



Work-Related Provisions in Administration's Welfare Proposal

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Key Changes

- Universal engagement
- Increase participation rate to 70%
 - Eliminate caseload reduction credit, count people who leave due to work for three months
 - Eliminate separate two-parent rates
- 40 hour requirement to fully count
- At least 24 hours in “direct work”
 - May substitute certain activities for direct work for three months in 24

Universal Engagement

- Current law:
 - Adults receiving assistance must be “engaged in work” as defined by state within 24 months;
 - No penalty attached to state noncompliance.
- Proposal:
 - Within sixty days of opening case, each family must have individualized plan for pursuing maximum degree of self-sufficiency;
 - Families must be participating in constructive activities or be in process of assessment or assignment;
 - Participation and progress must be monitored and reviewed;
 - States have discretion to design and monitor activities;
 - Noncompliance subject to federal penalty.

Participation Rate

- Current Law:
 - 50% rate in 2002, adjusted downward by caseload reduction credit, most states have rates at or near zero;
 - Separately-calculated, 90% rate for two-parent families.
- Proposal:
 - 55% in 04, 60% in 05, 65% in 06, 70% in 07;
 - Caseload reduction credit phased out by half in 04, fully in 05;
 - People leaving due to work countable for three months;
 - State can exclude families from rate in first month of assistance;
 - Rate will continue to be calculated excluding single parents of children under age one;
 - Separate two-parent rate eliminated.

Hours of Engagement

- Current law:
 - Single parent with child under 6 can meet requirements with 20 hours of participation.
 - 30 hour requirement for all other families.
- Proposal:
 - 40 hours needed to fully count.
 - Pro-rata credit if less than 40 hours, but only if at least 24 hours in “direct work” activities.

Countable activities: current law

- Some activities only count toward first 20 hours, broader set count toward hours in excess of 20
- Vocational educational training countable toward first 20 hours, for up to 12 months, subject to a 30% cap; Job skills training countable toward hours beyond 20.
- Barrier removal activities generally not countable.

Proposed 24/40 structure

- Must have 24 hours/week in direct work activities:
 - unsubsidized or subsidized employment, supervised work experience or community service, or on-the-job training, or teen parent engaged in school completion.
- State discretion in structuring activities for hours in excess of 24.
- For up to 3 months in 24, may substitute substance abuse treatment, rehabilitative services designed to maximize self-sufficiency through work, work-related training for direct work activities.

Key concerns

- Participation rate makes focus on process, not outcomes.
- Rigid 24/40 model:
 - Does not reflect states' best judgment about how to help people get jobs; most states have not elected to run large-scale experience/community service programs;
 - Not consistent with research findings about effective programs;
 - Not responsive to needs of families with multiple barriers;
 - Will make it harder, not easier, to provide access to education/training;
 - No reason to believe 40 hour requirements will lead to better employment outcomes, but they will be costly, distracting, probably lead to increased intrusions and increased sanctioning.
 - No new funds, states would be forced to cut other low-income benefits and services to respond to requirements.

A better approach

- Allow states to be accountable for outcomes rather than participation rates.
- Eliminate caseload reduction credit, provide a credit for working leavers, greater credit for leavers with higher earnings.
- Eliminate restrictions on vocational training.
- Broaden ability to count barrier removal activities.