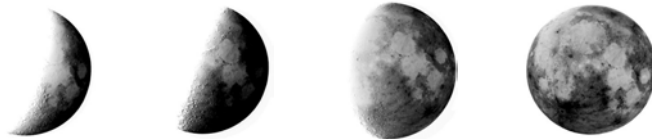


New York Public Welfare Association

Key Policy Issues for the
Next Phase of Welfare Reform



Sheila Harrigan, Executive Director
August 22, 2006

Featuring:

Spotlight on Key Policy Issues
Welfare Reform Law of 1996
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TANF Reauthorization
The Next Phase of Welfare Reform

New York Public Welfare Association
130 Washington Avenue
Albany, New York 12210
nypwa@nycap.rr.com
www.nypwa.com
(518) 465-9305

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Key Policy Issues for the *Next Phase of Welfare Reform*

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The New York Public Welfare Association (NYPWA) represents New York's 58 local departments of social services. Our members are dedicated to improving the quality and effectiveness of social welfare policy so that it is accountable to taxpayers and protective of vulnerable people. This paper, issued on the 10th Anniversary of the Welfare Reform Law of 1996, identifies milestones from the past decade and key policy issues for the next phase of welfare reform.

A. Spotlight on Key Policy Issues

These issues are described in greater detail as this policy paper unfolds.

- Promote Full Potential While Meeting Basic Needs
- Use TANF Funding for TANF Families
- Integrate State Agency TANF Policies
- Maximize Flexibility Under the Block Grant
- Achieve Work Participation Rates
- Support Full Engagement
- Address Barriers to Employment
- Make Implementation Manageable
- Turn to NYPWA as a Policy Resource

B. Welfare Reform Law of 1996

Ten years ago, on August 22, 1996, President Clinton signed "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996" more commonly known as the "Welfare Reform Law." This stroke of the pen put an "end to welfare as we know it" and sparked the beginning of a new goal to make welfare "a second chance, not a way of life." The entitlement program named Aid to Families with Dependent Children (AFDC) was repealed and state block grants for Temporary Assistance to Needy Families (TANF) were implemented on July 1, 1997. Much of the groundwork for reform was already set in place on a local level, but new federal and state laws paved the way to step-up the pace of change. New York passed its own version of welfare reform in August 1997. State legislation brought us into compliance with the new Federal law and implemented many additional changes. Unlike most states, New York chose to maintain a safety net program for persons in need who would no longer be eligible for federal benefits.

C. TANF Block Grants 1997-2006

Welfare Reform took off during a period of economic boom. The availability of funds under the TANF Block Grant enabled counties to invest in more effective strategies to engage families in the workforce. Local districts were able to take advantage of these extraordinary opportunities to reduce welfare dependency causing historic caseload reductions of over sixty percent. At the same time, increases in child support collections and the availability of the federal and state Earned Income Tax Credit helped to lift families out of poverty.

The most dramatic change in the past decade was the shift from cash assistance to a work support system that recognized that people still needed help in order to move toward greater independence. Transitional benefits such as food stamps and Medicaid provided temporary support for people moving from welfare to work. Other services, such as, child care subsidies and transportation, addressed barriers that had made employment difficult to maintain in the past. As a result, far fewer people are dependent on cash assistance today.

As we move ahead, the intense challenges that poverty brings are still with us and the role of social services continues to evolve to address economic hardships and provide assistance to people in our communities.

D. TANF Reauthorization

Fast forward ten years, and 2006 marks the beginning of the next phase of welfare reform. The federal government reauthorized TANF Block Grants in February 2006 under the Deficit Reduction Act of 2005, but with significant modifications that have major policy and fiscal implications for New York State.

Under TANF Reauthorization, the block grant will remain funded at the same level through 2010, the participation rate will continue to be 50% for single-parent families and the 30-hour work week requirement will be maintained. The caseload reduction credit base year has been moved up from 1995 to federal fiscal year 2005. While there is still a 5-year limit on TANF benefits, NYS maintains a safety net program that is not time-limited.

The U.S. Department of Health and Human Services has issued an Interim Final Rule that goes into effect on October 1, 2006. The new rule puts intense pressure on states by providing a reduced caseload reduction credit, severely restricting what qualifies as work and mandating significant increases in documentation and reporting requirements. The state may face penalties and loss of TANF funding if the new requirements are not met.

E. The Next Phase of Welfare Reform: Key Policy Issues

1) Promote Full Potential While Meeting Basic Needs

New York State has a constitutional responsibility to provide for “the aid, care and support of the needy.” This role can and should be carried out in a manner which is fiscally responsible and supports desired outcomes such as employment and self-support. Welfare reform has enabled a large number of families to bid farewell to long-term dependency on cash assistance. Success for many families has meant employment while receiving services from the government that help them manage for a period of time. Support can take many forms – from transportation, to job coaches, to child care, to mental health interventions, to alcohol rehab, to domestic violence counseling to child abuse prevention services. There are many pieces to the mosaic of supports that are offered. These services will continue to need funding in order to maintain employment goals and manage caseload growth.

2) Use TANF Funding for TANF Families

TANF funds have been used for a variety of legitimate and valuable purposes in New York State that go beyond serving people in the depths of poverty. However, with federal fiscal penalties looming ahead, now more than ever, TANF funds should be redirected to persons on public assistance, at immediate risk of being on public assistance or transitioning off of public assistance. State agencies continue to have direct TANF-funded contracts with other organizations. State officials need to drive home the message that state contracts funded by TANF must serve this population. The cost of not directing enough TANF dollars to these families is steeper now that federal penalties are part of the picture. TANF funding for TANF families should be the policy mantra for appropriations to ensure that those living in poverty are given the assistance that is needed to move forward. State officials need to consider who is receiving TANF money and redirect the money back to the people who are in greatest need. The consequences of TANF funding supporting programs that do not contribute toward meeting the participation rates are fiscally devastating.

3) Integrate State Agency TANF Policies

We need an integrated state agency response to work, voc-ed and training policies for OTDA, OCFS, DOH, OMH, OMRDD, OASAS, OCA, the Parole Department and any other agencies that relate to TANF recipients. It is essential that work activities are included in any treatment plans or court ordered activities. State agencies need to ensure that providers incorporate work activities so as not to jeopardize federal funding. For example, alcohol and drug rehabilitation services do not always include work as a component. Judges and parole officers need to be informed of the significance of ensuring that court ordered activities conform to TANF work definitions in order for New York State to avoid fiscal penalties. Additional coordination and accountability among state agencies that handle TANF funding will be needed in order to comply with the new TANF rules and provide the required documentation. State-managed TANF contracts with service providers need to include new data reporting requirements and tougher standards on serving TANF-eligible populations. Contracts need to require work activities and positive outcome statistics.

4) Maximize Flexibility under the Block Grant

TANF is a Block Grant and it is meant to be flexible. State policies need to embrace the block grant environment rather than stay tied to the match environment that ended on a federal level in 1996. We strongly support local flexibility for the use of TANF dollars. New York State should

promote the broadest interpretation of TANF rules to encourage locally driven solutions while ensuring continued federal funding. State policies should focus on facilitating local implementation rather than on new mandates or state fiscal penalties that will drain resources and counteract our success. Counties have a built-in incentive to use TANF funds in ways that help people gain and retain employment while complying with federal laws to avoid fiscal penalties. Other entities do not have these same incentives unless they are built into performance-based contracts with government. By passing on the flexibility of TANF funding to counties for them to use in implementing services, the state is well positioned to meet federal performance targets.

5) Achieve Work Participation Rates

Steady employment is key to enabling people to be free of cash assistance. In New York State, the caseloads are at a historically low-level and every case will count in the effort to avoid penalties. Both state and local government officials must work together to address gaps in coordinated efforts to encourage work. The state's compliance will be as an entire entity and should aggressively support the regions where caseload rates are risking statewide non-compliance. On the issue of participation rates, NYC is the center of the universe for the purpose of determining whether our state succeeds or fails. Although New York State had a state participation rate of 42% in May of 2006, under the new rules, that rate could drop to between 37-38%.

Utilizing the updated caseload reduction credit, estimates are that New York State needs to achieve a participation rate of 46% rather than the full 50%. Even as strides are made to reach this goal, we still have a gap to fill based on current data. Therefore, we recommend that New York State move several target populations into a non-MOE state funded program. This approach would enable us to develop the most effective strategies to address the needs of these groups without being subject to federal rule limitations and fiscal penalties.

The following populations should be moved to a non-MOE state funded program:

- Two-parent families from TANF and Safety Net (in recognition that the federal requirement of 90% participation in work requirements for this group is unrealistic)
- Non-compliant Safety Net Assistance cases in sanction status more than 3 months
- Work exempted Safety Net Assistance clients, not required to work by state law

This is a fiscal recalculation and does not affect program operations, benefits or eligibility. The shift would be transparent to eligibility workers and to recipients. It would not require additional state or local cost since TANF is a block grant and we will continue to surpass our 75% MOE requirements. These changes would enable us to concentrate all of our attention on employment and self-support goals, knowing that the participation rates, which are simply one performance measure, would be achieved without risk of penalties.

The federal rules also allow states to develop alternative methods of counting hours for self-employment. This will be necessary so that this work can apply to participation rates.

The collective action of the State and individual counties can ensure that New York State will meet the stringent new federal requirements.

6) Support Full Engagement

State policy needs to support strategies that engender full engagement of adults to convey that there is an obligation in exchange for assistance that is provided. This is not the narrow view articulated as participation rates. Welfare Reform is bigger than that. This is a philosophy of 100% engagement for persons that receive assistance based on what is appropriate for each individual. For some people, the more severe federal rules label them a failure, for example - if they work 25 hours instead of 30 hours, whether they are engaged to their full potential or not. Unfortunately, current federal rules do not allow states to receive partial credit for those individuals who are working fewer than the total hours required. Full engagement is about doing what is necessary to reattach people back to the workforce and to move them along life's path. This may include obtaining needed medical attention, drug rehabilitation or a variety of other support. States are required to meet work participation rates as a condition of receiving federal dollars. We need to meet them because large amounts of money that are used to help poor people in New York State are at stake. But participation rates are not an end in themselves. It is possible to meet participation rates, through work activities, and to reduce job placement and retention as an unintended consequence. Therefore, our focus must be on work and self-support above any other measure of performance.

7) Address Barriers to Employment

The next decade is a time to explore the most difficult barriers that keep people tied to government assistance. These barriers include poor health, lack of education, mental health issues, alcohol or drug addiction, domestic violence, criminal histories, responsibilities for a disabled family member, child abuse or neglect in the home, or a combination of issues. Local districts currently have initiatives underway to impact on these barriers. The most notable is New York City's Wellness, Comprehensive Assessment, Rehabilitation and Employment (WeCARE) Program. This program addresses medical and mental health conditions that constitute substantial barriers to employment with the goal of enabling these individuals to eventually function in the workforce to the maximum extent possible. The next phase of welfare reform also needs to focus on the fact that families come to the system with a variety of problems to be addressed. Home Visiting Programs in a variety of districts across the state have considered a family-centered approach as an effective tool to address employment barriers. There is a strong interconnection between child welfare and public welfare that local districts experience on a daily basis. Adequate funding of the child welfare system helps to sustain families and parental employment in ways that should not be overlooked.

8) Make Implementation Manageable

There is a compelling need to look at ways to make implementation of the regulations manageable, for example, so that work verification mandates can be met through use of internet and swipe card technology. While the caseload credits and work definitions will require policy and budget changes, the problematic federal reporting requirements, work documentation and verification requirements will require creation of a technology infrastructure that aligns local district activities with the new federal information requirements. Immediate effort is required to ensure that the state's data system is upgraded to incorporate edits, reports and activity verification components not currently operational. While the new penalties, based upon the new documentation and verification standards do not go into effect until October 1, 2007, the desire to create a uniform reporting system will clearly result in copious new administrative tasks for local districts and provider involvement in new data collection. The need for manageable, technologically simple methods to collect caseload data and verify client work activities is a

priority. The current system needs to be retooled to align with the new mandates for reporting activities and for work verification which requires daily monitoring. Local districts need a solution that tracks all activity that will count toward participation rates. This challenge could be met with a common sense statewide approach, yet there is a risk in waiting for a statewide system if it is not developed within the necessary timeframes.

9) Turn to NYPWA as a Policy Resource

The New York Public Welfare Association (NYPWA) represents New York's 58 local social services districts. Our members are dedicated to improving the quality and effectiveness of social welfare policy, so that it is accountable to taxpayers and protective of vulnerable people. All state policy actions need to recognize the fact that social services in New York State are administered by departments of local government. Local social services administrators provide the knowledge and experience necessary to guide our State in moving forward with public policy changes. Founded in 1869, the NYPWA is the oldest public welfare association in the country.

The NYPWA offers the following policy resources:

- A forward thinking vision about the future of social welfare policy including public welfare, child welfare, Medicaid and related social services
- The historical perspective that is essential in understanding public welfare today
- Experience-based knowledge on what does work and what doesn't work
- The ability to balance a compassion for the hardships caused by poverty with a strong commitment to fiscal responsibility and program accountability
- Management expertise in running efficient organizations, solving problems and exploring innovative approaches and new opportunities
- In-depth understanding of individual communities across the state and the skills in interpreting state policies and their relationship to local needs and resources

10) Summary of Recommendations

To achieve success, the NYPWA recommends an approach that ensures that TANF funds are strategically directed to efforts that will enable families who are eligible for public assistance to achieve employment and self-support. Our goal is to promote full potential and make sure that basic needs are met. We ask for the fullest flexibility in interpreting the federal rules for what qualifies to meet the participation rates. We urge that TANF funding be used for TANF families and that the state budget recognize the targeted investments that will be needed in services to protect against loss of our federal TANF block grant funds.

Since 1995, states have used TANF funding to support a wide array of human services. The true challenge in future policymaking will be determining which programs are allowable work activities under the new federal rules and are effective in moving families into the labor market. By allocating the TANF dollars to counties to fund those programs, New York State will succeed in helping families in need to achieve steady employment and the ability to support their children.