

WR - SPECS
(WORK)

May 3, 1994

DRAFT SPECIFICATIONS: ENCOURAGING PLACEMENT DURING THE JOBS PROGRAM

These specifications put forward several ideas for further encouraging a "placement" focus in the JOBS program. Performance standards that eventually affect match rates are important, but seem to be down the road a bit. We need a couple of even relatively minor changes to the JOBS program that we can point to as tangible proof that we are changing the focus of the welfare system to getting people to work. Ideas for consideration include:

- Placement Bonuses
- Special Placement Initiatives Fund
- Chartering Placement Firms

PLACEMENT BONUSES

One way to reward states and caseworkers who are particularly good at placing JOBS participants in private sector jobs is to pay them placement bonuses. One outline for a bonus plan might be:

- (1) Set aside a percentage of the JOBS budget at the federal level to be distributed to states as placement bonuses. The bonuses carry no additional federal cost, but could be 100 percent federal funds.

(Initial suggestion: consider \$250 million. If bonus per placement is \$500, that would cover 500,000 JOBS placements)

- 2) Allow states to propose how the bonus should be paid and used.
 - permit states to pay a percentage directly to the case manager
 - permit states to invest money in a fund that goes to pay for staff development, office improvements, anything to enhance the functioning of the local JOBS office

- permit states to use as part of their JOBS funding but at 100 percent federal level.
- 3) Bonuses should be structured to reward job retention
 - Example: \$250 when the participant has been in the job three months; the remaining \$250 after six months.
- 4) Option: Structure bonus to reward more difficult placements.
 - Example: Could reward states \$250 for placements generally, but \$1000 for someone with no work experience or some other criteria. [Could allow states to suggest criteria for enhanced bonuses.]
- 5) Issue: How to avoid paying for natural dynamics -- i.e., why pay bonuses when someone leaves for a job who would have left on her own?
 - One way to limit the extent of the problem is to pay only for placements after six months. That avoids paying bonuses in the time when the most people leave on their own.

Is there a risk that states might encourage those about to leave to stay until the six month mark? Possible, but unlikely. If someone wants to leave welfare, it's doubtful the state will be able to convince them to stay just a few extra weeks so the state can get a bonus.

- Another way to prevent "creaming" is to pay a bonus for everyone who takes a job regardless of the degree of service rendered or their length of stay. Under such a structure, states would have an incentive to spend fewer resources on those individuals who would find employment and to target resources on the hard to serve. This also ensure that all states get some money regardless of performance.

JOB PLACEMENT FUND

Another option to consider is creating a special fund within the JOBS program to encourage innovative programs at the state and local level that promote rapid placement into jobs. The following is an outline of how such a fund could work:

- (1) Set aside 10 percent of the JOBS money nationally each year for states to use in creative new programs that emphasize placement in private sector jobs. Funds from this pool would be 100 percent federal.

- (2) States apply for the money, up to a per-state or per-project limit, as in the CSE revolving loan fund. Projects could run for more than one year. Funds may be used to pay for evaluation of the project as well as for its operation.
- (3) At the end of the project period, states will be required to report on the results of the project, including estimates of caseload and AFDC savings. Project reports will be compiled at the federal level and made available annually to all states.
- (4) The goal is to encourage experimentation in every state with new approaches to helping people find work. Based on these efforts, states would be encouraged to modify their JOBS program to incorporate ideas that prove successful.

ISSUE: Is there any way to structure this as a revolving loan fund, where states pay back to the extent that their model programs work and result in caseload reductions and AFDC savings?

CHARTERING PLACEMENT FIRMS

This option is designed to ensure that every state is giving private for-profit and not-for-profit organizations the opportunity to work with JOBS clients to place them in private sector jobs. Many successful welfare-to-work programs are operated by not-for-profits, but they sometimes have difficulty getting funding from Social Service agencies to expand.

- (1) States would be required to offer "charters" to private and not-for-profit and for-profit organizations to work with JOBS clients to place them in private sector jobs. Any organization (placement agency, CBO, private employers, or public agency) would be permitted to apply to the JOBS program for a charter. States would be required only to offer the charters. If no organizations in the state are interested or have the necessary qualifications, there will be no penalty for failing to grant any charters.
- (2) Charters would be granted by the JOBS program to entities that meet eligibility criteria (Federal minimums plus state and local factors.) Charters could be awarded competitively, to any organizations meeting certain standards, or in some other manner possibly determined at the local level.
- (3) Chartered organizations would be paid a fee for finding work for an eligible JOBS participant. Charters can specify services that the organization will deliver: work prep (if any), placement services, follow-up, linkages to other agencies (child care, transportation, etc.). Charters

permit the organization to serve eligible WORK participants and specify performance standards on which they will be paid. These performance standards would be based on placement and retention measures possibly developed at the federal level.

- (4) The JOBS program would verify the eligibility of JOBS participants for this program and provide them with a "voucher" indicating eligibility and with information about chartered programs. Chartered placement agencies would be allowed to serve any applicant with a voucher. Programs would have the incentive to recruit and accept participants because they would only get paid for serving people.
- (5) A critical piece of this model is that JOBS programs will be required to give all participants information about chartered placement firms in their area. The information provided would include success at placement, retention, and other information required by the state. [This is similar in concept to the role of the health alliance.]

This type of arrangement gives customers (JOBS participants) choice -- by providing them with information about and the ability to enroll in a range of different programs aimed at finding them work as quickly as possible. It is efficient for government because it is pays only for performance. And it guarantees that at least some organizations in each state will be allowed to focus exclusively on placement outside the public JOBS structure.

→ 7/8 WORK: Req. somebody in p/t work to take full time work if avail.
C. care stds (20+ states)
Integration

- DAMOS -
WAL SPECS -
WORK

May 5, 1994

DRAFT SPECIFICATIONS: ENCOURAGING PLACEMENT DURING THE JOBS PROGRAM

One of the explicit goals of welfare reform is to transform the welfare system (and the JOBS program) into one which focuses from the very first day on helping people to get and hold jobs. To achieve this, it would be helpful to make even some relatively minor changes to the JOBS program that specifically encourage placement-focused activities.

One way to do this is to provide an enhanced federal match for activities that specifically focus on helping JOBS participants find and keep work. Performance standards that eventually affect match rates will be important, but seem to be down the road a bit.

Our proposal is to offer up to 25 percent of JOBS money to the states at an enhanced federal match of 90-100 percent (here called "JOBS-Placement" funds) to fund any of the following activities:

- Placement Bonuses
- Chartering Placement Firms
- Special Placement Initiatives

States would be able to submit as part of their JOBS plan the types of activities they plan to engage in to claim the JOBS-Placement funds. The following provides an outline of how this might work.

PLACEMENT BONUSES

States would be given the option to use JOBS-Placement funds as placement bonuses to reward offices and caseworkers who are particularly good at placing JOBS participants in private sector jobs. One outline for a bonus plan might be:

- 1) The State would receive a \$500 bonus for placing any JOBS participant in a job and getting them off welfare completely. The bonus would be payable in installments: \$250 after three months; \$500 after six months.

Part or all of the bonus could be repayable to the Placement Fund if the participant returns to welfare within the following six months.

- 2) The state would have a great deal of flexibility in determining how the bonus should be paid and used. We would:
 - permit states to pay a percentage directly to the case manager
 - permit states to invest money in a fund that goes to pay for staff development, office improvements, anything to enhance the functioning of the local JOBS office
 - permit states to use the money to support their general JOBS program.
- 3) Bonuses should be structured to reward job retention
 - Example: \$250 when the participant has been in the job three months; the remaining \$250 after six months.
- 4) Option: Structure bonus to reward more difficult placements.
 - Example: Could reward states \$250 for placements generally, but \$1000 for someone with no work experience or some other criteria. [Could allow states to suggest criteria for enhanced bonuses.]
- 5) Issue: How to avoid paying for natural dynamics -- i.e., why pay bonuses when someone leaves for a job who would have left on her own?
 - One way to limit the extent of the problem is to pay only for placements after six months. That avoids paying bonuses in the time when the most people leave on their own.

Is there a risk that states might encourage those about to leave to stay until the six month mark? Possible, but unlikely. If someone wants to leave welfare, it's doubtful the state will be able to convince them to stay just a few extra weeks so the state can get a bonus.

CHARTERING PLACEMENT FIRMS

A second option we would offer is that states would receive enhanced JOBS-Placement funds for chartering private for-profit and not-for-profit organizations to work with JOBS clients to place them in private sector jobs. Many successful welfare-to-work programs are operated by not-for-profits, but they sometimes have difficulty getting funding from Social Service agencies to expand.

A chartering arrangement would work as follows:

- (1) The state would offer to "charter" private not-for-profit and for-profit organizations to work with JOBS clients to place them in private sector jobs. This is similar to offering contracts through an RFP, except that a charter is a license to serve clients that puts the burden on the organization to recruit its clients. Further, chartering arrangements would be pay-for-performance not pay-for-service. Service contracts generally guarantee referrals to the contractor and guarantee some level of payment regardless of performance.
- (2) Charters would be granted by the JOBS program to entities that meet eligibility criteria (Federal minimums plus state and local factors.) Charters could be awarded competitively, to any organizations meeting certain standards, or in some other manner possibly determined at the local level.
- (3) Chartered organizations would be paid a fee for finding work for an eligible JOBS participant. Charters can specify services that the organization will deliver: work prep (if any), placement services, follow-up, linkages to other agencies (child care, transportation, etc.). Charters permit the organization to serve eligible WORK participants and specify performance standards on which they will be paid. These performance standards would be based on placement and retention measures possibly developed at the federal level.
- (4) The JOBS program would verify the eligibility of JOBS participants for this program and provide them with a "voucher" indicating eligibility and with information about chartered programs. Chartered placement agencies would be allowed to serve any applicant with a voucher. Programs would have the incentive to recruit and accept participants because they would only get paid for serving people.
- (5) A critical piece of this model is that JOBS programs will be required to give all participants information about chartered placement firms in their area. The information provided would include success at placement, retention, and other information required by the state.

This type of arrangement gives customers (JOBS participants) choice -- by providing them with information about and the ability to enroll in a range of different programs aimed at finding them work as quickly as possible. It is efficient for government because it pays only for performance. And it guarantees that at least some organizations in each state will be allowed to focus exclusively on placement outside the public JOBS structure.

OTHER SPECIAL PLACEMENT INITIATIVES

Chartering and placement bonuses are two explicit options that we would envision outlining in the statute. However, in addition to these federally-offered options, we also envision allowing states to propose programs, projects and initiatives of their own design that would qualify for the JOBS-Placement enhanced match, subject to federal approval. These might be contracts with placement firms or other bonus-type setups, as long as they are placement-oriented.

States would be eligible to apply for the money, up to a per-state or per-project limit, as in the CSE revolving loan fund. Projects could run for more than one year. Funds would also cover an evaluation of the project if appropriate. This would not be the equivalent of a revolving loan fund, however, because the state would not be expected to pay the money back. We would, though, like to consider a creative way to reward projects that demonstrate particularly high levels of caseload reduction - perhaps through additional eligibility for the JOBS-Placement money in future years.

WR-SPECS
(WORK)

May 3, 1994

**DRAFT SPECIFICATIONS: STATE OPTION TO DEVELOP WORK-FOR-WAGES
OUTSIDE THE AFDC SYSTEM**Rationale

While the general framework for state implementation of the WORK program will be established within the AFDC program, there is also interest in giving states the flexibility to experiment with alternative program structures. Specifically, states will be given the option to establish WORK as an independent program outside the welfare system -- as an employment program rather than a work-for-welfare program. Under this option, individuals who reach the time limit for transitional assistance would no longer be entitled to cash income, but to enroll in a program providing them with the opportunity to work to earn money to support their families.

This WORK-outside-welfare option is provided to test its potential to benefit both the participants and the state. Participants will no longer be part of the welfare system and subject to the hassles and problems they associate with it. The creation of WORK as an entirely separate program will send a clear signal that welfare has truly ended and that the expectations have truly changed. States will benefit because of the freedom and flexibility this option provides to try simple, creative approaches to providing and supporting work, without excessive federal regulation.

This state option is also valuable to the federal welfare reform effort and to those states that do not take the option because it will promote experimentation and allow the program to develop and flourish in different ways throughout the country. Eventually, experience will show what approaches are most successful in helping families to support themselves and to move on to fully unsubsidized private sector jobs.

Process

States will be expected to submit a plan for approval by the Secretaries of HHS and Labor, detailing how the WORK program is to be run. The plan must indicate either how the state intends to meet the requirements of Part [G? -- the WORK program] or provide a plan for implementing a WORK program outside AFDC that meets the requirements listed below.

ISSUE: How should the welfare reform bill attempt to encourage states to try alternative WORK models?

1. **Pure state option** -- allow states to pursue an alternative WORK model without providing financial or other incentives. States would be able to submit a plan for all or part of the state as part of the State plan process.
2. **Demonstration** -- we could allocate funds to a limited number of states (5-8) to try alternative WORK models as demonstrations.
3. **State option with incentive match** -- we could offer a higher match for WORK to states that choose to develop WORK outside welfare.
4. **Relief in other areas** -- in addition to or instead of incentive funding, we could provide states with certain kinds of waivers either automatically or at least more easily for choosing this model. For instance, flexibility on earnings disregards, relaxed UP requirements or assets rules might be made more easily available for states willing to experiment with WORK.

Requirements Outside Standard WORK Rules

States have complete flexibility in designing a WORK program under this [Subsection?], so long as the program meets the following requirements and is approved by the Secretaries.

- 1) **Eligibility/Application** All individuals who exhaust their transitional assistance must be eligible to apply to the WORK program either after their initial spell on welfare or if they leave JOBS or WORK and subsequently re-apply for assistance and have no time left. States may not deny admission into WORK for any reasons other than those discussed under item Sanctions.
- 2) **Relationship to AFDC** States must close AFDC cases when recipients reach the time limit. WORK programs under this [subsection?] may only pay participants for performance of some activity.
- 3) **Income** States may develop a system of compensation that mixes wages and WORK stipends. States must develop a system that ensures that WORK participants who comply fully with

the program's rules are receiving income at least equal to what they would receive were they on AFDC [plus the WORK disregard].

States shall have flexibility on this criteria in the interest of administrative simplicity (i.e., the income need not match to the penny for every case), but the income from full compliance in WORK must exceed income on AFDC for a similarly situated family.

4) WORK Stipends

Under this option, states will be allowed to pay participants WORK stipends when they are not in a WORK assignment as compensation for a range of activities to be designated by the state, including job search, job clubs, and interim community service assignments.

States will have flexibility in designing the stipend system. The only requirement is that this be a pay-for-activity system. There will be no underlying entitlement to a cash income.

5) Wage Supplements

As part of a WORK-outside-welfare program, states would be allowed to develop a system of wage supplementation in place of the present AFDC system. WORK stipends could be provided to part-time workers either in unsubsidized jobs or in the WORK program.

States would be encouraged to develop an extraordinarily simple system of supplements. For instance, states might match up to 25% of wages up to a certain level, after which the supplement would phase out. States could incorporate such a match into a state EITC or develop other creative mechanisms for getting the money out.

For WORK participants, eligibility for the supplement would be contingent on satisfactory participation in WORK, i.e., people suspended from WORK, or not receiving wages would not receive supplements.

Requirements/Structure Carried Over from General WORK Rules

1) Administrative Structure and Funding

In its plan, the state will:

- designate any agency/office to run the WORK program (complete flexibility)
- designate bodies at the local level with private, public, non-profit membership to oversee the program (as in regular WORK program)

Funding will be provided in similar fashion to the regular WORK program. There will be two streams of money: a capped entitlement for overhead, and uncapped entitlement covering wages and stipends. As in the regular WORK program, part of state's IV-A funds will be re-channeled. The difference in this option will be that states will be permitted to re-channel all IV-A funds for its post-transitional clients, as there would be no residual AFDC grant.

2) Minimum Number of WORK Assignments

As in the regular WORK program, states will be required to create a minimum number of WORK assignments, calculated the same way.

3) Eligible WORK assignments

The same rules regarding flexibility in creating WORK assignments will apply in this option.

4) Suspension/Penalties/Due Process

As part of their WORK plan, states will be required to outline a plan for handling situations in which participants either quit or are fired from their WORK positions. As with the general WORK framework, this plan must include graduated sanctions such as suspension from the program for an increasing period of time. However, this process should be structured to reflect that the state is not seeking to "take away" something to which the participant is entitled, but rather to deny eligibility or suspend them from a program to which they were eligible to apply.

The State plan will have to include a hearing process through which participants will be afforded the opportunity to contest decisions to suspend them from the program. This process

will provide that the participant be allowed to continue earning WORK funds until their case has been heard and a final resolution reached.

5) Time Limit on the WORK Program

As with the regular WORK program, states would be able to limit the length of time a participant spends in any one WORK assignment.

States would be required to develop a process for assessing participants after every two assignments, with the option of returning them to the JOBS program, reauthorizing continued participation in WORK, or suspending the participant for failure to comply with the rules of the program. Detailed criteria for these assessments will be required as part of the state plan.

Work Support Agency (Option)

One option for states in establishing the WORK program independently is to establish the program as a "Work Support Program" designed to provide support for low-income working families. Through the Work Support Office, working families would be able to get assistance in applying for and receiving food stamps, EITC, child support, child care, and any other programs designed to helping the low-income working poor. One function of the Work Support Office would be the creation and administration of work opportunities for those who are enrolled in the WORK program.

Case management services would be partially paid for through the JOBS program, which will now fund after-care services for individuals going on to unsubsidized work for up to one year. Other administrative expenses for the Work Support Office would be eligible for reimbursement through the capped WORK entitlement.

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

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.

Beige - WR - SPECS
(WORK)
What do you
think?
- Jeremy

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

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.

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.

JOBS, TIME LIMITS AND WORK

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JOBS AND TIME LIMITS

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) 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), if they had not previously signed the Agreement, would be required to sign the Agreement as part of the redetermination process. The Personal Responsibility Agreement for persons in the not-phased-in group would make no reference to the time limit.
- (b) The Personal Responsibility Agreement would 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 came 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 would 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. Provide the recipient with 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. PRB-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 licensed physician, 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. The Secretary would be required to respond to such requests in a timely manner (time frame to be established by regulation).

- (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 supportive services, including 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.

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 at no cost 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.
- (e) States may also require individuals in JOBS to participate in substance abuse treatment (in conjunction with another JOBS activity or activities) as part of the employability plan.

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. 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.
- (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 20.
- (b) All custodial parents under 20 who had not completed high school or the equivalent would be required to participate in the JOBS program, with education as the presumed activity. 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 not completed high school or the equivalent and 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.
- (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.
- (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.

Regulatory Specifications

- (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.

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.

ISSUE: Should a recipient whose AFDC grant is below a certain level (e.g., \$100 per month) be exempt from the requirement to participate in the WORK program (see WORK specifications below)? Should the minimum work standard be defined in terms of hours of work per week or the size of the AFDC grant or a combination of the two?

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) The JOBS program targeting requirements would be eliminated.
- (b) 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

- (c) 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)
- (d) 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.

- (e) 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

- (f) 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.
- (g) States would be given substantial flexibility regarding JOBS services for persons not in the Federally-defined phased-in group (custodial parents born after 1971), as discussed below:
- i. A State would be required to serve volunteers from the not-phased-in group to the extent that Federal JOBS funding was available (i.e., the State had not drawn down its full JOBS allotment). States would have the option of subjecting such JOBS volunteers to the time limit.
 - ii. States could also *require* persons in the not-phased-in group to participate in JOBS, but could not apply the time limit to such JOBS-mandatory persons (as opposed to volunteers above). In other words, a State that defined the phased-in group as 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.

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 the higher of 60 percent or FMAP 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 JOBS capped entitlement (Federal) would be set at ___ billion for FY 1996, ___ billion for FY 1997 and ___ billion for each of the fiscal years 1998, 1999 and 2000. [This capped entitlement includes funding to cover the cost of JOBS services to participants from both the phased-in and not-phased-in groups, an additional amount for services for noncustodial parents and funding to address the cost of providing case management to teen parents. The level of the JOBS capped entitlement for the fiscal years after 2000 would be set by adjusting for caseload growth and inflation.]
- (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 (program cost) 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) If the rate of total unemployment in a State for a fiscal year equaled or exceeded the (total unemployment rate) trigger for extended unemployment compensation (currently 6.5 percent), and the State's total unemployment rate for that fiscal year equaled or exceeded 110 percent of the rate for either (or both) of the two preceding fiscal years, the State match rate for JOBS, WORK and At-Risk Child Care for that fiscal year would be reduced by ten percent (not by ten percentage points; e.g., 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 encouraged 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, 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).

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. The Secretary would be required to make a timely response to such requests (see PRE-JOBS above).
- (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).

ADMINISTRATION OF JOBS/WORK

Current law

By statute JOBS must be administered by the IV-A agency. State IV-A agencies may delegate to or contract (either through financial or non-financial agreements) with other entities such as JTPA to provide a broad range of JOBS services. The IV-A agency must retain overall responsibility for the program (including program design, policy-making, establishing program participation requirements) and any actions that involve individuals (including determination of exemption status, determination of good cause, application of sanctions, and fair hearings).

HHS/ACF makes grants to the IV-A agency based on the allocation formula outlined in the statute and holds the IV-A agency accountable for meeting participation and target group expenditure requirements as well as submitting all necessary program and financial reports.

Vision

JOBS and WORK would be administered by the IV-A agency unless the Governor designates another entity to administer the programs. If the Governor designates an agency other than the IV-A agency to administer JOBS/WORK, then any plan or other document submitted to HHS to operate the programs would be jointly submitted by the administering entity and the IV-A agency.

Based on the Governor's designation, HHS/ACF would make grants to the administering entity and hold that entity responsible for submitting program and financial reports and meeting appropriate performance standards.

In a State that elects to operate one-stop career centers, JOBS/WORK would be required components of the one-stop career centers.

Legislative Specifications

18. OVERALL ADMINISTRATION

- (a) JOBS and WORK must be administered by the same State entity.
- (b) The Governor may designate the agency to administer JOBS/WORK. In the absence of the designation of another agency, the IV-A agency would administer JOBS/WORK.
- (c) The Governor would determine whether the State has a State-wide one-stop career center system. If the Governor determined that the State had such a system, the one-stop career center would administer JOBS/WORK. Such a determination would be made at least every two years.

- (d) If the Governor designated an entity other than the IV-A agency, then that agency and the IV-A agency would have to enter into a written agreement outlining their respective roles in carrying out JOBS/WORK.
- (e) If the IV-A agency retained administration of JOBS, it would have the option of contracting with another entity to carry out any and all functions related to JOBS/WORK. All contracts and agreements with such entities would be written.
- (f) If the Governor designated an entity other than the IV-A agency, then that agency and the IV-A agency would be required to jointly submit any plan required to operate JOBS/WORK to the Secretary of HHS.
- (g) Upon notification by the Governor of the designation of an entity other than the IV-A agency to administer JOBS/WORK, the Department of Health and Human Services would make all grant awards and hold accountable for all financial and reporting requirements the designated entity.

19. SPECIFIC RESPONSIBILITIES OF THE IV-A AGENCY

- (a) No matter what entity has responsibility for JOBS/WORK, the IV-A agency must retain responsibility for:
 - (1) Determining eligibility for AFDC;
 - (2) Tracking and notifying families subject to the time limit of months left of eligibility;
 - (3) Applying sanctions;
 - (4) Making supplemental payments to eligible WORK participants and determining continuing eligibility for WORK and for AFDC payments;
 - (5) Notifying the JOBS/WORK agency at least 120 days before an individual's two-year time limit was up so that appropriate steps (e.g., job search) could be taken; and
 - (6) Holding fair hearings regarding time limits and cash benefits.

20. OTHER AREAS OF RESPONSIBILITY

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

- (1) Determining pre-JOBS status;
- (2) Granting extensions to the time limits; and
- (3) Providing secondary reviews and hearings on issues specifically related to JOBS or WORK participation.

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.

The WORK program would take the form of a work-for-wages structure. Participants in WORK assignments would be paid for hours worked; individuals who missed work would not be paid for those hours.

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

21. ESTABLISHMENT OF A WORK PROGRAM

Legislative Specifications

- (a) Each State would be required to operate a WORK program making 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.

- Teachers Aide

22. 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 sum of the average monthly number of persons required to participate in JOBS (and subject to the time limit) and the average monthly number of persons in the WORK program 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, placement bonuses to 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 performance-based 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 entitlement would be set at ___ million for FY 1998, ___ billion for FY 1999, ___ billion for FY 2000, ___ billion for FY 2001 and ___ billion for FY 2002. [The capped entitlement would cover the operational cost of providing WORK assignments to all persons who had reached the two-year time limit and an additional amount for work opportunities for noncustodial parents. The level of the capped entitlement for the fiscal years after 2000 would be set by adjusting for caseload growth and inflation.]

- (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) As discussed in JOBS FUNDING above, if the rate of total unemployment in a State for a fiscal year equaled or exceeded the (total unemployment rate) trigger for an extended benefit period (currently 6.5 percent), and the State's total unemployment rate for that fiscal year equaled or exceeded 110 percent of the rate for either (or both) of the two preceding fiscal years, the State match rate for JOBS, WORK and At-Risk Child Care for that fiscal year would be reduced by ten percent.

23. 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 participants in unsubsidized jobs;
 - Create positions in public sector agencies (which might include employing adult welfare recipients as mentors for teen parents on assistance);
 - Employ WORK participants as child care workers or home health aides; and
 - 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.

*Teacher aides
Community Policing Trainers*

24. 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).

25. COORDINATION

Legislative Specifications

- (a) The agency administering the WORK program would be required to coordinate delivery of WORK services with the public, private and 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 breadth of the community in the development of the WORK program in that locality.
- (b) The State would be required to designate in the State plan, or describe a process for designating, bodies to serve as WORK advisory boards for each JTPA Service Delivery Area in the State (or for such larger or smaller area as the State deems appropriate). The WORK advisory board, which could be either an existing or a new body, would provide guidance to the entity administering the WORK program in that area.

The board would work in conjunction with the WORK program agency to identify potential WORK assignments and opportunities for movement into unsubsidized employment, and to develop methods to ensure compliance with the requirements relating to nondisplacement and working conditions. WORK advisory boards would have to include union and private, public (including local government) and not-for-profit (including CBOs) sector representation.

- (c) States would have to establish a process by which local WORK advisory boards could submit comments regarding the development of the State plan.
- (d) 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.

26. RETENTION REQUIREMENTS**Legislative Specifications**

- (a) States would be required to keep a record of the rate at which employers (public, private and not-for-profit) retained WORK program participants (after the subsidies ended). Similarly, States would be mandated to monitor the performance of placement firms.

27. NONDISPLACEMENT

- (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, 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 90 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

- (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 AND CONCURRENCE OF LABOR ORGANIZATIONS**

- (a) Where a labor organization represents a substantial number of employees who are engaged in similar work in the same area as that proposed to be funded under this part, an opportunity would be provided for such organization to submit comments with respect to such proposal.
- (b) No assignment of participants to positions with an employer would be made unless any local labor organization representing employees of such employer who are engaged in the same or substantially similar work as that proposed to be carried out by such participants either --
 - (1) concurs in writing to such assignment, or
 - (2) fails to respond to written notification requesting its concurrence within 30 days of receipt thereof.

NO

30. NUMBER OF WORK ASSIGNMENTSLegislative 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 80 percent of the average monthly number of persons in the WORK program, whichever is lower. WORK assignments would be defined as subsidized positions in the public, private and not-for-profit sectors.

31. WORK ELIGIBILITY CRITERIA AND APPLICATION PROCESSLegislative 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.
- (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.

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.

32. 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.

33. 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.

34. 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 but not required to apply these policies to WORK wages.

35. 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 workers' compensation law were applicable, workers' compensation in accordance with such law would be available with respect to WORK participants. To the extent that such law were not applicable, WORK participants would be provided 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).

36. SUPPORTIVE SERVICES/WORKER SUPPORTLegislative 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.

37. WAGES AND WORKING CONDITIONSLegislative Specifications

- (a) Participants employed under the WORK program would 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 of the same employer performing the same type of work and having similar employment tenure with such employer.
- (b) Except as otherwise provided in these specifications, participants employed under the WORK program would be provided benefits, working conditions and rights at the same level and to the same extent as other employees of the same employer performing the same type of work and having similar employment tenure with such employer.
- (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, would 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).
- (f) Health and safety standards established under State and Federal law that are otherwise applicable to the working conditions of employees would be equally applicable to the working conditions of WORK participants.

38. 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 would 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 would include the reasons provided in 45 CFR 250.35 for refusal to participate in a required JOBS activity or to accept employment.
 - ii. **Quitting a WORK Assignment or Unsubsidized Job.** These regulations would include the provision that an employee must notify the WORK agency upon quitting a WORK assignment.
 - iii. **Dismissal from a WORK Assignment.** The regulations would allow a State, subject to the approval of the Secretary, to apply in such instances the definition of

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

- (h) A WORK participant would be notified of the agency's intent to impose a penalty and would have a right to request a hearing prior to the imposition of the penalty. The Secretary would establish regulations for the conduct of such hearings, which would include setting time frames for reaching decisions (e.g., 30 days from date of request for hearing). A State would 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 would 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.
 - ii. **Quitting, Dismissal from or Refusal to Accept a WORK Assignment without Good Cause.** A person who quit a WORK assignment without good cause, who was fired from a WORK assignment for misconduct related to the job, or who refused to take an assignment without good cause would 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 a WORK assignment during the penalty period (e.g., six months for refusal to take an unsubsidized job, three months for a second occurrence of another type of misconduct).
- (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.

39. 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 and the requirement was consistent with regulations to be promulgated by the Secretary. 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.

40. 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 a WORK assignment). 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.

41. 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

- (a) A State could spend up to 10 percent of its JOBS funding and WORK funding (allotment from the capped entitlement) for training, work readiness, and work opportunities for non-custodial parents. The State would have 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.
 - 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.
- (c) The state must allow a non-custodial parent to complete the program activity or activities in which he is currently enrolled 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.
- (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.
 - iii. Participation in program activities can be credited against AFDC child support arrears owed the State.
 - iv. State-wideness requirements will not apply.

42. 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 teenoge 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.

ADMINISTRATION OF JOBS/WORK

Current law

By statute JOBS must be administered by the IV-A agency. State IV-A agencies may delegate to or contract (either through financial or non-financial agreements) with other entities such as JTPA to provide a broad range of JOBS services. The IV-A agency must retain overall responsibility for the program (including program design, policy-making, establishing program participation requirements) and any actions that involve individuals (including determination of exemption status, determination of good cause, application of sanctions, and fair hearings).

HHS/ACF makes grants to the IV-A agency based on the allocation formula outlined in the statute and holds the IV-A agency accountable for meeting participation and target group expenditure requirements as well as submitting all necessary program and financial reports.

Vision

JOBS and WORK would be administered by the IV-A agency unless the Governor designates another entity to administer the programs. If the Governor designates an agency other than the IV-A agency to administer JOBS/WORK, then any plan or other document submitted to HHS to operate the programs would be jointly submitted by the administering entity and the IV-A agency.

Based on the Governor's designation, HHS/ACF would make grants to the administering entity and hold that entity responsible for submitting program and financial reports and meeting appropriate performance standards.

In a State that elects to operate one-stop career centers, JOBS/WORK would be required components of the one-stop career centers.

E.O. - waiver board

Legislative Specifications

1. Overall administration

- (a) JOBS and WORK must be administered by the same State entity.
- (b) Unless the Governor designates otherwise, the IV-A agency shall administer JOBS/WORK.
- (c) If the Governor designates an entity other than the IV-A agency, then that agency and the IV-A agency must enter into a written agreement outlining their respective roles in

carrying out JOBS/WORK.

- (d) If the IV-A agency retains administration of JOBS, it shall have the option of contracting with another entity to carry out any and all functions related to JOBS/WORK. The contract or agreement must be in writing.
- (e) If the Governor designates an entity other than the IV-A agency, then that agency and the IV-A agency must jointly submit any plan required to operate JOBS/WORK to the Secretary of HHS.
- (f) Upon notification by the Governor of the designation of an entity other than the IV-A agency to administer JOBS/WORK, the Department of Health and Human Services shall make all grant awards and hold accountable for all financial and reporting requirements the designated entity.

2. Specific responsibilities of the IV-A agency

No matter what entity has responsibility for JOBS/WORK, the IV-A agency must retain responsibility for:

- (a) Determining eligibility for AFDC
- (b) Tracking and notifying families of months left of eligibility in a time-limited system.
- (c) Applying sanctions
- (d) Making supplemental payments to eligible WORK participants and determining continuing eligibility for AFDC payments
- (e) Notifying the JOBS/WORK agency at least 120 days before an individual's 2-year time limit was up so that appropriate steps for job search, etc. could be implemented
- (f) Holding fair hearings re time limits and cash benefits

3. Other areas of responsibility

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

- (a) Determining JOBS Prep status
- (b) Granting extensions to the time limits

- (c) Providing secondary reviews and hearings on issues specifically related to JOBS or WORK participation

(NOTE: This proposal continues the policy of flexibility and reflects the fact that there are valid reasons for having either the IV-A agency or the administering agency perform any or all of the above functions. Therefore, giving States flexibility in the operation of their programs seems like the best approach.)

WR - WORK
SPECS

Key Questions for the WORK specs:

What actually happens to a person's AFDC the day after the time limit?

- A. The AFDC grant automatically ends. Any further payments from the state are now made under the auspices of the WORK program -- either as wages from an employer or as a WORK stipend for job search or another WORK program activity. Any payment in addition to wages is not an AFDC payment but is instead a WORK supplement.
- B. AFDC continues until the WORK participant starts receiving paychecks. Normal AFDC rules regarding income calculation apply, and adjustments to the AFDC check occur after a normal monthly review. Participants continue to receive AFDC as a supplement to their WORK wages in most states.

What happens if the participant's WORK position ends and s/he has not found a private sector job?

- A. The WORK program must offer the participant the opportunity to take part in paid job search or some other activity for which they will receive a WORK stipend. Participants would be paid only for satisfactory participation. Failure to participate satisfactorily would mean no WORK payment.
- B. The participant's AFDC check goes back up to its normal level while on the waiting list. Participants could be sanctioned for failure to participate. A percentage of their grant could be taken away after proper notice and the opportunity for a hearing. Pending the outcome of the hearing, the participant would continue to receive the AFDC check.

What happens if a participant is fired, but claims it is without cause?

- A. The WORK program must offer the participant either another WORK position or the opportunity to take part in paid job search or some other activity for which they will receive a WORK stipend. This would continue until a determination is made on whether the firing was for cause. If the participant chooses not to accept the offer pending the hearing, they would not get paid.
- B. The participant's AFDC check would go up to its pre-time limit level until the determination of cause is made. There would be no penalty for non-participation.

- ① Braunslein - stay on PR contracts
- ② Review M-Farm ideas
- ③ Have CUR talk to Donna re No gambling tax
loan

CENTER FOR LAW AND SOCIAL POLICY

WR SPECS -
WORK

MEMORANDUM

To: Mary Jo Bane, David Ellwood, Bruce Reed
From: Mark Greenberg
Date: April 17, 1994
Re: WORK

For some time, I have been struggling with the difficult issues presented in trying to fill in the details of the work-for-wages structure. As I have explored alternative approaches, it has become clear to me that many of the problems currently faced in designing the structure do not flow from the work-for-wages decision, but rather from the decision to have AFDC eligibility end at the two year point. An alternative approach would retain the work-for-wages design of the WORK Program, but have WORK participation become an AFDC requirement at the two year point. As this memo discusses, taking that approach would address or make less serious many of the design problems currently raised by the WORK Program.

This memo summarizes the proposal, explains its advantages, and discusses why it would be fully consistent with the President's campaign pledge.

Proposal: Require WORK at the Two Year Point for AFDC Recipients

In this proposal, an individual who reached the two year point of AFDC receipt (however you define the two year point) would continue to receive AFDC, but would become subject to WORK requirements.

States would be required to generate some number of WORK slots for those who reach the two year point, and states would still have discretion to determine the number of hours of a WORK slot. An individual required to take a WORK slot would be paid work-for-wages in the slot. The wages would be treated as income for AFDC purposes. You could choose (or perhaps let states choose) the extent of earnings disregard to apply. But, for example, suppose Ms. Smith were paid \$370 for a 20 hour a week job, and \$120 were disregarded for AFDC purposes. She would then have \$250 in countable income to be set off against the AFDC grant. In some states, she would still be eligible for a residual AFDC grant; in others, she would be treated as analogous to a work supplementation participant, where because the subsidized job places her above income eligibility guidelines, she is still deemed an AFDC recipient for child care and Medicaid purposes.

In this approach, you might consider saying that WORK requirements could be met by WORK participation, or by unsubsidized employment of some minimum number of hours per week. You might also consider allowing states to use alternative work experience programs for a limited number of slots. (Alternative work experience slots could be used

as a transition to WORK slots by those with limited or no work experience, or could be used as the placement for individuals who had been in WORK for some time and had not engaged in sanctionable conduct but were not able to meet employer expectations in a work-for-wages job).

In this approach, an individual who missed work without good cause would still have the WORK earnings she was eligible for budgeted as income for AFDC purposes. However, an individual who was fired from a job and did not have good cause would be subject to an AFDC sanction, which could be the same as a JOBS sanction, or perhaps more stringent (though I would argue strongly against a full-family sanction).

How the Proposal Helps

This approach would help address five basic problems currently faced in designing the WORK program:

The "Hold Harmless" Problem: States will often select a number of hours for a WORK Program assignment that results in wages below the family's prior AFDC grant. This forces you to choose between families being worse off in the WORK Program, or designing some form of hold harmless supplement requirement. But the hold harmless supplement may be complicated to design and administer, and would force the WORK Program to attend to virtually all the same means-tested accounting issues as AFDC; moreover, some states may oppose the very idea of a hold harmless supplement. In addition, you are forced to "justify" why a hold-harmless supplement is provided to families who are not eligible for welfare, and are subject to the charge that you are injecting welfare principles into the WORK Program.

If WORK earnings are treated as income for AFDC purposes, then there is no need for a new administrative structure, and no difficulty in administering the hold harmless principle. Moreover, the issue will be squarely framed to states: the more hours of a WORK assignment, the less will need to be paid in AFDC.

The Waiting List Problem: At this stage of planning, it is impossible to know how many people will reach the two year point and be awaiting a WORK slot. The number may or may not be substantial -- it could be significantly larger than the number in WORK slots. If people are awaiting WORK slots, there is a need for a structure to provide assistance while awaiting. In addition, I assume there will be some sort of requirements imposed on people on the waiting list. If those on the waiting list will be eligible for the same level of assistance as AFDC, there is a need for a means-tested assistance payments structure, and little rationale for creating a new duplicative one. Moreover, there is little rationale for having the WORK Program determine whether an individual is meeting waiting list participation requirements which may be similar or identical to AFDC requirements. In short, it makes more sense for those on the waiting list to be in the AFDC system.

The Child Care/Health Care Problem: At present, there is recognition of the need to

provide child care and health care for WORK participants. However, there is a perceived equity issue in that this group of workers would get "guaranteed" child care and health care when other poor workers do not. Under the proposed structure, since AFDC eligibility continues for WORK participants, the question of whether AFDC-related child care or health care continue should not arise as a disputed issue.

The Sanction/Penalty Problem: There are ongoing disputes about the nature of the sanction/penalty for those not complying with WORK requirements. I appreciate that one issue is whether or not full-family sanctions are desirable. But among those who do not consider them desirable, there seems to be the intellectual difficulty posed by the question of how any level of aid can be justified for families no longer eligible for AFDC and not complying with WORK requirements. If WORK were an AFDC requirement, this problem would not arise -- instead, it would seem logical that those violating requirements are subject to the same sanction structure as others who violate program requirements. The sanction would be analogous to that imposed on an individual who, for example, quits a work supplementation slot without good cause.

The Part-Time Unsubsidized Worker Problem: The controversy over how to treat individuals working, e.g., for 25 hours a week arises because they reach the point of AFDC ineligibility. The issue is of tremendous concern because if such workers no longer qualify for AFDC, then one effect of welfare reform will be to increase poverty for one group of working poor families. If WORK became an AFDC requirement at the two year point, the same issue would not arise, because it would seem logical to treat unsubsidized employment as satisfying the WORK requirement.

Objections and Other Issues

I understand this approach will be viewed by some as having one major limitation: it does not end AFDC at the two year point. But the President never promised to end AFDC at the two year point; he promised to require work at the two year point. This approach would surely implement that pledge, in a way that is faithful to the work-for-wages principle, administratively simpler, and without risking opening the door to some of the most extreme and potentially destructive proposals that are invited by the end-AFDC, work-for-wages model.

Note that this is not vulnerable to political attack from House or Senate Republicans for failing to end AFDC, since both their approaches simply require work-for-welfare at the two year point. Moreover, reducing the AFDC grant by the parent's share is a sanction approach quite similar to that taken in the Senate Brown bill.

I hope this is helpful to you. Please let me know if I can follow up in any way.

WR JES
(JOBS/WORK)

Revised specifications incorporating JOBS and Time-limit provisions and a separate WORK document were discussed.

JOBS AND TIME-LIMITS

1. **Program Enrollment (social contract):** An alternative name for the *Social Contract* will be developed. One possibility is the term *Personal Responsibility Agreement* ~~Contract~~ *Contract*
2. **Deferrals Under JOBS (case review):** Language requiring that States must review all deferrals after a specified period of time will be added to the specifications. An option available is to tie this in with the 3-month accounting period, or the 1-year face-to-face recertification requirement. Both of these provisions are included in the REINVENTING GOVERNMENT ASSISTANCE section.
3. **Deferrals Under JOBS (deferral criteria):** There was consensus that States would not be required to defer individuals matching the criteria outlined in the specifications draft. These criteria are intended to be guidelines. Regarding the proposed guideline that participants living more than 2 hours round-trip travel time from the nearest JOBS site be deferred, there was consensus that this provision will be amended to reflect "remoteness" and that this change will be addressed in regulation.
4. **Deferrals Under JOBS (percentage of caseload to be deferred):** There was some discussion regarding what the appropriate percentage of deferrals available to States should be. There was discussion that the number should be set in statute with some mechanism for State flexibility. Staff was asked to undertake background research to aid in formulating an informed answer.
5. **Deferrals Under JOBS (pre-JOBS):** There was discussion regarding the notion of a pre-JOBS component to the JOBS program. There was wide consensus that every adult recipient ought to be engaged in some activity, including deferred recipients (i.e., taking care of a child). The proposed specifications language was amended to have States *expect* deferred participants to be engaged in pre-JOBS activities, but such individuals would not be *required* to engage in such activities. Additionally, there will be no sanctions for non-compliance, and States would be monitored according to this provision.
6. **Deferrals Under JOBS (dependent children):** There was consensus to allow States to defer dependent children 16 and older who are not in high-school from JOBS participation. Under current law, dependent children 16 and older are JOBS mandatory. *why?*
7. **Deferrals Under JOBS (serving volunteers):** There was some discussion regarding the issue of how to ensure that volunteers would receive adequate services. Volunteers would be served on the same basis as mandatory case-load. The act of volunteering is waiving deferral status; the individual who waives deferral status is now subject to the time-limit and is simply part of the JOBS-mandatory pool.
8. **Deferrals Under JOBS (serving volunteers):** There was discussion regarding the issue that deferred volunteers should be allowed to receive JOBS services without being subject to the time-limit, particularly as this pertains to people with disabilities. Under the current proposal, deferred participants who volunteer for JOBS would be subject to the time-limit; JOBS participation automatically sets the 2-year clock running. One point of view is that there ought to be some middle ground between no services at all and a 2-year limit. There was general consensus that a potential solution to this dilemma is to allow some specified sub-group to volunteer in JOBS without a time-limit, at State option. This could be done through

a distinction between those exempt for some reasons (for example, mothers with a child under one versus those deferred for other reasons (such as disabilities). More discussion as to who would be eligible for non-time-limited JOBS is needed. Another option discussed is that extension policy could encompass those who volunteer.

9. **Deferrals Under JOBS (child care for self-initiated activities):** There was consensus that States (at State option) could provide child care for volunteers who pursue self-initiated activities.
10. **Teen Parents:** Specifications language was amended to read: *Teen parents who would have otherwise reached the time-limit will receive an automatic extension to age 18 (19 if enrolled in high school or pursuing a GED).*
11. **Part-Time Work:** There was consensus that the rules which result from welfare reform should not be restrictive regarding such programs as National Service, and that States ought to be encouraging these activities. Additionally, months in which persons working part-time who volunteer for JOBS would not be counted against the time-limit.

WORK

1. **Administrative Structure:** The discussion of the WORK specifications focused on the three options for the administrative structure of the WORK program. The consensus of the group was to pursue **Option Three**, which would require States to administer both the JOBS and the WORK programs through the IV-A agency but would encourage the IV-A agency to subcontract with the JTPA system for delivery of services.

There was also support for establishing a mechanism for granting waivers from this requirement for States that, for example, had opted for full integration of the JOBS and JTPA systems.

2. **Funding:** With respect to WORK program funding, it was suggested that the counter-cyclical funding provision would have been established by statute rather than regulation.

TO: Legislative Specifications Group
FROM: JOBS/Time Limits/WORK Teams
DATE: February 7, 1994
SUBJECT: Attachments to JOBS and Time Limits and
WORK Specifications

WR-SPECS
(WORK)

Enclosed are three attachments to the JOBS and Time Limits and WORK specifications.

The first is an attachment discussing participation standards, which is a companion piece to both the JOBS and Time Limits and the WORK specifications. The second is an introduction to the WORK specifications, which should be read in advance of the WORK specifications. The third is a concept paper which should serve as a companion piece to the WORK specifications.

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Attachment 1 to JOBS and Time Limits and WORK specifications:
PARTICIPATION REQUIREMENTS AND STANDARDS

Table 1: Summary of Participation Requirements and Standards

| Category | Required to Participate | Participation Standard |
|--|-------------------------|--------------------------------|
| Caretaker Relatives | No | N/A |
| Not Phased-In | Current Law | Current Law |
| PHASED-IN | | |
| Deferred from JOBS or WORK Participation | No | N/A |
| Working Part-Time (at least 20 hours per week) | No | N/A |
| Not Deferred, < 24 Months of JOBS Participation | Yes | 50% |
| Received an Extension to the Time Limit | Yes | 75% |
| Not Deferred, 24 Months of JOBS, < 24 Months of WORK | Yes | 100% (75% in WORK Assignments) |
| Not Deferred, > 24 Months of WORK | Yes | Standard to be Established |

Caretaker Relatives

Needy and non-needy caretaker relatives would not be considered deferred but rather *outside* the pool of persons who *could* be required to participate in the JOBS program. They would not be included in either the numerator or the denominator of any deferral or participation rate calculations.

Not Phased-In

Until the phase-in of the provisions in the welfare reform package is completed, recipients not phased-in would be subject to current law requirements with respect to JOBS participation. Exemption criteria for those not phased-in would be as under current law.

There are, however, in current law no participation standards for the JOBS program for FY 96 and beyond. Separate participation standards would not be established for persons not yet subject to the new rules. Consequently, States would, in effect, not be required, after FY 95, to serve any recipients not phased-in.

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Deferred

States would be required to defer parents of children under one and would be permitted to defer, in addition, up to 20% of all eligible adult recipients (including teen custodial parents). The denominator for this calculation would be the number of adult recipients and teen custodial parents phased-in, including those in the WORK program and those working part-time, less the number of caretaker relatives. The numerator would be the number of persons deferred from JOBS and WORK participation, less the number of parents of children under one (including parents who are deferred for 120 days following the birth of a child after application for assistance)

Working Part-Time

Adult recipients working part-time (at least 20 hours per week) would not be required to participate in JOBS but would not be considered deferral. As discussed above, persons working part-time would be included in the denominator but not the numerator of the deferral calculation, and would not be in either the numerator or the denominator of the JOBS participation rate calculation.

Not Deferred, Less Than 24 months of JOBS Participation

Phased-in adult recipients, which would include teen custodial parents, who had not reached the 24-month limit and were not deferred would be required to participate in JOBS.

States would be expected to meet a JOBS program participation standard of 50% for persons who had not reached the time limit. The numerator for the calculation would be phased-in countable participants in the JOBS program, less those with extensions. The denominator would be phased-in persons required to participate in JOBS, less those with extensions.

NOTE: A participation standard of 50%, as defined by countable participants, translates into a participation standard of between 70 and 80% as defined by total participants. Countable participants basically represents those scheduled for 20 hours per week, while total participants are all those who engaged in any JOBS activity at any point during the month. As part of the welfare reform effort, the twenty-hour rule would be modified by regulation to better measure participation.

Received Extensions to the Time Limit

The number of extensions, as discussed in the JOBS and Time Limits specifications, would be limited to a fixed percentage of adult recipients. The numerator for the calculation would be the average monthly number of persons in extension status. The denominator would be all adult recipients phased-in, including those in the WORK program and those working part-time (i.e., identical to the denominator for the deferral calculation).

States would be expected to meet a 75% JOBS program participation standard for persons in extension status. The numerator would be the number of countable JOBS participants with extensions. The denominator would be the total number of persons with extensions.

Not Deferred, 24 months of JOBS Participation, Less Than 24 Months of WORK Participation

States would be required to place 75% of WORK program participants who had been in the WORK program for fewer than 24 total months into WORK assignments. As discussed in the WORK specifications, all persons subject to the work requirement would be expected to be participating in an approved activity (e.g., self-initiated community service, job search).

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The 75% participation standard would be translated into a minimum average monthly number of WORK assignments a State would be expected to provide. For example, if during the previous fiscal year there was an average (monthly) of 2000 WORK program participants who had been in the program for fewer than 24 months, a State would be expected to provide an average (again, monthly) of 1500 (.75*2000) WORK assignments during the current fiscal year. States would, as discussed in the WORK specifications, be required to give preference for WORK assignments to persons who were new to the WORK program, as opposed to those who had already had at least one WORK assignment.

Not Deferred, More Than 24 Months of JOBS Participation, Less Than 24 Months of WORK Participation

States would be required to provide WORK assignments to persons who had been in the WORK program for over two years. A participation standard with respect to placement in WORK assignments, however, would not be put into place by the Secretary until phase-in was completed and there was a better sense about the number of persons in the WORK program in the steady state.

VISION: WORK PROGRAM (Attachment 2)

Designing a program to provide work opportunities for those reaching the time limit for transitional assistance is a central challenge of welfare reform. The WORK program proposed in the following specifications outlines a framework for such a program that gives states and local actors freedom to use federal dollars creatively to maximize the number of work opportunities.

Before getting to the specifications, we thought it might be helpful to review some of the basic principles that underly the program:

Private Sector Focus

- The central purpose of the WORK program at the local level should be to place participants in private sector jobs. From the outset, WORK must be designed, sold and managed with private sector jobs in mind. Community service will obviously be a significant part of this program, but should be approached not as its central focus, but as a last resort route to private employment.

Flexibility

- WORK dollars should be provided to the state and local level with as few federal strings as possible. Federal oversight should focus on outcomes: how many people are placed in jobs, how many positions are created, etc. -- in a way which recognizes local labor market variation. Federal regulation of how the program is run at the local level should be minimized, though certain standards regarding work rules, etc. will be necessary.
- Pooling the participant's benefit dollars with new funding for the overhead of the WORK program and giving states the ability to use that pool flexibly to pay for placements is critical to the program's design. WORK dollars will be flexibly available to pay for placement services, to subsidize on the job training, or for any other mechanism to place a person in the private sector.

Set Incentives to Favor Earliest Possible Placement

- The financial incentives to states of the welfare system as a whole must favor early placements. Therefore, the cost to the state of having an individual in the JOBS program should be less than in the WORK program, which in turn should be less than an individual on the waiting list.

WORK Positions Are Real Work

- WORK positions should pay wages, be for fixed numbers of hours and provide the same work place rules as other positions with the same employer. WORK participants get paid for the hours they work and they can be fired for non-performance. These principles hold in private sector placements as well as community service. WORK positions are an opportunity not an entitlement.

Maximize the Involvement of Outside Actors in Placement

- Business owners are clear: they don't want the hassle of designing and running this program; they don't want hiring WORK participants to be complex; they simply want to be supplied with employees who meet their needs. Incentives will help, but won't substitute for qualified employees.
- Intermediaries such as non-profit training/placement groups (Project Match, Training Inc., CET, etc.) as well as for-profit placement agencies have an important role to play in placing WORK participants. Dozens of programs around the country have been successful at bridging the needs of the public sector to place people and the private sector to hire people. The WORK program must maximize the use of these players and reward their success. Through expanded funding of such efforts, the number of providers can be expected to grow.
- WORK programs at the local level should work not only with private employers, but, where possible, with community based development organizations pursuing economic development activities that are creating jobs and assisting individuals in self-employment and microenterprise ventures.

Customer Choice/Competition

- The structure of the WORK program should encourage choices for those enrolled and competition among providers. If several entities in a locality (for profit or not-for-profit) want to provide WORK opportunities, they should all be permitted to do so on a pay-for-services basis. We propose considering the concept (introduced in DOL's One Stop Program) of "chartering" providers who would then be able to compete for WORK participants. Successful placements (and retention) would be paid for by the WORK program according to terms agreed to in the charter.
- Public entities (such as a JOBS office or other employment office) would be eligible to be chartered.

Maximize Use of Publically Created Opportunities

- The WORK program must tap into and make full use of such initiatives as National Service, Job Corps, School to Work apprenticeships, and other state and local job creation and service initiatives. WORK funds should be used to leverage other public and private funding to make such linkages attractive. These programs should all be structured to provide a path to permanent private sector employment.
- The WORK program at the local level must establish linkages with the vastly expanded network of child care programs being funded through welfare reform. Child care programs must recruit and train parents from the JOBS and WORK program, and the WORK program must arrange internships and other placement opportunities with child care programs.

CONCEPT PAPER: CHARTERING WORK PROVIDERS (Attachment 3)

We are proposing to include the concept of "chartering" WORK providers at the local level as a central element of the WORK program. The proposal responds to concerns raised at the outreach meetings with the private sector and community based employment programs. It is borrowed from the DOL One Stop Career Center proposal permitting Workforce Investment Boards to charter Career Centers to compete for customers and get paid for services provided.

"Chartering" furthers two elements of our vision of the WORK program: (1) It promotes the concept of customer choice by ensuring that, where possible, WORK providers are competing for WORK participants; and (2) It recognizes the central role of "Intermediary" organizations in placing WORK participants in the private sector.

The following is an outline of how a WORK program incorporating "chartering" could work. Please note: this is a conceptual framework for discussion by the Working Group chairs. Many specific details have not been fleshed. Based on general reaction to the concept, the WORK team will produce further detail after the first 7:30 discussion.

1. **WORK BOARD.** Every locality (to be defined comparably to SDAs under JTPA) would be required to designate a "Board" to oversee the WORK program. This Board would have private, public, non-profit and organized labor representation, and could be the PIC, WTB, or some other existing or new structure.
2. **CHARTERS.** A Charter is an agreement between the locality and the organization to pay a fee for finding work for an eligible WORK participant. Charters can specify services that the organization will deliver: work prep (if any), placement services, follow-up, linkages to other agencies (child care, transportation, etc.). Charters permit the organization to serve eligible WORK participants and specify performance standards on which they will be paid. These performance standards would be based on placement and retention measures possibly developed at the federal level.

[We will be exploring further whether there should be one standard Charter per locality and one standard fee or if they should be negotiated as individual contracts, with varying fees and services.]
3. **CHARTERED ORGANIZATIONS.** Any organization (placement agency, CBO, private employers, or public agency) would be permitted to apply to the Board for a Charter as a WORK program.
4. **AWARDING OF CHARTERS.** Charters would be granted by the Board to entities that meet eligibility criteria (Federal minimums plus state and local factors.) Charters could be awarded competitively, to any organization meeting certain standards, or in some other manner possibly determined at the local level.

5. **CERTIFICATION OF WORK PARTICIPANTS.** The WORK office would determine the eligibility of individuals applying for WORK and provide them with a "certification" of eligibility and with information about chartered programs. WORK participants would approach providers who could serve any "certified" applicant. Participants would have the incentive to find a provider since they only get paid when working. Programs would have the incentive to accept them because they would only get paid for serving people.
6. **TIMING.** Once certified as eligible, WORK participants would have a specified period of time (30 days??) to link with a WORK provider and get placed in a job.

Issue: How to handle benefits during this time? (1) During that time, the participant could be paid benefits as if on the waiting list (higher state match - incentive to make process move quickly). (2) States could start the WORK certification process and the link to a WORK provider and job during the last (45?) days of the JOBS program, so that when the time limit hits, the person is ready to move right into their WORK assignment.

7. **PROVISION OF COMMUNITY SERVICE WORK.** If no chartered program enrolls the individual within the timeframes permitted (see above), the WORK agency would still have to provide a work opportunity directly - either an offer of a private sector job or a community service position.

WR-SPES

FACSIMILE TRANSMISSION REQUEST

ADDRESSEE: (Name, Organization, City,
State & Phone Number)Welfare Reform
Transitional Assistance

Addressees: Below

FROM: (Name, Organization & Phone #)

John Wolff
OS/ASPE/HSP/Human Services Policy
Room 404E Humphrey Building
690-7507

| TOTAL PAGES | FAX MACHINE PHONE NUMBER (IF KNOWN) | DATE | HSP FAX NUMBER |
|-------------|-------------------------------------|--------|----------------|
| 8+cover | Various | 2/7/94 | 202/690-6562 |

REMARKS

Attachment to: JOBS AND TIME LIMITS and WORK

addressees

| | | |
|----------------------|----------|-------------------|
| Bruce Reed | 456-6515 | FAX 456-7028/7739 |
| Kathi Way | 456-7777 | FAX 456-7028/7739 |
| Isaac Shapiro, DOL | 219-8271 | FAX 219-7971 |
| Larry Katz, DOL | 219-5108 | FAX 219-7659 |
| Dolores Battle, DOL | 219-6236 | FAX 219-7190 |
| Roxie Nicholson, DOL | 219-7669 | FAX 219-5455 |
| Judy Wurtzel, DOE | 401-3281 | FAX 401-3095 |
| Bonnie Dean, NEC | 456-2471 | FAX 456-2223 |
| Bob Dalrymple, FNS | 305-2135 | FAX 305-2576 |
| Ellen Henigan, FNS | 30-2762 | FAX 305-2454 |
| Bo Cutter, Treasury | 622-2010 | FAX 622-1294 |
| Richard Bavier, OMB | 395-3910 | FAX 395-3910 |

WR SPECS
February 8 (work)

DRAFT: For discussion only

WORK

Current Law

There is at present nothing in Title IV of the Social Security Act concerning a 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 self-sufficiency through work. The two-year time limit is part of this effort. Some welfare 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 support their families.

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 for transitional assistance. 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.

Definition: The terms "WORK assignments" and "WORK positions" are defined as temporary, publicly subsidized jobs in the public, private and non-profit sectors.

1. ADMINISTRATIVE STRUCTURE

- (a) Each State would be required to operate a WORK program which would make at least a minimum number of WORK assignments available to persons who had reached the time limit for transitional assistance.
- (b) States would be required to assign administration of the WORK program to a single State agency. The administrative structure of the WORK program at the State level would take one of the following three forms:

Welfare Investment Board

OPTION ONE.

States would have complete flexibility as to which agency would administer the WORK program, which would permit States to administer the JOBS and WORK programs either through the same agency or through different agencies.

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OPTION TWO.

States would be required to administer the JOBS and WORK programs through the same agency, but the provision in current law mandating States to administer the JOBS program through the IV-A agency would be eliminated, which would, for example, allow States to operate both programs through the JTPA system.

OPTION THREE.

States would be required to administer both the JOBS and WORK programs through the IV-A agency, but the IV-A agency would be encouraged to subcontract with the State JTPA program to provide services, including both WORK assignments and job search assistance, to WORK program participants.

PROS AND CONS OF THE OPTIONS.

Operating the JOBS and WORK programs through different agencies, as States would be permitted to do under Option One, could present serious administrative headaches. The agency in charge of the JOBS program would have a strong incentive to concentrate on the more employable participants, leaving the more difficult-to-serve for the WORK program. The agency operating the WORK program would have an equally strong incentive to put the blame for any difficulties it was experiencing in moving WORK program participants into unsubsidized jobs on the JOBS program's failure to adequately prepare them for employment.

On the other hand, a State might conclude that one agency is best suited for providing education and training services and moving recipients into work, while another is best equipped to generate WORK assignments which will lead to unsubsidized private sector employment. Moreover, separating the administration of the two programs would emphasize the distinction between cash assistance and the WORK program. A State might be aware of the potential for coordination problems and yet judge that the benefits from administering the two programs through different entities might outweigh the costs. It is not clear that such a State should be precluded from opting for this route.

Under Option Two, a State would be required to operate both programs through a single agency, but that agency could be an entity other than the IV-A agency. Apart from the issues concerning moving the JOBS program out of the IV-A agency, there is the question of coordination between the WORK program and the waiting list. Regardless of which entity administers the WORK program, the IV-A agency would likely need to be involved with respect to the waiting list, given that some monitoring of the activities required of persons on the waiting list would be needed (see Allocation of WORK Assignments/Waiting List below).

Assigning responsibility for the WORK program to the IV-A agency would not preclude extensive involvement by the JTPA system in the WORK program. Under Option Three, the IV-A agency could, for example, subcontract with the JTPA program to generate the WORK assignments in the private and non-profit sectors, keeping the task of creating public sector WORK assignments for itself.

Option Three would give overall control of the WORK program to the IV-A agency. A State might strongly prefer to give the final say over the WORK program to the JTPA program or another entity and again, it is not clear that a State should be explicitly prohibited from doing so.

- (c) 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 and oversight to the WORK program.
- (d) Each State would be required to make the WORK program available in all areas of the State by a specified date.
- (e) States would be permitted but not required to have the entity administering the WORK program act as the employer of WORK program participants with respect to disbursing paychecks, Workers' Compensation and so forth.

2. FUNDING

The actual cost of the WORK program, for budget purposes, is the additional cost of placing persons in WORK assignments relative to paying them cash benefits. The term "WORK program funds" as used below refers only to the new funding for developing and maintaining the WORK assignments. [The method of reimbursing States for wages paid to persons in WORK assignments will be considered as part of the discussion of all match rates (AFDC, JOBS and WORK) to be held separately.]

- (a) Federal WORK program funds would be allocated to States by the JOBS formula (see chart showing State allotments using the JOBS and JTPA formulas).

RATIONALE:

Using a formula other than the JOBS mechanism to distribute WORK program funds would ensure a formula battle. An argument can be made for using the same formula for both JOBS and WORK funds, as both programs serve essentially the same population. Employing the JOBS formula, but with a countercyclical provision as discussed below, would to some degree take local economic conditions into consideration, without igniting a full-scale debate on the formula question.

- (b) Total Federal funds available for the WORK program would be capped.
- (c) A State's allocation of WORK program funds would be increased if unemployment in the State rose above a specified level, to be determined by the Secretary. The overall cap on WORK program funding would be raised accordingly. ?

3. FLEXIBILITY

- (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

*Bohac:
Mixed JTPA
& JOBS formula*

CETA

reached the two-year time limit, with the stipulation that the combination of strategies employed by the State would have to generate the minimum number of WORK assignments (see Number of WORK Assignments below).

Approaches could include the following:

- Subsidize not-for-profit or private sector jobs (for example, through expanded use of on-the-job training vouchers).
- 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.
- Support microenterprise and self-employment efforts.
- Set up community service projects employing welfare recipients as, for example, health aides in clinics located in underserved communities.
- Employ adult welfare recipients as mentors for teen parents on assistance.

*Work for wages
CWET
Comm. service
→ lessons from CETA*

*Have to double diff. from CETA
1/2 private or private placement
1/2 non profit projects*

*MTJ: Allow CWET
All FS grant?*

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 WORK plan, similar to the State JOBS plan, for the approval of the Secretary. The Secretary would, as with the JOBS plan, consult with the Secretary of Labor on plan requirements and criteria for approving State plans.

4. LIMITS ON SUBSIDIES TO PRIVATE SECTOR EMPLOYERS

NO

- (a) The WORK program subsidy for a position in a private, for-profit firm would be limited to 50 percent of the wages paid to the participant.

- (b) For WORK assignments in the private sector, the wages of a participant could be subsidized for no more than 12 months, consistent with the 12-month time limit on any single WORK assignment (see below). If an employer chose to retain a participant after the subsidy ended, the position would no longer be considered a WORK assignment, but rather unsubsidized employment.

5. COORDINATION

- (a) States would be required to coordinate the WORK program with other employment programs, including the Employment Service, One-Stop Shopping and School-to-Work, as well as with the efforts of the Corporation for National and Community Service.

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JTPA/OT

6. RETENTION REQUIREMENTS

- (a) States would be required to track and monitor the performance of private, for-profit employers in retaining WORK program participants after the subsidy ended. Employers who had demonstrated a pattern of failing to retain WORK program participants at wages comparable to those of similarly situated employees would be excluded from the program. Prohibited employers would not be eligible for WORK program funds. The definition of a pattern of not retaining WORK program participants would be left to the discretion of the States.
- (b) States would similarly be required to monitor the performance of for-profit firms or not-for-profits with contracts to place WORK program participants into unsubsidized employment. Contractors that demonstrated a pattern of poor performance in placing WORK program participants into lasting unsubsidized jobs would likewise be prohibited from contracting with the WORK program. The definition of poor performance would, as above, be determined by the State.

Part of the for training program too 7.

NON-DISPLACEMENT

- (a) Non-displacement language would be based on current law (Section 484(c), Social Security Act), except that WORK program participants could be placed in unfilled vacancies in the private sector, provided the vacancies were not created by layoffs (M.R. 11 would have eliminated the restriction on placing Work Supplementation participants in unfilled vacancies in the private sector).
- (b) Anti-displacement language applying to the public sector would be adapted from the non-displacement language in the National and Community Service Trust Act.

outlined part discussion in public sector study AFSCME agreed

8. NUMBER OF WORK ASSIGNMENTS

- (a) The participation standard for the WORK program would be expressed as a minimum average monthly number of WORK assignments each State would be expected to provide (see attachment on participation standards).

Phase in 25

RATIONALE

A State, acting in good faith, might easily expend the majority of its WORK program funds on placement contracts with private firms, only to find that the firms were placing participants who would have found jobs on their own, leaving the State with no money for WORK assignments and a sizeable waiting list. Spending on, for example, economic development might prove equally ineffective and leave a State in the same predicament. HHS would then be held accountable for what would be regarded as a waste of Federal funds.

A WORK program which grants States almost complete flexibility with no standard to meet may prove rather difficult to defend. An approach which might garner wider

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support would be to grant States great latitude provided some basic standard, e.g., providing a minimum number of WORK assignments, were met.

- (b) States would not be permitted to count unsubsidized private sector jobs toward the minimum number of WORK assignments.

RATIONALE

Counting placements into unsubsidized jobs toward the minimum number of WORK assignments would be problematic. It would be difficult to distinguish WORK participants who found, or would have found, jobs through their own efforts from those whose employment was attributable to State job placement strategies. Consequently, a State which was especially creative at counting could claim to have provided the minimum number of WORK assignments while still having a lengthy waiting list.

Moreover, States which were having difficulty generating the minimum number of WORK assignments would have an incentive to delay the movement of JOBS participants into private sector employment, in order to count these placements as WORK program positions.

- (c) The minimum number of WORK assignments for each State would be set by the Secretary, based on the participation standard and the number of persons who had been in the WORK program for less than two years (see attachment on participation rates).

The minimum number would be set such that States could meet the standard and still have WORK program funding available for supervised job search and other strategies (e.g., performance-based placement contracts with private firms).

9. ALLOCATION OF WORK ASSIGNMENTS/WAITING LIST

- (a) If the number of persons who were eligible and applied for WORK positions exceeded the number of WORK assignments available at that point, a State would be required to allocate WORK assignments according to a priority system and to maintain a list of persons awaiting a WORK assignment. States would be mandated to give preference for WORK assignments to persons new to the WORK program (as opposed to persons that had already held a WORK position).
- (b) Each State would be required to establish a uniform set of rules by which the priority system would operate and inform all persons on the waiting list of these rules.
- (c) In localities in which the WORK program was not administered by the IV-A agency, the IV-A agency and the entity operating the WORK program would maintain the waiting list jointly. The WORK program agency would be responsible for placing persons on the waiting list into WORK assignments, while the IV-A agency would be responsible for ensuring that persons on the waiting list were participating in the required activities (e.g., self-initiated community service).

*Need overall
work placement
perf. std.*

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Waiting list policy could take one of the following three forms:

OPTION ONE.

Persons on the waiting list for a WORK assignment would be expected to find volunteer work in the community for at least 20 hours per week in order to be eligible for cash benefits. This volunteer work would be distinct from a WORK assignment. The recipient would be wholly responsible for arranging the place(s) and hours, and would not receive wages for hours worked. The cash assistance check would continue to be treated as benefits rather than earnings for all purposes.

OPTION TWO.

Same as Option One, except that a cap, to be set by the Secretary, would be placed on the number of persons who were required to perform volunteer work in exchange for benefits.

OPTION THREE.

Same as Option One, except that individuals who for good cause were unable to find volunteer work (e.g., persons unable to arrange for child care, individuals lacking suitable sites at which to volunteer) would be eligible for benefits provided they participated in another approved activity for at least 20 hours or 3 days per week. The range of allowable approved activities would be established at the State level, but could include human development activities such as parenting skills classes or domestic violence counseling, or self-initiated education or training. The State would not be required to fund participation in these activities.

DISCUSSION OF THE OPTIONS.

Option One presents something of a Catch-22. In order to sell self-initiated community service as work, roughly equivalent to a WORK assignment, it would be necessary to monitor compliance with the requirement fairly closely. If persons were required to volunteer for a minimum of 20 hours per week, child care would have to be provided. Monitoring and child care, however, represent the bulk of the cost of a WORK assignment. A strict 20-hour per week volunteering requirement is not consistent with the strategy of limiting the cost of the WORK program by not meeting the full demand for WORK positions.

Requiring persons on the waiting list to arrange to volunteer at a non-profit while the WORK program agency is approaching the same non-profits about providing WORK assignments is not an ideal situation. While relatively few non-profits would be willing and able to kick in part of the wage cost for WORK assignments, that number would fall to virtually zero if non-profits could as easily take on board persons eager to offer their time for free.

Unions (AFSCME, SEIU) concerned about WORK program participants working at below the prevailing wage would likely be even more alarmed about a strict self-initiated community service requirement, which could give non-profits and even public sector agencies easy access to free labor, without the administrative responsibilities associated with a WORK assignment.

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While there are serious problems with attempting to sell self-initiated community service as work, it can be presented as one of a number of appropriate activities for persons to engage in while awaiting a WORK assignment, an activity that can yield both personal and societal benefits. Option Three is an attempt to adapt the Michigan "Social Contract" concept to the WORK program waiting list. Volunteer work would still be the preferred activity, but persons unable to find volunteer work would be permitted to engage in other approved activities similar to the more informal Michigan "social contract" activities—self-initiated education and training or human development activities.

- good
- good
- (d) States would not be required to guarantee child care or supportive services to persons on the waiting list for participation in approved activities. States would, however, be required to provide child care and/or other supportive services if needed to enable a person on the waiting list to participate in supervised job search.
 - (e) The State IV-A agency would be required to establish procedures, subject to the approval of the Secretary, for monitoring participation in approved activities.
 - (f) States would not be permitted to distinguish between persons on the waiting list and other recipients of cash assistance with respect to the determination of eligibility and calculation of benefits—States could not provide reduced benefits to persons on the waiting list.
 - (g) The IV-A agency would be required to make at least quarterly contact with individuals on the waiting list for a WORK assignment and to make case management services available to these persons. Persons on the waiting list would be required to engage in supervised job search either periodically or continuously, with the minimum number of hours to be set by the State (see Job Search below).

10. 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 placed on the waiting list for a new WORK position.

- No!
- b) There would be no time limit on overall participation in the WORK program.

- c) States would be required to conduct an assessment of each person who had completed at least two WORK assignments or had been in the WORK program for at least two years to determine if any additional services might be needed to enable that individual to secure private sector employment. In instances in which services other than a WORK assignment or job search were deemed necessary, persons would be permitted to participate in such activities, in lieu of self-initiated community service, while on the waiting list (even if volunteer work were readily available). States would have the option of making funding available for such activities, including education and training.

11. ELIGIBILITY CRITERIA AND APPLICATION PROCESS

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- (a) Adult recipients who had reached the time limit for cash assistance and who otherwise met the cash assistance eligibility criteria (e.g., income and asset limits) would be eligible for a WORK assignment.
- (b) States would be mandated to describe the WORK program, including the terms and conditions of participation, to all adult recipients who had reached the time limit for cash benefits. States would be permitted to establish an application process for the WORK program separate from the application for cash benefits, but would be prohibited from denying eligible persons entry into the WORK program, provided they agreed to comply with all WORK program rules and requirements.
- (c) In instances in which the cash benefit to the family did not exceed \$100 per month, the adult recipient(s) would not be subject to the work requirement.
- (d) States would have the option to apply the work requirement to only one parent in a two-parent family—only one parent would be permitted to participate in the WORK program.

(e) An individual who had left the WORK program but had not earned back any months of cash assistance would be permitted to re-enroll in the WORK program, provided he or she did not quit a private sector job without good cause.

EXAMPLE:

A WORK program participant finds a private sector job and leaves the WORK program, but is laid off after just one month, before earning back any months of cash assistance (see IQBS and Time Limits specifications for discussion of the earn-back provision). This person would be eligible for a WORK assignment.

(f) States would have the option of assigning WORK program re-entrants to supervised or unsupervised job search for up to 3 months before placing them on the waiting list for WORK assignments (these WORK program re-entrants would be eligible for cash benefits while participating in job search).

(g) Persons who had left the WORK program but who voluntarily quit a job, otherwise reduced their earned income without good cause or refused a bona fide offer of private sector employment would not be permitted to re-enter the WORK program for a period of time to be set by the State, but not to exceed 3 months.

(h) If the family income of an individual in a WORK assignment rose (e.g., through marriage or an increase in unearned income) such that the family's income, less WORK program wages, exceeded the income limit for cash benefits, the participant would still be permitted to complete the WORK assignment. At the conclusion of that assignment, however, the individual would not be eligible for the WORK program and accordingly would not be placed on the waiting list for a new position (unless the family's income had fallen back below the income limit before the conclusion of the WORK assignment). The same provision would apply if a family's circumstances otherwise changed (e.g., a child's leaving home) such that the family no longer met the eligibility criteria for cash benefits.

What if fired for cause?

Why only 3 mos?

→ Right to fire (for cause) people on the WORK program

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12. WAGES AND BENEFITS

(a) Participants in WORK assignments would be compensated for hours worked at no less than the higher of the Federal minimum wage and any applicable State or local minimum wage law. States would have the option to provide WORK assignments which pay an hourly wage higher than the minimum wage.

Food STAMPS as wages? - change name would be effect of FS increase

(b) The earnings disregard for WORK assignment wages would be set at a flat \$100 per month. Individuals in WORK assignments would not be eligible for the other disregards (e.g., thirty and one-third).

(c) Wages from WORK assignments would be treated as earned income with respect to Worker's Compensation and Federal assistance programs (e.g., food stamps, public and Section 8 housing). [Treatment of FICA awaiting analysis by CEA]

(d) Earnings from WORK positions would not be included in Aggregate Gross Income, and consequently would not be treated as earned income for the purpose of calculating the Earned Income Tax Credit.

NO PASS-THRU?

(e) For WORK program participants not receiving cash assistance in addition to WORK program wages, child support collected would be paid directly to the WORK program participant. In instances in which the WORK program participant was receiving cash benefits in addition to WORK program wages, child support would be treated just as for any other family receiving cash benefits. If child support collected exceeded the cash benefit, the difference would be paid to the participant.

(f) Wages would be paid in the form of weekly or bi-weekly checks. In instances in which an individual was receiving both wages and cash benefits there would be separate checks for wages and for benefits, regardless of the entity issuing the check for hours worked (i.e., even if the IV-A agency were responsible for both paying wages and disbursing supplementary benefits, the two would not be combined into one check).

13. HOURS OF WORK

(a) States would have the flexibility to determine the number of hours for each WORK assignment, which could vary depending on the nature of the position. WORK assignments would have to be for a minimum of 15 hours per week or 65 hours per month, whichever is greater, and for no more than 35 hours per week or 150 hours per month, whichever is greater.

A State could, for example, make all WORK assignments the same number of hours (e.g., 20), regardless of the size of the grant, and supplement wages with cash benefits such that persons in WORK assignments are not worse off than those on the assistance. High-benefit States might choose to make the number of hours 30 or 35, as opposed to 15 or 20. States could also opt to calculate the number of hours for each participant by dividing the AFDC

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grant by the minimum wage (as under CWEP), provided that each participant was required to work at least 15 and no more than 35 hours per week.

NOTE: The marginal cost of enrolling an individual in a WORK assignment would not in general vary based on the number of hours of the WORK assignment (since wages would replace cash benefits on a dollar-for-dollar basis, apart from the disregard).

The marginal cost would vary with the hours of the WORK assignment if the WORK assignment wages, apart from the disregard, were actually higher than the cash benefits provided to the family (e.g., if Texas enrolled an individual in a three-person family in a 35-hour WORK assignment). A State would, however, still be required to generate the minimum number of WORK assignments, regardless of the number of hours.

14. SANCTIONS

- (a) WORK program participants would receive wages for hours worked. Failure to work the set number of hours for a WORK assignment would result in a corresponding loss in earnings. Cash assistance would not act to offset the drop in WORK program earnings, for either WORK program participants who were already receiving supplemental cash benefits or for participants for whom the reduction in income would otherwise have made them eligible for cash assistance. The loss in wages would be treated as a decline in earned income with respect to other assistance programs.
- (b) A WORK program participant who repeatedly failed to show up for work or whose performance was otherwise unsatisfactory could be fired. The entity administering the WORK program would be required to determine if the individual was fired for cause. During the period in which the determination was being made, the family would continue to be eligible for cash benefits. Individuals who were determined to have been fired for cause would have the right to a fair hearing from the WORK program upon request. [Michael Wald will be developing language for this provision]
- (1) An individual who was fired from a WORK assignment for cause for the first time would be placed at the end of the waiting list for WORK assignments and the family would not be eligible for cash benefits for a period of 3 months after the date of determination. States would be required to make vendor payments to landlords and utilities if needed to prevent homelessness or utility shut-off.
 - (2) A person fired from WORK assignment for a second time for cause would be placed on the waiting list only after 6 months. During that six-month period, the family would not be eligible for cash benefits. States would, as above, be required to make vendor payments when necessary.
 - (3) Persons fired for a third time would not be able to enter the waiting list or receive cash benefits for a period of one year (vendor payment as above).

3
things!

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Time in sanction status would not be counted as time not in the WORK program for purposes of earning back eligibility for cash assistance.

- (c) States would be required to refer for intensive intervention persons fired for cause more than once (see Referrals to Services for Unsuccessful WORK Participants below).
- (d) Persons subject to the work requirement who were not eligible for cash benefits due to sanction would still be able to receive food stamps, Medicaid and other in-kind assistance.
- (e) An individual otherwise eligible for the WORK program who refused an offer of unsubsidized private sector employment without good cause would not be eligible for a WORK assignment for six months from the date of refusal. Cash benefits during this six-month period would be calculated as if the job offer had been accepted. When calculating benefits for families so sanctioned, the disregards would apply. The sanction would end upon acceptance of a private sector job. WORK program participants are permitted to refuse a job offer if accepting the offer would result in a net loss of cash income (as under current law, Section 402(a), Social Security Act).

15. WORK PLACE RULES

- (a) Providers of WORK assignments, whether public, private or non-profit, would be required to treat WORK program participants as other entry-level employees with respect to sick and annual leave and other workplace rules. A State would have the option to waive this requirement for specific employers of WORK program participants, provided that the employer were complying with all applicable Federal and State laws concerning workplace rules.

16. JOB SEARCH

- (a) WORK program participants would be required to engage in job search either continuously (e.g., 5-10 hours per week) or periodically (e.g., for four weeks immediately after completing a WORK assignment) or a combination of the two. Job search requirements for persons in the WORK program would be set by the State. While job search for persons on the waiting list is discussed above, that provision should not be read as precluding States from requiring persons in WORK assignments to also simultaneously participate in supervised job search. The combination of supervised job search and a WORK assignment or self-initiated community service/approved activity—i.e., of all WORK program activities—could not exceed an average of 35 hours per week in any month.

17. SUPPORTIVE SERVICES

- (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), Social Security Act). States are also mandated to provide other supportive services as needed for participation in a WORK position (as with JOBS participants, Section 402(g), Social Security Act).

18. DEFERRALS

- (a) Persons who had reached the two-year time limit and would otherwise be subject to the work requirement could be deferred from participation in the WORK program. The criteria for deferral from the WORK program would be identical to the criteria for deferral from the JOBS program (see JOBS and Time Limits specifications). Parents of newborn children would be deferred for a 120-day period following the birth of the child.
- (b) In localities in which the IV-A agency did not administer the WORK program, the entity operating the WORK program would refer persons meeting the deferral criteria to the IV-A agency, which would make the determination as to whether the individual should be deferred from WORK program participation.
- (c) Deferred persons would be eligible for cash benefits (not wages), without a requirement to find volunteer work, for as long as the condition necessitating the deferral continued.
- (d) Persons deferred from the WORK program would be treated as persons deferred from the JOBS program in all respects, except that once the deferral ended, they would re-enter the WORK program, rather than the JOBS program. Individuals deferred from the WORK program would count against the cap on the number of persons who could be deferred from participation in the JOBS program (see JOBS and Time Limits specifications).

19. REFERRALS TO SERVICES FOR UNSUCCESSFUL WORK PARTICIPANTS

- (a) The entity administering the WORK program would be required to arrange for intensive intervention, by, for example, a preventive service agency, for WORK program participants who had been fired from a WORK program position more than once. The agency responsible for the intervention would attempt to resolve the outstanding issues to enable the individual to hold a WORK assignment. In instances in which an individual has left the WORK program entirely, the agency would assess the family's food, housing and clothing needs and make referrals to child protective services if the children were at risk of abuse or neglect.

WORK

The focus of the transitional assistance program will be helping people move from welfare to self-sufficiency through work. The two-year time limit is part of this effort. Some welfare 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, through both economic development efforts to create private sector jobs and work assignments for those who cannot find private sector employment.

WORK PROGRAM

Current Law and General Direction of Proposal

There is at present nothing in Title IV of the Social Security Act concerning a 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 (CFR 250.61, 250.62, 250.63, Section 482(e) and 482(f), Social Security Act). Regulations, however, explicitly prohibit States from operating a program of public service employment under the JOBS umbrella (CFR 250.47).

The WORK program would make half-time, minimum wage work assignments (hereafter WORK assignments) in the public, private and non-profit sectors available to persons who had reached the time limit for transitional assistance. 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.

Definition: The terms "WORK assignments" and "WORK positions" are defined as all approved WORK program activities except self-initiated community service (see below).

1. Administrative Structure

- (a) Each State would be required to operate a WORK program which would make at least a minimum number of temporary paid WORK assignments available to persons who had reached the time limit for transitional assistance.
- (b) States would be required to assign administration of the WORK program to a single State agency, but would otherwise have considerable flexibility with respect to the administrative structure. For example, the WORK program could be administered through the local IV-A agency, with the local JTPA Service Delivery Area (SDA) contracting to provide some or all of the WORK positions.

ISSUE:

Should States be required to administer the WORK program through the State IV-A agency? [If not, should localities be required to administer the JOBS and WORK programs through the same entity?]

- necess. for one-stop + perf. stds.

YES, but don't mandate

*Doys: Don't mandate but offer a vision
- Family Investment Center
- one-stop Handouts*

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12/20

ISSUE: Should the IV-A agency or other entity operating the WORK program be encouraged to contract with the local JTPA SDA to provide WORK assignments? Should the SDA be designated as a "presumptive provider" of WORK positions?

- (c) Localities would be required to designate a body with significant private sector, union and community (e.g., not-for-profit) representation, such as the local Private Industry Council (PIC) to provide guidance and oversight to the WORK program.

*Nat. Service
Comms.*

ISSUE: How much power would the oversight body wield? Would it have any sort of veto power over a locality's plan for operating the WORK program? Would its responsibilities be specified to some extent in statute or left entirely to the discretion of States/localities?

- (d) Each State would be required to make the WORK program available in all areas of the State by a specified date.

ISSUE: Would States be required to distribute WORK program funding throughout the State by a formula similar to the formula by which Federal WORK program matching funds are distributed to States?

2. Funding

- (a) Federal matching funds for the WORK program would be allocated to States by a formula based on the number of cash assistance recipients in the State (similar to the JOBS distribution formula).

ISSUE: Should the WORK program funding formula take into consideration the number of individuals expected to be subject to the work requirement (i.e., differences in welfare dynamics among States)?

- (b) Total Federal matching funds available for the WORK program would be capped. A State's allocation would be increased if its unemployment rate rose above a specified level.

ISSUE: Should countercyclical relief be provided by raising a State's allocation of WORK program funds?

3. Match Rate

- (a) Expenditures on the WORK program would be reimbursed at the JOBS match rate. The Federal match rate for the WORK program only, not the JOBS program, would be increased by 10 percentage points, up to a maximum of 90 percent, if unemployment in the State rose above the designated level (see Funding above).

ISSUE: Should countercyclical relief be provided through increasing the Federal match rate?

?

4. Flexibility

- (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, with the stipulation that the combination of strategies employed by the State would have to generate the minimum number of WORK assignments. States would be sanctioned for failure to meet this minimum standard (see Number of WORK Assignments below).

Approaches could include the following:

- Subsidize not-for-profit or private sector jobs (for example, through expanded use of on-the-job training vouchers). *limit on subsidy*
- Offer employers other incentives to hire JOBS graduates. *Reauthorize TJTC Vouchers*
- Execute performance-based contracts with private firms or not-for-profit organizations to place WORK program participants in unsubsidized jobs. *Assume water Amer. Works*
- Create positions in public sector agencies.
- Support microenterprise and self-employment efforts.
- Set up community service projects employing welfare recipients as, for example, health aides in clinics located in underserved communities. *no limit on pubic jobs?*

5. Coordination

- (a) States would be required to coordinate the WORK program with other employment programs, including the Employment Service, One-Stop Shopping and School-to-Work, as well as with the efforts of the Corporation for National and Community Service.

6. Retention Requirements

- (a) A private sector employer of a WORK program participant would be expected to retain the participant once the wage subsidy ended, unless the employer could demonstrate that the individual was performing unsatisfactorily. States would be required, in developing contracts with employers to subsidize positions, to include provisions for retaining the WORK program participant after the subsidy ends. *NO*

7. Non-displacement

- (a) Non-displacement language would be based on current law (Section 484(c), Social Security Act), except that WORK program participants could be placed in unfilled vacancies not created by layoffs (H.R. 11 would have eliminated the restriction on placing Work Supplementation participants in unfilled vacancies).

ISSUE: Should non-displacement language be based on the stronger wording found in the National and Community Service Trust Act (which prohibits participants from engaging in activities that would supplant the hiring of employed workers)?

8. Number of WORK Assignments

- (a) Each State would be required to provide at least a minimum number of WORK assignments.
- (b) The minimum number of WORK assignments for each State would be set by the Secretary, calculated by dividing the amount of Federal funding allocated to the State by a fixed cost per WORK assignment, which would be set at the Federal level. The cost per WORK assignment figure would be equal to the annual wages payable for a 20 hour per week, minimum wage job plus an allocation for administrative costs. The administrative allocation would represent the expense of creating and maintaining the WORK assignment.

EXAMPLE: A State receives \$750,000 in Federal WORK program funding and the State match is 25%, for a total of \$1,000,000 in WORK program funding. The administrative cost figure is \$2,000 per position and the annual wages for a 20-hour per week minimum wage job are roughly \$4,200, for a total figure of \$6,200 per position. A State would be expected to provide 160 (\$1,000,000/\$6,200) WORK assignments at any point in time.

- (c) States would be encouraged to generate additional WORK assignments beyond the minimum number, but available Federal matching funds would be capped. The Federal government would provide technical assistance to States to help them generate more WORK assignments than the minimum number through cost-effective expenditure of WORK program funds.
- (d) In the event that a State failed to provide the minimum number of WORK positions, the Federal match rate for that State would be reduced to 50 percent, unless the minimum number of WORK positions exceeded the number of persons subject to the work requirement.
- (e) A certain percentage (e.g., 5%) of WORK assignments would be reserved for noncustodial parents who were in arrears on child support.

separate decisions

9. Allocation of WORK Assignments/Waiting List

- (a) If the number of persons who were eligible and applied for WORK positions exceeded the number of WORK assignments available at that point, States would be required to allocate WORK assignments either on a first-come, first-served basis or according to a priority system and to maintain a list of persons awaiting a WORK assignment.
- (b) The IV-A agency would maintain the waiting list, even in localities in which it did not administer the WORK program.

- (c) States employing a priority system would be required to establish a uniform set of rules by which the priority system would operate and inform all persons on the waiting list of these rules.
- (d) An individual awaiting a WORK assignment would be eligible for cash benefits provided he or she found volunteer work in the community for at least 20 hours per week. This volunteer work would be distinct from a WORK assignment. The recipient would be wholly responsible for arranging the place(s) and hours, and would not receive wages for hours worked. The cash assistance check would continue to be treated as benefits rather than earnings for all purposes.

ISSUE: Should persons on the waiting list be required to perform self-initiated community service?

ISSUE: Should there be a minimum number of hours for self-initiated volunteer work (as opposed to, for example, a requirement that the individual volunteer for at least two days per week)?

- (e) The State IV-A agency would be required to establish procedures, subject to the approval of the Secretary, for verifying the volunteer arrangements for persons on the waiting list.

ISSUE: If there is a minimum number of hours for volunteer work, should the IV-A agency be required to monitor the number of hours (in which case the organization for which the individual was volunteering would have to record the number of hours)?

- (f) The Federal match rate for cash benefits paid to recipients on the waiting list would be equal to the Federal Medicaid Assistance Percentage (FMAP) minus ten points.

ISSUE: Should States be required to absorb a greater share of the cost of cash benefits for those on the waiting list?

- (g) The entity operating the WORK program would be required to maintain regular contact with persons on the waiting list for a WORK assignment. Recipients on the waiting list would be required to engage in concurrent job search.

10. Time Limit on Participation in the WORK Program

ISSUE: Should there be a time limit on participation in the WORK program? Should there be a time limit on individual WORK assignments? Should there be time limits on both individual WORK assignments and the overall stay in the WORK program?

EXAMPLE: Individuals would be limited to a maximum of 9 months in any single WORK assignment, after which they would be placed on the waiting list for a new WORK position and would be expected to perform 20 hours of self-initiated community service per week in order to receive benefits.

EXAMPLE: Same as above, except that States would have the option of reducing the cash benefits of recipients who had spent a total of at least 18 months in WORK assignments and were on the waiting list for a new WORK assignment. States would be permitted to reduce the cash benefit by up to 20 percent, provided that the combined value of AFDC, food stamps and housing assistance did not fall below 80 percent of the poverty line.

11. Eligibility Criteria and Application Procedure

- (a) Persons who had reached the time limit for cash assistance would be eligible for a WORK assignment.
- (b) An individual who had left the WORK program but had not earned back any months of cash assistance would be permitted to re-enroll in the WORK program, provided he or she did not quit a private sector job without good cause.

EXAMPLE: A WORK program participant finds a private sector job and leaves the WORK program, but is laid off after 11 months, before earning back any months of cash assistance (an individual would have to stay out of the JOBS and WORK programs for at least a year to begin earning back assistance; see Time-Limited Assistance specifications). This person would be eligible for a WORK assignment.

- (c) States would be mandated to establish a simple application procedure for WORK positions which insured that all individuals enrolling in the WORK program understood the terms and conditions of participation.

12. Wages and Benefits

- (a) Participants in WORK assignments would be compensated for hours worked at no less than the higher of the Federal minimum wage and any applicable State or local minimum wage law. States would have the option to provide WORK assignments which pay an hourly wage higher than the minimum wage.
- (b) States would be required to supplement earnings from WORK positions with cash assistance if net income from the WORK assignment were not equal to a cash benefit for a family of that size with no earned income. States would have the option to calculate benefits for persons in the WORK program without applying some or all of the disregards (e.g., thirty and one-third).
- (c) Wages from WORK assignments would be treated as earned income with respect to Worker's Compensation, FICA and Federal assistance programs (e.g., food stamps, public and Section 8 housing).
- (d) Earnings from WORK positions would not be included in Aggregate Gross Income, and consequently would not be treated as earned income for the purpose of the Earned Income Tax Credit.

- (e) All child support collected, notwithstanding arrears, would be paid directly to the WORK program participant.

ISSUE: Should child support collected be paid directly to WORK program participants?

- (f) Wages would be paid in the form of weekly or bi-weekly checks. In instances in which an individual was receiving both wages and cash benefits (see above) there would be separate checks for wages and for welfare benefits, regardless of the entity issuing the check for hours worked (i.e., even if the IV-A agency were responsible for both paying wages and disbursing supplementary benefits, the two would not be combined into one check).

13. Hours of Work

- (a) States would have the flexibility to determine the number of hours for each WORK assignment, which could vary depending on the nature of the position. WORK assignments would have to be for a minimum of 15 hours per week or 65 hours per month, whichever is greater, and for no more than 35 hours per week or 150 hours per month, whichever is greater.

ISSUE: What should the minimum number of hours be (elsewhere in the document, part-time work is defined as 20 hours per week; using 15 here might seem odd)?

14. Sanctions

- (a) WORK program participants would receive wages for hours worked. Failure to work the set number of hours for a WORK assignment would result in a corresponding loss in earnings. Cash assistance would not act to offset the drop in WORK program earnings, for either WORK program participants who were already receiving supplemental cash benefits or for participants for whom the reduction in income would otherwise have made them eligible for cash assistance. The loss in wages would be treated as a decline in earned income with respect to other assistance programs.
- (b) A WORK program participant who repeatedly failed to show up for work or whose performance was otherwise unsatisfactory could be fired.
- (1) An individual who was fired from a WORK assignment for the first time would be placed at the end of the waiting list for WORK assignments and would have to perform community service for 20 hours per week to receive benefits.
 - (2) A person fired from WORK assignment for a second time would be placed on the waiting list only after 6 months. During that six-month period, the individual would not be eligible for cash benefits.

- (3) Persons fired for a third time would not be able to enter the waiting list or receive cash benefits for a period of one year. This one year would not be counted as time not in the WORK program for purposes of earning back eligibility for transitional assistance.

ISSUE: Should persons fired from WORK assignments be eligible for new WORK assignments?

- (c) Persons subject to the work requirement who were not eligible for cash benefits due to sanction would still be able to receive food stamps, Medicaid and other in-kind assistance.
- (d) An individual otherwise eligible for the WORK program who refuses an offer of unsubsidized private sector employment without good cause would not be eligible for a WORK assignment for six months from the date of refusal. Cash benefits during this six-month period would be calculated as if the job offer had been accepted. When calculating benefits for families so sanctioned, the disregards would apply. The sanction would end upon acceptance of a private sector job. WORK program participants are permitted to refuse a job offer if accepting the offer would result in a net loss of cash income (as under current law, CFR 250.35, Section 402(a), Social Security Act).

15. Work Place Rules

Providers of WORK assignments, whether public, private or non-profit, would be required to treat WORK program participants as other entry-level employees with respect to sick and annual leave and other workplace rules. A State would have the option to waive this requirement for specific employers of WORK program participants, provided that the employer complied with all applicable Federal and State laws concerning workplace rules.

16. Job Search

WORK program participants would be required to engage in job search either continuously (e.g., 8 hours per week) or periodically (e.g., for one week every 3 months or immediately after completing a WORK assignment). As discussed above, recipients on a waiting list for WORK assignments would be required to engage in continuous job search. The required number of hours of job search for both persons in WORK assignments and on the waiting list would be set by the State.

17. Supportive Services

States would be required to guarantee child care for any person who is either in a WORK assignment or is on the waiting list for a WORK assignment and is volunteering in the community, as with JOBS program participants under current law (Section 402(g), Social Security Act). States are also mandated to provide payment or reimbursement for transportation and other work-related expenses associated with participation in the WORK program (as with JOBS participants, Section 402(g), Social Security Act).

18. Deferrals

- (a) Persons who had reached the two-year time limit and would otherwise be subject to the work requirement (a WORK assignment or self-initiated community service) could, under certain circumstances, be deferred from participation in the WORK program (much as persons would be deferred from the JOBS program).
- (b) Deferred persons would be eligible for cash benefits (not wages), without any requirement to find volunteer work, for as long as the condition necessitating the deferral continued. Once the deferral ended, these persons would enter, or re-enter, the WORK program.

Deferral policy could take one of two forms:

- 1) The criteria for deferral from the WORK program would be specified in statute.
- 2) States would be permitted to defer a certain percentage of persons subject to the work requirement for conditions arising after entry into the WORK program. The maximum percentage deferrable from the WORK program would likely be lower than the percentage deferrable from the JOBS program, given that the situation necessitating the deferral could only have arisen after the individual had reached the two-year time limit.

ISSUE: Should the criteria for deferral from the WORK program be specified, or should States be permitted to defer a percentage of persons subject to the work requirement?

ISSUE: How should persons who do not meet the deferral criteria (e.g., caring for a disabled child) but are still deemed not job-ready by the WORK program be treated? Should intensive services be provided, perhaps by a not-for-profit such as Project Match?

ECONOMIC DEVELOPMENT

Economic development specifications will be discussed during the next round of meetings, after the first of the year.

ALLOCATION OF WORK PROGRAM FUNDS

The Question:

What is meant by the terms "WORK money" or "WORK funding"? Is it some amount of new money (e.g., \$2 billion) to help States develop the WORK assignments, or is it that new money *and* an amount equal to the benefits that would otherwise be paid to persons in WORK assignments?

The Issues:

The WORK funds will have to be allocated in advance. Accordingly, if WORK money represents both the new money and the benefits,, the Federal government would be block granting to States an amount equal to the benefits for the number of people *we think* will be in WORK assignments during the coming year, not the *actual* number of people in WORK positions during that year.

The two are exactly the same if the number of WORK assignments a State would be expected to create is known in advance. If, however, a State is expected to provide WORK assignments to *some percent* of persons in, for example, their first two years in the WORK program, it would be necessary to estimate the number of people who would be in their first and second years in the WORK program.

Let's say we estimate State A will have, in FY 99, 1000 persons who are in their first or second years in the WORK program. If a State is expected to provide a WORK assignment to 75% of such persons, State A would have to provide 750 assignments. The block grant for State A would then be equal to the product of 750 (or a slightly higher number, to permit a State to provide some WORK assignments for those in the WORK program more than two years) and the average benefit level in the State, plus some amount of money for the cost of developing the WORK assignments. We would then add up the allocations for all the States and set the cap at that level, or somewhere in that area.

What if State A actually wound up with 1200 persons in the WORK program and had to provide 900 WORK assignments? If the capped funding were only adequate to fund, for example, 800 positions, the State would be left with the tab for both the wages and the administrative cost for the 100 extra positions.

To write the capped levels into law as part of the Administration's bill, it would be necessary to estimate the number of WORK assignments needed for the next several years. The capped levels would then be all over the place, particularly during the phase-in period (even estimating the number of assignments for each year of the phase-in period would be a full day's work).

The alternative would be to set the level of the cap annually, in which case it might not be much of a cap. If the number of persons in their first two years in the WORK program rose, the "capped" funding level would rise accordingly.

One solution would be to fix the number of WORK assignments a State would have to create, regardless of the number of people in the WORK program. In other words, in the example above, State A would only be expected to create 800 WORK assignments in FY 1999, even though there

were 1200 persons in their first two years in the WORK program and a 75% participation standard for such persons (which, as mentioned above, would imply 900 positions).

Opting for a minimum number rather than a percentage as the participation standard would give States no incentive to generate additional WORK assignments once that minimum was met, regardless of the number of people in, for example, their first two years in the program. If, however, States face a higher match for benefits to persons who have reached the time limit and who are not in WORK assignments, a State would be left with the choice of paying the full cost, including wages, of the additional WORK assignments or incurring that match rate penalty.

States are not likely to be too happy about any block granting scheme that saddles them with the full cost associated with unanticipated jumps in the caseload or erroneous estimates by HHS.

The Proposal:

WORK funds should be defined as only the new money for the cost of setting up the WORK assignments and not both the new money and the amount that would have been paid in benefits.

Money for operational costs would be capped and distributed according to the average monthly number of JOBS participants subject to the time limit in a State, relative to the number in all States. WORK operating costs would be 100% Federally funded, with no State match—the WORK administrative money would be block-granted to States.

Federal matching money for wages to persons in WORK assignments would not be capped. The Federal government would reimburse States for expenditures on wages at the FMAP, with no limit on Federal matching funds.

Capping only the funding for operational costs would likely make a cap more palatable to States, and moreover the capped levels would not fluctuate quite as widely, in absolute terms, during phase-in (e.g., from \$500 million to \$1 billion to \$2 billion, as opposed to from \$1.5 billion to \$3 billion to \$6 billion).

States would be required to provide positions to some percentage of persons who had been in the WORK program for less than two years or had held fewer than two WORK assignments. States would face a higher match rate for benefits to persons who had reached the time limit and were not in WORK assignments.

Let's say, as in the example on the previous page, operational funding is sufficient for 800 assignments, but the State actually has to provide 900. The State would have to pick up the full administrative cost of developing the additional 100 positions, but the Federal government and the State would share the cost of wages for these 100 extra assignments. The State would still be left holding the bag to some extent, but it would be a smaller bag.

Another possibility, mentioned above, would be to require States to provide a minimum number of WORK assignments, rather than to serve a percentage of persons in their first two years in the WORK program. The number could be calculated by dividing the State's allocation of WORK

operational money by an operating cost per WORK assignment figure. States would then not be confronted with what would effectively be an unfunded mandate to generate additional WORK assignments. The disadvantage, as noted previously, is the relative lack of incentive to generate assignments above the minimum number, regardless of the number of people awaiting assignments (and the State still faces the match rate penalty for persons not in WORK assignments).

Either way, WORK program wages would still be replacing AFDC benefits on basically a one-to-one basis, so wages would not represent any additional cost, but we would avoid the messy business of trying to estimate in advance the amount that would have been paid in benefits and block granting that sum.

States would still have the flexibility to expend WORK administrative dollars on a wide range of strategies (e.g., performance-based placement contracts with America Works-type entities). There would be few WORK assignments available for persons who had been in the WORK program for over two years and States would have to pay a higher match rate for benefits to persons not in WORK assignments. Consequently, States would have a legitimate incentive to pursue strategies that would move WORK participants into unsubsidized employment as rapidly as possible. The more persons a State placed into unsubsidized jobs, the smaller the denominator for the participation standard calculation, and the smaller number of WORK assignments the State would have to create.

If a State were required to create a minimum number of WORK assignments rather than provide assignments to a percentage of short-term WORK participants, however, there would be a disincentive to pursue strategies such as performance-based placement contracts, for fear of not generating the minimum number of actual assignments (there are fairly compelling reasons not to count placements into unsubsidized private sector jobs as WORK assignments; see WORK specifications).

One solution would be to set the minimum number of WORK assignments such that the State could meet the requirement and still have WORK money available for job search assistance and for other strategies. The higher match rate for persons who had reached the time limit and were not in WORK assignments would serve as an incentive for States to find the most effective means of moving individuals from the WORK program into unsubsidized employment.

MACK

CAROL

HHS - Donna

Treasurer - Bentzen

Alfama

Amelia

Rubin

Tyson

Reich

Rubin

Espy

Riley

Cisneros

Espy
Riley
Cisneros

DAVID

WORK Program

Key Elements:

Work and Pay:

1. **Work for Wages:** Persons are paid an hourly wage rate, set by the state, not less than minimum wage. Hours are set by the state, minimum 15 hours, maximum 35.
2. Supplementary AFDC and Food Stamp benefits calculated according to existing state law on a 3 month prospective basis, assuming the person does in fact work the hours required, at the wage set.
3. Maximum of 12 (18?) months subsidized work in each assignment. States are encouraged to find placements what will lead to unsubsidized work at the same establishment after the initial placement.
4. Persons in subsidized WORK assignments do not collect the EITC *private sector*
5. Persons who become temporarily ill or face a new major new temporary impediment to work such that their pay is likely to fall significantly may apply for temporary deferral status and then collect equivalent some additional benefits during the period. Persons in this status count against the limit on pre-JOBS / deferrals. *why?*
6. Persons whose status changes permanently may apply to be placed in Pre-JOBS program, but they cannot requalify for JOBS unless they have earned added credits by being off of welfare. *=?*
7. Child care to be determined.

Administration

1. States are required to have WORK advisory panel with membership from Labor, Business, Community Organizations, etc. The advisory panel must approve the WORK plan.
2. States submit a WORK plan to feds.
3. States are reimbursed as follows:
 - For each WORK placement:
 - flat amount for administrative costs
 - expected earnings (hours times wage) reimbursed according to standard AFDC match
 - any supplementary AFDC and Food Stamps as per current law

States are not expected to track actual expenses or costs of wages for each placement thus states may use the monies to subsidize work and create jobs in any fashion they choose

Block Grant?

4. National Service displacement Language including labor veto over placements in existing bargaining unit positions

WORK

Vision

Some welfare recipients will reach the end of their time limit for receiving cash assistance without having obtained a job in the private sector, even despite their and the system's best efforts. These recipients must have the opportunity to support themselves and their families. At the same time, it is reasonable to expect work in return for support. The WORK program will make the expectation of work real, by providing opportunities to work.

We have very little experience to build on in providing work opportunities for the population of welfare recipients that is likely to reach the time limit. For this reason, and because of the diversity of local situations and client populations, it is important that the program be designed in a very flexible way, with the opportunity for planning, demonstration, and ongoing assessment and modification. Several principles, however, are very important: adequate work opportunities for all who are past the time limit, a preference for private sector work over public, a preference for work for wages over work for welfare benefits, and non-displacement of current workers.

Program Timing

Assumes October 1994 passage of welfare legislation; demonstration authority for secretary to give grants for demonstration projects; one year planning period (preferably with implementation grants) for all states before first program participants hit the time limit. Assumes a seven year authorization period for the legislation, with required reporting by the Secretary eighteen months before the expiration date.

July 1995: First states implement TAP for applicants and recipients born after 1970

July 1995: Selected states begin implementing demonstration WORK program for volunteers or selected subpopulations

July 1996: Early states begin implementation planning for WORK program

October 1996: All states required to implement TAP for applicants and recipients born after 1970

January 1997: Second Clinton administration begins

July 1997: First recipients hit time limits in early

implementing states

October 1997: Last states begin implementation planning for WORK program

October 1998: First program participants hit time limit in late implementing states

December 1999: A maximum of 230,000 participants are enrolled in the WORK program (if all states implemented October 1995)

April 2000: Secretary submits required reports on implementation of the legislation and suggested revisions

January 2001: First Gore administration begins

October 2001: Authorizing legislation expires

February 2002: Mary Jo reaches age 60, retires to the Maine woods, and applies for LIHEAP benefits.

Targetting on young applicants and recipients ensures that the numbers of program participants hitting the time limit will be quite modest even five years after implementation. Early establishment of demonstrations will enable some knowledge to be gained before required participants hit the time limit, at least on implementation and design issues. Establishing a defined planning period for states will focus their attention before that time on the JOBS program, but will also encourage them to devote serious attention to designing the WORK program. A defined authorization period ensures assessment of the legislation and revision if necessary, before the program reaches an unmanageable scale.

Program Design

- o By two years after the date of state implementation of the TAP program, states must have in place a WORK program of sufficient scale to serve all program participants who hit the time limit but are unable to obtain work in the private sector.
- o The program must have an administrative and governing structure that is certified by the governor to:
 - ensure accountability for serving eligible recipients;
 - ensure smooth coordination with and handoff from

the JOBS program;

- ensure coordination with other workforce development programs in the state;
- ensure participation in policy decisions by the business community, labor unions and recipients.

The IV-A agency will be assumed to be the administration entity for the WORK program as well as the JOBS program unless a waiver is specifically requested by the governor. In states designated for One-Stop Career Centers, the WORK program will be a member of the State Human Resource Investment Council, which will facilitate coordination at the local level.

- o The program will be funded through a capped entitlement allocated to the states on the same basis as JOBS funds. States will be reimbursed for x percent of WORK program expenditures (same as JOBS matching rate) up to the cap. Wages and/or benefits to WORK program participants will be reimbursed at the AFDC benefit matching rate. States may choose to receive a block grant of funds for the WORK program which covers either program operation only or program operation plus estimated wage/benefit costs. The secretary will study the potential effects of other reimbursement systems, including various kinds of incentive systems, and report to the Congress on her findings one year before the expiration of the legislation.

ISSUE: AMOUNT OF THE CAPPED ENTITLEMENT. IT SHOULD PROBABLY BE BASED ON PREDICTIONS OF THE NUMBER OF PEOPLE WHO WILL HIT THE TIME LIMIT IN VARIOUS YEARS ASSUMING NO BEHAVIORAL EFFECTS OF THE PROGRAM, TIMES AN ESTIMATED REASONABLE COST PER SLOT, PERHAPS WITH A SMALL CUSHION. THIS WILL PUT AN EFFECTIVE CAP ON THE NUMBER OF PEOPLE WHO WILL BE SERVED WITHOUT ESTIMATING OR ALLOCATING A SPECIFIC NUMBER OF SLOTS. AN ALTERNATIVE WOULD BE TO LIMIT THE NUMBER OF SLOTS AS WELL, BUT THIS COULD SEEN AS IN CONFLICT WITH A COMMITMENT TO SERVE EVERYONE.

- o States may provide work opportunities for participants through the following mechanisms: work supplementation to private sector employers; public work slots paying wages for hours worked; community services slots with work a condition of receiving benefits. During the authorization period of this legislation, states may establish their slots in any combination they wish. Work for wages will be encouraged; some funds might be reserved to the secretary to provide incentives for establishing work for wages slots. The secretary will publish guidelines and information on model programs

for administering work for wages programs and ensuring the protection of workers. The secretary will fund demonstrations of programs which use the WORK agency as the employer. As a result of study and analysis, the secretary may recommend limitations on different types of slots for the next authorization period.

- o States must certify that work opportunities provided through the WORK program do not displace other workers. (INSERT WHATEVER LANGUAGE WE NEED HERE.)

good

Responsibilities of States and Recipients

- o States must provide a work opportunity for everyone who is eligible. The secretary will collect data on the demand for multiple placements, study alternatives to providing multiple slots, and make recommendations for the reauthorization.

ISSUE: SHOULD STATES ONLY BE REQUIRED TO PROVIDE ONE WORK OPPORTUNITY, RATHER THAN MULTIPLE OPPORTUNITIES? ALTERNATIVES: NO BENEFITS; RETURN TO JOBS PROGRAM; BENEFITS WITHOUT RESPONSIBILITIES. OUR FOCUS STRATEGY MAKES THE PROVISION OF MULTIPLE SLOTS QUITE FEASIBLE WITHIN THE AUTHORIZATION PERIOD.

- o Work opportunities must be for a fixed number of hours between 10 and 35 per week. The pay or benefits associated with the work hours must be at least equal to the number of work hours times the minimum wage.
- o If the pay or benefits provided by the work opportunity is less than the AFDC benefits that the person would be eligible for if she were not working, the state must supplement those benefits by treating WORK pay or benefits as income for the purposes of AFDC eligibility, assuming that the pay received is the pay associated with the number of required hours. (If you don't work and don't get paid, your benefits don't go up.) The costs of child care must be disregarded in making this calculation.

?

ISSUE: IS THIS THE RIGHT WAY TO THINK ABOUT THIS? THE ALTERNATIVES ARE TO MAKE STATES PROVIDE WORK HOURS AND/OR WAGES ASSOCIATED WITH WORK OPPORTUNITIES SUFFICIENT TO ENSURE A LEVEL OF SUPPORT EQUAL TO THAT OF AFDC RECIPIENTS WHO DON'T WORK; OR TO ALLOW RECIPIENTS, ESPECIALLY IN HIGH BENEFIT STATES TO BE WORSE OFF IN THE WORK PROGRAM THAN THEY WOULD HAVE BEEN ON AFDC.

?

- o Child care subsidies must be made available to WORK participants who are not eligible for supplemental AFDC benefits. Subsidies may be substituted for disregards.

- o Placements in any one WORK slot will be limited to one year, at state option up to two years. States must require a period of private sector job search between WORK assignments of up to eight weeks. WORK participants receive benefits equal to AFDC benefits during job search periods. *good*

- o Participants in the WORK program may not claim the EITC for pay or benefits they receive while in the program. (I'M ASSUMING THAT PEOPLE IN PRIVATE UNSUBSIDIZED JOBS ARE NOT IN THE WORK PROGRAM.)

A WORK PROGRAM

DEFINITIONS: The term "WORK assignments" refers only to work-for-wages positions. "WORK participants" are defined as all persons who have reached the time limit and are subject to the work requirement, including both persons in WORK assignments and those in community work experience programs (see below).

Structure of the Program

- Work-for-wages would be the model for the WORK program. States would be given the option of enrolling up to 20% of WORK program participants in CWEP, rather than in WORK assignments.
- States would be required to assign ultimate responsibility for the WORK program to the IV-A agency, but the IV-A agency would have complete latitude to subcontract some or all WORK program services out to, for example, the local JTPA administrative entity. States might be required to submit the JOBS, WORK and JTPA plans jointly to encourage coordination.
- CWEP placements could be in the public or non-profit sectors only.
- States would have the option of enrolling WORK participants in CWEP, with a \$100 per month work stipend in addition to the standard cash benefit. There would be no limit on the percentage of WORK participants States could enroll in "CWEP with a work bonus" positions. (?)
- Strong public sector anti-displacement provisions, developed in conjunction with the public sector unions, would be put in place.
- Certain provisions concerning the WORK program (e.g., the percentage cap on the number of persons in CWEP) could not be waived.

Why?

Offering States the option of CWEP as an alternative to, rather than in addition to, the work-for-wages model, would be a dangerous gamble.

A work-for-wages model would not necessarily be substantially more difficult to administer than CWEP. As noted above, State IV-A agencies would be encouraged to subcontract those functions which they are not best suited to perform (e.g., placing persons in private sector, OJT-type WORK assignments) out to the JTPA program or other entities. States, however, have experience in operating CWEP, albeit on a much smaller scale, whereas work-for-wages is a untested concept. Many States might consequently be tempted to go with the devil they know, without giving work-for-wages serious consideration.

While it may not be possible to move large numbers of participants out of the WORK program and into unsubsidized private sector jobs even under a work-for-wages model, a work-for-wages model is more consistent with a private sector focus, not to mention with providing meaningful work. CWEP

participants, with their widely varying and uneven hours of work, would likely not be very attractive to private employers or particularly suitable for substantive, skill-building positions.

There is some evidence on the impact of CWEP programs on employment and earnings, and it could not be called encouraging. This is a strong argument for dissuading States from pursuing the CWEP route. Moreover, the work-for-wages model would need to be implemented on a fairly wide scale, rather than in a few, not-randomly-selected States, in order to determine if it delivers better results than CWEP.

Finally, one of the most salient differences between the Administration's plan as it currently stands and the House and Senate Republican bills is the choice of work-for-wages over CWEP. We need to consider the political as well as the programmatic effects of permitting States to opt for CWEP exclusively.

Hours, Wages and Supportive Services

- WORK assignments would be for a minimum of 15 and a maximum of 35 hours per week and would have to pay at least the minimum wage (more at State option).
- The hours for persons in CWEP would be calculated by dividing the cash benefit by the minimum wage. The amount of any child support orders would be deducted from the benefit for the purpose of calculating required CWEP hours. The 15-hour minimum would apply only to WORK assignments, not to CWEP participation.
- The earnings disregard for WORK assignments would be a flat \$120 per month. WORK wages would count as earned income for most purposes except for calculation of the EITC. Child support would be treated just as it would for any other family with earnings.
- Benefits paid to CWEP participants would be treated as benefits rather than earnings for all purposes.
- States would be required to guarantee child care and/or other supportive services if needed for participation in the WORK program.

Private Employers

- Retention language similar to that found in the WORK specifications (and the JTPA statute) would be adopted—private, for-profit employers who demonstrated a pattern of failing to retain WORK participants would be excluded from the program. OK
- The WORK program subsidy for a WORK assignment in a private, for-profit firm would be limited to 50 percent of the wages paid to the participant. / why?

Why?

Both of the above provisions are intended to serve as protections against recycling of WORK participants by employers. While there is not currently such a limit on the work supplementation

wage subsidy, work supplementation is not, to put it mildly, extensively used. The WORK program will be on a much larger scale and under much greater scrutiny, with a correspondingly greater risk of abuses and scandals.

Moreover, staff from the Department of Labor expressed skepticism about the marginal value of increasing the subsidy above 50 percent, particularly given that WORK program subsidies already have the advantage of extending for up to 12 months, as opposed to 6 months for JTPA OJT.

Length of Participation/Number of WORK Assignments

- WORK program participants would in general be limited to either two WORK assignments (one at State option) or 24 months in the WORK program (12 at State option), whichever is shorter. The 24-month limit would apply to participation in CWEP as well. excellent
- States would be required to provide WORK assignments (or CWEP placements) to a high percentage (e.g., 65%) of those who had not yet held two WORK assignments or spent two years in the WORK program.
- The total number of WORK assignments (nationwide) would be limited to 300,000. good
- States would be required to re-assess WORK participants at the two-year/two-assignment mark to determine if more time in the WORK program would be appropriate, or if other services might be in order. In instances in which other services were needed, individuals could be referred back to the JOBS program.
- Persons re-evaluated and sent back to the JOBS program would be eligible for cash benefits, without a time limit. If the State subsequently determined that a person in this category would benefit from another WORK assignment, he or she could be sent back to the WORK program. ? No

Why?

For the time limit to be more than a semantic exercise, a recipient reaching the time limit would need to know that he or she will be going to a WORK assignment very shortly and will not be placed on a waiting list indefinitely. If the time limit means only that benefit checks are sent out under a different program name, with perhaps a few additional toothless requirements (e.g., unmonitored self-initiated community service) imposed, we cannot expect any change in the philosophy of either recipients or welfare offices to result.

On the other hand, guaranteeing a WORK assignment to everyone reaching the time limit, which would be the other way of ensuring a WORK assignment for those just hitting the wall, could be prohibitively expensive.

It would be difficult if not impossible to cap the funding for such a WORK program. While our cost estimates have presumed a WORK assignment for everyone reaching the time limit, they have also presumed substantial caseload reductions which may or may not be accepted by CBO. Moreover, CBO's current model predicts that the marginal cost of work slots, not including child care, rises with

the number of persons in the program (i.e., enrolling the 300,000th person would cost \$2,700 per year, while enrolling the 1,000,000th would cost \$5,400 per year). Consequently, CBO might score phenomenal costs for an open-ended WORK program (including a full-participation CWEP model).

Limiting participation in the WORK program to two years/two WORK assignments would effectively cap the size and cost of the program in the steady state (even in the absence of a cap on the number of WORK assignments). As noted above, some persons could be required to take part in the WORK program for a longer period, when appropriate.

Phase-In

- Phase-in the time limit and the WORK program slowly, beginning with applicants and recipients age 24 and under and increasing by one-year age increments each year thereafter.
- The Secretary of HHS would be required to make a report to Congress at the 4 or 5-year point (e.g., FY 2000) on the implementation of the new program, including impacts and the characteristics of the persons subject to the new rules who had been in the system continuously since the phase-in.
- The Secretary would also be required to make recommendations as to any changes or shifts of direction needed.
- The new program, including both the time limit and the WORK program, would have to be reauthorized after 8-10 years.

Why?

A slower phase-in strategy would not only keep costs down during the five-year budget window but would also provide adequate time to evaluate the effect of the new program before expanding it to the entire caseload.

But does a slow phase-in constitute changing welfare as we know it?

A strong argument could be made that by beginning with applicants and recipients 24 and under, the Administration would be immediately changing welfare for the most critical population, younger recipients and especially younger applicants who are at the greatest risk of long-term welfare receipt. The Administration's bill would be reaching this population more rapidly than does the House Republican bill, which does not phase-in current recipients, including those under 25 at present, until 1999.

Another argument in favor of a phase-in beginning with those 24 and under is that these most at-risk recipients might get lost during a more rapid phase-in; focusing on younger recipients first is the best bet for success with this essential subgroup.

The Administration would make the commitment in the bill to sensibly expand to the rest of the caseload as rapidly as resources allow, with the benefit of the knowledge picked up during the early years of the phase-in.

Funding

- WORK money would be defined as only the new money needed to set up WORK assignments. This funding would be capped and would be distributed to States according to the number of persons in the JOBS program subject to the time limit in the State, relative to the number in all States.
- Federal money for wages to persons in WORK assignments would not be capped. The Federal government would reimburse States for wages to persons in WORK assignments, with no limit on Federal matching funds (as noted above, however, the total number of WORK assignments would be capped).
- The Federal match rate for wages would be structured so as to encourage (high-benefit) States to make their WORK assignments 15-20 hours per week, as opposed to 30-35.
- States would face a higher match rate for benefits to persons who had reached the time limit and were not in a WORK assignment.

good

[see piece on Allocation of WORK Program Funds for further discussion of funding issues]

Issue Paper: **WORK PROGRAM FUNDING**

Key Questions:

- **What is meant by the terms "WORK funding" or "WORK money?"**
- **How should WORK funding be allocated?**
- **How much flexibility should States be given in the spending of WORK dollars?**

For example, a State receives \$10 million in WORK dollars. Does that \$10 million represent the money for WORK wages and for WORK operational costs, or just for the latter? What can the State do with that sum? Is the State required to spend all of the money on WORK assignments? Is it required to spend any of the money on WORK positions, or could all of the funds be devoted to performance-based placement contracts, job search workshops, microenterprise activities and other strategies to move persons from the WORK program to work?

Would persons who, for example, had been referred to a placement contractor be eligible for cash benefits while awaiting placement? What about individuals enrolled in job search or in the very early stages of starting their own microenterprises (i.e., before any revenue has come in)? Would such cash benefits come out of WORK money or from AFDC (or the successor program) funds?

What if a State, due to a lack of matching funds, administrative difficulties or a preference for other strategies, generated very few WORK assignments? Could the State simply continue to pay AFDC or the equivalent benefits to most of those in the WORK program?

A Preferred Allocation Strategy

Money for the cost of operating the program would be capped and distributed according to the number of persons in the State subject to the time limit (i.e., those required to participate in JOBS). The State match for WORK administrative funding would be set at least the JOBS match rate and perhaps higher. States would be reimbursed for wages at the FMAP, with no limit on Federal matching funds. Persons in the WORK program but not in WORK assignments would be eligible for cash benefits, which would also be reimbursed at the FMAP.

Why?

The Federal match rate for WORK wages could be set higher than the FMAP, to encourage States to generate WORK assignments rather than lengthy waiting lists. Conversely, the match rate for persons who were awaiting WORK assignments could be set lower than the FMAP, to achieve the same end. Both match rates could decrease with the length of time persons had spent in the WORK program, to give States an incentive to move WORK participants into unsubsidized employment as rapidly as possible.

The distinction between the administrative money and the wage money would have to be made in any event for match rate purposes, since the Federal match for WORK administrative dollars would likely be higher than the Federal match for WORK wages (much as the JOBS match rate is higher than the FMAP). The cap on WORK money could be set relatively painlessly, since wages and cash benefits would not have to be paid out of the capped WORK allocation. If the capped WORK allocation

included funds for wages and cash benefits and the cap were set too low, a State would be left with insufficient funds to provide income support to persons in the WORK program (see below).

Under this arrangement, wages for persons in WORK assignments would essentially be the money that would otherwise have been paid in AFDC benefits to such persons. The Department, however, would avoid the arduous and messy business of trying to estimate in advance the amount that would have been paid in benefits to such persons, and States would not be left holding the bag in the event of flawed projections (see below).

There is still the question of how, if WORK administrative funding were capped, States with higher than average per participant operational costs would be reimbursed adequately for such expenditures.

States would, under this structure, still have the flexibility to spend the WORK *operational funding* on a range of activities, including job search assistance and performance-based placement contracts.

It should be noted that the method by which the Federal government reimburses States is quite separate from the mechanism by which a State channels funds to private employers or placement contractors. A State could choose to make the wage subsidy payments to employers of WORK participants on a monthly basis or in a lump sum at the outset of a WORK assignment, or by some combination of the two methods. Similarly, a State could pay placement contractors a percentage of the fee at the outset and the remainder upon placement, or the entire fee upon placement. Regardless of the method by which the State transferred dollars to WORK employers, the Federal government would reimburse the State for wages at the FMAP (or a higher rate), and for administrative spending at the WORK match rate.

There is still the question of whether a State should be required to spend at least some of its WORK administrative money on generating WORK assignments, or whether a State would be permitted, for example, to put all its WORK money into placement contracts and create no WORK assignments.

Perhaps a more salient question is, what if a State devotes most of its WORK funding to generating WORK assignments but due to administrative difficulties or insufficient matching funds, provides very few WORK assignments? Would such a State face any penalty?

States could be required to generate a minimum number of WORK assignments, to ensure that a work requirement would kick in for at least some percentage of persons who had reached the time limit. The minimum number would be based on the State's allocation of WORK funds and would be set such that the State could meet the requirement and still have WORK money available for other strategies designed to move people out of the WORK program and into unsubsidized employment (including self-employment).

Alternatively, States could be required to enroll a certain percentage (e.g., 80-95%) of persons who had not yet reached the reassessment point in WORK assignments, provided WORK administrative funding were sufficient to enable States to provide WORK assignments to such a number of persons.

There are fairly compelling reasons not to count placements into unsubsidized jobs as WORK assignments. It would be difficult to distinguish WORK participants who found, or would have

found, jobs on their own from those whose employment was attributable to State job placement efforts. A State which was especially creative at counting could claim to have provided the minimum number of WORK assignments while still having a lengthy waiting list. What if an individual found a position but lost it two months later? Would it be counted as a WORK assignment for those two months? Monitoring how long persons placed in unsubsidized employment kept such jobs could prove rather difficult.

The allocation strategy described above attempts to afford States considerable flexibility, while ensuring that at least a minimum number of WORK assignments is provided by each State. The intent of the structure is to give States an incentive to move persons out of the WORK program and into unsubsidized employment as rapidly as possible, while minimizing the administrative burden for both the States and the Federal government.

Why Not a Flexible Pool of Wages and Administrative Dollars?

Another option would be to require States to fund income support for persons who had reached the time limit out of WORK program funds. In other words, WORK money would include both the funding to generate and maintain the WORK assignments and the wages to be paid to persons in WORK assignments—a "flexible pool" of both types of dollars. The amount for wages would be equal to the amount that would have been paid in cash benefits to such persons.

Since WORK dollars would be allocated at the start of the fiscal year, WORK money for a year would be equal to the operational funding plus the amount in benefits that would have been paid to the number of persons we *estimated* would be in the WORK program during the year, not the *actual* number of people in WORK positions during that year.

If WORK funding is capped, an erroneous estimate on the Department's part would be rather problematic. If the Department guessed low, a State would be left with insufficient funds to provide WORK assignments or cash benefits to all who had reached the time limit. The State would then be left to either pick up the tab or deny support to persons who were willing to work.

One solution would be to permit a State, in such an instance, to provide cash benefits out of AFDC (or the equivalent program) money to such persons. A State which, however, generated few WORK assignments, as discussed above, could then pay cash benefits, out of AFDC money, to the large number of persons in the WORK program but not in WORK assignments.

Defining WORK money as both the administrative dollars to set up the WORK assignments and the WORK wages, and capping that total would be tantamount to replacing AFDC, which is an uncapped entitlement, with a capped entitlement for persons who had reached the time limit. States are not likely to welcome such an arrangement, unless the Federal match rate for WORK money is substantially higher than the FMAP or even the JOBS match rate.

This structure would also impose a substantial administrative burden on the Department, which would be required, for each State, to calculate the amount that would have been provided in benefits to persons who were in the WORK program.

Writing the capped WORK funding levels into law as part of the Administration's bill would be particularly challenging, as it would require estimating the number of persons who would be in the WORK program in, for example, fiscal years 1996 through 1999. The level of WORK funding might have to be determined on an annual basis, which would do little to assuage fears of a massively expensive WORK program. If the number of persons in the WORK program rose from year to year, WORK funding would then rise accordingly.

It is not clear what the advantages are to such a block granting scheme. Much the same effect could be achieved by the strategy described above, which distinguishes between money for setting up the WORK assignments and money for WORK program wages.

Key = freedom to
reallocate wage \$ -
work supp, etc.

→ Change work supp rules