

## **WELFARE REFORM**

### **INTRODUCTION**

Welfare reform has been discussed in all levels of government for over two years, but the new laws started to be implemented at the beginning of this year. Despite the origin of the law, the county is responsible for overseeing the fine balance between enforcing the laws and ensuring the recipients have sufficient aid.

Although welfare reform started as federal legislation, i.e. "Personal Responsibility and Work Opportunity Reconciliation Act of 1996," at the state level it became AB1542, "California Work Opportunity and Responsibility to Kids," now referred to as CalWORKS. It was patterned after a pilot program for mental health that had been very successful for over 3 years. Effective January 1, 1998, implementation responsibility shifted to California's 58 counties with wide latitude to design programs that would work best for their population, size and culture.

Ventura County's program is designed to prepare welfare recipients to enter the work force and earn a living wage. Its goal is to assist families considered at risk of welfare dependence to achieve and maintain self-sufficiency through employment.

In this report we will look at (1) major modifications the new laws will bring to the welfare system, (2) federal welfare reform laws with state and county implementation and (3) some elaboration of special areas of interest.

### **INQUIRY**

The subcommittee interviewed the Deputy Director of Public Social Services Authority (PSSA), a member of the panel that turned the federal and state laws into the necessary county rules and regulations. The Assistant Director of Work Development Department (WDD) explained the federal laws and why the state felt it was necessary to modify some of them.

### **FINDINGS**

CalWORKS is designed to reward welfare recipients for behavior conducive to becoming steadily employed and penalize them for behavior that would keep them on the welfare rolls for long periods. The major changes CalWORKS brings to the welfare program are presented in Figure 1.

FORMER WELFARE PLAN	CALWORKS
Few limits set for receiving aid	5 yr. cumulative lifetime limit for receiving aid
Aid For Dependent Children (AFDC)	Repealed
Greater Avenues for Independence (GAIN)	Repealed-Temporary Assistance for Needy Families (TANF) created
Refusal to work has no effect on aid	Refusal to work <i>reduces</i> aid/Medi-Cal
6 mo. to 4 yr. disqualifying penalties for submitting fraudulent application	10 yr. disqualifying penalty for submitting fraudulent application. No aid for felon or probation/parole violators
District Attorney provides services for custodial parent to establish non-custodial paternity	Custodial parent must assign support right & cooperate in establishing noncustodial paternity or grant will be reduced by 25%.

**FIGURE 1: Major changes that will be in effect in the new welfare reform law.**

Ventura County first identified the main barriers to welfare recipients finding and holding jobs. The welfare reform system had to overcome the following barriers:

- job training
- health problems
- child care
- transportation
- limited English skills
- mental health problems
- substance abuse
- legal problems

Not only was Ventura County challenged to address the areas listed above and to avoid federal and state penalties, their plan also had to establish accountability and incorporate certain measurable outcomes. To assist the reader in understanding the guidelines, provisions and limitations under which Ventura County had to work, the federal law, state interpretation and county implementation is presented in Figure 2.

<b>FEDERAL/STATE/COUNTY</b>		
<b>Federal Law</b>	<b>State Law</b>	<b>Ventura County</b>
Federal funding is available for a maximum of 5-yrs. during a lifetime - state can exempt up to 20% of its caseload from time limit due to hardship.	5 yr. limit includes TANF aid received from other states.  New applicants receive 18 mo. with county option to extend to 24 months. Current recipients eligible for 24 cumulative months	Implemented state plan.  Time limits don't apply if county certifies there is no job currently available for recipient.
Adults in families receiving assistance required to be in work activities after 2 years	Able-bodied adult recipients must be in work/training 20 hrs. a week increasing to 32 hr. wk (one parent) 35 hours /week (2 parents) by July '99.	Implemented state plan.
States must meet recipient work participation rate requirements: 25% of all families in 1997 increasing to 50% by FY 2002 75% of 2-parent families must participate 35 hours a week increasing to 50% by FFY 2002	25% of all families receiving AFDC must be in work activity 20 hours a week. by FFY 1997 increasing 5% each year. to 50% & 30 hrs. wk by FFY 2000 and beyond.	Implemented state plan.
A state will be penalized by a grant reduction of 5% the 1st year; penalties rise by 2% each year with cap of 21%.	State is required to replace any lost federal funding with state funds.	State will pass on 50% of any federal sanction to the county responsible for the sanction.
For each FY 1999 to 2002, each of 5 states with greatest success in reducing out-of-wedlock births will receive \$20 K.	Identifies goals to be attained by monitoring performance outcomes at the state and local levels	State will pass on 50% of any federal reward to the county responsible
Noncooperation to establish paternity will reduce individual grants by 25%. States have the option to retain the \$50 disregard.	Cooperation in establishing paternity is required to avoid a penalty. Families will keep the \$50 disregard payment.	If county welfare department determines lack of cooperation is for a good cause, the 25% penalty will not be imposed.
Noncitizen & legal immigrants, who arrived in U.S. after 8-22-96 are ineligible for most benefits.	A state-only food stamp program replaces federal food stamp program to legal, noncitizens who are over 65 or under 18.	N/A
States may require adults to immunize children and sanction adult for noncompliance by 25% reduction in benefits.	Benefit applicants must provide proof all non school-age children are immunized within 30 days of eligibility for Medi-Cal/45 days for welfare recipients. Failure results in reduced benefits. Exemption for religious beliefs.	Implemented state plan
States may sanction a family if the adult fails to ensure minor children attend school.	All school-aged children & teens including those in Cal-Learn or a county school attendance project, must attend school. Noncooperative custodians benefits will be reduced by 25%	Implemented state plan
FY = Fiscal Year FFY = Federal Fiscal Year		

**Figure 2: Presents the federal law, the state's interpretation (CalWORKS) and the county's implementation**

As stated above, Ventura County's new welfare reform system revolves around employment. The "Partnerships to Restore Independence and Dignity Through Employment" or PRIDE program strives to respect personal dignity by providing one stop registration and eligibility centers for applicants. Eligibility for Temporary Assistance for Needy Families (TANF), food stamps, Medi-Cal, general relief and all other agency benefits are determined at these centers. Those not eligible for TANF are routed through employment information and referral and/or any other community agencies that could offer benefits with the goal of employment. Those eligible for TANF are serviced by a coordination team, comprised of social workers, a deputy probation officer, a psychiatric social worker, a public health nurse, an employment training specialist, a child care specialist and a family support officer. The welfare recipient will no longer endure long waits while trying to coordinate necessary services. For example, although a social worker may visit the home, information needed by the probation department, public health nurse and/or any other professional agency will be gathered and passed to other team members. Specialized needs are serviced immediately. TANF sustains the family while focusing on needs for job training, language skills, physical and mental health problems, including alcohol and drug abuse. Those requiring assistance in collecting child support payments from the noncustodial parent are given legal assistance.

A major concern in the welfare system has been teenage parents. CalWORKS requires the unmarried minor teen parent live at home or in an approved, adult-supervised environment to receive assistance. Additionally, an unmarried minor teen parent must attend school when their child is at least 12 weeks old.

Child care is a major deterrent, especially for single parent families, in holding full time employment. CalWORKS offers two methods for assisting those needing the service. A child care specialist from the Child Development Resources of Ventura County, Inc. (CDR) will be stationed at one-stop job and career centers located around the county to assist with child care needs. Participants seeking subsidized child care will soon be able to be referred to a centralized data base.

Transportation is often an important challenge for the job seeker. For those living close to bus lines, one monthly pass, called a "smartcard", that provides an unlimited number of bus rides each month will be issued to CalWORKS parents free of charge. Unfortunately, few recipients live near bus routes so a pilot project is being implemented to assist CalWORKS families obtain affordable transportation. Small economy vehicles will be acquired by donation or at low cost from vehicles being surplus by large fleet operators. Any necessary repairs will be performed by auto repair classes at local community colleges, then the vehicles will be sold at minimal cost to prescreened CalWORKS families for transportation. Auto loans, guaranteed by CalWORKS, will be arranged through local credit unions. Another pilot program which has recently received three-year funding, guarantees employees a taxi ride or

a rental car to get home in an emergency from job training or a job within Ventura County with no cost to either the employers or the employees.

CalWORKS offers three housing assistance initiatives. The first is a locally funded rental assistance program that subsidizes CalWORKS families as they near self-sufficiency. The time-limited subsidies ensures families have adequate housing during the period between onset of employment, the point when the families reach an income level that will cover their full rental cost. The second provides for small apartments located throughout the area called transitional apartments, which are made available to CalWORKS families for transitional periods of up to 12 months. The third is a revolving rental assistance loan fund to assist employed CalWORKS families with the first month and security deposits, utility deposits and basic furnishings necessary to move into housing. The program will be administered by the Oxnard Housing Authority in collaboration with CalWORKS.

Ventura County recognizes the importance of health insurance and the fact that many small employers cannot afford to offer it to their employees and has designed an innovative and affordable health insurance plan specifically for CalWORKS families. If the plan is approved, CalWORKS families will have access to a full range of medical services to include mental outpatient, drug and alcohol treatment, specialist services and a low-cost prescription drug program. The projected cost of the program will be \$150-\$175 per month for the entire family, half the typical cost of health insurance programs. Premiums for the plan, projected to have no deductibles and low co-pays, would be shared by the employer, the recipient and CalWORKS. As an incentive for employers to participate in this plan, all their employees, not just the CalWORKS members, could have access to the affordable health insurance program.

Both the federal and state laws require performance monitoring with appropriate penalties and incentives. For example, states that fail to meet the work participation rates (refer to Figure 2) will be penalized by a 5% reduction in the TANF grant the first year it fails. For consecutive failures, penalties rise by 2% each year with a cap of 21%. Federal law provides that each of the five states with the greatest success in reducing out-of-wedlock births between 1999 to 2002 will receive \$20 thousand annually. The state will pass on a portion of both the penalties and the rewards to the county responsible.

## **CONCLUSIONS**

CalWORKS and PRIDE are, for the most part, well thought out programs. The team concept for TANF has eliminated much of the system bureaucracy while potentially giving the recipient more efficient and more expedient service.

Both the qualifying process and the TANF program are aimed at preserving the recipient's dignity, a condition necessary when being

prepared to enter the job market.

There are several loopholes designed to be a safety net which could allow this welfare system to be “business as usual.” Three examples are outlined below.

1. The welfare department can waive the 25% reduction of an individual grant imposed when a custodial parent refuses to cooperate with the District Attorney’s office in collecting support payments if they determined the lack of cooperation was for a good cause.
2. The county can waive the five year cumulative lifetime limit if it feels there is no job currently available for the recipient.
3. Federal law exempts 20% of the county’s cases from the time limit if the county states its caseload is a hardship.

Although the proposed transportation program is a good start, we feel it falls short of satisfying all recipient’s needs. Many welfare recipients have no valid driver’s licenses because of alcohol and drug problems. Automobile insurance is an expense many recipients cannot afford. The bus pass and the automobile programs will solve transportation problems for some but too many are left with no improvement over the previous plan.

The health insurance outlined seems to be a long overdue need. As stated, premiums projected at \$150 to \$175 per family per month would be shared by the recipient, the employer and, when necessary, the county. The annual amount collected for the reported 8,800 welfare families in the county would be between \$15.8 and \$18.5 million. If the annual medical bill for each family averages \$1000, the annual cost for the benefits will be approximately \$8.8 million.

## **RECOMMENDATIONS**

- Close monitoring during the 12 month implementation period to ascertain the new features are producing the desired results. If the plan falls short, both the procedures and the implementation should be reviewed immediately and appropriate adjustments made.
- Further studies be conducted to identify ways to assist recipients not covered with the previously described transportation plans with their transportation needs.
- A agency such as Ventura County Medical Center (VCMC) should consider underwriting the health insurance which could result in an annual income of between \$7 and \$9.6 million.
- Any profit should be reinvested to upgrade the underwriting agency and improve the medical facilities.

## **RESPONSE REQUIRED**

PSSA

