOBS-PREP above). Persons who were assigned to JOBS-Prep after reaching the time limit would be eligible for AFDC benefits. Such individuals would be treated exactly the same as persons assigned to JOBS-Prep before reaching the time limit, except that if the condition necessitating placement in JOBS-Prep ended, they would enter or re-enter the WORK program, rather than the JOBS program. Adult recipients placed from the WORK program into JOBS-Prep would count against any relevant cap on the number of JOBS-Prep placements (see JOBS-PREP above).

NO

3 yrs -  
unemploy  
under 62  
or not any -  
work history

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WR-WORK

## 10. JOBS SERVICES AVAILABLE TO PARTICIPANTS

### Current Law

*A range of services and activities must be offered by States under the current JOBS program, but States are not required to implement JOBS uniformly in all parts of the State and JOBS programs vary widely among States. The services which must be provided as part of a State's JOBS program are the following: educational activities, including high school and equivalent education, basic and remedial education, and education for persons with limited English proficiency; job skills training; job readiness activities; job development and job placement; and supportive services to the extent that these services are necessary for participation in JOBS. Supportive services include child care, transportation and other work-related supportive services. States must also offer, in addition to the aforementioned services, at least 2 of the following services: group and individual job search, on-the-job training (OJT), work supplementation programs and community work experience programs.*

### Vision

*The definition of satisfactory participation in the JOBS program will be broadened to include additional activities that are necessary for individuals to achieve self-sufficiency. States will continue to have broad latitude in determining which services are provided under JOBS. Greater emphasis, however, would be placed on job search activities, to promote work and employment.*

### Specifications

#### **Up-Front Job Search**

- (a) All adult new recipients in the phased-in group (and minor parents who had completed high school) who were judged job-ready would be required to perform job search from the date of authorization. Job-ready would in general be defined as having nonnegligible previous work experience; States would include a more detailed definition in the State plan. Individuals could be deemed not job-ready due to illness or other reason. A determination of pre-JOBS status would not be needed at this point.
- (b) States would have the option of requiring all job-ready new recipients, including those in the not-phased-in group, to perform up-front job search. States would also be permitted to require job search from the date of application (as under current law, this requirement could not be used as a reason for a delay in making the eligibility determination or issuing the payment).
- (c) The permissible period of initial job search would be extended from 8 weeks to 12.

#### **Other Provisions Concerning JOBS Services**

- (d) States would be required to include job search among the JOBS services offered.
- (e) Clarify the rules so as to limit job search (as the exclusive activity, i.e., not in conjunction with other services) to 4 months in any 12-month period. The up-front job search (described above) and the 45-90 days of job search required immediately before the end of the two-year time limit (see TRANSITION TO WORK/WORK below) would both be counted against the 4-month limit.

- (f) Amend section 482(d)(1)(A) by replacing "basic and remedial education to achieve a basic literacy level" with "employment-oriented education to achieve literacy levels needed for economic self-sufficiency."
- (g) Self-employment programs would be added to the list of optional JOBS activities.
- (h) Increase the limit on Federal reimbursement for work supplementation program expenditures from the current ceiling, which is essentially based on a maximum length of participation, in a work supplementation program, of 9 months, to a level based on a maximum length of participation of 12 months.
- (i) **Change the nondisplacement language to permit work supplementation participants to be assigned to unfilled vacancies in the private sector, provided such placements did not violate the other nondisplacement provisions in current law.**
- (j) The State plan would be required to include a description of efforts to be undertaken to encourage the training and placement of women and girls in nontraditional employment, including steps to increase the awareness of such training and placement opportunities.
- (k) Amend the language in Social Security Act section 483(a)(1) which requires that there be coordination between JTPA, JOBS and education programs available in the State to specifically require coordination with the Adult Education Act and Carl D. Perkins Vocational Educational Act.
- (l) Where no appropriate review were made (e.g., by an interagency board), the State council on vocational education and the State advisory council on adult education would review the State JOBS plan and submit comments to the Governor.
- (m) Alternative Work Experience would be limited to 90 days within any 12-month period.
- (n) The State plan would include procedures to ensure that, to the extent possible, (external) service providers promptly notify the State agency in the event of noncompliance by a JOBS participant, e.g., failure to attend a JOBS activity.

## 27. NONDISPLACEMENT

### Specifications

- (a) The assignment of a participant to a subsidized job under the WORK program would not --
  - (1) result in the displacement of any currently employed worker, including partial displacement such as a reduction in the hours of non-overtime work, wages or employment benefits;
  - (2) impair existing contracts for services or collective bargaining agreements;
  - (3) infringe upon the promotional opportunities of any currently employed worker;

- (4) result in the employment of the participant or filling of a position when --
  - (a) any other person is on layoff, on strike or has been locked out from, or has recall rights to, the same or a substantially equivalent job or position with the same employer; or
  - (b) the employer has terminated any regular employee or otherwise reduced its work force with the effect of filling the vacancy so created with such participant; or
- (5) result in filling a vacancy for a position in a State or local government agency for which State or local funds have been budgeted and are available, unless such agency has been unable to fill such vacancy with a qualified applicant through such agency's regular employee selection procedure during a period of not less than 60 days.

- (b) A participant would not be assigned to a position with a private, not-for-profit entity to carry out activities that are the same or substantially equivalent to activities that have been regularly carried out by a State or local government agency in the same local area, unless such placement meets the nondisplacement requirements described in this section of the specifications.

## 28. GRIEVANCE, ARBITRATION AND REMEDIES

### Specifications

- (a) Each State would establish and maintain grievance procedures for resolving complaints by participants, regular employees or their representatives, alleging violations of the nondisplacement provisions described above and the requirements relating to wages, benefits or working conditions described in these specifications.
- (b) Hearings on any grievance filed pursuant to the provision above would be conducted within 30 days of the filing of such grievance. Except for complaints alleging fraud or criminal activity, a grievance would be made not later than one year after the date of the alleged occurrence.
- (c) Upon receiving a decision, or if 60 days has elapsed without a decision being made, a grievant may do either of the following:
  - (1) file an appeal as provided for in the State's procedures or in regulations promulgated by the Secretary, or
  - (2) submit such grievance to binding arbitration in accordance with the provisions of this section.

## **Arbitration**

- (d) In accordance with the appeal/arbitration provision above, on the occurrence of an adverse grievance decision, or 60 days after the filing of such grievance if no decision has been reached, the party filing the grievance would be permitted to submit such grievance to binding arbitration before a qualified arbitrator who was jointly selected and independent of the interested parties.
- (e) If the parties could not agree on an arbitrator, the Governor would appoint an arbitrator from a list of qualified arbitrators within 15 days of receiving a request for such appointment from one of the parties to the grievance.
- (f) An arbitration proceeding conducted as described here would be held not later than 45 days after the request for such arbitration, or if the arbitrator were appointed by the Governor (as described above) not later than 30 days after such appointment, and a decision concerning such grievance would be made not later than 30 days after the date of such arbitration proceeding.
- (g) The cost of the arbitration proceeding conducted as described here would in general be divided evenly between the parties to the arbitration. If a grievant prevails in such an arbitration proceeding, the party found in violation would pay the total cost of such proceeding and the attorney's fees of the grievant.
- (h) Suits to enforce arbitration awards under this section may be brought in any district court of the United States having jurisdiction over the parties, without regard to the amount in controversies and without regard to the citizenship of the parties.

## **Remedies**

- (i) Remedies for a grievance filed under this section include --
  - (1) suspension of payments for assistance under this title;
  - (2) the termination of such payments;
  - (3) the prohibition of the placement of a participant;
  - (4) reinstatement of a displaced employee to the position held by such employee prior to displacement;
  - (5) payment of lost wages and benefits of the displaced employee;
  - (6) reestablishment of other relevant terms, conditions and privileges of the displaced employee; and
  - (7) such equitable relief as is necessary to correct a violation or to make a displaced employee whole.

29. CONSULTATION WITH LABOR ORGANIZATIONS

Specifications

- (a) No assignment of a participant to a position with an employer shall be made unless any local labor organizations representing employees of such employer who are engaged in the same or substantially similar work as that proposed to be carried out by such participant are consulted regarding such an assignment.

0002/001  
SPECS  
WR-(WORK)

To: Bruce Reed  
From: David T. Ellwood  
Re: Assessments after WORK assignments  
Date: June 1, 1994

---

Paul Legler took a crack at giving some more definition to (1), (2) and (3) in the attached. What do you think?

DETERMINED TO BE AN ADMINISTRATIVE  
MARKING Per E.O. 12958 as amended, Sec. 3.2 (c)

Initials: Qos Date: 1/23/94

~~CONFIDENTIAL~~

### A. Assessments

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

- 1) Those determined to be unable to work or need additional training would be reassigned to Pre-JOBS or JOBS.
- 2) Those determined to be playing by the rules and unable to find work in the private sector either because there were no jobs available to match their skills or because they are incapable of working outside a sheltered environment would be allowed to remain in the WORK program for another assignment. Similar assessments would be conducted following each additional assignment.
- 3) At state option, those who have had two or more WORK assignments may be found ineligible for further WORK assignments for the same period as persons who have refused private sector job offers if the state determines that:
  - i) they are employable,
  - ii) they live in an area where there are jobs available to match their skills, and
  - iii) they have failed to make a good faith effort to obtain available unsubsidized work.

### B. Ineligibility Determinations

States will have some flexibility in designing a process for conducting this evaluation. States may, for instance, refer individuals to job developers who can require participants to apply for appropriate job openings. Failure to follow up on a referral, noncooperation with the job developer or employer, or refusal to accept a private sector job opening could result in a finding of ineligibility for further WORK assignments, and will be treated as a refusal to accept an unsubsidized job offer. The same process may be used for those participants who seek to return to the program as they qualify for additional months of assistance. ]?

For purposes of paragraph A. (3.), an individual shall be determined to be employable if: (i.) they are physically and mentally fit for immediate employment and (ii.) they do not have any substantial barriers to employment which would qualify them under the criteria for JOBS-PREP. - *Pre JOBS*

An individual lives in an area where there are jobs available to match their skills if they live within two hours roundtrip commuting time of a job; the hours and conditions of employment do not pose a threat to the safety of the individual or any child;

there is a current job vacancy for such job; and the individual would have a reasonable opportunity of being hired if the individual made a good faith effort to apply for such a job. In determining whether an individual would have a reasonable opportunity of being hired the State shall consider factors including, but not limited to, an individuals work history, local labor market conditions, the number and types of jobs available in the area, the individuals work skills, and the success of other WORK participants in securing non-subsidized employment.

For purposes of A. (3.) (iii), a person has "failed to make a good faith effort to obtain available unsubsidized work" if there is a documented pattern of failure in the JOBS or WORK programs to apply for appropriate job openings, failure to follow up on appropriate referrals, noncooperation with appropriate requirements of job developers or employers in applying for jobs, or a refusal to accept a private job sector opening.

*catch-all/other  
three interviews*

C. State Plan Requirements

States choosing to exercise the option to limit eligibility for WORK assignments must submit an implementation plan for Secretarial approval. The plan must provide:

- a detailed description of the process for determining ineligibility;
- a process to ensure that ineligibility decisions for each individual are made by, or after consultation with, a person professionally trained to conduct vocational assessments;
- a process to ensure that recipients receive appropriate notice and an opportunity to challenge any decision to find them ineligible;
- a semi-annual report on the status and characteristics of families who are no longer eligible for WORK assignments;
- assurances that ineligibility for WORK assignments will not affect continued eligibility for other support services within existing program guidelines.

D. National Study

The Department of HHS and Labor will undertake a comprehensive national study at the end of the first year in which the WORK program is implemented to measure the program's success in moving people into unsubsidized jobs, and evaluate the skill levels and barriers to work of the people who remain in the program.

## INDIVIDUAL WORK ASSIGNMENTS

### A. Assessments

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

- (1) Those determined to be unable to work or need additional training would be reassigned to Pre-JOBS or JOBS.
- (2) Those determined to be playing by the rules and unable to find work in the private sector either because there were no jobs available to match their skills or because they are incapable of working outside a sheltered environment would be allowed to remain in the WORK program for another assignment. Similar assessments would be conducted following each additional assignment.
- (3) At state option, those who have had two or more WORK assignments, may be found ineligible for further WORK assignments if the state determines that:
  - (i) they are employable,
  - (ii) they live in an area where there are jobs available to match their skills, and
  - (iii) they have failed to make a good faith effort to obtain available unsubsidized work

States will have flexibility in designing a process for conducting this evaluation. States may, for instance, refer individuals to job developers who can require participants to apply for appropriate job openings. Failure to follow up on a referral, noncooperation with the job developer or employer, or refusal to accept a private sector job opening could result in a finding of ineligibility for further WORK assignments. The same process may be used for those participants who seek to return to the program as they qualify for additional months of assistance.

### B. Ineligibility for WORK; Eligibility for Transitional Assistance

Those individuals found ineligible for another WORK assignment under (A)(3) above would be eligible to qualify for additional months of AFDC under normal rules, receiving one month of assistance for every four months out of the program.

Persons ineligible for WORK assignments returning to AFDC would be immediately assigned to intensive supervised job search. The state would have the option of revising its assessment at that time and reassigning the individual to pre-JOBS, JOBS or WORK.

### C. Federal Guidelines for Ineligibility Determination

The Departments of HHS and Labor will develop guidelines for states listing factors to be used in determining ineligibility for WORK assignments under (A)(3) above. These factors will include, but are not limited to, an individual's work history, local labor market conditions, and an employability determination that takes into account individual skills, jobs available in the area, and the success of other WORK participants in securing non-subsidized employment.

### D. State Plan Requirements

States choosing to exercise the option to limit eligibility for WORK assignments must submit an implementation plan for Secretarial approval. The plan must provide:

- o a process to ensure that recipients receive appropriate notice and an opportunity to challenge any decision to find them ineligible
- o a semi-annual report on the status of families who are no longer eligible for WORK assignments
- o assurances that ineligibility for WORK assignments will not affect continued eligibility for other support services within existing program guidelines

### E. National Study

The Departments of HHS and Labor will undertake a comprehensive national study at the end of the first year in which the WORK program is implemented to measure the program's success in moving people into unsubsidized jobs, and evaluate the skill levels and barriers to work of the people who remain in the program. The federal guidelines in (C) above shall be reviewed and modified as necessary to reflect information gathered in the study.

## PART TIME WORK/MINIMUM WORK STANDARD

Months in which an individual meets the minimum work standard would not count against the time limit. Previous discussion has debated the merit of setting the minimum at 20 hours/30 hours or some variation on 20 hours to give special consideration to mothers with young children.

### PROPOSAL:

1. Establish the minimum work standard at 20 hours per week with a state option to 30 hours. Welfare recipients who work 20 hours or more would not be subjected to a time limit.
2. Add an explicit requirement that recipients be required to accept additional hours of work when available and cannot reduce the number of hours they work to receive additional benefits.
3. Change the standard for determining whether a client can be required to accept a job from the current "net loss of cash income" test to a 20 hour per week job or less (if that makes them better off).
4. Eliminate the state option to apply earnings disregards (beyond \$120) to the WORK program.