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Cathy Ways
218

MEMORANDUM TO WENDELL PRIMUS

FROM: Elaine Kamarck

RE: Legislative Specifications for: Preventing Teen Pregnancy and Promoting Parental Responsibility; Make Work Pay; Improving Government Assistance.

DATE: May 19, 1994

Comments on each section follows.

1. Prevent Teen Pregnancy and Promote Parental Responsibility.

The steps listed to promote parental responsibility among young people are among the strongest provisions in the plan. They send a firm message about parental responsibility. They ought to be well received by the general public.

2. Making Work Pay.

I am not clear about whether or not the section on child care would simplify the requirements for child care in such a way as to allow easier entrance, i.e. for welfare mothers themselves, into the child care provider business. Without knowing how the IV-A requirements differ from the CCDBG guidelines I can't tell whether this is making the situation better or worse. The more bureaucratic and detailed the child care regulations, the more expensive it will become and we will end up restricting entrance to the child care business from welfare mothers or grandmothers who may want to work in this area.

3. Improving Government Assistance.

- The section on IDAs is very good but it may be subject to some skepticism from conservatives. In rolling out the plan we should remind people of the front page New York Times story a few years ago that got a great deal of attention. An hispanic teenager had saved several thousand dollars to go to college and the welfare administration took it away from her because her mother was on welfare.

- We did not have many discussions about the expansion of AFDC in the territories. Are we sure this is politically wise?

- While this section does a good job of streamlining and simplification it falls somewhat short of full scale reinvention. Much of what needs to be reinvented about the welfare system is, of course, cultural - not statutory. Nevertheless, the critical cultural change needed - to transform welfare offices from places

preoccupied with error rates and bureaucratic red tape to places preoccupied with helping people solve problems, is not mentioned here. There ought to be some option which allows states to use performance measures and allows them to offer incentives to front line employees who are especially good at helping people get and stay off welfare. The concept of incentives is in the plan for welfare recipients; it should appear somewhere for the front line social worker as well.

COMMENTS ON JOBS/TIME LIMITS/WORK

1. Effective Date/Phase In

2. Program Intake

No comments.

3. Employability Plan

*** Editorial: Need to emphasize placement in less than 24 months and work options during first two years*

This section should have a vision piece as the others do – and it should clearly state that we intend plans to be developed that move participants to work as quickly-as possible. It should explicitly say "Employability plans may be for less than 24 months and may include assignment at any time to work programs with JOBS such as CWEP, On the Job Training, and Work Supplementation as under current law."

4. Pre-JOBS

*** Question: Isn't it a state option whether volunteers meeting pre-JOBS criteria are submit to time limit?*

5. Substance Abuse

No comments.

6. Definition of the Time Limit

*** Editorial: Does (b) add anything to the definition of (a)?*

If not, it should be dropped.

7. Applicability of the Time Limit

8. AFDC-UP

No comments.

9. Teen Parents

*** Policy Issue*

(c) Still maintain that there should be no exemption for anyone under 20 based on age of child (beyond 12 weeks).

10. JOBS Services

** Editorial*

(g) Add "microenterprise training and activities" as well as self-employment programs to the list of optional activities.

11. Minimum Work Standard

**** Policy Issue*

Part time work issue remains to be resolved.

12. JOBS Participation

** Editorial*

(e) broaden the definition of satisfactory participation to include any microenterprise program -- not just SBA funded. HHS; Labor, Agriculture all have microenterprise programs.

*** Policy Issue*

(g) needs clarification. Should be a state option whether to impose time limit on a broader class of AFDC recipients participating in JOBS.

13. JOBS Funding

14. Semiannual Assessment

No comments.

15. Transition to WORK

** Editorial*

We had discussed that the regulatory specs ((e) through (h)) were too detailed and did not need to be here.

16. Extensions

17. Qualifying for Additional Months of Eligibility

18. Administration of JOBS/WORK

19. Specific Responsibilities of the IV-A Agency

20. Other Areas of Responsibility

21. Establishment of a WORK program

No comments.

22. WORK Funding

****Policy Issue*

The issue of two pots of money vs. one is still not decided. The specs maintain the division -- requiring that the former AFDC benefits be used only for wages, and the WORK subsidy of operational costs. This division is, on the one hand, artificial since subsidies can be disguised as other things, and, on the other, an unnecessary constraint on state flexibility in running the WORK program.

***Question*

Note (c) now says WORK funds will include an extra amount for WORK opportunities for noncustodial parents.

23. Flexibility

24. Limits on Subsidies to Private Sector Employers

No comments.

25. Coordination

***Questions re: public/private board:*

(1) Changes previous control of designation of board from local to state government

(2) Allows state to make local area larger than JTPA SDA. Do we want that? This would allow state to make it a state board. How about state can make area smaller, but not larger?

(3) Board has no formal power or role. "Guidance," "work in conjunction with." If we really want this to have local input, there should be some local power -- "Local plan should be developed jointly by board and agency," or "Board shall develop plan, subject to agency approval," or vice-versa.

26. Retention Requirements

27. - 29. Nondisplacement, Grievance, Concurrence

No comments. Note: do not have latest consultation specs.

30. Number of WORK Assignments

*** Question*

Should count not only subsidized positions, but unsubsidized found through agents under contract to place WORK participants.

Current definition might not count placement contracts.

31. Eligibility Criteria

32. Allocation of WORK Assignments/Interim Activities

33. Hours of Work

34. Earnings Supplement

35. Treatment of WORK wages

36. Supportive Services

37. Wages and Working Conditions

No comments.

38. Sanctions

**** Policy Issue*

(c) Suggest changing the standard for refusing a private sector job to 20 hours or less if leaves family no worse off.

****Question*

(f) Still say the term "willful misconduct" is too strong. "Willful" is unnecessary. Including it in the statute will only make it more difficult to sanction. Defining misconduct should suffice.

(g) Same issue as (c) – change std. for refusal to 20 hours.

39. Job Search

No comments.

40. Time Limit on the WORK Program

*****Policy Issue*

Under discussion.

41. Noncustodial Parents

42. Parenting Demos

No Comments.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
ASSISTANT SECRETARY FOR PLANNING AND EVALUATION



PHONE: (202)690-8794 FAX: (202)690-6518

Date: 5/4/94

From: Wendell Primus

To: Kathy Way

Division: DHHS

Division: WH

City & State: DC

City & State: DC

Office Number: 690-7409

Office Number: 456-7777

Fax Number: 690-6562

Fax Number: 456-7028

Number of Pages + cover 18

REMARKS:

May 24, 1994

MEMORANDUM

To: David Ellwood
Mary Jo Bane
Bruce Reed

From: Wendell Primus *WSP*

Re: Additional comments on Prevention/Make Work Pay/IGA

Attached are four additional comments received on the Prevention, Make Work Pay and Improving Government Assistance legislative specifications. They are from Bruce Vladeck (HCFA), Walter Broadnax, Ken Apfel (ASMB), and Maurice Foley (Treasury).

cc: Belle Sawhill
Kathi Way
Emily Bromberg



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

The Administrator
Washington, D.C. 20201

MAY 20 1994

TO: Wendell E. Primus
Deputy Assistant Secretary for Human Services Policy,
ASPE

FROM: Administrator
Health Care Financing Administration

SUBJECT: Welfare Reform Legislative Specifications -- Other
Provisions (Your memorandum of May 12, 1994)

Thank you for the opportunity to review and comment upon the legislative specifications for preventing teen pregnancy and promoting family responsibility, making work pay, and improving government assistance.

We would like to raise two broad concerns. First, the specifications appear to assume that the Health Security Act would not only be enacted soon, but that it would be fully implemented in relatively short order. While we are all working hard to pass the bill, the latter goal may be more elusive. Even with prompt enactment, a phase-in of expanded coverage over an extended period appears likely. For this reason, some form of Medicaid is likely to be a reality for low income families for some time. As we try to move these families off the AFDC rolls, we must be sensitive to the possibility that work-based universal health coverage may not be immediately available to pick up where Medicaid coverage ends. The unintended result could be to increase rather than decrease the number of families without health coverage, at least in the short term.

On the other hand, policies that expand AFDC eligibility would, to the extent that the current Medicaid program remains in place, expand Medicaid eligibility and State costs as well. To the extent that the regional alliance structure of the Health Security Act is implemented, AFDC eligibility expansions would lead to increased State premium payments. In either case, it is important to identify and account for these costs.

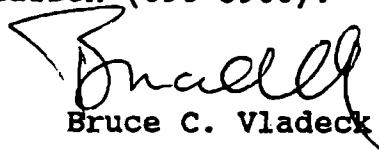
Our second broad concern with the specifications is related to the attempt to reconcile differences in eligibility and other requirements between the Food Stamp and AFDC programs. (Medicaid, of course, follows AFDC eligibility rules in many respects.) Many of the proposed simplifications would raise AFDC (and also Medicaid) eligibility standards to more generous levels, sometimes for consistency with the Food Stamp Program and sometimes for other reasons. The effect would be to increase the number of persons eligible and the costs, to States as well as to the Federal government.

Page 2 - Wendell E. Primus

While some of these changes are State options, others are in the form of mandates. Options may prove too expensive for State budgets. Mandates pose even more problems because additional funding sources (State or Federal) are not indicated. We strongly support efforts to simplify program requirements. However, we should consider the impact on States which would have to pay for their share of additional AFDC and Medicaid costs under these proposals. My staff would like to share additional concerns and recommendations with your staff on this issue.

We would like to raise one more specific concern regarding the proposal to allow States the option to limit AFDC benefits to additional children conceived while on AFDC (pages 9 - 10). We understand the political symbolism that may lead us to propose this. However, we are not aware of any empirical evidence regarding whether the policy would have the desired effect. To adopt such a policy may put the additional child, and indeed the entire family, at both economic and health risk. We urge that additional careful consideration be given to this policy and its potential impact upon AFDC and Medicaid eligibility.

My staff has identified a number of additional concerns of a more technical nature that need to be resolved. They would like the opportunity to discuss these matters with your staff and to assist in the drafting of the bill. Please coordinate this activity with Tom Gustafson (690-5960).


Bruce C. Vladeck



THE DEPUTY SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

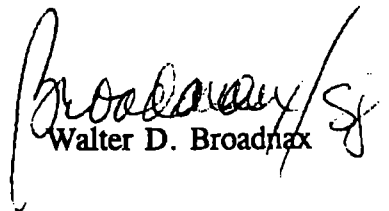
MAY 23 1994

MEMORANDUM

TO: Wendell Primus

As I read through the legislative specifications for the various welfare reform proposals, it occurs to me that it is critical to tie proposed demonstrations to the soon-to-be designated Enterprise Zone/Enterprise Community locations. This is so for several reasons: (1) the communities' strategic plans should already address many of the issues targeted by the teen pregnancy prevention and work projects -- community involvement, integrated services, business involvement, etc.; (2) the pregnancy prevention demonstrations and other efforts directed at making work a good alternative should fit nicely into a comprehensive scheme for reaching ever-younger members of the same distressed societies as will be defined under EZ/EC standards; (3) scattering the funding for these projects around the country to non-designated, non-funded areas wastes the opportunity to effectively demonstrate a comprehensive approach to social re-design.

I would strongly recommend that you include language within the legislative specifications which expresses clear preferences for co-locating welfare reform demonstrations in EZ/EC sites.


Walter D. Broadnax



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

MAY 23 1994

MEMORANDUM TO THE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION

Attn: Wendell Primus

From : Kenneth S. Apfel 
Assistant Secretary for Management and Budget

Subject: Welfare Reform Legislative Specifications -- Other
Provisions

We have reviewed and concur with the welfare reform legislative specifications having to do with Prevention, Making Work Pay, and Improving Government Assistance.

While we have no major policy concerns, we believe that these sections would be strengthened by incorporating the following two clarifications:

- On page 15, under the Child Care section of *Making Work Pay*, in the section entitled Expansion of Funds to the Working Poor, the description of the proposal in the Legislative Specifications is confusing. It now states:

Change the At-Risk Child Care Program, Section 402(i) to a capped entitlement with an enhanced match consistent with the match in the other IV-A programs.

However, this program already is a capped entitlement with an enhanced match equal to those in the other IV-A programs. Therefore, what needs to be said is:

Change the enhanced match in the At-Risk Child Care capped entitlement program (section 402(i)) to the new, higher match which is being proposed for the other IV-A programs.

- On page 25, under the Administrative Cost Structuring for Certain Social Services section of *Improving Government Assistance*, the description of the legislative specifications is confusing. It currently reads:

Under Section 403(a)(3), the law would be changed to allow a 50 percent match for family planning administration even if this is provided under Title XX.

The word "this" actually refers to family planning services, not administration. We recommend, therefore, replacing "this is" with "family planning services are."

May 24, 1994

MEMORANDUM FOR: Wendell Primus
Working Group on Welfare Reform,
Family Support, and Independence

FROM: Maurice B. Foley *MF*
Deputy Tax Legislative Counsel
(Tax Legislation)

SUBJECT: Treasury (Office of Tax Policy) Comments on
Welfare Reform Legislative Specifications
(Other Provisions)

Improving the EITC -- Permitting Publicly Administered Advanced
EITC Payment Systems

- The requirement that States repay to the Federal government excessive advance payments made to participating State residents must be included in the legislative specifications. While we understand that the concern about the possible impact this provision may have on State participation, the potential revenue drain to the Federal government in the absence of this requirement has to be accorded greater weight.
- In order to evaluate whether the demonstration projects are effective (and to minimize the revenue cost), the projects should be tested on a 3-year trial basis. We would recommend that the programs be effective from 1996 through 1998, with applications accepted in 1995.

Asset Accumulation -- Individual Development Accounts

- Clarifying the \$10,000 limit. Our previous understanding was that the \$10,000 limit only applied for purposes of determining how much of the IDA would be ignored when applying AFDC and Food Stamp asset limits. This issue must be clarified. (In addition, the tax laws will not be amended "by" the Treasury Department; it is more accurate to simply state that the tax laws will be amended to allow for the development of IDAs....)
- Each IDA will relate to an individual, not to a family (though there are family-level limitations on who will constitute "eligible participants").
- There are also several typographical errors in the Legislative Specifications.

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Specifically regarding the unsubsidized IDA program:

- The 10 percent penalty only applies to the amount withdrawn that is includible in income.

Specifically regarding subsidized IDAs

- It is confusing to say that "funds" in an IDA account will be exempt from taxation. Rather, earnings on funds in an IDA account will be exempt from taxation. Similarly, it should be clarified that if a subsidy is distributed to pay qualified expenses, it will not be subject to tax. However, if a subsidy is used to pay nonqualified expenses, it will be included in income and subject to a 10 percent penalty tax.

TO: Kathi Way

FROM: Stan Herr

SUBJECT: Comments to the "Comprehensive Welfare Reform And Family Support Amendments of 1994", revised 6/14/94

Date: June 16, 1994 -- 6-20-94 see amended second page, after I had a clarifying conversation with Carol Rasco

Thank you for the chance to review the draft legislation with respect to its disability policy issues.

For the sake of brevity, I attach the pages of the bill with suggested fixes. Below are brief explanations of why the changes seem necessary or desirable.

p. 10, line 20. insert "disability" in place of "health".

Mental disability professional is the broader and correct term for a professional who may be assessing capacity on the basis either of mental illness, mental retardation, severe learning disability, or other developmental disability.

If for some reason you want to hang on to "mental health professional" than an option would be to draft the phrase as "mental health or mental retardation professional."

p. 18, line 9. insert "rehabilitation" after the word "training".

The concept of rehabilitation is distinct from the other terms used; i.e., education, training. It points to a vital form of support that employability plans will need to consider to assist some persons with disabilities to leave welfare rolls. Later in the bill there are references to treatment for substance abuse, which a sub-set of rehabilitation services. So in the framing of employability plans it would be important to identify various types of rehabilitation needs, whether or not those services are provided directly or by referral under this Bill.

p. 20, line 12, insert "or other entities" or comparable phrase after the word "State".

Employability plans for deferred individuals in many cases might usefully require the individual to seek services provided not only by the State, but by other entities such as non-profits, purely voluntary services, etc. This change is meant to suggest that desirable latitude and the need to seek private partners in this enterprise.

p. 21, line 12, insert "in" in place of "with".
This is simply a technical change for clarity.

p. 41, line 2-3, insert "complete the individualized education plan" in place of "attain a high school education (or the equivalent)."

Under the Individuals with Disabilities Education Act, some students with disabilities have statutory coverage until age 22 to receive "a free and appropriate public education" based on "an individualized education plan." They are receiving this coverage without regard to whether it is necessary to attain a high school diploma, or complete a high school education, or its equivalent.

The current draft adds a limitation that is not based in IDEA, and may create unnecessary ambiguity or an appearance of unfairness. There are relatively few students who go on to post-18-year old IDEA education to begin with so this change of phraseology will not greatly impact the numbers of people who will enjoy the extended time limit. According to the information I've just received from the Department of Education, only one state (Michigan) provides for this special education beyond the age of 22.

The simplest way to express this limitation on pages 40-41 of the draft bill (copy attached) would be as follows:

"(2) Extension to Complete Course of Education. --
"(A) The state agency shall extend the twenty-four month limit referred to in subsection (a) --
"(i) in the case of an individual receiving services under the Individuals with Disabilities Education Act, for so long as necessary to permit such individual to continue to receive the services for which the individual is eligible under the Individuals with Disabilities Education Act; and "

There are several advantages to this formulation. First, it eliminates the potentially confusing "or, if sooner, until the individual reaches age 22" clause. Under IDEA, the cutoff age for eligibility beyond 17 years of age hinges on state law mandates. Those mandates vary from state to state. Second, it requires the individual to not only be eligible for, but actually continuing to receive IDEA authorized individualized education plans. Third, my earlier edit referencing the "completion of the individualized education plan" could lead to misinterpretations since such plans are usually only of a year's duration. For example, a student could complete as many as four IEPs during the ages 18 through 21. (Some 24 states extend IDEA through age 21; 30 states and territories require services to age 21).

p. 59, line 5-6 insert "requires a sheltered or supported work environment" after the word "individual" in place of "incapable of working outside a sheltered environment."

The disability field now emphasizes job coaches and other forms of supported employment in competitive integrated settings and seeks to minimize the use of sheltered environment. The idea of incapacity to work outside a sheltered workshop or environment runs counter to this progressive trend. It may also needlessly and unintentionally antagonize potential allies in the disability community, since the individual may not be incapable if the work setting is modified consistent with the ADA. Finally the present language appears inconsistent with the President's oft proclaimed credo of moving national disability policy from segregation to integration. There are other arguments in favor of changed phrasing, but I hope my direction is clear.

Please pass these comments on and advise me if I can clarify any of this, or further assist. Thank you.

Attachment

cc: Carol Rasco

Education Act, for so long as necessary to permit ~~complete the individual's~~ such individual to ~~attain a high school education~~ ~~education plan~~ ~~(or the equivalent)~~ or, if sooner, until such individual reaches age 22; and

continue to receive the services for which the individual is eligible under the Individuals with Disabilities Education Act

"(ii) in the case of an individual in a structured learning program (as defined in paragraph (4)), including a program under the School-to-Work Opportunities Act of 1993, for so long as necessary to permit such individual to complete the program or, if sooner, until such individual reaches age 22.

"(B) Subject to subsection (e), the State agency may extend the twenty-four month limit referred to in subsection (a) --

"(i) for no more than 12 additional months in order to allow an individual to complete high school (or an equivalent program of education), so long as the individual is making satisfactory progress toward obtaining a high school diploma (or equivalent);

"(ii) for no more than 24 additional months in order to allow an individual to complete a course of post-secondary education so long as the individual is enrolled in a work-study program, or

SCORECARD on our requested changes

1. Substance Abuse: no change made
2. Job Search: did not put in the requested reference to a state option to apply job search for the non-phased in
3. Minimum Work Requirement: they did include a very inartfully drafted clause in Section 417 that excludes months where the individual turns down additional hours from the exclusion for months when individuals are working part-time.
4. Definition of WORK position: Changed to "a position of employment to which an individual is assigned under this part." Works for me.
5. WORK performance standards: no change made. I had lengthy discussions with Emil on Friday, but they never agreed with the view that the Secretary should be directly required to set a target for the state to which the state's performance should then be tied. Oh well. This will never survive in Congress anyhow - it's too confusing.
6. WORK Sanctions: changed as requested.
7. Employability Plan: requested language change was made
8. Exemptions: changed as requested.
9. Child care WORK placements: included on list.
10. WORK assessment: we wanted an assessment after the second and each subsequent assignment, they made it after every second one.
11. JOBS and WORK administration: issue not addressed. Assume DOL has no problem.
12. Health benefits: no change. Still "expect employers to provide health insurance."
13. Nondisplacement: language dropped.

*Conference call at 9:AM.
with HHS, ^{Dwight Holden} Health care, Bruce, Jeremy, Kathi, Susan,
Keith, Linda/Reta, Rahm, Jake.*

100
Jalbury Davis

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