

FUNDING FOR THE JOBS PROGRAM

HEARING
BEFORE THE
SUBCOMMITTEE ON
SOCIAL SECURITY AND FAMILY POLICY
OF THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
ONE HUNDRED SECOND CONGRESS
SECOND SESSION

ON

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FUNDING FOR THE JOBS PROGRAM

MONDAY, MARCH 30, 1992

U.S. SENATE,
SUBCOMMITTEE ON SOCIAL SECURITY
AND FAMILY POLICY,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:05 a.m., in room SD-215, Dirksen Senate Office Building, Hon. Daniel Patrick Moynihan (chairman of the subcommittee) presiding.

[The press release announcing the hearing follows:]

[Press Release No. H-13, March 25, 1992]

FINANCE SUBCOMMITTEE HEARING PLANNED ON "JOBS" PROGRAM FUNDING, MOYNIHAN SAYS STATES LACK FUNDS TO TRAIN RECIPIENTS

WASHINGTON, DC—Senator Daniel Patrick Moynihan, Chairman of the Finance Subcommittee on Social Security and Family Policy, Wednesday announced a hearing on funding for the JOBS program.

The hearing will be at 10 a.m., Monday, March 30, 1992 in Room SD-215 of the Dirksen Senate Office Building.

"Able-bodied welfare recipients should either be working or obtaining the skills they need to hold a job," Moynihan said.

"The problem now is that most recipients cannot get the necessary training because the states are out of money. So in S. 2303 we propose to fully fund the JOBS program so that all employable recipients can be accommodated," Moynihan said.

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, A U.S. SENATOR FROM NEW YORK, CHAIRMAN OF THE SUB- COMMITTEE

Senator MOYNIHAN. A very good morning to our guests and our distinguished witnesses. For those who are not familiar with the ways of the second floor of the Dirksen Building, that corridor outside was christened by the distinguished Ranking Member of our committee and of this subcommittee "Gucci Golf."

But that only pertains when the issue is corporate taxation, when it is crowded at 6:00 o'clock in the morning as people start lining up to make sure partners get places at 10:00. But then on days when we are dealing with child welfare you can shoot deer in the hallways. It is the most wonderful transformation you could ever see.

And that is what we are doing this morning. We are nominally dealing with the subject of oversight of the Family Support Act of 1988, which our distinguished Secretary Barnhart will be speaking about for a bit, and to discuss a followup proposal which, as Chairman, I have introduced called the "Work for Welfare Act of 1992."

And both of these events take place in what I think is a unique setting which is that the Presidential campaign of 1992 is to be the first Presidential campaign in our history in which welfare, generally described, and the condition of families, is central to the political debates of the year.

We see it as a subject in every pronouncement. We see it not just in pronouncements by candidates and parties, but by analysts and editorialists.

The political year began, you might say, with the President's State of the Union message in which he said, "Ask American parents what they dislike about how things are in our country and chances are pretty good that soon they will get to welfare."

Now, I do not know if that is singling out Ms. Barnhart for having done an inadequate job, or generally a more important job than is generally appreciated. And we are going to hear your views on that.

But that was a large statement, that if you ask American parents what they dislike about how things are in the country, chances are good that pretty soon they will get to welfare.

The Washington Times reported that there was a focus group that was organized to hear the debate and that line received the second largest response of any statement in order of magnitude, much larger than saying that the Cold War did not end; we won. That did not seem to impress anybody.

The only larger response was to the statement that the government is too big and spends too much money. If the statement had been, the government is too big and spends too much money on welfare, we would have had a melt-down on the hand-held charters. [Laughter.]

The President went on and addressed the League of American Cities in New York, I think it would be 3 weeks ago. Three weeks ago, says Senator Offner, former Director of Welfare and State Senator.

And the President said to the League of Cities in our country, a quarter of the children born now are out-of-wedlock, and in some portions of American cities, this ratio reaches 80 percent.

As far as I know, that is the first time an American President in two centuries has mentioned this subject. In two centuries the subject has not come up. I asked this question of the Director of the National Institute of Child Health, and in approximately two centuries I expect to get an answer. They are not in the business of noticing what Presidents say, and Presidents are not in the business of noticing what they say. It is a remarkably unproductive relationship, as best I can tell. But would you take that message back, Madam Secretary?

Just one or two other points. We happen to have the story board, as they say in television, of the first major campaign statement of the 1992 Presidential election year by President Bush's campaign. It says, "Bush spot: TV agenda." And there is a picture. This is the script and this is the film. Picture/audio it says. It is not very complicated.

George Bush at work in Oval Office. And then Bush stating the theme of the campaign, "If we can change the world, we can change America." That is a good theme. A perfectly legitimate one.

And then a voice announcer says, "Perhaps no President in our history has shown the world such strong leadership in strengthening our economy to make America more competitive."

And now, picture of George Bush at work in Oval Office, and he says, "To change welfare and make able-bodied workers." That is the theme of the Presidency.

Then down here, the last shot says, "Picture of Bush at desk with female assistant handing him something to sign."

Now, Ms. Barnhart, we are hoping that will be you handing him the Work for Welfare Act of 1992. [Laughter.]

Can we agree on that? Because we would like to hear from you what the President has in mind and what you have in mind. And may I say I could have repeated these matters on the Democratic side for the Democratic candidate.

So let us get on with our hearing, which begins with our able Assistant Secretary of the Administration for Children and Families, a new organization.

Is this the first time you have appeared as head of the new organization? I think once before.

Secretary BARNHART. I think once before, Mr. Chairman.

Senator MOYNIHAN. Yes. Just once before. And thereafter we are going to hear from the Governors' Association and the State Representatives. We are going to hear a panel of Social Welfare Commissioners.

And then we are going to hear from an old friend of this Chairman and this subject, Richard P. Nathan, who will announce that, once again, a great enterprise has failed—the 1988 Family Support Act—and nowhere has it failed more than in his own New York State where he is now director of the Nelson Rockefeller Institute for Government Affairs in Albany.

I have a statement which I will place in the record at this point. Let me see. The poster is there. All right. We are all set.

Good morning, again, Madam Secretary. We have your statement which we will place in the record as if read. And you proceed exactly as you desire.

[The prepared statement of Senator Moynihan appears in the appendix.]

STATEMENT OF HON. JO ANNE B. BARNHART, ASSISTANT SECRETARY, ADMINISTRATION FOR CHILDREN AND FAMILIES, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Secretary BARNHART. Thank you, Mr. Chairman. And may I say, my oral statement this morning is a little shorter than the statement that is being submitted for the record, so I ask that the entire statement be submitted.

Senator MOYNIHAN. Exactly so.

[The prepared statement of Secretary Barnhart appears in the appendix.]

Secretary BARNHART. Thank you. I appreciate the opportunity this morning to comment on S. 2303, the Work for Welfare Act of 1992, Mr. Chairman.

In the last few years, we have witnessed a growing recognition of the need to change the welfare system and the principles on which it is based.

The Family Support Act of 1988, a carefully crafted, bipartisan effort, was an important landmark in this process. It has helped States to both focus on self-sufficiency for welfare recipients and to increase activities that promote and facilitate that outcome.

The Bush administration made implementation of the Family Support Act one of its top priorities. Success in this effort depended on the commitment and the cooperation of several of the major departments in the executive branch.

Secretary Sullivan personally worked closely with the Departments of Labor, Education, and Interior to ensure prompt and effective implementation of this law.

As you noted, 2 years after passage of the Family Support Act, and I quote you, Mr. Chairman, "For all its rumbling, bumbling, antique idiosyncrasy, American federalism has done it again. The returns are in: everyone is in compliance; the Act is under way."

What does this mean in practical terms? Here are some examples. All 50 States were operating JOBS welfare-to-work programs by October 1, 1990. Thirty-five States—

Senator MOYNIHAN. I think if I just may say—and you interrupt me whenever you have in mind—that what I was saying was in an oversight hearing in which we were to say that, yes, all 50 States had now put their programs in place and had gotten started.

Secretary BARNHART. Yes.

Senator MOYNIHAN. You are going to tell us how far they have moved from that starting line.

Secretary BARNHART. I hope to. Yes, sir. Yes. That was exactly what I was presenting. To talk about what does that really mean, the fact that it is under way. How under way is it?

As I said, all 50 States were operating JOBS welfare-to-work programs by October 1, 1990, which was the required effective date. Thirty-five States were operating statewide programs one year earlier than required by statute, and 530,000 welfare recipients are participating in welfare-to-work programs each month.

More importantly, States have not limited their efforts to the JOBS program. Since 1988, we have seen almost a \$2.5 billion increase in child support payments; 479,000 paternities were established in fiscal year 1991—that is a 50 percent increase over 2 years; 2.6 million absent parents were located in fiscal year 1991.

As you know, that is the first critical step in collecting child support, and we've seen an 86-percent increase in 3 years.

Senator MOYNIHAN. That is pretty impressive. I mean, double in 3 years.

Secretary BARNHART. I think it is, Mr. Chairman.

Senator MOYNIHAN. Yes.

Secretary BARNHART. I think we clearly are beginning to see the effects of the increased support enforcement requirements that we have in the Family Support Act. The paternity establishment figure is particularly significant because the percent of increase is one of the greatest that we have seen.

In other words, if you look at where we would have been in past years to where we are now, I think it is actually an additional difference of over 57,000 more paternities established. And that is, in absolute numbers, very significant.

In the last several months, there has been a growing ferment in the States to do more; to build on the reforms contained in the Family Support Act to better facilitate self-sufficiency and support parental responsibility.

We have not seen a slackening of implementation of the Family Support Act, as some skeptics had feared, but rather a desire to build upon the mandated requirements contained in the JOBS program and the child support enforcement provisions.

President Bush has pledged his support to the Governors in their efforts to strengthen the family and promote self-sufficiency. The President has encouraged States to innovate.

In his State of the Union message, as you mentioned, Mr. Chairman, the President promised to pave the way for these innovations by making the process for applying for waivers of Federal provisions easier and quicker.

Since the President focused attention in this area, we have heard from several States wishing to take on the challenge of improving the system for the families and children that it serves.

We are greatly heartened by the interest in States to pursue plans which will strengthen the family, promote parental responsibility, and ultimately lead to self-sufficiency.

As you have so often stated, State demonstrations with solid evaluation in the 1980's were the foundation of the Family Support Act.

We strongly believe they can serve the same function in the 1990's, and we will give expedited consideration to State proposals that provide for Federal cost neutrality and rigorous evaluation.

In addition to strong State interest in pursuing further improvements in the welfare system, a number of members of Congress have recently introduced welfare-related proposals.

The subject of this hearing, as you said, is S. 2303, a bill which you introduced, Mr. Chairman, to increase dramatically both participation requirements in the JOBS program and the Federal funding that is available for JOBS.

In summary, my understanding is that the bill would increase the general participation rates to 50 percent by fiscal year 1994 and use Federal funds to cover all additional State expenditures to meet this requirement, including costs for child care.

States would only be required to meet their fiscal year 1991 expenditure level for JOBS and their fiscal year 1992 expenditure levels for child care in order to receive these Federal funds, and they may choose to substitute "in-kind" matching for all of their JOBS expenditures.

Spending under the bill would be designated as emergency requirements under the Balanced Budget Agreement to eliminate the need for any offset in other Federal programs to pay for the additional \$4.5 billion in Federal expenditures. And that is according to the preliminary CBO estimate of the cost of the bill.

Senator MOYNIHAN. Yes. That is about what we would have thought.

Secretary BARNHART. Mr. Chairman, the administration strongly opposed S. 2303. Although we support the underlying principles of S. 2303, we strongly oppose the bill because of its excessive funding

and lack of a mechanism to pay for the expansion of the JOBS program.

It would undercut the necessary discipline of the Budget Enforcement Act by not providing an offset to the increased Federal funding the bill would entail.

Were the bill to be presented to the President as drafted, the Secretary of HHS would recommend that the President not declare an emergency, as provided for in the act.

However, we fully support the need for strong work requirements for able-bodied AFDC recipients. The Bush Administration has consistently advocated for high participation standards.

We press for meaningful participation in the JOBS program by incorporating in the participation standards requirements that, on average, participants must be involved in a JOBS activity for at least 20 hours a week, and that they must actually attend such activities for at least 75 percent of their scheduled hours.

JOBS is built on a triad of Federal, State, and individual responsibility. Just as the Family Support Act was successful through its foundation in State initiatives and demonstrations, States must continue to have a stake in the operation of the JOBS program if it is to continue to address most effectively the needs of the welfare population.

By providing open-ended Federal matching for JOBS with no additional State match, States would have no incentive to run efficient programs. Further, the funding formula set out in S. 2303 allows grievous inequities based on the maintenance of effort language.

Those States who made little commitment to JOBS in fiscal year 1991 would receive full funding with little stake in the program's success, while those States who have already shown a large budgetary commitment to JOBS would be less well-off, because they would be required to maintain this commitment.

We are also extremely concerned about allowing States to replace their real expenditures with an "in-kind" match. In effect, this change, combined with the other changes noted above, would drastically weaken State financial commitment to JOBS.

The history of the WIN program shows the dangers of too generous Federal matching combined with an insignificant State "in-kind" match. We should not put ourselves in a position to repeat these mistakes again.

Further, S. 2303 provides a potentially significant increase in Federal funding for child care without the benefit of an identified need for such expenditures, even if the JOBS participation rates were increased.

With implementation of the Omnibus Budget Reconciliation Act of 1990, Federal funding for child care for low-income families increased dramatically.

We should take some time to examine the effectiveness and adequacy of these expenditures before we consider an increase in the amount of Federal funding. We all know that simply increasing Federal dollars does not necessarily result in successful solutions to welfare dependency.

Finally, S. 2303 has no funding mechanism. Using the emergency designation sidesteps the limits of the budget agreement without really addressing the problem.

This approach to funding has continually been opposed by the administration. The administration is committed to upholding the Budget Agreement in order not to increase the Federal deficit.

In closing, let me reiterate the administration's commitment to strengthening the family and promoting self-sufficiency and my personal commitment to working together with you on ways to accomplish these goals, Mr. Chairman.

I want to continue the valuable dialogue that we have had over the last few years. I want to continue to urge States to fully implement all provisions contained in the Family Support Act and to creatively build upon the principles that are contained in that act.

I believe that if the Congress, the States, the public, and the administration work together, we can find ways to help families become stronger and make welfare what it was intended to be—a short-term economic aid to families in temporary need, not a way of life.

Mr. Chairman, as always, I would be happy to attempt to answer any questions you might have at this time.

Senator MOYNIHAN. Thank you. A personal question. Are you feeling all right? Your eyes are troubling you.

Secretary BARNHART. I am having a little problem with my left eye, so if I do not look you in the eye, it is nothing personal, Mr. Chairman.

Senator MOYNIHAN. Well, you do not let us keep you here longer than you feel like staying.

Secretary BARNHART. Thank you.

Senator MOYNIHAN. Good. Just a few direct questions. Those were very impressive reports on the 2.6 million absent parents were located in fiscal 1991. It is generally left out that the Family Support Act requires child support, and requires 18 years of it.

As recently as 5 years ago in New York City, they had to persuade themselves to ask for the name of a parent of a child born in a hospital, much less ask for the Social Security number. It was a violation of the Federal privacy laws. Such was the culture of the Welfare Administration.

My first question is—and I think you have given us the answer, but just to be clear—when the President says he wants to change America as well as the world by making the able-bodied work, he has no new legislation in mind.

It is not that time has run out, but time is running in this Congress. Soon it will be April 1, and that is about the last moment you can think of a major bill. They typically take a full Congress. Are we going to get any welfare legislation from the administration?

Secretary BARNHART. Well, Mr. Chairman, I am certainly not prepared today to make any announcement about any welfare legislation that would be coming from the administration.

I would say this, that the environment that we work in in dealing with social policy and welfare issues in particular, as you know, is certainly a dynamic one.

And we constantly, at ACF, are looking at the welfare system, what is going on with the operation of the programs, to determine changes that might be necessary.

And they range from things such as small changes, to perhaps large things we can do through administrative mechanisms in the agency to make things work better, or to changes in regulations.

Senator MOYNIHAN. Yes.

Secretary BARNHART. So, it is not like there is——

Senator MOYNIHAN. Well, to be clear, you are an executive. You are running a program which will involve almost one-third of American children before they are aged 18, and four-fifths of minority children. So, you know, things come to your desk everyday.

But do not be evasive. You have no bill coming up here, do you?

Secretary BARNHART. Well, Mr. Chairman, as I said, I certainly am in no position today to discuss——

Senator MOYNIHAN. But tomorrow you might have a bill that Mr. Darman has not told you about?

Secretary BARNHART. Well, I——

Senator MOYNIHAN. Come on. Come on. Come on.

Secretary BARNHART. At this point in time, I can tell you that the administration intends to continue the aggressive implementation that we have undertaken in the Family Support Act.

Senator MOYNIHAN. Yes. Right.

Secretary BARNHART. And also to work to expedite the requests that the Governors submit to us for waivers of Federal law and requirements so that they can experiment.

Senator MOYNIHAN. Well, you do not have to comment. There is no new law in prospect. What you want to do is make the statute you have work better and continue to work. Leave it there. You probably have a weekly crisis with OMB. I do not want to make this one any worse.

But now, we have had some proposals, though. When we had that Work for Welfare measure I introduced—which is not going to pass—the Democratic Congress would not dream of passing it and you would not dream of signing it because it would make everybody do what they say they want to do, which is to put the able-bodied to work.

But we have got a fact which is we would estimate—and you might give me sort of a horseback estimate of your own—there are about 2 million adults who now receive AFDC benefits who do not have children under 3 years of age. So, they would come under the heading of persons who expects to be in JOBS programs.

Secretary BARNHART. Yes. It is just under 50 percent, Mr. Chairman.

Senator MOYNIHAN. Yes.

Secretary BARNHART. At least that is what we originally anticipated in terms of the non-exempt population.

Senator MOYNIHAN. You are about right in that estimate. And of these 2 million, about a quarter are in the JOBS program. Is that right, about half a million?

Secretary BARNHART. Well, as I said, roughly 530,000 are participating each month. That is each month.

Senator MOYNIHAN. Yes. So, three-quarters are not, and that defines the gap between where we are and where we want to be.

We are just starting, but we also have the fact that the Federal funds available are not being used—we are going to get to that later—only about half are being used. So, we are not doing what the Federal Government is prepared to support. I think the States have to face that fact.

A couple of measures in the way of legislation have been introduced and debated in the Senate. About 3 weeks ago, by a two to one vote, the Senate adopted an amendment introduced by my distinguished colleague, Senator D'Amato, which provides that State Governments must have job programs for all able-bodied participants in the AFDC-UP program, which is the welfare legislation for unemployed parents. No. I want to correct myself. They must have work programs for all general assistance recipients—Home Relief, as it was called in my youth—and a State that does not do that would lose 10 percent of its funds for Aid to Families with Dependent Children. Do I have that right?

And these are unrelated children. I tried to make that point in the debate, that it is one thing to visit the iniquities of the parents on the children, but these are not the parents of the children. They do not even live in the same part of the State and do not know each other. There is no relationship.

This would be a new principle in our social policy that if a State does not do something for those adults over there, we will deprive those children of their Federal funds.

And I made this case with such persuasive emphasis that we only lost two to one. Where does the Bush Administration stand on that measure? Because it has now passed the Senate.

Secretary BARNHART. Mr. Chairman, the administration has not taken a position on that particular amendment.

Senator MOYNIHAN. You are not for it and you are not against it.

Secretary BARNHART. We have not even really looked at it in order to provide Congress with a position on that, Mr. Chairman.

Senator MOYNIHAN. All right. It is said sometimes around here, some of my friends are for this measure, some of my friends are against this measure, and I am for my friends. Is that right?

Well, would you be prepared to let us know in writing what you think? We need to know. To govern is to choose, as John F. Kennedy would say.

Now, you cannot have a measure like that pass the U.S. Senate two to one and say, ha, we have no views. They are only kids; who cares? You tell OMB we want a position.

The U.S. Finance Committee Subcommittee on Social Security and Children wants to know where the President stands, or else knock off that commercial.

Secretary BARNHART. I will be happy to do that, Mr. Chairman. And, generally, the administration provides bill reports or positions on legislation when they are requested.

Senator MOYNIHAN. Yes.

Secretary BARNHART. So, I will be happy to convey that you have made a request for that. Absolutely.

Senator MOYNIHAN. Consider yourself requested. A last query. We had a very able testimony from two State elected officials from New Jersey—Governor Florio and Assistant Minority Leader Bry-

ant—they were here about 4 weeks ago to talk about their proposal in New Jersey.

That is part of a family of proposals, like the one I mentioned by Senator D'Amato, which provides, among other things, that a welfare mother bearing an additional child while receiving benefits would not receive additional benefits for that child. The New Jersey Legislature, the Governor, make the point that if a family has an extra baby, you do not get extra pay.

On the other hand, this package would continue welfare benefits for welfare mothers who get married. It is a variation of things. They would need a waiver, I believe, to do this. I know they would need a waiver. We write the laws, you interpret them, but you do so fairly.

Have you been asked for a waiver from New Jersey, and do you have any views on that, preliminarily?

Secretary BARNHART. We have not received a formal request from New Jersey, or even a draft request at this point, Mr. Chairman. I was part of a meeting that Secretary Sullivan had with Governor Florio and Allen Gibbs, the Secretary there.

Senator MOYNIHAN. We read of that. Yes.

Secretary BARNHART. And Assemblyman Bryant as well.

Senator MOYNIHAN. Yes.

Secretary BARNHART. And we had some discussion at that meeting about exactly what the New Jersey program would look like, and they have indicated to us they will be getting something in in draft probably this week or next week, but we have not received it yet.

Senator MOYNIHAN. This week or next. Oh. Do not let me misrepresent you or the Secretary, but I recall he indicated that he was favorably disposed.

Secretary BARNHART. The Secretary?

Senator MOYNIHAN. Yes.

Secretary BARNHART. Well, I appreciate you asking the question, so I may take this opportunity to clear the record on that, if I may.

Senator MOYNIHAN. Yes. Sure. You are not clearing a record since we do not have a record. You make the record.

Secretary BARNHART. All right. To establish the record then.

Senator MOYNIHAN. Yes.

Secretary BARNHART. The fact of the matter is is that since the waiver authority, as it currently stands, is the Secretary's authority and is delegated to me. As such, either I make the decision or, if I think it is necessary, consult with the Secretary and make recommendations to the Secretary whether or not we should exercise it.

We have not made any decisions in advance of receiving the actual waiver request, and I would like to take this opportunity to explain why. That is because, up until this point in time, we are largely dependent on reports in the media as well as just verbal discussions that we have with the States.

Senator MOYNIHAN. Are you going to tell this committee you would like to see what is proposed before you decide whether you are in favor of it?

Secretary BARNHART. That is basically what I am going to say. Because depending on—

Senator MOYNIHAN. Do you think we can run a government on that basis? [Laughter.]

Secretary BARNHART. As you know, Mr. Chairman, when you talk about waiving various aspects of the law, depending on how the State chooses to go about it and also looking at the entire package of things the State would submit as opposed to one particular piece of a waiver package—

Senator MOYNIHAN. Yes.

Secretary BARNHART [continuing]. Could have a lot to do with the interplay between the various provisions.

Senator MOYNIHAN. Sure.

Secretary BARNHART. It could have a lot to do with assessing whether or not we think it is, in fact, a smart policy move or not a good policy move. So, when we receive the New Jersey waiver, we will be looking at it as we will with all of the waiver requests that we receive.

Until that time, I have been asked repeatedly by reporters, and other people when I have appeared on TV, and in meetings, and so forth whether we are going to announce that we approve certain waivers in advance or not. The fact of the matter is no, the President committed to an expedited waiver review process and—

Senator MOYNIHAN. Oh. You have done that. So, just tell us, what does that normally mean in terms of time? Three months? Two months?

Secretary BARNHART. We are hoping to be able to move very quickly. Yes, Mr. Chairman, we are. Certainly my standard would be somewhere around 2 or 3 months.

Senator MOYNIHAN. Good.

Secretary BARNHART. I do not know that we have adopted a specific day or time period.

Senator MOYNIHAN. You are not under oath.

Secretary BARNHART. But one of the things I have tried to encourage with the States that are interested in it is to start talking with us, at least informally, as soon as possible and begin to get things to us in draft so that we do not wait until the day that the formal waiver application is submitted to begin to address some issues that are perhaps technical and can be worked out in advance.

And also we can begin to address things like evaluation and cost neutrality early on so they do not end up being sticking points for the States at a later point.

Senator MOYNIHAN. That makes perfect sense. And welcome to the era now begun in which we are seriously discussing using welfare legislation to change individual and family behavior. It is new. We know very little about this subject. We have avoided knowing this subject for 30 years since it first appeared. It is now Presidential, front and center.

I want to give you a chance to tell us you are for something. We reported out in this committee and the Committee on Education and Labor and the Senate unanimously adopted S. 1256, which calls for an annual report on welfare dependency and its variations and details, much as the Employment Act of 1946 created the Economic Report of the President dealing with unemployment.

And you are very much in favor of that legislation, as we understand it. And I would be disappointed otherwise, because you helped draft it.

Secretary BARNHART. Well, as you know, Mr. Chairman, Assistant Secretary Gerry and I, and the Secretary, I believe also, have had discussions with you about that legislation in which the idea of having a regular report to look at—

Senator MOYNIHAN. Yes. So we can see what is going on from year to year. And it is over in the House where it has not been heard from, but we hope to interest parties over there.

And when you are talking with them, perhaps you would do the same because, in the end, you very rarely do much about a social matter until you learn to measure it.

Secretary BARNHART. We have continued on an informal basis, prior to the passage of the legislation, I would just mention, to work with the University of Michigan.

And we have some updated information I could provide to you related to some of the under-counting issues that you and I have discussed in the past as far as minorities are concerned.

Senator MOYNIHAN. Oh. Good. Good. In fact, the audience may not recognize the reference. It is the Panel Study on Income Dynamics which was begun in 1967 under the Office of Economic Opportunity and has somehow persisted.

And by working with them we established that, for children born in 1967, 1968, 1969, almost one-quarter—22 percent, 22.1 percent—were actually on welfare before reaching age 18. And almost three-quarters of minority children were. They are now 21 and 22. Our projections are even higher.

Apart from public schools, there is no institution in our nation which more children pass through than welfare. And they pass through as paupers, do they not?

Do you propose that we increase the funds that an AFDC family can have—the wealth—from \$12,000 to \$10,000, have you not?

Secretary BARNHART. Yes. An increase in the asset limit. Yes, sir. That is one of our legislative proposals this year.

Senator MOYNIHAN. Wealth is not really the right term. You can have \$1,200 worth of pots and pans today.

But that is our condition. A third of our children are paupers before they are age 18, and we go around telling ourselves that we are the world's richest society. Not for lack of your trying, Madam Secretary. Get out of here and take care of yourself.

Secretary BARNHART. Thank you.

Senator MOYNIHAN. And thank you very much for your testimony.

Secretary BARNHART. Thank you, Mr. Chairman.

Senator MOYNIHAN. And do not hesitate to take the day off. [Laughter.]

For the record, we have never, ever sought advice or assistance from Secretary Barnhart without her coming immediately and being as forthright as anyone could be. She is leaving here to go directly to the doctor. Most witnesses would have just sent a note to the committee instead.

Mr. Scheppach, good morning, sir. You are going to be followed—and I wonder if it would not just make sense to be joined—by your

colleague, State Representative Leonard, representing the National Conference of State Legislatures.

Good morning. I wonder if the two of you would not want to join each other, as you are Governors and legislators together. And we welcome you both.

Mr. Scheppach, we will hear from you first. We will put your statement in the record. Proceed exactly as you wish. Good morning, sir. And good morning, Ms. Leonard.

STATEMENT OF RAYMOND C. SCHEPPACH, EXECUTIVE DIRECTOR, NATIONAL GOVERNORS' ASSOCIATION, WASHINGTON, DC

Mr. SCHEPPACH. Thank you, Mr. Chairman. I will put the full statement in the record and summarize it very briefly.

Senator MOYNIHAN. Sure. Do not be brief. I mean, take your time. You took a long time to get here.

[The prepared statement of Mr. Scheppach appears in the appendix.]

Mr. SCHEPPACH. I want to thank you, Mr. Chairman, for your ongoing support for the Job Opportunity and Basic Skills Program. Your sponsorship of S. 2303, the Work and Welfare Act of 1992, is further evidence of your commitment in this area.

Mr. Chairman, however, since we passed that legislation in 1988, the current economic situation has changed quite dramatically.

Currently, AFDC case loads are at levels never anticipated when the JOBS program was enacted. From July 1989 to November 1991, which is about 29 months, case loads have increased from about 3.7 million to 4.6 million, or 24 percent.

If we look across the States, we will also see some very dramatic changes. New York's case loads, for example, are up 16 percent; Texas, up 40 percent; Oregon, up 33 percent; New Hampshire, close to 100 percent; Arizona, 64 percent, and so on. Fairly dramatic changes in a relatively short period of time.

At the same time case loads have increased very dramatically, the State fiscal condition has deteriorated. Over the last 2 years, States have had to increase taxes by over \$25 billion. This is on a base of about \$300 billion.

In addition, last year they cut previously appropriated funding by about \$7.5 billion. And currently for this fiscal year, we are looking at an additional \$10-\$12 billion in shortfalls that will, in fact, have to be closed by some combination of cuts in expenditures and increased taxes.

For this reason, many States have had to limit their investment in JOBS. This has brought the aggregate drawdown rate to about 60 percent of available Federal funds.

Your proposal to revise the funding mechanism is certainly consistent with the direction that the States would support. However, the Governors do have a couple of problems with the way in which it is done.

Senator MOYNIHAN. Yes.

Mr. SCHEPPACH. First, using the 1991 base period in the funding formula discriminates in favor of some States and against other States, and I would encourage you to look at an alternative way of using a hold-harmless.

Second, the Governors do not have a position on the question of the emergency waiver in the Budget Act in terms of additional funding.

Within the context of open-ended entitlement, I do believe that most States would also have trouble meeting your participation rates of 40 percent in the near term, and, ultimately 50 percent. This, of course, would almost quadruple of the current 11 percent participation rate.

Senator MOYNIHAN. Yes. Yes.

Mr. SCHEPPACH. Although I think Governors generally support the direction of the work component, putting a restriction on that before we have some additional experience, I think, would strain the States' capacity to deliver.

If you are going to open the Family Support Act, I would also ask you to look at the whole question of the 20-hour rule. A lot of States are having trouble meeting that regulation.

Senator MOYNIHAN. Can I just interrupt to say that we are very much aware of that. We have had very able public welfare administrators come before us and say that to their surprise, the groups that we want to emphasize under the Family Support Act—which is the young recipients, relatively immature, very young children—that when you look at their situation, it is education more than job training that they need. And finding a 20-hour-a-week education is just hard. I mean, you do not do that at Stanford Law School. But, yes, we have picked that up. I appreciate hearing that.

Mr. SCHEPPACH. Thank you because the States have a very big problem with that.

Senator MOYNIHAN. And that is coming on line very quickly now, is it not? We start penalizing States. By coming on line, I mean the failure to meet that standard begins to entail penalties pretty shortly now. Noted, as they say on the bench.

Mr. SCHEPPACH. But, again, on behalf of all the nation's Governors, I want to convey my sincere appreciation for your continuing hard work on behalf of the neediest families of this country.

We would be happy to work with you further on this legislation as it begins to move, both through the Senate and the House. I would be happy to answer any questions, Mr. Chairman.

Senator MOYNIHAN. All right. We will hear from Ms. Leonard first. Good morning.

Ms. LEONARD. Good morning.

Senator MOYNIHAN. Are we to think you have come all the way here from the State of Washington?

Ms. LEONARD. That is right.

Senator MOYNIHAN. You are all the more welcome then.

Ms. LEONARD. Thank you. Thank you very much.

**STATEMENT OF STATE REPRESENTATIVE JUNE LEONARD,
CHAIR OF THE COMMITTEE ON HUMAN SERVICES, WASHINGTON STATE HOUSE OF REPRESENTATIVES, SEATTLE, WA**

Ms. LEONARD. Mr. Chairman and members of the Subcommittee on Social Security and Family Policy, I am June Leonard. I am a Representative. I serve the 11th District, which is a part of southeast Seattle and down in the valley south of Seattle. I Chair the Human Services Committee for the House of Representatives.

Senator MOYNIHAN. Madam Chairman, forgive us.

Ms. LEONARD. Thank you.

Senator MOYNIHAN. We are obsessive about the term Chairman around here. Chairperson.

Ms. LEONARD. Or just Chair.

Senator MOYNIHAN. Chair. Chair will do.

Ms. LEONARD. Thank you. I am here today appearing on behalf of the National Conference of State Legislatures, and speaking for the conference as well as myself and the State of Washington.

You have, I think, a copy of the testimony we prepared.

Senator MOYNIHAN. We will place that in the record as if read.

Ms. LEONARD. Good. Thank you very much.

Senator MOYNIHAN. And you proceed exactly as you choose.

Ms. LEONARD. Very good.

[The prepared statement of Ms. Leonard appears in the appendix.]

Ms. LEONARD. What I would like to do if it is permissible, Mr. Chairman, is to talk a little bit more about our Family Independence Program that Washington started in 1987.

I was a part of the group that wrote that bill and have been watching it very closely over the years. It precedes the Family Support Act.

Senator MOYNIHAN. I am going to take the liberty of just talking to you as a fellow legislator.

Ms. LEONARD. All right. Very good.

Senator MOYNIHAN. We tried to shape the Family Support Act in terms of the experience of States such as your own.

Ms. LEONARD. Right.

Senator MOYNIHAN. And we are very much aware of that measure, which was just then starting up. So, we are going to hear more from you this morning.

Ms. LEONARD. Very good. Well, we are aware of that, that there are many pieces of the Family Support Act that do parallel our Family Independence Program, as we lovingly call it, FIP.

And some of the things I would like to talk to you about today are the kinds of things that we experienced while we were putting the Family Independence Program together.

When we in the House received the bill, it looked a lot like the Family Support Act. But some of us who had had a lot of experience in working with families in poverty and working with education—I come from a school board background and also was an Executive Director of an agency that worked with families in poverty—what we kept telling people was that we needed to do a bit more than we saw there; that we would not be able to get mothers, particularly mothers of any age, to get to work if we did not provide adequate child care. And, in order to provide adequate child care, we were going to have to pay adequate dollars for that child care.

So, one of the things we put into our Family Independence Program was a proviso that child care would be paid for at the rate of 90 percent of the market value. We felt that was a very important part of that, and it has been a very important factor.

Senator MOYNIHAN. And we incorporated it in the Family Support Act.

Ms. LEONARD. Yes.

Senator MOYNIHAN. Yes. I mean, we were watching.

Ms. LEONARD. But was yours not at 75 percent? Yes.

Senator MOYNIHAN. Well, the ratio may be slightly different, but the principle was the same.

Ms. LEONARD. Right. The principle was there. But we felt that the 90 percent was a very important part of that. And we had done a lot of research prior to doing the bill.

And what we found was that, I think the numbers are like 41 percent of the people on welfare, did not have a high school education or GED. We thought that was a very important piece; that we really needed to concentrate on that education.

But, that we also needed to concentrate on further training, because we also found that in our studies it showed that, for every year of training or education past high school, we increased the participation by about 7 percent.

And we also increased the earnings significantly. And our goal was not only to get these women off of welfare, but to get them out of poverty, as we thought that was a very important portion.

Senator MOYNIHAN. Yes.

Ms. LEONARD. That we get them off welfare, out of poverty so that they would stay off welfare case loads. And we thought that was a significant piece. So, we concentrated on portions of our bill that would do that. We were able to obtain some of the waivers that we needed.

We were able to obtain waivers enough that we put together what we thought was a very good program. Another one of the pieces that I want to point out to you is that we argued long and hard over whether this program should be voluntary or mandatory. I cannot tell you how long we argued over that.

But we finally decided to do it on a voluntary basis. What we found was that the program was so successful, we had to freeze the entrants. We had people literally moving into the areas where FIP was available from non-FIP areas so they could get that kind of participation so they could get the education and the training they needed to get jobs.

So, we had to freeze the program. We were a victim of our own success in that program. So, what we found was that these women really did want to have the kind of training and education that would get them out of poverty.

One of the other things we found that was very important was the training for the staff and the attitude that the staff had towards working with these women who went onto FIP.

The women who went onto FIP were a part of planning their own training and education, and it became very much then a part of their goals. They were able to set their own goals and become committed to that.

It gave them that vested interest in making sure that they succeeded, and we thought that was a very important part of that. And we still feel that is a very important part of our program.

Senator MOYNIHAN. Can I ask, in, say, Seattle, how many welfare recipients would you have in Seattle? Is this a concentrated experience with Seattle, as it is for New York City, or Philadelphia, or Washington, or do you—

Ms. LEONARD. Not necessarily in our State. It is fairly State-wide. Seattle probably has a little higher percentage.

Senator MOYNIHAN. Yes.

Ms. LEONARD. But it is not concentrated. No. It is not concentrated.

Senator MOYNIHAN. All right. Your legislature does not say, oh, well, that is their problem.

Ms. LEONARD. Sometimes they tend to, but through our research, we were able to find out that that was not true and we were able to show that it was a statewide problem that, even in the very rural areas, there were some major problems there that those legislators had to take a look at and deal with.

So, I think a very key part of what we did—and I do have copies of some of the research here.

Senator MOYNIHAN. Oh. Good. We would like to place that in the record at this point, at the conclusion of your testimony.

Ms. LEONARD. Yes. All right. All right. I would like to share this with you, because I think there are some key pieces in here, some of the things that we have been able to do because we have done this research since 1987.

Some of this has been very helpful in looking at some of the bills that came to our committee this year, as a matter of fact. And we were able to point to these studies to show that if we had enacted those, they would not be good policy.

Senator MOYNIHAN. Nice doing. Nice work. Well, what is there about the State of Washington?

Ms. LEONARD. Well, it is beautiful, for one thing. And we have very progressive people.

Senator MOYNIHAN. And that just raises people's willingness to do beautiful things. Is that right?

Ms. LEONARD. I think we are really progressive as a State. And, actually, we tend to be quite conservative. And the beauty of this FIP program is that, while it could be portrayed as a very liberal program, in essence, it was very strongly supported by our most conservative folks, too.

Because, in the long run, we know this is going to work and we will be saving money in the long run. And that is one of the things that we tend to look at.

It is one of the reasons we do research on everything we initiate. We do very strong research on it to make sure that our evaluations prove that we are going where we are going. If it does not go there, we drop it.

Senator MOYNIHAN. Good for you. Of course, we tried to do the same—and did—in the Family Support Act which went out of the Senate 97 to one.

Ms. LEONARD. Yes. That is right.

Senator MOYNIHAN. It was signed by President Reagan.

Ms. LEONARD. Right.

Senator MOYNIHAN. It was a bipartisan effort.

Ms. LEONARD. Yes. Yes.

Senator MOYNIHAN. We spoke to the State experience.

Ms. LEONARD. That is right.

Senator MOYNIHAN. We also spoke to something which is relevant, which is that the proportion of persons 15 to 24 is dropping quite significantly in the 1990's.

Ms. LEONARD. Yes.

Senator MOYNIHAN. We are over that great wave that came through in the Baby Boom, so your numbers are not always overwhelming you.

Ms. LEONARD. Yes.

Senator MOYNIHAN. Although we have been surprised how much this protracted recession has bumped up the numbers.

Ms. LEONARD. Yes.

Senator MOYNIHAN. How have you done out there?

Ms. LEONARD. One of our problems has been the same problem that I think we heard some references to in the Governors' report. Oregon's unemployment rate has gone up. We have had some major difficulties in dealing with the forestry industry, and also the fishing industry.

Senator MOYNIHAN. Yes.

Ms. LEONARD. And those are two major components in Washington State. So, our unemployment rate has just leaped within the last 2 or 3 years with the cessation of some cutting in the forests. So, we have some specific problems to deal with that are different from what we see here.

And one of those is the fact that there really are not a lot of jobs out there for these people. We have to train them for specific jobs, and we have to make sure those jobs are there. And that has been very difficult in some areas of the State.

If I could just add an addendum here. We really appreciate your bill. One of the reasons that I am so delighted to be here is that I had set up a meeting just last Thursday to meet with a good many of the folks in Washington State who are working with folks on welfare, including staff and several other legislators.

And our goal for our meeting was to set a meeting to start making our JOBS program in Washington State look more like the Family Independence Program.

Senator MOYNIHAN. And that is fine by us, you know.

Ms. LEONARD. Yes. Right. And with passage of this bill of yours, we could do that.

Senator MOYNIHAN. It would give you the resources.

Ms. LEONARD. That is right.

Senator MOYNIHAN. You are probably one of the 37 States that Mr. Scheppach mentioned that is in a fiscal bind right now.

Ms. LEONARD. Yes. For the first year this year, our budget, the Governor had to make cuts of 2.5 percent before we even went into session, and then we were still short about \$377 million. So, we have made cuts.

Senator MOYNIHAN. Yes. Like a weather front that had just come in from Canada.

Ms. LEONARD. That is right. We were about the last State, I think, to feel this recession.

Senator MOYNIHAN. Yes. You do not have things like shortfalls in the State of Washington.

Ms. LEONARD. We did this year.

Senator MOYNIHAN. It turns out this year you do.

Ms. LEONARD. We did this year. Yes. And we would love to work with you on this bill. We really like the concept and feel we have a lot of information that we could share with you about our FIP program. Because your bill, S. 2303, would make our JOBS program look a lot more like our FIP program.

Senator MOYNIHAN. Good.

Ms. LEONARD. We would like to continue to work with you on that.

Senator MOYNIHAN. America has to grow up on this subject. You cannot put this front and center in a political campaign, as both parties are doing.

Ms. LEONARD. Yes. That is right.

Senator MOYNIHAN. And then say, but, now, mind you, we cannot spend any money. Because either this is an investment, or it is not.

Ms. LEONARD. Right.

Senator MOYNIHAN. I mean, our understanding is that people have a responsibility to get off of welfare.

Ms. LEONARD. Right.

Senator MOYNIHAN. And we have a societal responsibility to help them do that. And you find FIP works.

Ms. LEONARD. Yes.

Senator MOYNIHAN. You have had a good 5 years. You like it.

Ms. LEONARD. Yes, we like it. As a matter of fact, I am reminded of testimony in a hearing I held just a month or so ago. The welfare advocates who had been kind of opposed to FIP because they thought it was a WorkFair program, and they had been quite opposed to it.

But they came in at a hearing we had just about a month ago and kept saying, well, FIP works. FIP works. And we heard that time and time again. So, we are very pleased that they have come full circle to be strong advocates.

Senator MOYNIHAN. Is that a pleasing report.

Ms. LEONARD. Yes.

Senator MOYNIHAN. You see, we have a problem here in Washington, which is that, whereas 30 years ago when there was sort of a generalized disposition to do something, the welfare advocates were everywhere to be encountered saying, that is not enough.

Ms. LEONARD. Yes.

Senator MOYNIHAN. And so we proceeded to cut benefits for children by 40 percent. And suddenly, guess what? The welfare advocates have disappeared. They never come to our hearings. I mean, they are welcome. Are there any in the room? There you are. The lady in the back row. State your name.

Ms. JONES. Linda Wolf Jones. I am from the Community Service Society of New York.

Senator MOYNIHAN. Good. If you would like to speak, we will hear you toward the end. But I am glad that the Community Society Service, which is a century old, right?

Ms. JONES. Yes.

Senator MOYNIHAN. It is a very well-regarded, old organization. Older than the State of Washington, practically. Well, not quite. [Laughter.]

But, in the main, the advocacy groups are not to be seen. They are not here this morning. They were not here when we passed this

legislation. And, as you say, out in Washington, they were more or less inclined to be against your program.

Ms. LEONARD. Yes. Yes.

Senator MOYNIHAN. Now they have had 5 years experience and say, it works.

Ms. LEONARD. It works.

Senator MOYNIHAN. Well, I would say, if we have one more year we might have somebody show up. What we are getting, the routine right now is, oh, nothing happened.

We are going to hear, concerning the New York Times report this morning—a big study. The only way you can get on the front page anywhere is to say that nothing happened. And it is a pattern, a certain mind set that says, nothing has happened until everything has happened.

And, as a matter of fact, for the longest while in continental Europe there was a body of left-wing opinion that said, make no improvements of any kind. They only delay the day of total salvation. And God have mercy, not every country listened to them.

Can I ask Mr. Scheppach and Madam Chair, have you—let me start with the specific State of Washington. We provide specific sanctions for persons who will not participate. But, as Secretary Barnhart indicated, almost all of our participants today are voluntary. We have never had to reach the point where we have enough program resources to say, here, come on in. Come on. Monday morning at 8:30, or no check.

Ms. LEONARD. Yes.

Senator MOYNIHAN. Have you had to sanction anyone in Washington?

Ms. LEONARD. No. We have no sanctions.

Senator MOYNIHAN. None. I mean, you could, under the statute.

Ms. LEONARD. We could. Actually, if you would like, I think I have someplace in here a FIPs and JOBS comparison that talks about those kinds of issues that I could put with this.

Senator MOYNIHAN. Do that with that research information.

Ms. LEONARD. I would be glad to. In fact, I have a couple of different ones here.

Senator MOYNIHAN. Could I tell our recorder that these materials are to be placed in the record? Thank you.

[The data appears in the appendix.]

Senator MOYNIHAN. What about the Governors generally, do they report?

Mr. SCHEPPACH. My sense is there is not very much, but we could supply something for the record on that.

Senator MOYNIHAN. We would appreciate that.

The election year tone is, let us get tough. And we pass a statute that says, yes, you can, and ought. And then nothing happens until the next election cycle goes around and people start inventing what we have already enacted.

Ms. LEONARD. If I could comment, Mr. Chairman.

Senator MOYNIHAN. Please.

Ms. LEONARD. That is exactly what we were concerned about when we argued whether it should be voluntary or mandatory. And it is amazing that we literally had to put barriers on the door saying, you know, we are sorry.

The response was so amazing. But when they could get something that would really do something for them, that response was incredible.

Senator MOYNIHAN. Yes.

Ms. LEONARD. They literally moved to get in an area where it could be done.

Senator MOYNIHAN. We have heard tales for 50 years of people who move into jurisdictions because there are high benefits.

Ms. LEONARD. Yes.

Senator MOYNIHAN. There is never, somehow, any data.

Ms. LEONARD. We have some.

Senator MOYNIHAN. But you have data about people who moved into areas where there is work and job training?

Ms. LEONARD. Yes. That is right. And we also have data that shows—

Senator MOYNIHAN. From the same State.

Ms. LEONARD. From the same State. Yes.

Senator MOYNIHAN. There is no difference in benefit levels.

Ms. LEONARD. No. Right. But we also have data on moving from State to State. So, we do have that data, too.

Senator MOYNIHAN. And you have that, too?

Ms. LEONARD. Yes. We have that, too.

Senator MOYNIHAN. Well, then I want to ask both of you. We adopted two amendments, the Senate did. One, by unanimous voice, because we did not dare take a second vote.

On that first amendment which I mentioned—I think I would ask the representative of the Governors' Association first—the one which requires that all States have job training for all able-bodied recipients of what we call General Assistance, which is a State program, or else lose Federal funds for the Dependent Children program.

Does the Governors' Association support that amendment, sir?

Mr. SCHEPPACH. No. We would vehemently oppose that, Mr. Chairman. And we thank you for your work on our behalf, even though you lost the amendment.

Senator MOYNIHAN. You thought such was my eloquence. Did it ever occur to you if I had not spoke it might not have been—

Mr. SCHEPPACH. No. I think it probably would have gone four to one, I think, Mr. Chairman.

Senator MOYNIHAN. If you could put out a statement on that, we would appreciate it. The Senate voted two to one to do something in name.

And then, to avoid having to record itself as moving from inane to insane, it just said we will do this next amendment by voice vote, which said that anyone who moves from one State to another seeking better welfare benefits can be denied them.

I made the point on the floor that we had just shredded the Constitution. I think the Constitution ruling on that is clear. Is it not, sir? I mean, the Supreme Court has ruled. Madam Chair?

Ms. LEONARD. Yes, I would agree. We discussed that.

Senator MOYNIHAN. Well, what do we care about the Supreme Court? I mean, that is just the level of the attitude. The U.S. Senate, rather than risk a recorded vote on a measure that would con-

travene a Supreme Court decision said, let us take it on a voice vote.

And I had just enough time to say, as we shred the Constitution, let us do so quietly. That is what this kind of talk gets you: not much understanding.

Are you aware, if I could just ask about our legislation on an annual welfare report? I asked Secretary Barnhart about it. We passed that bill on the consent calendar about 3 months ago. It is over on the House side.

We feel—and I would like to hear just in general, not with respect to this particular puzzle—that, although welfare dependency has clearly been in evidence since the 1960's and we can now show that perhaps one-third of American children will go through it—we have no national data.

We know an awful lot about soybeans. Every tree that gets cut down on the Seattle peninsula is recorded somewhere in the Federal Government. But not every child who becomes a pauper and goes on welfare.

We were trying to get an annual report. If you are too young, the two of you, to remember the early reports of the Council of Economic Advisers, which was established by the Employment Act of 1946, there were little 20-page things with covers that showed wheat fields, reapers, and harvesters going through. And they did not have much to say, because they did not know much.

We did not, in 1946, have an unemployment rate. We had just begun to work one out in the Bureau of Labor Statistics, but not to anyone's satisfaction.

If you now get that indispensable volume, the Economic Report of the President, which all of us have somewhere within reach on our bookshelf, the unemployment rate—series, as economists say—begins in 1948.

That is after a century of wondering what is going on here. And we would like to do the same in welfare. I assume that you would think that to be a good notion. It did not cost any money, and it will not change the world overnight. But, in 20 years' time, you might know a lot more than we did.

Mr. SCHEPPACH. Yes. We are supportive of that, Mr. Chairman.

Ms. LEONARD. We definitely are.

Senator MOYNIHAN. I would hope you might be. If I could get a letter from either of you, we will take the liberty of getting copies.

And if you could look at it and let us know your judgment, we would appreciate it. Because we want to take this over to the House side and say, here are people with the hands-on experience, they could use it.

Ms. LEONARD. We can particularly support that. And, just checking with the NSL staff, they are strongly supportive, too, and will get a letter to you. I can say that it does work.

We are able to get the legislation we need simply because we have these kinds of reports available and we can use them in our testimony and in our annual review of where we are with FIP, as well as where we are with JOBS.

Senator MOYNIHAN. Yes.

Ms. LEONARD. We have all of those informational pieces there so that we can use them.

Senator MOYNIHAN. Good for you. And I see that some of the staff of the National Conference of State Legislatures have been passing you bits and pieces of information.

Ms. LEONARD. Yes, they have.

Senator MOYNIHAN. If you would like to introduce them, we would like to have their name in the record.

Ms. LEONARD. Sherry Steisel.

Senator MOYNIHAN. Good morning, Ms. Steisel.

Ms. LEONARD. And Michael Byrd.

Senator MOYNIHAN. Mr. Byrd. Good morning.

Ms. LEONARD. And Laurie Itken, an intern, who is behind.

Senator MOYNIHAN. Oh. An intern. Good.

Ms. LEONARD. From Michigan, is she not? Yes.

Senator MOYNIHAN. Well, we welcome you as well.

Ms. LEONARD. Thank you. I appreciate that. They have been a great help to me.

Senator MOYNIHAN. Well, they are a great help to this committee. And, you, sir. If it is your judgment—you say it is—we would like to have that in writing and just take it around, because we are talking about legislation that would not exist in the absence of the National Governors' Association.

And so, we thank you both for your testimony. Thank both of your staffs and organizations. For you, Madam Chair, to come all the way from the State of Washington is—well, the sun is shining.

Ms. LEONARD. Yes.

Senator MOYNIHAN. I am going to stand in recess for one second so I can just thank the Chair.

Ms. LEONARD. Thank you.

Mr. SCHEPPACH. Thank you, Mr. Chairman.

Ms. LEONARD. Thank you.

[Whereupon, the hearing was recessed at 11:20 a.m.]

AFTER RECESS

Senator MOYNIHAN. We will resume our hearing. Now we have the great pleasure to welcome two practitioners, one from the old Northwestern Territory, the other from the State of New York.

It is a real pleasure to welcome Mary Jo Bane, the commissioner of the New York State Department of Social Services in her first appearance as a commissioner before this committee, and a very welcome one. We want to hear about New York.

We read from your colleagues this morning at the Nelson Rockefeller Center that New York is a complete failure and has not done anything about this legislation whatsoever.

So, we will hear why from you. It is not your failure; it was not a nap on your watch. And I should revise that statement, a complete failure is an exaggeration.

And Kevin Concannon, who is director of the Oregon Department of Human Resources; we welcome you, sir. We will hear from both of you in sequence as the program provides. Dr. Bane, Commissioner Bane, all of those things. Welcome. We will put your statement in the record, of course. You proceed exactly as you think best.

[The prepared statement of Commissioner Bane appears in the appendix.]

STATEMENT OF MARY JO BANE, COMMISSIONER OF SOCIAL SERVICES, STATE OF NEW YORK, ALBANY, NY

Commissioner BANE. Thank you. Actually, I do not take office as commissioner, Senator, until a week from today. I was confirmed last week and will begin a week from today. I am pleased to be here this morning as my first, I guess, pre-official rather than official appearance before the committee.

And I was eager to come today because of my commitment to the principles embodied in the Family Support Act and because of my determination when I do take office as commissioner to ensure that both the JOBS program and the child support provisions of the Family Support Act are high priorities for my department and for the local departments that we work with.

I am sure you will understand, though, Senator, that since I have not yet taken office, I am not really as familiar with the day-to-day operations of New York's programs as I will be a year from now. So, I will probably have to pass on some of your questions.

Senator MOYNIHAN. Well, we will pencil you in for a year from now. [Laughter.]

Commissioner BANE. The department has submitted written testimony which will appear in the record that describes New York State's accomplishments in implementing JOBS to date.

The challenges that the State faces in the future and the changes you are proposing in the Work for Welfare Act would be helpful to the State. I will not read or summarize that testimony, but what I would like to do is make three points of my own.

First of all, from my point of view, the Family Support Act embodies sound policy principles that provide a foundation for genuine welfare reform.

It sets firmly in place the concepts which you and I share, Senator, of mutual responsibilities of government and recipients; sets firmly in place expectations that welfare reciprocity is a transitional period of preparation for self-sufficiency and not a way of life.

The Family Support Act provides for investment in the productive capacity of welfare recipients through education, training, and employment opportunities. It targets these investments on those who are most likely to become long-term welfare recipients.

The Family Support Act strengthens the ability of welfare recipients and potential welfare recipients to be awarded and to receive child support; a necessary supplement to work for single parents.

The Family Support Act is good law. It is far too early to question its effectiveness and it is far too early to rush to replace it, as some States have done. Instead, we must continue to work together to make its promise a reality for all welfare recipients in all States.

My second point, which you have also heard from others this morning, is that the States have faced some difficulties in implementing the Family Support Act that were unforeseen—at least by me—when the law was passed.

The major challenge, of course, has been posed by the recession, which has had several effects. One, is an increase in welfare case-loads, which you have heard about from other people. And a second, related to that, is increased pressure on State budgets.

These pressures have led to contentious politics in many States around the welfare issue. And it has led some States to take what I believe to be shortsighted actions to cut welfare rather than investing in JOBS programs and in child support enforcement.

Pressure has also led some States to focus on the short-term costs of implementing JOBS rather than on the long-term benefits. State budget cycles are, as you know, a year long.

State budget makers understandably—but, I believe, unfortunately—have been reluctant to invest the State funds to draw down the Federal funds to invest in JOBS programs that will benefit everyone in the long run.

My third point is that the Work for Welfare Act, the provisions of that act that would lift the cap on Federal funds for JOBS programs and that would relax the requirements for State matching funds, would be a great boon for the States.

New York, for example, would be able to do much more than it is currently doing. It could enroll more participants; it could provide more of them with assessment and case management services more quickly; it could ensure that educational and training opportunities are available; and it could provide the support services that welfare recipients need in order to be able to work.

We would be much better able to achieve the Family Support Act's goal of self-sufficiency and economic security for our hard-hit citizens.

Thank you for the opportunity to be here this morning. And I will try to answer your questions.

Senator MOYNIHAN. Well, you certainly got through that quickly. [Laughter.]

Commissioner BANE. I was told I had 5 minutes, Senator.

Senator MOYNIHAN. I have the impression that you have been before some legislative committees lately. Is that right? You have learned brevity. All right.

We will hear from Mr. Concannon next. I am sorry, sir. I did not make clear that you were speaking on behalf of the American Public Welfare Association and the National Council of State Human Service Administrators, as well. So you are triply welcome. And we will put your statement in the record as if read, and you can proceed exactly as you like and for as long as you will.

STATEMENT OF KEVIN W. CONCANNON, DIRECTOR OF THE OREGON DEPARTMENT OF HUMAN RESOURCES, SALEM, OR

Mr. CONCANNON. Thank you, Mr. Chairman. I am going to highlight some parts of the testimony. I appreciate the fact that you have submitted it fully for the record.

I very much appreciate having the opportunity to appear before you today, Mr. Chairman, particularly as it relates to this subject.

As you have noted, I have the privilege to represent today the American Public Welfare Association, as well as the State of Oregon.

And that incorporates the 50-State Human Service Departments; 800 local public welfare agencies, and nearly 5,000 individuals across our country.

Perhaps the most important thing I could say today, Mr. Chairman, is, first and foremost, to thank you for your unwavering sup-

port and emphasis as it relates to welfare reform and this act, as well as the Family Support Act.

I think that is extremely important to myself and my colleagues across the country during this time of very heavy contention as it relates to our social welfare policies. So, we very much appreciate your staying the course, so to speak, on these matters.

I cannot emphasize enough the importance of that as a legitimate area of public policy pursuit. As has been noted in, perhaps, Secretary Barnhart's testimony, but I draw your attention to the fact that the latest information I have is approximately 10 States will fully utilize the Federal funds set aside in this Federal fiscal year for the Family Support Act. And Oregon happens to be, and I am fortunate to say, one of those ten.

Senator MOYNIHAN. But beyond, in Oregon's case. Is that not right? I mean, you are budgeting more than your Federal/State match.

Mr. CONCANNON. In Oregon we are, Mr. Chairman. I think we are the only State that has done so. And we have done so not only as a welfare policy or a social welfare policy, but really clearly in Oregon we tried to locate these issues as work force issues as well, and as child abuse prevention strategies.

I much appreciated your comments at the opening of this hearing today as it relates to the circumstances of American children. And we note in our State that more than two out of five families in the Child Protective Services system are families in which the head of household is or was a teen parent.

And when we look more closely at that phenomenon, we find that four-fifths of those teen parents are persons who have not completed their high school education.

So, I think the focus and the priority accorded in the Family Support Act to teen parenthood, I think, is very strongly deserved. And it is one of the priorities that we have really pursued in our State.

And I have some letters I am going to finish up with that I just looked at Friday that we received from a number of teen parents. And they were sent to the State agency wanting to thank whoever was responsible for making really this transformation in people's lives possible.

I think really clearly, I want to bring that to your attention, Mr. Chairman. Because I think the Family Support Act has very much made it possible.

I am very bullish on the potential for the act, as well as for what we have seen from the act in its first 2 years of implementation in our State.

And I am very encouraged by your effort in this new act, the Welfare for Work Act of 1992, insofar as it would extend further assistance to the States for the JOBS program.

This is really one of the most important areas that State agencies face, these days, in particular. I think the latest information from the APWA is we have some 29 successive months in our country of increasing numbers of public welfare participants.

And, unless there is a more concerted effort at a human development or a human investment or job strategy, I fear that those numbers will just continue to grow.

Senator MOYNIHAN. No, sir. We have to get that very clearly on the record. Twenty-7 months in which the number of persons participating in job training and education programs has increased?

Mr. CONCANNON. I am sorry, Mr. Chairman. Twenty-nine months in which the number of AFDC recipients have increased. And what I am saying is that—

Senator MOYNIHAN. Oh. In the setting of our economic decline, we have seen this rise.

Mr. CONCANNON. Correct.

Senator MOYNIHAN. Yes. Yes. Yes.

Mr. CONCANNON. And one of the strategies that I see as hopeful to mitigate those circumstances are those very factors in the Family Support Act and in the JOBS program as a way of positioning families out of this system of dependency.

Oregon has been very fortunate in securing funding for JOBS, as you noted. In our State, we budgeted \$69 million in State funds; \$17 million in excess of the Federal JOBS match during this biennium.

I might note, Mr. Chairman, we have, as well, not been untouched by the national recession. In the last 4 months in particular, we have seen a dramatic rise in unemployment. As the Chair from Washington State noted, the timber issues affect us very greatly.

But the general state of the national economy affects our State. And we are seeing this in the number of Food Stamp recipients, as well as increases in the number of AFDC recipients.

But we made this investment in our State because, again, we believe it is a very constructive way in which we can make an impact on the nation's public welfare system and in our State on heads of families.

And we are seeing that. Forty-nine percent of families receiving public assistance in Oregon, for example, are headed now by persons who either are or were teen parents.

So, again, that priority population is vitally important to us. And I had the privilege of being here several weeks ago at a House hearing when several of the policy research centers in the capital area reported as well.

And our statistics are not very different from national statistics in that regard. So, in our State, I interpret the focus on these families as really like a savings bank account that pays compound interest.

To the extent that we can help these heads of households by JOBS investment, we not only help them, but we help their children and we help basically the economy by bringing people into the work force who, without these interventions, I think, would be marginal, at best, if not unable, to compete in the work force.

Senator MOYNIHAN. Yes.

Mr. CONCANNON. We are concerned as States, I need to say, that the realization of the original education and training goals in the Family Support Act, goals for which there has been strong bipartisan support, will be threatened.

And we are concerned about the children in these families if they do not have opportunities made possible by their parents being better able to participate in the economy.

For that reason, we, the APWA, and our State Department of Human Resources, support your efforts to provide increased Federal funding for the JOBS program.

As I said, I think is not only a public welfare program, it is a work force strategy, truly.

Senator MOYNIHAN. Yes. If I could just take the liberty with you, as I have done with our previous witnesses, by just sort of interjecting. We are beginning to see welfare dependency as a component of the economic cycle. Are we not? We had not quite picked that up. And I want to hear more from Commissioner Bane there about why this is happening.

But, in an economic cycle, you are supposed to take counter-cyclical measures. And the Federal Government has extended unemployment insurance twice as a counter-cyclical measure.

Mr. CONCANNON. Yes.

Senator MOYNIHAN. Well, Work for Welfare is in the same family—I see the Washington Chair nodding—of government, national responses. Maybe this is a new idea that these are linked. But why the linkage is there, I am not sure. We have not studied this. We have avoided it. But I see you are agreeing. Would you agree, sir?

Mr. CONCANNON. Absolutely, Mr. Chairman. We see it dramatically in the rise in the number of ADC-UN cases.

Senator MOYNIHAN. Yes.

Mr. CONCANNON. Or very directly, not only as my colleague from Washington State, the Chair of the House Committee noted, we see dramatic rises in unemployed parent programs, particularly in our poorer communities in States like Oregon. And it is a direct correlate of the state of the economy.

Which leads me to a point that, on behalf of APWA, I really want to make. I have heard and read the Chair's remarks about the social contract aspects here.

There is another part of the social contract that we believe should be mentioned. And that has to do with government's responsibility to promote a strong economy with jobs for those we train for employment.

State Government, with support and guidance from Federal and local partners, has the lead role in providing services and training, as envisioned in the Family Support Act.

The JOBS program represents a mandatory welfare to work program, with self-sufficiency as its goal.

But, when we require a welfare mother to train for employment as a matter of national policy—and it is sound national policy to do so—we think there is a corresponding obligation. And it is incumbent upon national policy makers to accept the task of promoting job creation.

I mention this because, again, in ongoing discussions about welfare reform and jobs, we should not lose sight of that direct relationship and that part of the social contract.

Finally, I might note, as you mentioned earlier, Mr. Chairman, and has been mentioned by the representative from the Governors, the definition in the 20-hour rule could, and should be modified, as it relates to participants in the JOBS education component.

I have heard that from my colleagues from other States, in particular, as an area of concern. And I hope that that will be attended to.

Senator MOYNIHAN. I think we just heard it from you, too, did we not? Yes.

Mr. CONCANNON. We also encouraged Secretary Sullivan, the HHS Secretary, Secretary Barnhart, to provide greater latitude to the States when considering the various waiver requests from the 11 percent participation rate and that possible matching of funds.

Finally, I might say, Mr. Chairman, that I am later today going to be meeting with staff from our Senator Packwood, a member of this Finance Committee, as well.

Senator MOYNIHAN. Ranking Member of this committee.

Mr. CONCANNON. Well, we very much appreciate his efforts on our behalf as it relates to Medicaid waivers. I know that is not the direct focus of this discussion here today.

Senator MOYNIHAN. But it is what we do here in this room.

Mr. CONCANNON. But I am increasingly struck as I look at welfare issues in our State by the absence of access to affordable health care as one of the factors that drives people into welfare dependency.

And we are hopeful, of course, that Oregon's efforts to consider a waiver of the so-called Oregon Health Care Plan, will receive favorable response in this city. I realize it is not going to be resolved on the legislative side. But we are hopeful—

Senator MOYNIHAN. Well, if Bob Packwood is for it, you can be a little extra helpful.

Mr. CONCANNON. Thank you very much, Mr. Chairman. We feel very encouraged by his support.

Finally, I would like to finish with a letter, really. Last Friday, in preparing to come here, I met with our staff who are directly involved working with these moms.

And it happened to be, they said, we have a sheaf of letters we received today from participants in the program. They are very heart-warming.

We have had a number of hearings with our legislature to hear from people who, in many cases, are 18 or 19 years of age chronologically, but, in terms of things they have had to overcome and deal with in their lives, they could be twice or three times that age.

This was a letter from a mother in eastern Oregon, in the city of Ontario. And I will just highlight parts of it. "These last few weeks, my life has changed dramatically in lots of ways. One way is that I feel much better about myself. I have more self-esteem. And I feel that I am not alone."

We hear this increasingly from participants in the JOBS program of the hopefulness that is generated by these training programs.

"I have learned a lot about child abuse, about sexual abuse, about things I would never have learned of had I not taken this Life Skill Program. After I finish this class, I am planning to finish my GED classes."

She goes on to talk about other factors. But she ends by saying, "I want to thank whoever started these classes, whoever made it possible. They have really helped me out a great deal."

I have a sheaf of letters very similarly, Mr. Chairman. I think there is no more appropriate recipient of those sentiments, I think, than yourself.

Because they have made it possible for we, out in the States, to implement these programs. And I think, if anything, we need to do more rather than less on this front. Thank you.

Senator MOYNIHAN. Thank you very much, sir. Can we have some of those letters for the record?

Mr. CONCANNON. You certainly may.

Senator MOYNIHAN. Sure. I would very much like that.

[The letters appear in the appendix attached to Mr. Concannon's prepared statement.]

Senator MOYNIHAN. Let me just keep you here a little longer, if I can, to ask: first of all, it is not a detail. The 20-hour rule.

I think you are speaking on behalf of the APWA, and you are a constituent part thereof. We have to get that modified, do we not? Now, you tell me. I am not telling you. You are finding that the kind of program that that young person was describing, that is basically an education program.

Mr. CONCANNON. Correct.

Senator MOYNIHAN. And that 20 hours is too heavy a course load, or whatever, to do with that person what you want done. You need it modified. What would you like done? We have to legislate, do we not? I guess we could get that by regulation. I feel better. Because we are not doing very well legislating.

Mr. CONCANNON. It is a regulation. And I think the approach to it is one that has been embodied in many pieces of Federal legislation and regulation.

And that is the concept of individualization. We individualize plans for patients in the Medicaid program, or we individualize plans for rehabilitation recipients.

To the extent that the JOBS program could be individualized to reflect the circumstances of a teen mother with a sick child, for example, or a teen mother who is in a particular kind of educational program, I think that individualization would be consistent with the intent of the act, but also would allow for the specific circumstances of people better than just a flat, hourly target.

[The prepared statement of Mr. Concannon appears in the appendix.]

Senator MOYNIHAN. All right. What is our mechanism here? Do we need a formal application, or can the waiver just arise from the Executive Branch itself? Does anybody know?

[No response.]

Senator MOYNIHAN. We have had this testimony from persons with their hands on the program, such as yourself, sir, for a year now. The people who are most committed to the program have asked for this change.

So, it is not a question of people do not want to do something or are trying to avoid something. We will take it up with the department. It is the committee's work, obviously.

If the American Public Welfare Association wants it, this committee wants it.

I want to ask you how you feel individually. I guess the time you started talking there, Doctor Bane, you have been traumatized by too many hearings lately. We want to get you a little therapy here.

What do you think of this proposal that would require the State to provide job training programs for General Assistance recipients on pain of losing benefits for the children under the AFDC program? Is the State of New York for that, or against that?

Commissioner BANE. I am opposed to that, Senator.

Senator MOYNIHAN. Do you feel you cannot speak for the State yet?

Commissioner BANE. I feel quite confident that I could speak for the department in saying that we are opposed to that.

Senator MOYNIHAN. Fine. I do not want to press. But, sir, has the APWA taken any view?

Mr. CONCANNON. We would be adamantly opposed to it, as well, Mr. Chairman. Because it deprives the States of their decision-making and it is very troublesome for us.

Senator MOYNIHAN. Yes. Do you have a General Assistance Program in Oregon?

Mr. CONCANNON. Yes, we do, Mr. Chairman. We have a General Assistance Program.

Senator MOYNIHAN. How old is it?

Mr. CONCANNON. It is a diminishing General Assistance Program.

Senator MOYNIHAN. Yes.

Mr. CONCANNON. It has been around for a number of years. In the early 1980's, the State took over what had historically been a county—

Senator MOYNIHAN. County.

Mr. CONCANNON [continuing]. Locally administered General Assistance Program. Exactly. Back to Elizabethan times in some respects.

Senator MOYNIHAN. Yes. I mean, our General Assistance Program, it was called in New York from my youth, Home Relief. And when would it be, it would be an 1890 program?

Commissioner BANE. Oh. It is a very old program in New York, Senator.

Senator MOYNIHAN. Yes. Why do we not find out how old?

Commissioner BANE. I think we should.

Senator MOYNIHAN. Yes. I mean, the Social Security Act—we are a little bit proprietary about that because it comes out of New York State and out of Frances Perkins who was Secretary of Labor. And Senator Wagner introduced it here.

Many of the provisions of the Social Security Act were meant to sort of federalize what were State programs in trouble during the Depression, but were meant to phase out over time.

The ADC—Aid to Dependent Children—was just meant to be a temporary program until Survivor's Insurance, under Social Security, took over. Mrs. Perkins would describe the typical recipient as a coal miner's widow.

And it became, instead, a program for teenaged girls who were not widows and had never been wives, as it were. Not exclusively. So, that is what our legislation in 1988 was designed to respond to.

But General Assistance is just there for whatever individuals do not meet any category. Is that not about it?

Mr. CONCANNON. Right.

Senator MOYNIHAN. I mean, you have got some monies you can deal with that situation with.

Mr. CONCANNON. I think the classic welfare scholars used to refer to General Assistance as kind of residual assistance; those circumstances that institutional systems do not help.

Senator MOYNIHAN. They just do not meet any rule.

Mr. CONCANNON. And, in our case, I know in Oregon law, there are sections of the law that come out of Blackstone, you know, that are hundreds of years back. And it long preceded our current construction of State and Federal laws.

Senator MOYNIHAN. For our recorder, we might make note that Blackstone's commentaries on the laws of England were published around 1760.

And there was a great dispute. If it had not been for the vigorous actions of the Democratic Party in the 1850's, you might be speaking English out there in Oregon.

[Laughter.]

But how many recipients of General Assistance or Home Relief—what do we call the program in New York State?

Commissioner BANE. We call the program in New York Home Relief.

Senator MOYNIHAN. I mean, is that what the statute says?

Commissioner BANE. That is what the statute says.

Senator MOYNIHAN. Yes.

Commissioner BANE. Yes.

Senator MOYNIHAN. How many recipients have we got?

Commissioner BANE. Oh, dear. That is a figure I should know. I would guess a quarter of a million.

Senator MOYNIHAN. Quarter of a million. And is it very cyclical?

Commissioner BANE. It is extremely cyclical. The rolls have gone up a lot in the last 12-16 months, as I understand it. And that is obviously a response to the recession.

And, indeed, the data that the department has suggests that most of the new entrants onto the Home Relief rolls recently have been victims of the recession.

Senator MOYNIHAN. Our family was on Home Relief for awhile in the 1930's. If we were to have this report—it is S. 1256, the Welfare Dependency Act, that provides for an annual report—it would include information on General Assistance/Home Relief.

Commissioner BANE. Correct.

Senator MOYNIHAN. And you would maybe find a cyclical pattern, or you would not. I am impressed that we would. And Dr. Offner, it is a 40-percent AFDCU increase. Right?

Dr. OFFNER. In the last year.

Senator MOYNIHAN. Yes. We have seen a rise in the AFDCU, unemployed, two-parent families, an increase of 30 percent in the 12 months. Well, that is telling you something about the job market as against the mores of high school students and such like.

Commissioner BANE. Yes.

Senator MOYNIHAN. That should be part of what is going on in the economic cycle.

Commissioner BANE. That is correct.

Senator MOYNIHAN. It is not now. We do not have the data. We do not have the numbers.

There is a great tale. In 1921 or 1922, President Harding convened a conference here on unemployment. They just first got the word, unemployment. They did not know what this was. There is no unemployment down on the farm. You might be dirt poor, but you got up in the morning and had something to do.

And they had a big conference here in Washington. And when it was over, President Harding announced: well, as best I can tell, the results of the conference is that we concluded that when a lot of people are out of work, unemployment results.

Well, that was a beginning. And in 40 years time we can tell you just exactly how many. And you have to start somewhere.

If the APWA could give us a lift on this legislation it would matter a lot.

Mr. CONCANNON. We support your efforts in that regard as well, Senator. And we support that legislation.

Senator MOYNIHAN. And if I could just get a sheaf of letters from the State Legislatures and the Governors and we will just take them over to the House of the Representatives.

I have to ask you also about the measure the Senate adopted. It was shameless of the U.S. Senate to adopt a measure on residence for American citizens, so you could not move from one State to another, in the face of a clear decision by the Supreme Court that, yes, you can. An American citizen can move anywhere they want in the United States. I have to assume you oppose that measure.

Mr. CONCANNON. We oppose that, Mr. Chairman. And I am reminded of a study we did in our State of welfare recipients that had come on to AFDC who had moved to the State in the previous 6 months.

And we found, upon analysis, there were people who moved to the State seeking jobs, seeking opportunity.

A large number of those persons had moved to Oregon from California, and the second-largest cohort came from Washington State—both States of which have more generous welfare programs than is true of Oregon. They had moved to seek opportunity, not to seek welfare benefits.

Senator MOYNIHAN. They are not all angels; no one is saying that.

Mr. CONCANNON. Yes. Sure.

Senator MOYNIHAN. But neither are the stereotypes correct. All right. If you had any data on that for Oregon, we would like to have it. I mean, the U.S. Senate, faced with this proposition, did not dare to have a roll call vote because we would have put our names on a clearly unconstitutional measure, as well as a mean-spirited and probably contra-factual one.

We have heard from Representative Leonard this morning from the State of Washington where people move into counties where training is available and the benefit levels would be exactly the same.

Now, New York, of course, is different. New York is the only State where—oh, there must be some other—the State match for AFDC is half State, half county. The county where we now live and

have done happily for 30 years is a county of 40,000 people, for example.

Have you had any encounters, are the counties aware of this legislation?

Commissioner BANE. As part of my confirmation process, Senator—

Senator MOYNIHAN. You went around a lot of those counties. Did you ever get to Dellhigh? Come on, now.

Commissioner BANE. Pardon me?

Senator MOYNIHAN. Did you get to Dellhigh?

Commissioner BANE. No.

Senator MOYNIHAN. Nobody ever gets to Dellhigh.

Commissioner BANE. The hearings were in New York City, Buffalo, Syracuse, and Long Island. It seemed clear that in the western part of the State there were at least some people who were extremely concerned about welfare recipients moving in from other States.

Indeed, in some counties, they were concerned about welfare recipients moving in from other counties. They were mostly concerned about the Home Relief program though, Senator, rather than the AFDC program.

Senator MOYNIHAN. The Home Relief. Well, can we get some data from you on that?

Commissioner BANE. Yes.

Senator MOYNIHAN. What do you know about people moving in? Do you know much about that?

Commissioner BANE. We know that there are some people who move in, that it is a small percentage of the case load at any given point. We also know, though, that we do not collect data on people who move out.

Senator MOYNIHAN. Well, yes.

Commissioner BANE. We know a little bit about the feeders, the States from which people move. One of the surprises that I heard from one of the people who were testifying from the western part of the State is that the second-largest feeder State to their county was California.

And I kind of sat there imaging these folks leaving California to escape the high welfare benefits and moving to New York.

My hypothesis is, of course, that there are many people who are, in fact, New Yorkers, who went off to other places to make their fortunes and were not able to do so and are now moving back. I would be real surprised if that were not the case with a lot of them.

Senator MOYNIHAN. Well, it is not beyond our analytic powers to count, ask, and record.

Commissioner BANE. Yes. We can do that.

Senator MOYNIHAN. Which counties were you talking about? Is that Erie County?

Commissioner BANE. Erie and Niagara are the ones who are most concerned about it.

Senator MOYNIHAN. Erie and Niagara. Erie and Niagara County, which, for those who do not know, are on Lake Erie and the Niagara River goes over it; Niagara falls.

Commissioner BANE. Niagara River.

Senator MOYNIHAN. They found that people were coming in from California, which has a very distinctly higher monthly benefit.

Commissioner BANE. That is correct.

Senator MOYNIHAN. And, you, sir, found in the State of Oregon, people are coming from California and Washington, south and north, looking for job opportunities in a State which had a lower welfare benefit.

Mr. CONCANNON. Correct.

Senator MOYNIHAN. Which does not say that people do not maximize options and move for hire. It is just more complicated, I think.

We are going to hear testimony now from Drs. Hagen and Lurie about the Family Support Act. And if I could just ask Dr. Bane. I believe they are going to tell us that it took the State 2 years to agree to put the legislation in place, even though there was no option. Either you did that, or you got out of the Social Security system.

Do you have any view on why it could have taken New York 2 years?

Commissioner BANE. It took 2 years for the State legislation to pass, as I understand it.

Senator MOYNIHAN. Yes. Yes.

Commissioner BANE. I was not in the Welfare Department at that time, and so do not know the details. I mean, my guess is that the State was divided over the desirability of mandatory versus voluntary approaches to work programs.

And that much of the debate around the legislation was around exactly how voluntary, exactly how mandatory the program that New York would put in place would be.

And, as you know, Senator, there are political divisions in the State over those issues. So, I think that was a good bit of what was going on.

Senator MOYNIHAN. I know so. In the State of New York, has anyone ever been denied welfare benefits because they declined to take part in a JOBS program?

Commissioner BANE. Yes, Senator. I do not have exact, recent data. But it happens quite often, as a matter of fact.

Senator MOYNIHAN. Good. Well, would you get us the data and we can record the facts.

Commissioner BANE. I certainly will.

The following information was subsequently received for the record:]

There were 5,593 sanctioned in the JOBS program.

Senator MOYNIHAN. I would like to hear if it happened in Oregon and Washington. One of our problems is the cyclical let's get tough issue.

And then, with no records, we have no way to—the people who have really opposed gathering information in the system have thought they were protecting the good name of their clients. That is the way it used to be said in the social welfare profession.

In fact, what has happened is that it has become possible to castigate misrepresent welfare recipients in the most poisonous ways because there is no information. Thank you very much, welfare advocates. We are here 30 years later.

And, since nobody else knows about the subject, let us turn to Mr. David Duke, who has strong views on the matter, and will give us statistics at some length.

And no one will have any reply that is neutral and official, and the way we try to do in the areas of unemployment. I think you have to sort of be a history student to know how controversial unemployment was. And, you know, anybody out of work, well, they just do not want to work.

I know that is a standard proposition into our time. And we began to count and some of the heat got out of the issue and some of the reality seeped in. Weekly on the Senate floor someone will say, welfare recipients must be made to work.

The President says, change welfare and make the able-bodied work. Well, we did change welfare. But, if no one has any data on this, you cannot prove it.

There is that old New York remark, it is not ignorance that hurts so much as knowing all those things that ain't so. We will try to get through this political and economic season. It is not going to be easy. The mood is not friendly.

The U.S. Senate, by a two to one recorded vote, decided to punish children for something the State has not done with regard to adults they have never seen.

That is where we are, after 30 years of systematic avoidance, of which there are some true exceptions, of which the American Public Welfare Association is notable singularly. We could not have had what legislation we have done without you, nor you, ma'am, nor the Governors, and some of the scholars, which includes Dr. Mary Jo Bane, who ceased to be a scholar as of 7 days ago. [Laughter.]

Thank you very much. We appreciate your coming all the way over and you coming down.

Mr. CONCANNON. Thank you.

Senator MOYNIHAN. And now we will have a final and concluding panel of scholars. They are the authors of a report on the implementation of our legislation and it is well-reported on the front page of the New York Times this morning. Typically there is nobody here to report on this hearing, but there you are.

The report is by Jan Hagen and Irene Lurie. We welcome you. Both are doctors of the Nelson A. Rockefeller Institute of Government. And it is a summary report.

And we are very happy, once again, to see Dr. Richard P. Nathan, who is Director of the Nelson A. Rockefeller Institute. And, somehow, although he did none of the work, he gets to talk first.

Is it because he is director, or it is because, knowing nothing about the report, he is least likely to—I do not know why, but there it is. So, we will hear you in the order the witness list provides. Good afternoon, Dr. Nathan.

STATEMENT OF RICHARD P. NATHAN, Ph.D., DIRECTOR OF THE INSTITUTE OF GOVERNMENT, AND PROVOST, NELSON A. ROCKEFELLER COLLEGE OF PUBLIC AFFAIRS AND POLICY, ALBANY, NY

Dr. NATHAN. Thank you, Senator. We will not change the order now. This is the first report of a study that is being done at the

Rockefeller Institute. And there will be two rounds of further research in 30 sites in the 10 States.

Senator MOYNIHAN. Yes.

Dr. NATHAN. So, a lot of the questions that you want answers to are going to be answered in this research. What happens to a policy after it is made? That is not one of the strong suits of our political system.

Senator MOYNIHAN. No, it is not.

Dr. NATHAN. The purpose of this research—and I have done other studies like this and I am proud and pleased by the work done by Professors Hagen and Lurie—is not to say whether a particular law is good or bad, but to say here is what is happening.

Depending on your expectations, depending upon your ideas about what should happen in this field, you have to reach your own conclusions, reading what we hope is a careful and understandable statement about what is occurring.

Now, speaking for myself and backing away a little bit from the research, I agree with what Commissioner-to-be Mary Jo Bane just said, that this is a good law; a very important law. As Irene Lurie says, it has tremendous potential.

And Mary Jo Bane said we must work together to have it fulfill that potential. We hope that this report and the further reports that come out of this research will assist you and others to keep working on this implementation hard process, which so much needs your attention and your energy.

You said that it takes time for a new program like this to take hold and that we need this decade to the year 2000 to really know how much we can change the system and the bureaucracy and the way welfare programs work, signals are given, and this new bargain of social policy is struck.

I would summarize it that there are three "M" barriers to implementation of the JOBS program: Money, in this period; the Mood, as you have stated a couple of times, Senator; and the mandates that States face.

You could have a fourth "M" of Medicaid included. So, money, mood, and mandates have made this process one which is moving. There is a lot in our report which shows compliance and change, but I think—and others have said this today—that there is more work to be done, there is a long ways to go. This is so in my opinion precisely because this is a very good law, and can make a very big difference.

The essential challenge is to change the hearts, the minds, and the behavior of welfare bureaucracies, and that is a tall order. A delicate bargain was made in Washington. Will the troops march? Will they salute?

After Albany, after Sacramento, after Trenton, what happens in Hartford, in Bushwick, in Queens, Camden, and Detroit? That has been a strong and continuing interest of mine: implementation of social policy.

Let me say in that connection, Senator, that it is my opinion that the legislation that you have authored, S. 2303, is needed and will make a difference. You should push it. We would love to help you refine it. I think a 90-percent matching rate, and a 3-year moving

average for maintenance of effort, may be a better way to push that legislation.

I say, God bless you. My personal view is I hope very much that you will continue to work and move in this needed direction.

Senator MOYNIHAN. A 90-percent matching rate. Sure. And a 3-year moving average. Sure. Yes. Yes. That is clearly an improvement on the proposal we have. I see Dr. Lurie agreeing. Yes.

Dr. NATHAN. I would like to end my comments by just a quick personal comment. I am writing a book on implementation because I think people do not care enough about implementation in our governmental system.

And I am tempted to give it this title: "In the Shadow Land." The phrase "Shadow Land" comes from the poem by T.S. Elliott, The Hollow Men, in which he said—

Senator MOYNIHAN. And the reality falls the shadow.

Dr. NATHAN. Right. Between the idea and the reality, between the motion and the act, falls the shadow. That is a part of government that needs your help, needs your further work. I think this report will help.

I think the follow-on reports by my colleagues, who I feel have done a terrific job, will get people like yourself and other political leaders and interest group experts to care about what happens to this law precisely because it has such a great potential. It can be the true and right answer for social welfare policy, to change behavior and services and signals in the welfare system.

I am proud to be here with my colleagues. I think Irene Lurie is going to go next, and then Jan Hagen.

Senator MOYNIHAN. No. Jan Hagen goes next, unless she wishes Professor Lurie to go next.

Professor HAGEN. I wish for Irene Lurie to go first, please.

Senator MOYNIHAN. It is so ordered. Dr. Lurie.

**STATEMENT OF IRENE LURIE, Ph.D., ASSOCIATE PROFESSOR,
NELSON A. ROCKEFELLER COLLEGE OF PUBLIC AFFAIRS
AND POLICY, ALBANY, NY**

Professor LURIE. I am Irene Lurie, and I am here with my colleague Jan Hagen. We both appreciate the opportunity to appear before the committee today. We are the principal investigators for a 10-State, 3-year study of the implementation of the JOBS program that is being conducted at the Rockefeller Institute of Government in Albany.

The study began in October 1990 when all States had implemented JOBS. The States included in our study are: New York, Pennsylvania, Maryland, Michigan, Minnesota, Oregon, Tennessee, Mississippi, Oklahoma, and Texas.

We have just completed our first report, which focuses on the initial choices made by these 10 States. We would like to submit a copy of the summary of our report for the record.

Senator MOYNIHAN. Oh. Yes. Which we have, and we will be following your testimony. It will be placed, if I may ask our recorder, in the record. Yes.

[The summary appears in the appendix.]

Professor LURIE. We are now in the process of examining how JOBS is being implemented by three welfare offices in each of the States. That will be the subject of our next report.

Senator MOYNIHAN. That is phase two. Yes.

Professor LURIE. Here are some of our principal findings.

Senator MOYNIHAN. Now, we are into phase two here?

Professor LURIE. No, we are in phase one.

Senator MOYNIHAN. All right. These are your findings here.

Professor LURIE. Our States fall into two broad groups. Seven of our States—New York, Pennsylvania, Maryland, Michigan, Minnesota, Oregon, and Oklahoma—had implemented welfare to work programs under the WIN demonstration and Title IV-A authority.

They had already introduced many of the changes required by the Family Support Act, and, therefore, needed to make only relatively small adjustments in the design of their programs to comply with the new law.

With the increase in Federal funds they were able to increase the scope of their program. They increased their spending, they expanded their programs to all parts of the State, and they extended services to more people.

They also increased their emphasis on education, which we think is one of the most significant changes resulting from the Family Support Act.

The second group of States, which includes Tennessee, Mississippi, and Texas, needed to build JOBS from the ground up. But their legislatures made small appropriations for JOBS and the States have been able to purchase only very limited amounts of services for their JOBS participants.

While our States as a group drew down 43 percent of their entitlement of Federal funds in fiscal year 1991, Mississippi and Tennessee drew down less than 10 percent.

Senator MOYNIHAN. Oh, really?

Professor LURIE. In the first year of operating JOBS, Tennessee relied on the Job Training Partnership Act for most of its employment and training services.

With limited appropriations, the welfare agencies in these States have made limited progress in developing their capacity to deliver JOBS service. And the recession is now limiting the efforts of our other States as well.

Secondly, all 10 States have created inter-agency partnerships to implement JOBS. Welfare agencies are working with other public and private organizations to obtain the capacity to deliver the array of services called for in the Family Support Act.

We were surprised and pleased at the extent of inter-agency cooperation. And we believe that the coordination called for in the act has, in fact, occurred.

Coordination with education agencies and the JTPA has also enabled many States to shift to a more human capital investment approach to getting people off of welfare and to place less emphasis on low-cost services like JOB Search and Work Experience.

Finally, JOBS implementation was a low-profile event in all of the States. The State leaders did not take advantage of JOBS implementation to signal a change in the mission of welfare agencies from an emphasis on giving financial assistance—

Senator MOYNIHAN. Where are you on your testimony, Dr. Lurie? I want to get that.

Professor LURIE. I am summarizing my testimony.

Senator MOYNIHAN. All right. But say it again. The JOBS implementation was a low-profile event.

Professor LURIE. Low-profile event.

Senator MOYNIHAN. Which is a way to say we did not, in Dr. Nathan's phrase, reach the hearts and minds of the welfare bureaucracy.

Professor LURIE. That is right.

Senator MOYNIHAN. Low-profile event. That sounds like a somewhat sanitized version of other ways one could say it. But go ahead. And expand. You have been there and you are coming back and telling us.

Professor LURIE. In part, this was because many States already had welfare-to-work programs in place that enabled them to meet the 7 percent participation requirement without great expansion, although they did increase coverage, increase services, and, we think, move to a more human capital investment approach.

Nor did they argue in favor of a the idea of a mutual obligation of both recipients and governments. So, while——

Senator MOYNIHAN. Nor did they argue in favor of the idea of mutual obligation.

Professor LURIE. That is correct.

Senator MOYNIHAN. What you are saying is that they rejected the principal proposition of the legislation.

Professor LURIE. Well, we say in our report that they met the letter of the law, but not the spirit of the law.

Senator MOYNIHAN. Where do you say that?

Professor LURIE. Professor Nathan will find that.

Dr. NATHAN. Page 22.

Professor HAGEN. In the testimony it is on page 10.

Senator MOYNIHAN. In Dr. Lurie's testimony. Or is this your joint testimony?

Professor HAGEN. That is our joint testimony. On page ten.

Senator MOYNIHAN. So, on page 10. Let us just see. I had only gotten to page 8. Meeting the spirit of the law. "We conclude from our review of the initial phases of JOBS implementation that States have come closer to meeting the letter of the law than the spirit of the law. For the most part, the hope that the States would use JOBS implementation as an opportunity to signal a change in the mission of welfare systems or to redefine the social contract has not been realized." Yes. But, I mean, that is a very large and powerful proposition.

Dr. NATHAN. That is right.

Senator MOYNIHAN. We will go on. I just wanted to get clear that is what you were saying. Good.

Professor LURIE. There have, in fact, been very significant changes, and we want to emphasize this. But there have been few efforts to create strong public support for the program.

Senator MOYNIHAN. Help us, because we are hearing that, but it helps me to read it. There have been few efforts to produce strong——

Professor LURIE. That may be a statement that is not in this testimony.

Professor HAGEN. It is on page 2. We do talk about the introduction at the State level on page 2 of the testimony, the last paragraph.

Senator MOYNIHAN. Yes. Here is your low-profile introduction. Got you. Yes. Yes.

Professor HAGEN. I would like to highlight our findings.

Senator MOYNIHAN. All right. We thank you, Dr. Lurie.

[The prepared joint statement of Dr. Lurie and Professor Hagen appears in the appendix.]

Senator MOYNIHAN. Dr. Hagen.

**STATEMENT OF JAN L. HAGEN, Ph.D., ASSOCIATE PROFESSOR,
NELSON A. ROCKEFELLER COLLEGE OF PUBLIC AFFAIRS
AND POLICY, ALBANY, NY**

Professor HAGEN. I would like to highlight the findings related to child care and to participation. And, in terms of our testimony that we submitted, I will be starting at the bottom of page 6.

In terms of the child care, at the time of our study, the State administrators were not concerned about the availability of child care services or the availability of child care funding in order to meet the 7 percent participation rate. They were able to cope with that.

We did find, however, two of our States concerned about having sufficient child care funds in the future. And one of our States did, in fact, have to restrict access to its JOBS program as a result of high child care costs.

And we would expect that, as the mandated rates of participation for JOBS increase, States will probably confront this problem of inadequate funding for child care. And given the fiscal stress of the States at this point, finding State funds to cover that cost is not likely to occur.

In terms of participation when we conducted the study, all study States planned to meet the 7 percent participation rate and to spend 55 percent of their funds on the target group members.

For seven of our States with well-developed welfare employment programs, meeting that 7 percent participation rate was not a major challenge. Their programs were already serving relatively large number of recipients and they could easily meet the 7 percent threshold.

As you have already heard today, the 20-hour rule has been a challenge for the States. And it is, in some ways, handicapping their ability to individualize services. And I will not talk further about that, but I would encourage you to see what could be done about the 20-hour rule.

Senator MOYNIHAN. I understand. Yes.

Professor HAGEN. The rising participation rates in the current law, I believe, are also a challenge to the States at this point.

Their ability to meet those mandated rates of participation is dependent on many factors, including their prior experience with welfare employment programs, the availability of training and educational resources in the State, and the commitment of State funds to purchase those services.

Even at the 11 percent participation rate, two of our States were concerned about their ability to meet that rate without making major program adjustments, such as increasing the use of low-cost components.

The most pressing issue facing the States at this point is whether they will increase their financial contribution to the program as the participation rate rises, or whether the funding will remain constant or decline.

The current recession has dampened State tax revenues at the same time that the welfare case loads are increasing. And that clearly limits the States' ability to draw down their entitlement of Federal funds for JOBS.

Increasing the Federal financial share for JOBS services and removing the cap on Federal expenditures for JOBS would help remove barriers to greater State efforts in implementing JOBS.

We do have some concerns about how JOBS is unfolding based on the initial responses of the States.

But we also find that JOBS has fostered the commitment of State welfare agencies to provide enhanced educational and training opportunities to welfare recipients.

We also found that welfare administrators in all the States have made a good faith effort to implement JOBS. Their ability to respond to the challenge of JOBS, however, is seriously compromised by State fiscal constraints.

Therefore, we support efforts by Congress to increase the Federal funding available to States for JOBS services, as well as for all administrative and supportive services, including child care.

With increased Federal funding, the States will be able to expand the program to serve more participants and to maintain their emphasis on the higher cost services that enhance the capacity of welfare recipients to be employed over the long term. Thank you.

Senator MOYNIHAN. Thank you. Well, let me say to you, I very much appreciate what you have done here. But I do not believe a word you have written. I do not think you do. What are you leaving out? Come on. You left out the most important thing.

Dr. NATHAN. I think we believe the words we have written, Senator. I need a clue.

Senator MOYNIHAN. Race.

Dr. NATHAN. Well, I was not going to jump right in, but that is a surprising and profound question. You were quoted in a story in the New York Times yesterday about what they called no parent or zero parent families.

I speak now for myself. I have talked at these hearings before about something we have failed to understand in cities. There are a lot of strong minority neighborhoods. Everything is not Spike Lee's Bedford Stuyvesant under-class of stereotypes that we read about all too often. Some of these deepening problems of the worst sections, it seems to me, can be gotten at by what you are proposing in S. 2303. This gives me a chance to mention something else, something I would like to bring out. I know you have been talking to Representative Nancy Johnson about capping, capturing, and possibly blocking Title IV-E and IV-B funds. If I were to develop a strategy for children that took into account the increasing seriousness of the problem of concentrated dependence among racial

minorities I would like to see incremental changes like this. These are not high visibility changes. S. 2303 is one example, and if you capped and captured the Title IV-B and IV-E funds for the next 5 years, using the CBO numbers that we had at the beginning of this year, that would produce \$19.1 billion. I have been talking to Bob Fulton and Barbara Blum and other experts about this to decide whether maybe that is the right thing to do.

The projection now shows this \$19.1 billion over the next 5 years. I have talked to Paul Offner about this too. These projections are based on previous exponential increases in foster care that we saw over the last 4 or 5 years, which now seem to be flattening out. So, some of that money may never be spent. Still it is protected by the fire wall. It is entitlement money.

Senator MOYNIHAN. Yes.

Dr. NATHAN. We are talking about children.

Also, I believe case managers in a real JOBS system is the right welfare reform strategy and the right strategy for the tough problems of the inner city which are essentially and predominantly problems of concentrated dependency, poverty, danger, and deviance in black and Hispanic high-concentration, under-class neighborhoods.

Senator MOYNIHAN. Well, I mention this because Senator Bradley spoke about it on the Senate floor last week.

Dr. NATHAN. I saw that.

Senator MOYNIHAN. The reality of race and crime was something that we had to talk about as a society. And he said that, among white persons with views on these matters, they will speak of victimization, which is a very different perspective; that blaming the victim formula, which has brought death to analysis for 30 years in this field.

The idea, as I interpret it, is that the perceptions of the need to be rigorous, and, if needs be, punitive, arise from the community closest to this experience which the community most distant from it cannot bring itself to say, as you agree, sir.

Dr. NATHAN. That is right.

Senator MOYNIHAN. We have had one person come before this committee and say, cut them off; a Black legislator from New Jersey.

You say that the Family Support Act was meant to implement a change, to signal a change in the mission of welfare systems. And it did not signal anything.

Can we ever get through that guilt-ridden bureaucracy that is paralyzed by its guilt? Dr. Hagen, Dr. Lurie, feel free to say anything. You are not under oath and there is no data on it. We have not quantified guilt yet.

Professor HAGEN. Well, I would like to think I speak the truth, at least as I see it.

Senator MOYNIHAN. I would like to know what I thought the truth was.

Professor HAGEN. But, as I see it, sir, I do think the welfare systems are responding. We are seeing developments. It has been slow. If we expected to see change overnight, that was unrealistic.

Senator MOYNIHAN. Oh. I have always said that by the year 2000 we might have some notion of whether anything was changing.

Professor HAGEN. Correct. And so I think there is movement. They are making changes. States are struggling with how to use case managers; where do they fit in the system, which of the clients need case management. So, the system is responding. But it is slow steps. And I think the States do need the time.

Senator MOYNIHAN. Why is it so? I mean, let me be very blunt. You are a panel of three white Ph.D's describing a white bureaucracy that has not accepted a new signal that we mean to have a mutually responsible relation here with dependent persons who are in our cities, and in the main, are black. And three white Ph.Ds get through their whole study, but the race issue never appears. Why?

Dr. NATHAN. Do you want to respond?

Professor LURIE. We do mention race in one place in our report.

Senator MOYNIHAN. Where? Let us see.

Professor LURIE. In the full report, not the summary that you are holding.

Senator MOYNIHAN. Is it in the introduction?

Professor LURIE. No, in the full report.

Senator MOYNIHAN. The words are not here. The central, political, social fact is avoided. You have presented this as scholarship and you have left out the single most important fact why this is a third rail of politics. David Duke can say it; you cannot. And that is why it is left to the Dukes to dominate the discussion. What do you think that is all about, social class?

Dr. NATHAN. I think that is right. I am not sure how we are supposed to deal with that. One thing I would say——

Senator MOYNIHAN. Dick, nor am I. If I knew I would——

Dr. NATHAN [continuing]. Is that you mentioned white bureaucracies. They are not white.

Senator MOYNIHAN. At the top they are.

Dr. NATHAN. I have been out in lots of counties looking and talking to workers who are going to have to march if we are really going to change attitudes.

And I think it has happened. I will tell you, I think it happened in Massachusetts. I think for a long while they were——

Senator MOYNIHAN. In Massachusetts.

Dr. NATHAN. In Massachusetts, the ET program was really different. And I think in many counties in New York you find this.

Senator MOYNIHAN. Name one, because I care about things like that.

Dr. NATHAN. Well, I will come back. You wanted to comment. I will mention some counties, because Mary Jo Bane was talking about it. But you may want to speak next.

Professor LURIE. Yes. You mentioned that welfare bureaucracies are white, but I would like to say a little bit about how Mississippi implemented it JOBS program.

Senator MOYNIHAN. Yes.

Professor LURIE. The Governor of Mississippi had recently merged the welfare agency with several other departments and had appointed a black commissioner to head the welfare agency. JOBS is being operated through contracts with the community action agencies.

Senator MOYNIHAN. Yes.

Professor LURIE. So, I think that Mississippi—and I found it very heartening—has made an effort to change the bureaucracy who will be administering this program.

Senator MOYNIHAN. No. But that is not what I mean. That is not what I mean. White guilt is what I am talking about.

Dr. NATHAN. I think it is—

Senator MOYNIHAN. I mean, you say this is an issue of race. On the Today Show, the day after that Presidential television ad appeared—

Dr. NATHAN. What worries me, Senator—

Senator MOYNIHAN. Just a second. The day after that appeared, Mr. Tim Russard, who is the NBC Bureau Chief here in Washington, and Al Hunt, who is the Wall Street Journal bureau chief were on the Today Show. And they said it is playing the race card.

They said it is outrageous. It is the Willie Horton issue. And yet, we get this report from you. It is on the front page of the New York Times. The one word that is not in this report is race. How is society going to live with it? Help us, sir.

Dr. NATHAN. I was at that previous hearing you held on the New Jersey law. And I agree; it would be a tragedy if this good piece of legislation is forgotten and never cared about and pushed because of the use of welfare now as a code word to talk about race in this Presidential campaign.

I do not think we have to talk about race in this report, Senator, to tell you that this law, if case managers and Governors and the leaders of State agencies chose to use it, is the right instrument.

Senator MOYNIHAN. But why did they not?

Dr. NATHAN. Well, they are.

Senator MOYNIHAN. Do you not know why they did not?

Dr. NATHAN. I am not ready to give up. And I do not think you are, either. I think this is all the more reason that you should shine a spotlight on this; that you should try to change the matching to improve it to 90 percent.

I think that your very point underlines the need to do what these hearings and other measures like this do within the government, downtown at HHS and on the Hill, by you and other people who want to solve this problem in a humane and caring way. I do not think we have to talk about race to tell you what is happening to this program. But I think people who understand American politics and the meanness of spin-doctors in Presidential years where, as you said at the very beginning of this hearing, you think this is a historic and new development.

I think that underlines the need for what your bill, these hearings, efforts of a lot of people—white, black, and Hispanic—ought to do to use case managers and this law to change welfare bureaucracies. It is not in their interests not to go along, and I think that is understood.

Let me turn the table around and say I think there is more hope. I think there is a lot of hope for this law, and I agree it will take time.

I think that pushing on it by using the kind of things that this study will reveal and by working on good, sound legislation to improve this law, such as you have introduced, that gets at the race issue.

We ought not necessarily to talk about bureaucracies or implementation. As for the politics of it, I do not understand it any different from you, Senator.

Senator MOYNIHAN. Anything you do not understand is hard to understand. The New York State Legislature took a piece of legislation that was principally produced by two New York members of Congress.

It took 2 years to adopt the implementing legislation which you could take a morning to draft. Why did it take 2 years? Where was it held up? Did the Governor's office hold it up?

Professor LURIE. No. In the Legislature.

Senator MOYNIHAN. What happened in the Legislature? Where?

Professor LURIE. As Commissioner Bane argued a few minutes ago, there was a split between the down-State Democrats and the upstate Republicans.

Senator MOYNIHAN. What do you mean by down-State, New York City?

Professor LURIE. New York City.

Senator MOYNIHAN. Why do you not say New York City?

Professor LURIE. Well, I guess I have been upstate too long. [Laughter.]

Senator MOYNIHAN. As a matter of fact, when I first went to Albany—do not feel that badly—the Red Book listed Nassau and Suffolk as upstate counties. All right. Tell me what happened.

Professor LURIE. There was a debate in the legislature over several issues. One of the major issues, as Commissioner Bane said, was whether participation should be mandatory or voluntary.

Senator MOYNIHAN. And who took which side?

Professor LURIE. The New York City delegation generally wanted the program to be voluntary, and the upstate—

Senator MOYNIHAN. There is a little bit of difference between voluntary and mandatory. The New York City delegation wanted it to be voluntary.

Professor LURIE. Wanted more of a voluntary program.

Senator MOYNIHAN. Why did they want it to be voluntary?

Professor LURIE. They felt there were several benefits from being voluntary. First, it encourages service providers to provide services that people want.

That was an important reason. Second, there is a philosophical belief that people should not be required to do something that they do not want to do.

Dr. NATHAN. Was there not an issue, too, Irene, about the—

Senator MOYNIHAN. Do you want to name them? Could you just name me the legislators involved? You have not finished the upstate. Upstate was for mandatory.

Professor LURIE. That is correct.

Senator MOYNIHAN. And you were saying, who were they?

Dr. NATHAN. And there was an education issue; was there not?

Professor LURIE. There was an issue over whether participants could attend a 4-year college.

Dr. NATHAN. Oh, yes. That was a big fight.

Professor LURIE. That was a big one.

Senator MOYNIHAN. And who wanted that?

Professor LURIE. Welfare advocates wanted recipients—

Senator MOYNIHAN. Who were the welfare advocates?

Professor LURIE. The State Communities Aide Association, and others.

Senator MOYNIHAN. And they wanted welfare to provide for 4 years of college?

Professor LURIE. Yes

Senator MOYNIHAN. Now, why did they want that?

Professor LURIE. Because it would give recipients the greatest chance of becoming self-sufficient, give them opportunities to—

Senator MOYNIHAN. How many persons have gone through 4 years of college on welfare?

Professor LURIE. New York was permitting people to go to college before the JOBS program.

Senator MOYNIHAN. New York City, you mean?

Professor LURIE. No. New York State.

Senator MOYNIHAN. New York State.

Professor LURIE. Yes.

Senator MOYNIHAN. How many 4-year college graduates did we get?

Professor LURIE. I do not know.

Senator MOYNIHAN. So, we are all talking about numbers. We do not know. All myth; all symbol.

Dr. NATHAN. We will, in the 30 field sites, know a lot about the services. One of the things that is really important about the JOBS program is the role of community colleges. I am not so sure about 4-year colleges.

If you are 21 years old and read at the fifth grade level, you cannot go to the fifth grade. But if you are in college you can hold your head up. Indeed, community colleges are very important delivery agents.

Senator MOYNIHAN. And it would be hard to find a part of New York where there is one less than 20 miles away.

Dr. NATHAN. That is right. So, I mean, I think that now makes it more possible to do what the Family Support Act JOBS program does in emphasizing education all around the country. New York is not special. I am Chairman of the National Academy of Sciences Panel.

Senator MOYNIHAN. Yes. We keep hearing that, as I mentioned earlier.

Dr. NATHAN. Yes.

Senator MOYNIHAN. Now, Dr. Bane has a colleague at Harvard, Ellwood, who does not think much of this legislation. And he wants to make welfare 2 years; after that, drop dead. Not so? Dr. Bane, tell me, what does he want to do?

Commissioner BANE. No, that is not true. I can probably speak for Dr. Ellwood with more authority than I can speak for the New York State Department of Social Services. [Laughter.]

I think he is very supportive of this legislation, Senator. I think he sees it as a very important step towards the goal that you, and he, and I all share, i.e., of having welfare, in fact, be a program which people use as a way to get through hard times and to make the investments in themselves that they need in order to be self-supporting.

I think David Ellwood sees a time, as I do, down the road where, if we put in place a number of other things, we could, in fact, make that a reality.

Senator MOYNIHAN. But has he not proposed a 2-year cutoff?

Commissioner BANE. He has proposed a 2-year cut-off in the context, Senator, of several other very important proposals.

The two most important of those are, first of all, a program of guaranteed child support which would guarantee to every single parent an amount of child support sufficient that, if supplemented with part-time work, they would be able to support themselves out of poverty.

The second very important piece of the program that he proposes in addition to guaranteed child support is a program of guaranteed jobs. I think he, and you, and I would all agree that only if we are prepared to offer welfare recipients an opportunity to have jobs and earn money can we, in good conscience, cut them off the welfare program.

And, so, his proposal says that after 2 years on welfare or after a certain amount of time on welfare, the State would guarantee to the recipient a job, the wages of which would be sufficient to support that family.

Senator MOYNIHAN. Dr. Nathan.

Dr. NATHAN. I would like to make a comment. It is very fortunate for David that you are here, Mary Jo.

Commissioner BANE. And that he is not.

Dr. NATHAN. Well, no. He could do a good job, too. But what I worry about—and I have had this discussion with David Ellwood a bunch of times—is that people do not hear all the things that Dr. Bane just said.

Senator MOYNIHAN. That is right. I was going to say we can be very selective in what we hear. We hear 2 years; drop dead.

Dr. NATHAN. I see too many Democratic politicians calling for another global reform. Let us FAP around again. Let us spend the next 5 years doing fundamental welfare reform. I think that would be unfortunate. David Ellwood has heard me say this, so I am not telling tales out of school.

This ties into what is good about this hearing, which is, we have got a law; people ought to know about it, care about it, push it, and expect that, by the year 2000 if we work at it in the right way, we can do the kinds of things that frankly I think are the right formula. I think you have got a very good formula.

Now, if you give me—just speaking in a relaxed way here—all of the money for the things that are intrinsic to David Ellwood's "2-years-and-then-out position," I might move over. But I do not see that money in the offing. I do not even see money for S. 2303 in the offing in the near term.

Senator MOYNIHAN. Neither is in the offing, sir, and you know that perfectly well. That is one of the problems.

But I would like our good recorder to pick up a new verb introduced into our discourse by Dr. Nathan, which is to FAP all around again, by which he means the Family Assistance Program, of which he was a very illustrious supporter. And, in another era in American life, a proposal by a Republican President to establish a guar-

anteed income was turned down because the benefit was not high enough.

So, we just cut the benefits 40 percent instead. And the people who turned it down are nowhere in evidence. They cannot be found. They are never to be seen in this hearing room; never, ever again.

Dr. Nathan, we are going to decide that nothing happened. It is the pattern of the academic mind that incrementalism will get you nowhere. Nothing has changed until everything has changed.

So, we will have a guaranteed job, and a guaranteed income, and a guaranteed babysitter, and 2 years of welfare. And that is it, period. And what you will get is 2 years of welfare, period. Because there is not going to be any guaranteed job; there is not going to be any guaranteed babysitter; there is not going to be any guaranteed income. That is behind us. The mood is very different out there. I do not have to tell that to anybody on this panel.

But what has been heard is point one, 2 years and drop dead. And what bothers me is we will begin to see that now. And then I do not know what you do with the children.

As you mentioned on Sunday, there was a report on children reaching school age, or high school in Oakland, where most of the children had no parents. And I think that is easily understandable with the combination of AIDS and other epidemics.

But I went to a university 3 years ago and they said we can expect to go from the period of the single-parent family to the no-parent child.

But the response out there has not been the response of the bureaucracy, which I want to thank the two of you for telling us about.

The bureaucracy did not dare even whisper into anybody's ear that Congress has said welfare recipients had responsibilities, too. If you said that, you might get yourselves a bad reputation. And there you are. I do not know what to say. It will get worse before it gets better. It has gotten worse already.

I would like to ask Dr. Nathan, would you not agree—and you have been in every Presidential campaign. You are not in Presidential politics right now, but since you worked for Governor Rockefeller when he was in Presidential campaigns.

This is the first time in which welfare has become a Presidential issue; would you not say? I mean, at the top of the rung.

Dr. NATHAN. Yes. I heard you. I wrote an OP-ED piece about 2 or 3 months ago about welfare is a code word now.

Senator MOYNIHAN. Yes.

Dr. NATHAN. And David Duke has opened up a Pandora's Box. It makes the kinds of issues—

Senator MOYNIHAN. Can we put that in the record in this hearing? I would like to have that.

Dr. NATHAN. Sure. I will send it to you.

Senator MOYNIHAN. Very fine.

Dr. NATHAN. We talked about it.

Senator MOYNIHAN. We have it.

[The information appears in the appendix.]

Dr. NATHAN. I think there is hope. I think there is hope for the JOBS program. I think it needs your constant, vigorous attention,

and that of administrators. There are places where it looks good to me and we are going to tell you a lot more when Jan and Irene—

Senator MOYNIHAN. Tell us now what your work schedule is as phase two comes on. Because Dr. Bane is going to be watching you closely from down Western Boulevard.

Professor HAGEN. We are now receiving reports from the field on the 30 local sites that Dick mentioned, and we have just started analyzing that. This coming summer we will be going out to the States and the local sites again to do what we are calling "round three." And that will be the last round we are scheduled to do.

We are also doing two other things in conjunction with this. We have conducted a survey of all the front line workers in our local sites and we have just begun the analysis of that.

And, in the summer of 1992, we will be conducting a survey of welfare recipients in four of our local sites. We will do personal interviews with 400 welfare recipients who are in the JOBS program.

Senator MOYNIHAN. Well, we will very much look forward to hearing these results. I still would like to know why it took New York State 2 years to enact what cannot have been more than five lines of legislation. Any further thoughts on that? Anybody got any names associated with that? [Laughter.]

Anonymous legislators in unrecorded debate. Exactly. Exactly. And, the hour of 1:00 o'clock having arrived, I want to—

Dr. NATHAN. Actually, Senator, Irene wrote a paper on this, which we will send you. And you could maybe put it in the record, because it names names and says what the debate was about. She gave it at the APPAM meeting.

Senator MOYNIHAN. Where?

Dr. NATHAN. At the Association for Public Policy Analysis and Management. It is a good paper on exactly this.

Senator MOYNIHAN. I wish you would send it to us.

Dr. NATHAN. She will send you a copy.

Professor LURIE. I certainly will.

Dr. NATHAN. And we will send it for the record.

Senator MOYNIHAN. Without meaning to be the least bit discourteous here, I would like to suggest that the nearest equivalent to publishing in Latin in our time is to give a paper at the Policy Analysis and Management Association.

[Laughter.]

But, the hour of 1:00 o'clock having arrived, I want to thank our audience for their great patience; thank our most distinguished panel; congratulate Dr. Bane on her new position, and say we look forward to the book that will come out of it in due time. [Laughter.]

Thank everybody. Thank particularly Margaret and Paul. Thank our reporter. You have got that verb, to FAP around.

Thank you all.

[Whereupon, the hearing was concluded at 1:00 p.m.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED

PREPARED STATEMENT OF MARY JO BANE

Good morning Senator Moynihan and members of the Subcommittee. I am Mary Jo Bane, Commissioner of the New York State Department of Social Services.

I welcome the opportunity to present testimony in support of the Work for Welfare Act of 1992. As you know, the Family Support Act of 1988—the JOBS program—has been a leading priority for New York State as it is for all states. Unfortunately, the impact of the current state of the economy on our efforts to implement JOBS has been a source of great concern for all of us. The elements of the Work for Welfare Act will underscore the Federal Commitment to welfare reform in our nation and represents a significant next step in the implementation of JOBS.

As you stated during consideration of the Family Support Act, Senator, the act introduced to welfare a wholly new concept—welfare as a social contract based on a set of mutual obligations and responsibilities between society and the individual. Society would provide single parents and their families with support while they were assisted on the road to self-sufficiency with education, training, and employment programs. In return, these parents would undertake the effort to become independent. The compact assumes parents are responsible for their children, including noncustodial parents whose support would be sought in a more comprehensive fashion.

The Family Support Act can and is assisting poor families in moving toward self-sufficiency. Welfare reform is working. My testimony includes data on our efforts to train public assistance recipients and move them into employment. We can be proud of our successes. However, New York State and its counties have come upon tough financial times. Increases in caseloads, coupled with budgetary problems, will continue to pose significant problems for local social services districts. We welcome and support the Work for Welfare Act of 1992. It will allow us to strengthen and expand the educational and employment opportunities for public assistance recipients.

INCREASED EXPECTATIONS

As was expected when the JOBS program was created, New York's local programs are placing greater emphasis on basic skills training, educational activities and support services than occurred in the past. We have increased the expectations of both our programs and participants. We expect our training programs to provide participants with the necessary skills to achieve self-sufficiency. In the past, employment programs for public assistance recipients emphasized short-term training and job search assistance to move participants off of welfare. However, the wages which these individuals were able to secure were often insufficient to move them out of poverty.

The expectation created with the JOBS program is that participants will gain the skills necessary to not only become employed, but to gain employment which will move them out of poverty. This commitment to training which allows JOBS participants to become self-sufficient is reflected in our enrollment statistics during the first year of JOBS. New York State has placed a higher percentage of participants in these more intensive component activities—education training increased by 47% and jobs skills training increased by 53%—while at the same time the numbers enrolled in lower-cost programs such as job search and work experience decreased—enrollments in community work experience programs dropped by 63%.

We are also challenged by changes in the labor market. The labor market in New York has shifted from production to service industries. Employment in the 1990s is

expected to increase faster in occupations requiring the most education. However, New York State has been unable to prepare its workers for the job market of the 1990s. The State is beginning to experience shortages in the supply of labor to fill demand occupations. The skills of workers in the state, including the job skills of public assistance recipients, do not match the available jobs. The state wants to move in the direction of educating and training public assistance recipients for the job market of the future.

We want to strengthen our JOBS program in New York State to increase the emphasis on enhanced training and education for participants public assistance recipients would be trained for demand occupations—those expected to experience significant growth over the next ten years.

At present, close to thirty-four thousand individuals are participating in the JOBS program. However, this represents fewer than 18 percent of the individuals eligible to participate. There are over one-hundred and ninety thousand employable AFDC recipients on New York State's caseload. The State of New York is Committed to enrolling one-hundred percent of all eligible participants in the JOBS program. However, the relatively recent upturn in AFDC caseload coupled with current state and local fiscal crises, have hindered the capacity of local districts to greatly expand the opportunities which might be available under JOBS.

While enrollments have exceeded the federal mandate of 7 percent for the first year of JOBS, it is too early to say whether New York and other states will meet the participation requirements in future years when the rate climbs. We are concerned about the impact the so-called 20 hour rule will have on our ability to meet the participation rates. Since we are emphasizing remedial education, post-secondary education, and vocational training we feel particularly vulnerable since many of these programs do not operate on a 20 hour per week basis. For example, clients enrolled in post-secondary and vocational education at community colleges, with full-time course loads and case management services, often fall short of 20 hours of weekly activities.

In December 1990 the AFWA's National Council of State Human Services Administrators adopted a resolution requesting HHS to modify the 20 hour rule requirement for individuals participating full-time in an approved post-secondary education or vocational education program by deeming them to meet the 20 hour requirement. The resolution was transmitted to Jo Anne Barnhart, Assistant Secretary for the Administration for Children and Families, for review and consideration.

In a recent Action Transmittal by HHS, states were informed that study time can be counted towards the 20 hours only if it is supervised. This would require states to spend additional scarce resources purchasing study hall time and sends a message of distrust to public assistance recipients. Rather than continue with this policy, we would urge HHS to modify the 20 hour rule as requested by AFWA.

INCREASING NEEDS AND LIMITED RESOURCES

One thing is clear. Without additional federal financial support—such as would be provided through the Work for Welfare Act—our ability to serve increasing numbers of participants is questionable. The increases in AFDC Food Stamp and Medicaid caseloads, coupled with dwindling resources, are making it more difficult for states to deliver JOBS program activities and meet the challenges of preparing the workforce of the future.

Threatening the ability of states to meet the mandatory participation levels is the current and ongoing increase in demand for public assistance. Preliminary data from New York for February 1992 show that the number of families needing assistance under the AFDC program rose by almost thirty-seven thousand since October 1990—an increase of almost 11%—continuing a lengthy trend of caseload growth. There are now over 380 thousand families and over one million persons receiving AFDC in New York State. Growth in the Food Stamp Program is estimated at 16.3% for this same period.

In view of the State's fiscal problems and the taxpayer's outcry against spiraling welfare costs, New York faces a dilemma. We must decide whether we can continue to provide a comprehensive array of JOBS services understanding that a demonstrable return on the investment in education and training will come only in the long term. Without increased sources of funding, we may be forced to move to a less comprehensive strategy—one which emphasizes high rates of participation and placement in lower wage jobs that show short term savings.

Tensions between shrinking revenues and demands for additional state spending is forcing not only New York but virtually all states to reexamine their policies and budget priorities. While it is too early to predict the impact of budget cuts and competing priorities on JOBS, we are concerned about future support for the program.

Across the nation reforms in the welfare system are being proposed and enacted in response to the national revolt against increasing welfare costs. Included are proposals to cut benefits for families if the children are not in school, denying additional benefits for women on welfare who have more children, reducing benefits for out-of-state enrollees, and, most recently, a federal proposal to reduce AFDC payments to states which do not force all of their general assistance recipients into jobs or job training program. Although tinkering with the system in this fashion has popular support, few if any of the proposals are backed by scientific evidence that they will indeed change behavior among this population.

New York is investing significant resources in the JOBS program, but without increased federal participation, program expansion may be an unrealistic goal. The enhanced reimbursement of ten percent currently provided by the Federal government no longer creates the incentive among states to invest additional resources. There is little hope that additional state resources for JOBS will become available given the impact of the recession on the states. In fact, program designs likely will have to be refined to do more with less.

THE WORK FOR WELFARE ACT

The Work for Welfare Act of 1992 would provide the additional federal financial support which is needed to implement JOBS. Eliminating the cap on federal funds for JOBS programs and eliminating State matching requirements beyond current outlays, will allow states to expand the JOBS program to the eligible population without putting an additional tax burden on State and local governments.

With additional resources, the capacity of states to enhance employment and training programs will be increased. The Work for Welfare Act will allow us to continue to emphasize long-term training to enable public assistance families to gain employment which will move them out of poverty. We would use additional Federal resources to train public assistance recipients for the workforce of the 90s. This legislation will enable us to increase child care capacity, permitting a greater number of participants to take advantage of JOBS programs and services.

With the passage of this legislation, New York State would have the resources to enroll 100 percent of all eligible AFDC recipients in JOBS. To accommodate the influx of new enrollees we envision undertaking the following:

- All new applicants for AFDC would be enrolled in the JOBS program. Assessment and employability plans would be developed and participants would be referred to appropriate programs. We would work to coordinate the assessment activities of the employment and training system across the state to create a uniform assessment for all programs. We would enlist the support of your Committee, Mr. Chairperson, in securing relaxation of Federal regulations which have hindered development of uniform assessments to date.
- A critical element of program expansion is the creation of additional capacity for high school equivalency programs. Together with educational agencies we would work to make additional classrooms available and increase the number of available GED slots. We would work with local school districts to open schools during non-use hours for the AFDC population.
- A significant effort would be made, using increased Federal funds, to expand quality child care across the State. Although more than three hundred thousand children are eligible for child care services through JOBS, at present fewer than seven thousand children receive child care through the JOBS program. Clearly, this is an area which requires our immediate attention. As family day care homes are utilized by over eighty percent of all enrollees in JOBS, we would work together with local governments and non-profit agencies to expand capacity in this area.
- Case management services, which are now available only sporadically, would be offered to all participants if Federal financial participation were increased. Initial data from the New Chance program—a program for disadvantaged teenage AFDC parents—points to the prevalence of severe problems among enrollees. Chief among these are housing, substance abuse and domestic violence. We know that the families we serve through the JOBS program have similar multiple problems and require coordination of services to reduce fragmentation and increase access across systems.
- Programs and services to teenagers would be enhanced, particularly in the area of life skills and sex education. Beginning as early as middle school we must work with the children of AFDC families to break the cycle of welfare dependence. We must develop incentives to encourage these youngsters to stay in school and receive the training and education necessary to become productive adults.

- We would use increased resources to create a partnership among state agencies, non-profit organizations and private employers. This group would work together on strategies to prepare public assistance recipients for the job market of the 1990s. A major focus of this group would be identifying workplace requirements and incorporating these items into training programs for public assistance recipients. Emphasis would be placed on encouraging private sector employers to both train and hire JOBS participants. Ultimately, JOBS funding would be used as an economic development tool.

To enroll, assess, and refer every eligible participant in JOBS to an available program within 60 days would be very difficult. A longer planning phase is necessary to expand capacity—child care, education programs, additional supportive services—to accommodate the additional participants. Programs will have to be modified and adjusted to allow for the increased number of enrollees. Even the hiring of additional staff to handle the increased number will require a lead time longer than 60 days.

I am certain that we can work together to make the necessary adjustments which will allow for successful implementation by the states. Implementing the program in stages will give states the opportunity to gradually build program capacity.

Finally, we would like to work together with HHS to relax the rules regulating JOBS program in the states. This loosening of the rules will enable us to be creative and experiment with new programs and new ideas. For example, we are currently developing an entrepreneurship program for AFDC recipients. However, there are many Federal rules which make it very difficult for those on assistance to open their own businesses. We would hope that the Federal government will work with us to identify the regulatory restraints, relaxing them when necessary.

CONCLUSION

In closing, the Work for Welfare Act would significantly improve our ability to train AFDC recipients and move them toward independence. Additional funding will allow us to expand program and supportive services—particularly child care. States will have the capacity and the resources needed to serve all eligible participants. We are in support of this proposal and look forward to working with you to secure its passage.

Thank you for the opportunity to share these thoughts with you today.

PREPARED STATEMENT OF JO ANNE B. BARNHART

Mr. Chairman, Members of the Committee, thank you for the opportunity this morning to comment on S. 2303, the Work for Welfare Act of 1992.

In the last few years we have witnessed a growing recognition of the need to change the welfare system and the principles on which it is based. The Family Support Act of 1988, a carefully crafted bi-partisan effort, was an important landmark in this process. It has helped States both to focus on self-sufficiency for welfare recipients, and to increase activities that promote and facilitate that outcome.

The Bush Administration made implementation of the Family Support Act one of its top priorities. Success in this effort depended on the commitment and cooperation of several of the major Departments in the Executive branch. Secretary Sullivan personally worked closely with the Departments of Labor, Education and Interior to ensure prompt and effective implementation of this law.

As you noted, two years after passage of the Family Support Act, "For all its rumbling, bumbling antique idiosyncrasy, American federalism has done it again. The returns are in; everyone is in compliance. The act is underway . . ." What does this mean in practical terms? Here are some examples: All 50 States were operating JOBS welfare-to-work programs by October 1, 1990.

Thirty-five States were operating statewide programs one year earlier than required by statute. 530,000 welfare recipients are participating in welfare-to-work programs each month.

More importantly, States have not limited their efforts to the JOBS program. Since 1988, we've seen almost a \$2.5 billion increase in child support payments. 479,000 paternities were established in FY 1991—a 56% increase in three years. 2.6 million absent parents were located in FY 1991—the first critical step in collecting child support and an 86% increase in three years.

In the last several months there has been a growing ferment in the States to do more—to build on the reforms contained in the Family Support Act to better facilitate self-sufficiency and support parental responsibility. We have not seen a slackening of implementation of the Family Support Act, as some skeptics had feared, but

a desire to build upon the mandated requirements contained in the JOBS program and the child support enforcement provisions.

President Bush has pledged his support to the Governors in their efforts to strengthen the family and promote self-sufficiency. The President has encouraged States to innovate. In his State of the Union message the President promised to pave the way for these innovations by making the process for applying for waivers of Federal provisions easier and quicker.

Since the President focused attention in this area, we have heard from several States wishing to take on the challenge of improving the system for the families and children it serves. Governor Ashcroft announced a reform proposal for the AFDC program and Governor Schaefer announced his support for a commission to undertake a study to restructure the welfare system. Other Governors and State administrators have informed us of their desire to undertake reform initiatives, such as Governor Wilson's proposal in California, Governor Thompson's "Parental and Family Responsibility Initiatives," New Jersey's "Family Development Act, and Utah's "Single Parent Employment Demonstration."

We are greatly heartened by the interest in states to pursue plans which will strengthen the family, promote parental responsibility, and ultimately lead to self-sufficiency. As you have so often stated, state demonstrations with solid evaluation in the 1980's were the foundation of the Family Support Act. We strongly believe that they can serve the same function in the 1990's and we will give expedited consideration to state proposals that provide for Federal cost neutrality and rigorous evaluation.

In addition to strong state interest in pursuing further improvements in the welfare system, a number of members of Congress have recently introduced welfare-related proposals. The subject of this hearing is S. 2303, a bill you introduced, Mr. Chairman, which would both dramatically increase participation requirements in the JOBS program and the Federal funding for JOBS.

In summary, my understanding is that the bill would increase the general participation rates to 50% by FY 94 and use Federal funds to cover all additional States expenditures to meet this requirement, including costs for child care. States would only be required to meet their FY 91 expenditure levels for JOBS and their FY 92 expenditure levels for child care in order to receive these Federal funds, and may choose to substitute in-kind matching for all their JOBS expenditures. Spending under the bill would be designated as emergency requirements under the Balanced Budget Agreement to eliminate the need for any offset in other Federal programs to pay for the additional \$4.5 billion in Federal expenditures (according to the preliminary CBO estimate of the costs of the bill).

Mr. Chairman, the Administration strongly opposes S. 2303. Although we support the underlying principles of S. 2303, we strongly oppose the bill because of its excessive funding and lack of a mechanism to pay for the expansion of the JOBS program. It would undercut the necessary discipline of the Budget Enforcement Act by not providing an offset to the increased Federal funding the bill would entail. Were the bill to be presented to the President as drafted, the Secretary of HHS would recommend that the President not declare an "emergency" as provided for in the Act.

However, we fully support the need for strong work requirements for able-bodied AFDC recipients. The Bush Administration has consistently advocated for high participation standards. We pressed for meaningful participation in the JOBS program by incorporating in the participation standards requirements that on average participants must be involved in a JOBS activity for at least 20 hours a week and that they must actually attend such activities for at least 75% of their scheduled hours.

JOBS is built on a triad of Federal, State, and individual responsibility. Just as the Family Support Act was successful through its foundation in State initiatives and demonstrations, States must continue to have a stake in the operation of the JOBS program if it is to continue to address most effectively the needs of the welfare population.

By providing open-ended Federal funding for JOBS with no additional State match, States would have no incentive to run efficient programs. Further, the funding formula set out in S. 2303 allows grievous inequities based on the maintenance of effort language. Those States who made little commitment to JOBS in FY 1991 would receive full funding with little stake in the program's success. While those States who have already shown a large budgetary commitment to JOBS, would be less well off because they would be required to maintain this commitment.

We are also extremely concerned about allowing states to replace their real expenditures with an "in-kind" match. In effect, this change, combined with the other changes noted above, would drastically weaken state financial commitment to JOBS. The history of the WIN program shows the dangers of too generous Federal

matching combined with an insignificant state "in-kind" match. We should not put ourselves in a position to repeat these mistakes again.

Further, S. 2303 provides a potentially significant increase in Federal funding for child care without the benefit of an identified need for such expenditures even if the JOBS participation rates were increased. With implementation of the Omnibus Budget Reconciliation Act of 1990, Federal funding for child care for low-income families increased dramatically.

Two new child care programs were established: one to meet the needs of families at-risk of entering the welfare system and the other to more generally serve the needs of low-income families and improve the availability and quality of child care. These programs, along with the child care dollars already provided under the Family Support Act, resulted in a \$1.4 billion increase in Federal funds available in FY 91. We should take some time to examine the effectiveness and adequacy of these expenditures before we consider an increase in the amount of Federal funding. We all know that simply increasing Federal dollars does not necessarily result in successful solutions to welfare dependency.

Finally, S. 2303 has no funding mechanism. Using the emergency designation sidesteps the limits of the budget agreement without really addressing the problem. This approach to funding has continually been opposed by the Administration. The Administration is committed to upholding the Budget Agreement in order not to increase the Federal deficit.

In closing, let me reiterate the Administration's commitment to strengthening the family and promoting self-sufficiency and my personal commitment to working together with you on ways to accomplish these goals. I want to continue the valuable dialogue we have had over the last few years. I want to continue to urge States to fully implement all provisions contained in the Family support Act and to creatively build upon the principles contained in that Act. I believe that if the Congress, the States, the public, and the Administration work together we can find ways to help families become stronger and make welfare what it was intended to be—a short-term economic aid to families in temporary need, not a way of life.

PREPARED STATEMENT OF KEVIN CONCANNON

Mr. Chairman, thank you for the opportunity to testify today on the Work for Welfare Act of 1992 (S. 2303). I am Kevin Concannon, Director of the Oregon Department of Human Resources. I am testifying today on behalf of the American Public Welfare Association (APWA) National Council of State Human Service Administrators. As you know, Mr. Chairman, APWA is a nonprofit bipartisan organization representing all 50 state human service departments, 800 local public welfare agencies and 5000 individuals concerned with social welfare policy and practice.

Let me begin by commending you for your leadership and commitment to the Family Support Act of 1988. **I cannot emphasize enough how important your unwavering support for the Act has been to state and local commissioners during these very difficult and challenging times.** We especially appreciate your efforts to defeat the amendments introduced two weeks ago by your New York colleague as part of the Senate's tax bill. These amendments—to require states with general assistance programs to enforce workfare or lose federal funding and creation of a national two-tiered AFDC benefit structure for individuals who relocate from one state to another—would have severely undermined state flexibility in administering public assistance programs for our nation's most vulnerable individuals and families.

As discussed by APWA Executive Director Sid Johnson during testimony on state welfare restructuring efforts before this Subcommittee on February 3, 1992, the national recession has been neither short nor mild for human service agencies and the people they serve. In addition to crippling the fiscal capacity of states, it has caused unprecedented increases in caseloads and seriously jeopardized states' ability to meet their commitments under the Family Support Act.

State spending for the JOBS program in fiscal 1991 was nearly \$400 million—this in spite of the fact that 17 states, including Oregon, are not expected to be operating the program on a statewide basis until October of this year. Expenditure data from the U.S. Department of Health and Human Services (HHS) show that only \$530 million of the \$1 billion of federal JOBS funds was spent in fiscal 1991, and only five states (Alaska, Arkansas, Idaho, New Hampshire, and Wisconsin) were able to spend their full allocation.

Total federal and state JOBS spending for fiscal 1992 is expected to be nearly \$1.2 billion, but according to the Congressional Budget Office \$270 million in federal

funds cannot be utilized by the states. *This is because of state inability to come up with the necessary state matching funds in these times of depressed state economies.*

APWA estimates, based on discussions with HHS officials, that fewer than a dozen states will spend their full allocation in fiscal 1992.

I believe the allocation of significant amounts of scarce state funds demonstrates strong state commitment. That only five states have drawn down full federal funding indicates the severe constraints on state budgets.

I can assure the Subcommittee, Mr. Chairman, that Oregon is one of the states that will fully utilize its allocation of funds in the JOBS program. In fact we will exceed the federal matching limit in our expenditure of funds for JOBS this year. This is one of the most important areas in which I hope the Chairman will consider changes in the Welfare for Work Act of 1992 as introduced. States like Oregon need to be reinforced and positively acknowledged in the fund allocation process. I fear that our extraordinary commitment would be negatively impacted should the Act as introduced not be amended to reflect the fact that we match federal funds **above and beyond** what is required. As such, hope it will be clarified in the bill that the maintenance of effort requirements do not apply to amounts above what a state is required to match. I firmly believe in the need to make these investments with state and federal funds, and am encouraged by the Chairman's introduction of this Act.

In comparison with the majority of states, Oregon has been very fortunate in securing funding for JOBS. Governor Barbara Roberts made this a major part of her workforce strategy budget. I am pleased to share with you, Mr. Chairman, that **we are budgeting \$69 million in state funds—\$17 million in excess of the federal JOBS match—during the 1991-93 biennium.** This is in spite of the fact that AFDC caseloads in Oregon have risen over 27% since July 1989 and we now face the challenge of a Proposition 13-type property-tax rollback that is requiring our state government to allocate an increasing share of state income tax revenue to public schools.

Our strong JOBS funding base to date has enabled us to invest a significant portion of our resources in those most likely to face long-term welfare dependence—teen parents. Our rationale for this investment is simple: **49% of those receiving public assistance in Oregon either are or were at one time teen parents.**

Nearly \$12 million of our \$69 million in state general funds is committed to serving teen mothers. We calculate that the total biennial cost for every 100 teen parents in the program is \$1.6 million for all services, including AFDC, Medicaid, transportation and child care. Today, we have cooperation from 94% of eligible teenagers. Of those, 84% are in classes and the balance, 10%, are waiting to receive services.

I believe more states would devote significant funding to support programs for this vulnerable population if the resources were available. Given the discouraging economic environment, however, most states simply cannot do so.

As a consequence, **we are concerned that the realization of the original education and training goals of the Family Support Act—goals for which there was strong bipartisan support—will be threatened.** The ability of states to sustain the kind of commitment envisioned to help AFDC recipients achieve self-sufficiency, and to assure that teen parents and their children will have an opportunity to become productive, self-sufficient citizens, may be in jeopardy. It is for this reason that **APWA and the Oregon Department of Human Resources support your efforts to provide increased federal funding for the JOBS program.** We believe, like you, that there should be a quid pro quo—that signing up for JOBS becomes part of signing up for welfare.

As you said in your news conference on February 28, these are the terms of the social contract for which there was bipartisan support in the Family Support Act. APWA strongly supported the contract and its terms during debate on the bill, and we strongly support them today.

There is one other part of the social contract we believe should be mentioned, and that has to do with government's responsibility to promote a strong economy with jobs for those we train for employment. State governments, with guidance from our federal and local partners, have the lead role in providing the services and the training envisioned in the Family Support Act. **The JOBS program represents a mandatory welfare-to-work program with self-sufficiency as the goal. But when we require a welfare mother to train for employment as a matter of national policy—and it is national policy to do so—it is incumbent upon national policy makers to accept the task of promoting job creation.** I mention this, Mr. Chairman, because in ongoing discussions about welfare reform and JOBS we must not lose sight of that part of the contract. I do not, today, recommend any particular economic package pending before

Congress. But I do suggest that steps to promote a sound economy are part and parcel of welfare reform.

Since we support the notion that "every able-bodied" individual participate in an education, training, or employment program under the Act, we have no problem with the expectation that with full funding of the program come higher participation rates. We would urge, however, that these rates be phased in to allow states time to create the infrastructure necessary to serve every nonexempt AFDC recipient in JOBS.

We presume, since it is not explicit in the bill, that there would be financial consequences for failing to meet the participation rate requirements. While we are not eager to open the Family Support Act, we would hope, Mr. Chairman, whether as part of this bill or some other vehicle, that the **definition of the "20 hour rule" be modified as it relates to participants in a JOBS education component.** As you know, current Health and Human Services regulations are biased against states with JOBS programs that devote significant resources to education. This would still be a problem even under your proposal to fully fund JOBS.

Finally, Mr. Chairman, if Congress does not act this year to aid states in funding the JOBS program, we urge you—in light of state fiscal problems and tremendous caseload growth—to **encourage the HHS Secretary to provide great latitude to states when considering waiver requests from the 11 percent participation rate and possible loss of federal matching funds.**

Mr. Chairman, we do not view the investment of additional federal funds in the JOBS program as a partisan issue. We are strongly bipartisan, representing all parts of the political spectrum. States stand ready, as we stated repeatedly throughout 1988, to put into practice what we know works in promoting self-sufficiency for American families. Because welfare reform that gets people back to work was, and continues to be, a national goal and national policy, we believe your approach to fully fund the JOBS program is the correct one. We thank you for your leadership and hope to continue to work with you to bring to reality the promise of the Family Support Act.

Attachments.

Reg. 2-4519
Mar 6 1992

1 out of 10
Del 7-10 to

ST-41 SPS

AKS
Support Current
Jobs Program



RECEIVED

15798

March 9, 1992

GOVERNOR'S OFFICE

Honorable Barbara Roberts, Governor
State of Oregon
Capitol Building
Salem, OR 97310

Dear Governor Roberts:

The County Commissioners of Jackson and Josephine County stand together in supporting the JOBS program as it is currently being funded by Adult and Family Services. Our concern is that because of increased caseloads, the funds available for the program are being rapidly depleted. Recent AFS instructions as to the preparation of a worst case budget detailing a 33% cut in next year's budget raise concerns that the program that actually works to get persons off welfare and into family wage jobs will be sacrificed in order to preserve grants (and caseload?).

In the two counties, some 408 participants entered the program during the period of July 1, 1991 to December 31, 1991. Of that number 178 job placements were made. A 90 day follow-up on those placed in jobs indicates that about 70% are still employed! Current average wage at 90 day follow-up checks is \$7.60 hour, certainly better than being on welfare. The program works!

An important component of the Jobs program is the Teen Parent Project. This is a vital piece of the effort to get people off welfare grants and into rewarding and productive jobs. This program is also threatened by the proposed budget reductions.

We urge your continued support for the Jobs program, a program that is working.

Sincerely,

JACKSON COUNTY COMMISSIONERS

JOSEPHINE COUNTY COMMISSIONERS

[Signature], Chair
[Signature]

[Signature], Chair
[Signature]

BMM/lkr
wd5:jobsfunds.brd



APR 30 1992
Ask FSS
for
re-formation

Central Office
2448 W. Harvard Blvd
Roseburg, OR 97470
872-3442

- Administration
872-3446
- Food Share
872-3441
- Housing Counseling
• Homeless Assistance
872-3285
- Low Income
Energy Assistance
872-3421
- Crisis Care Resources
USDA Food Program
Referrals & Referrals
872-7004

Education & Training

- Counseling Clinic
308 EE Jackson St
Roseburg, OR 97470
872-5382
- Head Start
17 W. Luffen
Roseburg, OR 97470
872-5326

April 22, 1992

Steve Minnich
Administrator of AFS
400 Public Service Building
Salem, OR 97310

Dear Mr. Minnich:

The UCAN Tri-County Teen Parent Program is working in Southern Oregon and we want to tell you about it.

Since September of 1991, over 200 teenage parents in Douglas, Jackson and Josephine Counties have been served through the UCAN program. These teen parents have been striving to better their lives and the lives of their children through obtaining their GED or high school diploma and attending life skills classes.

The life skills classes include instruction in parenting, health care, nutrition, self-esteem building, and career exploration. After completing the educational and life skills program these teen parents have gained the necessary skills to successfully move on to college, vocational training, or compete for a job.

In fact Portland State University conducted a study of Oregon teen parent program participants and found that four years after leaving the program, 78 percent have graduated from high school or received a GED; 87 percent were employed; and only 9 percent were on public assistance.

Most of the girls come to the programs with enormous needs. Often they haven't had mothers to take care of them, or else their moms are too poor and troubled themselves to provide parenting or support. They also often face housing, child care, and transportation problems.....to name just a few!

An instructor in a teen parent program said, "We treat them as if something has happened to them. If they'd been hit by a car, we'd run out and help, wouldn't we? Well, that's what having a baby when you're 16 is like for some girls."





**MT. HOOD
COMMUNITY COLLEGE
CENTENNIAL MT. HOOD CENTER**
14780 S.E. CLINTON STREET PORTLAND, OREGON 97236 • (503) 780-4007

Dr. Paul E. Kreider, President

April 3, 1992

Governor Barbara Roberts
254 State Capitol
Salem, OR 97310

Dear Governor Roberts

I am a trainer in the Steps to Success Program at Mt. Hood Community College. This program, as you know, serves Adult and Family Services recipients through the JOBS program. Ninety or more percent of our students are women with small children.

These letters are from students in the Career and Life Planning class, the first element of the Steps program for clients who have little or no job histories. In this intensive four-week class, students assess their job interests and capabilities and select a short-term training program appropriate to their job goal. They also face any personal barriers which may impede their success and take steps to resolve these. The students who wrote these letters were completing this class and moving on to the next step in their training program. For many, that will be GED or brush-up skills in reading, writing, and math.

Students were told of the possible cuts the program is facing. This was very upsetting to them. They see the JOBS program as the one opportunity they have to get the training they need in order to become employed and eventually self-sufficient. I think their view is accurate. These people--and their numbers are increasing--are the invisible, the unheard, the silent victims of life circumstances. My reason for forwarding these letters to you is that these few, at least, may be heard.

Please consider their plea in your decision-making on April 16.

Sincerely

Marian Gerard
Marian Gerard, Trainer
Steps to Success

MG/mr

AKS
Letters - Jobs
Program Students
Budget Cuts

RECEIVED

APR - 8 1992

GOVERNOR'S OFFICE

3-18-92

Dear Sir or Madam;

Hello, I am a student that goes to PCC right now. When I went back to school I started back at the Centennial Center through Welfare. You know it as (JOBS).

See My concern is I've heard that with Measure 5 this program maybe cut. I just want you to know that this program gets people like me a chance to make something out my life. ~~It~~ helped me and my friends to deal with our lifes. Myself without this class I would of stayed on Welfare forever and never made it in the real world.

Thank You,
Glenda Surtzager

Anita Brown
 3334 SE 148th
 Portland OR 97236

March 18, 1992

To whom it may concern,
 I am a student at Mt. Hood
 Community College Steps to Success
 (JOBS) program.

I am writing to you to stress
 the importance of this class for
 people like me who are on A.D.C.

Without some proper training,
 or marketable skills, people will
 continue to be dependent on welfare.
 We do not like being on welfare &
 desperately want off.

Thanks to the JOBS program,
 I'm on my way to being self-
 supporting. If we continue the
 budget cuts, there will be no JOBS
 program left for those who need
 and deserve a chance at getting off
 welfare.

On behalf of myself and every-
 one else in the program, I am begging
 you to stop taking from our program
 and perhaps give some more to it.

Please help us break the cycle.

Sincerely, Anita Brown

3-17-72

Dear Sir:

My name is Betty
Burton, I just completed
life skills class

I hope to God, your Gentleman
don't cut the monies, of this
program. Because there is a
lot of people who need job
training GED's & ABE classes
Because of lack of education
or just thru school. Many
of us have over three kids,
and more. The ones like my
self want a job so we can get
out of welfare, so our children
can have clothing, food medical
a living wage. so we can live,
please don't cut the program,
that the good teachers will go
somewhere ~~else~~ else else.
thank you for your time:

Betty Burton

March 18, 1992

Dear Law-Maker,

I would like you to know how much the JOBS program has really helped me.

I really appreciate the opportunity to go through it. Without this program, I honestly believe that there will be more welfare recipients on your hands than you want.

The class that I went through was great. Everyone really saw that there was a future out there without being on welfare that they can get a job that they want. As a past student I am asking you to please consider keeping the JOBS Program. If you really want to cut ~~people~~ 1/2 the people that use welfare off, so they never come back. Or if you want to really save money in the end.

Please don't cut the JOBS Program!

Sincerely
Karen Arroyo

To whom it may concern.

PLEASE DO NOT TAKE AWAY THE STS PROGRAM AWAY. AND THE CAREER AND LIFE PLANNING IS A GREAT CLASS IT IS VERY HELPFUL IN KNOWING WHAT YOU WANT IN LIFE AND REACHING YOUR GOAL. IT BUILDS YOUR SELF ESTEEM AND ~~RIGHT~~ MAKES YOU FEEL GOOD ABOUT YOUR SELF AND YOUR CHOICES IN LIFE. I THINK WITH OUT THESE CLASSES WE WILL NOT EVER GET OFF WEIRAGE. PLEASE PLEASE LET THEM KEEP THIS PROGRAM.

3 P.D. Note
 established material
 must count

Lori did a super job in LIFE SKILLS She participated in class very well. We know Lori will have many successes in her life. We are proud of all she has accomplished and learned.

Patricia

3-10-92

Life After life skills Lori Loney

These past few weeks, my life has changed dramatically in lots of ways. In one way is that I feel better about myself, I have more self-esteem and I feel that ~~my~~ I'm not alone about my problems. I always thought that I was the only one with the problems, but it doesn't look like that anymore.

I've learned a lot about child abuse, and sexual abuse things I would have never learned if I hadn't taken this life-skills class. These classes have helped me learn and understand lots of things that are happening in my ~~life~~ families lives. That I would have ~~not~~ understood before.

After I finish this class I'm still planning to finish my G.E.D. classes, if I don't finish before I start working I will hopefully finish by next winter. With God's help. And if I finish I will hopefully go to a college next year, or get into a training school.

~~How~~ ^{Now} that I've took this classes, I feel that I can accomplish what my goals are, with lots of help of my teachers and supervisor. They have helped me out alot these pass few weeks. I just wish that these classes were longer, so we can learn much more things that we don't know yet. I miss lots to learn about life its self and ^{new} things that are happening ~~now~~.

So that's what I learned in these classes. And I thank who ever ~~or~~ started these classes, they really helped me out ~~to~~ a great deal.

And special thanks to patricha for listening and understanding. I hope you know that your very special. (Or ^{special} ~~to me~~ to me anyway.)

PREPARED STATEMENT OF STATE REPRESENTATIVE JUNE LEONARD

Mr. Chairman and Members of the Subcommittee on Social Security and Family Policy, I am June Leonard, State Representative from Seattle, Washington where I chair the House Committee on Human Services. I also am active member of the National Conference of State Legislatures' (NCSL) Human Services Committee.

I appear on behalf of the NCSL to comment on S. 2303, The Work for Welfare Act of 1992 and to express our organization's support for adequate federal funding and expansion of the Job Opportunities and Basic Skills (JOBS) program under the Family Support Act of 1988. NCSL represents the legislatures of the nation's 50 states, its commonwealths, and its territories. Implementation of the provisions of the Family Support Act has been a top priority of our legislatures. However, in 1988, we did not envision that the combination of a recessionary economy and simultaneous state fiscal crisis would lead to dramatic welfare caseload growth and our inability to provide the state dollars necessary to match all appropriated federal JOBS funds. We are committed to working closely with this subcommittee and other federal policy makers to fashion federal legislation that will comprehensively provide education, training and employment for welfare recipients while simultaneously being cost-effective and workable at the state and local level.

Mr. Chairman, I want to begin by commending you and the Subcommittee for enacting the Family Support Act of 1988. Your efforts to eliminate welfare dependency and promote self-sufficiency created excitement and action among state and local governments. Without your leadership, we believe that commitment to implementation of the Act would be in jeopardy. S. 2303 continues these efforts. In addition to promoting self-sufficiency and eliminating welfare dependency, NCSL believes that your approach will contribute to economic recovery through a funding investment, facilitate state innovation, continue state-federal collaboration, recognize state fiscal conditions, and enhance recipients' self-worth.

NCSL also appreciates your efforts on the floor of the Senate and in conference committee on recent tax legislation, H.R. 4210, to retain state authority in the AFDC and General Assistance programs and continue to provide states with the necessary flexibility to design effective employment and training systems.

WASHINGTON STATE'S FAMILY INDEPENDENCE PROGRAM (FIP)

Mr. Chairman, I have been involved in Washington's welfare reform efforts, from drafting the original legislation to create the Family Independence Program (FIP), our comprehensive welfare demonstration project, to our current efforts to implement JOBS statewide. It is my hope to make the JOBS program in Washington provide similar comprehensive services as we are in FIP. Your legislation would provide the funds necessary to do so.

The commitment to FIP and welfare reform is bipartisan in Washington State, where our House is majority Democrat and our Senate is majority Republican. We have found no shortage of welfare recipients wanting to participate in FIP. In fact, some of our strongest FIP supporters are those who have participated in FIP. Our participants include those who have been on welfare the longest. We have destroyed the myth that welfare mothers are lazy. Participation in FIP is voluntary, yet we continue to have a substantial waiting list for participants. We've seen that if we give AFDC recipients a good program of education and vocational training and provide them with the tools to earn a decent living that they will be on public assistance a shorter period of time. And they won't come back to the welfare rolls. The transitional supportive services, child care and medical assistance, often provide a safety net for those beginning employment.

FIP provides employment, education and training to public assistance recipients. We received waivers from the federal government so that we can provide FIP participants with a combined cash grant for food stamps and AFDC. FIP participants are also allowed to retain more of their earnings prior to leaving public assistance.

In 1987, our state legislature directed the Washington State Institute for Public Policy to conduct a longitudinal study of approximately 2,000 Washington households receiving public assistance or at-risk of receiving assistance. Mr. Chairman, I would like to submit a copy of the Institute's latest analysis of FIP for the record. Let me briefly discuss what we have learned from FIP and how our findings directly impact on how we would spend additional JOBS funds.

The Family Income Study showed that 41% of the women who were on public assistance left by May, 1990. Of those women who left assistance, 68% were able to stay off assistance for at least one year. The five most important factors to enable a woman to leave assistance were, in order, as follows:

- working more months in the year;

- getting married;
- having a post-secondary certificate or degree;
- living in a household with other adults;
- being divorced, rather than separated or never married.

Each month of employment increases a woman's chance of leaving poverty. I focus on women because 62% of the 80,000 families supported by AFDC or FIP are women living alone with their children. We have found that these women have a great attachment to the labor force and that employment is their most important factor in leaving welfare even if they married within a year after leaving assistance. Women who had a job in the month before they left public assistance were able to stay off for a median length of 23 months compared to 15 months for women who did not have a job when they left.

We have found that 41 percent of women on public assistance have neither a high school diploma nor a GED. Over 90% of women on public assistance reported needing education and training in order to become self-sufficient. We have found that education and training programs have a direct positive impact on wages in Washington. For economically disadvantaged women an associate of arts degree boosts wages 26 percent, and a four year degree boosts wages 52 percent above wages earned without a high school diploma. An earner with an AA degree earns approximately 12% more than an earner with a high school diploma. Each additional year of education increased the number of months a woman stayed off public assistance by seven percent.

As you are aware, Mr. Chairman, the majority of states have suffered and continue to suffer through a prolonged fiscal crisis. Even states that indicate stable fiscal conditions today have suffered through regional economic downturns in the 1980s. Western states are now experiencing the budget deficits and unemployment that has plagued states in the Northeast. Forestry and fishing have been hit hard by the recession and, with the changes in defense priorities, some of our major manufacturing industries are seemingly at risk. The State of Washington began 1992 with a 2.5 percent across the board expenditure reduction to save \$205 million. We still had a revenue shortfall of \$317 million for our biennium. A combination of revenue increases, reduction of non-direct service employees and early retirement for state employees filled the gap. During these recessionary times, and particularly from July 1989 to November 1991, Washington's AFDC caseload increased 19.8%. Our Food Stamp program ballooned an incredible 54%. Our legislature was able to retain a 3% increase in the AFDC grant effective January, 1993. However, cutbacks in welfare office staffing will lead to reduced services. A combination of our focus on FIP and our budget deficit has led Washington to receive merely half of the federal funds available in the JOBS program.

ECONOMIC RECOVERY

Mr. Chairman, S. 2303 would provide the funds necessary to enroll all able-bodied adult recipients in JOBS and provide child care for their children. Our choices are quite obvious. We either enroll all qualified adults in JOBS or we live with what we have, which, for all its merits, is inadequate.

For the past three months, the National Conference of State Legislatures has crafted a response of the country's state legislatures to our fiscal crisis. State legislators fervently believe that the federal government's budget deficit must be reduced. But we also believe that there are some ways in which the federal government can relieve some of the fiscal burdens it has placed on state governments without increasing the deficit for the long-term. These two underlying premises are reflected in the Economic Recovery policy statement our Executive Committee adopted in early March. This policy delineates several criteria that a federal economic recovery program should meet. S. 2303 meets these tests:

- increased spending should be accomplished through existing state program structures;
- Congress and the Administration should consider reducing state match requirements either as a short-term stimulus mechanism or as a permanent anticyclical measure;
- priority should be given to programs that minimize the need for additional state revenues;
- program changes should preserve the integrity of state budget requirements; and
- a recovery package should include both short- and long-term responses—some that provide immediate assistance and others that promote investments and other long-term adjustments in the economy.

S. 2303 invests funds so that beneficiaries obtain and maintain employment. JOBS is ultimately a revenue generator. It is a solid countercyclical tool.

CHILDREN IN POVERTY

When we focus on the parent and making the able-bodied work, children often get lost in the discussion. By helping these parents become self-sufficient, we are helping move children out of poverty. With a reported one in seven American children in poverty, the state and federal governments must work together to help these families.

PARTICIPATION REQUIREMENTS

It is critical, Mr. Chairman, that your legislation include adequate time to phase in both your increased participation requirements and your requirement that state agencies assess and refer able-bodied applicants within 60 days. We do not have the infrastructure at the state and local level to expand our administrative and programmatic capability for such a large increase of participants. I encourage you to examine the details of this implementation with NCSL.

MAINTENANCE OF EFFORT

NCSL appreciates your willingness to eliminate the state matching requirement for the JOBS program above current state efforts. However, this may penalize the states that have been able to fully match their JOBS allocation. NCSL stands ready to work with you to ensure that all states are treated equitably.

WAIVERS

I would like to comment briefly on our state's experience with the lengthy process of obtaining and retaining federal waivers to implement FIP. Despite our success with FIP, our experience with the federal government as a partner in our efforts has been most disturbing. Despite our illustration that FIP would save both the state and federal government AFDC benefit costs over time, we had to fund FIP within existing revenue to be cost-neutral to the federal government. Our contract did not include any contingencies for caseload growth. The federal government refused to reimburse Washington for \$23 million in costs incurred by larger FIP caseloads than anticipated. The Department of Health and Human Services had decided to reimburse us for these additional costs. However, the Office of Management and Budget reversed the HHS decision despite evidence that the overall AFDC caseload in Washington had dramatically increased. Federal waivers which require strict cost-neutrality and do not allow for unexpected caseload growth place additional fiscal burdens on states.

NCSL strongly supports the expansion of existing waiver authority to permit states to go forward with innovative programs developed at the state level. The current federal waiver application process is cumbersome and time consuming. State innovations have often been delayed by this lengthy federal process. We also believe that cost neutrality is a two way street; the federal government should not only share in the benefits of state demonstration projects, but in some portion of the costs as well. NCSL urges the federal government to re-examine its definitions of cost-neutrality so that more states may be inclined to implement innovative projects and be laboratories of democracy.

FUNDING

Mr. Chairman, NCSL believes that efforts to fully fund the JOBS program are especially important as part of state anti-cyclical efforts. Any efforts this year, even temporary, would help us train, educate and ultimately employ the parents of children in poverty. NCSL supports efforts to, at a minimum, provide increased federal matching so that more states can fully participate in the JOBS program and are able to spend the entire \$1 billion federal FY 1992 appropriation for this program.

JOBS REGULATION

I would like to mention three current restrictions in JOBS regulations that need legislative remedy. The current twenty hour rule for education components has made it difficult for states to have certain educational efforts by JOBS participants count towards participation requirements. As you know, states lose their enhanced federal match for JOBS if they do not meet participation requirements. The twenty hours of participation does not include class preparation or studying/class assignment hours. We believe this rule should be altered to give states more flexibility

to provide education as a significant JOBS component. Second, NCSL strongly believes that the regulatory limitation of child care reimbursement to the 75th percentile of market rate is an impediment. It has led to long waiting lists for child care services in some states. It is a disincentive to increasing the availability of providers. It is inconsistent with other federal and state child care programs. If child care is unavailable, the state cannot compel recipients to participate in the JOBS program. Finally, it is well-known that, if increased federal funds are not provided and caseloads remain at their unprecedented high levels, states are not likely to meet their 11% participation rate for JOBS for non-exempt AFDC recipients. At a minimum, a temporary hold harmless of the 11 percent provision would allow states some leeway due to the historic caseload growth.

Thank you for your consideration of our comments. I would be happy to answer any questions.

Attachments.

 WASHINGTON
STATE
INSTITUTE
FOR
PUBLIC
POLICY

February 4, 1992

Dear Colleague:

Because of your interest in the Family Income Study, we are sending you our most recent publications:

Promoting Independence: Welfare Policy Options is the summary of a conference presented by the Washington State Institute for Public Policy in November 1991. The conference addressed welfare reform trends, recent innovations in welfare-to-work programs, and results from Washington's Family Income Study. The conference was co-sponsored by the Senate Commerce and Labor Committee, the Senate Children and Family Services Committee, the House Appropriations Committee and the House Human Services Committee.

The Family Income Study: A Summary of What We've Learned is a summary of ten recent issue papers plus a profile of women on public assistance and a profile of children in public assistance households.

Issue Brief: Does Public Assistance Encourage Women to Have More Children?

Issue Brief: Does Washington Attract Welfare Recipients From Other States?

We hope you find these useful and we welcome your questions or comments. If you no longer wish to receive our publications, please call our office and ask that your name be removed from our mailing list.

Sincerely,



Carol Webster
Project Manager



Greg Weeks
Research Director

Enclosures

Does Public Assistance Encourage Women to Have More Children?

Background

Most states increase the monthly public assistance grant when a new baby is born into the household. Recently, policymakers in some states have either eliminated, or proposed to eliminate, the grant increase. These changes in public assistance policy are based on the belief that the structure of grant payments may provide an economic incentive for women on public assistance to have more children.

Family Income Study Data

Analysis of Family Income Study data shows that:

- Family income falls further below the Federal Poverty Line as the number of children in a household increases.
- There was no statistical difference in the birthrates of women receiving public assistance and women not receiving public assistance.

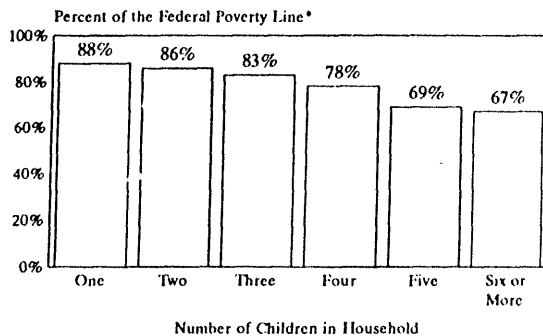
Discussion

First, we compared the economic status of households on public assistance (AFDC or FIP) as the numbers of children in the households increased. We used the most standard measure of economic well-being: total household income expressed as a percentage of the Federal Poverty Line, which is adjusted for family size. Even though the monthly grant increased with another baby, the total household income actually fell further *below* the poverty line. (See Figure 1 on back.)

Second, over a twelve-month period we compared the birthrates of women of childbearing age who were receiving AFDC or FIP to women of childbearing age who were not receiving public assistance. We found that eight percent of the women who were receiving public assistance had another baby, compared to seven percent of the women who were not on assistance. This is *not* a statistically significant difference. (See Figure 2 on back.)

(over)

Figure 1
**Public Assistance Households Become Poorer
 As the Number of Children Increases**



Family Income Study
 Washington State Institute for
 Public Policy, 1992

*Income averaged over four years, 1988-1991

Figure 2
**Birthrates of Women on Public Assistance and
 Women Not on Public Assistance Are the Same***

Women On Public Assistance	Women Not on Public Assistance
8%	7%

Family Income Study
 Washington State Institute for
 Public Policy, 1992

*The difference in birthrates for the two groups of women is statistically insignificant. Birthrates from June 1988 through May 1989.

KEY DIFFERENCES BETWEEN FIP/AFDC/WELFARE REFORM

AFDC

1. State must comply with numerous Federal Regulations.
2. Provides minimal benefits to families. After the parent has been working for 4 months, the AFDC grant is reduced almost \$1 for every \$1 earned.
3. Allows only \$160 a month to cover child care costs for persons who are employed.
4. Provides no child care for persons in training or for persons who go off assistance.
5. Families who go off assistance because of earnings can receive medical assistance for only 4-9 more months.
6. The primary focus for field staff is accurately determining eligibility.

WELFARE REFORM

- Imposes additional regulations.
- Increases the earned income disregards and exempts the Earned Income Tax Credit. Most of the earnings disregard still goes away after 4 months however.
- Allows \$175 a month for children over 2 and \$200 a month for children under 2 for persons who are employed and up to 12 months for persons who go off assistance.
- Allows the state to pay child care costs for persons with an approved training plan.
- Families will receive 6 more months medical assistance, and, at state option, a 2nd 6 months of medical assistance.
- The focus is on helping families become employed.

FIP

- State has waivers that allow it to design its own program.
- Provides a cash incentive to families in work or training so that their income will always be above the basic grant level.
- Pays 90% of the market rate for persons who are employed and teens in high school and up to 12 months for persons who go off assistance. Child care is paid for through a voucher system so that parent does not have to pay child care costs out of their own pocket like AFDC.
- Within available funds, pays child care costs for persons in training.
- Families who go off assistance because of earnings are guaranteed 12 additional months medical assistance.
- The focus is on helping families achieve self-sufficiency through employment.

AFDC

7. Participation is required for mothers with children six years of age and above and one parent from a two-parent family.

8. No specific populations targeted.

9. No specific participation standards.

WELFARE REFORM

Participation is mandatory for mothers with children age three and above. One parent of a two-parent family must participate in a work activity (unpaid) 16 hours per week.

55 percent of federal funds must be used on three target groups.

Specific percentages of the AFDC population required to be served beginning FFY 1990 and going up to 20 percent of the AFDC-Rs in 1995 and 70 percent of the AFDC-Es in FFY 1997.

FIP

Participation is voluntary.

Pregnant and parenting teens targeted.

No specific participation standards.

DEPARTMENT OF SOCIAL AND HEALTH SERVICES
 DIVISION OF INCOME ASSISTANCE
 DECEMBER 7, 1989

FIP/JOBS COMPARISON

Introduction

Public Law 100-485, the Family Support Act, passed by Congress in 1988 brought with it a new employment and training program for recipients of Aid to Families with Dependent Children (AFDC) -- the Job Opportunities and Basic Skills Training Program (JOBS). Although JOBS is not radically different from the OPPORTUNITIES Program which provides employment and training services in non-FIP sites, there are some significant differences between FIP, the state's welfare reform demonstration project and JOBS. Because of these differences, a program comparison has been completed. An overview of this comparison follows:

JOBS Components

The variations between the state's current employment and training programs for AFDC recipients (OPPORTUNITIES) and FIP are many. In order to do a comprehensible analysis, the work group identified six areas which will have major impacts on service delivery. These are child care, participation rates, target groups, program services, and information systems.

1) Child Care

FSA
 Allows payment at the 75th percentile of the market rate by geographic area.

FIP
 Provides for payment of 90 percent of the 50th percentile by geographic area.

Implementation of JOBS will result in a slight increase in child care rates statewide.

2) Participation Rates 1/

FSA
 Prescribes percentages of individuals who must participate in JOBS. Percentages increase to FFY 1995. Participation is defined as twenty hours of activity per week.

FIP
 Bases participation on employability plans.

The current FIP participation rate based on JOBS criteria exceeds that of OPPORTUNITIES. However, it does not come close to approaching the required 20 percent figure for single parents (AFDC-R) and 75 percent for two parent families (AFDC-E) to be reached by 1995.

1/ Must be met to receive enhanced federal matching. (See item #5 Information Systems.

3) Target Groups 1/

FSA

JOBS requires that 55 percent of all funds be spent on high risk groups.

- A. Adult parents under 24 without a high school degree or with little or no work experience.
- B. Long-term public assistance recipients.
- C. The "about to be" displaced homemaker, i.e., youngest child within two years of reaching 18.

FIP

The program targets pregnant and parenting teens.

4) Program Services

FSA

Requires that one parent in a two parent family participate in workfare, on-the-job training, or work experience.

Requires Adult Basic Education or GED activities for parents 24 and under who have not completed high school.

Requires participation of all single parent heads of household with children under three years of age and one parent (household head) in a two parent family.

Individuals who fail to participate without good cause are sanctioned, i.e., removed from the grant for a specified time period.

FIP

Allows the enrollee and case coordinator to develop a suitable employability plan.

Allows employability plans to reflect the particular needs of the enrollee.

Participation is voluntary.

No sanctions imposed in a voluntary program.

1/ Must be met to receive enhanced federal matching. (See item #5 Information Systems.

5) Information Systems

Data requirements for JOBS will be the most difficult and costly part of the system to implement. Enhanced federal funding is available (60 percent instead of 50 percent) for direct service delivery staff and child care if participation rates and funding of target group services are met. This requires individual client tracking. Because an Advanced Planning Document is required and because public welfare data systems will have to be significantly revised to collect the required data, CSO staff will have to manually collect data for a minimum of 24 months. In addition, the Office of Management and Budget is requesting data on child care which will require extensive staff input.

In addition, FIP provides financial incentives to individuals who are in training or who are working full or part-time.

**The Family Income Study:
A Summary of What We've Learned**

Washington State Institute for Public Policy
The Evergreen State College
Seminar 3162, MS: TA-00
Olympia, Washington 98505
Phone: (206) 866-6000, extension 6380
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January 1992

Profile of Women on Public Assistance

From the 1988 Family Income Study interviews, we know that *women on public assistance* had these characteristics:

- The median age was 28 years.
- The average age at first receipt of public assistance was 25 years.
- 76 percent of the women were white, 24 percent were minorities.
- 58 percent lived in the western, urban area of the state.
- 52 percent had been teenage mothers.
- 50 percent were separated or divorced; 35 percent had never married.
- 62 percent were the only adult in the household.
- The average number of children in each of their households was 2.
- 58 percent had a youngest child over 3 years old.
- The average age of the youngest child was 5 years.
- 41 percent had neither a high school diploma nor a G.E.D.
- 29 percent enrolled in school or training between the first and second annual Family Income Study interview.
- 41 percent worked sometime during the year before their interview.
- For those who did work, the median number of hours worked during the year was 456.
- For those who worked, the median hourly wage was \$4.52 in 1988, and \$4.92 in 1990.
- The median annual household income was 81 percent of the federal poverty level.
- 33 percent grew up in a family that received welfare.

Profile of Children in Public Assistance Households

From the 1988 Family Income Study interviews, we know that *children living in public assistance households* had these characteristics:

- 82 percent had mothers who were not currently married.
- 18 percent experienced a change in their mother's marital status over the three-year period from 1988 to 1990.
- 55 percent lived in households with only one adult.
- 47 percent experienced a change in the number of adults in their household over a three-year period, from 1988 to 1990.
- 11 percent of children 6 to 12 years old, and 25 percent of children 13 to 18 years old, were absent from school at least once a week.
- 25 percent of children 6 to 12 years old, and 36 percent of children 13 to 18 years old, repeated a grade in school.
- 21 percent of children 13 to 18 years old had been suspended or expelled from school.
- 24 percent of children of all the children had a chronic or recurring illness.

Leaving Public Assistance in Washington State

Greg Weeks, Research Director, Family Income Study

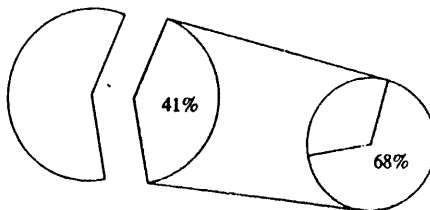
Using three years of data from the Family Income Study, the author found that many women were able to leave and stay off public assistance for at least one year. Five important factors increase the likelihood of leaving public assistance.

Major Findings:

- From March 1988 through May 1990, 41 percent of the women who were on public assistance left for at least one of the 26 months.
- Of the women who left, 87 percent stayed off public assistance for at least six months; 68 percent of the women stayed off for at least one year.
- Of the women who left, 26 percent did not re-enter within the 26 months.
- A woman is more likely to *leave* public assistance if she:
 - has recent work experience.
 - marries.
 - has a post-secondary certificate or degree.
 - lives in a household with other adults, independent of her marital status.
 - is divorced, rather than separated or never married.
- A woman is more likely to *stay on* public assistance:
 - the longer she has received public assistance.
 - if public assistance constitutes a large share of her income.
 - if she has a child under 12 months old at home.
 - if she became a mother before age 18.

How Many Women Left Public Assistance?

41 Percent of the Women on Public Assistance in March 1988 Left by May 1990



Of Those Who Left, 68 Percent Stayed Off for at Least One Year

Staying Off Public Assistance: What Enables a Woman to Stay Off Assistance Once She has Left?

Lisa Cubbins, Graduate Student in Sociology, University of Washington

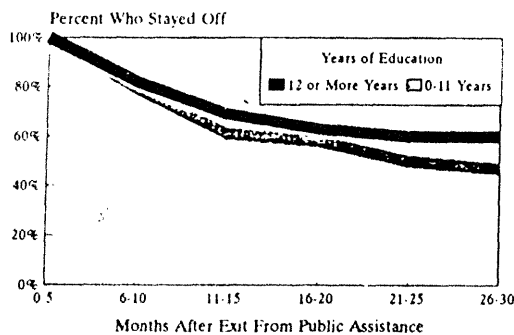
Using three years of Family Income Study data, the author found that more education, recent employment, financial help from family, and a low county unemployment rate help women to stay off public assistance once they have left.

Major Findings:

These factors increase the length of time women are able to *stay off*, once they have *left* public assistance:

- **Education.** Women who had more years of education stayed off public assistance longer than women with less education. Each *additional* year of education increased the number of months a woman stayed off public assistance by seven percent.
- **Employment.** Women who had a job in the month before they left public assistance were able to stay off for a median length of 23 months compared to 15 months for women who did not have a job when they left.
- **Financial help from relatives.** Women who received some financial assistance from relatives were able to stay off for a median length of 23 months compared to 12 months for women who did not receive financial help.
- **Low unemployment rate.** Women who lived in counties with lower unemployment rates stayed off public assistance longer. Each percent *increase* in the county unemployment rate *reduced* the number of months a woman stayed off assistance by nine percent.

Women Who Completed 12 Years of Education Stayed Off Public Assistance Longer



Family Income Study
Washington State Institute for
Public Policy January 1992

Women, Work, and Public Assistance

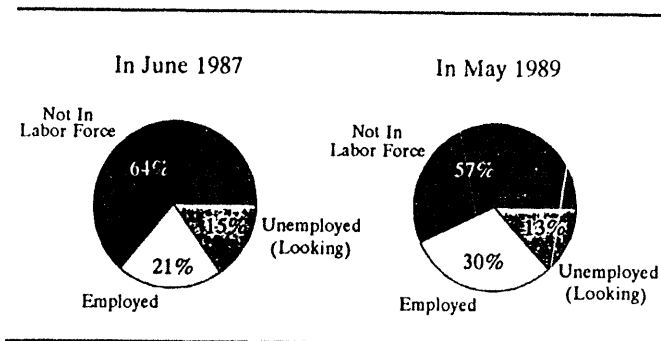
Greg Weeks, Research Director, Family Income Study
 Ernst Stromsdorfer, Professor of Economics, Washington State University
 with Jian Cao, Graduate Student in Economics, Washington State University

Using data from the Family Income Study, the authors found that the level of education is an important factor in explaining the likelihood of employment. The high school diploma has a greater impact on employment than the G.E.D., but less than post-secondary training.

Major Findings:

- Education, particularly high school completion, is the most important factor associated with employment for both women on public assistance, and women at risk of receiving public assistance.
- Women living in households with more than one adult are more likely to be working than women in households with only one adult.
- Black women are more likely to be employed than white women. Other minority women are less likely to be employed than white women.
- Women on public assistance are less likely to be working or looking for work, and are more likely to be out of the labor force altogether, than women at risk of receiving public assistance.
- At any time, up to 40 percent of the women on public assistance may be new parents or may be experiencing health problems which reduce their options for employment.

Labor Market Status of Women On Public Assistance



Becoming Poor: The Dynamics of Female Poverty in Washington State

Greg Weeks, Research Director, Family Income Study
Ernst Stromsdorfer, Professor of Economics, Washington State University
Jian Cao, Graduate Student of Economics, Washington State University

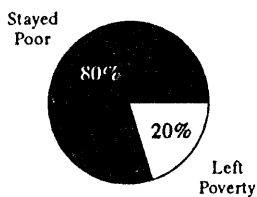
Using the Family Income Study data, the authors found that 20 percent of the women who were poor in 1988 left poverty, at least temporarily, one year later. About 20 percent of the women who were not poor in 1988 became poor in 1989.

Major Findings:

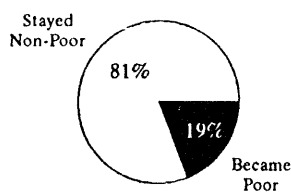
- A woman in Washington is more likely to *become poor* if she:
 - lacks recent work experience.
 - is the only adult in the household.
 - is not married.
 - lacks education.
- A woman's chance of becoming poor is not affected by her location within the state, her race or ethnic origin, her age, or whether she received public assistance as a child.
- A woman in Washington is more likely to *stay poor*:
 - if she lacks education.
 - if she is the only adult in the household.
 - if she is not married.
 - for every year that she remains poor.
 - if she is a minority.
- A woman in Washington is more likely to *leave poverty* if she:
 - lives with another adult.
 - marries.
 - become employed.
 - has older children.

Poverty Status in 1989

Among Women Who Were
Poor in 1988



Among Women Who Were
NOT Poor in 1988



Education and Training Experiences of AFDC and FIP Participants

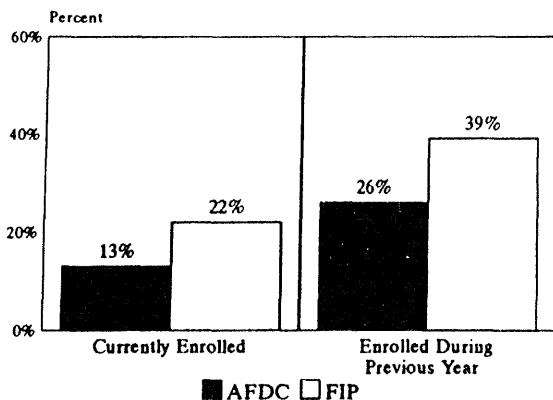
Duane Leigh, Professor of Economics, Washington State University

Using data from the Family Income Study, the author found that: 1) FIP (Family Independence Program) recipients were more likely to have participated in education and training; and 2) AFDC (Aid to Families with Dependent Children) recipients were more likely to have been employed, to have worked more hours, and to have earned a higher hourly wage.

Major Findings:

- 39 percent of FIP recipients, versus 26 percent of AFDC recipients, were enrolled in education or training from June 1989 through May 1990.
- 51 percent of AFDC recipients, versus 45 percent of FIP recipients, worked from June 1989 through May 1990.
- AFDC recipients *who were employed* worked more hours per week and earned more per hour than did FIP recipients *who were employed*. (AFDC recipients worked an average of 33.5 hours per week and earned a median hourly wage of \$5.24. FIP recipients worked an average of 30.2 hours per week and earned a median hourly wage of \$5.)
- More FIP recipients were enrolled in community colleges than were AFDC recipients (57 percent of FIP recipients versus 42 percent of AFDC recipients). More AFDC recipients were enrolled in vocational-technical institutes than were FIP recipients (20 percent of AFDC recipients versus 13 percent FIP recipients).
- Most AFDC and FIP recipients who were enrolled in education or training were enrolled in vocational and basic education curricula. However, more FIP recipients were enrolled in an academic degree program, and more AFDC recipients were enrolled in on-the-job training.

Enrollment in School or Training



Family Income Study
Washington State Institute for
Public Policy, October 1991

Washington State's Target Populations for the Federal Family Support Act

Carol Webster, Project Manager, Family Income Study

The federal Family Support Act requires Washington State to provide educational services, job skills training, job readiness, and a job placement program to four target populations of public assistance recipients. The Act also requires the state to provide support services such as child care and extended Medicaid. Using the Family Income Study data, the author found that target populations comprised 46 percent of the total public assistance population.

The four target populations in the federal Family Support Act comprise approximately these portions of the total public assistance population in Washington State:

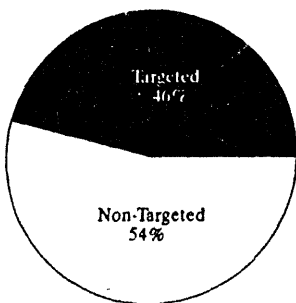
- 1) Long-term recipients (32 percent).
- 2) Young, custodial parents without a high school diploma (7 percent).
- 3) Young, custodial parents without work experience (14 percent).
- 4) Parents whose youngest child is 16 or 17 years old (4 percent)

One recipient could belong to up to three of these target populations. In total, these target populations comprise 46 percent of Washington's Aid to Families with Dependent Children (AFDC) and Family Independence Program (FIP) public assistance population.

Major Findings:

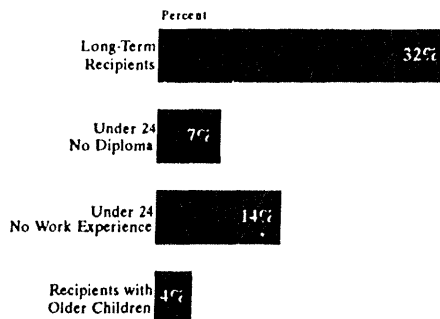
- 45 percent of all four target populations lacked a high school diploma or a G.E.D.
- In order to leave public assistance, many women reported they needed education and training; some reported they needed child care; and very few reported they needed transportation.
- Evaluations of welfare-to-work programs have shown that programs which offer a combination of related services, and integrate hands-on vocational training with academic concepts, are effective in helping public assistance recipients obtain jobs.

Targeted and Non-Targeted
AFDC/FIP Population



Relative Size of Target Populations

Some recipients are in more than one target population



November 1990

Teenage Mothers: A Life of Poverty and Welfare?

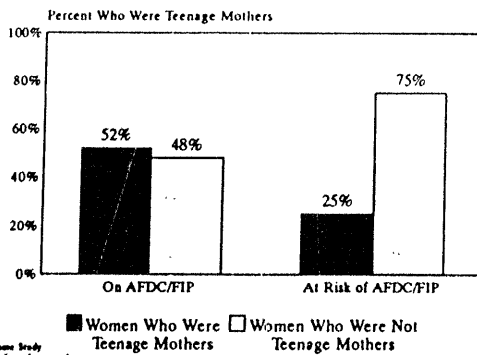
Carol Webster, Project Manager, Family Income Study
Felix D'Allesandro, Family Independence Program

Using data from the Family Income Study, the author found that having a child as a teenager affects the life course of a woman in three important areas: 1) use of public assistance, 2) educational level, and 3) hourly wages.

Major Findings:

- 52 percent of the women on public assistance were teenage mothers, and 25 percent of the women at risk of receiving public assistance were teenage mothers.
- Of the 52 percent of the women on public assistance who were teenage mothers, slightly more than half had their children when they were 18 or 19 years old. Of those women at risk of receiving public assistance who were teenage mothers, 45 percent received public assistance sometime in the past.
- Women who were teenage mothers had an increased likelihood of going on public assistance compared to women who were not. Women who had their first child between the ages of 13 and 17 had an even greater likelihood of going on public assistance.
- 50 percent of the women on public assistance and 25 percent of the women at risk of receiving public assistance, who were teenage mothers, lacked a diploma or a G.E.D. Women who had their first child when they were younger than 18 years old were even more likely to lack a diploma or a G.E.D.
- Although 31 percent of the women on public assistance who were teenage mothers were enrolled in education or training in 1989, slightly more women who were *not* teenage mothers were enrolled.
- Women on public assistance who were teenage mothers and worked for wages earned lower hourly wages, during each decade of their lives, than women on public assistance who were not teenage mothers.

Over Half of the Women on Public Assistance Were Teenage Mothers



Training Needs of the Economically Disadvantaged and the Working Poor

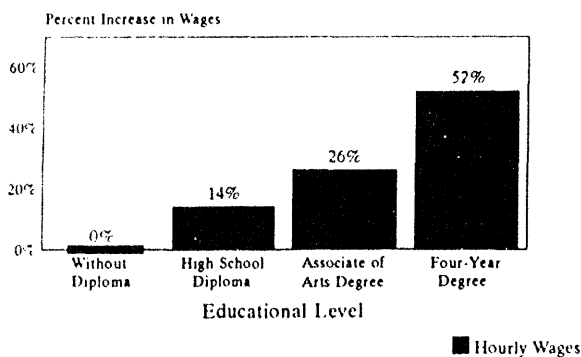
Duane Leigh, Professor of Economics, Washington State University

During the 1990 session, the Legislature created the Governor's Advisory Council on Investment in Human Capital, and authorized a study of the training needs of the state's work force. As part of that study, the Washington State Institute for Public Policy studied the training needs of the economically disadvantaged and the working poor. The author used data from the Family Income Study and the Economically Disadvantaged Male Survey.

Major Findings:

- For economically disadvantaged *women*, an associate of arts degree boosts wages 26 percent, and a four-year degree boosts wages 52 percent, above wages earned without a high school diploma.
- 41 percent of *women* on public assistance have neither a high school diploma nor a G.E.D.
- For economically disadvantaged *men*, only a four-year degree has a significant impact on wages. Those with a four-year college degree earn 25 percent more than those with only a high school diploma
- 11 percent of working poor *men* have neither a high school diploma nor a G.E.D.
- 41 percent of economically disadvantaged *women* were enrolled in some type of education or training program during 1988-1989; half of these were attending community colleges.
- Only 14 percent of economically disadvantaged *men* received their recent job preparation from community colleges; 64 percent received their recent education and training from a combination of other institutions, such as: vocational training institutes, private vocational schools, apprenticeships, on-the-job training, and Job Training Partnership Act services.

Education Increases the Hourly Wages of Economically Disadvantaged Women



Family Income Study
Washington State Institute for
Public Policy, October 1991

Housing Costs for Women on Public Assistance

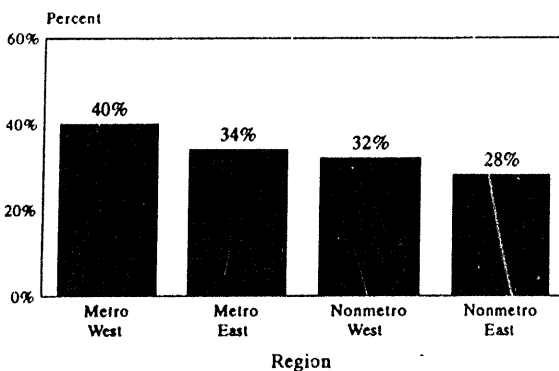
Julia Hansen, Assistant Professor of Economics, Western Washington University

Using data from the Family Income Study, the author found that housing represents a significant financial burden for families receiving AFDC (Aid to Families with Dependent Children) and FIP (Family Independence Program), and housing costs were found to vary across regions of the state.

Major Findings:

- 90 percent of women on public assistance rented their housing; 32 percent of these women received rent subsidies.
- While public assistance households with more income spent more on rent, they spent a smaller percentage of their income. (A public assistance household of 3.6 persons in Western metropolitan Washington, with an annual income of \$5,284, spent 66 percent of its income on housing. The same type of household with an annual income of \$9,505 spent 40 percent of its income on housing, and a household with an annual income of \$13,727 spent 30 percent of its income on housing.)
- Rents were highest in metropolitan Western Washington. Rents were lowest in non-metropolitan Eastern Washington. (A representative household spent \$315 per month in metropolitan Western Washington, \$265 in metropolitan Eastern Washington, \$256 in non-metropolitan Western Washington, and \$226 in non-metropolitan Eastern Washington.)
- Among households with the same income, larger households spent more on rent. (A four-person household spent \$14 more per month than a two-person household with the same income.)

Annual Rent as a Percent of Income*
In 4 Regions of the State



Family Income Study
Washington State Institute for
Public Policy, September 1991

* Estimates for a representative
assistance household with an
annual income of \$9,505.

Hunger Among Public Assistance Households in Washington State

Kate Stirling, Associate Professor of Economics, University of Puget Sound

Using data from the Family Income Study, the author found that approximately one out of every four public assistance households with children under 18 years of age had hungry children. Most of these public assistance households received Food Stamps.

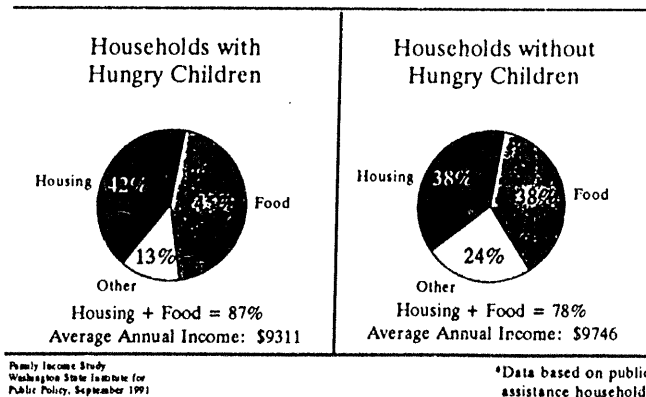
Major Findings:

Public assistance households with hungry children differed from public assistance households without hungry children. In households *with hungry children*, more mothers:

- were the only adult in the household (68 percent versus 61 percent).
- were separated or divorced (57 percent versus 47 percent).
- had neither a high school diploma nor a G.E.D (45 percent versus 41 percent).
- belonged to a racial or ethnic minority (31 percent versus 23 percent).
- were unemployed or out of the work force (64 percent versus 57 percent).

In addition, public assistance households with hungry children had annual incomes further below the federal poverty line, and spent a greater percentage of their annual income on food and housing, than public assistance households without hungry children.

Housing and Food Used a Greater Percentage of a Hungry Household's* Budget





Promoting Independence: Welfare Policy Options

January 1992

Conference Summary

All states have now implemented the Federal Family Support Act of 1988 (FSA). The federal welfare reform legislation established the Job Opportunity and Basic Skills program (JOBS), the education, training, and support services component of FSA. FSA/JOBS requires states to direct services to those most likely to receive long-term welfare recipients.

Many states now face rising welfare caseloads and decreasing state revenues. The federal government and the states share the cost of welfare, but states have fewer dollars available to take advantage of the total allocated federal funds under FSA/JOBS.

Moving recipients off welfare and into employment is a common policy goal. How to provide the most effective education and training programs is the question facing state policymakers today.

To address some of these issues, the Washington State Institute for Public Policy held a conference on November 15, 1991, entitled *Promoting Independence: Welfare Policy Options*. Speakers discussed:

- Welfare reform trends
- Washington State's welfare caseload trends
- Findings and recent innovations in welfare-to-work programs
- Results from Washington's Family Income Study

The conference concluded with a five-member panel discussing their ideas for future policy in Washington State.

Highlights

- Integrating hands-on vocational training with basic education produces gains in employment and earnings.
- Only an independent, experimentally-designed evaluation of welfare programs can reveal the programs' actual effect.
- Low-cost and moderate-cost welfare-to-work programs can increase employment and earnings, but do not always reduce welfare costs.
- Expectations should be modest for the outcomes from welfare-to-work programs. Caseload reductions are unlikely, and dramatic increases in income are rare.
- Over half of the women who leave assistance in Washington State leave for labor market-related reasons.
- States have flexibility in designing their welfare-to-work programs under FSA/JOBS, but they should not expect further changes in the federal welfare program.
- Decreased state revenues mean fewer state dollars are available to be matched by the federal funds allocated for welfare reform. Thus, the scope of FSA/JOBS will be smaller than Congress originally envisioned.

Presented by the
Washington State Institute for Public Policy
and co-sponsored by the
Senate Commerce and Labor Committee
Senate Children and Family Services Committee
House Appropriations Committee
House Human Services Committee

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Overview: A Welfare Chronology



Senator Marc Gaspard introduced the first session of the conference and gave a chronology of welfare policy since 1935.

1935

Aid to Families with Dependent Children (AFDC) begins as part of the Social Security Act. AFDC supports poor children whose parent(s) are dead, absent, or incapacitated. The program is small and politically appealing during the Great Depression.

1960

Two-thirds of AFDC payments are to families in which children's poverty is related to family structure, not the death of a parent. These include families in which parents have never married, or are separated or divorced.

1967

Congress establishes the Work Incentive Program (WIN), which adds employment-related services to AFDC.

1980

3.6 million families nationwide are on welfare, and criticism of AFDC increases.

1981

The Omnibus Budget Reconciliation Act initiates welfare-to-work demonstration projects in many states. States are allowed to require welfare recipients to go into training, job search, or work experience in exchange for their AFDC grants.

1985

More than half of all American mothers are working. Many in Congress think society should no longer support poor mothers to stay at home with their children. They think mothers with children at least three years old should be working to support their children, and absent fathers should pay child support.

1987

The National Governors' Association (NGA) issues a report on welfare reform. The report states NGA's goal as, "to turn what is now primarily a payments system with a minor work component into a system that is first and foremost a jobs system, backed up with an income assistance component."

1987

The Washington State Legislature creates the *Family Independence Program (FIP)* at the Governor's request, and it begins in 1988. FIP provides financial incentives for women on AFDC to obtain education, training, and employment; social services are provided during participation and for 12 months after leaving the program.

The Legislature also creates the *Family Income Study*, a five-year study of families receiving, and at risk of receiving, public assistance.

1988

Congress passes the *Family Support Act (FSA)*, which revises AFDC by targeting those most likely to become long-term welfare recipients. The act creates the *Job Opportunities and Basic Skills (JOBS)* program, focusing on education and training. Social services are provided during participation and for 12 months after leaving the program.

1990

Washington State implements FSA/JOBS.

1992

Both FIP and FSA/JOBS are operating in some areas of the state; in other areas, only FSA/JOBS is operating.

Overview: National Trends and Research Findings

National Trends in Welfare Reform



Sheri Stiesel is the director of the Human Services Committee of the National Conference of State Legislatures (NCSL). She discussed the impact of the current recession on AFDC caseload growth and national trends in implementing welfare reform.

Stiesel began with an overview of the implementation of FSA/JOBS.

- Since the middle of 1989, AFDC caseloads have increased. Nationally, 4.5 million families, including 8.8 million children (one in seven), were receiving AFDC benefits in August 1991.
- In 1991, one in ten Americans received food stamps.
- Due to the recession, 38 states had diminished revenues or budget deficits in 1991.
- Unlike *previous* AFDC recipients, *new* entrants are more likely to be recently unemployed, people whose unemployment benefits have expired, or other unsuccessful job hunters.
- All states now have their FSA/JOBS programs in place, with nearly half a million participants. However, the General Accounting Office has predicted that one-third of the FSA/JOBS matching funds will go unused because states have fewer dollars available to take advantage of the total allocated federal funds.
- All states have met the current quota of serving 7 percent of the eligible targeted populations in 1991. States may have difficulty serving the percentage of welfare recipients mandated by FSA in coming years. In 1992 states will have to serve 11 percent of the eligible population, and 20 percent by 1995.
- Economic conditions are making it difficult to place JOBS graduates. In 1990, 75 percent of states reported or expected a shortage of employment opportunities for those who completed training. If conditions worsen, states will face more difficulty meeting program goals, Stiesel said.

- Two other difficulties for states were welfare recipients' lack of education, which raises the cost of education and training programs, and their child care needs. JOBS guarantees child care during participation and for a 12-month transition period after leaving welfare.

States Have Flexibility

States do have flexibility in how they design their JOBS programs and are considering many options. Because states are faced with limited resources, many are considering providing *more* comprehensive services to *fewer* people, hoping for a greater return on the investment—focusing more on one targeted group, such as young parents, and less on another, such as long-term recipients. Some of the other ways in which states are looking to reduce welfare costs are:

- Decreasing general welfare.
- Increasing eligibility requirements.
- Adding residency and time limits.
- Creating sanctions for not participating in education.

There Is No Quick Solution

Having passed a major welfare reform package in 1988, Congress is not likely to change the federal welfare system again soon.

Stiesel concluded that the best action to take is to find opportunities to link FSA/JOBS with other programs, such as the Job Training Partnership Act, Head Start, and child care, to better integrate existing support systems. "States must be flexible in designing programs and must realize that there is no quick solution."

Overview: National Trends and Research Findings

Welfare Reform: What Works, What Doesn't?



John Wallace, Vice President and Regional Manager, Manpower Demonstration Research Corporation (MDRC), summarized what MDRC has learned over the past decade from other states' experiences with welfare-to-work programs. MDRC is a non-profit social policy research organization that conducts experimentally designed research evaluations of federal and state welfare-to-work programs. MDRC is now conducting the JOBS program evaluation for the U.S. Department of Health and Human Services.

Short-Term Programs Were Cost-Effective

"During the 1980s, we found that short-term, relatively low-cost programs offering work experience and job search were cost-effective and had sustained impacts," Wallace said. "These programs were mandatory and targeted largely to single mothers receiving AFDC." Evaluations showed that states were better off fiscally with these kinds of programs, which produced increased earnings and modest reductions in welfare costs. Moreover, participants felt the work requirements were fair.

"However, these programs did not move people out of poverty. There were no earnings increases for long-term welfare recipients, nor for men in two-parent families. More people got jobs but not better jobs. Those who benefited *least* from these programs were those who were most employable (new to public assistance) and long-term recipients. Those who benefited *most* were the large middle group of people who were on and off welfare repeatedly."

"We know that moving people out of poverty requires a lot more than jobs—child care, more efficient child support collection, transportation benefits, Earned Income Tax Credit, and transitional benefits."

Moderate-Cost Programs Didn't Always Reduce Welfare Expenditures

"Moderate-cost programs with some education and training were also cost-effective, and may offer some promise of moving people out of poverty. But they didn't always reduce welfare costs. We don't know if programs that emphasize education and skills training are effective in the long run."

Policy Trade-Offs

The best approach for welfare-to-work programs depends on the goals, Wallace said. Results of welfare-to-work programs from the 1980s, before FSA/JOBS was created, suggest the following:

- To maximize welfare savings—Programs that start with job search assistance do best.
- To move participants into better jobs—More intensive strategies, including education and training, seem to do best.
- To reach the most disadvantaged—It is unclear what the best strategy is, but job search activities alone are not adequate to increase employment and earnings for this group.
- To move people out of poverty—No program has achieved this goal. Complementary policies are needed.
- For multiple goals—Higher-cost and lower-cost services may partially achieve several different objectives.

Current Trends in Welfare Reform

Newer FSA/JOBS programs emphasize an accurate assessment of the welfare recipients' skills and needs, and then serve fewer people with more intensive services. "But some states, under the pressure of increased caseloads and decreasing state revenues to match the federal funds, are now considering using lower-cost programs for more people, and are questioning the emphasis on education." There is much debate on this issue. Some states are cutting welfare grants. Other states, such as Wisconsin and Ohio, have begun "learnfare" models that link a family's welfare grant with the school attendance of their children.

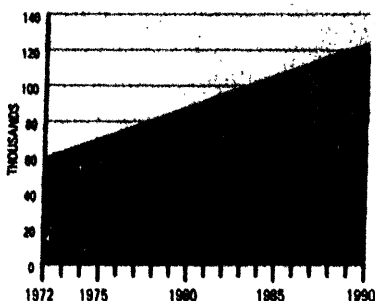
WASHINGTON STATE: Trends and Research Findings

Washington State Welfare Trends

Greg Weeks is an economist with the Family Income Study at the Washington State Institute for Public Policy. Moving from the national to the Washington State perspective, he presented recent findings about Washington's public assistance population from the Family Income Study and trends in Washington's welfare caseload since 1972.

Welfare caseloads have *increased* over time. Consequently, many would expect that more single mothers are using welfare. However, the *proportion* of single mothers using welfare is actually falling. The reason for increased welfare caseloads is an explosion in the *total number* of female-headed households with children, not the *percent* using welfare.

The Welfare Caseload is Increasing More Steadily Than Female-Headed Households



Family Income Study
Washington State Institute for Public Policy, November 1991

Source: Forecasting Division,
Office of Financial Management

Women on Welfare in Washington

Women who receive AFDC/FIP are *like* other mothers in Washington State in some ways and *unlike* them in other ways.

Women receiving AFDC/FIP are *like* other Washington mothers in that:

- They have an average of two children.
- They live mostly in urban western Washington.
- They are mostly white.
- They are, on average, about 30 years old.

Women receiving AFDC/FIP are *unlike* other mothers in that:

- Many (41 percent) have no high school diploma or GED certificate.
- Over half (52 percent) had their first child when they were teenagers.
- When they worked, women on AFDC/FIP earned a median hourly wage of only \$1.53 in 1988 and \$1.92 in 1990.

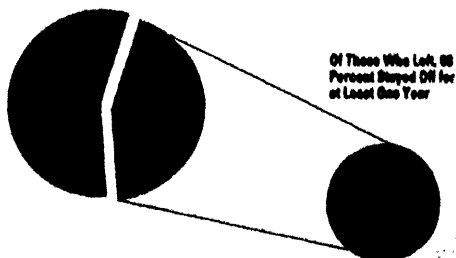
Leaving Welfare in Washington

The Family Income Study (see page 6) is able to show changes in the public assistance population over time, because it is a longitudinal study. From 1987 to 1990 there has been substantial turnover in welfare recipients in Washington State.

- 41 percent left public assistance within a 26-month period.
- Of those women who left assistance, 68 percent stayed off welfare for at least one year.

How Many Women Left Public Assistance?

41 Percent of the Women on Public Assistance in March 1988 Left by May 1990



Family Income Study
Washington State Institute for Public Policy, November 1991

WASHINGTON STATE: Trends and Research Findings

What Enables Women to Leave Public Assistance?

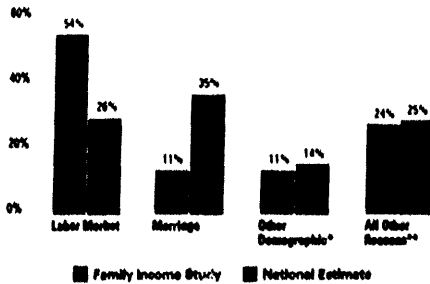
The likelihood of a woman *leaving* public assistance in Washington increases with these factors, in order of importance:

- Working more months in the year.
- Getting married
- Having a post-secondary certificate or degree.
- Living with other adults
- Being divorced rather than separated or never married.

Washington Women Differ From The National Pattern

"Washington women differ from the national pattern in that they have a much greater attachment to the labor force, and employment is their most important factor in leaving welfare. An earlier, national study by David Ellwood showed marriage was the most important factor," said Weeks.

Reasons Why Women Left Public Assistance



Family Income Study
Washington State Institute for
Public Policy, November 1991

*includes child moving out of home, child
aging out of eligibility, etc.
**includes moved, wasted off welfare,
contributions from family, etc.

The Family Income Study

The Family Income Study is a longitudinal study of Washington households receiving public assistance at risk of receiving assistance. The study was authorized by the Legislature in 1987. A sample of approximately 2,000 households is being interviewed annually during the survey period.

Information is collected from these households on a variety of topics, including:

- employment and earnings
- length of time on public assistance
- education
- child care
- training and retraining
- health
- family composition
- health insurance coverage
- housing, food, and utilities expenditures
- child school performance
- mental health

Family Income Study data are analyzed by staff at the Washington State Institute for Public Policy and by faculty members at several of the universities in the state. The fourth annual survey was completed in the summer of 1991.

Three Recently Released Reports from the Family Income Study:

Education and Training Experiences of AFDC and FIP Participants, by Duane Leigh, Economics Department, Washington State University, October 1991

Housing Costs for Women on Public Assistance, by Julia Hansen, Economics Department, Western Washington University, September 1991.

Hunger Among Public Assistance Households in Washington State, by Kate Stirling, Economics Department, University of Puget Sound, September 1991

Questions and Answers

QUESTION: *Are there any advantages to encouraging teenage mothers to live with their parents?*

Greg Weeks: We don't know the answer to this yet. The Family Income Study is looking at family structure now. However, we do know that a female, single parent does better, economically, when she lives with another adult. We are examining the effects of family structure on patterns of welfare use, employment and various other indicators of well-being.

QUESTION: *What is the outcome of "learnfare" programs?*

John Wallace: We don't know much about that yet, but the net impact evaluation study of the Ohio experience is forthcoming. (MDRC's initial process evaluation of Ohio's Learnfare was available at the Conference.)

QUESTION: *What about the impact of these welfare-to-work programs on children?*

John Wallace: MDRC's current evaluation of ESA/JOBS will yield information on children's school attendance, educational attainment, and other measures. We don't have the results as yet.

Greg Weeks: The Family Income Study has information on 1,000 children, and our analysis will be available soon. We will show the link between education, training, and work behavior of the parent and the well-being of the child. Well-being will be measured by educational, health, dependency, and delinquency outcomes for the children.

Recent Trends and Unanswered Questions

Recent state and federal welfare reform has followed two tracks:

1. Encouraged more labor market participation by welfare recipients through activities, such as:

- Education and training.
- Increasing subsidies for childcare and other work-related costs.
- Transitional benefits (childcare and medical benefits for one year after leaving welfare).

2. Encouraged desired behavior through financial incentives or disincentives, such as:

- No grant increases for additional children.
- Requiring teenage parents to live with their parents or legal guardian to qualify for welfare.
- Linking welfare grants to school attendance by children whose families receive welfare.

Unanswered Questions About Welfare-to-Work Programs

Manpower Demonstration Research Corporation's (MDRC) ongoing evaluation of JOBS programs is designed to answer key questions for welfare employment programs, including:

- Are mandatory or voluntary programs more effective?
- What are the benefits compared to the costs of intensive programs?
- What is the best sequence of services?
- How feasible is it to achieve the federal participation rate?
- What are the impacts and cost-benefits of transitional child care and Medicaid?

The evaluation will compare two welfare-to-work approaches, one focusing on immediate job search, and the other emphasizing education and skills development.

Innovative Approaches in Welfare-To-Work Programs

Innovation in Program Design: The CET Program

Senator Peter von Reichbauer introduced this session of the conference, which presented two innovative approaches to welfare-to-work programs. One approach is an innovation in program design; the second is an innovation in program administration.

Background: The Rockefeller Foundation Demonstration and Research Project



Phoebe Cottingham managed the Rockefeller Foundation's Minority Female Single Parent Demonstration Project which supported the Center for Employment Training (CET) and three other programs.

Cottingham explained that from 1983 to 1988 The Rockefeller Foundation supported the demonstration to determine which employment training strategy worked best for low-income single mothers. A unique feature of the demonstration was its experimental design and its independent evaluation.

The four community-based organizations which participated in the demonstration were located in Atlanta, Providence, San Jose, and Washington, D.C. These four programs provided a range of services to 8,000 women. About half of the women had no high school or GED credential, and about half had children under three years old.

The Rockefeller Foundation funded an outside experimentally-designed evaluation of the four programs, which was conducted by Mathematica Policy Research. Participants in the four demonstration programs were randomly placed in an experimental group or a control group.

Cottingham said that the *conventional wisdom* in employment training of low-skilled, undereducated clients had been to first assess their educational skills, then to place clients in remedial academic classes, and finally to provide hands-on vocational training. This is known as the "school first" approach.

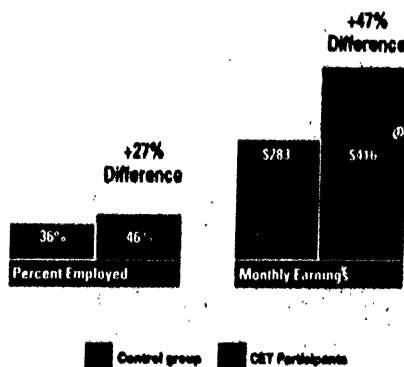
Learning in Context

Three of the demonstration programs used the conventional method, the "school first" approach. In contrast, the fourth program, CET, was the only one to use a "learning in context" approach - to integrate basic education with hands-on job skills training. Instruction in math, reading, writing, and English as a Second Language (E.S.L.) was embedded in the job skills training.

CET participants had increased employment and earnings

Mathematica Policy Research's evaluation of The Rockefeller Foundation Demonstration Project found that of the four demonstration programs *only CET produced substantial increases in participants' employment rates and earnings.* By the end of the first year after enrollment, CET participants in the experimental group had a 27 percent higher employment rate and a 47 percent higher earnings rate than the control group. Costs were similar to those of the other Minority Female Single Parent programs. The evaluation attributed CET's success to its *learning in context* approach.

**CET Participants Made Substantial Gains
in Employment and Earnings 12 Months After Enrollment**



CET is a non-profit, community-based program that trains low-income men and women for jobs. Begun in San Jose, California, in 1967, it now operates 30 "skills training centers" in six western states, using a combination of federal, state, and private funding.

Operation of CET



Russ Terzky, Executive Director of CET, explained how the CET program was distinct from the three other programs in the demonstration project:

- Job training courses were open to all, with no testing, screening, nor "creaming of the best-prepared applicants"
- Training was immediate, with no waiting period nor prerequisites. The women themselves decided which job skills training course they would enter.
- There was no "pass" or "fail." Participants remained in training until placed in a job, usually within six or seven months.
- Training was individualized to match each student's skills and pace.
- Courses replicated the work environment, using hands-on instruction. Participants "clocked in" before 8:00 a.m. and were given half an hour for lunch.
- The program was intensive, offering 35-40 hours per week of training and work, with frequent testing.

- Training was job-oriented, teaching specific skills known to be in demand in the job market. CET worked closely with industry to match local labor market conditions and needs.
- CET taught work habits as well as skills. A "crisis counselor" was available to help participants with issues in their lives that could affect their training.
- CET's on-site child care center helped to attract participants with young children.

CET's Success

CET's success has been attributed to its *open entry*, which enabled participants to enter the program at any time, without testing or assessment; and its *learning in context*, which links hands-on vocational training with academic skills. CET avoided the more abstract teaching of a standard classroom setting. Finally, CET's *coordination with employers* developed up-to-date training in line with local labor market conditions, and CET only provided training for those jobs that were currently available in the community.

Innovative Approaches in Welfare-To-Work Programs

Innovation in Program Administration:

Private Case Management in the GAIN Program

Fred Gustafson, Executive Vice President for Privatization, Maximus, Inc. described his company's contract to provide case management services to public welfare clients in Los Angeles County.

Created by the state in 1985, California's Greater Avenues for Independence (GAIN) program was mandatory for certain AFDC recipients. Los Angeles contracted with Maximus to provide case management services to county welfare clients in 1988, before California implemented FSA JOBS. After some modifications, GAIN is now accepted by the federal Department of Health and Human Services as California's JOBS program.

GAIN provides a range of educational, employment, training, and support services. It is administered locally, by California's 58 counties.

Private Sector Approach

Los Angeles County is the first administrative unit in the nation to contract with the private sector for JOBS program case management. Maximus now operates five GAIN regional offices throughout the county, with a caseload of about 12,000 people.

The program's 148 case managers act as facilitators and counselors, coordinating participants' access to educational and training institutions and support services. Gustafson said that a case manager first conducts an initial fact-finding interview to determine the education, employment, and welfare history of a client. Then the case manager explains the GAIN program and makes appointments with appropriate service providers to ensure that the participant takes full advantage of the opportunities available. Case managers provide services in six languages: Armenian, Cambodian, Chinese, English, Spanish, and Vietnamese.

Each GAIN supervisory unit includes a supervisor, six case managers, and a unit assistant. Case managers maintain a caseload of approximately 120 participants.

Payment Process

Maximus receives monthly payments from Los Angeles County according to a two-part formula:

1) on the basis of the number of clients on the ongoing caseload, and 2) on the basis of the number of new referrals. They also receive funding to train new Maximus staff if there are increased numbers of new referrals. Additionally, Maximus receives a bonus of \$150 for each client who is placed and remains employed for at least six months and whose welfare grant is reduced by at least 50 percent.

Potential Advantages

Gustafson said that Maximus' contract with the county encountered initial opposition from both public employees' unions and some legislators, but he believed that Maximus offered the county several advantages.

- As a private organization, Maximus can be more flexible in staffing, especially when the program expands or contracts.
- Maximus keeps overhead costs low through heavy reliance on computer systems for case management, tracking, and data collection.
- Case managers are carefully trained, well-paid, and highly productive.
- Gustafson stated that Maximus had done as good a job as the county could have for less money.

Independent Evaluation Not Yet Available

Los Angeles County's contract with a private sector company to provide case management services for its welfare recipients is innovative. The impact and effectiveness of the approach, however, has yet to be independently evaluated.

A report by the Auditor General of California, published in February 1991, indicated that Maximus is generally complying with its contract and is performing case management services within the standards established by the county.

Questions and Answers

QUESTION: *What follow-up is being done on the CET program?*

Russ Tershy: At CET we track graduates for six months.

Phoebe Cottingham: Rockefeller is currently completing analysis of a 30-month follow-up of CET and other demonstration project clients, and a five-year study is underway.

QUESTION: *What percentage of CET participants did not complete the program?*

Russ Tershy: About 73 percent were placed in jobs. Those who did not complete the program generally dropped out because of a lack of resources. We have support counselors to help retain participants.

QUESTION: *Whom do you serve in the GAIN program?*

Fred Gustafson: We serve those who have been on welfare for three or more years. Initially, GAIN was mandatory for the AFDC one and two-parent populations. Now we serve voluntary participants as well.

Panel Discusses Priorities for the Northwest

Peter Callaghan, political reporter for Tacoma's *TK Morning News Tribune*, moderated a discussion among representatives of Northwest legislatures, business, and community-based organizations.



Panelists included: Representative Beverly Stein, *Oregon House of Representatives*; Joe Tallier, *Corporate Director for Community and Education Relations, The Boeing Company*; Samuel Martinez, *Director of the Washington Migrant Child Institute, Washington State Migrant Council*; Senator Pam Roach, *Chair, Washington Senate Children and Family Services Committee*; and Representative June Leonard, *Chair, Washington House Human Services Committee*.

The panel reflected on current trends in welfare reform and offered several directions for the future:

- It is crucial to have outside, independent evaluations of welfare-to-work programs to help determine what works best for whom, as well as what is cost-effective for the state.
- We need to take a "human investment" approach to allocating resources, recognizing that education, jobs, and welfare are inextricably related.
- When faced with making budget cuts, legislators should seek to preserve programs that make a difference in the long run—such as education, early intervention, school dropout prevention, and efforts to encourage self-sufficiency.
- The business community must acknowledge that our state's productivity and economic health depend on our "human capital," and that business needs a well-educated workforce.
- Public-private partnerships can be an important tool in delivering human services. We should encourage collaborative efforts between state and local governments, businesses, schools, and nonprofit organizations.

Washington State Institute for Public Policy

The mission of the Washington State Institute for Public Policy is to assist policymakers, particularly those in the legislature, in making informed judgments about the important, long-term issues facing Washington State.

The Institute conducts research on issues of major importance to the state using academic specialists from universities in Washington State. Staff of the Institute work closely with legislators and legislative, executive, and agency staff to define issues that can benefit from academic involvement. New activities are initiated at the request of the legislature or executive branch agencies. A Board of Directors governs the Institute and decides the development of new projects.

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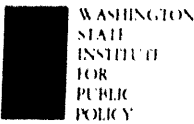
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PREPARED JOINT STATEMENT OF JAN L. HAGEN AND IRENE LURIE

We appreciate the invitation to appear before the Subcommittee today. We are both on the faculty of the University at Albany and serve as principal investigators for a ten-state, three-year study on the implementation of JOBS (the Job Opportunities and Basic Skills Training Program.) This work is conducted under the auspices of the Rockefeller Institute of Government, the public policy arm of the State University of New York. The study is funded by the Pew Charitable Trusts, the U.S. Departments of Labor and Health and Human Services, the Foundation for Child Development, and the New York State Department of Social Services. In our testimony today, we will focus on selected findings from our study and their relevance to S. 2303. Our conclusions and opinions are our own and should not be construed as representing those of our funders.

CONDUCTING THE STUDY

Our ten-state, three-year investigation recognizes the importance of studying the process of implementing the JOBS program, a program which presents major challenges and opportunities to state and local governments. Through our research, we are attempting to understand the complex chain of events between changes in federal law and changes in the services provided to welfare recipients.

The main research approach in our study is field network research. The essential feature of this approach is a network of senior policy analysts who assess the JOBS program in their state by using a uniform instrument for collecting and analyzing information. Our study covers the states of Maryland, Michigan, Minnesota, Mississippi, New York, Oklahoma, Oregon, Pennsylvania, Tennessee, and Texas. Our first round of field research was conducted in October through December 1990 and focused on the initial choices made by the states in implementing JOBS. The report for this round of field research is now being published and will be available soon. We wish to submit a summary of that report for the record. The summary highlights our major findings regarding the states' initial choices in implementing JOBS. The second round of field research occurred in June through August, 1991 and focused on JOBS implementation at the local level. Within each state, we are examining the implementation of JOBS at three local sites. We are now beginning to analyze that information from the 30 local sites.

AN OVERVIEW: TWO PATTERNS OF RESPONSE TO JOBS

When the Family Support Act was passed, many advocates viewed the JOBS title not only as programmatic legislation but also as a signal for change—a signal to welfare systems throughout the nation that they should take on a mission that emphasizes services intended to reduce welfare dependency rather than just financial assistance. Moreover, government and recipients should enter into a new social contract that would redefine their relationship as one of mutual obligation.

In contrast to the dramatic introduction of the JOBS program on the federal level, elected and appointed leaders in the ten study states introduced JOBS with relatively little fanfare. The low profile introduction given to JOBS at the state level stems from the fact that many of the states in the sample had welfare employment programs prior to JOBS and had already charted a course in keeping with the federal legislation. The low profile introduction of JOBS was also fostered by the revenue shortfalls faced by many states' as well as states' having established other initiatives, such as education, as state priorities.

Looking across the responses of the 10 states to the Family Support Act, it is possible to divide them into two broad groups. The first group, comprised of Maryland, Michigan, Minnesota, New York, Oregon, Oklahoma, and Pennsylvania, had introduced welfare employment programs during the 1980s under the WIN Demonstration and Title IV-A options. For this group of states with well developed welfare-to-work programs, only relatively small adjustments were required to comply with the federal legislation. The federal legislation supported and reinforced directions these states had chosen earlier. With the increase in federal funding, these states were able to expand their programs to all parts of the state, extend services to more people, and increase the emphasis on education.

The second group of states, comprised of Mississippi, Tennessee, and Texas, had not taken advantage of prior opportunities to introduce major welfare-to-work initiatives. They did not have programs in place that could, with minor modification, meet the requirements of the JOBS legislation. These states, along with Oklahoma, were also required by the Family Support Act to extend AFDC to two-parent families. When this second group of states did implement JOBS in October 1990, the state legislatures made small appropriations to support it. Although administrators

in these states are making a good faith effort to implement the program, their ability to purchase services is extremely limited. As a result, they have designed their programs with the immediate goal of meeting the federal participation mandates with the resources available. Specifically, Tennessee has contracted with the state agency administering the Job Training Partnership Act (JTPA) to serve exactly seven percent of the cases required to participate. Texas has devoted a large share of its JOBS funds to low cost job search and placement services to the most job ready. The other large expenditure in Texas is for case managers who are to access resources from other programs to serve JOBS clients. Mississippi has also devoted a large share of its resources to case management, for the similar purpose of referring clients to other programs.

In general, we found that the JOBS legislation encouraged a moderate shift to a more human capital investment approach to welfare employment programs. States are placing less emphasis on the lower cost services such as job search and work experience and more emphasis on higher-cost services that will increase the capacity of recipients to achieve economic self-sufficiency over the long-term. This shift is reflected primarily in the expansion of educational services and, to a more limited degree, in the expenditures on case management services.

FINDING THE RESOURCES FOR JOBS

State expenditures for JOBS varied greatly among the ten states in 1991. These expenditures ranged from two states drawing down less than fifteen percent of their federal entitlement of JOBS funds to five states expecting to draw down at least 60 percent of their federal entitlement. On average, the ten study states drew down 43 percent of their federal entitlement of JOBS funds. Nationwide, states claimed 48 percent of the allotted federal funds in fiscal year 1991.

The recession, and its impact on state budgets, made 1991 a difficult year for undertaking new expenditure initiatives. All of the states in our sample, with the exception of Oklahoma, experienced some degree of fiscal stress during this period. Although JOBS can be sold as a cost-saving program over the long run, tight budgets discourage initiatives that cannot generate savings in the short term. Administrators in Michigan, Mississippi, Pennsylvania, Tennessee, and Texas attributed their states' decisions to limit spending for JOBS to constrained fiscal conditions. Maryland and Oregon implemented JOBS with plans to draw down their full entitlement of federal funds, but are now being limited by shortfalls in state revenues. Funds for JOBS may also have been restricted by the need to comply with other mandates of the Family Support Act, particularly in the four states that did not already have an AFDC-UP program.

In New York, state revenue shortfalls, which were serious when the state's first appropriations for JOBS were being made, were not viewed as a primary factor limiting JOBS expenditures. Rather, state administrators place the responsibility for limiting expenditures on the counties, which finance approximately half of the non-federal share of the program cost. Counties in New York are not given an allocation for JOBS; rather they initiate expenditures and claim reimbursement for the state. Since JOBS implementation, counties have not increased their spending enough to exhaust the funds budgeted by the state.

BUILDING INTERAGENCY PARTNERSHIPS

The levels of state expenditures for JOBS may be a source of disappointment for some. However, these funding levels give only a partial picture of the extent of services for JOBS participants. Through interagency linkages and coordination, states are drawing on other resources to implement JOBS. Within each state, JOBS implementation is a joint effort of many organizations, especially the state agencies administering the Job Training Partnership Act (JTPA) and educational programs. In all of the study states, the JTPA is playing a major role in JOBS implementation and the legislation has consolidated or extended the formal linkages between welfare agencies and JTPA agencies. Additionally, in all states, the JTPA is serving AFDC recipients with its own funds, but it is unclear whether more or less JTPA resources are being devoted to AFDC recipients than before JOBS implementation.

The role of education in welfare employment programs is perceived by state administrators to have increased as a result of JOBS, or a state-initiated welfare employment program preceding JOBS. The effect of the legislation's strong emphasis on education, even in states with well developed welfare employment programs, was captured well by one state administrator: "The implementation of JOBS for us is basically an implementation placing a heavier emphasis on education."

The reliance by the states on the services of other organizations reflects the federal legislation's emphasis on coordination and allows the state welfare agencies to

access services already available in local communities, potentially avoiding service duplication. Coordination, however, also decreases the welfare agency's ability to control the nature and the scope of the services provided. This is particularly the case when these services are obtained on a non-reimbursable basis. When welfare agencies rely heavily on obtaining services from other agencies without payment, and when AFDC clients must compete with other groups for these limited resources, there is no assurance that JOBS clients will be adequately served. As one administrator said, "money talks."

MEETING THE NEEDS FOR CHILD CARE

The JOBS legislation significantly increased the availability of child care funding for welfare employment programs and this liberalized funding has made an important contribution to the operation of JOBS in some states. However, accessing the federal funding for child care is dependent on the state's being able to provide the required state matching funds. At the time of this study, state administrators did not expect the availability of child care services or funding to affect the states' abilities to achieve the federally mandated participation rates of seven percent for 1990 and 1991. However, the lack of sufficient child care funds has already required, or may require in the future, limiting access to the JOBS program. Tennessee and Texas recognize the potential need to restrict program access in the future because of insufficient child care funding. To control child care costs in its program, Minnesota restricted access to JOBS in May 1990 by narrowing the groups eligible for service.

As the federally mandated rates of JOBS participation increase, the likelihood of confronting inadequate funding for child care will also increase. Addressing this situation through increased allocations of state funds appears unlikely, at least in the short-term, given the fiscal constraints faced by most states.

PARTICIPATION AND TARGETING: THE CHALLENGE OF IMPLEMENTING JOBS

When this study was conducted, all study states planned to meet the seven percent participation rate and to spend 55 percent of their funds on members of the target groups. For seven of the states—Maryland, Michigan, Minnesota, New York, Oklahoma, Oregon, and Pennsylvania—meeting these federal mandates was not regarded as a major challenge. Programs introduced in those states during the 1980s, and expanded with the enactment of JOBS, were serving relatively large numbers of recipients and the number of JOBS participants was sufficient to meet or exceed the seven percent threshold. Mississippi, Tennessee, and Texas also planned to meet the seven percent participation rate, but administrators were less certain that this would be achieved. Spending 55 percent of their JOBS funds on the target groups members was not a major issue for states because the target groups comprise a high percentage of the potential JOBS pool.

The 20 hour rule, which requires that participants be scheduled for JOBS activities for an average of 20 hours each week, has been a challenge for most states. States are clearly responding to the rule by establishing JOBS activities, or by linking several JOBS activities, to provide 20 hours of service. The rule is operating as intended to insure that participation in education, training, and employment activities requires a significant effort on the part of both the agency and the participant.

The rule is having some negative consequences, however. It potentially discourages states from enrolling participants in full-time college programs, which consider full-time enrollment to be 12 to 15 hours. To schedule and supervise out-of-class preparation creates additional demands on both the staffing and financial resources of the JOBS programs. The rule also creates no incentive to work with clients who may be more limited in their current capacity and are simply unable to handle 20 hours of approved JOBS activities. Although the averaging of scheduled hours across JOBS participants potentially addresses these concerns, this averaging introduces complex accounting procedures which some states may not have the capacity to handle.

The rising participation rates in the current law are a major challenge to the states. Their ability to achieve the mandated rates is based on many factors including their prior experience with welfare employment programs, the availability and accessibility of training and educational resources within the state, and the commitment of state funds to purchase needed services. Even at the 11 percent participation rate, two of the study states had serious concerns about their ability to meet the rates without significant program adjustments such as increasing the use of lower-cost components.

PRESSING IMPLEMENTATION ISSUES

Whether states will increase their financial commitment to the program as the mandated participation rate rises, or whether funding will remain constant or even decline, is the most significant issue now facing the states. The current recession has dampened state tax revenues while increasing welfare caseloads, limiting their ability to draw down their entitlement of federal funds for JOBS. This may prevent states from offering the same level of services in all parts of the state or, in the three states that implemented JOBS in a limited number of counties, from implementing the program statewide. If funding remains stable or declines in the face of increasing mandated participation rate, states may be forced to reconsider the design of their JOBS programs.

Increasing the federal financial share for JOBS services as well as removing the cap on federal expenditures for JOBS would help remove barriers to greater state efforts in implementing JOBS. We support increasing the federal matching share for all JOBS components as well as for all supportive services and administrative costs. JOBS has imposed a new set of administrative activities on local offices as well as new requirements for data reporting and monitoring of participation. We believe these administrative costs should be matched at the same rate as other program costs. Transportation, particularly in rural areas, is a major constraint on participation in JOBS. While some states have increased their expenditures for transportation, welfare administrators in rural areas still consider the funding to be inadequate.

Increased federal financial support for child care services will also benefit states. As we found in our study, a state may operate such an attractive program it is forced to restrict client access because the child care funding is limited. This situation was most clearly illustrated by Minnesota, which runs a program placing heavy emphasis on education and training that has been well received by welfare recipients. The demand for their program's services, however, placed an overwhelming demand on their child care funding and thus, the state found it necessary to limit program enrollment. By not requiring a state match for amounts spent on child care over what a state spent in fiscal year 1992, S. 2303 may prevent states from having to limit the number of welfare recipients served by its JOBS program.

MEETING THE SPIRIT OF THE LAW

We conclude from our review of the initial phases of JOBS implementation that states have come closer to meeting the letter of the law than the spirit of the law. For the most part, the hope that states would use JOBS implementation as an opportunity to signal a change in the mission of welfare systems or to redefine the social contract has not been realized.

Although the promise of JOBS has yet to be realized, the opportunity remains. While we have concerns about the unfolding of JOBS programs based on the initial responses of these ten states, we also find that JOBS has sustained and fostered the commitment of state welfare agencies to provide enhanced educational and training opportunities to welfare recipients. The JOBS legislation and its associated provisions for child care are demanding and complex. To implement this legislation, and to realize its potential, requires extensive and complicated responses by state and local governments.

Welfare administrators in all states have made a good faith effort to implement JOBS. However, the ability of states to respond to the challenge of the JOBS legislation is seriously compromised by state fiscal constraints. Therefore, we support efforts by Congress to increase the federal funding available to the states for JOBS services and for all administrative and supportive services, including child care. With increased federal funding, the states will be able to expand the program to serve more participants, to extend the geographic coverage of the program, and to maintain their increasing emphasis on higher cost services that enhance the capacity of welfare recipients over the long-term.

Attachment.

Implementing JOBS: Initial State Choices

Summary Report

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The Nelson A. Rockefeller Institute of Government
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INTRODUCTION

The Family Support Act of 1988 was hailed as a new consensus between liberals and conservatives on welfare reform and as the most sweeping revision in the nation's welfare system in the past 50 years (Rovner, 1988). The Act was also viewed as representing a new social contract between government and welfare recipients (Moynihan, 1990; Lurie & Sanger, 1991). Under this new social contract, government has an obligation to meet the needs of poor families for income and services that may enable them to become economically self-sufficient. Recipients of welfare, in turn, have an obligation to make efforts on their own behalf to achieve self-sufficiency. Additionally, the Act was envisioned as affording an opportunity to improve the well-being of disadvantaged children—as offering the potential to create a two-generational prevention program (Smith, Blank, & Bond, 1990).

The Family Support Act seeks to strengthen the economic self-sufficiency of AFDC recipients through increased child support enforcement and a new Job Opportunities and Basic Skills Training Program (JOBS). JOBS builds upon previous legislation to provide the employment, education, and training services that recipients need to avoid long-term welfare dependency as well as the child care and other services that support their efforts to prepare for work or take a job. JOBS services are to be targeted toward recipients who are, or are likely to become, long-term recipients of assistance. In a significant departure from previous law, the Act requires participation in JOBS by parents of children age three and over and permits states to extend participation to parents with children as young as age one. States must guarantee child care if it is required for an adult recipient to participate in the JOBS program.

Primary responsibility for JOBS rests with each state's welfare agency, which must offer educational activities including high school or equivalent education, basic and remedial education, and English proficiency education; job skills training; job readiness activities; and job development and job placement. Additionally, states must offer two of the following: group and individual job search, on-the-job training, work supplementation, and community work experience. The federal legislation requires states to provide these JOBS services to seven percent of the non-exempt caseload in 1990. This mandated rate of JOBS participation increases to 20 percent in 1995.

To assist states in financing their JOBS programs, federal matching funds have been increased significantly. The federal matching rate is 90 percent up to each state's WIN allocation for 1987. Expenditures for JOBS services beyond that amount are matched at the Medicaid rate or 60 percent, whichever is higher. The total federal match is capped at \$800 million in 1990, with the cap rising to \$1.3 billion in 1995. Federal funding for child care is open-ended and matched at the Medicaid rate, which ranges from 50 to 80 percent.

JOBS is an ambitious piece of legislation, and its implementation presents a major challenge to state and local governments. Recognizing the importance of studying the process of the state and local implementation of JOBS, researchers based at the Rockefeller Institute of Government in Albany, the public policy research arm of the State University of New York, are conducting a 10-state implementation study of the JOBS program extending over three years. This study is assessing the implementation of JOBS by focusing on two areas: the way states have altered their employment and training programs in response to the Family Support Act and the extent to which local welfare agencies have realized the provisions of the JOBS legislation.

To assess the state and local responses to JOBS, three rounds of research will be undertaken. The first round focused on the initial phases of JOBS implementation at the state level—states' choices, program designs, and issues in implementing the legislation. The second round of research focuses on JOBS implementation at the local level—the organizational structure and process for delivering services and the resulting opportunities for recipients. The third round will assess the changes made as the states and local agencies gain experience with the JOBS program and come under increasing pressure from the federal mandates to serve more AFDC recipients in their JOBS programs.

This report presents a summary of the findings from the first round of research conducted between October and December, 1990, shortly after states were required to implement JOBS. The ten states included in this study are Maryland, Michigan, Minnesota, Mississippi, New York, Oklahoma, Oregon, Pennsylvania, Tennessee, and Texas. States were selected to illustrate a range of experiences in JOBS implementation. In selecting the states, we considered a number of criteria, including prior experience with welfare employment programs, level of state fiscal stress expected in 1990, poverty rate, per capita income, and state or local administration of public welfare.

The primary research approach to assessing the states' choices in the initial phases of implementing JOBS was field network research (Nathan, 1982). The essential feature of this approach is a network of indigenous field researchers familiar with the programs and political processes of each sample jurisdiction. These field researchers, who are senior policy analysts, assess the program in their jurisdiction using a uniform instrument for collecting and analyzing information. Field researchers gathered the required information in a variety of ways, including on-site observations, interviews with state officials and program staff, and reviews of program materials and reports. This method allows for the synthesis of diverse types of information on a range of topics and for data collection to occur during the actual process of implementation.

This report is a summary of our full report, *Implementing JOBS: Initial State Choices*. Its purpose is to provide an overview of the program designs, policies, and strategies adopted by the state-level organizations in their response to the federal JOBS legislation. The findings are based on structured reports submitted by the field researchers for each of the ten states which reflect state policies as well as the intentions and perspectives of state-level officials and administrators. As such, this report is not an assessment of the nature or extent of JOBS services provided to AFDC recipients; this requires research at the local level, which is the next step in the study. While the scope of this report has this limitation, we believe it contains timely information of interest to those concerned with the implementation of JOBS and with the developing character of state welfare employment programs.

FINDINGS

The analysis of JOBS implementation was organized around the central provisions of the federal legislation, such as the delivery of mandated and optional JOBS services, the targeting of services on specific groups of recipients, the federally mandated rates of program participation, coordination with providers of JTPA and educational services, and the guarantee of child care services. Additionally, other factors related to program implementation were considered. These factors include the political climate for implementation and the funding for services. We have organized the presentation of our findings around these major themes of JOBS implementation.

LEADERSHIP AND FUNDING

In tracking the implementation of JOBS, we considered whether state leaders presented JOBS to the public as a major federal initiative requiring a significant state response. We then examined the extent to which state legislatures appropriated funds for JOBS in response to the increased federal matching funds and mandates for program operations.

Presenting JOBS to the Public

The Family Support Act was presented to the nation as a new social contract between government and welfare recipients that would change the focus of welfare from a cash assistance program to an education, training, and employment program. Did governors and other state officials mobilize support and resources for this vision of welfare reform as states framed their response to the federal legislation?

In contrast to the dramatic introduction of the JOBS program on the federal level, elected and appointed leaders in the study states introduced JOBS with relatively little fanfare. The low profile given to JOBS implementation at the state level stems from the fact that many of the states in the sample had welfare-to-work programs prior to JOBS and had already charted a course in keeping with the objectives of the federal legislation. The low profile introduction of JOBS was also fostered by the revenue shortfalls faced by many states as well as states' having established other initiatives, such as education, as state priorities.

In designing welfare-to-work programs, states must address many potentially contentious issues. Several states, including Minnesota, Oklahoma, Oregon, and Pennsylvania, had already debated many of these issues in designing their earlier welfare employment programs. Maryland was able to avoid public debate through the strong leadership of its governor. In New York, an extended debate accompanied the passage of the state's enabling legislation and focused on such fundamental philosophical issues as the mandatory nature of the program, the emphasis on high-cost versus low-cost services, and the type of preferred child care arrangements. But Mississippi, Tennessee, and Texas have yet to begin a public debate. In the absence of debate or visible leadership, efforts to implement JOBS in these states have been modest.

Funding for JOBS

The Family Support Act increases federal financing for welfare employment programs.

Matching state's expenditures up to a limit that depends on its welfare caseload. How have states responded to the more generous federal support?

States are making widely varying efforts to fund JOBS. The majority are spending considerably more on JOBS than on previous welfare employment programs. Oregon plans to spend enough, or almost enough, to draw down its full allocation of federal funds, while Mississippi and Tennessee have appropriated very limited additional revenues for JOBS services. Administrators in half the states attributed their states' decisions to limit expenditures to constrained fiscal conditions. Funding may also have been restricted for JOBS by the need to comply with mandates of the Family Support Act to provide AFDC-UP benefits, child care, and transitional benefits.

Based on the states' projections of their JOBS expenditures and preliminary information for federal fiscal year 1991, states can be divided into four groups. Low expenditure states—Mississippi and Tennessee—are drawing down less than 15 percent of their federal entitlement of JOBS funds. A middle group—Michigan, New York, Pennsylvania, and Texas—are spending enough to draw down 35 to 50 percent of their federal entitlement. Maryland, Minnesota, and Oklahoma are receiving between 55 and 70 percent of their potential funds, and Oregon is expected to draw down almost all of its federal entitlement.

Expenditures in the ten study states are on average slightly lower than those in the rest of the country, although some study states are considerably above average. The ten states together drew down 43 percent of their entitlement of federal funds for 1991. Nationally, states claimed 48 percent of the federal funds allotted for this period. These levels of expenditures are a disappointment for those who expected the states to respond with the enthusiasm for JOBS expressed by its supporters at the time of enactment. These funding levels give only a partial picture of the extent of services for JOBS participants because states are drawing on other resources such as the JTPA and educational services to implement JOBS; however, "access to services is guaranteed only by JOBS financing," as one administrator noted. If welfare agencies can be certain of obtaining services for their clients only when they have funds to purchase services, the lack of state funding for JOBS is a source of concern.

STATE PROGRAM DESIGNS AND RESOURCE ALLOCATION

In part, the significance of the Family Support Act rests on its requirement that the states provide specific education, training, and employment services to welfare recipients. However, states retain considerable discretion in developing their JOBS programs. This study examined the states' choices for program design, including the flow of clients through selected components. These designs for JOBS depend in part on the amount of resources allocated to the programs' component activities and services as well as the extent to which resources from other programs are used for JOBS participants.

In general, states have chosen an assessment-based design that does not specify a fixed sequence of services or emphasize one particular service over another. The sequence and choice of services is based on each participant's assessed abilities and needs. An exception is that some states refer job-ready participants to a particular set of employment services without a full assessment.

Assessment-based programs are desirable if they promote referral to the services most needed by clients. When the full range of services is available, each

Sequence and Choice of Services

Have states designed their JOBS programs to provide a set sequence of services, or are the services provided by JOBS tailored to individual abilities and needs? Are some services being emphasized over others?

participant can be assessed and referred to a set of services tailored to her unique needs. Assessment-based programs also have the advantage of giving the local agency flexibility to offer services that meet the needs of local labor markets and that draw upon the resources of the community. However, an assessment-based design does not guarantee that participants will obtain the services that they need. When the availability of services is limited, an assessment-based approach may mean that clients are, in practice, assessed as needing the services that are available. Unlike programs with a prescribed set and sequence of services, no services are guaranteed in an assessment-based approach.

Services Selected by the States

What education, training, and employment services are offered, and how do they differ from the services available prior to JOBS?

All states offer the mandatory services and have elected to offer job search and on-the-job training. Michigan, Minnesota, and New York have also elected both work supplementation and CWEP, while Oklahoma, Oregon, and Pennsylvania offer either work supplementation or CWEP. While most states offered some or all of these services prior to JOBS, JOBS permitted states to expand coverage to all parts of the state, serve more people, and increase the emphasis on education.

States have responded to JOBS by making incremental changes in the design of their welfare employment programs. For many states, the mandate to perform an initial assessment and to offer a variety of educational services has required new procedures and a change in emphasis. In contrast, the mandate to provide two of the four elective employment-related activities has resulted in few new types of services in most states. In general, for those states that had taken significant initiatives prior to JOBS, the federal legislation required minor modifications and "fine tuning." For the other states, resource limitations restricted their ability to undertake major new initiatives.

Faced with federally mandated participation rates and the necessity for statewide operation by 1992, states have given priority to expanding the scope of the program. They have extended program coverage to more jurisdictions and individuals, making the availability of services more uniform across the state. Additionally, greater emphasis is being placed on educational services.

JOBS Expenditures on Program Components

Which services and activities are being financed with JOBS funds? How are states allocating their JOBS funds among components of the program?

States expect to spend their JOBS funds in very different ways. Most states that implemented JOBS shortly after it was authorized are spending significant amounts on education and training. Those that delayed implementation are devoting a large share of their resources to the client processing tasks of assessment, employability planning, and case management.

Maryland, Michigan, Minnesota, Oklahoma, and Pennsylvania, with relatively generous resources and prior experience in operating welfare employment programs, are using their JOBS resources to obtain education and training opportunities for JOBS clients. States with less generous resources are using their resources more strategically to meet the federal participation mandates. In the absence of enough funds to purchase services, Mississippi and Texas are funding case managers who are expected to refer JOBS participants to other programs. Resources other than JOBS funds are helping to support these programs. This is most clear in Mississippi, Tennessee, and Texas, which are spending small amounts of JOBS funds on some or all of their JOBS services. These state welfare agencies are clearly counting on the services of other organizations to implement the program. While this is less obvious in other states, most of their welfare agencies are also

implementing JOBS with the expectation that other organizations will contribute their resources to JOBS participants.

ACCESSING SERVICES FOR JOBS PARTICIPANTS

In addition to providing services directly and obtaining them without payment from other agencies, welfare agencies may also purchase JOBS services from other agencies through contracts and agreements. In examining the implementation of JOBS, we considered the use of purchase of services by welfare agencies. Additionally, the federal legislation encouraged the development of coordination and linkage between the state welfare agency and the JTPA as well as educational providers.

Contracting for Services

To what extent does the state welfare agency contract with other agencies for JOBS services?

Although responsibility for administering JOBS is lodged with the welfare agency, other agencies that provide JOBS services share in its operation. All states except Oklahoma contract with other agencies to provide a substantial share of JOBS services. The JTPA is the sole state contractor in Maryland and Tennessee. State or local welfare agencies in all other states except Mississippi and Oklahoma contract with the JTPA for selected services or in selected localities. Some state welfare agencies have contracted with a small number of provider organizations, while the Michigan state welfare agency and local New York agencies have negotiated contracts with a great variety of state and local agencies.

The practice of contracting for services helps explain why states are experiencing delays and difficulty in reporting on the distribution of expenditures among JOBS components as required by the federal government. Most states write contracts or allocate funds for a program or for a set of services, rather than for specific components. Tracking expenditures on specific components requires the collection of information that may not be generated in the course of program operations.

Obtaining Resources from Other Programs

To what extent are education, training, and employment services for JOBS participants being funded from sources other than JOBS?

In all states, JOBS participants are being served by education, training, and employment programs other than those funded by JOBS. Mississippi, Tennessee, and Texas are relying on other programs for a large share of the services for JOBS participants. While other states cannot estimate the value of services financed by other programs, they are implementing JOBS with the expectation that significant amounts of resources will be drawn from other organizations.

Under the Family Support Act, states are expected to refer JOBS participants to services in the community that are already available to them. Significant resources for JOBS participants are being obtained from other agencies through interagency coordination. The JTPA and educational agencies are important sources of services in all states and are discussed more fully below. To go beyond this generalization is difficult, however. In the majority of states, it is not possible to estimate the share of services that are being purchased with JOBS funds, compared to the share being obtained from other programs without payment.

In three states, the approximate share of services being obtained from other programs without payment is fairly clear. Tennessee, Texas, and Mississippi are expecting to obtain most education, employment, and training services from other programs.

In most states, the services obtained from other agencies through coordination are a significant addition to the services purchased with JOBS funds. In states that are spending relatively large amounts for JOBS services, coordination appears to have the intended effect of accessing services for JOBS participants that are already available in the community. However, low expenditure states are relying on the resources of other agencies as an alternative to appropriating new funds for JOBS services. When welfare agencies are dependent on the resources of other agencies and AFDC recipients must compete with other groups for these limited resources, there is no assurance that JOBS clients will be adequately served.

Linkages to and Provision of Services by the Job Training Partnership Act

In what ways and to what extent has the JTPA assisted in JOBS implementation?

The JTPA is playing a major role in JOBS implementation in all ten states included in the study. In all states, formal interagency agreements have been negotiated between the JTPA and the welfare agency at the state or local levels. In eight of the states, these are financial contracts for services to be performed by the JTPA. In Maryland and Tennessee, the JTPA has been given the lead responsibility for administering all or most components of JOBS. Additionally, in all states the JTPA is serving AFDC recipients with its own funds, but it is unclear whether more or fewer JTPA resources are being devoted to AFDC recipients than before JOBS implementation.

JOBS has consolidated and extended the formal linkages between welfare agencies and JTPA agencies in all ten states. In Maryland and Tennessee, the JTPA agency has lead responsibility for administering most components of JOBS and for serving all JOBS participants. In Minnesota and Pennsylvania, JOBS draws on the JTPA infrastructure for management and service delivery. In other states, JTPA agencies have less overall responsibility for operating JOBS, but remain important providers of services for JOBS participants. In eight states, state or local JTPA agencies are being paid as contractors to the welfare agencies.

Whether JOBS implementation has increased or decreased the JTPA resources devoted to JOBS participants is unclear at this time. However, JTPA officials in several states argued that it is in their programs' best interests to serve JOBS participants. For example, Tennessee officials initially offered to serve AFDC recipients as a way of positioning the JTPA system to be the state's primary resource for providing employment and training services for the unemployed and disadvantaged. Others consider JOBS as a way for the service delivery areas to survive financially in the face of declining JTPA funds. Finally, JTPA officials also mentioned that JOBS has made AFDC clients more attractive to serve because supportive services come "attached to the client." These funds lower the cost of serving JOBS clients and potentially enable them to be placed in longer-term training.

JTPA agencies are likely to continue to play a major role in JOBS as contractors to welfare agencies. But whether JTPA resources will continue to support JOBS is less certain, given JTPA's ability to serve only a small fraction of those eligible for its services and the potential increased availability of funding for JOBS participants.

Linkages to and Provision of Educational Services

One of the most significant features of the Family Support Act is the emphasis given to education. For the first time, federal funds are authorized for educational services as a major strategy to reduce welfare dependency. What emphasis are states giving to educational services under JOBS, and what is the role of state education agencies in the JOBS programs?

The role of educational services in welfare-to-work programs is perceived by state administrators as having increased as a result of JOBS or state initiated welfare-to-work programs preceding JOBS. States project at least modest increases in the number of participants receiving educational services and in expenditures for these services under JOBS. The role of state education agencies in state JOBS programs is an emerging one. States have established, or are beginning to establish, linkages between state welfare and education agencies through both financial and non-financial interagency agreements for services. Four states have developed specific mechanisms for fostering the coordination of welfare and education services on the local level.

For the states included in this study, the role of state education agencies in state welfare-to-work programs may be characterized as an emerging one. State education agencies, in general, are the newest players in welfare employment programs, and the states are in various stages of establishing relationships between the state welfare and education agencies.

States such as Michigan, Minnesota, New York, and Pennsylvania have been placing emphasis on educational services in their welfare employment programs for a number of years. But, for other states, program developments or modifications have been necessary to respond to the educational mandates of the JOBS legislation. For example, Maryland responded to the federal legislation by modifying its welfare employment program to provide remedial educational opportunities for 2,000 clients under age 21. Texas devoted a significant share of its increased funding for JOBS services to education for adult JOBS participants. The effect of the legislation's strong emphasis on education, even in states with well developed welfare employment programs, was captured well by one state administrator: "The implementation of JOBS for us is basically an implementation placing a heavier emphasis on education."

The Family Support Act's emphasis on education and the associated availability of federal funding for educational services provided through the JOBS program have encouraged the states in this study to at least maintain, if not increase, the emphasis given to educational services in welfare employment programs. Even at this initial stage of JOBS implementation, the legislation has fostered an increase in the provision of educational services to those participating in the states' JOBS programs. Further, although the linkages between state education and welfare agencies are just beginning in most states, the legislation has provided an incentive for these interagency relationships to develop and expand in most states.

The 20 hour rule for participation poses a number of difficulties for the states in providing all levels of educational services, from adult basic education to college programs. Assuming the continuation of the 20 hour rule, state agencies may need to negotiate for, or contract with, local educational providers for educational programs, or educational programs combined with other activities, that will facilitate meeting the federal requirements for scheduling, on average, 20 hours a week of JOBS activities for participants. In addressing this issue, states may need to decide if separate classes should be designed for JOBS participants or if JOBS participants should be enrolled in classes open to the community generally. Separating JOBS participants from others may have the advantage of allowing programs to be tailored more specifically to their needs, including meeting the 20 hour rule and establishing mechanisms for monitoring attendance. However, concerns have been raised that this may create a two-tiered system of adult education

in local communities and increase the stigma experienced by public assistance recipients. The 20 hour rule becomes particularly problematic for college education in which 12 to 15 hours of course work is considered full-time enrollment.

CHILD CARE AND OTHER SUPPORTIVE SERVICES

Child care and other supportive services may be critical factors in facilitating participation in JOBS by AFDC recipients. The Family Support Act recognizes the importance of these services by increasing the funding for child care services and by authorizing states to provide a range of other supportive services, including transportation, work-related expenses, and other work-related supportive services such as parenting and life-skills training, counseling, and substance abuse remediation. Work-related supportive services may also include services to the children of participants, if these are required for JOBS participation. The provisions for child care and other supportive services represent potential avenues for recognizing the two-generational potential of JOBS.

Child Care Services

The Family Support Act recognizes the availability of child care as a critical factor in facilitating participation in JOBS by requiring that child care be guaranteed for children of AFDC participants in JOBS activities and by significantly liberalizing public financing for child care. Is the availability of child care services and funding expected to restrict access to the states' JOBS programs?

At the time of the study, state administrators did not expect the availability of child care services or funding to affect the states' abilities to achieve the federally mandated participation rate of seven percent for 1990 and 1991. However, the lack of sufficient child care funds has already required, or may require in the future, limiting access to the JOBS programs. Tennessee and Texas recognize the potential need to restrict program access in the future because of insufficient child care funding. To control child care costs in its program, Minnesota restricted access to JOBS in May 1990 by narrowing the groups eligible for services.

New York was the only state to indicate a concern about an adequate supply of child care slots to meet the needs of JOBS participants. It is also the only state with an explicit policy regarding parental choice: If a client requests assistance in locating child care, state law requires that the client be offered two choices of regulated providers.

Since the implementation of JOBS, states have not experienced major changes in the types of child care used, or the extent to which a particular type of care is used by welfare recipients. There are suggestions from both Maryland and Texas, however, that informal child care may be expanding. Under the JOBS program in Texas, the range of child care options has increased: parents now have the choice of using self-arranged care provided by neighbors, friends, or non-parenting relatives. This suggests that more child care used by welfare recipients may be provided in informal settings as the JOBS program expands.

The states included in this study have not enacted formal policies which explicitly encourage one type of child care over another, i.e., regulated care vs. unregulated care. However, some policies adopted across the states regarding child care placement priorities, payment procedures, and varying payment amounts depending on the type of child care arrangement may indirectly establish preferences. Across the states, unregulated care is reimbursed at lower rates than regulated care, and its use could potentially conserve state funds. If state funds for child care are constrained, the lower rates of reimbursement for unregulated care could indirectly promote its use as the preferred type of child care arrangement for JOBS participants. Alternatively, the lower costs associated with informal child care could lead to a type of "creaming" in which those who have access to informal child care are given preference or priority for participation in JOBS programs.

Three states in the study have developed child care management systems to operate in conjunction with child care for JOBS and for transitional benefits. Mississippi, Tennessee, and Texas have all established contracts with regionally based agencies to handle specific aspects of child care, including administration of child care payments and state and federal reporting.

At the time of the field research, access to child care for JOBS participants was not a significant concern to state administrators. In general, state administrators perceived both the supply of child care slots and funding for child care as adequate at this time. Some may regard this finding as somewhat unexpected, particularly given current information about the availability of child care in general. There are, however, several possible explanations for this finding. First, given the numbers of participants served at this point in implementing JOBS, states may well have allocated sufficient funding for child care, and the availability of child care services may be sufficient to meet the current demand. Second, in some states, most people are participating in JOBS on a voluntary basis. It is possible that those volunteering for the JOBS program have fewer needs for child care than other potential JOBS participants. Third, recipients with significant needs for child care may be viewed as having a barrier to program participation and thus may be less likely to be enrolled in JOBS activities. Given the need to serve only seven percent of the potential JOBS pool, states may be choosing to serve those with lower needs for child care—in effect, creaming on the basis of child care needs. Finally, it may also be that the availability of child care services is an issue faced more directly at the local level, and this will be considered in the next round of research.

Other Supportive Services and Work-Related Expenses

The Family Support Act makes provisions for states to reimburse the costs of transportation, work-related expenses, and work-related supportive services, including supportive services to the children of JOBS participants. It is through these provisions, as well as others, that the Family Support Act offers the potential to serve vulnerable children and their families. Is the lack of transportation expected to limit JOBS participation? Has the emphasis given to the supportive service needs of JOBS participants and their children increased as a result of the JOBS legislation?

For those states with less well-developed welfare employment programs, the provision of supportive services (other than child care) has increased under JOBS. Although not a pressing issue at the state level, transportation is recognized as a potential problem, particularly in rural areas. At this stage of implementation, states have not elected to use JOBS funds in any significant manner to provide new or expanded services to children.

Based on the states' plans for supportive services and the field information, the findings suggest that states, in general, have not elected to use JOBS funds in any significant manner to provide new or expanded supportive services to the children of participants, nor have the states taken any major initiatives to link families of JOBS participants to comprehensive family and children's services. This does not necessarily mean that children are not receiving services as a result of JOBS. States may in fact be drawing on other available community resources to address the needs of children as identified in the assessment and employability plan.

STATE CHOICES FOR CLIENT PROCESSING

For JOBS participants, entry into the program begins with an introduction to JOBS followed by an initial assessment and the development of an employability plan. In completing these tasks, as well as in linking clients to their JOBS activities, case managers may play a pivotal role.

Assessment and Employability Plan

Within broad parameters, states are required to conduct assessments and develop employability plans for clients prior to participation in JOBS. What do the state agencies envision as the purpose of the assessment, and to what extent are the needs of a participant's children considered?

In seven of the ten states, the assessment is viewed as a comprehensive gathering of information used to design the employability plan. In contrast, Oregon and Pennsylvania use the initial assessment to determine the level of the client's job readiness. For clients entering selected program tracks, a more complete assessment is completed in these states. Texas also tracks clients, but uses screening to do so; assessments are conducted after a client is assigned to a service track. With the possible exceptions of Minnesota and New York, states have not elected to use the assessment process as an opportunity to identify and consider the special needs of children.

In general, states have established procedures and guidelines for the process and content of assessment and employability plans that closely follow those mandated by the federal legislation or regulations. In most of the study states, the content delineated for the assessment provides basic information on the client's background and barriers to employment. Some states, however, envision a more comprehensive assessment for JOBS participants. The model developed by Mississippi attends not only to the client's educational levels and work experience, but also includes the client's "dreams" and goals, her support system, and related areas that highlight clients' strengths, hopes, and aspirations.

In implementing the requirements for assessments and employability plans, wide discretion is retained by local providers, whether they are situated in the welfare agency or another agency. In some instances, this discretion has been included in the state's vision of JOBS or has occurred because of limitations on state authority to mandate procedures. In other instances, the discretion results from the nature of the work itself. At least one of the study states has recognized its lack of control over and information about assessments and employability plans and is now developing a local monitoring protocol to follow the implementation of assessment and employability plans at the local levels.

The initial assessment phase offers states the opportunity to identify and consider any special needs of children. By incorporating the needs of participants' children in the assessment, and subsequently in the employability plan, JOBS offers the potential for becoming a two-generational program. At the time of this study, the findings suggest that although states acknowledge the importance of children's needs, only New York and Minnesota have emphasized this potential opportunity. New York requires that the assessment for all clients include consideration of any special needs of the child, and Minnesota requires the inclusion of screening information from other programs, if it is available. In addition, the state agency in Oregon places particular emphasis on maternal and child health in a special program for young parents.

Case Management

Case management is an optional service under JOBS and may be provided to both the participant and her family. Have states elected to offer case management services, and what model of case management is being used?

Nine states offer case management services, with most of these using a generalist model of case management in which one person fulfills all the case management functions. Maryland and Pennsylvania have opted to use a team approach to case management that involves front-line workers from several agencies. The only state not officially providing case management is Oklahoma. However, their approach to integrating income maintenance and social services functions suggests that case management services, as commonly defined, are in fact being provided to JOBS participants in the state.

A potential issue confronting states in their use of case managers is the balance between fostering high levels of client contact and associated supportive counseling on one hand and the demands for data entry and reports on client participation and child care and supportive services payments on the other. If caseload size and information processing assigned to case managers are not carefully monitored, case managers may be unable to fulfill the roles envisioned for them, particularly individualizing service planning, providing on-going supportive service to clients, and maintaining service continuity for client participation.

Some states have identified case management as a strategy, or the main strategy, for providing integrated services in a timely and continuous fashion. The ability of case managers to perform this function will be dependent on the size of the caseloads, the system demands for reporting, and the availability as well as accessibility of resources in the JOBS programs and the local community.

MEETING THE FEDERAL REPORTING REQUIREMENTS

The Family Support Act requires substantial data reporting by the states to the Department of Health and Human Services for the JOBS program and related child care provisions. To provide the required information, as well as to effectively operate JOBS programs, it is expected that automated, client-based information will be needed. What is the capacity of the states' current management information systems for responding to these new reporting requirements, and what challenges are presented to the states?

Although most states had adequate information systems for data collection and reporting demands prior to JOBS, no state's current information system had the capacity to respond adequately to the new reporting requirements. The states are facing major challenges in collecting the required information on JOBS participation and in the design and development of JOBS automated systems for the electronic transfer of information.

Although states are in various stages of complying with the federal JOBS data reporting requirements, a number of common concerns face the states. First, HHS did not specify the format and elements of JOBS data reporting requirements until March 28, 1991. As states planned their information systems, they confronted a lack of explicit federal guidelines, particularly those that regulate the electronic transmission of data. Second, state administrators were concerned about the high cost associated with the system changes required by JOBS. This concern was especially shared by states with relatively large welfare caseloads and an existing, complex management information system.

A third area of concern related to more operational and technical issues as management information systems become more sophisticated and automated, especially due to JOBS data reporting requirements. One issue is staff training and retraining--new technologies associated with automation of information systems require on-going staff training and retraining which few welfare agencies believe they could handle with ease. Another issue involves the validity of the data collected and entered into the information system. Administrators expressed concern that welfare staff have already been working under high pressures, with large caseloads and not enough time to insure accuracy. With JOBS data reporting re-

quirements, welfare staff will be asked to collect more information from each of their clients.

PARTICIPATION AND JOBS

Within the Family Support Act, participation is a multidimensional concept that places expectations on both the state and the recipient—the state to make JOBS activities and supportive services available, with a special focus on serving those at high-risk for long-term welfare dependency; the recipient to actively participate in JOBS activities in order to become economically self-sufficient. Participation thus becomes an expression of the mutual obligation underlying the legislation. For the purposes of analysis, we have separated participation into two broad areas: 1) the states' choices for prioritizing clients for JOBS services and the extent to which program participation is viewed as voluntary or mandatory, and 2) the federal mandates requiring states to meet or exceed specific participation rates and to spend at least 55 percent of their JOBS expenditures on selected target groups.

Participation in JOBS: Mandatory Versus Voluntary

The recipient's obligation to participate in JOBS is not well defined by the Family Support Act, which contains language consistent with both mandatory and voluntary participation. In setting policies for enrolling participants, how did states strike a balance between the mandatory and voluntary elements in JOBS?

Although participation is nominally mandatory for all non-exempt recipients under the Family Support Act, resource limitations have led states to set policies that make participation voluntary for many of them. Tennessee and, with a few exceptions, Minnesota have an official policy of limiting enrollment in JOBS to volunteers. The majority of the other states give high priority to volunteers or to volunteers within the target groups. At this stage in program implementation, administrators do not view the threat of sanctions as a major strategy for encouraging program participation.

Most states have developed policies that give volunteers high priority for participation in JOBS. Tennessee has a formal policy, for one year only, of limiting enrollment to those who volunteer for the program. Although there are exceptions, Minnesota also has a formal policy emphasizing services to volunteers. Participation is nominally mandatory in other states, but volunteers are given priority for service. In Michigan and Pennsylvania, most participants are in practice volunteers. Mississippi and New York give priority to volunteers, while Maryland, Oklahoma and Texas give priority to volunteers, but take into account target group status as well. Only in Oregon are volunteers not given the highest priority for service.

Meeting the Federal Mandates for Participation Rates and the Targeting of Services

The Family Support Act requires states to achieve specific rates of participation and to allocate at least 55 percent of their JOBS expenditures to target group members. What is the states' status in achieving these goals, and to what extent did these federal mandates require significant programmatic responses?

In the period of this study, all of the study states expected to meet both the participation rates and the targeting requirements for federal fiscal year 1991. The targeting requirements are not a major issue for any state, probably because the non-exempt caseloads are heavily composed of target group members. Responding to the seven percent participation rate requirement did not require any major programmatic changes for the states in this study with relatively well developed welfare-to-work programs. However, the 20 hour rule has been of some concern in terms of the match between the requirement to schedule 20 hours of participation and the availability of existing education and training programs, as well as the accounting mechanisms necessary to average and to track the scheduled hours of participation. It is particularly noteworthy that, by itself, full-time enrollment in a two- or four-year college program does not meet the 20 hour rule for JOBS participation.

Maryland, Michigan, Minnesota, New York, Oklahoma, Oregon, and Pennsylvania had been operating employment and training programs that were well devel-

oped, and the federal requirement for a seven percent participation rate did not necessitate major programmatic changes. In Mississippi, Tennessee, and Texas, the states are now developing programs in line with the federal legislation, and it is premature at this point to project their capacity to meet the seven percent requirement.

States have developed a variety of methods for attempting to insure that they will meet the federal mandates for rates of participation and for the targeting of expenditures. One approach has been to focus resources on particular groups of recipients, especially volunteers who are non-exempt target group members, or on a specific service track within a state's JOBS program. For example, Tennessee has elected to operate a completely voluntary program. Mississippi and Texas have identified recipients from the federally mandated target groups generally as their service priority. Other states have established different service priorities by drawing from the federally mandated target groups selectively or in combination with other recipient categories. Pennsylvania relies on a specific track within its JOBS program to meet the federal mandates. The Single Point of Contact program, which provides intensive services to JOBS clients through case management and guaranteed service access using JOBS funds, is designed to fulfill both of the federal requirements.

A second approach for meeting the federal mandates for participation rates and the targeting of expenditures has been to place direct responsibility for meeting the participation rates and targeting requirements on the local service districts or on the JOBS contractor through an interagency contractual agreement. This approach is used in New York, Oklahoma, and Tennessee. In Oklahoma, the state assists the local welfare offices in meeting these standards by providing them with on-going information about their performance, thus allowing the local offices to take corrective actions should they be necessary to meet the mandates. In Minnesota, counties are required to spend 55 percent of their funds on target group members. However, the state does not have the statutory authority to require the counties to meet a specific participation rate. The state can simply encourage the counties to do so.

A third approach has been to adjust programming to meet the 20 hour rule, for example by expanding the number of hours for educational services. Additionally, case managers are encouraged to design program activities for participants that meet the 20 hour rule and to promote continuous participation among clients. A fourth approach involves developing and using management information systems to more completely "capture" JOBS activities provided by contractors which will count toward the participation requirements.

Another approach is to enroll participants in other programs into JOBS, which can be accomplished by giving them an assessment and perhaps supportive services. In both Minnesota and Texas, and probably other states as well, many AFDC participants in the JTPA are also enrolled in JOBS and counted as JOBS participants. In Michigan and New York, and possibly other states as well, significant numbers of JOBS participants are engaged in other educational and training programs and have enrolled in JOBS to obtain supportive services. Their participation in JOBS may be counted as self-initiated activity.

Eight states did not project any major program changes in response to the increasing participation rates. The strategies in these states are to extend the program to additional areas or to increase the service capacity of current programs. Two states do recognize that they may have to make significant adjustments to meet the 11 percent

participation rate, possibly adding lower cost components in order to come into compliance. An example of this type of approach might be to enroll in JOBS all AFDC recipients over age 16 who are already full-time students.

The 20 hours per week requirement represents a significant challenge to states to provide intensive JOBS components. Among the concerns regarding this requirement are the match between the required 20 hours of participation and the programmed hours for existing educational and training programs and the exclusion of supportive services such as counseling in meeting the 20 hour per week requirement. Although the state agency is not required to maintain attendance records for JOBS participants, the state does need to require the maintenance of attendance records by service providers. These extensive reporting requirements may create disincentives for other agencies to coordinate and cooperate in providing JOBS services. In addition to tracking the participants' attendance, the calculations for combined and averaged scheduled hours for participants present a difficult accounting problem for the state agencies.

The increasing rates of participation, combined with the targeting requirements, will place challenging demands on state and local agencies operating JOBS programs. Although only two states indicated concern about these demands, it is not unreasonable to expect that as states begin to confront the increasing participation rates, other states may become concerned about their capacity to meet these expectations. When the increasing participation rate requirements are combined with the increasing severity of budgetary constraints faced by state and local governments, states may be faced with difficult choices.

CONCLUSIONS

Looking across the responses of the 10 states to the Family Support Act, we can divide them into three groups. The first group—Maryland, Michigan, Minnesota, New York, Oklahoma, and Pennsylvania—had introduced welfare employment programs during the 1980s. With the exception of New York, where public debate delayed passage of the state's enabling legislation, all implemented JOBS early, in July or October of 1989. For this group of states with well developed welfare-to-work programs, only relatively small adjustments were required to comply with the federal legislation. These states had already charted a course that was consistent with the federal legislation, and the required response was one of fine tuning an existing program. Changes have been subtle rather than dramatic, incremental rather than sweeping. The federal legislation supported and reinforced initiatives these states had chosen earlier. With the increase in federal funding, they were able to expand their programs to all parts of the state, extend services to more people, and increase the emphasis on education.

The second group of states, comprised of Mississippi, Tennessee, and Texas, had elected to operate WIN Demonstration programs, but had not taken advantage of the opportunity to introduce major welfare-to-work initiatives. They did not have programs in place that could, with minor modification, meet the requirements of the JOBS legislation. Their earlier approach to reducing welfare dependency and welfare costs was to maintain low AFDC benefit levels rather than to emphasize self-sufficiency through employment programs. These states, along with Oklahoma, were also required by the Family Support Act to extend AFDC to two-parent families. To prepare for the changes called for by the federal legislation and to postpone the financial burden they imposed, these three states delayed JOBS implementation until the mandatory date of October 1990.

When this second group of states did implement JOBS, their legislatures made small appropriations to support it. Although state administrators are making a good faith effort to implement the program, their ability to purchase services is extremely limited. As a result, they have designed their programs with the immediate goal of meeting the federal participation mandates with the resources available. Specifically, Tennessee has contracted with the JTPA to serve exactly seven percent of the cases required to participate. Texas has devoted a large share of its JOBS funds to low-cost job search and placement services to the most job-ready clients. The other large expenditure in Texas is for case managers who are to access resources from other programs to serve JOBS clients. Mississippi has also devoted a large share of its resources to case management, for the similar purpose of referring clients to other programs.

Oregon's experience with welfare employment programs differs from the other states' and places it in a third category. As a result of efforts by welfare advocates, the

state introduced in 1988 a pilot program that emphasized a self-sufficiency strategy through education, employment, and training services and that included many of the federal JOBS requirements. To gain experience with its newly introduced pilot program, the state delayed JOBS implementation until October 1990. Oregon has designed more detailed program models than the other states and, unlike them, does not have a purely assessment-based design for all participants. It is also the only state that planned to spend more than the maximum amount eligible for federal matching in the initial period of program implementation.

In general, the JOBS legislation has encouraged a moderate shift to a more human investment approach. States are placing less emphasis on immediate job placement and more on services that will increase the capacity of recipients to achieve self-sufficiency over the long term. This shift is reflected primarily in the expansion of educational components and, to a more limited degree, in the expenditures on case management services.

Strategies Underlying the States' Design Choices

Although the JOBS programs of the study states are diverse, there a number of similarities in their design. The range of services that can be provided to participants is quite uniform across the states. In addition to the mandated services, all states offer job search and on-the-job training. Nine of the states offer case management services and Oklahoma, which does not formally provide case management, organizes its staff to deliver case management services. All of the states operate assessment-based programs for most of their caseload, and few refer participants to job search prior to an assessment or specify the sequence of other initial activities. Most states plan to rely heavily on the enrollment of volunteers to meet their participation goals.

However, the motivations for these design choices vary among the states. In many states, choices were based on a belief that a particular approach is best for clients. For example, state administrators argued that a voluntary program helps people who want to be helped, permits mothers to stay home with their children if they prefer, and encourages service providers to offer services that people want. Assessment-based programs are favored because they permit services to be tailored to the needs and preferences of the participant. A wide range of available services increases the likelihood that clients will receive those that they need, based on their assessments. Case management can insure that clients are linked to needed services and that supportive counseling is provided.

But in other states, these design choices were a strategic response to a scarcity of resources. As indicated most clearly in Tennessee, reliance on motivated volunteers is a type of creaming designed to meet the federal mandates with extremely limited expenditures. In both Mississippi and Texas, the decision to allocate a large share of their funds to case management is consistent with their minimal funding of education, training, and employment services. Case managers are expected to access the services of other organizations without paying for them. Additionally, in these three states and others, assessment-based programs are one method for coping with uncertainty about the types and availability of service components. When service availability is limited, an assessment-based approach permits case managers to refer clients to those services that are available, which may not be those that the assessment indicates are most needed. In fact, the assessment itself may become skewed on the basis of available services (see Austin, 1981). Unlike programs with a prescribed sequence of services, no specific services are guaranteed in these assessment-based programs.

Interagency Partnerships

From the perspective of the states, the federal legislation encouraged or reinforced the development of interagency coordination. Within each state, JOBS implementation is a joint effort of many organizations, especially the state agencies administering the JTPA and educational programs. As a result of these linkages, state welfare agencies are drawing upon the expertise of other agencies to build the capacity to deliver JOBS services and child care.

The linkages between the state welfare agency and other state agencies providing JOBS services take several forms. In three of the early implementing states, Maryland, Minnesota, and Pennsylvania, the state welfare agency was already a partner in a broad education and training effort directed at low-skilled people. To implement JOBS, the state welfare agency built on these linkages by transferring both funds and considerable management responsibility for JOBS to the state agency administering the JTPA. JOBS funds are used by these agencies and their contractors to purchase services for JOBS participants, thereby assuring them a certain level of service. To some extent, these other agencies also use their own resources to serve JOBS clients.

In Michigan, New York, and Oregon, the partnerships are more varied and link the state welfare agency to local organizations as well as other state agencies. As in Maryland, Minnesota, and Pennsylvania, considerable amounts of JOBS funds are used to purchase services for JOBS participants. Similarly, some of these other agencies use their resources to serve JOBS clients.

In contrast, the other four states' welfare agencies do not purchase significant amounts of services from other organizations. Where linkages have been established, they are for the purpose of obtaining resources for JOBS participants. In Tennessee, most of the resources for JOBS services other than child care are provided by the JTPA. In Mississippi and Oklahoma, the state welfare agency has negotiated agreements with many organizations to provide services to JOBS clients without payment. In Texas, only small amounts are being used to purchase services and few firm agreements have been reached with other organizations to provide services to JOBS clients without payment.

The agreements in Tennessee and Oklahoma may be successful in assuring welfare recipients access to services. In Tennessee, services for 2,023 participants, the number required to meet the seven percent participation rate, must be provided under the terms of a contract. In Oklahoma, the state welfare agency is a politically powerful institution and had considerable experience with welfare employment programs before JOBS implementation. But in Mississippi and Texas, few binding commitments have been made by other agencies to serve JOBS clients. In the absence of large amounts of JOBS funds to purchase services, their capacity to serve clients is in doubt.

The reliance by the states on the services of other organizations was encouraged by the federal legislation's emphasis on interagency coordination. This coordination allows the state welfare agencies to access services already available in local communities and potentially avoids service duplication. Reliance on coordination, however, also decreases the welfare agency's ability to control the nature and scope of the services provided, particularly when these services are obtained without payment. Even when services are purchased, issues of control and accountability arise. These issues are compounded further by the autonomy of regional and local welfare districts in some states.

The Challenges of Implementing JOBS

When this study was conducted, in October through December 1990, all study states planned to meet the seven percent participation rate and to spend 55 percent of their funds on members of the target groups. For seven of the states—Maryland, Michigan, Minnesota, New York, Oklahoma, Oregon, and Pennsylvania—meeting these federal mandates was not thought to present a major challenge. Programs introduced during the 1980s and expanded with the enactment of JOBS were serving relatively large numbers of recipients. According to state projections, the number of participants was sufficient to meet or exceed the seven percent threshold. Mississippi, Tennessee, and Texas also planned to meet the participation rate, but administrators were less certain that this goal would be achieved. With large numbers of recipients in the target groups, most states expected to face little difficulty in spending 55 percent of their JOBS funds on target group members.

While many state administrators expected that their JOBS programs would meet the federal mandates for participation and targeting, they were not confident about their ability to track and monitor program participation or to meet the federal reporting requirements for JOBS. That some states viewed these provisions as a major challenge, perhaps the greatest challenge, in implementing JOBS indicates the ease with which they were able to transform their existing programs into JOBS. Obtaining the information to learn whether the state was meeting the federal mandates was perceived as a challenge that was as great, or even greater than, meeting the mandates themselves.

The 20 hour rule, which requires that participants be scheduled for JOBS activities for an average of 20 hours each week, has also been a challenge for most states. For states that had developed their welfare-to-work programs prior to JOBS, when hours of participation was not a critical parameter, adjustments in program design were necessary. For states developing new programs, efforts were made to incorporate the 20-hour rule into the design of components.

The purpose of the 20 hour rule is to insure that JOBS services are meaningful and, by monitoring such activity, to encourage clients' continuous participation. States are clearly responding to the rule by establishing JOBS activities, or by linking several JOBS activities, to provide 20 hours of service. Many are finding this to be a challenge, which indicates that services were not scheduled for 20 hours prior to JOBS and that JOBS is encouraging change. The rule is operating as intended to insure that participation in education, training, and employment activities requires a significant effort on the part of both the agency and the participant.

The rule is also having some negative consequences. It potentially discourages states from enrolling participants in full-time college programs, which consider full-time enrollment to be 12 to 15 hours each week. To schedule additional hours may lead to the creation of meaningless activities for these students or undermine their ability to successfully pursue their studies. The rule also creates no incentive to work with clients who may be more limited in their current capacity and are simply unable to handle 20 hours of approved JOBS activities. The 20 hour rule also fails to take into account the need to pace activities based on the abilities of the client. For example, a person participating in a substance abuse program and taking several hours of course work to obtain a GED certificate may be proceeding appropriately, and scheduling additional hours may overwhelm the individual during these initial steps to economic self-sufficiency.

Meeting the Spirit of the Law

When the Family Support Act was passed in 1988, many advocates viewed the JOBS title not only as programmatic legislation, but as a signal for change. As a programmatic reform, it gives states new opportunities to help the dependent poor achieve self-sufficiency. In providing additional federal financial support and mandating a minimum participation rate as a condition of receiving this support, the Act gives the states incentives to take advantage of these opportunities.

But the spirit of the legislation goes beyond these legislative provisions. Its advocates intended JOBS to be a signal to welfare systems throughout the nation that they should take on a mission that emphasizes services intended to reduce welfare dependency rather than just to provide cash assistance. Moreover, government and recipients should enter into a new social contract that would redefine their relationship as one of mutual obligation. In doing so, government would fulfill its obligation to provide the services that people need to become self-sufficient. Welfare recipients, in turn, would be encouraged to fulfill their obligation to make efforts on their own behalf to prepare for jobs and enter the labor force (Reischauer, 1987). Some also envisioned the Family Support Act as offering the potential to serve vulnerable parents and their children through more extensive supportive services and linkages to comprehensive family and children's services (Smith, Blank, & Bond, 1990).

We conclude from our review of the initial phase of JOBS implementation that states have come closer to meeting the letter of the law than the spirit of the law. For the most part, the hope that states would use JOBS implementation as an opportunity to signal a change in the mission of welfare systems or to redefine the social contract has not been realized. In none of the study states did JOBS spur state leaders to alter their public stance toward welfare or to make a strong personal commitment to reform their welfare programs in light of the new law. The creative and enthusiastic response of Massachusetts and several other states to the optional WIN Demonstration and Title IV-A work programs was not replicated by the implementation of JOBS in the ten states examined here.

Nor has the theme of mutual obligation been prominent in the rhetoric of state leaders or reflected in their policies. If the strength of the obligation undertaken by government to provide opportunities for welfare recipients is measured by funding levels for JOBS, only Maryland and Oregon have come close to assuming their full obligation. If the strength of the obligation placed on welfare recipients is measured by the extent to which they are required to participate in JOBS, states are at most imposing this obligation selectively, if at all. Looking across the 10 states, there is some evidence that states impose more obligations on recipients when they devote more funds to the program. States that are spending the least per participant rely heavily on voluntary enrollment, while those spending the most place greater emphasis on mandatory participation.

Whether states will increase their commitment to the program as the mandated participation rate rises or whether funding will remain constant or even decline is the most significant issue now facing the states. The current economic recession has dampened state tax revenues while increasing welfare caseloads, limiting the states' ability to draw down their entitlement of federal funds for JOBS. This may prevent states from offering the same level of services in all parts of the state or, in the three states that implemented JOBS in a limited number of counties, from implementing the program statewide. If funding remains stable or declines in the face of the increasing mandated participation rate, states may be forced to reconsider the design of their JOBS programs.

The Promise of JOBS

Although the promise of JOBS has yet to be realized, the opportunity remains. While we have concerns about the unfolding of JOBS programs based on the initial responses of these ten states, we also find that JOBS has sustained and fostered the commitment of state welfare agencies to provide enhanced educational and training opportunities to welfare recipients. The JOBS legislation and its associated provisions for child care are demanding and complex. To implement this legislation and to realize its potential require extensive and complicated responses by state and local governments. We must allow sufficient time for state and local governments to experiment with and to develop the JOBS programs appropriate to their social and economic situations as well as to the needs of their clients. At this stage of implementation, meeting the letter of the law may be necessary to allow the unfolding of the spirit of the law.

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The Family Support Act: Defining the Social Contract in New York

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The Family Support Act of 1988 has been described as representing a new national consensus on the nature of the social contract between the state and the dependent poor. An analysis of the development of enabling legislation in New York State, however, reveals profound discord over the design of its employment and training program. While the debate is couched in terms of programmatic issues, it is actually a clash over fundamental ideological questions about the role of government and the individual. Our analysis suggests that programmatic choices in New York and elsewhere will be shaped by resource constraints and a failure to resolve this underlying philosophical conflict.

Introduction

The Family Support Act of 1988, welfare reform legislation enacted in the final months of the Reagan administration, has been hailed as "the most sweeping overhaul of the nation's welfare system in half a century."¹ Viewed by many as representing a profound shift in the relationship between the welfare dependent and the state, the employment and training sections of the act require welfare recipients to make efforts to become self-sufficient in exchange for temporary income support. The new Job Opportunities and Basic Skills Training Program (JOBS) replaces the Work Incentive (WIN) program as the

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employment and training program for recipients of Aid to Families with Dependent Children (AFDC). Under JOBS, employable recipients are expected to search for employment or invest in their own employability through training, education, or work experience. Further, it mandates that states provide a specific range of employment and training services to at least a minimum proportion of employable recipients and target expenditures on certain groups. To enable recipients to participate in these activities, the state must also provide the necessary support services such as child care and continued health-care coverage when a recipient enters employment.

This federal legislation, many have argued, has redefined the social contract. The state has obligations to meet the needs of poor families, but in exchange for income support and a range of mandated employment and support services, the dependent poor have an obligation to make efforts on their own behalf.² This vision of the social contract, based on the mutual obligations of the state and the dependent poor, brought together diverse interests to enact the new program. Passage of legislation embodying this vision has been hailed by many as representing a "new consensus" on the response of the state to poverty and dependency.

Whether this promise is realized will depend on the actions of the 50 states. States have always been given wide discretion in designing and managing their welfare systems, and the federal mandates of the JOBS program leave them with considerable flexibility. But despite claims that the act represents the most significant change in 50 years, federal funding levels for JOBS are modest.³ Given constrained resources, states will be faced with difficult choices concerning whom to serve, the sequence and range of services, and the amount of services that should be concentrated on various groups in the caseload. In making these programmatic choices, the states will spell out the nature and degree of the obligations to be assumed by the state and the dependent poor.

This article is a case study of the initial response of New York State to the federal JOBS legislation. In part, New York's experience is of interest because the contentious politics that dominate policy-making in the state have forced into the open the debate over the difficult implementation choices. Because the debate has been open, we can view the options and trade-offs that confront all states to a greater or lesser degree. Furthermore, New York State contains 9 percent of the nation's AFDC caseload and accounts for 13 percent of payments, making its program the second largest in the nation.⁴ New York City, with its multiple social problems, operates the largest welfare program of any county. New York represents one of the great challenges to the JOBS program and for this reason alone, it is of interest.

The article begins with an overview of the federal JOBS legislation. We then explore the approach New York State took to the flexibility provided by the Omnibus Budget Reconciliation Act of 1981 (OBRA). An analysis of both the administrative reorganization and the substantive programmatic initiatives since 1981 illuminates recent changes and explains the political environment that produced them. Second, we review the progress the state is making in implementing the JOBS program. This portion of the article examines some of the critical compliance issues facing the state and explores the role of politics and ideology in shaping the state's response to the federal legislation.⁵

An Overview of the JOBS Program

The rhetoric of a new social contract, in which both government and welfare recipients have a mutual obligation to reduce long-term welfare dependency, obscures and may overstate the programmatic and institutional changes made by the legislation to achieve this goal. Many programmatic components of JOBS are similar to WIN; thus, states have had considerable experience delivering some of the services mandated under the new law. Furthermore, the JOBS legislation mandates or permanently authorizes options that were made available to states on a demonstration basis under 1981 OBRA legislation.⁶ For some states that took advantage of these new opportunities, JOBS will require few adjustments in programs and organizational arrangements. An overview of JOBS will clarify the most significant changes in the requirements and options facing the states and recipients.

The basic strategy of JOBS is to promote self-sufficiency by providing services to recipients and imposing specific requirements on both recipients and states. Services can be grouped in four categories: case-worker services (such as assessment, employment planning, and case management); support services (such as day care and transportation); education and training; and employment activities. Requirements include participation in JOBS by nonexempt recipients and mandates on the states regarding recipient participation and expenditures of funds on targeted subgroups of recipients. Each of these services and requirements is described below.

As an early step in the process of promoting employment, JOBS strengthens the assessment, planning, and management of services for recipients. In comparison, WIN required an initial appraisal of employability and the need for supportive services, followed by the development of an employability plan.⁷ The JOBS program upgrades this appraisal to an "assessment" of recipients' skills and employability and their need for education, child care, and other supportive services. On the basis of the assessment, the welfare agency, in consultation

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with the participant, develops an employability plan. The plan explains the services, including child care and other support services, to be provided by the agency. It also specifies the participant's employment goal and planned activities, thereby laying out certain obligations. To assist families in obtaining the services needed to participate, states have the option of assigning a case manager. Though WIN contained no provisions for case management, some states provided more or less formal case management in the course of arranging the support services required for participation in WIN.

After developing the employability plan, states have the option of requiring that each participant enter into a contract or agreement with the agency. The contract specifies the participant's obligations, such as the amount of time to be spent in the program. It also specifies the obligations of the agency to provide employment and supportive services. Whether this is a nonbinding agreement or a contract enforceable under the laws of the state is left to the states.

The JOBS program significantly liberalizes federal funding for child care, the most critical support service for parents who work or who seek education and training. Federal funds for WIN were capped at a level that left the child-care needs of many recipients unmet. Because participation in WIN could be required only if support services were provided, these caps contributed to the low rate of participation in WIN. Participation in JOBS is also contingent on the provision of child care, but a major step has been taken to provide care. Federal funds for child care are to be an open-ended entitlement at the Medicaid matching rate, which is between 50 and 80 percent.

The WIN program permitted states to offer a variety of employment and training activities but did not mandate any specific set of services. While JOBS also leaves considerable discretion with the states in designing their JOBS programs, both in the services offered and in their sequence, it breaks with WIN in requiring that all states offer four specific services and choose two out of four employment activities. Education, which was not funded under WIN, is required for certain recipients and is hailed as one of the significant new features of JOBS.

Three of the four required services relate to education and training that prepare people for employment. The first, "educational activities," includes basic and remedial education to achieve literacy, improve English proficiency, and achieve a high school or equivalent diploma. The second, "jobs skills training," is vocational training in technical job skills and training specific to particular occupations. The third, "job readiness activities," is designed to familiarize recipients with workplace expectations and to foster attitudes and behavior needed to compete in the labor market. The fourth required service is "job development and job placement." Agencies must solicit public or private

employers for unsubsidized job openings, discover such openings, and secure job interviews for participants.⁸

Programs designed to provide employment vary in their cost, the types and duration of the jobs secured, the degree to which they improve earning capacity, and in the nature of the demands made on the recipient. Congressional debate on the employment activities that states must offer was heated, with the Reagan administration pressing for mandatory state adoption of community work experience programs (CWEP), the workfare program authorized as an option under OBRA. As a compromise, states must select at least two out of four employment activities. Two of these, job search and CWEP,⁹ are the relatively low-cost, ideologically conservative approaches favored by Reagan. The other two activities, on-the-job training and "work supplementation,"¹⁰ offer the potential for the development of both skills and permanent employment. States are also given the option of offering appropriate postsecondary education.

In addition to requiring that states offer a minimum array of employment and training services, JOBS alters the institutional arrangements and responsibilities for delivering and coordinating these services. Under WIN, administrative responsibility was shared by the welfare agency and the employment security agency. Under OBRA, states had the option of operating a WIN demonstration that gave full responsibility for WIN to the welfare agency. The JOBS program mandates this arrangement, requiring that cash assistance, social services, and employment and training services be the responsibility of a single agency. The legislation requires that states coordinate their JOBS activities not only with the Job Training Partnership Act (JTPA), as was required under WIN, but with other employment, training, and education programs as well.

The JOBS program can be viewed as a response to the failure of WIN to enroll a significant fraction of the AFDC caseload. Under WIN, recipients were required to register and participate in WIN activities or risk financial sanctions. States were required to provide supportive services necessary for employment or training for a specified fraction of those required to register. But because WIN did not mandate that a specific fraction of recipients actually work or receive employment and training services, states were under little pressure to perform. In contrast, JOBS is based on the "consensus" that recipients are obligated to make efforts toward self-sufficiency and that states are obligated to provide the necessary services and support. To put this rhetoric into operation, JOBS imposes participation requirements on both parties to the new social contract.

States must achieve specified rates of participation in the JOBS program or lose federal funds. The participation rate is defined as

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the number of mandatory and voluntary participants in JOBS divided by the number of mandatory participants. The participation rate becomes progressively more stringent over time, rising from 7 percent in fiscal year 1991 to 20 percent in 1995. Failure to meet these rates will result in a reduction of the federal funding share for JOBS.¹¹ States are also required to target JOBS expenditures on specific groups of recipients or risk similar fiscal penalties. Two of these groups are people who are, or are likely to become, long-term recipients: those who have received AFDC for 36 of the preceding 60 months, and parents under the age of 24 who have not completed high school, are not currently enrolled in high school, and have had little recent work experience. A third group is recipients who will lose their eligibility for AFDC within 2 years as their youngest child becomes too old for assistance.

In addition, JOBS imposes greater obligations on recipients than did WIN, especially on those with young children. Under WIN, recipients caring for a child under the age of 6 were exempt; JOBS narrows the exemption to recipients caring for a child under the age of 3 and permits states to limit the exemption to parents caring for a child under age 1. Given the rise in labor-force participation among mothers with young children in the country as a whole, Congress felt similar expectations for welfare mothers were appropriate.

This overview of JOBS illustrates that, for the states, the new legislation offers new opportunities and imposes some meaningful constraints. However, many states, including New York, had already taken some work-welfare initiatives in response to the WIN demonstration authority granted under the Reagan Omnibus Budget Reconciliation Act of 1981. The magnitude of the changes required in order to comply with the federal JOBS mandates depends on a state's response to OBRA. New York's response to OBRA also illuminates the politics of welfare policy.

New York State Experience after OBRA

New York State, with its county-administered welfare system, has traditionally given local welfare districts considerable discretion in designing and managing their employment and training programs.¹² The exercise of strong state authority is limited by the political differences that separate the Republicans in the upstate counties from the Democrats in New York City and by the magnitude and seemingly intractable social problems of the city. In responding to federal legislation, the state frequently gives considerable flexibility to the counties to conform in a manner that meets their particular values and needs.

At the time of OBRA's enactment, the counties were engaged in a wide range of employment and training programs and demonstration

projects. These demonstrations, while not all of proven value, were considered to be of sufficient merit to be given permanent statutory authority. By cutting funding for WIN and authorizing WIN demonstration projects, the OBRA legislation also encouraged state action. In 1984, New York used the WIN demonstration option to launch its Comprehensive Employment Program (CEP), which is now the state's umbrella for the work-welfare programs of the local welfare districts.

The Comprehensive Employment Program, despite its name, is not viewed as a major welfare reform initiative. It is not a single programmatic model of a specific set of services that must be provided in all counties. Rather, it gives counties authority and flexibility to develop their own programs. The program is "comprehensive" only in the sense that the local welfare district must coordinate the full range of employment services available to a recipient.

The significance of CEP is threefold. First, welfare districts gained the authority to operate their own work-welfare programs and the responsibility for overall district planning independent of the state Department of Labor. To varying degrees, local welfare agencies have organized linkages between the income maintenance functions and job readiness, search, and placement assistance, as well as employment and training programs (most of which are currently funded under the Job Training Partnership Act), education, and related support services. Hence, in practice, CEP introduced the WIN demonstration program, and New York officially adopted WIN demonstration status with little fanfare in May 1985.

Second, CEP expanded the range of authorized employment, training, and educational services to include all the mandatory and voluntary components of the JOBS program. All 58 social services districts in the state have chosen to participate in the Comprehensive Employment Program. However, because local districts can choose which service components to offer and how to deliver these services, programs vary significantly around the state. Implementing JOBS will require choices about priorities, the allocation of resources, and the obligations of recipients, not broad programmatic or organizational initiatives.

Third, in implementing the significant reforms of the CEP, the balance of power between the state and its localities was preserved. Local welfare districts retained their autonomy in controlling the types and content of services and in decisions about participation requirements.

New York responded cautiously to OBRA's demonstration authority for community work experience programs (CWEP). State administrators explicitly recognized the value of workfare as a "caseload control/deterrent" device¹³ and feared that CWEP would be used to generate sanctions rather than as a constructive step toward unsubsidized employment. Members of the Democratic-controlled assembly shared this view, expressing particular concern about its punitive use by the Koch

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administration in New York City. Given these concerns, the Department of Social Services (DSS) did not initially mandate CWEP in the counties and moved slowly in authorizing local CWEP programs. The state senate, dominated by upstate Republicans, objected to this delay and argued that state law mandated CWEP. Under pressure from the senate, DSS issued an administrative regulation in 1987 requiring that all districts operate a CWEP program,¹⁴ and by 1988, all local districts complied.¹⁵

Differences in employment and training activities between New York City and the rest of the state are quite marked. New York City relies much more heavily on CWEP and much less heavily on supervised job search than the rest of the state. Both make equal use of training, although the types of training differ.¹⁶ Differences between the city and the rest of the state are also evident in the outcomes of employment and training programs. The CEP program appears to be more successful outside the city in moving people into jobs and in producing grant savings due to employment. Not only are the city's programs less successful in reducing welfare grants, but a disproportionate share of these reductions result from sanctions, not jobs.¹⁷

State administrators have encountered legislative resistance to moving beyond CEP, which permits localities to engage in a broad array of employment programs but does not mandate them. In 1986, the governor attempted a first step toward a more uniform set of mandated services when he proposed that social services districts be required to conduct an assessment and develop an employment plan for each employable public assistance recipient. The assembly, especially the New York City members, opposed the legislation because of the sanctions that would be imposed on people who failed to participate in an assessment. It was also concerned about the capacity of local districts such as New York City to perform the assessments and provide employment and training services. The senate, however, was reluctant to impose mandates on the localities that would add to their costs and reduce their flexibility.

Unable to enact a mandatory statewide program, New York has sponsored additional demonstration projects that local agencies can adopt at their own discretion. The most ambitious, which state and local administrators view with pride and point to as a model for the JOBS program,¹⁸ is the Comprehensive Employment Opportunity Support Center (CEOSC) program established in 1987. Using intensive case management, CEOSCs are designed to offer or coordinate all the educational, vocational, supportive, and job placement services recipients need to achieve their training and educational goals and unsubsidized employment. Participants are to enter into an "opportunity contract" specifying the mutual responsibilities of welfare recipients and government.¹⁹ Located in their own quarters away from welfare depart-

ments, GEOSCs also address the personal needs of recipients in a supportive environment. Many offer such services as on-site day care, family planning, and parenting training.

Participation in GEOSC is voluntary. Enrollment is limited to AFDC parents with children under the age of 6, who have traditionally not been required to participate in work-welfare programs. The pool of potential participants is large, and extensive outreach programs have been undertaken to encourage them to volunteer. Although only a small percent of those eligible have volunteered, they are sufficient to fill the available slots in the 19 programs that are currently funded. Through July 1989, 8,155 participants have entered into an opportunity contract, and 4,970 have enrolled in training.²⁰

The work and core programming undertaken by New York State since 1981 compares favorably with a number of state programs that have been studied in greater detail and have been favorably evaluated. The sum of all these activities, however, reveals neither a comprehensive nor a clear and consistent strategy for improving the employment prospects of welfare recipients. Initiatives vary from locality to locality, and the character, quality, and extent of program investment is very uneven. To some degree, this variation statewide reflects the character of the state's administrative organization. A county-administered system, even when supervised by the state Department of Social Services, depends on local resources and decisions. Local districts, while under some state mandates, have considerable discretion in designing programs that reflect the character of local needs and existing resources. The state exercises limited authority over local preferences.

The lack of a clearer state mandate, however, also reflects fundamental differences in philosophy and approach among state decision makers. The new consensus about approaches to assisting dependent poor, presumably reached at the federal level, has not been reached at the state level, and the state's position as it approaches its implementation deadline reflects considerable conflict about the most fundamental issues raised by the federal JOBS legislation.

State and City Responses to the Family Support Act

The federal JOBS legislation was welcomed by most players in New York in large part because it increased federal cost sharing and left many critical choices of program design and operation to state discretion. As a result, each governmental unit and advocacy group could develop a vision of welfare reform consistent with its own values and philosophy. This opportunity, forced by the need to pass legislation to implement JOBS, exposed the long-standing schisms in philosophy that have produced the current variation in county programs around the state.

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The State's Response: Avoid Difficult Choices

The governor's office and the state Department of Social Services (DSS) were confident that the local programs already in place met the initial federal requirement that 7 percent of eligible recipients participate in JOBS. As they planned the state's response to the federal legislation, they felt little pressure to recommend an overhaul of the existing system. The governor's bill, submitted to the legislature early in 1989,²¹ would not create an entirely new work-welfare program; it would only alter existing programs incrementally.

With few exceptions, the bill makes only the amendments explicitly required by the federal JOBS legislation. The JOBS program is introduced into state law by replacing references to WIN with references to JOBS. Federal language is followed closely concerning assessments, employability plans, contracts with recipients, participation in JOBS, exempting and sanctioning recipients, target groups, single state agency administration, and various other requirements. Because federal language is not specific about many programmatic details, the bill allows counties considerable discretion over many program components and means of compliance.

The governor's bill does take a stand on two important issues. First, it exempts from JOBS parents caring for a child under age 3. Second, it selects CWEP and job search as the two services that localities must offer. On-the-job training and work supplementation would be permitted but would be optional. In mandating job search and CWEP on the localities, the bill gives the state its greatest chance of meeting the federal participation requirements without dramatic changes in current programming. These services are already delivered to significant numbers of recipients under WIN and CEP, while few participate in on-the-job training or work-supplementation programs. It is also important to note that neither CWEP nor job search are mandated for individual recipients and that people may not be required to participate in job search prior to establishment of eligibility.

Overall, the governor's bill fails to seize the opportunity to initiate sweeping changes in the state's work and welfare program or to further a clear statewide policy and programmatic vision. Rather, the bill moves very cautiously to embrace the existing configuration of services available in the state without resolving the many difficult questions raised by the federal law. A legislative staff member described the governor's proposal as a "shell" bill that is not so much a program as an outline of the issues to be negotiated by the legislature, the governor's office, and DSS.

New York City: Making Its Case for a Mandatory Program

In immediate response to the federal legislation and before either of the legislative chambers had proposed bills, New York City initiated

its own proposal for compliance. The approach taken by the Koch administration was the most aggressive in its commitment to universal participation. Called BEGIN (Begin Employment/ Gain Independence), the city's plan is built on a well-conceptualized model based on its own experience and on the successful saturation experiment in San Diego operated by the Manpower Demonstration Research Corporation (MDRC).²² The strategy depends on a 3-week job search assistance program that includes orientation, child care information and assistance, life skills training, and structured job club activities.²³ This job search assistance would be provided "up front" before recipients received an assessment or any other service.

The city's Human Resources Administration (HRA), which has had experience with each of these components over the past few years, takes a strong positive position on up-front job search.²⁴ Officials at HRA argue that mandatory participation in this initial component assures equality of treatment and results in a cost-effective program. Many participants find jobs at this stage, and those who do not can use the experience to identify their labor-market disadvantages. The officials we interviewed at HRA indicated that they expected 15–30 percent of participants to find jobs at this point.²⁵

Those remaining on the rolls would then undergo an intensive week-long assessment during which a range of education, training, and work-experience options are reviewed and client and worker determine an optimal assignment. Case management, an expensive and labor-intensive service, would be reserved for a small number of clients determined to be in need of special assistance. Community work experience programs would be offered along with adult basic education or high school equivalency education for those with little or no work experience. To respond to the criticism that CWEP places few clients in permanent jobs, and secures only dead-end jobs for those placed, the city has already altered the way it runs CWEP. "Enhanced" CWEP provides an initial orientation and a structured developmental assignment (including education) with improved supervision at the site for a maximum of 5 months. Emphasis has been placed on assuring the transition to regular employment through improved monitoring of client performance and an increased commitment to assisted job search at the end of an assignment.

The city's proposal, therefore, depends on enforcing the obligation to work, maximizing initial job placements, and reserving scarce and expensive services for those who cannot find employment or cannot benefit from work experience. The program depends on changing the message to recipients and enforcing their obligations. It does this by monitoring client compliance and imposing sanctions when clients fail to meet mutually agreed-on commitments without good cause. Further, BEGIN depends on a required up-front job search as an assessment of labor-market readiness. The city also argues that an

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enforceable work requirement is necessary and desirable. It insures that the same obligations are imposed on all those expected to work, and it establishes reciprocity between the state and its clients. Officials of HRA are also convinced by recent experience with their mandatory CWEP program that enforcement of work requirements functions to control caseload growth and to uncover concealed income from underground jobs. While data were unavailable to document these assertions, Human Resources Administration officials argued that their evidence is indirect but persuasive. When sanctions for noncompliance have been imposed for 30 days, more than half of those sanctioned fail to return to the rolls.

The city's BEGIN proposal does in many ways what the governor's bill fails to do. It defines the precise character of a relationship between clients and the state and reorients new and existing program components to achieve a specific goal: to move clients from welfare to work. It establishes the importance of mandatory participation of nonexempt clients in an effort to accomplish that goal, and it is clear about the means and process by which the state will provide clients assistance to achieve independence. The BEGIN program also makes clients' reciprocal responsibilities explicit. It is unambiguous in its message.

The Legislative Debate

The New York State legislature, the ultimate arbiter in resolving conflict between city and state, is itself split by divergent interests. The New York State senate is led by Republicans who represent white, conservative upstate constituents, while the Democratic assembly is dominated by representatives of the more liberal downstate constituents. Historically, the senate has tended to resist policies that increase welfare expenditures while the assembly, particularly members from New York City, has taken a greater interest in representing the interests of poor constituents.²⁶ Their differences in views have changed in recent years, mirroring similar changes nationwide. Conservatives have come to appreciate the value of education and remediation in reducing dependency. Liberals, conversely, have come to see that welfare should offer more than long-term income maintenance. However, disagreement remains surrounding the goal of reform, with the senate oriented more toward reducing dependency and the assembly oriented more toward reducing poverty.²⁷

The senate submitted its bill shortly after the submission of the governor's bill, knowing that the city intended to introduce its BEGIN program.²⁸ While similar in many respects to the governor's bill, the senate bill makes both symbolic and substantive changes. The governor's bill inserts the JOBS provisions piecemeal into existing law, but the

senate bill emphasizes JOBS by creating a new title of the state's Social Services Law. Up-front job search is mandated, as in BEGIN. Employable recipients and employable applicants, prior to the establishment of eligibility, must engage in job search for up to 3 weeks before an assessment is made or any other employment services are provided. Participation requirements are broadened by exempting only parents with children aged 1 or less.

Efforts to forge a compromise around either the governor's or the senate's bill became increasingly difficult as the legislative session progressed. A task force that had been established to help reach an accord held hearings to solicit the viewpoints of numerous agencies and interest groups.²⁹ The hearings highlighted the wide schisms within the state and, in particular, the concerns of the assembly's constituents. At the eleventh hour of the legislative session, with no compromise in sight, the assembly submitted its own bill as a clear rejection of the approaches taken by the governor and senate.³⁰ The assembly bill, as is discussed below, stakes out a position sympathetic to the views of many social welfare advocates. With only a few days to resolve the deep conflicts that stood in the way of compromise, the legislature ended its 1989 session without passing legislation to implement JOBS on July 1. Ironically, those most responsible for forging the "new consensus" in federal legislation, Daniel P. Moynihan in the Senate and Thomas J. Downey in the House, are both New Yorkers.

All the executive and legislative staff we interviewed acknowledged that the assembly's bill is a reaction to New York City's current program and its BEGIN proposal. The collective perception is that the city's policies toward clients are punitive, are oriented not toward reducing poverty but toward reducing costs and caseloads, and that the Human Resources Administration is administratively incapable of running quality programs. The skepticism about the city's willingness and ability to run an effective, client-oriented program was cited by most of the actors as key in the assembly's unwillingness to accept the senate's or the governor's bill. The central substantive issues and philosophical orientations that created the deadlock can be understood by contrasting the assembly bill and New York City's BEGIN.

The Sequence and Content of Initial Services

The first major impediment to legislative compromise is disagreement over the sequence and content of job search and assessment services. The city's program and the senate bill mandate up-front job search as the initial tool for assessing the need of clients for services. As senate staff argued, "no assessment tool is a better judge of who will get a job than who does get a job." In their view, an initial period of job search is a low-cost method of determining employability. Scarce re-

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sources available for performing assessments should be reserved for those clients unable to meet this labor-market test.

The assembly's bill represents an explicit rejection of this philosophy. Assembly staff argue that all clients must be provided assessments at the outset of any required participation in any JOBS program component. The bill therefore mandates assessment as the initial activity, not up-front job search. It also requires that local districts use outside contractors to perform the assessments whenever possible, a response to the inherent conflict of interest that eligibility specialists face when assessing both a client's employability and needs.³¹ Further, assembly staff have strong views about the definition of "assessment," and what mandates should be imposed regarding its scope, depth, and timing.

While language in the assembly's bill is vague about what an assessment should actually involve, a member of the governor's senior staff described it as a "Cadillac" assessment. Presumably, in this assessment, a skilled counselor (possibly under contract) would gather information from each client (after benefit eligibility or recertification has been determined) about education and employment history and experience. Tests might be administered to determine employment-related skills, interests, and educational accomplishment. Further, a full assessment might gather data on family functioning, health (including drug and alcohol use), and needs for social and support services (e.g., housing and child care). Such assessments can take weeks and involve the coordination of referrals to various testers and social service personnel. Once an assessment is complete, an employment counselor, in consultation with the client, can develop an employability development plan that sets employment goals and coordinates programs to accomplish them.

Considerable controversy accompanies this approach. Those who support Cadillac assessment believe the state has an obligation to invest in longer-term human capital development. Their objectives are to help welfare recipients obtain better jobs and achieve longer-term self-sufficiency. Developing an appropriate match, they argue, between a client's needs and an individualized service program requires an assessment of considerable scope and depth. Further, it should come at the earliest possible time in a client's relationship with JOBS.³²

The state's showcase program, implemented as part of the OBRA reforms, is the Comprehensive Employment Opportunity Support Center (CEOSC) program described in the previous section. One critical programmatic feature of CEOSC, in addition to case management, is intensive initial assessment. An interview with one of the best program operators in New York City revealed considerable commitment to the process even in the face of criticism about the value of assessment in actually predicting employability. When asked about how the resources for an intensive assessment could be justified, given its limited predictive value, she remarked that the most important part of the assessment

process was that clients discover their talents and labor-market deficits. It encourages client self-awareness about employment and training potential. She argued that programs that refer only "failures" to assessment after up-front job search undermine clients' confidence and resolve and make the initial relationship with program components an inherently negative experience. She and her program staff embrace a philosophy, consistent with the historical casework position of DSS, that emphasizes the importance of preserving the voluntary and supportive nature of the interaction. In-depth assessment, they argue, serves this function.

In contrast, the city administration, the senate, and even the governor's staff object to in-depth assessment of all clients at the outset as extremely costly, unnecessary, and of limited proven effectiveness. Mandating assessments for all clients would necessarily shift existing resources away from education and training for less job-ready clients. Assuming that there is a strict budget constraint for program operation, intensive assessment is a highly significant policy decision.³³ They point to California's Greater Avenues for Independence (GAIN) program as exemplifying many of the potential pitfalls of up-front assessment.³⁴ They contend that up-front assessments are the "black holes" of employment programs—of dubious demonstrated benefit in determining employability and fraught with opportunities for work-ready clients simply to disappear before they are placed. Manpower Demonstration Research Corporation (MDRC) staff who evaluated the GAIN program confirm that intensive assessments are of dubious predictive value. They offer very little about who will actually be successful in the job market, and their results are of limited value in setting goals. For example, while documenting educational deficits may be of significant value in setting educational goals, it is not particularly helpful in setting employment goals.

Employment Services

In addition to the education and training services that all states must offer, the Family Support Act requires that states provide two of the following: job search, CWEP, on-the-job training, and work supplementation. Job search and CWEP are low-cost options that require clients to make efforts to work but do little to improve their earning capacity. On-the-job training and work supplementation have more promise as investments in human capital but require a supply of both job-ready candidates and prearranged jobs with private or nonprofit organizations.

With the exception of the assembly, the critical actors agree that job search and CWEP should be selected as the mandatory service components. As discussed above, New York City's BEGIN program is

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premised on the inclusion of a CWEP program and mandatory job search, and the senate sympathizes with this approach. The governor's support for CWEP and job search may be less ideological and more pragmatic. In the state fiscal year 1988, only 1,365, or 2 percent of AFDC recipients participating in a Comprehensive Employment Program component, were enrolled in on-the-job training or work supplementation.³⁵ Mandatory job search and CWEP enable the state to meet the 7 percent participation requirement without significant changes in programming.

The assembly, and the welfare advocacy groups whose position it represents, express concern about these choices and instead emphasize intensive and high-quality services. The assembly's bill requires local agencies to offer on-the-job training and work supplementation. Localities are permitted to offer CWEP and job search, but their use is to be limited. Only 10 percent of participants can be assigned to CWEP, and the duration of an assignment is limited to 3 months (and no more than 6 months over 2 years). Job search would also be permitted for no more than 10 percent of the caseload and then only in conjunction with other employment, training, and educational services. Its duration would be limited to no more than 8 weeks over a year. The bill is a direct reaction to the city's programs under the WIN demonstration and CWEP and to the prospects for their transformation into BEGIN.

Since New York City became a WIN demonstration site, the CWEP program has expanded greatly. But the city's reliance on CWEP has met with serious criticism from liberal legislators and advocacy groups. Critics argue that it has been overused and that it has been used punitively. Clients' unwillingness or inability to comply with its requirements has been dealt with harshly, they argue, and has provided the city with an opportunity to curb caseload growth and realize savings through sanctions that generate administrative "churning" on and off the rolls.³⁶ The Community Work Experience Program appears to be associated with sanctioning: in recent years, the city accounted for four-fifths of the state's participants in CWEP and generated a similar share of the state's grant savings due to sanctions.³⁷ Another and more significant criticism is that the numbers entering employment from CWEP have been low compared with other components. In the view of New York City's critics, CWEP is punitive and places too much emphasis on short-term job placement rather than on developing longer-term employability and capacities to obtain and keep a "good" job.

Two- versus Four-Year College

Whether state legislation should allow clients to attend 4-year colleges at state expense as a JOBS option illustrates the nature of the debate.

Current policy and proposals by the senate and the governor favor a 2-year option. The assembly is strongly committed to extending the option to 4 years. Clearly, the option would be relevant for only the small number of participants who are prepared to attend a 4-year college. Not only does it concentrate significant per-client resources on a small portion of the caseload, but these are the clients who are likely to be the most job ready. The debate, therefore, illustrates the strong differences in philosophy and reflects very different resource-allocation strategies for constrained state budgets.

The assembly and welfare advocates who support the 4-year college option identify the large payoffs, in terms of enduring poverty reduction, that can be expected from significant human capital investments. They view the rejection of this option as evidence of the state bias in program design and resource allocation toward caseload reduction through job placement rather than toward a longer-term strategy of human capital investment. An opposing view is that a state-financed 4-year college option is simply not an efficient allocation of scarce resources. It shifts resources from recipients who are most at risk of continued dependency to the better educated, who are least at risk.

The Nature of the Social Contract

Much of the controversy blocking passage of state legislation derives from disagreements on the nature of obligations under the new social contract: the obligations of recipients to participate in JOBS and of the state to invest in employability development and support services. The debate is best illustrated by the way the various parties seek to resolve how much obligation clients have to find employment, what portions of the caseload should have the greatest compulsion to do so, and what sanctions should be levied for noncompliance.

The language of the Family Support Act seems to call for a mandatory program. States must require that all nonexempt AFDC recipients participate in JOBS, provided that child care is available, that the program operates in the political subdivision, and that resources permit.³⁸ Failure to participate without good cause is punished by sanctions. But these and other provisions provide latitude in how the participation requirement is actually implemented and raise questions about whether states must operate a "mandatory program" for all nonexempt recipients.

The ambiguity results in part from the caveats stated in the participation requirement: that child care be guaranteed, that the program operate in the political subdivision, and that resources permit. The interpretation of the participation requirement is further blurred by requirements concerning volunteers and target groups. First, recipients and applicants who are not required to participate must be allowed to volunteer. Second, within the target groups, states must give first

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priority to volunteers. Third, if the targeting provisions have not been met, states need not require or even allow participation of people outside the target groups.³⁹ These provisions open the possibility that states could meet federal participation requirements by running a program that relied solely on volunteers.

The BEGIN program, with up-front job search, is clearly a mandatory program, and the bills of both the governor and the senate⁴⁰ also require participation. In contrast, the assembly bill specifies that "districts *may*, after serving volunteers first, require employable recipients to participate . . . in order to meet the federally required participation rates"⁴¹ (emphasis added). The crux of the controversy is on the degree of compulsion that should be exercised if resources are limited. A mandatory program would serve large numbers of participants but would relegate many to low-cost options such as job search or CWEP. A program that relies on volunteers and selective compulsion of targeted groups might serve fewer people but could provide higher-cost services.

The debate about how mandatory the "mandatory" participation requirement should be is mired in a debate about how best to allocate very scarce resources. Underlying the debate are clear remnants of residual and unresolved philosophical differences about the role of the state and the obligations of recipients. Some proponents of the new social contract argue that recipients have an obligation to work in exchange for welfare and that a mandatory participation requirement is essential to conveying this obligation. In this view, participation should be mandatory even if a state could meet its participation rate with volunteers. Welfare advocates argue that a voluntary program will be more effective because it focuses on more highly motivated clients and encourages localities to design attractive programs.

Issues of obligation have also been raised in discussions about how the child-care requirement should be administered. The testimony, before the task force on welfare reform, of staff from the Department of Social Services and other agencies illuminated the controversy over how much of the burden of finding and choosing satisfactory child care should rest with the client and how much compulsion there should be to accept any available arrangement. Since clients without arrangements could be exempted from participation, how child-care arrangements are secured and enforced can have a potentially significant impact on the compulsion clients may feel to participate in program components.

How much compulsion individuals may feel to comply can also be related to the process and the certainty with which sanctions are imposed. This has clearly been the position of the Human Resources Administration. The assembly, which is concerned with the potentially punitive use of sanctions, takes a more liberal approach to their imposition. Its

bill requires, for example, two 21-day notice periods before the sanctions are imposed. The senate's and the governor's bills would retain the state's existing 10-day notification period. While federal legislation mandates an extensive reconciliation and mediation process, neither the senate's nor the governor's bill has taken a position on it. The assembly bill provides for an in-house reconciliation process followed by an independent mediation procedure with an outside contractor.

How participation is monitored and how sanctions are imposed are often crucial to whether there are actual or simply illusory consequences of ignoring obligations. When, for example, lengthy and recurring notification procedures and multiple appeal and adjudication processes exist, staff may not be zealous in initiating sanctions. Supporting a mandatory program has significant resource implications since it may require costly investments in computer tracking systems and staff training.

This review of the legislative debate reveals the powerful role that politics and ideology play. It is not surprising, in this environment, that the significant empirical evidence available on the outcome of heavily researched demonstration programs in other states had virtually no role in the discussions. The debate has very little to do with relative effectiveness of alternative program designs. It is almost exclusively about conflicting values. Our research included interviews with state and local program administrators, legislative staff, and program staff. With the exception of administrators and staff at the Human Resources Administration who depended heavily on research findings to fashion the design of BEGIN, no other actors we interviewed saw empirical evaluations of actual program outcomes around the country as influential or even relevant to the discussion of welfare reform in New York.

The Legislative Compromise

The 1990 legislative session was no more congenial than the previous one, which had ended in a stalemate over JOBS. A serious budget crisis caused by looming multiyear deficits dominated the session, and bitter conflict delayed passage of a budget by 7 weeks beyond the start of the new fiscal year. As the mandatory JOBS implementation date of October 1, 1990, approached, however, legislation could no longer be delayed and a compromise was reached.¹² The extreme budget restrictions resulted in a relatively small appropriation for JOBS—less than needed to obtain all the federal matching funds available for New York. Indeed, funding is so modest as to preclude the costly commitments implied by the assembly's bill. Nonetheless, of the issues discussed above, many were resolved in the manner favored by the assembly, and, on balance, the enacted bill represents an important

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symbolic victory for the assembly and the welfare clients and advocates that it represents. The absence of significant state appropriations, however, suggests that the effect may be largely symbolic.

One important victory of the assembly is the promotion of child care that meets state regulations and, presumably, meets minimum quality standards. If a parent requests help in finding child care, the welfare agency must offer at least two choices of regulated child-care providers.¹³ If these are inaccessible or unavailable, the parent is excused from participation in JOBS. Parents still have the choice of obtaining their own child care, which need not be regulated, but they cannot be required to accept unregulated care.

The assembly's bill is also followed in most respects regarding the sequence and content of initial services. Up-front job search is not required statewide, and assessments must be of considerable scope and be performed by trained staff. The senate prevailed, however, in giving local districts the option of requiring up-front job search. The senate also succeeded in limiting college attendance to 2 years rather than 4. The debate over which employment services must be offered by the districts (in which the governor and senate favored job search and CWEP, and the assembly favored on-the-job training and work supplementation) was resolved by requiring that districts offer all of them.

The legislation permits JOBS to be either mandatory or voluntary, depending on the experience and choice of the local district. A district must require participation in JOBS if this is needed to meet the federal mandates regarding participation rates and targeting of expenditures. Once these federal mandates are satisfied, however, a district has the option of operating a voluntary program. This option is viewed as the other significant victory for the assembly, and a defeat for those who argue that the new social contract imposes on welfare recipients an obligation to work.

How local districts will implement their JOBS programs, given limited funding for JOBS services and child care, is a matter of speculation. Giving parents a choice of regulated child care and excusing them if it is unavailable, may severely limit program participation. Local districts must offer all employment services, but they are left with discretion concerning the resources to be devoted to each. Whether they will have the resources, ability, and motivation to make their JOBS program attractive to volunteers, and whether they will choose to require participation, will determine whether JOBS is a mandatory or voluntary program. Hence, even with passage of the JOBS legislation, the mutual obligations of government and the poor are likely to vary from one local district to another, and the nature of the social contract in New York remains ambiguous.

Conclusion: The Depth of the "New Consensus"

New York has experimented with a variety of programmatic and administrative initiatives under the federal OBRA legislation and waivers. Indeed, most of the mandated and optional JOBS components exist in some form around the state. But as has been observed in research on state work-welfare programs around the country, these are not one program but a range of strategies reflecting differences in philosophy, objectives, and funding.⁴¹ Recent legislative discord over the development of enabling legislation illustrates how these differences can be played out programmatically and how they limit state policy and planning.

New York State policy on welfare reform finally emerged in a compromise bill that enables the state to meet the mandatory implementation date. Already the state had lost higher federal reimbursement for which it would have been eligible had it been in compliance with federal legislation. What the process of debate and negotiation has clearly revealed, however, is a striking lack of consensus about means and ends of fundamental reform.

The federal mandate leaves considerable discretion to the states on the character and operation of programs. Our research has demonstrated that significant policy emanates not only from program design but also from program operations. Actual operational decisions about how zealously obligations are enforced, child-care slots obtained, and workers trained to change the message to clients will continue to be county based in New York. These decisions are likely to have more influence on actual program content than the letter of the new law. Program operations themselves implicitly set policy and define values. With highly constrained resources and disagreements about preferred program content, it seems quite certain that the counties themselves and the workers who run their operations are likely to send very different messages about welfare reform around the state.

Further, considerable variation is likely in both program design and operation in a county-administered system bent on maintaining local autonomy. While programs varied greatly prior to JOBS, the new legislation makes variation a virtual certainty. While some adjustments will be necessary in existing county programs to meet federal participation requirements, constrained resources and continued discretion over the emphasis of program content insure that each county's program design will reflect prevailing local values. Local discretion may be the only way, and perhaps the best way, to satisfy diverse constituencies in a highly politicized environment. Monitoring state response to the Family Support Act around the country is likely to reveal similar variations. Even in California's GAIN program, in which state policy and

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direction are unequivocal, recent research findings indicate significant variation by county.¹⁵

Despite the conspicuous absence from the New York debate of reference to research findings, heavily researched state efforts under OBRA do suggest that cost-effective programs can be designed that have modest returns to clients and represent few net resource commitments from the state.¹⁶ Thus the debate over the design of the JOBS program is indeed a real one. But even if more fiscal resources were available, no consensus could easily generate a unitary approach or program design in New York State. While the relationship between the New York State government and its counties is unique in many ways, and New York City presents an extraordinary challenge, the lesson of the last decade is that policy resolution can only be achieved through the maintenance of local autonomy within broad state mandates. Autonomy is likely to remain in New York and in other states as well. While many have argued for the emergence of a new consensus, evidence from the home state of the legislation's sponsors seems to suggest that actual programmatic choices will be shaped and limited more by resource constraints and failure to resolve underlying philosophical conflict than by consensus.

Notes

1. *Congressional Quarterly Weekly Report* (October 8, 1988), p. 2825.

2. Greater demands are also made for absent parents to provide child support. States are obligated to increase paternity establishment rates every year, to enforce child-support awards, and to review child-support orders on a regular basis. While these are important components of a new social contract, they are not a central concern in this article.

3. Federal funding for JOBS was \$600 million in fiscal year 1989 and will rise to \$1.3 billion in 1995. These amounts are considerably below funding levels contained in the bill passed by the House and, after adjusting for inflation, are not dramatic increases over funding for WIN, which reached a high of \$365 million in 1981.

4. U.S. Bureau of the Census, *Statistical Abstract of the United States: 1989*, 109th ed. (Washington, D.C., 1989), p. 367.

5. The sources for most of our data come from state, city, and county published documents, unpublished memoranda, and personal interviews. We interviewed senior state and local administrators, members of the governor's staff, and state legislative staff responsible for drafting welfare reform legislation and negotiating compromises. We also visited New York City and a group of upstate counties to observe a range of programs offering job readiness, search and placement assistance, case management, and other services, and we had an opportunity to speak with counselors and workers. Many of the people we interviewed spoke freely under the condition that they would not be quoted nor would their conclusions be attributed. Therefore, when we attribute some of our conclusions and evidence to these interviews, we identify the role an individual plays rather than his or her name or exact title.

6. The Omnibus Budget Reconciliation Act gave states several new options: the ability to run a Community Work Experience Program, a workfare program for AFDC recipients; the option to offer on-the-job training programs with private employers using the welfare check to subsidize the employer's wage bill; and the option to become a WIN

demonstration program and consolidate organizational responsibility for WIN in the welfare agencies.

7. In reality, only a small portion of the AFDC caseload ever actually received any real services under WIN. See Irene Lurie, "Work Requirements in Income-conditioned Transfer Programs," *Social Service Review* 52, no. 4 (December 1978): 559.

8. Code of Federal Regulations (C.F.R.) 250.44.

9. Job-search programs are defined as including counseling and training in job-seeking skills as well as opportunities to contact potential employers. However, counseling and training are not required; thus, this component may amount to nothing more than recipients' searching for jobs on their own. In CWEP, recipients are assigned to work a certain number of hours in projects that serve a useful public purpose. The number of hours cannot exceed the number of hours that results from dividing the family's welfare benefit by the minimum wage. Concerns about the efficacy of these two components, and the potentially punitive nature of CWEP, led Congress to impose limits on the duration of participation in them.

10. On-the-job-training can be offered by a private or public employer, with the expectation that the participant will be retained as a regular employee after the training. The employer pays the participant the same wages and benefits that are paid to other workers. The welfare agency pays the employer up to half of this wage to compensate for the cost of training and supervision. In work supplementation, the recipient's grant is diverted to a public or private employer to subsidize a job as an alternative to direct assistance. No time limits are imposed on participation in these two programs.

11. The Family Support Act gives the Department of Health and Human Services the critical responsibility for defining the meaning of "participation." Regulations require that participants as a group be scheduled in an activity for an average of 20 hours a week and that each individual attend at least 75 percent of the monthly scheduled hours. Monitoring participation will necessitate considerable investment in information systems, and strategies used to meet the required rate of participation may have an effect on the nature of the programs that states design.

12. The welfare district is the county in all jurisdictions except New York City, which has consolidated its five counties into a single district.

13. Application for New York State's Community Work Experience Program Demonstration Model, July 1981, pt. 2, p. 6.

14. 18 NYCRR 385.10. The regulation is issued in accordance with section 350-k of the Social Services Law.

15. New York State Department of Labor and Department of Social Services, "Report to the Governor and the Legislature on Employment Programs for Public Assistance Recipients, 1988" (Albany, N.Y., February 1989) (hereafter cited as "Report to the Governor, 1988"), p. 16.

16. Unpublished data on enrollments in Comprehensive Employment Program activities were provided by the New York State Department of Social Services, Albany, N.Y.

17. "Report to the Governor, 1988" (n. 15 above), tables 7 and 14.

18. *Ibid.*, p. 39.

19. State of New York, "Executive Budget, April 1, 1988–March 31, 1989" (Albany, N.Y., January 13, 1988), p. 367.

20. Data were provided by the New York State Department of Social Services, Albany, N.Y.

21. States can implement JOBS between July 1, 1989, and October 1, 1990.

22. Gayle Hamilton and Daniel Friedlander, *Final Report on the Saturation Work Initiative Model in San Diego* (New York: Manpower Demonstration Research Corporation, November 1989).

23. JOBS participants who require training in English as a second language or are teen mothers, and people who are already working or are engaged in approved self-initiated training would be exempt from up-front job search.

24. Most of the evidence for the effectiveness of up-front job search comes from the MDRC evaluations of work-welfare programs.

25. Early evaluations of three pilot job-club sites in New York City show that of the 277 clients who completed a job club, 26 percent were placed. However, the number

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varied from 44 percent at one site to 14 percent at another. The data also indicated that of all who were assigned to job clubs (821), only 60 percent actually participated and only 34 percent completed. Of the total pool assigned, therefore, only 9 percent were placed. Data were provided by the New York City Office of Employment Services, Human Resources Administration, as of May 17, 1989.

26. Sixty of the 150 New York Assembly members represent districts in New York City. On the Social Services Committee, all but two of the majority members represent New York City districts. All 28 sponsors of the assembly's bill are from the city; a large majority of these represent liberal or minority constituents.

27. These distinctions were made by an observer in the administration.

28. New York State Senate Bill 4763-A, 1989-90 Regular Sessions.

29. The task force heard testimony from groups representing state agencies, numerous social welfare and human service advocacy organizations, the Business Council of New York State, public employee labor unions, the New York Association of Training and Employment Professionals, academics, and researchers. Also invited were the New York City Human Resources Administration and the New York Public Welfare Association, which presented the viewpoints of upstate counties.

30. New York State Assembly Bill 8694, 1989-90 Regular Sessions.

31. Senate staff members told us that it was the assembly's perception that whenever income maintenance and service functions are joined, incentives exist for workers to save money and otherwise use the income maintenance decision punitively to control a client's behavior.

32. Many advocates from the social welfare community testified before the task force on welfare reform. They play an unusually powerful role statewide and in large part support the assembly view on behalf of in-depth assessments. They stressed the importance of economic independence, not caseload reduction, in planning for the implementation of JOBS and reject the use of job search and work experience as simply residual resource-saving components. Like the assembly, they favored concentrating resources for longer-term investment on volunteers as a way to deal with limited resources for a potentially large eligible population.

33. The assembly made no effort to determine the cost of its proposed program. The assembly's failure to estimate its cost is evidence to many that it cannot be seen as a serious proposal but more as a political statement.

34. James Riccio, Barbara Goldman, Gayle Hamilton, Karin Martinson, and Alan Orenstein, *GAIN: Early Implementation Experiences and Lessons* (New York: Manpower Demonstration Research Corporation, 1989).

35. "Report to the Governor, 1988" (n. 15 above), table 9.

36. See Elizabeth Durbin, "Income Maintenance," in *Setting Municipal Priorities*, ed. Charles Brecher and Raymond Horton (New York: New York University Press, 1990); and Fred Sebesta and Morton Sklar, "Hope or Hassle: A Study of New York City's Welfare-to-Work Initiatives for AFDC Recipients" (Rochester, N.Y.: Statewide Youth Advocacy, May 1987); and Morton Sklar, "Still More Hassle than Hope: A One Year Update on New York City's Welfare-to-Work Initiative for AFDC Recipients" (Rochester, N.Y.: Statewide Youth Advocacy, January 1989).

37. "Report to the Governor, 1988" (n. 15 above), table 7 and data provided by the New York State Department of Social Services.

38. U.S.C.A. Sec. 602(a)(19)(B). This requirement is essentially similar to that under WIN. After October 1992, states must make JOBS available in all political subdivisions in which it is feasible to operate a program, taking into account the number of prospective participants, the local economy, and other relevant factors. In most states, counties are the political subdivisions for welfare administration.

39. *Ibid.*

40. The senate bill has a participation requirement but gives first priority for JOBS services to volunteers within the three target groups and second priority to other non-exempt volunteers.

41. Assembly Bill 8694, Sec. 333.

42. New York State Laws of 1990, chap. 453. The bill was passed by the legislature and signed by the governor in July 1990.

43. Child care is regulated through the licensing, certification, and registration of providers.

44. Judith M. Gueron, *Reforming Welfare with Work*, Occasional Paper no. 2, Ford Foundation Project on Social Welfare and the American Future (New York: Ford Foundation, 1987).

45. Riccio et al. (n. 34 above).

46. Gueron (n. 44 above).

PREPARED STATEMENT OF SENATOR DANIEL PATRICK MOYNIHAN

In his State of the Union Address the President returned once again to an issue which has concerned American Presidents for some three decades: "Ask American parents what they dislike about how things are in our country, and chances are good that pretty soon they'll get to welfare."

Americans are the most generous people on earth. But we have to go back to the insight of Franklin Roosevelt who, when he spoke of what became the welfare program, warned that it must not become "a narcotic" and a "subtle destroyer" of the spirit.

Welfare was never meant to be a lifestyle; it was never meant to be a habit; it was never supposed to be passed from generation to generation like a legacy.

It's time to replace the assumptions of the welfare state, and help reform the welfare system."

Today I am introducing a bill to do just that. It can be on the President's desk in short order.

What we now call welfare is title IV of the Social Security Act which was enacted later in 1935. Originally designed as a "widow's pension," it has now become a vast program supporting single parent, female headed households. There are at present twice as many AFDC cases as unemployment cases. AFDC supports some 4.4 million adults at this time, along with 9 million children, over 13 million Americans in all.

In 1988 the Family Support Act, overwhelmingly passed by Congress and signed by President Rengan changed the terms of the AFDC program. A new social contract was put in place. Society will help the dependent in return for a concerted effort by dependents to help themselves. Welfare was to be temporary; welfare was to lead to work.

Title II of the act created the Jobs Opportunities and Basic Skills Training Program. [JOBS]

The terms of the JOBS Program are simple and direct. All able-bodied adult recipients of AFDC must enroll or lose their benefits. The exceptions are mothers with children under age 3, or, at State option, under age 1.

The program has been coming along. There are now some 500,000 adults in the JOBS pipeline, with about half that number actually in education or jobs programs. Current expenditures, including day care, are \$1.5 billion per year.

However, Federal funds for JOBS are capped at \$1 billion, and the State match is such that in the current recession many states are not using all the Federal funds available.

The Work for Welfare Act of 1992 would respond to this emergency by: eliminating the cap on Federal funds, and eliminating State matching requirement beyond current outlays.

The additional funding will come to \$4.5 billion including some \$1.4 billion for day care.

The bill answers the President's call for action. As of the date of enactment, signing up for the JOBS becomes part of signing up for welfare.

The legislation includes a designation by the Congress of the additional spending as an emergency requirement within the meaning of part C of the Balanced Budget and Emergency Deficit Control Act of 1985.

The purpose of our hearing this morning is to receive testimony on S. 2303. What would be the benefits of this legislation in terms of caseload reduction, employment, education, and job training? What sorts of problems would be created? Can the states handle a rapid expansion of JOBS? How about the educational institutions and the providers of job training and day care? Are there other problems with the

JOBS program that we should be addressing? Hopefully our witnesses will give us some guidance on these matters.

[SUBMITTED BY RICHARD P. NATHAN]

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'88 Welfare Act Is Falling Short, Researchers Say

By JASON DEPARLE
Special to The New York Times

WASHINGTON, March 29 — When Congress passed a much-celebrated welfare law in 1988, its supporters, including Senator Daniel Patrick Moynihan, said it would bring revolutionary changes to the system.

But the first major study of its implementation says the program's accomplishments fall far short of radical change. While the law has succeeded in expanding services, the report found it is failing to convert welfare from a system that permits long-term dependency to one that stresses skills, job and financial independence.

The report, to be released Monday at a Senate hearing, attributes the problems to a lack of political commitment and a recession-driven shortage of money.

Caseloads at Record High

"The potential of the program hasn't been fully realized," said Irene Lurie, a professor of public affairs at the State University of New York in Albany, who co-wrote the report. "There have been significant changes, but there hasn't been what was advertised in Washington: the most sweeping reform in 50 years."

The findings come as welfare caseloads have reached record highs and elected officials from President Bush on down are making sharp attacks on the system and the 13 million people who rely on it.

In a telephone interview Friday, Senator Moynihan said the problems were predictable and that he remained "very encouraged" about the program's prospects. "We always said when we put the statute in place that we wouldn't really know if it would work until the year 2000," he said.

The newly antagonistic political climate has arrived only several years after Mr. Moynihan and others were celebrating what they called an era of new political consensus on welfare. Mr. Moynihan, a New York Democrat who will preside over Monday's hearing, has expressed the fear that the current attacks may undermine the program.

The program is called JOBS — for Job Opportunities and Basic Skills — and it was created as part of the 1988 Family Support Act. It requires every state to run an education, training or work program for parents on welfare, and provides up to a \$1 billion a year in Federal matching money to help pay for it.

When it passed, Senator Moynihan and others said the law amounted to a new social contract, one that emphasized the mutual obligations of Government and poor people. The law expands training opportunities for those on welfare but also imposes new obligations on them to participate. States are supposed to meet enrollment quotas and reduce the grants of those who refuse to join.

Some Successes

The report, which examined 10 states including New York, was not entirely negative. It found that states were meeting their enrollment goals and that Government agencies that provide related services were learning to work together, a social policy goal often pursued but difficult to achieve.

As a result, it said, the program was offering "enhanced educational and training opportunities to welfare recipients."

The report looked only at the states' experiences in setting up the program and said it was too early to tell whether the programs were actually getting people off welfare.

Its biggest criticisms centered not on the letter of the law but on the states' approach toward its spirit. The program's architects hoped it would signal a change in the mission of welfare systems or redefine the social contract, the report said, but that "has not been realized."

In none of the states studied, it found, had the program spurred leaders to "make a strong personal commitment to reform their welfare programs."

Implications for Public

Richard Nathan, director of the Nelson A. Rockefeller Institute of Government at SUNY, who conducted the study, said the lack of fanfare had implications for the public: amid all the current talk about changing welfare, he said, many are unaware that

A study on improving public assistance assails states' efforts.

...ration for part of the program's problems.

Among the targets of his criticisms is the so-called "20-hour rule," which requires states to design programs that involve at least 20 hours of activity each week. Many state officials have complained that this makes it hard to put welfare mothers in college classes, since they usually meet for just 10 or 12 hours.

Administration officials have said the 20-hour rule is necessary to insure that programs are long enough to be meaningful. Jo Anne B. Bernhart, the assistant secretary for health and human services who oversees welfare, could not be reached for comment on the report.

In addition to New York, the report examined Maryland, Michigan, Minnesota, Mississippi, Oklahoma, Oregon, Pennsylvania, Tennessee and Texas. It was co-written by Jan L. Hagen, also a professor at SUNY.

The fragility of the so-called welfare consensus can be seen in the experience of New York. Although the law was shaped in Washington by two New Yorkers — Mr. Moynihan and Mr. Downey — the State Legislature took two years to get its program up and running, as it bogged down in a contentious debate about the kind of training to offer and other issues.

Ms. Lurie said that while the program is now in operation, it "has not been sold to the public at all." She said New York put up enough matching funds to spend 47 percent of \$47 million available in Federal money.

After showing little growth for almost two decades, the number of people receiving Aid to Families with Dependent Children, the official name for the welfare program for households with children, has skyrocketed. There are currently about 4.6 million families on welfare, or about 13.2 million people, an increase of 21 percent in little more than two years.

Experts have said the rise is being driven by the recession but also reflects a long-term increase in the percentage of families that are headed by single mothers. Many states have responded by cutting grants or tightening eligibility standards.

Nationwide, a mother with two children and no outside income received an average of \$433 a month in A.F.D.C. and food stamps last year, according to the House Ways and Means Committee. That represents a two-decade decline of 27 percent in inflation-adjusted terms.

Attacks on the System

In December, Gov. Pete Wilson of California, a Republican, gained national notice with a proposed ballot initiative that would cut grants by up to 25 percent. Vice President Dan Quayle traveled to New York City last month and said it showed the failure of a "liberal vision of a happy, productive and content welfare state."

President Bush — previously silent on welfare issues — used his State of the Union Message in January to attack the system and then began promising in televised campaign commercials to "make the able-bodied work." But he has offered no concrete proposals.

The actions by the White House drew an unusually sharp response from Mr. Moynihan, who said the President was playing "the race card." Mr. Moynihan has introduced a bill that would add \$3 billion a year to the JOBS program, and enroll every eligible mother.

In a political attack of his own, he has called on President Bush to support the proposal, asking him to "put up or please to shut up."

PREPARED STATEMENT OF RAYMOND C. SCHEPPACH

GOOD MORNING, MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. I WANT TO THANK YOU FOR YOUR ONGOING SUPPORT OF PROGRAMS TO ENHANCE THE ECONOMIC SELF-SUFFICIENCY OF OUR CITIZENS, AND SPECIFICALLY FOR YOUR SUSTAINED COMMITMENT TO THE JOB OPPORTUNITY AND BASIC SKILLS (JOBS) PROGRAM. YOUR SPONSORSHIP OF S.2303, THE "WORK FOR WELFARE ACT OF 1992," IS FURTHER EVIDENCE OF YOUR RECOGNITION THAT THE BEST "KIDS PROGRAM" IS TRAINING AND A JOB FOR PARENTS, WITH THE NECESSARY TRANSITIONAL SUPPORTS. AT THE SAME TIME, YOUR NEW LEGISLATION IS AN ACKNOWLEDGEMENT OF THE TRIPLE BIND STATES PRESENTLY FACE. WELFARE CASELOADS ARE RISING AT ALARMING RATES, FEWER EMPLOYMENT OPPORTUNITIES ARE AVAILABLE, AND NEARLY ALL THE STATES FACE SERIOUS BUDGET SHORTAGES FORCING US TO MAKE EXTREMELY DIFFICULT CHOICES ABOUT WHERE TO SPEND LIMITED STATE DOLLARS. I SINCERELY APPRECIATE YOUR WILLINGNESS TO WORK WITH THE STATES TO DETERMINE HOW WE CAN ENSURE THE SUCCESS OF THE JOBS PROGRAM DURING THESE VERY DIFFICULT TIMES.

THE ENVIRONMENT

AFDC CASELOADS ARE CURRENTLY AT LEVELS NEVER ANTICIPATED WHEN THE JOBS PROGRAM WAS CREATED. WHEN WE WORKED WITH YOU, FOR EXAMPLE, IN DESIGNING THE PARTICIPATION AND MATCH REQUIREMENTS FOR JOBS, NONE OF US COULD HAVE PREDICTED THAT IN FISCAL YEAR 1992 -- WHEN THE NUMBER OF PEOPLE REQUIRED TO BE SERVED TO MEET THE PARTICIPATION RATES INCREASE BY MORE THAN 50 PERCENT--THE CASELOAD NATIONALLY WOULD HAVE SWOLLEN BY ALMOST 25 PERCENT, ADDING 900,000 FAMILIES TO THE ROLLS.

TO GIVE YOU A SENSE NATIONALLY, IN THE 29 MONTHS PRECEDING NOVEMBER 1991, ALL BUT NINE STATES HAVE SEEN DOUBLE DIGIT INCREASES IN THEIR CASELOADS. SPECIFICALLY: IN NEW YORK, THERE HAS BEEN AN INCREASE OF 55,000 FAMILIES (UP 16.2 PERCENT); IN TEXAS A 40 PERCENT INCREASE (74,000 FAMILIES); IN OREGON A 33 PERCENT JUMP (10,000 FAMILIES); AND IN NEW HAMPSHIRE THE CASELOAD HAS NEARLY DOUBLED.

AT THE SAME TIME, AT LEAST 32 STATES HAVE PROJECTED DEFICITS IN OUR FISCAL 1992 BUDGETS RESULTING IN AN ESTIMATED \$7 BILLION SHORTFALL. PROJECTIONS FOR THE FISCAL 1993 STATES' SHORTFALL ARE EVEN HIGHER -- NEARLY \$12 BILLION. WHILE THE EARLY STAGES OF THIS ECONOMIC DOWNTURN WERE MET IN MOST STATES BY BUDGET CUTS DESIGNED TO ADDRESS SHORT-TERM IMBALANCES, THE CURRENT EMPHASIS IS MORE HEAVILY FOCUSED ON LONG-TERM STRATEGIES, INCLUDING, TO A LARGE EXTENT, ELIMINATING AND REORGANIZING PROGRAMS. THESE HAVE BEEN PARTICULARLY TOUGH CHOICES, A ZERO-SUM GAME PITTING THE HIGHEST PRIORITIES AGAINST EACH OTHER. IN THE CLASSIC PARADOX OF GOVERNMENT SPENDING, IT IS DURING DIFFICULT TIMES THAT THE DEMAND FOR STATE AND FEDERAL PROGRAMS GROW, AND YET OUR ABILITY TO FINANCE INITIATIVES DIMINISHES.

CONSEQUENTLY, MANY STATES HAVE HAD TO LIMIT THEIR INVESTMENT IN JOBS, ACCESSING IN THE AGGREGATE ONLY APPROXIMATELY 60 PERCENT OF THE AVAILABLE FEDERAL FUNDS. AND BECAUSE THE STATES WITH THE GREATEST INCREASES IN AFDC ARE EXPENDING A GREATER SHARE OF THEIR STATE BUDGETS ON BENEFITS, THEY ARE IN MANY CASES HAVING THE GREATEST DIFFICULTY MEETING THE MATCH REQUIREMENTS. IT IS PROJECTED THAT IN FISCAL 1992, 19 STATES WILL SEEK SUPPLEMENTAL APPROPRIATIONS TO FINANCE AFDC BENEFITS. BASED ON INFORMATION FROM HHS, ONLY ONE OF THESE STATES (ALASKA) WAS ABLE TO DRAW DOWN THE FULL AMOUNT OF THE FEDERAL JOBS MATCH LAST YEAR.

SIMULTANEOUSLY, THE STATES WITH THE LARGEST WELFARE CASELOADS -- IN MANY CASES THE STATES WHOSE WELFARE BUDGETS ARE THE MOST STRETCHED -- MUST ENROLL THE GREATEST NUMBER OF INDIVIDUALS TO SATISFY THE PARTICIPATION REQUIREMENTS. SO WE ARE CAUGHT IN SOMEWHAT OF A VICIOUS CYCLE, CATCH-22 DILEMMA.

THE GOVERNORS' GOALS

YOUR PROPOSAL TO REVISE THE FUNDING MECHANISM FOR JOBS IS CERTAINLY CONSISTENT WITH THE DIRECTION THE STATES WOULD SUPPORT IN AN EFFORT TO COUNTER THESE PRO-CYCICAL TRENDS. WHILE THE GOVERNORS HAVE NOT YET IDENTIFIED THE SPECIFIC COMPONENTS OF A FUNDING FIX, WE ALL AGREE THAT MAKING ADJUSTMENTS TO THE STATE

MATCH IS ESSENTIAL. IT IS IMPORTANT THAT THE REVISED FUNDING SCHEME ADDRESS THE SO-CALLED "FAIRNESS" ISSUE BY PROVIDING RELIEF TO ALL STATES, WHILE AT THE SAME TIME, NOT PENALIZING STATES THAT HAVE DRAWN DOWN THEIR FULL AMOUNT. GIVEN THE FISCAL CONDITION OF THE STATES, IT IS HIGHLY UNLIKELY THAT THE STATES HAVING DIFFICULTY MAKING THE MATCH -- MORE THAN 3/4 OF THEM -- WILL BE ABLE TO LEVERAGE A GREATER SHARE OF THE JOBS APPROPRIATION WITHOUT CHANGES TO THE STATE MATCH REQUIREMENT.

AS YOU ARE WELL AWARE, A CONSIDERATION OF EXPANSIONS TO THE JOBS PROGRAM ALONG THE LINES THAT YOU HAVE PROPOSED, VERY QUICKLY MOVES INTO A DISCUSSION OF HOW TO SATISFY THE "PAY-AS-YOU-GO" REQUIREMENT. IS IT APPROPRIATE TO BREAK DOWN THE "FIREWALLS" TO ENABLE DEFENSE SAVINGS TO OFFSET ADDITIONAL INVESTMENTS IN DOMESTIC PROGRAMS? DOES THE CURRENT ECONOMIC DOWNTURN JUSTIFY AN EMERGENCY DESIGNATION? CONSISTENT WITH THE VIEWS OF THE GENERAL PUBLIC, THE GOVERNORS ARE NOT UNITED IN THEIR VIEWS ABOUT EMERGENCY "OFF BUDGET" SPENDING OR THE "FIREWALLS" OR ON WHETHER A "PEACE DIVIDEND" SHOULD BE REDIRECTED TO DOMESTIC PROGRAMS OR APPLIED TO DEFICIT REDUCTION.

THERE IS, HOWEVER, A SHARED COMMITMENT TO THE JOBS PROGRAM AND TO ENSURING THAT ITS FULL POTENTIAL CAN BE REALIZED. THE PREMISE UPON WHICH JOBS IS BASED REMAINS AS, OR MORE, TRUE TODAY THAN IN OCTOBER 1988, WHEN THE FAMILY SUPPORT ACT WAS SIGNED INTO LAW. UNFORTUNATELY, HOWEVER, A CONVERGENCE OF EXTREMELY DIFFICULT FISCAL CIRCUMSTANCES HAS IMPEDED MANY STATES' CAPACITY TO INVEST IN THE PROGRAM TO THE LEVEL WE WOULD LIKE. THEREFORE, THE GOVERNORS, URGE CONGRESS TO RAPIDLY ENACT CHANGES TO THE MATCH REQUIREMENT SO THAT THE STATES CAN IMMEDIATELY EXPAND OUR INVESTMENT IN JOBS AND A GREATER NUMBER OF WELFARE RECIPIENTS CAN BENEFIT FROM ITS REACH.

ONE OTHER COMMENT REGARDING S.2303. EVEN WITHIN THE CONTEXT OF TRANSFORMING JOBS INTO AN OPEN-ENDED FULLY FEDERALLY FUNDED ENTITLEMENT, MOST STATES WOULD BE UNABLE TO SATISFY 40 PERCENT PARTICIPATION REQUIREMENTS IN THE TIMEFRAME YOU HAVE PROPOSED. THIS WOULD CALL FOR NEARLY QUADRUPLE THE CAPACITY REQUIRED TO ACHIEVE THE 11 PERCENT RATES STATES MUST SATISFY FOR THE CURRENT FISCAL YEAR. AS I HAVE ALREADY MENTIONED, ACHIEVING EVEN THESE LEVELS WILL BE A STRUGGLE FOR MANY STATES BECAUSE OF THE RECESSION, SWOLLEN CASELOADS AND SHORTAGE OF STATE RESOURCES.

ADDITIONALLY, WHILE THE GOVERNORS BELIEVE THAT THIS IS PROBABLY NOT THE YEAR TO OPEN UP THE FAMILY SUPPORT ACT TO MAKE SUBSTANTIVE CHANGES IN THE JOBS PROGRAM ITSELF, WE ARE CONCERNED THAT THE DEFINITION OF PARTICIPATION WILL CONTINUE TO EXACERBATE THE DIFFICULTIES MANY STATES ARE FACING IN FULFILLING THE REQUIRED LEVELS. THE ARGUMENTS AGAINST THE SO-CALLED "20-HOUR RULE" DO NOT NEED TO BE REPEATED HERE TODAY, BUT I URGE YOU TO RECOGNIZE THAT THE COMBINATION OF THE CURRENT STATE MATCH REQUIREMENT, THE DEFINITION OF PARTICIPATION, AND THE ENORMITY OF THE CASELOADS ARE STRAINING THE STATES SIMULTANEOUSLY.

DROPPING THE STATE MATCH WILL ALLEVIATE THE FIRST DYNAMIC. AT THE SAME TIME, TO MITIGATE THE IMPACT OF THE SECOND TWO, THE GOVERNORS URGE YOU TO CONSIDER A TEMPORARY REPRIEVE FROM THE FISCAL SANCTIONS ON STATES THAT FAIL TO MEET THE PARTICIPATION REQUIREMENTS. ELEVEN PERCENT TODAY, WHEN ONE IN SEVEN CHILDREN ARE RECEIVING AFDC, INVOLVES NEARLY 100,000 MORE FAMILIES THAN IT WOULD HAVE BASED ON THE JULY 1989 CASELOADS.

AGAIN, ON BEHALF OF ALL THE GOVERNORS, I WANT TO CONVEY MY SINCEREST APPRECIATION FOR YOUR CONTINUING HARD WORK ON BEHALF OF THE NEEDIEST FAMILIES IN THIS COUNTRY. WE LOOK FORWARD TO WORKING WITH YOU IN THE IMMEDIATE TERM TO MAKE ADJUSTMENTS IN THE JOBS MATCH TO ENABLE US TO MAKE A GREATER INVESTMENT IN THE PROGRAM, AND IN THE LONGER TERM, AS WE ASSESS THE PROGRESS AND IMPACT OF THE FAMILY SUPPORT ACT.

THANK YOU. I WOULD BE HAPPY TO ANSWER ANY QUESTIONS.

