# LEGISLATIVE STUDY COMMISSION ON WELFARE REFORM

## FINAL REPORT TO THE 1995 GENERAL ASSEMBLY OF NORTH CAROLINA

(THIS INFORMATION SHOULD BE PRINTED ON THE BACK OF THE COVER SHEET.)

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January 23, 1995

TO THE MEMBERS OF THE 1995 GENERAL ASSEMBLY:

Attached for your consideration is the report of the Legislative Study Commission on Welfare Reform.

Respectfully submitted,

Senator William N. Martin — Representative E. David Redwine
Cochairs

Legislative Study Commission on Welfare Reform

# WELFARE REFORM STUDY COMMISSION
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## 1994

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## COMMISSION BACKGROUND

The Legislative Study Commission on Welfare Reform was established by Section 47 of Chapter 24 of the 1993 General Assembly, Extra Session 1994. This section reads:

**WELFARE REFORM STUDY**

"Sec. 47. (a) There is created the Legislative Study Commission on Welfare Reform. The Commission shall consist of 14 members as follows:

(1) Five members of the House of Representatives appointed by the Speaker of the House of Representatives;

(2) Two persons appointed by the Speaker of the House of Representatives who are not members of the General Assembly;

(3) Five Senators appointed by the President Pro Tempore of the Senate; and

(4) Two persons appointed by the President Pro Tempore of the Senate who are not members of the General Assembly.

(b) The Speaker of the House of Representatives shall designate one representative as cochair and the President Pro Tempore of the Senate shall designate one Senator as cochair.

(c) The Commission shall study the whole issue of the need for welfare reform in light of the current social crisis caused, in part, by the rapidly increasing incidence of violent crimes. This study shall include:

(1) A reexamination of the whole purpose of the welfare system and an identification of those disincentives to raising responsible, independent participants in society that are built into the system;

(2) An analysis of the federal welfare reform proposals and of other states' initiatives; and

(3) A compilation and detailed examination, including detailed fiscal analysis, of proposals to reform the welfare system.

(d) The reexamination prescribed by subdivision (1) of this subsection shall specifically include consideration of the following bills introduced in the 1993 General Assembly, Extra Session 1994: House Bill 141, introduced by Representative Fitch, House Bill 209, introduced by Representative McAllister, House Bill 80, introduced by Representative Berry, Senate Bill 129, introduced by Senator Cochrane, and any other welfare reform initiatives introduced in this session.

(e) The Commission may submit an interim report to the General Assembly on or before the first day of the 1994 Regular Session of the 1993 General Assembly and shall submit a final report, including a complete proposal for welfare reform, to the 1995 General Assembly within one week of its convening, by filing the report with the Speaker of the House of Representatives and the President Pro Tempore of the Senate. Upon filing its final report, the Commission shall terminate.

(f) The Commission, while in the discharge of official duties, may exercise all the powers provided for under the provisions of G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Commission may meet at any time upon the joint call of the cochairs. The Commission may meet in the Legislative Building or the Legislative Office Building.

(g) Members of the Commission shall receive subsistence and travel expenses at the rates set forth in G.S. 120-3.1 or G.S. 138-5, as appropriate.

(h) The Commission may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02. The Legislative Services Commission, through the Legislative Administrative Officer, shall assign professional staff to assist in the work of the Commission. The House of Representatives' and the Senate's Supervisors of Clerks shall assign clerical staff to the Commission or committee, upon the direction of the Legislative Services Commission. The expenses relating to clerical employees shall be borne by the Commission.

(i) When a vacancy occurs in the membership of the Commission, the vacancy shall be filled by the same appointing officer who made the initial appointment.

(j) All State departments and agencies and local governments and their subdivisions shall furnish the Commission with any information in their possession or available to them."

The need to examine the welfare or public assistance system as a whole has become increasingly clear in the last few years. The public perception of the system is that it is not working and that it is, indeed, responsible for many of the social ills facing our society.

A brief review of welfare makes clear that the public and the policy makers have been often ambiguous about what it should be and that the "system" has grown out of this ambiguity. (Information on the development of the North Carolina welfare system is taken from A Guidebook to Social Services in North Carolina, 4th ed., by Mason P. Thomas, Jr., and Janet Mason, Institute of Government Press, 1989, and The Draft Legislators' Guide to the North Carolina Constitution, "Article XI, §4". )

Dictionaries define welfare as the state of doing well, with respect to good fortune, happiness, well-being, or prosperity. The system of welfare developed from the English tradition that gave local parishes the job of taking care of their own widows, orphans, and disabled poor. In 1601, more as a crime control device than as a charitable act, the English Poor Laws were enacted. They were designedly punitive in effect and aimed specifically at making the streets safe from able-bodied vagabonds and beggars. At that time, huge numbers of soldiers and sailors had returned from war and were no longer receiving pay. There were few jobs for them so they turned to the streets. The new laws expanded parish control to include mandated control over the able-bodied poor without providing the parishes with much help, rather like our "unfunded mandates" of today. The workhouses or poorhouses that developed out of the Poor Laws became symbols of terror for many people. In them, people were punished for the sin of being poor and able-bodied and were kept away from the public, who felt menaced as well as offended by them. They were not given any kind of job-training although they were a source of supply for craftspeople seeking apprentices who could not find them in the community. It would be wrong to state that some people did not come out of these institutions and become self-sufficient. They did do, however, in spite of these institutions, not because of them.

The punitiveness of the Poor Laws was often mitigated by some developing common law protections and by individual parish charitable impulse but this impulse did not change the punitiveness, merely added a layer of ambiguity to public policy regarding the poor, the able-bodied poor. In general, charity was more positive and unambiguous when directed toward the widows, orphans, and disabled poor, although Charles Dickens' Oliver Twist makes clear that, by the nineteenth century, punitiveness seemed well established in this part of the system, as well.

In the colonies, local governments wrestled with the issue of how to treat the able-bodied poor. Often they were considered morally and spiritually corrupt, with their poverty an outward sign of their inward state. But charitable impulses began to be institutionalized, along side of the punitive ones. In 1868, the North Carolina General Assembly wrote into its constitution that "[b]eneficent provision for the poor, the unfortunate, the orphan, being one of the first duties of a civilized and Christian state, the General Assembly shall at its first session after 1868 appoint and define the duties of a Board of Public Charities, to whom shall be entrusted the supervision of all charitable and penal State institutions...."(N.C. Const. of 1868, Art. XI, §7, cited in Thomas and Mason, p. 3.) It is interesting that both charitable and penal institutions were put under one Board, thus institutionalizing the ambiguities of the developing welfare system. Interestingly also, Section 11 of Article XI of the 1868 Constitution provided that all penal and charitable institutions should be self-supporting. The current constitution still contemplates public charitable and punitive impulses as parts of a whole. Section 3 of Article XI, new with the 1970 Constitution, effective 1971, states:

"Sec. 3. **Charitable and correctional institutions and agencies.**
Such charitable, benevolent, penal, and correctional institutions and agencies as the needs of humanity and the public good may require shall be established and operated by the State under such organization and in such manner as the General Assembly may prescribe."

The public assistance system has changed since 1868, of course. It is based in counties today and supervised rather than administered by the State. The institutions are certainly not any longer considered to be self-supporting. In 1973, all social services programs were centralized under the Department of Human Resources and the Social Services Commission was created fulfilling the functions of the State Board, which was abolished. North Carolina has continued to opt for county operation of social services programs, whereas most states have chosen State administration. Federal law sets out the program standards, and states must enact legislation to qualify for federal funds that cover most of the cost of all social services programs.

It was federal action, initially in the 1937 Social Security Act, that put the federal government for the first time in the position of dictating welfare policy. The two strains of punitiveness and charity were never removed. Indeed, in 1981, many of the punitive measures that the War on Poverty and other initiatives had removed were built back into the system, such as the current work disincentives and resource limitations that often are observed to keep people in welfare rather then helping them out.

North Carolina's current constitutional provision, Article XI, § 4, as revised in 1971, reads:

"Sec. 4. Welfare Policy; board of public welfare.
Beneficent provision for the poor, the unfortunate, and the orphan is one of the first duties of a civilized and a Christian state. Therefor the General Assembly shall provide for and define the duties of a board of public welfare."

This provision establishes the public welfare policy of the State by imposing a duty on the General Assembly to provide for those in need but case law makes clear that this duty is left to the exclusive right of the General Assembly to define who is in need and what type of care will be provided. (See Board of Education of Bladen v. Comm'rs of Bladen, 113 N.C. 379, 18 S.E. 661 (1893).)

The North Carolina Supreme Court has held that the payment of the medical care for the indigent rest upon the State. (See Martin v. Wake, 208 N.C. 354, 180 S.E. 777 (1935).) However, the General Assembly may delegate authority by statute to local government to share in the responsibility, including financial, for indigents and afflicted sick. (See Board of Comm'rs v. Wilmington, 237 N.C. 178, 74 S.E.2d 749 (1953).) The General Assembly may also delegate to counties the responsibility to make public health services available to the people. (See Casey v. Wake, 45 N.C. APP. 522, 263 S.E.2d 360 (1980).)

North Carolina meets its duty to provide for orphans by the foster care system. There are private residential child caring institutions that are helped with State funds. The General Assembly has appropriated funds to subsidize private orphanages but has never built or operated a State one. The control over child placement and care is exercised today by the Department of Human Resources by local departments of social services.

The Commission, as noted, grew out of a concern that the current welfare system was not working. This brief overview of the system as it grew perhaps illustrates why it doesn't work. The goals are ambiguous, at best, and the system's effects seem to be pernicious rather than curative. A number of bills introduced during the 1994 Extra Session, which was called by the Governor in response to the growing public perception that crime, especially juvenile crime, was out of control and needed immediate legislative attention, addressed various aspects of the problems in the welfare system and the possible pernicious relationship the system potentially had to the rapidly growing incidence of crime.

The following bills were referenced in the Commission's authorizing legislation, which was initially introduced by Representative Redwine and Senator Cochrane: House BIll 141, introduced by Representative Fitch, House Bill 209, introduced by Representative McAllister, House Bill 80, introduced by Representative Berry, and Senate Bill 129, introduced by Senator Cochrane. (These bills are included in APPENDIX A.)

## COMMITTEE PROCEEDINGS

The Legislative Study Commission on Welfare Reform met 6 times, on November 1, 1994, on November 28, holding a a public hearing that evening, on November 29, on December 12, on December 19, January 9, and January 23. It began its study very late as its members were appointed very late in the year, about a month after the Governor's Task Force on Welfare Reform began its study. The Commission and the Task Force hoped to be able to avoid duplicative study but it proved impossible to mesh the two bodies' work schedule.

The Commission meetings incorporated a great deal of information regarding other states' initiatives, federal initiatives, as they changed after the fall elections, this State's likely initiatives, as they could be identified before the start of the 1995 General Assembly session, and many initiatives of public and private groups and individuals. The minutes of all the meetings except for the January 23 meeting are in APPENDIX B. Many of the proposals considered by the Commission are in APPENDIX C, together with a table of contents to this appendix. The Commission regards part of its duties to be the collection of current information on welfare reform that may prove useful to the 1995 General Assembly and has presented this appendix to do so. One copy of everything presented to and considered by the Commission is on file in the Legislative Library.

The Commission, after listening to many proposals over several of its meetings decided that it could proceed in one of two ways. It could continue to hear proposals and to hold public hearings or it could identify the concepts it was interested in considering and focus on those. It chose the latter, aware of the time constraints on its study and feeling that it could make a positive contribution to the 1995 General Assembly's deliberations over welfare reform even though it had not completed a detailed examination of all current welfare systems in all the states. Most of the waiver programs attempted by the states were too new to allow any determination of how effective they were, or had results that were too ambiguous. The Commission developed a document that laid out side by side, a number of existing proposals, arranged by general topics that the Commission knew were of great public concern. The proposals considered were those of the Republican House Congressional "Personal Responsibility Act" as it existed in the late winter of 1994, the introduced administrative initiative, "The Work and Responsibility Act", the Association of Public Welfare Administrators' Initiative, the Association of the Directors of Social Services' Initiative, "The Family Investment Program", the Governor's task Force on Welfare Reform's Statements of Principle, and the Legal Services' Proposal, "Toward Economic Independence: An Analysis of Methods to help North Carolina's Poor Reach Economic Independence." The broad topics of comparison were:

(1) Goals;
(2) Benefit Limits, including minor parent limits, paternity establishments, family caps, time limits, entitlement status, and noncitizen benefit limits;
(3) General Education Requirements;

(4) Work and Job Training Requirements, including coverage and specific exemptions;
(5) General Noncompliance Penalties;
(6) Removal of Disincentives to Work;
(7) Additional New Incentives to Work;
(8) Removal of Disincentives to Family Responsibility;
(9) Simplification and Coordination;
(10) Evaluations/Outcome Measures;
(11) Immunizations, Related Health Requirements; Transitional Medicaid;
(12) Mandatory Substance Abuse Treatment;
(13) Child Care; Transitional Child Care;
(14) Fraud Prevention; and
(15) Block Grant Funding.

(See APPENDIX C for the side-by-side document used by the Commission.)

As the Commission progressed through the document, it discovered certain consensus concepts that it felt would need to be included for consideration in any welfare reform deliberations. All these consensus concepts focussed on the Commission's addressing first a consensus on the proper goal of welfare reform. The Commission early agreed that the goal of welfare reform should be:

> Welfare Reform should aim at moving people permanently from the welfare dependency cycle to work and self-sufficiency. In so doing, it should treat all people fairly and promote individual and family responsibility, family stability, dignity, and self-respect. It should focus on the well-being and development of children into self-sufficient adults and should be administered in a fiscally responsible manner.

All the other concepts were developed to fulfill this goal and to respond in a responsible way to the pressing public concerns about a system that is out of control. The public conception of who is on welfare, as defined most typically by AFDC, is not supported by the facts, but the public's real concern that the welfare system is badly broken and threatens society as a whole remains valid in spite of misconceptions. The following pages give a typical family AFDC profile and a departmental analysis of the AFDC and AFDC-UP caseloads.

## AFDC FAMILY PROFILE

The following are some of the characteristics of families receiving AFDC Regular and AFDC-Unemployed Parent (UP) benifits. These generalizations are based on the caseload and other data that follow the narrative profiles.

### AFDC Regular Family Profile

The main eligibility criterion for the Regular AFDC program is deprivation of support by one or both parents. Although this occurs in a few very rare instances when both parents are still in the home -- for example, when one or both parents are physically disabled -- virtually all AFDC families are headed by a single parent. Furthermore, this is almost always the mother of the children in the case. A female-headed family and absence of the children(s)' father is the single most distinguishing feature of Regular AFDC families.

The 'typical' AFDC family is reflected in the basic statistics that follow. Such a family is non-white. The family head is 24 years old and has two children both of whom receive AFDC and who were likely to have been born out-of-wedlock. The family lives in Piedmont or eastern North Carolina in or close to an urban center. Although many of the residents of conventional public housing are AFDC recipients, the typical AFDC family does not live in public housing. The typical AFDC family does, however, receive Food Stamps. In fact, such a family is likely to have some kind of connection to several human services programs in addition to AFDC. Access to subsidized child care for purposes of employment is a fundamental part of the AFDC program and, therefore, this is available as is eligibility under the Medicaid program. On the other hand, she probably doesn't get child support.

Educationally, the typical AFDC mother has completed high school but is, nevertheless, functionally illiterate. In spite of that, however, she has probably worked full-time at least for some period during her adult life. She has most likely worked in the manufacturing sector of the economy, often in seasonal jobs.

The typical AFDC family head is likely to have a driver's license but is also not likely to have a car. If she does have a car, it is an older model that's not well-maintained or dependable.

AFDC Unemployed Parent Family Profile

The typical AFDC Unemployed Parent family is markedly different from Regular AFDC family. Both parents live in the home, they are white, and they likely live in the western part of the State. Since attachment to the labor force is a major consideration in being eligible for the program, at least one parent in such families has worked regularly and recently.

The AFDC Unemployed Parent population is probably very mobil and seems to move around following the job market. In fact, a well-known phenomenon in western North Carolina is the north-south movement of adults and families from other states – notably West Virginia and western Virginia – in search of employment opportunities. Thus, the typical AFDC UP familiy is more likely to come from outside of North Carolina than is true of the Regular AFDC family.

# ANALYSIS OF AFDC REGULAR CASELOAD

## AFDC-Regular Caseheads* by Race

| | Number | Percent |
|---|---|---|
| American Indian | 2,678 | 2.3 |
| Asian | 303 | 0.3 |
| Black | 75,512 | 64.1 |
| Hispanic | 1,269 | 1.1 |
| White | 37,926 | 32.2 |
| Other/Unknown | 198 | 0.2 |
| Total | 117,886 | 100.0 |

## AFDC-Regular Case Adults by Sex

| | Number | Percent |
|---|---|---|
| Female | 93,206 | 96.4 |
| Male | 3,491 | 3.6 |
| Total | 96,697 | 100.0 |

## Family Size

| | |
|---|---|
| Children | 199,387 |
| Cases | 117,886 |
| Avg. Children/Case | 1.69 |

## Employment

| | |
|---|---|
| Number with earned income | 16,211 |
| Percent of Adults | 13.80% |

## Other Income

| | |
|---|---|
| Number of cases with countable income | 25,712 |
| Percent of cases | 21.80% |

### Receiving Child Support

| | |
|---|---|
| Average monthly number of cases receiving child support | 39,324 |
| Average monthly support payments | $172.12 |

### AFDC Payment Amount

| | |
|---|---|
| Average monthly authorized payment | $225.24 |

### Births out-of-wedlock (estimate)

| | |
|---|---|
| Number born out-of-wedlock | 108,214 |
| Total Children | 199,387 |
| Percent | 54.30% |

### Ages of Adults

| | Number | Percent |
|---|---|---|
| Under 20 | 8,605 | 9.1 |
| 20-24 | 24,838 | 26.3 |
| 25-29 | 21,417 | 22.6 |
| 30-34 | 18,213 | 19.3 |
| 35-39 | 11,782 | 12.5 |
| 40 and Over | 9,779 | 10.2 |
| Total | 94,634 | 100.0 |

### Ages of Children

| | Number | Percent |
|---|---|---|
| 0-4 | 81,440 | 40.8 |
| 5-9 | 59,008 | 29.6 |
| 10-14 | 39,941 | 20 |
| 15 and Over | 18,998 | 9.6 |
| Total | 199,387 | 100.0 |

*Casehead is the head of the AFDC family unit.

## Receiving Child Support

| | | |
|---|---|---|
| Average monthly number of cases receiving child support | | (Not separately available for AFDC-UP) |
| Average monthly support payments | | |

## AFDC Payment Amount

| | |
|---|---|
| Average monthly authorized payment | $255.81 |

## Births out-of-wedlock

| | |
|---|---|
| Number born out-of-wedlock | (Not Separately available for AFDC-UP) |
| Total Children | |
| Percent | |

## Ages of Adults

| | Number | Percent |
|---|---|---|
| Under 20 | 202 | 4.5 |
| 20-24 | 975 | 21.6 |
| 25-29 | 1,034 | 22.9 |
| 30-34 | 980 | 21.7 |
| 35-39 | 685 | 15.2 |
| 40 and Over | 635 | 14.1 |
| Total | 4,511 | 100.0 |

## Ages of Children

| | Number | Percent |
|---|---|---|
| 0-4 | 2,554 | 46.9 |
| 5-9 | 1,626 | 30 |
| 10-14 | 933 | 17.1 |
| 15 and Over | 331 | 6 |
| Total | 5,444 | 100.0 |

*Casehead is the head of the AFDC family unit.

# ANALYSIS OF AFDC-UP CASELOAD

## AFDC-UP Caseheads* by Race

| | Number | Percent |
|---|---|---|
| American Indian | 70 | 2.8 |
| Asian | 26 | 1.0 |
| Black | 717 | 28.3 |
| Hispanic | 37 | 1.5 |
| White | 1,660 | 65.6 |
| Other/Unknown | 20 | 0.8 |
| Total | 2,530 | 100.0 |

## AFDC-UP Case Adults by Sex

| | Number | Percent |
|---|---|---|
| Female | 2,490 | 54.3 |
| Male | 2,099 | 45.7 |
| Total | 4,589 | 100.0 |

## Family Size

| | |
|---|---|
| Children | 5,444 |
| Cases | 2,530 |
| Avg. Children/Case | 2.15 |

## Employment

| | |
|---|---|
| Number with earned income | 801 |
| Percent of Adults | 32.00% |

## Other Income

| | |
|---|---|
| Number of cases with countable income | 825 |
| Percent of cases | 32.60% |

The Commission's consensus concepts, as they developed, included some currently designated as conservative, such as the need to consider general four-year limits on all benefits, with the possibility of extension if the individual family's situation warranted, limits on minor parent benefits and family caps, to address the public concern for the rapidly increasing number of out-of-wedlock births (up to 55% of the "welfare" births nationwide) and by the increasing number of children having children. At the same time, the concepts included some currently designated as "liberal", such as the provision of counseling and services to pregnant children and others. They also included several pieces that would act to remove disincentives to work while also including measures to ensure greater fraud prevention.

In several key cases, the Commission was not able to work out details of these concepts. Although it easily identified permanent self-sufficiency as the ultimate state toward which welfare recipients should be moving, it soon realized that it would not be able, in the short period of time remaining to its study to develop in detail the crucial work/jobs training proposal that would lead to this permanent self-sufficiency.

Dr. Dennis Orthner, a member of the Governor's Task Force on Welfare Reform, who is working with the Task Force on its particular JOBS proposal, helped the Commission to understand the complexities of whole welfare reform issue. He emphasized that a major philosophical change would have to take place in the North Carolina welfare system to enable the State to go from the current income maintenance system, which makes sure that people do not accumulate assets or improve income because they need to remain qualified, to a philosophy of self-sufficiency, which encourages people to gain assets and income so they can become independent.

With respect to the work/job training issue, Dr. Orthner testified that he has spent the last five years trying to understand welfare reform strategies that have been proposed and studying the North Carolina JOBS program to attempt to learn what is and what is not working. He discussed what he believed to be major obstacles to getting any kind of welfare reform strategy to work, especially if it means moving people from public assistance to gainful employment. A typical JOBS participant is a woman with one or more preschool children. 63% of all participants are functionally illiterate. 55% are clinically depressed. 50% express very low satisfaction with their lives. Of those in school, 25% have behavioral problems. Those who have children in school report that their children have behavioral problems. Significant barriers stand between these people and gainful employment, over and above barriers of resource limits, income, and other factors.

Dr. Orthner explained the two basic welfare programs mostly used in the United States, the human capital approach and the employment approach, as both approaches affect how the particular system deals with work/job training issues.

In North Carolina, the human capital approach is used because we believe that by helping build skills and by reducing some of their deficits, we will be able to develop their capacity to move toward self-sufficiency. The North Carolina programs are not employment-oriented but are oriented toward improving employability. Typically, what happens with this approach is that an agency or program other than Department of Human Resources' JOBS program, must take on the employment assistance role, whether it is the Employment Security Commission, JTPA (Jobs Training Partnership Act) in Commerce, Community Colleges, or whatever. This bifurcation among agencies of training and placement is a very expensive one and a very inefficient one. The Commission had, indeed, heard much testimony as to the lack of efficiency. Each of the "placement" agencies have their own mission that is not the same as any others and is also not harmonized with that of the Department of Human Resources. To some extent, this is the fault of these agencies' different federal revenue streams and mandates. To a great extent, it is the fault of agency inertia and failure to coordinate and focus. The end result of this expensive inefficiency is that only one our of five eligible people are in the JOBS program at any one time, leaving about 80% not participating at any one time. The placement records are simply insufficient to determine the program's success at moving people to permanent self-sufficiency.

The other approach, the employment approach, which is used in Iowa and some other states, mandates that everyone within the eligible group participate in work/job training, unless deferred for good cause. (See APPENDIX C for Iowa's statutes.) Do. Orthner told the Commission that, if North Carolina were to go to this approach, as the Commission members felt it must, and as is reflected in the Concept document that follows, the work/job training/placement systems would have to be combined and would have to change radically. It is quite possible that many more social workers would be required, possibly five times as many. The programs that tend to have high participation rates and high rates of movement into the labor force tend to be those programs that essentially have an up-front job placement and are essentially employment programs with a backup of human capital investment. North Carolina, currently, runs a human capital program with a backup of employment. Dr. Orthner warned the Commission that factors operating in North Carolina such as low literacy levels and other historical factors that reflect that the degree of support in the community are different than those in states that used the employment approach. These factors may mean that the Commission's desired movement toward the employment approach may not work.

After the meeting, at Senator Kerr's request, Dr. Orthner made a draft concept paper, JOBS Plus in North Carolina, March, 1994, available to the Commission. It may be found in APPENDIX C. The Commission did not have time to review this proposal but wished to pass it on the the General Assembly as a very valuable position to consider. It would give the North Carolina JOBS program more of an employment aspect while also improving the human capital aspect of the programs. It does rely on a single case manager system, to coordinate JOBS better with any other public assistance the recipient might be receiving. Its identified benefits are listed as:

(1) Quicker placements into employment;
(2) Reduced AFDC expenditures;
(3) Lower caseloads for income maintenance and food stamp units;
(4) Fewer dropouts from JOBS caseloads;
(5) More services targeted to family members;
(6) Increased staff morale and competence;

(7) Simplification of the "welfare maze" for participants;
(8) Enhanced incentives for transition to employment and
(9) Increased community support for the program.

The Commission drew up a Concept document from its deliberations. By its second-last meeting, this document had evolved as follows:

WELFARE REFORM CONCEPT PAPER

**GOAL STATEMENT**

Welfare Reform should aim at moving people permanently from the welfare dependency cycle to work and self-sufficiency. In so doing, it should treat all people fairly and promote individual and family responsibility, family stability, dignity, and self-respect. It should focus on the well-being and development of children into self-sufficient adults and should be administered in a fiscally responsible manner.

**METHODOLOGY**

Every family receiving assistance shall participate in forming, and shall formally consent to, an agreement with the State and with the local social services agency, with the local agency acting for the State. This agreement shall specify all services and benefits to be provided the family to facilitate moving the family to permanent self-sufficiency. The agreement shall, further, contain all other conditions, such as benefits limitations and any sanctions that shall be imposed for non-compliance. In developing the agreement, there shall be a focus on the family.

All agreements shall include requirements for work and for job training, and education, if needed. Specific provisions that shall be available for all families if they are needed include work/training requirements and child care and specific limitations and sanctions. The local social services agency may tailor other services, benefits, and sanctions for each family in a way best suited to achieve the goal of permanent self-sufficiency. All locally tailored limits and sanctions shall be set and applied in a manner consistent with equal protection across localities, due process, and general equity.

**AGREEMENT SPECIFICS**

**SPECIFIED LIMITS, ELIGIBILITY, AND OTHER REQUIREMENTS**

**(1) LIMITED BENEFITS FOR MINOR PARENTS**

AFDC and housing benefits for minor unmarried parents shall not be available to those who are not living with their parents or guardians unless there is reasonable concern that abuse to them or their children will result as a consequence of living with the parents or guardians, including reasonable suspicion that incest has occurred while living with parents or guardians. The agreement shall contain provision for educational services, adolescent parenting programs, and very close monitoring by the social services caseworker, participation in available programs that are like the adolescent pregnancy prevention program and independent living program models that focus on the prevention of subsequent out-of-wedlock pregnancies, and involvement of the father through counseling and guidance.

(2) **FAMILY CAP LIMITS**

The agreement shall specify that no additional AFDC cash benefits be paid for an additional child conceived while the family is receiving public assistance. The agreement shall also specify that all adult and teen-age members of the recipient family receive birth control counseling and that appropriate birth control is made available and accessible to them.

(3) **OVERALL BENEFITS LIMITS**

a. All public assistance benefits shall be limited to four years, including education and job training, except as provided in paragraph b. of this subdivision. The agreement shall specify how long any benefit shall be available, not to exceed four years.

b. The General Assembly finds that there should be a high level of flexibility on the part of the local social services agency in moving the recipient family toward permanent self-sufficiency. Therefore, if the local social services agency determines that the recipient is making significant and documented progress toward self-sufficiency, and that there are unusual circumstances that warrant an extension of benefits for up to an additional 12 months, and if the Division of Social Services, Department of Human Resources, agrees with this determination, this extension shall be allowed.

(4) **PATERNITY ESTABLISHMENT**

a. Continue practice of establishing paternity at birth through hospitals or as soon as feasible through acknowledgment or court action.

b. Strengthen requirements that the local social services agency report paternity.

c. Strengthen and streamline the process for establishing paternity through court action and establish a legal presumption favoring garnishment of wages after a certain set number of payment have been very late or have not been made. Require AOC and DSS to cooperate on a study that will determine how best to accomplish this streamlining and garnishment presumption and to report the the 1995 General Assembly, Regular Session 1996, on its recommendations.

d. Change law so that, if the mother has not cooperated in paternity establishment within one year of the child's birth, there will be no additional AFDC cash benefits continued for that child. Even when the birth arose through rape or incest, the same requirements apply, unless there is a determination that the safety and well-being of the mother or the child would be jeopardized. Any determination that the mother has not cooperated shall be reviewed by the case worker's supervisor and by the director of social services. The law shall make clear what is currently done when a social services worker has grounds to believe that a recipient is a victim of rape or incest.

(5) **EDUCATION**

The likelihood of permanent self-sufficiency is minimized unless there is adequate education. Therefore, all agreements shall require that all minors obtain a high school diploma or its equivalent, whether through regular schools, alternative schools, community colleges, or elsewhere. If considered necessary, the agreement may contain provision for a minor's further education. The agreement may also contain provision for education for an adult.

(6) **WORK/TRAINING**

All agreements shall specify that all nonexempt family members must work or be in a work-training program that is based on the local job market and is designed to move the family to permanent self-sufficiency. Each agreement shall use community-based organizations as much as is reasonably possible in facilitating involvement and retention in the particular family's work-training program. The local social services must involve private sector in job location and microenterprise alternatives shall be permitted, if appropriate and agreed to.

In instances when work is unavailable, and the recipient is not otherwise exempt from the work requirement, the recipient shall work in appropriate public community service for at least 14 hours per week without compensation. The recipient shall be permitted, whether or not exempt from work requirements, if the local social service agency agrees, to volunteer for uncompensated public community service work in excess of 14 hours per week.

**(7) EXEMPTIONS FROM WORK/JOBS REQUIREMENT**

The following individuals are exempt:

a. Under age 16;

b Age 16, 17 and a full time student or to be a full time student in next school year;

c. Age 18 and due to complete high school before age 19;

d. Ill or disabled;

e. Age 60 or older;

f. Required to travel more than two hours round trip for a normal work or training day;

g. Needed in home to care for someone ill or disabled, who live in the home;

h. Working more than 30 hours per week;

i. More than three months pregnant; and

j. A parent caring for a child under age 2 (age 1/age 6 months/age 6 weeks. If any of these earlier age cut-offs is picked, a recipient may receive a medical exemption.) If adequate child care exists, such a parent shall be encouraged to participate.

The agreement shall involve all exempt individuals, when appropriate, in the plan for moving the family toward permanent self-sufficiency.

Exempt individuals can volunteer for programs otherwise required if it is in the best interests of moving the family towards permanent self-sufficiency.

**(8) REMOVAL OF WORK DISINCENTIVES**

a. Raise value of allowed motor vehicle to no more than $7,500 for purposes of AFDC and Food Stamp eligibility. A reliable vehicle is often a family necessity to fulfill the family's education, training, and work requirements. The current $1,500 limit has been unchanged for a long period of time and is no longer sufficient.

b. Raise AFDC and Food Stamp resource eligibility limits to $3,000, excluding value of place of residence and of motor vehicle.

c. Eliminate AFDC-UP disincentives by:

   1. Eliminating the "100-hour rule", which currently removes assistance from two-parent "Unemployed parent" families in which the principal wage earner works 100 hours or more a month eliminating the 100-hour rule; and
   2. Eliminating the requirement of an unemployment history for two-parent "Unemployed Parent" families, which currently requires that one parent shall have worked and earned at least $50.00 in 6 of 13 calendar quarters prior to the date of application in order to receive assistance.

d. Disregard all earnings for first 3 months.
For next nine months disregard the first $200.00 per month, plus one-third of the remainder, unless an Individual Development Account is used. If a family has an Individual Development Account, after the first three months, disregard the first $200.00 per month, plus one-half of the remainder, provided that amount that is the difference between the one-third of the remainder and the one-half of the remainder is placed in the Individual Development Account.

**(9) ADDITIONAL WORK INCENTIVES**

a. Individual Development Accounts (IDA):
An IDA is a special bank account established pursuant to the agreement that shall be used only for the purchase of a home, acquisition of health

or disability insurance, to obtain education or job-training, or to develop a small business. These limits on the use of the IDA funds continue after the recipient holding the account has left public assistance. The Department of Human Resources shall cooperate with the Banking Commission in establishing and administering these accounts to ensure that they are used only as prescribed in this act.

The agreement may allow that people already receiving assistance may retain financial assets not to exceed $10,000 without losing eligibility for full benefits if these assets are placed in an IDA.

A person may become eligible for public assistance even if that person has up to $10,000 in assets if that person puts these assets in an IDA and if:

1. The person has been employed for at least seven out of the last eight quarters prior to applying for and being approved to receive unemployment benefits; or
2. The person is a displaced homemaker.

b. Increase transitional Medicaid and child care from 12 months to 18 months.

c. The State shall consider creating Small Business/Child Care Alliances similar to Small Business Health Care Alliances.

d. The State shall consider ways in which the Family Resource Center concept can be used in maximizing the positive impact of welfare reform, with particular emphasis on child care, parenting classes, family counseling, and service as a "one-stop center" for accessing services.

e. The State shall consider the feasibility of excluding income-producing property from eligibility limits for AFDC and Food Stamps, on analogy with the Medicaid and SSI exclusions.

**(10) GENERAL SANCTIONS FOR NONCOMPLIANCE**

The State shall set and shall ensure that all sanctions are applied in a manner consistent with constitutional due process, equal protection, and general equity. Within these constraints, reasonable latitude and flexibility shall be available to local service agencies to address circumstances specific to their localities.

(11) **FRAUD PREVENTION INITIATIVES**

a. The State shall take advantage of all federal AFDC and Food Stamp fraud prevention programs and federal dollars, including the AFDC Fraud Control Plan.

b. The State shall allow for income tax intercept for claims classified as Food Stamp Inadvertent Household Errors. (Amend G.S. 105A-2(1)r., which currently allow for intercept on fraud claims only.)

c. The State shall not allow minors to receive AFDC checks directly unless (i) the case worker determines that the minor is in a separate household from parent or guardian for reasons of health, safety, or being forced out of the parent's or guardian's home, or (ii) federal law or regulation, such as HUD occupancy levels in public housing, prohibit these constraints. The case worker's determination shall be reviewed by the supervisor and by the director of social services before the minor may receive a check.

d. The State shall not allow food stamps to be issued to separate related family subunits all living within one residence unless the case worker determines that failure to do so would significantly extend the time the family would remain in welfare dependency rather than moving toward self-sufficiency. The case worker's determination shall be reviewed by the supervisor and by the director of social services before any related subunits may receive food stamps.

e. The State shall examine ways to ensure that SSI benefits for disabled children are not abused but are used for the purposes for which they were intended.

## SYSTEMIC CHANGES NEEDED TO EFFECT WELFARE REFORM

(1) **TECHNOLOGY UTILIZATION AND STREAMLINING**

Reduce duplication and other inefficiencies in the application and other processes. Provide better exchange of information, better service delivery and paperwork reduction within local services agencies, related agencies, and with the State. Encourage movement of local service agencies toward a case management system of service delivery in order to reduce the number of personnel working with one family. To encourage local service agencies in these directions, the State shall provide retraining assistance and support for local personnel to enable them to work effectively within a case management system.

Two concepts are being considered to effect technology utilization and streamlining:

(1) N.C. CAN is being developed to address the needs above expressed. It may become part of the Department's expansion budget request. Is is a collaboration between the Department of Human Resources and counties that seeks an integrated information environment that will allow families and children to be served holistically. A comprehensive information model will be developed that reflects the business and information requirements for human service delivery. This model will become the blueprint for the modular design and implementation of a flexible automated system that will meet all objectives for an improved human services delivery system.

The anticipated outcomes of N.C. CAN include simplification, "one-stop-shopping" for families being served, less staff involved in the eligibility determination process, improved services for families, and improved information for line workers and management. The following are some of the goals to be accomplished with N.C. CAN:

a. Simplify fundamentally and improve interaction with clients and families;
b. Ensure quality improvement of services;
c. Promote communication among agencies;
d. Define human services processes;
e. Examine how human services are delivered;
f. Integrate both manual and automated processes; and
g. Reengineer existing human services systems.

(The cost estimate for the 1995-97 biennium requires a State appropriation of $3,645,674 for the 1995-96 fiscal year and of $7,289,164 for the 1996-97 fiscal year. it is estimated at this time that approximately 98% of the State appropriation will be used for one-time expenditures on such things as data processing and telecommunications equipment and software to be used in the county departments of social services. It is expected that the federal financial participation rate for this project will be 75%. The feasibility study will be completed by March, 1995, and will give a clear picture of the next biennium's costs.)

(2) **ELECTRONIC BENEFITS TRANSFER**
(No information available at present)

**PERFORMANCE AUDIT OF BENEFITS AND SERVICE DELIVERY PROGRAMS**

The State Auditor shall conduct a performance audit of all programs related to the administration or delivery of benefits and services to public assistance recipients. This audit shall include all State agencies, departments, and subunits that play a direct role in the delivery or administration of benefits and services. Sufficient funds shall be appropriated to the State Auditor for this purpose. These funds may be used to obtain consultants with needed areas of expertise, and time-limited employees, when needed, to perform this audit. The audit shall include an examination of the following:

a. Ways to reduce paperwork;
b. Duplication of tasks; programs, and services;
c. Efficiency of program administration, including overlapping responsibilities and layering of management;
d. Level of consistency in goals, management operations, and implementation strategies;
e. Adequacy of personnel training and continuing education, placing particular emphasis on consistency with collaborative and case management concepts;
f. Potential efficiency gains through consolidation of functions within agencies or even across agency lines;
g. Examination of the State-local relationships with regard to personnel, funding, training, and overall service delivery and administration;
h. Collaboration, cooperation, and coordination between departments, agencies, and levels of government;
i. Contracting and consulting practices; and
j. Use of local non-governmental community organizations and institutions of higher education in service delivery on a voluntary basis and through small grants or contracts.

The audit shall also include any other issues relating to welfare reform that the State Auditor considers necessary or advisable.

All State and local agencies and officials shall cooperate fully with the Office of the State Auditor in its performance of this audit. This cooperation includes, but is not limited to, providing ready and complete access to all materials, including those in draft form and those that may contain confidential, proprietary, or similar information. The General Assembly intends that the Office of the State Auditor have full and complete independence in conducting this study in accordance with G.S. 147-64.8 and all other applicable general statutes and laws.

(The date of completion of the audit has not been set. It is likely that the audit will have to proceed in stages and it is also very likely that the whole process will take a lot of time.)

**ONGOING PROGRAM EVALUATION FOR PURPOSES OF ASSESSING PERFORMANCE**

The State shall establish a task force for the single purpose of providing ongoing program evaluation as welfare reform progresses in North Carolina in order to assess performance of all involved agencies. The task force shall continue until terminated by the General Assembly.

**STATE GOVERNMENT PARTICIPATION IN WELFARE REFORM**

All State agencies, including the Department of Human Resources, the Department of Commerce, the Employment Security Commission, the Housing Finance Agency, the Department of Community Colleges, the Department of Public Instruction, the Department of Environment, Health, and Natural Resources, and the Rural Economic Development Commission, that provide programs or services that are used by public assistance recipients shall ensure that these programs and services are provided in such a way as to effect welfare reform as provided in this Part, and that their goals are harmonious with welfare reform's goals of moving families towards permanent self-sufficiency. (This section will contain either a general definition of public assistance that will enable the Auditor and the Department involved to identify programs and services to be audited or will contain an inclusive list developed from the document "Public Assistance" presented to the Commission at its first meeting.)

The Department of Commerce shall, in particular, conduct all its economic development efforts in a manner that pays particular attention to issues of welfare reform.

The Employment Security Commission shall expand its role in job training and location as the State shall determine. (The

Governor's Task Force on Welfare Reform will aid in developing specific proposals on this issue.)

The Department of Correction shall conduct an internal study of its education and training programs to determine how best to redirect these programs to enable and encourage inmates to be responsible family members while incarcerated and to participate in their families' movement towards permanent self-sufficiency when they return to their communities.

The Departments shall report their compliance with this subsection to the 1995 General Assembly by April 15, 1996.

**CREATION OF THE CHILD AND FAMILY SERVICES INTERAGENCY COORDINATING COUNCIL**

This Council shall focus on the need to ensure smooth, rational, efficient coordination of efforts across agency, departmental, and division lines. Such focused oversight is imperative throughout the entire, long-range process of welfare reform.

**WAIVERS**

Require the Department of Human Resources to request all necessary waivers.

**APPROPRIATION**

(No information at this time.)

The Commission recognized that this Concept document, and the bill that was drafted to effect it, which is found in the FINDINGS AND RECOMMENDATIONS section of this report, would need much careful consideration and reworking by the General Assembly. As noted, in particular, details of what would replace the current work/job training programs and services would need much further legislative deliberation.

The Concept document stresses the goal of welfare reform. The Commission felt strongly that the mechanism for reaching this goal must be an actual, formal agreement between the recipient family and the local department of social services, representing both the State and county and focused on the family as a whole. This agreement must have certain specific provisions but also must be drawn up with the needs and abilities of the individual recipient family in mind and, of course, with a stated goal of what will represent self-sufficiency for the recipient and with a clearly crafted plan of how to get the recipient to the goal. The Commission recognized the need to simplify and unify the public assistance systems and to move all systems toward "one stop shopping". The Commission felt strongly that a single case manager system was essential but did not feel that it could mandate its development. Rather, the Commission expressed a willingness to apply State dollars and technical assistance to encouraging counties to move in that direction on their own, as several counties are now doing.

The Commission drafted a bill to effect the philosophy of the Concept document, understanding that cost estimates at this stage were impossible but feeling that it was its job to recommend what it thought the General Assembly should work toward in the area of welfare reform and that the draft bill was fully illustrative of what the Commission recommended, in terms of this philosophy and in terms of the stated goal of welfare reform, which the Commission most strongly recommended be part of any statute enacted in broad welfare reform.

The Commission also recommended that a similar commission be established for the next biennium, to continue the same kind of on-going study this Commission had begun.

## RECOMMENDATIONS

**RECOMMENDATION 1. THE LEGISLATIVE STUDY COMMISSION ON WELFARE REFORM RECOMMENDS THAT THE GENERAL ASSEMBLY CONSIDER, DEVELOP, AND ENACT A BILL TO BE ENTITLED AN ACT TO ESTABLISH THE 1995 NORTH CAROLINA WELFARE REFORM ACT.**

This bill is a legislative expression of the Concept document discussed in the COMMITTEE PROCEEDINGS. The statutory language aims at effecting the goal set in the first piece of the new series of statutes. All assistance focuses on the family as a whole and requires a formal agreement between the recipient family and the local social service agency that spells out certain specific requirements and limitations that all recipients must adhere to and that that otherwise tailors the services and requirements to best fit the plan, which is part of the agreement, on how to move the recipient family off welfare toward permanent self-sufficiency. The bill requires work or job training of all nonexempt recipients, with the work requirement met by uncompensated public community service work when private sector compensated employment is unavailable or inappropriate, requires education of all recipients in lack of a high school education, requires personal and family responsibility by placing a general four-year limit on all benefits, with the possibility of extension if an individual situation warrants, placing limits on benefits to minor parents, by placing a family cap on all recipient families, and by strengthening paternity establishment and child support enforcement. It also provides encouragement to recipients to work toward self-sufficiency by removing many disincentives to work and many bars that the current public assistance systems place in the way of people trying to get off welfare permanently. It allows recipient families to put resources into a special bank account that can be used only for certain specified purposes that will aid the family in staying off welfare. It provides six additional months of transitional child day care and Medicaid, to help a family working its way off welfare from falling back in. It recognizes the need for general, statutory sanctions for noncompliance, but leaves it to the General Assembly to establish them. It acknowledges the very real problems of public assistance fraud and presents several proposals to reduce this fraud. It recognizes the need to work toward a single case manager, one stop shopping approach to public assistance services delivery, and acknowledges the need to simplify and coordinate the public assistance systems. It establishes N.C. CAN and electronic benefits transfers, with details on the latter to be developed by the Department of Human Resources. It requires a performance audit of benefits and services delivery, an ongoing program evaluation, and full State government participation in welfare reform. Finally, it creates a Child and Family Services Interagency Council to focus on the need to ensure smooth, rational, efficient coordination of efforts across agency, departmental, and division lines throughout the entire long-range process of welfare reform.

The Commission understood that exact legislative detail and meaningful cost estimates at this stage were impossible to formulate but it felt that it was its job to recommend what it thought the General Assembly should work toward in the are of welfare reform and the the draft bill was fully illustrative of what the Commission recommended, in terms of this philosophy and in terms of the stated goal of welfare reform, which the Commission most strongly recommended be part of any statute enacted in broad welfare reform.

**The Commission's concern that the General Assembly receive its recommendations at the very beginning of the legislative session even though there had not been time for an adequate cost analysis has been mentioned at the end of this report's section on COMMITTEE PROCEEDINGS. The Commission found also that, even though, when the costing is done, short-term costs may be very high, especially with the increase in the number of months of transitional Medicaid and child day care services, the expanded job training/work requirements, and other like initiatives, not only would long-term savings result, but only by making a real financial as well as philosophic commitment to change would the welfare reform process work. The Commission pointed several times to the Wisconsin reforms, which are already seeming to be successful in moving families off welfare toward permanent self-sufficiency. Wisconsin's governor has made it quite clear in his testimony across the country that Wisconsin could not have properly reformed its system without making a very large financial investment up front in the change.**

The Commission also passed to the General Assembly its concern about benefit/time limits. The Commission established four year time limits, with one year extension possible, but did not settle whether these four years should be consecutive years merely or whether they should be the total number of years allowed any one recipient over a life time.

The Commission also acknowledged that some real constitutional problems are imbedded in several of its recommendations, as they are in many of the current welfare reform proposals at the state and national level.

Any public proposal that creates two categories of people, generally similarly situated and alike, and treats one category differently from the other is open to what is known as an equal protection argument. Both the federal and State constitutions guarantee people equal protection under the law. If similar sorts of people are treated differently by this law, there must be a good reason for this differing treatment. Statutory classifications are not, in themselves, unconstitutional. The ultimate determination of constitutionality depends on the character of the discrimination and its relation to legitimate legislative aims. If the law separates people on the basis of race, sex, or national origin. this law will be subject to what is called "Strict Scrutiny". There will have to be a compelling reason for such discrimination, not just a "good" reason. Most cases of "equal protection" constitutional issues are resolved by the "balancing test", by the court's balancing of the legislative aims in making the discrimination with the personal rights or benefits endangered by the discrimination. In other words, courts look to see if the particular personal harm or loss is justified by the needs of the public as a whole.

Many proposals are being considered to reform welfare address the problem of illegitimacy. As the Commission found, over half of all welfare births nationwide are out-of-wedlock. The Commission proposed limiting benefits to minor parents who are not married unless they are living with their guardians or parents, or are exempt for reasons spelled out in the legislative proposal. Thus, two categories of parent are created, and, more importantly, two categories of dependent child, one of whom will get AFDC and housing and one that will not. (The same "category" creation exists in the FAMILY CAP proposal.)

The United States Supreme Court's handling of cases in which legislation has created different classes of children based on their parents' marital status have varied. In general, the Court looks to the principle that imposing disabilities on the illegitimate child is contrary to the basic concept of our system that burdens should have some relationship to individual responsibility. (American Constitutional Law, 2nd Ed., Laurence Tribe, p. 1557, citing Lalli v. Lalli, 439 U.S. 259, at 265 (1978).) Lalli is one of a basic series of cases that are founded in the Louisiana civil law tradition that bars illegitimates from inheritance. This tradition is not one mirrored by the English common law that is our State's heritage. These cases, the earliest of which is Levy v. Louisiana, 391 U.S. 68 (1978), do not automatically reject the use of illegitimacy as a tool to discriminate, but, because children who are not responsible for their parents' behavior are the victims of the discrimination, do put the legislative aims under the judicial microscope, although they have not yet resulted in illegitimacy being treated with as much suspicion as does the use of race, gender, or national origin in creating separate classes. As Tribe states:

> "The effort to expand the category of suspect classifications beyond race has to some extent reached classifications involving illegitimacy. Unlike alienage, however, illegitimacy has never been pronounced a 'suspect' criterion. . . .[W]hen dealing with illegitimacy-based classifications, the Supreme Court has properly, if not always consistently or coherently, exercised a significantly closer scrutiny that the 'minimum rationality' standard would warrant" (Tribe, p. 1553).

The illegitimacy cases that deal with parents' marital status and children's inheritance, wrongful death rights, and Social Security rights, are, as Tribe notes above, not all decided against the discriminating legislation. But, **in general**, if the only legitimate aim that the Court finds to support the discriminating legislation is to support and preserve the traditional family, the Court is likely to hold this legislation unconstitutional. The aim did not justify the harm to the child.

In a New Jersey case that did not involve inheritance the Court overturned a statutory program of benefits called "Assistance to Families of the Working Poor" which made these benefits available only to married families. (New Jersey Welfare Rights Organization et al., v. Cahill, etc., et al., 411 U.S. 619 (1973).) (The Cahill case is included at the end of APPENDIX C.) The Cahill Court (p. 622) rejected the legislative aim, which a lower court had found to be to preserve and strengthen traditional family life. The Court repeated language it had earlier used in an inheritance case called Weber v. Aetna Casualty & Surety Co., (406 U.S. 164 at 175):

> "The status of illegitimacy has expressed through the ages society's condemnation of irresponsible liasons beyond the bonds of marriage.

But visiting this condemnation on the head of an infant is illogical and unjust. Moreover, imposing disabilities on the illegitimate child is contrary to the basic concept of our system that legal burdens should bear some relationship to individual responsibility or wrongdoing. Obviously, no child is responsible for his birth and penalizing the illegitimate child is an ineffectual - as well as unjust - way of deterring the parent."

But the Court's finding that the discriminating legislation was unconsitutional was clearly based not on this broad language but on the fact that the legislation failed the balancing test.

The minor parent limitation on benefits in this and many other proposals may meet the balancing test, even if it is exposed to Tribe's "stricter" judicial scrutiny. The legislative aim goes far beyond the desire to preserve the traditional family but is rooted in the modern society's essential need to preserve its own safety and welfare by reforming the current welfare system, in which system many consider that illegitimacy plays such a negative and dangerous role. The Commission heard testimony, as did the General Assembly during the Crime Session, on the fact that many adult criminals were born to out-of-wedlock mothers who were forced to live on welfare because they lacked financial resources that would enable them to be self-sufficient and who, all to often, were not able to raise their children to become self-sufficient. These children all to often either never themselves got out of the welfare system or learned got out only by criminal activity. The Commission wished to stress to the General Assembly that it found that many families made it out of welfare and that many of those who were forced to stay in the system were heroically persistent in raising their children whether born in or out of wedlock, to be self-sufficient citizens. But it found that, all too often, these successes occurred in spite of, not because of, the current system. The Commission found that, by forcing limits on minor parents who do not stay in their own homes and continue their education, the punishment to the dependent child (no AFDC or housing) was balanced by society's vital need to begin to force people toward responsibility for themselves and their families. The failure of this responsibility, the Commission found, is a failure that is eating away at the fabric of society as a whole. Also, it must be noted, that, in no case, is the child being deprived of all benefits, as was the case in the stream of inheritance cases and as in the Cahill case.

The Commission also found that the deprivation of the minor parent benefits limitation and of the family cap limitation should be offset by the overall benefits package embodied in Legislative Proposal 1, which does indeed force responsibility but also provides real encouragements and which is intended to make the way out of welfare a permanent one.

The Commission discussed but did not recommend limiting or denying benefits to legal immigrants who were not citizens and to illegal immigrants. There are constitutional issues involved in any such limitation or denial but these are not discussed in this report.

The legislative proposal and a brief summary follows this page, and was introduced in the 1995 General Assembly as Senate Bill 35 by Senators Martin of

Guilford, Dannelly, Kerr, and Warren, and as House Bill 19 by Representatives Redwine, Cunningham, H. Hunter, and Richardson. The introduced bill has been summarized on the Daily Bulletin by the Institute of Government and this copied summary follows the bill.

**RECOMMENDATION 2. THE LEGISLATIVE STUDY COMMISSION ON WELFARE REFORM RECOMMENDS THAT THE GENERAL ASSEMBLY ENACT A BILL ENTITLED AN ACT TO ESTABLISH A LEGISLATIVE STUDY COMMISSION ON CONTINUING WELFARE REFORM.**

Although the legislation recommended under RECOMMENDATION 1 contains a performance audit, an on-going performance evaluation, and a Child and Family Services Interagency Council, the Commission felt that it was necessary to have a Legislative Study Commission that would continue its particular work, perhaps with more emphasis than was possible this time, on public hearings and visits to local agencies and service providers. It felt that it was essential that legislators and people appointed by the General Assembly continue to be deeply involved in welfare reform.

To expedite the filing of the Commission's proposals on January 25, the first day of the session, the reestablishment of the Commission was placed in the body of Legislative Proposal 1.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

S D

S35 SENATE DRS6514*-LFZ013(1.1)

Companion H 19 Representatives Redwine, Cunningham, H. Hunter, and Richardson

Short Title: 1995 Welfare Reform. (Public)

Sponsors: Senators Martin of Guilford, Dannelly, Kerr, and Warren.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE 1995 NORTH CAROLINA WELFARE REFORM ACT.

The General Assembly of North Carolina enacts:

Section 1. Article 2 of Chapter 108A of the General Statutes is amended by adding a new Part to read:

"Part 1A. The 1995 North Carolina Welfare Reform Act.

**"§ 108A-26.10. Goal of Welfare Reform.**

Welfare Reform should aim at moving people permanently from the welfare dependency cycle to work and self-sufficiency. In so doing, it should treat all people fairly and promote individual and family responsibility, family stability, dignity, and self-respect. It should focus on the well-being and development of children into self-sufficient adults and should be administered in a fiscally responsible manner. The agreement should also recognize that some people are not capable of total, permanent self-sufficiency but may be moved toward relatively independent living.

**"§ 108A-26.11. Methodology of Welfare Reform; agreement between recipient and service provider; agreement specifics.**

(a) The Department of Human Resources shall ensure that every family receiving assistance shall participate in forming, and shall formally consent to, an agreement with the State and with the local social services agency, with the local agency acting for the State. This agreement shall specify all services and benefits to be provided the family to facilitate moving the family to permanent self-sufficiency. If the director of the local social services agency determines that the recipient is not capable of eventual total, permanent self-sufficiency, the agreement shall specify how the recipient may be advanced toward relatively independent living. The agreement shall, further, contain all other conditions, such as benefits limitations and any sanctions that shall be imposed for noncompliance. In developing the agreement, the local agency and the family shall focus on the family. The Department shall ensure that all agreement provisions required of all recipients in this Part are enforced and that all agreement provision of services and programs are provided by the appropriate State or local agency.

(b) All agreements shall include requirements for work, job training, and education, if needed. Specific provisions that shall be available for all families if they are needed include work/training requirements and child care and specific limitations and sanctions. The local social services agency may tailor other services, benefits, and sanctions for each family in a way best suited to achieve the goal of permanent self-sufficiency. All locally tailored limits and sanctions shall be set and applied in a manner consistent with equal protection across localities, due process, and general equity.

(c) If an agreement has not been entered into and signed by the recipient within 12 weeks of the recipient's application for assistance, the local social services agency shall terminate all benefits unless the caseworker and director determine that extenuating circumstances exist that warrant this delay. In no event shall this extension extend for longer than four additional weeks.

If the appropriate caseworker and director of the local social services agency determines that a recipient willfully fails to comply with the signed agreement after this agreement has been in effect for at least three months, the local social services agency shall terminate all the recipient's benefits. If the recipient has failed to comply with the agreement because specified services to be provided by the local social services agency or the State were not available or were not accessible, the recipient's benefits shall not be terminated.

The Department of Human Resources shall ensure that all the recipient's appropriate due process requirements are met in regard to termination of benefits ensuing under this subsection.

(d) All agreements shall contain the following specifics:

(1) **LIMITED BENEFITS FOR MINOR PARENTS**

AFDC and housing benefits for minor unmarried parents shall not be available to those who are not living with their parents or guardians unless there is reasonable concern that abuse to them or their children will result as a consequence of living with the parents or guardians, including reasonable suspicion that incest has occurred while living with parents or guardians. The agreement shall contain provision for educational services, adolescent parenting programs, and very close monitoring by the social services caseworker, participation in available programs that are like the adolescent pregnancy prevention program and the independent living program models that focus on the prevention of subsequent out-of-wedlock pregnancies, and involvement of the father through counseling and guidance.

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The Department of Human Resources shall not allow unemancipated minors to receive AFDC checks directly unless (i) the caseworker determines that the minor is in a separate household from parent or guardian for reasons of health, safety, or being forced out of the parent's or guardian's home, or (ii) federal law or regulation, such as HUD occupancy levels in public housing, prohibit these constraints. The caseworker's determination shall be reviewed by the supervisor and by the director of social services before the minor may receive a check.

(2) **FAMILY CAP LIMITS/BIRTH CONTROL COUNSELING AND AVAILABILITY**

a. The Department of Human Resources shall ensure that increases in assistance other than general increases provided to all recipients are not provided to a recipient family for any additional dependent child conceived while the family is receiving assistance.

These limits shall not apply if the birth of the additional dependent child results from rape or incest, when these offenses were duly reported to the appropriate law enforcement agency, or from failure of a birth control device the use of which is medically verifiable, such as an interuterine device (IUD), Norplant, or sterilization.

b. Any dependent infant remains a dependent for purposes of this Article and remains eligible for all assistance for which it is eligible.

c. The Department shall ensure that a family who discontinues receiving assistance for any reason and who subsequently reapplies for assistance shall not have included any more children in the family size for the purpose of determining the amount of assistance than were included in the family size at the time the assistance was discontinued, unless the family did not receive assistance for 24 months or more.

These limits shall not apply if the birth of the additional dependent child results from rape or incest when these offenses were duly reported to the appropriate law enforcement agency or from failure of a birth control device the use of which is medically verifiable, such as an IUD, Norplant, or sterilization.

d. The Department of Human Resources shall cooperate with the Department of Environment, Health, and Natural Resources to ensure that, when their eligibility for assistance is determined, the parent and dependent teenaged child shall be given the opportunity to choose an appropriate

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method of birth control and advised of each of the methods' contraindications, potential side effects, and effective rates.

The parent and dependent child shall also be advised on the prevention of sexually transmitted diseases.

The dependent teenaged child may give consent for medical health services for the prevention of pregnancy pursuant to G.S. 90-21.5.

e. The Department of Human Resources shall cooperate with the Department of Environment, Health, and Natural Resources to ensure that all appropriate forms of birth control are available at no charge to any parent of a recipient family, whether male or female, and to any dependent teenaged child. If a family contains both a male and a female parent, the Department shall ensure that both parents receive the opportunity to choose a method of birth control pursuant to this paragraph.

f. The parent and dependent teenaged child shall sign a statement that the effective rate, the contraindications, and the potential side effects of all the birth control methods were understood, and that they were advised of the prevention of sexually transmitted diseases. The Department of Human Resources shall cooperate with the Department of Environment, Health, and Natural Resources to ensure that this paragraph is effected.

g. The Department of Human Resources shall cooperate with the Department of Environment, Health, and Natural Resources to ensure that families already receiving assistance as of the effective date of this subdivision receive the birth control opportunities and advice on the prevention of sexually transmitted diseases required by this subdivision within six months of this date, except that families already receiving assistance by this date who contain a parent or a teenaged dependent child who is pregnant as of this date shall be given the birth control opportunities and advice on the prevention of sexually transmitted diseases required by this section within one month of the baby's birth.

(3) **OVERALL BENEFITS LIMITS**

a. All public assistance benefits shall be limited to four years, including education and job training, except as provided in paragraph b. of this subdivision. The agreement shall specify how long any benefit shall be available, not to exceed four years.

b. The General Assembly finds that there should be a high level of flexibility on the part of the local social services agency in moving the recipient family toward permanent self-sufficiency. Therefore, if the local social services agency determines that the recipient is making significant and documented progress toward self-sufficiency, and that there are unusual circumstances that warrant an extension of benefits for up to an additional 12 months, and if the Division of Social Services, Department of Human Resources, agrees with this determination, this extension shall be allowed.

c. Benefits for any dependent child shall not be terminated after four or five years pursuant to this subdivision if the child's parent fails to become able to care for the child within this period.

(4) **PATERNITY ESTABLISHMENT**

a. The local social services agency shall continue the practice of establishing paternity at birth through hospitals or as soon as feasible through acknowledgment or court action.

b. The Department of Human Resources shall strengthen requirements that the local social services agency report paternity.

c. Effective October 1, 1996, the Department of Human Resources and the Administrative Office of the Courts shall strengthen and streamline the process for establishing paternity through court action and establish a legal presumption favoring garnishment of wages after a certain set number of payments have been very late or have not been made. The Department and the Administrative Office of the Courts shall cooperate on a study that will determine how best to accomplish this streamlining and garnishment presumption and to report the 1995 General Assembly by April 15, 1996, on its recommendations, including any recommended statutory changes.

The Department shall ensure that, pursuant to G.S. 110-131, as amended, if a recipient mother who has given birth to an out-of-wedlock child has not cooperated in paternity establishment within three months of the child's birth, there will be no additional AFDC cash benefits continued for that child. Even when the birth arose through rape or incest and these offenses were reported to the appropriate law enforcement agency, the same requirements apply, unless the local social services agency determines that the safety and well-being of the mother or the child would be jeopardized. Any determination that the mother has not cooperated shall be reviewed by the caseworker's supervisor and by the director of social services.

(5) **EDUCATION**

The General Assembly finds that the likelihood of permanent self-sufficiency is minimized unless there is adequate education. Therefore, all agreements shall require that all minors obtain a high school diploma or its equivalent, whether through regular schools, alternative schools, community colleges, or elsewhere. If the local social services agency considers it necessary, the agreement may contain provision for a minor's further education. The agreement may also contain provision for education for an adult.

(6) **WORK/TRAINING**

All agreements shall specify that all nonexempt family members shall work or be in a work-training program that is based on the local job market and is designed to move the family to permanent self-sufficiency. Each agreement shall use community-based organizations as much as is reasonably possible in facilitating involvement and retention in the particular family's work-training program. The local social services agency must involve the private sector in job location, and microenterprise alternatives shall be permitted if appropriate and agreed to. The agreement shall specify that child day care and transportation shall be provided to enable the recipient to fulfill the requirements of this subdivision, if appropriate.

In instances when work is unavailable, and the recipient is not otherwise exempt from the work requirement, the recipient shall work in appropriate public community service for at least 14 hours per week without compensation, subject to the availability of appropriate child day care, if needed. The recipient shall be permitted, whether or not exempt from work requirements, if the local social services agency agrees to volunteer for uncompensated public community service work in excess of 14 hours per week.

(7) **EXEMPTIONS FROM WORK/JOBS REQUIREMENT**

The following individuals are exempt:

a. Under age 16;
b Age 16, 17, and a full-time student or to be a full time student in next school year;
c. Age 18 and due to complete high school before age 19;
d. Ill or disabled;
e. Age 60 or older;
f. Required to travel more than two hours round-trip for a normal work or training day;

g. Needed in home to care for someone ill or disabled who lives in the home;
h. Working more than 30 hours per week;
i. More than three months pregnant; and
j. A parent caring for a child under three months of age.

The agreement shall involve all exempt individuals, when appropriate, in the plan for moving the family toward permanent self-sufficiency.

Exempt individuals can volunteer for programs otherwise required if the local social services agency considers it is in the best interest of moving the family toward permanent self-sufficiency.

**(8) REMOVAL OF WORK DISINCENTIVES**

a. The General Assembly finds that a reliable vehicle is often a family necessity to fulfill the family's education, training, and work requirements. The current one thousand five hundred dollar ($1,500) public assistance resource limit has been unchanged for a long period of time and is no longer sufficient. Therefore, the Department of Human Resources shall raise the value of an allowed motor vehicle for purposes of AFDC and Food Stamp eligibility to no more than seven thousand five hundred dollars ($7,500).
b. The Department of Human Resources shall raise AFDC and Food Stamp resource eligibility limits to three thousand dollars ($3,000), excluding the value of place of residence and of the allowed motor vehicle.
c. The Department of Human Resources shall eliminate AFDC-UNEMPLOYED PARENT (AFDC-UP) disincentives by:
    1. Eliminating the '100-hour rule', which currently removes assistance from two-parent 'Unemployed parent' families in which the principal wage earner works 100 hours or more a month eliminating the 100-hour rule; and
    2. Eliminating the requirement of an unemployment history for two-parent 'Unemployed Parent' families, which currently requires that one parent shall have worked and earned at least fifty dollars ($50.00) in six of 13 calendar quarters prior to the date of application in order to receive assistance.
d. The Department of Human Resources shall disregard all recipients' employment earnings for the first three months.

    For the next nine months, the Department shall disregard the first two hundred dollars ($200.00) per month, plus one-third of the remainder, unless an Individual Development

Account is used, as authorized by subdivision (5) of this subsection. If a family has an Individual Development Account, after the first three months, the Department shall disregard the first two hundred dollars ($200.00) per month, plus one-half of the remainder, provided that amount that is the difference between the one-third of the remainder and the one-half of the remainder is placed in the Individual Development Account.

(9) **ADDITIONAL WORK INCENTIVES**

a. Individual Development Accounts (IDA):

An IDA is a special bank account established pursuant to the agreement that shall be used only for the purchase of a home, acquisition of health or disability insurance, to obtain education or job training, or to develop a small business. These limits on the use of the IDA funds continue after the recipient holding the account has left public assistance. The Department of Human Resources shall cooperate with the State Banking Commission in establishing and administering these accounts to ensure that they are used only as prescribed in this subdivision.

The agreement may allow that people already receiving assistance may retain financial assets not to exceed ten thousand dollars ($10,000) without losing eligibility for full benefits if these assets are placed in an IDA.

A person may become eligible for public assistance even if that person has up to ten thousand dollars ($10,000) in assets if that person puts these assets in an IDA and if:

1. The person has been employed for at least seven out of the last eight quarters prior to applying for and being approved to receive unemployment benefits; or
2. The person is a displaced homemaker.

b. 1. Increase transitional Medicaid and child care from 12 months to 18 months.
2. The General Assembly shall consider creating Small Business/Child Care Alliances similar to Small Business Health Care Alliances.
3. The General Assembly shall consider ways in which the Family Resource Center concept can be used in maximizing the positive impact of welfare reform, with particular emphasis on child care, parenting classes, family counseling, and service as a 'one-stop center' for accessing services.
4. The General Assembly shall consider the feasibility of excluding income-producing property from eligibility

limits for AFDC and Food Stamps, on analogy with the Medicaid and SSI exclusions.

(10) **GENERAL SANCTIONS FOR NONCOMPLIANCE**
The General Assembly shall set and the Department of Human Resources shall ensure that all sanctions are applied in a manner consistent with constitutional due process, equal protection, and general equity. Within these constraints, reasonable latitude and flexibility shall be available to local service agencies to address circumstances specific to their localities.

(11) **FRAUD PREVENTION INITIATIVES**

a. The Department of Human Resources shall take advantage of all federal AFDC and Food Stamp fraud prevention programs and federal dollars, including the AFDC Fraud Control Plan.

b. The State shall allow for income tax intercept for claims classified as Food Stamp Inadvertent Household Errors.

c. The Department of Human Resources shall not allow unemancipated minors to receive AFDC checks directly unless (i) the caseworker determines that the minor is in a separate household from parent or guardian for reasons of health, safety, or being forced out of the parent's or guardian's home, or (ii) federal law or regulation, such as HUD occupancy levels in public housing, prohibit these constraints. The caseworker's determination shall be reviewed by the supervisor and by the director of social services before the minor may receive a check.

d. The Department of Human Resources shall not allow food stamps to be issued to separate related family subunits all living within one residence unless the caseworker determines that failure to do so would significantly extend the time the family would remain in welfare dependency rather than moving toward self-sufficiency. The caseworker's determination shall be reviewed by the supervisor and by the director of social services before any related subunits may receive food stamps.

e. The General Assembly shall determine how best the State may ensure that SSI benefits paid for disabled children are not abused but are used for their proper purposes, shall enact any legislation necessary, and, notwithstanding any rule to the contrary, shall memorialize Congress, if necessary, to regulate the payments of these benefits in a better manner.

**"§ 108A-26.12. Systemic changes needed to effect Welfare Reform; technology utilization and streamlining; movement toward local case management delivery**

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**system; General Assembly intent to aid in retraining assistance and support to local social services agencies; N.C. CAN; electronic benefits transfers.**

**(a) SIMPLIFICATION AND COORDINATION**

The Department of Human Resources shall ensure the reduction of duplication and other inefficiencies in the application and other processes of public assistance delivery. The Department shall provide better exchange of information, better service delivery and paperwork reduction within local social services agencies, related agencies, and with the State. The Department shall encourage movement of local social services agencies toward a case management system of service delivery in order to reduce the number of personnel working with one family. To encourage local social services agencies in these directions, the General Assembly intends to provide retraining assistance and support for local personnel to enable them to work effectively within a case management system.

**(b) N.C. CAN**

The Department of Human Resources shall institute phase one of N.C. CAN to effect technology utilization and streamlining. N.C. CAN is a collaboration between the Department of Human Resources and counties that seeks an integrated information environment that will allow families and children to be served holistically. A comprehensive information model will be developed that reflects the business and information requirements for human services delivery. This model will become the blueprint for the modular design and implementation of a flexible automated system that will meet all objectives for an improved human services delivery system.

The anticipated outcomes of N.C. CAN include simplification, 'one-stop-shopping' for families being served, less staff involved in the eligibility determination process, improved services for families, and improved information for line workers and management. The following are some of the goals to be accomplished with N.C. CAN:

(1) Simplify fundamentally and improve interaction with clients and families;
(2) Ensure quality improvement of services;
(3) Promote communication among agencies;
(4) Define human services processes;
(5) Examine how human services are delivered;
(6) Integrate both manual and automated processes; and
(7) Reengineer existing human services systems.

**(c) ELECTRONIC BENEFITS TRANSFER**

The Department of Human Resources shall institute electronic benefits transfer.

**"§ 108A-26.13. Performance audit of benefits and service delivery programs.**

The State Auditor shall conduct a performance audit of all programs related to the administration or delivery of benefits and services to public assistance recipients. This audit shall include all State agencies, departments, divisions, and offices that play a direct role in the delivery or administration of benefits and services. The General Assembly intends to appropriate sufficient funds to the State Auditor for this purpose. These funds may be used to obtain consultants with needed areas of expertise, and time-limited employees, when needed, to perform this audit. The audit shall include an examination of the following:

(1) Ways to reduce paperwork;
(2) Duplication of tasks; programs, and services;
(3) Efficiency of program administration, including overlapping responsibilities and layering of management;
(4) Level of consistency in goals, management operations, and implementation strategies;
(5) Adequacy of personnel training and continuing education, placing particular emphasis on consistency with collaborative and case management concepts;
(6) Potential efficiency gains through consolidation of functions within agencies or even across agency lines;
(7) Examination of the State-local relationships with regard to personnel, funding, training, and overall service delivery and administration;
(8) Collaboration, cooperation, and coordination between departments, agencies, and levels of government;
(9) Contracting and consulting practices; and
(10) Use of local nongovernmental community organizations and institutions of higher education in service delivery on a voluntary basis and through small grants or contracts.

The audit shall also include any other issues relating to welfare reform that the State Auditor considers necessary or advisable.

All State and local agencies and officials shall cooperate fully with the Office of the State Auditor in its performance of this audit. This cooperation includes, but is not limited to, providing ready and complete access to all materials, including those in draft form and those that may contain confidential, proprietary, or similar information. The General Assembly intends that the Office of the State Auditor have full and complete independence in conducting this study in accordance with G.S. 147-64.8 and all other applicable general statutes and session laws.

**"§ 108A-26.14. Ongoing program evaluation for purposes of assessing performance.**

The General Assembly shall establish a task force for the single purpose of providing ongoing program evaluation as welfare reform progresses in North Carolina in order to assess performance of all involved agencies. The task force shall continue until terminated by the General Assembly.

**"§ 108A-26.15. State government participation in Welfare Reform.**

All State agencies, including the Department of Human Resources, the Department of Commerce, the Employment Security Commission, the Housing Finance Agency, the Department of Community Colleges, the Department of Public Instruction, the Department of Environment, Health, and Natural Resources, and the Rural Economic Development Commission, that provide programs or services that are used by public assistance recipients shall ensure that these programs and services are provided in such a way as to effect welfare reform as provided in this Part, and that their goals are harmonious with welfare reform's goals of moving families toward permanent self-sufficiency.

The Department of Commerce shall, in particular, conduct all its economic development efforts in a manner that pays particular attention to issues of welfare reform.

The Employment Security Commission shall expand its role in job training and location as the General Assembly determines, upon consideration of the recommendations of the Governor's Task Force on Welfare Reform on this issue.

The Department of Correction shall conduct an internal study of its education and training programs to determine how best to redirect these programs to enable and encourage inmates to be responsible family members while incarcerated and to participate in their families' movement toward permanent self-sufficiency when they return to their communities.

The State agencies shall report their compliance with this subsection to the 1995 General Assembly by April 15, 1996.

**"§ 108A-26.16. Part 1A controls over other law and rule.**

Any law or rule in conflict with this Part is superseded by this Part."

Sec. 2. G.S. 110-131 reads as rewritten:

**"§ 110-131. Compelling disclosure of information respecting the nonsupporting responsible parent of a child receiving public ~~assistance.~~ assistance; failure to cooperate.**

(a) If a parent of any dependent child receiving public assistance fails or refuses to cooperate with the county in locating and securing support from a nonsupporting responsible parent, this parent may be cited to appear before any judge of the district court and compelled to disclose ~~such~~ this information under ~~oath and/or may be declared ineligible for public assistance by the county department of social services for as long as he fails to cooperate.~~ oath. If the parent has not cooperated within three months of the child's birth, that parent shall be declared ineligible for any additional cash AFDC assistance for that child even if the birth arose through rape or incest and these offenses were reported to the appropriate law enforcement agency, unless the local department of social services determines that the safety and well-being of the parent or the child would be jeopardized by cooperation. Any determination that the parent has not cooperated shall be reviewed by the caseworker's supervisor and by the director of the local department of social services. Any social services worker making the determination that the birth arose through rape or incest shall follow all applicable law in ensuring that these crimes are prosecuted.

(b) Any parent who, having been cited to appear before a judge of the district court pursuant to subsection (a), fails or refuses to appear or fails or refuses to provide the information requested may be found to be in contempt of ~~said~~ court and may be fined not more than one hundred dollars ($100.00) or imprisoned not more than six months or both.

~~(e) Any parent who is declared ineligible for public assistance by the county department of social services shall have his needs excluded from consideration in determining the amount of the grant, and the needs of the remaining family members shall be met in the form of a protective payment in accordance with G.S. 108-50.~~"

Sec. 3. G.S. 105A-2(1)r. reads as rewritten:

"r. The North Carolina Department of Human Resources when in the performance of its ~~intentional program violation~~ collection duties <u>for intentional program violations and violations due to inadvertent household error</u> under the Food Stamp Program enabled by Chapter 108A, Article 2, Part 5, and any county operating the same Program at the local level, when and only to the extent such a county is in the performance of Food Stamp Program ~~intentional program~~ violation collection functions."

Sec. 4. (a) The General Assembly establishes a Child and Family Services Interagency Council to focus on the need to ensure smooth, rational, efficient coordination of efforts across agency, departmental, and division lines throughout the entire, long-range process of welfare reform. This Council will continue until terminated by the General Assembly.

(b) The General Assembly reestablishes the Legislative Study Commission on Welfare Reform to continue the work begun by the Commission established by Section 47 of Chapter 24 of the 1993 Session Laws, Extra Session 1994.

Sec. 5. The Department of Human Resources shall apply for all necessary waivers required by Sections 1 and 2 of this act from the federal government immediately as of the effective date of this section. If the federal government denies the waiver before the effective date of Sections 1 and 2 of this act or if the waiver has not been accepted by the effective date of these sections, these sections shall not become effective unless the General Assembly, in the next appropriations act passed after the denial, appropriates sufficient funds to make up for the loss of federal funds, in which case these sections shall become effective on the effective date of this appropriations act. If the waiver is denied or has not been accepted by the effective date of these sections, funds appropriated by this act shall be held by the State Treasurer in a special fund, which shall be released as appropriated if the General Assembly does meet this condition.

Sec. 6. Unless otherwise provided, except for, and subject to, the conditions set forth in Section 5 of this act, Sections 1 and 2 of this act become effective October 1, 1995. Section 3 of this act is effective upon ratification. Any limitation on services and benefits prescribed in Section 1 apply to agreements drawn up for applicants for public assistance applying on or after this date and apply to determinations or redeterminations of eligibility for benefits made on or after that date. Section 2 applies to births occurring on or after this date. Any appropriations made by this act become effective July 1, 1995. Sections 5 and 6 of this act are effective upon ratification.

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Bill Summary   Daily Bulletin, 106., 1995, #2, pp. 26-27

S 35 / **H 19. 1995 WELFARE REFORM.** *TO ESTABLISH THE 1995 NORTH CAROLINA WELFARE REFORM ACT.* Adds new GS 108A-26.10 through 108A-26.16, the 1995 North Carolina Welfare Reform Act. Requires the Dep't of Human Resources (DHR) to ensure that every family receiving assistance participate in forming and, formally consent to, an agreement with the State and the local social services agency (acting for the State), specifying all services and benefits to be provided to facilitate the family's move to self-sufficiency. Requires DHR to ensure that the agreements are enforced and that services and programs provided for in the agreements are provided by the appropriate state or local agency. Provides that benefits shall be terminated if recipient has not signed agreement within 12 weeks of applying for assistance, unless extended for up to four additional weeks. After an agreement has been in effect for three months, benefits shall be terminated upon a determination that the recipient has willfully failed to comply with its terms. Sets out specifics that each agreement must include regarding each of the following:

1. Limited benefits for minor parents. AFDC and housing ? benefits are not available for minor unmarried parents who are not living with their parents or guardians unless there is concern that abuse to them or their children will result from living with parent or guardian; specified services must be included; and unemancipated minors may receive AFDC checks directly only in specified narrow circumstances.
2. Family cap limits/birth control counseling and availability. No additional benefits payable for child conceived while family is receiving assistance (except in cases of rape or incest or medically verifiable failure of a birth control device); dependent infant remains eligible for all assistance for which it is eligible; parent and teenage children shall be advised regarding birth control and prevention of sexually transmitted diseases and appropriate birth control shall be available at no charge to the family; and the Dep't of Environment, Health, and Natural Resources shall cooperate in implementation of these provisions.
3. Overall benefit limits. Agreement must specify how long any benefit shall be available, not to exceed four years, except county and state may authorize extension up to one year and benefits for any dependent child shall not be terminated after four or five years if the child's parent fails to become able to care for the child in that period.
4. Paternity establishment. Requires DHR and Administrative Office of the Courts (AOC) to strengthen and streamline process for paternity establishment and establish a legal presumption favoring garnishment of wages for child support after set number of payments have been very late or missed. Requires DHR to deny additional AFDC benefits to recipient mother who gives birth to out-of-wedlock child and has not cooperated in paternity establishment within three months of child's birth.
5. Education. All agreements must require all minors to obtain a high school diploma or its equivalent and may contain provision for education for an adult.
6. Work/training. Agreement must specify that all nonexempt family members shall work or be in a work-training program, and must specify that child day care and transportation shall be provided. When work is unavailable and the recipient is not exempt, he or she must work in public community service at least 14 hours per week without compensation, subject to availability of needed child day care.
7. Exemptions from work/jobs requirement. Those exempt include persons under age 16; age 16 or 17 and a full-time student; age 18 and due to complete high school before age 19; ill or disabled; age 60 or older; required to travel more than two hours round-trip for a normal work or training day; needed in home to care for someone ill or disabled; working more than 30 hours per week; more than three months pregnant; and a parent caring for a child under three months of age.
8. Removal of work disincentives. Requires DHR to raise the vehicle exemption from $1,500 to $7,500; to raise the AFDC and Food Stamp resource eligibility limit to $3,000 (excluding home and vehicle); to remove disincentives in the AFDC-Unemployed Parent program; and to increase earnings disregards.
9. Additional work incentives. Allows Individual Development Accounts through which recipients may save toward purchase of a home, acquisition of health or disability insurance, obtaining education or training, or developing a small business; increases transitional Medicaid and child care from 12 to 18 months.
10. General sanctions for noncompliance. Provides that General Assembly shall set and DHR shall ensure that sanctions are applied fairly and that local agencies be given reasonable latitude and flexibility.
11. Fraud prevention initiatives. Requires DHR to take advantage of all federal fraud prevention programs and dollars; provides for use of income tax intercept for claims classified as Food Stamp Inadvertent Household Errors; prohibits issuance of Food Stamps to separate related family subunits living in one residence unless specific findings are made; and states that General Assembly shall determine how best to ensure that disabled children's SSI benefits are not abused.

Specifies systemic changes needed to effect welfare reform. Requires DHR (1) to ensure the reduction of duplication and inefficiencies in the application and other processes, (2) to encourage local agencies' move toward case management system of service delivery, (3) to institute phase one of N.C. CAN to effect technology utilization and streamlining, and (4) to institute electronic benefits transfer.

Requires state auditor to conduct a performance audit of all programs related to administration or delivery of benefits and services to public assistance recipients, and specifies areas to be covered by the audit. Requires General Assembly to establish a task force to provide ongoing program evaluation as welfare reform progresses. Requires all state agencies that provide programs or services to public assistance recipients to cooperate with goals of welfare reform and to report compliance to the 1995 General Assembly by April 15, 1996.

Makes conforming amendments to GS 110-131, regarding parent's cooperation in regard to paternity establishment, and to GS 105A-2(1)r., regarding tax intercept for Food Stamp program violations.

Establishes a Child and Family Services Interagency Council to focus on the need to ensure coordination in welfare reform efforts. Reestablishes the Legislative Study Comm'n on Welfare Reform to continue work begun by the comm'n established by Section 47 of Ch. 24 of the 1993 Session Laws, Extra Session 1994. Requires DHR to apply for all waivers required by the act. Conditions effectiveness on obtaining any required waivers or on state appropriations sufficient to make up loss of federal funds if waivers are not granted. Otherwise, amendments to GS Chs. 108A and 110 become effective October 1, 1995, any appropriations are effective July 1, 1995, and the remainder of the act is effective upon ratification.

**RECOMMENDATION 2. THE LEGISLATIVE STUDY COMMISSION ON WELFARE REFORM RECOMMENDS THAT THE GENERAL ASSEMBLY ENACT A BILL ENTITLED AN ACT TO ESTABLISH A LEGISLATIVE STUDY COMMISSION ON CONTINUING WELFARE REFORM.**

Although the legislation recommended under RECOMMENDATION 1 contains a performance audit, an on-going performance evaluation, and a Child and Family Services Interagency Council, the Commission felt that it was necessary to have a Legislative Study Commission that would continue its particular work, perhaps with more emphasis than was possible this time, on public hearings and visits to local agencies and service providers. It felt that it was essential that legislators and people appointed by the General Assembly continue to be deeply involved in welfare reform.

To expedite the filing of the Commission's proposals on January 25, the first day of the session, the reestablishment of the Commission was placed in the body of Legislative Proposal 1.

APPENDIX A
1994 SPECIAL SESSION LEGISLATION REFERENCED IN COMMISSION'S AUTHORIZING LEGISLATION

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**EXTRA SESSION 1994**

**H** **1**

HOUSE BILL 141

Short Title: DHR/DSS Welfare Study. (Public)

Sponsors: Representatives Fitch; H. Hunter, Wainwright, Cummings, Alphin, and McCrary.

Referred to: Appropriations.

February 14, 1994

A BILL TO BE ENTITLED

AN ACT TO REQUIRE THE DEPARTMENT OF HUMAN RESOURCES TO STUDY THE CURRENT WELFARE SYSTEM'S NEGATIVE EFFECTS ON MEN'S FULL PARTICIPATION IN FAMILY ACTIVITIES AND RESPONSIBILITIES.

Whereas, the lack of men's full participation in family activities and responsibilities is being considered a key factor in the rapidly increasing incidence of violent crime; and

Whereas, the current welfare system contains disincentives to men's full participation in family activities and responsibilities and in society; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. (a) The Department of Human Resources shall study the current welfare system to determine what disincentives exist to men's full participation in family activities and responsibilities and in society. The Department shall report the results of this study, including recommendations on how to reform the welfare system to enable men to resume full participation in family activities and responsibilities and in society to the General Assembly by May 15, 1994.

(b) The Department shall use funds available to it to fund this study.

Sec. 2. This act is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

EXTRA SESSION 1994

H 1

HOUSE BILL 209

Short Title: Parental Involvement Program Funds. (Public)

Sponsors: Representatives McAllister; Wainwright, H. Hunter, and Burton.

Referred to: Education.

February 14, 1994

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE PARENTAL INVOLVEMENT PILOT PROGRAM TO SERVE AS A LONG-TERM MEASURE TO PREVENT CRIME.

The General Assembly of North Carolina enacts:

Section 1. (a) There is appropriated from the General Fund to Aid to Local School Administrative Units the sum of two hundred eighty thousand dollars ($280,000) for the 1994-95 fiscal year to establish the Parental Involvement Pilot Program. The purpose of the Parental Involvement Pilot Program is to provide grants for four locally designed innovative local programs to prevent crime by helping the parents of children who are at risk of academic failure learn the parenting skills necessary to enable the parents to help their children become successful as students and as citizens. These funds shall be used for grants of seventy thousand dollars ($70,000) per year. These funds may be used for continuing or noncontinuing expenses.

(b) A local board of education or a local, private, nonprofit 501(c)(3) corporation may apply for a grant. If a nonprofit corporation applies for the grant, it must get the approval of the local board of education for the use of any school facilities or other resources to implement its program.

(c) Grant applicants shall submit to the State Board of Education an application that includes the following information:

(1) An assessment of local problems with regard to students at risk of academic failure in the geographic area to be served by the grant.

(2) A detailed plan for providing parenting classes at an elementary school located in an area with a high concentration of children from birth through the sixth grade who are at risk of academic failure. The plan shall provide for home visits by the program coordinator or the instructors of the parenting classes. The plan shall include the number of parents to whom the classes will be offered each year, the subjects that will be covered, and the anticipated benefits to parents and their children of these classes.

(3) A statement of how the grant funds would be used to provide a program coordinator and otherwise to benefit the parents and their children.

(4) A plan for reporting regularly to the State Board of Education on the effectiveness of the local program in meeting the needs of children at risk of academic failure by providing instruction to their parents.

(d) In selecting pilot program sites, the State Board of Education shall consider (i) the severity of the local problems with regard to children at risk of academic failure in the geographic area to be served and (ii) the likelihood that the proposed plan will enable those children to achieve success in school and gain the skills and self-esteem necessary to make them productive citizens.

Sec. 2. Notwithstanding any law to the contrary, the Department of Human Resources, in conjunction with the Social Services Commission, shall ensure that parents receiving Aid to Families with Dependent Children pursuant to Part 2 of Article 2 of Chapter 108A of the General Statutes shall attend parenting classes offered by a Parental Involvement Pilot Program, as a condition of receiving cash assistance under Aid to Families with Dependent Children, if (i) the site of the classes is within one mile of the parents' residence and (ii) the Division of Social Services determines that the parents would benefit from the classes. This section applies only to the extent that (i) the Department of Human Resources and the Social Services Commission have adopted rules and complied with federal laws, regulations, and policies necessary to implement this section, and (ii) the Department of Human Resources has applied for and received any federal waivers necessary to implement this section.

Sec. 3. This act becomes effective July 1, 1994.

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GENERAL ASSEMBLY OF NORTH CAROLINA

EXTRA SESSION 1994

H 2

HOUSE BILL 80
Second Edition Engrossed 2/25/94

Short Title: Responsible Parenting Act/'94. (Public)

Sponsors: Representatives Berry; Alphin, Bowman, Brawley, J. Brown, Brubaker, Church, Creech, Culp, Daughtry, Flaherty, Grady, Hall, Hayes, Lemmond, Nichols, C. Preston, J. Preston, Russell, Tallent, Thompson, Wilson, and Wood.

Referred to: Children, Youth, and Families.

February 11, 1994

A BILL TO BE ENTITLED

AN ACT TO EFFECT LONG-TERM CRIME PREVENTION BY ESTABLISHING THE AID TO FAMILIES WITH DEPENDENT CHILDREN RESPONSIBLE PARENTING AND EMPLOYMENT INCENTIVE ACT OF 1994 AND TO APPROPRIATE FUNDS TO IMPLEMENT THIS ACT.

Whereas, the welfare system was developed in our country to assist families unable to provide for their basic needs and to provide a foundation for families to better themselves; and

Whereas, rebuilding our families and securing our schools and communities from acts of violence should be the first priority of State government, with the intended goal of reforming welfare to achieve a substantial reduction in the number of illegitimate births and residents of this State who are enrolled in the program of Aid to Families with Dependent Children; and

Whereas, a growth in family size and the commensurate automatic increase in benefits make it more difficult for families to overcome the obstacles to economic achievement and to escape permanently the bonds of welfare dependency; and

Whereas, removing incentives that may exist for increasing family size and providing family planning services reduces or eliminates unwanted childbearing and helps women and their partners to plan the number and spacing of their children is a policy that is both practical and compassionate; and

Whereas, rebuilding the work ethic by implementing incentives to encourage recipients to seek and maintain employment while on welfare is beneficial to the recipient and to the State; and

Whereas, welfare must be a mutual responsibility agreement between the recipient and the welfare agency; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. Part 2 of Article 2 of Chapter 108A is amended by adding the following new sections to read:

"**§ 108A-29.1. Parenting responsibility; limitations on assistance.**

(a) Notwithstanding any law to the contrary, the Department shall ensure that increases in assistance other than general increases provided to all recipients are not provided to a recipient family for any additional dependent child born while the family is receiving assistance.

(b) Except as authorized by subsection (c) of this section, a dependent child who does not reside with a parent, guardian, caretaker, or spouse shall not receive any increase in assistance other than general increases provided to all recipients for any child born while receiving assistance. A dependent child who does reside with a parent, guardian, caretaker, or spouse shall receive assistance for only the first child born while the family is receiving assistance.

(c) The denial of any increase in assistance for the first child born to a dependent child who does not reside with a parent, guardian, caretaker, or spouse does not apply if the county department of social services determines that an abusive situation exists in that family, regardless of whether abuse has actually taken place. In that case, the dependent child shall receive the assistance for the first child born while receiving assistance.

(d) Any dependent infant remains a dependent for purposes of this Part and remains eligible for all assistance for which it is eligible.

(e) The limitations prescribed in subsections (a) and (b) of this section do not apply if a recipient female conceives an additional dependent child after the female parent chose Norplant or a similar implanted device and had the implantation or chose sterilization by tubal ligation and had the procedure.

(f) Notwithstanding any law to the contrary, the Department shall ensure that a family who discontinues receiving assistance for any reason and who subsequently reapplies for assistance shall not have included any more children in the family size for the purpose of determining the amount of assistance than were included in the family size at the time the assistance was discontinued, unless the family did not receive assistance for 24 months or more.

**"§ 108A-29.2. Parenting responsibility.**

(a) When their eligibility for assistance is determined, the parent and dependent teenaged child shall be given the opportunity to choose an appropriate method of birth control and advised of each of the methods' contraindications, potential side effects, and effective rates as follows:

(1) Abstinence -- one hundred percent (100%) effective;
(2) Norplant Implant System -- ninety-nine and ninety-nine hundredths percent (99.99%);
(3) Sterilization -- ninety-nine and ninety-six hundredths percent (99.96%);
(4) Birth Control Pills -- ninety-seven percent (97%);
(5) Condoms and Spermicide -- ninety-five percent (95%);
(6) Intrauterine Device -- ninety-four percent (94%); and
(7) Additional appropriate birth control methods as they are developed and made available.

The parent and dependent child shall also be advised on the prevention of sexually transmitted diseases.

The dependent teenaged child may give consent for medical health services for the prevention of pregnancy pursuant to G.S. 90-21.5.

The Department shall ensure that all appropriate forms of birth control are available at no charge to any parent of a recipient family, whether male or female, and to any dependent teenaged child. If a family contains both a male and a female parent, the Department shall ensure that both parents receive the opportunity to choose a method of birth control pursuant to this section.

(b) The parent and dependent teenaged child shall sign a statement that the effective rate, the contraindications, and the potential side effects of all the birth control methods were understood, and that they were advised of the prevention of sexually transmitted diseases.

(c) The Department shall ensure that families already receiving assistance as of the effective date of this section receive the birth control opportunities and advice on the prevention of sexually transmitted diseases required by this section within six months of this date, except that families already receiving assistance by this date who contain a parent or a teenaged dependent child who is pregnant as of this date shall be given the birth control opportunities and advice on the prevention of sexually transmitted diseases required by this section within one month of the baby's birth.

(d) No State or local governmental employee and no State or local governmental agency shall be liable for any liability arising as a result of Norplant implantation or implantation of a similar birth control device or of sterilization, when these methods are chosen as a result of this section if the employee or agency acted in good faith and was not grossly negligent.

**"§ 108A-29.3. Employment incentives.**

(a) Notwithstanding any law to the contrary, the Department shall ensure that the current thirty dollar ($30.00)/one-third income disregard shall be replaced with continuous disregard of two hundred dollars ($200.00) plus twenty percent (20%) of the remainder of earnings, which includes the ninety dollar ($90.00) standard income deduction. There is no time limit on this deduction.

(b) Notwithstanding any law to the contrary, the Department shall ensure that all income earned by a dependent child is excluded both as income and as resources in determining eligibility of the family for assistance if the employed dependent child is attending school at least eighty percent (80%) of the time, as required by the Compulsory Attendance Law.

The Department shall ensure that local departments of social services that receive reports of acts of school violence from local boards of education pursuant to G.S. 115C-47(36) identify from these reports those dependent children who have committed any of these acts so as to permit adequate and timely action to enable the families of these children to guide their children in such a way as to prevent further violence.

(c) Notwithstanding any law to the contrary, the Department shall ensure that assistance continues to 'unemployed parent' families in which the principal wage earner works 100 hours or more per month, as long as the family meets all the rules for continuing eligibility. The Department shall request the federal government to grant a waiver of the 100 Hour Rule in AFDC-Unemployed Parent cases.

(d) Notwithstanding any law to the contrary, the Department shall ensure that the requirement of an employment history which requires that, in a two-parent family, one parent shall have worked and earned at least fifty dollars ($50.00) in six of 13 calendar quarters prior to the date of application for assistance, is not applied to keep families that are otherwise eligible to receive assistance from receiving this assistance."

Sec. 2. If it considers that it will be necessary to obtain a waiver from the federal government to implement Section 1 of this act without the risk of a substantial monetary sanction, the Department shall immediately, as of the effective date of this section, prepare and apply for the waiver. If the federal government denies the waiver before the effective date of Sections 1 and 3 of this act or if the waiver has not been accepted by the effective date of these sections, these sections shall not become effective unless the General Assembly, in the next appropriations act passed after the denial, appropriates sufficient funds to make up for the loss of federal funds, in which case, they shall become effective on the effective date of this appropriations act. If the waiver is denied or has not been accepted by the effective date of these sections, funds appropriated by Section 4 of this act shall be held by the State Treasurer in a special fund, which shall be released as appropriated if the General Assembly does meet this condition.

Sec. 3. G.S. 115C-47(36), as enacted by Chapter 321 of the 1993 Session Laws, reads as rewritten:

"(36) To Report All Acts of School Violence. -- Local boards of education shall report all acts of school violence to the State Board of Education in accordance with G.S. 115C-12(21) and shall at the same time report all such acts to the local departments of social services."

Sec. 4. This act shall not become effective unless funds are appropriated by the 1993 General Assembly, Extra Session 1994, to fund it.

Sec. 5. Except for, and subject to the conditions set forth in, Section 2 of this act, this act becomes effective October 1, 1994, and applies to initial determinations of assistance, to determinations of continuing assistance, and to discontinuations of assistance on or after that date. Section 2 of this act becomes effective July 1, 1994.

GENERAL ASSEMBLY OF NORTH CAROLINA

EXTRA SESSION 1994

S 2

SENATE BILL 129

Select Committee on Juveniles/Prevention Committee Substitute Adopted 2/24/94

Short Title: Family Welfare Responsibility. (Public)

Sponsors:

Referred to: Appropriations.

February 15, 1994

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE A STUDY TO DETERMINE WHETHER LONG-TERM CRIME PREVENTION CAN BE EFFECTED BY PROVIDING CERTAIN INCENTIVES TO FAMILIES RECEIVING AID TO FAMILIES WITH DEPENDENT CHILDREN TO ACT RESPONSIBLY IN RAISING THEIR CHILDREN.

The General Assembly of North Carolina enacts:

Section 1. The General Assembly may study the issue of whether long-term crime prevention can be effected by providing incentives to families receiving Aid To Families With Dependent Children to act responsibly in raising their children.

The study shall consider:

(1) The feasibility of providing incentives;
(2) What type of incentives are appropriate;
(3) What standards should be used in determining the allocation of incentives; and
(4) What penalties, if any, should be imposed for failing to comply with the standards.

The General Assembly may direct that these issues be studied by any other legislative study commission studying welfare reform.

Sec. 2. This act is effective upon ratification.

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GENERAL ASSEMBLY OF NORTH CAROLINA

EXTRA SESSION 1994

S 1

SENATE BILL 129

Short Title: Family Welfare Responsibility. (Public)

Sponsors: Senators Cochrane; Forrester, Allran, and Smith.

Referred to: Juveniles/Prevention.

February 15, 1994

A BILL TO BE ENTITLED

AN ACT TO EFFECT LONG-TERM CRIME PREVENTION BY PROVIDING CERTAIN INCENTIVES TO FAMILIES RECEIVING AID TO FAMILIES WITH DEPENDENT CHILDREN TO ACT RESPONSIBLY IN RAISING THEIR CHILDREN.

The General Assembly of North Carolina enacts:

Section 1. Part 2 of Article 2 of Chapter 108A of the General Statutes is amended by adding a new section to read:

"**§ 108A-34.1. Family responsibility for education and health of dependent child.**

Notwithstanding any law to the contrary, the Department shall ensure that a family receiving assistance pursuant to this Part acts responsibly in raising its children by seeing that its children attend public school, if required by the Compulsory Attendance Law, for at least eighty percent (80%) of the time and that its children receive all the immunizations and other health services that are provided for them by State and federal law.

If a dependent child does not attend public school for at least eighty percent (80%) of the time, the Department shall reduce the family's assistance by twenty-five dollars ($25.00) each month the child's attendance does not meet the requirements of the Compulsory Attendance Law.

If a family does not provide a dependent child with the age-appropriate immunizations and other health services, including preventive health services, that are made available to the family, the Department shall reduce the family's assistance by twenty-five dollars ($25.00) for each month the appropriate services are not provided.

If a family fails to ensure a dependent child's proper school attendance and fails as well to provide the appropriate health services, the Department shall reduce the family's assistance by a total of fifty dollars ($50.00) per month for so long as the family continues to fail to ensure the child's school attendance and fails to provide the appropriate health services.

The Department shall not reduce any family's assistance more than a total of twenty-five dollars ($25.00) for any number of children's failure to attend school as required or more than a total of twenty-five dollars ($25.00) for failure to provide any number of children the appropriate health services.

The Department, in cooperation with the State Board of Education, the Department of Environment, Health, and Natural Resources, the Social Services Commission, Legal Services of North Carolina, Inc., and the Commission for Health Services, shall ensure that actual notice of pending failure to meet Compulsory Attendance Law requirements and of due dates for immunizations and other available health services are received by families receiving assistance pursuant to this Part. The Department, in cooperation with these agencies, shall also ensure that clear and equitable rules are applied to the monitoring of families' failures to act responsibly pursuant to this section and to restoring the full unreduced assistance as soon as possible and that these rules are made clear to the families. The Department shall also ensure that local departments of social services work with their families to help them keep their children in school and keep them provided with the appropriate health services, and, if possible, to keep them from having to have their assistance reduced."

Sec. 2. If it considers that it will be necessary to obtain a waiver from the federal government to implement Section 1 of this act without the risk of a substantial monetary sanction, the Department of Human Resources shall immediately, as of the effective date of this section, prepare and apply for the waiver. If the federal government denies the waiver before the effective date of Sections 1 and 3 of this act or if the waiver has not been accepted by the effective date of these sections, these sections shall not become effective unless the General

Assembly in the next appropriations act passed after the denial appropriates sufficient funds to make up for the loss of federal funds, in which case, they shall become effective on the effective date of the appropriations act. If the waiver is denied or has not been accepted by the effective date of these sections, funds appropriated by Section 3 of this act shall be held by the State Treasurer in a special fund, which shall be released as appropriated if the General Assembly does meet this condition.

Sec. 3. There is appropriated from the General Fund to the Department of Human Resources the sum of fifty thousand dollars ($50,000) for the 1994-95 fiscal year to implement this act.

Sec. 4. Except for, and subject to the conditions set forth in, Section 2 of this act, this act becomes effective October 1, 1994, and applies to determinations of continuing assistance on or after that date. Section 2 of this act is effective upon ratification.

Requested by: Senators Cochrane, Perdue, and Martin of Guilford

**FAMILY WELFARE RESPONSIBILITY STUDY**

Sec. *. The General Assembly may study the issue of whether long-term crime prevention can be effected by providing incentives to families receiving Aid To Families With Dependent Children to act responsibly in raising their children.

The study shall consider:

(1) The feasibility of providing incentives;

(2) What type of incentives are appropriate;

(3) What standards should be used in determining the allocation of incentives; and

(4) What penalties, if any, should be imposed for failing to comply with the standards.

The General Assembly may direct that these issues be studied by any other legislative study commission studying welfare reform.

Requested by: Senators Richardson, Walker, Representatives Nye, Easterling

**CHILD WELFARE SYSTEM STUDY**

Sec. 25.10. Of the funds appropriated in this act to the Department of Human Resources, Office of the Secretary, the sum of one hundred fifty thousand dollars ($150,000) shall be used to contract for an independent, outside consultant to conduct a comprehensive study of the child welfare system. The study shall include the following:

(1) A description of the current child welfare system;

(2) An identification of the strengths and weaknesses of the current system;

(3) A review of the current funding of the system, with emphasis on State and local responsibilities;

(4) Recommendations on how to improve and refine the system, with emphasis on addressing the comprehensive needs of the children and families being served;

(5) Options for future policy discussions, with emphasis on State and local funding responsibilities; and

(6) Recommendations on the development of a statewide reporting system.

The Department shall report the results of this study to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division by February 15, 1995.

APPENDIX B

**NORTH CAROLINA GENERAL ASSEMBLY**

WELFARE REFORM STUDY COMMISSION

Minutes

November 1, 1994

The Welfare Reform Study Commission met at 10:00 a.m. in Room 544 of the Legislative Office Building. Senate Co-chair William Martin presided. The following members were present: House Co-chair David Redwine, Senator John Kerr, Senator Betsy Cochrane, Representative Joanne Bowie, Representative William O. Richardson, Mr. Dan Beerman, Mr. John T. Blair, Mr. E. C. Modlin and Ms. Sorien K. Schmidt. The following members were absent: Senator Ted Kaplan, Senator Elaine Marshall, Representative Pete Cunningham and Representative Howard Hunter.

Co-chair Martin called the meeting to order and invited members to identify themselves and make opening remarks pertaining to the work of the Commission. He then asked Ms. Susan Sabre, Commission Counsel, to review the proposed budget and authorizing legislation. Following the review, Rep. Bowie made a motion to approve the proposed budget and the motion was passed.

Co-chairs Martin and Redwine began by emphasizing that members would look at the welfare system as it is -- federal, state, and local -- and then look at what it should be. They said a transformation of the system is needed to eliminate barriers, break the cycle of dependency, and recognize that helping people on a transitional basis can mean that they will remain off the welfare system permanently.

In reviewing the authorizing legislation, Ms. Sabre noted that the Commission can use the data bank being developed for the Governor's Welfare Reform Task Force by the Corporation for Enterprise Development (CFED). She acknowledged that data banks differ according to the person or group gathering data, but emphasized the advantages of looking at the same data used by the Task Force and suggested that panels of experts or Task Force members could work with the Commission to gather information.

Co-chair Redwine asked for information about CFED and Ms. Sabre deferred to Mr. Roger Shackleford, a visitor at the meeting, who is on the Governor's Staff for the Welfare Reform Task Force. Mr. Shackleford explained that CFED is a national private, non-profit firm specializing in research on economic development and matters dealing with poverty. He said CFED has a national reputation for its work with other states on those issues. They also have, he said, a contract with the Z. Smith Reynolds Foundation to look at the areas of welfare reform and poverty.

Senator Kerr expressed concern about using only the data that has been gathered for other groups, adding that the Commission should attempt to obtain information from other sources as well. He suggested that social services directors in North Carolina have first-hand knowledge of the public assistance systems and can provide through a survey process relevant information for short-term and long-term solutions. He suggested further that studies such as one done on economics and poverty in eastern North Carolina by Branch Bank & Trust Company could be used as a valid source of information for that area. Senator Kerr repeated his and other members' concern that input from a broad spectrum of groups/people be gathered and neutral, unbiased sources of data be used. Upon questioning by Senator Kerr, Mr. Shackleford stated that the Task Force has a $50,000 contract with CFED to provide data on welfare reform in North Carolina.

Co-chairs Martin and Redwine added that the Commission should assess the validity of any information presented by knowing the purpose for assembling data, who requested the data and how the research/study was funded. Co-chair Martin suggesed that public hearings could be held to allow input from any interested persons.

Mr. Beerman confirmed that CFED is highly regarded with a national reputation for conducting studies and gathering data.

Co-chair Martin called on Ms. Sabre for a review of the history of welfare. She started by saying that welfare, in the earliest records and continuing today, is very ambiguous. She said dictionaries define welfare as the state of doing well with respect to good fortune, happiness, well-being, or prosperity. It developed from the English common law and English church tradition, which gave local parishes the job of taking care of widows and orphans and the disabled poor. In 1601, more as a crime control device than as a charitable act, the English Poor Laws were enacted and became very punitive. The Poor Laws institutionalized parish care for widows, orphans, and the disabled poor and they also institutionalized very punitive parish-mandated care for the able-bodied poor. In England at that time, huge numbers of soldiers returned from wars and no longer had any pay or profession. Citizens were feeling unsafe, she said, similar to feelings expressed today.

Continuing her historical review, Ms. Sabre said that the earlier punitive laws developed during and after 1601 are the basis for our welfare system. They were designed to keep people off the street, not to help them back on their feet with any kind of occupation. Ambiguities were then beginning to be built into the system because of charitable impulses of people who had to deal with the Poor Laws that provided almost no funding for programs. The Poor Laws were forced on parishes (which were the equivalent of our counties today).

In the colonies, governments wrestled with the ambiguities of punishing the able-bodied poor, who were often considered morally corrupt, and developed different ways to handle them. Charitable impulses seemed to gain influence. In 1868, the Carolina General Assembly wrote into its constitution that "Beneficent provision for the poor, the unfortunate, the orphan, being one of the first duties of a civilized and Christian state, the General Assembly shall at its first session after 1868 appoint and define the duties of a Board of Public Charities, to whom shall be entrusted the supervision of all charitable and penal State institutions...."

Ms. Sabre continued, saying that assumption of state control in 1868 of what was going on in parishes/counties did not seem to change the general punitive nature of welfare from what it had been in the English tradition. The charitable concept of welfare seemed to develop more in parallel with the punitive than in a mediation of the punitive. Beginning with and after World War I (1917 through 1919), the welfare sytem was revised and based in counties, removing the state from functional control. The structure then became, basically, what we have today: a state-supervised, county-administered public welfare program.

In 1937, Social Security Laws were adopted and with them the beginning of the welfare system as we know it. North Carolina adopted social services laws in 1937 which provided structure for state supervision, county administration and a county welfare board in each county. The General Assembly reorganized state government in 1971-72 to reduce the number of state agencies dealing with welfare. Finally, in 1981, a number of punitive elements were built back into the welfare system in response to federal mandates -- disincentives for getting people off welfare and into jobs leading to economic independence.

Ms. Sabre concluded her remarks by saying that history shows that welfare has been many things over the centuries. As we look at what it is to be, she said the Commission can decide its definition for today and the future. What it is now is a number of things: charitable, punitive, ambiguous. The Commission will decide if it should continue to be haphazard subsistence maintenance, keeping people off the streets and out of the mainstream as the Poor Laws did, or, unlike the English system, should be a transitioning of people into economic independence in so far as possible in each case.

The problems in welfare today happened, Ms. Sabre said, because of our historic tradition and because redefining welfare requires fighting against a centuries-old tradition. Getting people into the mainstream of society will require working patiently outside of our tradition and it will be hard to do.

Ms. Sabre then introduced other background material entitled "Public Assistance Programs", which lists and briefly describes programs currently available for people with economic or other needs.

Continuing on the Agenda, Co-chair Martin called on Mr. Steve Freedman of the Department of Human Resources (DHR), Division of Aging, for a review of the Division's means-tested programs. (See "Public Assistance Programs", Page 4.)

In response to questions, Mr. Freedman said subsidized job training for older, low-income people helps prepare them for service-oriented jobs in the community and provides employment-related benefits, but the goal continues to be unsubsidized employment. It is a small program which trained 450 people last year. He noted that most of the $2.1 million budget (which is predominantly federally-funded) goes toward subsidized salaries for workers with a very small percentage going toward administration of the program. People going through the program earn money, draw benefits and provide a community service through their work. Mr. Freedman said the value of older people staying active is known to be of benefit to the individual as well as the community.

Co-chair Martin called on Ms. Sally Syria of the Department of Human Resources, Division of Services for the Blind, for a review of the Division's means-tested programs. (See "Public Assistance Programs", Pages 5 - 7.)

Mr. Blair interjected that the numerous income levels for means-testing that the Commission will see occurring among programs should be noticed as members move through the study of welfare reform. This is a major reason, he said, for the difficulty in administration at the local level and is, at least partially, within the purview of the General Assembly to change. Ms. Syria explained that some means-tested levels are set at the federal level and some at the state level.

Co-chair Martin requested that DHR provide a list of means-tested programs, the level of income required for each and the extent of state flexibility to make levels uniform.

Co-chair Martin called on Nancy Guy of the Department of Human Resources, Division of Child Development, for a review the Division's means-tested programs. (See "Public Assistance Programs, Pages 9 - 11.)

Co-chair Redwine questioned whether there is duplication of services between Smart Start and Head Start and Ms. Guy said she would check to see if there is overlap in those counties where both operate. She also responded that it is possible for Smart Start and Head Start to serve the same clientele depending on the need for service. Co-chair Redwine expressed concern that some areas are served by both programs while other areas have neither. Ms. Guy further stated that some Smart Start areas use a portion of their funding to help reduce long waiting lists of children waiting for subsidized child day care services.

Ms. Sabre explained that Smart Start is not a means-tested program although counties have flexibility to work with subsidized day care programs which are means-tested.

Senator Cochrane questioned the purpose and use of Resource and Referral Centers in some areas of the state and Ms. Guy responded that these non-profit agencies contract with counties to provide services mandated by state statute. These centers receive some state funding and other funding from groups such as United Way.

Senator Kerr requested information on locally-funded developmental schools such as the one in Wayne County, a report on DHR's position on supporting such schools, a list of non-profit resource and referral centers, and more information on subsidized, market-driven reimbursement system day care rates. Co-chair Martin requested information on components of eligibility for subsidized day care.

Ms. Guy added that new personnel and an automation system will help simplify and consolidate the reimbursement system with the Department of Social Services.

Upon questioning by Mr. Beerman, Ms. Guy said that one of the benefits of the Smart Start Partnerships at the local level is that the private sector has become more involved in the issue of day care and how it affects their employees.

Continuing on the Agenda, Co-chair Martin called on Dr. Craig Greene, Department of Human Resources, Divison of Deaf and Hard of Hearing, for a review of the Division's means-tested programs. (See "Public Assistance Programs", Page 12.)

Senator Kerr said he has received reports of a build-up of funds collected to support and expand the use of teletype (TTY) devices. He requested a report on this matter from DHR and a report on DHR's plans to handle the TTY surcharge in the future. Dr. Greene said that Secretary Robin Britt, Department of Human Resources, has submitted a plan to the Utilities Commission to address the issue and will provide the Commission with updated information.

Co-chair Martin called on John Murphy, Department of Public Instruction, to review Child Nutrition Services. (See "Public Assistance Programs", Pages 71 - 74.)

Mr. Murphy said that the school lunch program benefits all children because of commodities and cash furnished by state and federal programs. Currently, 70% of school children participate in the program: 45% of those participating are classified as needy children and get free food or pay a reduced price; 55% are classified as non-needy and pay a higher price. The school breakfast program functions in a similar mannner, though it is not available in all schools. It serves fewer students, approximately 172,000 per day. He explained that students who are eligible for the lunch program are also eligible for the breakfast program where it is available.

Mr. Murphy also explained that the Child and Adult Care Food Program which was legislated in 1968 could provide, through other non-profit organizations, breakfast and lunch during breaks in the school year, as well as afternoon snacks and evening meals. Adult participants are eligible to participate if they are functionally impaired or over 60 years of age.

Co-chair Martin called on Ms. Mary Deyampert, Director of the Division of Social Services in the Department of Human Resources, for a review of programs outlined in "Public Assistance Programs", Pages 15 - 32.

Ms. Deyampert said that the bulk of the Social Services budget is comprised of the following programs: Aid to Families with Dependent Children (AFDC); AFDC-Unemployed Parent Program (AFDC-UP); the AFDC-Emergency Assistance Program (AFDC-EA); and the Food Stamp Program.

Senator Cochrane and Senator Kerr asked questions about the JOBS Program: whether it focuses more on education than on on-site job training, what has been done to help people find employment, and what has been JOBS' record of achievement.

In response, Ms. Deyampert stated that education has been necessary in many cases because so many clients are functionally illiterate. She expressed hope that education and training can be done together more effectively in the future. She said that, out of 27,166 participants in the program, approximately 10,000 people have been placed in employment and remained employed for a minimum of twelve months. She said the JOBS program is a requirement for AFDC recipients unless there is an exemption. Currently, about one-third of AFDC recipients are exempt from participation in the JOBS Program. Ms. Deyampert said a strong effort is made to follow through with participants in JOBS to assist them in finding and keeping employment. Currently, 70-to-80% of participants stay in jobs a year or more.

Mr. Beerman commented that the JOBS Program was not intended to be a "quick fix", but that it would assist participants as they develop skills and training for permanent employment. He said that the Private Industry Council has worked in concert with JOBS to help locate employment. He commented that JOBS could be a beginning of the way to welfare reform.

In response to Rep. Bowie's question, Ms. Deyampert said that clients do relocate to find employment where it is available. She said removing barriers such as relocation is important to the goal of moving clients to self-sufficiency.

Ms. Schmidt asked if the JOBS Program is underfunded and whether enough needy people are being served. Ms. Deyampert answered that JOBS is not necessarily underfunded -- that the focus probably needs to be on what has caused a person to need AFDC and what can be done about it.

Senator Kerr requested information on the per person cost of JOBS program.

In response to Rep. Bowie's question on the definition of a family, Ms. Deyampert explained that a family is a child and its mother. The payment of benefits, however, can become complicated, depending upon the mother's living arrangement.

In response to Rep. Redwine's question on the definition of a legal alien as it applies to receiving benefits, Ms. Kay Fields, of the Department of Social Services' Division of Public Assistance, said the federal government requires that benefits be paid if the legal alien qualifies.

Senator Kerr asked how widespread is the practice of unmarried white males and females living together with their children in order to receive benefits without having to work for a living. He said he hears that it is not uncommon in his area. Ms. Deyampert responded that AFDC is for children. She said the program needs some "fixing", but said the recognition that families need to stay together has made the programs more difficult to administer. She said ways need to be found to prevent them from coming on the system in the first place.

In response to Ms. Schmidt's question regarding the average length of time a client stays on AFDC, Ms. Deyampert said some stay on just a matter of months and others stay on for years. The average is 2 years and the maximum monthly payment for a family of two is $176. She said North Carolina ranks 43rd in the nation in terms of AFDC payments.

Ms. Deyampert discussed the Food Stamp Program and said that all AFDC recipients are eligible for food stamps, although not all food stamp recipients are eligible for AFDC.

Representative Bowie questioned the eligibility requirements for food stamp recipients and Ms. Fields discussed the difficulty in setting firm criteria because some recipients need help for a brief crisis time or further impoverishment would occur if clients were required to exaust all resources, etc.

Ms. Ge' Brogdon of the Divison of Social Services' Employment and Training Unit explained that recipients of food stamps are referred to Employment Security Commission for assistance in job-hunting.

Ms. Schmidt commented that, in general, programs have been developed in isolation over the years and, in the process, disincentives for gaining economic independence have been created. The asset limits which are different for every program tend to create barriers for recipients. She said the Commission could address this problem.

In response to Senator Kerr's question regarding federal requirements for food stamp recipients, Ms. Deyampert said states are prohibited from adding requirements to the federal criteria but can get waivers from certain parts of the program if they are cost-neutral. She said North Carolina has sought and received certain waivers and a recent, significant waiver allows the state to combine for application purposes the AFDC, Food Stamp and Medicad programs. Not all counties are yet able to use this process -- thirty counties are waiting to come onto the system.

Co-chair Martin called on Ms. Alene Matthews of the Department of Human Resources Medicaid Division for a review of the Medical Assistance Program (See "Public Assistance

Programs", Pages 13 - 14.)

Ms. Matthews said that Medicaid covered over one million North Carolinians during the last fiscal year (750,000 on a monthly basis). She said she would provide categorized information on the number of AFDC recipients of Medicaid and the number of older adult recipients.

Senator Kerr asked about the average cost of services and Ms. Matthews said that children are the users with the lowest cost of services at $1,000 - $1,500 annually. At the other end of the scale are disabled people with annual costs of $6,000 - $7,000.

Mr. Beerman asked Ms. Matthews to provide information on Medicaid costs for the adult population in institutional care and how that relates to the cost of in-home care. He asked if there are efficiencies found in home care services.

Co-chair Martin called on Mr. Bill Dowse of the Housing Finance Agency for a review of programs in that agency. (See "Public Assistance Programs", Pages 81 - 98.)

Mr. Dowse said the Agency has been in existence nearly 20 years and has financed over $3 billion in housing, helping more than 70,000 households. The agency has several small-scale programs, he said, representing a growing trend of helping lower-income people meet housing needs.

Senator Cochrane inquired about administrative costs of the housing program and Mr. Dowse said the self-supported agency employs about seventy people on a budget of approximately $2.5 million. He said the agency finances 5,000 to 6,000 units per year at a value of $100 million.

Co-chair Martin called on Ms. Sabre to give a brief overview of the paper entitled "AFDC Family Profile". (See copy attached.) She suggested that members study the information because it will be discussed more thoroughly and by experts during the next meeting.

Mr. Blair, who is a member of the Steering Committee of the North Carolina Association of County Directors of Social Services, said that the Association began looking at welfare reform in January, 1994, because of the increased interest in the subject at the state and national level. He said the Committee looked at welfare programs in the state and developed eight guiding principles that the Association believes should be a part of welfare reform in North Carolina. He requested that copies of the brochure, "The Family Investment Program," be distributed to members. He also requested time to talk about the principles at a future meeting.

Co-chair Martin said it would be appropriate to distribute and consider the Association's suggestions and said he would like to determine what other groups and organizations have looked at this issue and have findings or recommendations for the Commission. He suggested that the Commission could have meetings consisting of panel presentations/discussions, public hearings, or conference hearings in different parts of the state. He indicated he would like to hear from local-level social workers, recipients of services and others who might have input on welfare reform.

Senator Kerr reported that a Sampson County newspaper did a study recently on welfare which would be helpful to the Commission's purpose and he suggested again that a survey be done of social services directors views on welfare, both short- and long-range. He said his constituents are concerned about work and family, the "something for nothing" mentality, and the perception that certain under-performing school children are being used by their parents to get Social Security disability payments for them. He said the Commission's own survey and listening to people who know first-hand about the problems might be preferable to paying for data.

Co-chair Martin agreed that getting information in a non-traditional manner would be useful and that ways to get the information need to be found.

Mr. Modlin commented that Senator Kerr had very valid points, some of which may be addressed in "The Family Investment Program". He mentioned that work is being done on a proposal for a "single application process" for some welfare services, which, when completed in about six months, could be presented to the Commission. He suggested that other social services organizations could make presentations.

Co-chair Martin suggested that a presentation on the use of technology in welfare reform would be useful.

Mr. Beerman said he hoped to hear more from consumers of public assistance services about their concerns.

Ms. Sabre reminded members of the next meetings on November 28 and 29 and requested that suggestions for agenda items be submitted as soon as possible.

The meeting adjourned at 4:25 p.m.

Respectfully submitted,

Anne B. Wilson, Clerk

Approved by:

William Martin, Co-chair

David Redwine, Co-chair

**NORTH CAROLINA GENERAL ASSEMBLY**

WELFARE REFORM STUDY COMMISSION

Minutes

November 28, 1994

The Welfare Reform Study Commission met at 10:00 a.m. in Room 544 of the Legislative Office Building. House Co-chair David Redwine presided. The following members were present: Senate Co-chair William Martin, Senator Betsy Cochrane, Senator John Kerr, Representative Joanne Bowie, Representative W. Pete Cunningham, Representative William O. Richardson, Mr. Dan Beerman, Mr. John T. Blair, Mr. E. C. Modlin, and Ms. Sorien K. Schmidt. The following members were absent: Senator Ted Kaplan, Senator Elaine Marshall, and Representative Howard Hunter.

Co-chair Redwine called the meeting to order, greeted members of the Commission and welcomed visitors. He asked for consideration of the Minutes of the November 1, 1994 meeting. Senator Cochrane made a motion to approve the Minutes and the motion carried.

Co-chair Redwine called on Susan Sabre, Commission Counsel, to review the Agenda and to present responses to questions raised at the previous meeting as follows:

1. Senator Kerr requested information provided at the Eastern North Carolina Economic Summit, some of which was developed by Branch Bank & Trust Company's Market Research Department (Attachment #1);
2. Several members requested information from the Department of Human Resources (DHR) Division of Social Services (DSS) regarding income levels for various services, expenditures for non-means tested services and the JOBS program (Attachment #2);
3. Senator Kerr requested a copy of an article which appeared in a Sampson County newspaper and Ms. Sabre said that a search for that article is continuing;
4. Senator Kerr requested information on the Corporation for Enterprise Development (CFED) (Attachment #3).

Co-chair Redwine called on Ms. Mary Deyampert, Director, Division of Social Services, for a presentation including a departmental document entitled, "AFDC Family Profile" (Attachment #4). Ms. Deyampert started by comparing national statistics published by the American Public Welfare Association with North Carolina statistics. Nationally, she said, 86% of those on welfare also receive food stamps and all families on welfare receive Medicaid. Approximately 25% of welfare families receive public housing assistance. More than 50% of recipients leave the welfare rolls within the first year, 70% leave within two years and 90% leave within five years.

Continuing, Ms. Deyampert discussed other national statistics, saying that approximately 38% of recipients are white, 39% black, 17% Hispanic, 2% Asian, and 1% Native-Americans. Seventy-two per cent of recipient families have two or fewer children and 42% have only one child.

Turning to North Carolina statistics, Ms. Deyampert said the typical family getting Aid to Families with Dependent Children (AFDC) is non-white. Approximately 64% are black, 32% white, and 2.3% Native-American. The typical AFDC family is headed by a 24-year old female with two children who are likely to have been born out of wedlock. This typical family lives in the eastern Piedmont. Less than one-third of AFDC families live in public housing, while more families living at the [higher] poverty level do. Further, the typical AFDC family receives food stamps and, for the most part, subsidized child care if employed. Educationally, the mother has completed high school, but is functionally illiterate. Ms. Deyampert said the AFDC-Unemployed Parent (AFDC-UP) (both parents live in the home) statistics show that 65.6% are white and 28.3% are black. This typical family lives in western North Carolina and in many cases has moved from another state.

Concluding the typical profiles, Ms. Deyampert stated that there are 117,886 AFDC case families in North Carolina, representing 321,655 recipients. Of that number, the bulk, 199,387, are children.

Ms. Deyampert then introduced a video presentation of two typical AFDC recipients, who testified to their need for assistance and re-training through the JOBS Program.

Sen. Cochrane asked if families are willing to take any job just to get into the market and what percentage of JOBS participants are successfully employed. Ms. Deyampert answered that the job success rate is very high and that the families are willing to take almost any job if health care benefits are available.

Rep. Bowie asked how the penalty of working at low wages and losing the marginal assistance that is provided affects the ability of recipients to go off and stay off of welfare. Ms. Deyampert reviewed the charts provided in the "AFDC Family Profile" and discussed the dis-incentives embedded in the present sytem. She suggested the system needs to find a way to make work more attractive and less punitive by increase the "disregards" when determining and maintaining eligibility. This would allow recipients to accumulate assets to provide for necessities such as dependable transportation.

Rep. Cunningham commented on what seems to be resentment of the working poor toward those who are receiving public assistance. He asked if the need for day care is a major problem for AFDC families. Ms. Deyampert acknowledged that tension exists between these groups and said helping AFDC families to gradually become self-sufficient through assistance and job training is the only solution available at this time. She said that assistance with health care and day care are necessary and will be discussed by specialists later on the Agenda.

Senator Kerr commented on concerns of DSS officials in his area of the state: the need for a better relationship between the JOBS Program and the Employment Security Commission; the need for a fraud control program [pertaining to public assistance programs] in North Carolina; the claim that minors can receive assistance checks; the alleged "separate status" practice of having family subsets residing together and receiving food stamps separately, etc.; the eligibility requirements [definition of "disability"] for Supplemental Security Income (SSI) recipients, since they will automatically become eligible for Medicaid on January 1, 1995. Senator Kerr asked for comments on these concerns from professionals on the Commission.

Mr. Beerman said his experience as a social worker has been that when recipients discuss receiving benefits and earning wages they say a better understanding of their spending requirements is needed. He said he has not seen an influx of young people receiving SSI and that assigning protective payees to receive benefit checks for minors minimizes the misuse of benefit payments.

Ms. Kay Fields, Head of the DSS Public Assistance Section, said that state policy requires recipients of benefit payments to be responsible adults and that all counties should be in compliance with this policy.

Senator Martin asked how the state can make adjustments to eliminate or reduce the impact of disincentives on earning wages and going off welfare and, to the extent that adjustments can be made, what would be the cost. Ms. Deyampert said that projecting the impact and cost may be possible when specific proposals are made. Now, she said, the challenge seems to be for the committee to decide what it wants to say about disincentives and disregards, for example. What does it want to have as a part of reform and is it willing to suggest changes that will cost the state money.

Senator Martin said a review of disincentives will be done in order to make recommendations for new assistance levels which could make the process more effective in getting and keeping people off AFDC.

Co-chair Redwine asked how successful child support enforcement efforts are in identifying fathers and if child support payments penalize the AFDC families. Ms. Deyampert said the Child Support Enforcement Section, headed by Mr. Mike Adams, is very aggressive and successful in obtaining payments and is ranked about tenth in the nation in terms of collections. Mr. Adams said that more remedies are needed to maximize collections and that proposals for additional remedies will be submitted to the 1995 Session of the General Assembly. He said he would share DSS' proposals with the Commission.

Mr. Adams said AFDC mothers are required to cooperate with child support agents in naming the father of their children and if they do not, action is taken to remove them from welfare rolls. He said the most significant problem for agencies collecting child support is illegitimacy. Now, 31% of children are born out of wedlock. About a year ago, he added, a new law took effect which requires in-hospital paternity establishment and it is beginning to make a difference. Currently, about half of cases in the state need to have paternity established.

Senator Martin said he has heard that in some instances there is no attempt to establish paternity among teenage mothers, supposedly because sexual assault statutes may apply. Mr. Adams said he is not aware of such a situation and added that there is no policy which would preclude establishment of paternity in such cases.

Mr. Modlin, who heads the Cumberland County Department of Social Services, said he has known of such situations and continued that paternity establishment is not pursued where the mother's life may be put in danger. He said he has seen domestic violence, rape and incest situations where extreme care and the option not to go forward with paternity establishment were taken. He said his county does try to be aggressive to determine paternity, but the process can be a lengthy legal and medical process.

Ms. Deyampert agreed that when danger exists for a mother in a particular case the good cause exemption would come into effect.

Senator Martin said he has heard that in roughly 60% of teen pregnancies, some history of sexual assault is present and asked if this statistic is valid. Ms. Deyampert responded that research has been done that may support such a claim, saying that some pregnant teens probably have been sexually abused. In some cases, family members have been abusers and she said they try very hard not to leave the mother in such an unsafe situation.

Senator Kerr noted that the statistics furnished by economists at Branch Bank and Trust Company to the Eastern North Carolina Economic Summit (Attachment #1) showed a rise in out-of-wedlock births in that region of the state from 23% in 1985 to 34% in 1991 with a projected rate of 60% by 2000. Statewide, the increase was from 22% in 1985 to 31% in 1991 with a projected rate of 54% by 2000. He said he observes a widely-held perception that assistance programs are misused and he said "...people are tired of it". He specifically asked if children are being coached to "play dumb" in school so they can get SSI benefits retroactively and if a trust fund can be established with assistance payments to pay for the special education teachers and counselors needed to help learning-disabled children.

Co-chair Redwine requested that Commission staff furnish information on SSI payments and Ms. Deyampert, responding to Senator Kerr's comments, said that teenagers having babies is a national problem that cuts across all socio-economic levels. Programs exist in schools and the community which try to prevent even the first pregnancy. When out-of-wedlock births do occur, however, attempts are made to prevent the second birth because it brings to the mother almost insurmountable obstacles to self-sufficiency. Ms. Deyampert said, while prevention of pregnancy is considered most important, the welfare system needs to be simplified and disincentives to self-sufficiency should be eliminated. She added that the DSS' program to combat fraud goes after people who abuse their entitlement to services, because it is necessary to preserve the integrity of services and to avoid federal sanctions that would come with a high error rate in the state.

Ms. Deyampert asked Commission members to read the article on the North Carolina JOBS Program which appeared in the Fall, 1994, issue of "Public Welfare" (Attachment #5).

Mr. Modlin addressed several issues raised by Senator Kerr: he commented that his experience in Cumberland County has been that teen mothers who obtain AFDC tend not to have more pregnancies because they see "a light at the end of the tunnel"; he believes the JOBS Program is a significant factor in reducing second pregnancies; he said his experience has shown that frequent case reviews reduce abuse in the SSI and food stamp programs; he said statistics show that more irregularities occur in counties in which a state hospital is located and he doesn't believe such widespread abuse occurs in other areas; he shares Senator Kerr's concern about mail thefts in the food stamp program and Cumberland County requires that recipients pick them up at the DSS office.

Co-chair Redwine called on Ms. Fields, who discussed the profile of families transitioning off AFDC benefits. This transitioning program is authorized by the federal Family Support Act (FSA) and provides child care and Medicaid to families that lose AFDC benefits when their earnings rise. The program requires that a fee be charged for child care while Medicaid benefits are entirely free. In North Carolina, the state unsubsidized child care program fee is used to meet the federal requirement.

Ms. Fields said these benefits are available for no more than twelve months. Approximately one thousand families per quarter [of a year] qualify. In October, 1994, 6,800 children in North Carolina were receiving transitional child care assistance of $185 per child per month. Problems arise, she said, when families approach the time to leave the program and find they have not reached self-sufficiency. Once through the transitional period, Medicaid benefits are lost unless children can be covered through other categories. Further, the availability of child care varies significantly among counties when the entitlement period is over because state and local money for subsidies may not be available. She said families in the JOBS program are helped through the process to self-sufficiency, while the high volume of people in means-tested programs cannot be given such attention.

Upon questioning by Senator Martin, Ms. Fields said that extending the transitional period to twenty-four months instead of the current twelve may help and added that not charging a fee at the beginning of the transitional period, but adding it gradually or supplementing families monetarily until they become self-sufficient may be other solutions. She said studies show that when families return to welfare rolls, it is usually because of lack of adequate child care, medical care or transportation.

Senator Kerr asked if the change in income tax law a few years ago which took 750,000 low-income people off the tax roll has helped reduce the number of people receiving public assistance and Ms. Fields said they have not seen a reduction in recipients in recent years. Senator Kerr also questioned whether subsidized day care rates are driving up rates for everyone and she responded that many children subsidized by the Family Support Act stay in "legal arrangement" day care situations rather than day care centers. Mr. Modlin commented that some counties use sliding-scale fees that vary depending on the family's income. Cumberland County uses about half (46%) of its Smart Start money to subsidize day care recipients, since removing children on the day care waiting list is one of Smart Start's goals. Mr. Beerman added that market rate increases in Forsyth seem to reduce the number of children served. Senator Martin commented that it might be worthwhile to look at directing a certain portion of Smart Start's money to child care through DSS. Representative Cunningham said he thinks Smart Start is headed in the right direction and he would be reluctant to change the way it's going without giving it a chance to work.

Ms. Fields reviewed the AFDC Family Profile chart for families transitioning off public assistance because of earnings. Members expressed dis-satisfaction with the charts and asked for better information, saying the charts do not clearly show actual income for families transitioning off AFDC.

Co-chair Redwine called on Ms. Sandy Babb, Director, Workforce Preparedness in Governor Hunt's Office, for an introduction to Mr. Roger Shackleford, representing the Governor's Task Force on Welfare Reform. He began his remarks by saying that the Task Force is located in the Workforce Preparedness Office because the Governor feels the public assistance system needs to move from an income-maintenance system to a work-preparation process. He quoted Governor Hunt when he said, "Our welfare system forces dependency. The system is broken and we need to fix it." The Governor asked for recommendations for a system that gets people off welfare, rewards work and encourages families to stay together. Mr. Shackleford said the focus of the Task Force quickly became education, training, and job placement, finding new ways to discourage teen parenthood, and streamlining the bureaucracy that imposes state and federal regulations.

Mr. Shackleford said that studies presented to the Task Force showed recipients don't want to be on welfare. The question then became, why there are 375,000 AFDC recipients each month and why there is constant movement of individuals in and out of the system.

Mr. Shackleford said the Task Force's primary focus is reducing the rising numbers of teen parents in North Carolina, since they are most at risk to become welfare dependent. He cited the statistic that in 1993, there were over 16,000 births by mothers under 20 years of age and 70% of those were out of wedlock.

The second focus of the Task Force, Mr. Shackleford said, is to look at disincentives to work which are built into the current system. Some changes being considered include expanding earned income allowances for those trying to be self-sufficient, increasing the earnings disregard, providing better child care and health care, and allowing recipients to have assets such as reliable transporation. Mr . Shackleford said the Task Force's third focus is education, training, and job placement, including JOBS, community college, etc.

The fourth focus is to simplify and streamline the system: removing barriers, making information more accessible, and automating the public assistance system.

Its search for solutions to welfare dependency is causing the Task Force to look at a number of programs being tried in other states. Among them are public awareness programs for pregnancy prevention and diversion programs which grant one-time assistance payments to families in economic crisis, thus keeping them off the welfare rolls.

Mr. Shackleford said the Task Force will hold public hearings across the state during December and a report/ recommendation will go to Governor Hunt at the end of January, 1995.

Senator Cochrane asked if a cost has been projected for administration of the "self-sufficiency contract" program, which the Task Force has proposed as a method of setting and meeting goals by recipients. Mr. Shackleford said it would be an agreement probably administered by case managers and the cost is unknown at this time.

Co-chair Redwine proceeded to the next Agenda item: presentation on the Family Investment Program of the North Carolina Association of County Directors. Mr. Dan Hudgins, Director of the Durham County Department of Social Services, reviewed the document, "A Blueprint for Independence - The Family Investment Program" (Attachment #6).

Representative Bowie commented on her concern that, while training for jobs is important, illiteracy will continue to be a problem unless the educational system takes a look at why so many children drop out at a young age and why they graduate as functional illiterates. Mr. Hudgins agreed that literacy is as important as job skills and said that Department of Human Resources Secretary Robin Britt and Ms. Deyampert are working on a new training/educational model which would provide concurrent job, reading, and math training to develop needed skills. The model under consideration has been evaluated by foundations and found to be effective in improving job and literacy skills. Mr. Hudgins said welfare recipients in Durham County are evaluated for functional literacy and math skills and if their level is low they are steered toward a program that will help them gain the needed skills. As a result, he said, Durham County's recidivism rate has dropped and the average placement salary rate for these better-qualified workers is high enough to keep people out of the welfare system.

Mr. Hudgins recalled his two disappointments with the federal government's welfare reform program, The Family Support Act, adopted in 1988. The first was that the level of benefits was set too low and seemed not to consider the actual cost of supporting a family during a transition period. The other disappointment was that the process was not simplified, but continued to grow more complex. On the positive side, he said the FSA provided more incentives to work by broadening the transitional benefit period from four months to one year, adding the JOBS program, and providing a stronger child support program. He added that other improvements such as raising the asset limit and allowing recipients to save money for education and home purchases are badly-needed.

Senator Kerr asked whether apprenticeship programs have been tried which would help people learn skills while working and Mr. Hudgins responded that the OJC (on the job contract) Program is a collaboration between the state and an employer in which the costs of training and payment of wages are shared. Local chambers of commerce help to bring employers to the DSS/OJC Program. Other apprenticeship opportunities are offered by the North Carolina Department of Labor working with local employers.

Senator Kerr asked also whether food stamp recipients are required to work and Mr. Hudgins said they are referred to the Employment Security Commission for job opportunities and are expected to take jobs when they are available.

Representative Cunningham asked if statistics are kept to show the racial breakdown of recipients of public assistance and Mr. Hudgins said that in Durham County about 90% of recipients are African-American, but he noted that this population is becoming more diverse. Rep. Cunningham said he asked the question because the state, sooner or later, will have to deal with the reasons for poverty. He expressed concern about a recent newspaper article which asked whether civil rights initiatives have gone too far and he said a better effort needs to be made to bring minorities into the mainstream of job opportunities. Mr. Hudgins responded that race cannot be separated from poverty in this country and expressed optimism that county social services agencies working with chambers of commerce and employers could bring about improvement.

Co-chair Redwine called on Mr. Kevin FitzGerald, of DHR's Human Services Automation Policy and Planning Council, (HAPP) for a presentation on the use of technology in welfare reform (Attachment #7). Mr. FitzGerald said two principles for his work -- welfare reform ought to reduce poverty and the public assistance system ought to work efficiently and effectively -- should cause a change in the way agencies interact with families and organize themselves to do the work. He said he came to DHR to manage a feasibility study to establish the North Carolina Client Access Network (N.C.CAN) and he started his presentation by reviewing its history (Attachment #8). He said the intent of the HAPP Council study is to simplify and improve interaction with clients and families and he said the key is in re-engineering the delivery system for human services. The HAPP Council will give direction about how to move ahead with automation, culminating with identifying and evaluating system alternatives and providing cost/benefit criteria for selecting an alternative to the current system. Mr. FitzGerald said he expects the HAPP Council to conclude its work by late February or early March and at that time have a clear blueprint for how to move ahead.

Senator Cochrane asked what time frame is anticipated for implementing the program the HAPP Council is designing and what the cost estimates are. Mr. FitzGerald said the Council is putting together estimates now for Governor Hunt's budget and although he did not specify a timeframe for implementation of the new network, he said some simplification is happening now. Some counties are using mainframe technology and have developed a single-application process. In the short run, this can allow clients to apply for services by seeing one staff member instead of three. He said DSS is also looking at ways to simplify processes in the child care system.

Senator Martin asked if efficiencies in the system can reduce personnel needs, thereby freeing more funds for services, and if paper reduction policies would help. Mr. FitzGerald answered that the next stage of the feasibility study will include cost estimates for the new system and that an estimated $8 million in accounting costs can be saved annually if the single-application is used. He answered, further, that improved information systems should allow better activity reporting, thus, a better job of billing the federal government for services. Emergency assistance for recipients will be greatly facilitated by the use of automation, he said.

Senator Kerr asked if there is a change anticipated in the basic structure of DHR, i.e., is it headed in the direction of a state takeover of the public assistance program. He said it appears to be headed that way, since this presentation proposes mandating statewide hardware and software to make things user friendly.

Senator Kerr then distributed a resolution passed by the Wayne County Board of Commissioners on November 19, 1994 which expressed their support for reforms in the welfare system (Attachment #9).

Mr. FitzGerald said the HAPP Council is a framework where a legitimate discussion of a welfare system administered statewide can and needs to take place. North Carolina, he said, is one of about 13 states that operates a county-administered, state-supervised system, which puts the state at a competitive disadvantage in dealing with the federal government. However, he said the state has no intention at this point to take over the welfare system.

The meeting adjourned at 4:45 p.m.

Respectfully submitted,

Anne B. Wilson, Clerk

Approved by:

**NORTH CAROLINA GENERAL ASSEMBLY**

WELFARE REFORM STUDY COMMISSION

Public Hearing

Minutes

November 28, 1994

The Welfare Reform Study Commission met at 6:30 p.m. in Room 544 of the Legislative Office Building to conduct a hearing for members of the public to express their views on the subject of welfare reform. House Co-chair David Redwine presided. The following members were present: House Co-chair William Martin, Senator Betsy Cochrane, Representative Pete Cunningham, Mr. Dan Beerman, Mr. John T. Blair, Mr. E. C. Modlin, and Ms. Sorien K. Schmidt. The following members were absent: Senator John Kerr, Senator Ted Kaplan, Senator Elaine Marshall, Representative Joanne Bowie, Representative Howard Hunter, and Representative William O. Richardson.

House Co-chair Redwine called the Public Hearing to order and invited those persons wishing to speak on the issue of welfare reform to come forward. He recognized Ms. Lou Wilson, Governmental Operations Consultant for the North Carolina Association of Long Term Care Facilities. A copy of her comments is attached.

After her statement, she concluded by saying that real welfare reform cannot happen until the details of programs are studied. She said that even a brief look at Medicaid will show it to be the single biggest payer for health care: the Division of Medical Assistance writes the policy, identifies the program, writes the check, and sets the cap. It is important, she said, to know exactly what Medicaid does.

Senator Cochrane asked Ms. Wilson if it could work if the state assumed more responsibility for welfare and the federal government assumed all responsibility for Medicaid. Ms. Wilson responded that it would cause the state to look more closely at the welfare programs, but not necessarily at the Medicaid budget that continues to grow. For instance, in the Special Assistance Program a cost of living increase has to be requested every year because there is no federal money in the Special Assistance program, while those programs in human services that have federal dollars in them come to the General Assembly from DHR in the expansion budget. In such a scenario, Ms. Wilson said Medicaid would continue to have its current guidelines, reducing flexibility at the local level.

Co-chair Redwine asked if there were others in the audience who wished to be heard. No one came forward.

Co-chair Martin said he has in the past few hours looked at the memorandum prepared by Ms. Deyampert in response to earlier questions and one dealt with outcome performance goals for the JOBS program (Attachment #3). He said he had a brief conversation with Ms. Kay Fields, head of the Public Assistance Section in the Department of Human Resources, about it and wanted to raise this for the record in terms of information the Commission needs to obtain. He said his concern, having been heavily involved in the legislative process which set up performance goals related to the budget process, is for accurate measurements of the effectiveness of programs. To accurately measure how well a particular program is working, he said it has to be isolated from other programs that may work in concert with it. He said Mr. FitzGerald's automation systems programs may be designed in such a way to help get an accurate measurement of the effectiveness of each program.

The Public Hearing adjourned at 7:35 p.m.

Respectfully submitted,

Anne B. Wilson, Clerk

Approved by:

William N. Martin
Senate Co-chair

E. David Redwine
House Co-chair

**NORTH CAROLINA GENERAL ASSEMBLY**

WELFARE REFORM STUDY COMMISSION

Minutes

November 29, 1994

The Welfare Reform Study Commission met at 9:00 a.m. in Room 544 of the Legislative Office Building. Senate Co-chair William N. Martin presided. The following members were present: House Co-chair E. David Redwine, Senator Betsy Cochrane, Senator John Kerr, Representative Joanne Bowie, Representative W. Pete Cunningham, Representative Howard Hunter, Representative William O. Richardson, Mr. Dan Beerman, Mr. John T. Blair, Mr. E. C. Modlin, and Ms. Sorien K. Schmidt. The following members were absent: Senator Ted Kaplan and Senator Elaine Marshall.

Co-chair Martin called the meeting to order and announced that the Agenda would be changed to allow representatives from the Department of Human Resources (DHR) Child Development Divison to respond to questions and concerns raised at the Commission's meeting on November 28, 1994. He said the discussion at the previous meeting concerning day care for families transitioning off AFDC led to comments to the effect that roughly 40% of funds allocated to Smart Start are required to be used to reduce the number of children on waiting lists for day care. Co-chair Martin recalled that the discussion continued with a statement that it might be wise to look at having that portion of the funding for Smart Start administered instead through the regular subsidized day care program because it may achieve greater efficiency and allow Smart Start to concentrate on other programs they are handling.

Senator Kerr said he has long been concerned that the eastern and western sections of North Carolina do not get a fair share of subsidized day care funding because the current market rate system gives small, rural counties about one-third of the amount it gives to large counties such as Mecklenburg. He said it is his opinion that big day care centers have had an interest in reducing care giver/child ratios, which has the effect of making child care too expensive for working families in low-income, rural areas. He said his statements are made out of this concern and his belief that day care is a vital part of welfare reform.

Co-chair Martin called on Mr. Peter Leousis, Assistant Secretary for Children, Youth and Families in the Department of Human Resources for comments. Mr. Leousis started by saying that the first group of counties in the program actually has spent approximately 46% (approximately $24.8 million) of the direct services allotment on day care this year. That money, he said, is administered by the existing child day care system through DSS at the county level. Consequently, there is no separate or parallel system to get those funds out to counties. He said decisions on the distribution in the counties are made by local partnerships, which direct a particular portion of direct service dollars to day care, and that distribution then flows through the existing system. Mr. Leousis said it is not DHR's intention to set up another system.

Co-chair Martin asked if there would be a difference in where and how the funds would be distributed if decisions were made through the regular subsidized care process as opposed to the partnerships -- would different children benefit from those services if the subsidized day care process were used or would the children be the same. Mr. Leousis said many of the children being served would be the same. He said that some of the differences with Smart Start are that more parents are eligible for assistance and more children have been placed in day care as a result of expanded capacity in communities. Other significant differences include increasing the funds available for many rural counties and empowering the partnerships to made decisions locally based on each area's specific needs.

Representative Bowie asked what the rules or criteria are for day care providers who apply for grants. Also, she asked how many programs can a partnership access to provide funding for day care operators and does anyone know how many programs are available as funding sources. Mr. Leousis reminded members that the partnerships went through rather comprehensive and intensive needs assessments last year before Smart Start areas were selected. Based on the identified needs, he said partnerships developed plans to try to leverage small parcels of money wherever they are available to address the specific needs of the area, one being the prevention of teenage pregnancy.

Representative Bowie said her concern is that some people or areas get so much assistance and others may get little or nothing. She asked if there is any way to know know how much help a family is getting and where it is coming from. Mr. Leousis responded that it's hard to know where to draw the line between too much and too little state control and monitoring, and allowing communities to do whatever they want with the money. He said DHR is trying to walk the line and be aware of where and how the dollars are being spent, while allowing communities to set priorities within the context of what Smart Start is designed to do, which is to improve access to quality child care and related services for young children and their families. He said there is information about how the money is being spent and it can be provided to the Commission.

Mr. Leousis agreed with Rep. Bowie's comment about how the lack of adequate tracking of the many sources of assistance available to low-income people relates to reforming the welfare system. He said he hopes and expects to see many of the public assistance programs consolidated when the federal government allows this to happen. In the meantime, he said, the state can begin to get control by having clients work with a single family support specialist instead of several different agencies or programs to obtain services.

Co-chair Redwine said he remembered that Smart Start's focus at the beginning was to give children a better start in life and he said he now sees an element of welfare reform in it. He asked if the areas that use 46% of their allotment for child care have provided information that would show Smart Start has removed one barrier, inadequate child care, to getting off welfare. Is it helping the family to move into the work force and out of the dependency cycle? Mr. Leousis responded that DHR is monitoring the effect, but it is too early to have reliable information. He said it probably has helped those who have recently left the AFDC transitional period not to recycle back into the system. He added that Sen. Kerr was right when he said transportation and child care needs have to be considered in reforming welfare and he expects Smart Start to be a big part of welfare reform.

Senator Cochrane commented that she is concerned about a "making work more worthwhile" attitude in the bureaucracy and would like to see it replaced with one that discourages dependency and encourages the "work ethic which was a part of what made our county great". She asked if there is a criteria for recipients of Smart Start services to be working and Mr. Leousis responded that there is not, and that much of the subsidized care funding goes, on a sliding scale basis, to parents who have income. She asked how many children in Smart Start are AFDC recipients and he responded that this statistic has not been tracked, but the information probably could be ascertained. She asked if any Smart Start money is going to Head Start programs and he answered that some counties have used money to do things such as helping Head Start expand by renovating an existing facility, since federal money cannot be used for this purpose. He said another way Smart Start works with Head Start is to expand the program from a half day to a full day developmental, child care program. She asked how many people have been hired statewide because of creating Smart Start and he said he did not know, but would provide that information.

Representative Cunningham asked if the idea of Smart Start was to create an atmosphere where mothers who cannot work because of the lack of child care might have it so they can work and Mr. Leousis responded that it was one of the reasons for Smart Start. He said Smart Start uses the federally-subsidized child care funds provided during the AFDC transitional period and Smart Start funds are used after that period is over.

Senator Cochrane asked if there are people in training programs other than JOBS where Smart Start would be the only source of day care. Ms. Sabre answered that it would depend upon the program. Some job training programs provide day care and if the parent qualifies for those, the dedicated dollars are used. If the job training program does not have dedicated dollars for child care, Smart Start dollars could be used.

Co-chair Martin said it would be useful to get a list of all known sources of child day care within the state, what criteria is used to determine where the dollars go, who administers the various sources, and to what extent there is coordination of the targeting of the dollars. Mr. Leousis responded that it would be provided.

Senator Kerr expressed his concern that Smart Start does not have a work component and that the differential in the market-based reimbursement for the subsidized day care payment system allows so much more money to large counties than it does to small counties. He said it seems unfair to families in his area who earn so much less and have to put their children in poor child care situations because the state-imposed ratios have caused higher rates than they can afford. He requested a report on the current rates in this program. Mr. Leousis said that one-third of the Smart Start allocation is based on their estimates of what it would cost counties below the state market rate to get all the children being served by subsidized care up to the state market rate. He said legislation was passed in 1994 that requires the partnerships to address the issue locally. He explained, further, that the market rate is set at the 75 percentile of all rates paid to providers in the state.

Senator Martin requested information from the Legislative Research Commission's Committee on Child Care that relates to this discussion. Ms. Sabre said that issues related to day care have been studied in various Committees of the Legislative Research Commission since 1983 and since 1989 the Child Care Committee has been dealing with Senator Kerr's concern. It has been working with the concept of establishing a statewide market rate as a floor below which no county can fall, but above which it could go if the county market rate is higher. Currently, there is a proposal which is a little more complicated than just the setting of the statewide market rate or county rate. That proposal will go out in draft form very soon. She said the proposal should speak much more directly to Senator Kerr's concern for adequate day care in rural as well as urban counties.

Representative Bowie asked if there has been a cost projected for setting new standards in the market rate and Ms. Sabre said that information would be provided.

Co-chair Martin called on Representative Cherie Berry for a presentation on House Bill 80, Responsible Parenting Act/'94, which she introduced (Attachment #10). She recalled that she introduced a similar bill, House Bill 1438, in 1993, and reintroduced it as a slightly different bill, House Bill 80, during the Extra Session in early 1994. It was defeated both times, she said, without serious debate. She reviewed HB 80 for the Commission, concluding that it is designed to allow people to get into the workforce and stay there.

Following Rep. Berry's review, Rep. Bowie asked if Sec. 108A-29.2 of HB 80 means that birth control methods would be available to teenagers and Rep. Berry said that they would. She reminded members that G.S. 90-21.5 already permits this to happen, but does not provide funding. House Bill 80, she said, adds the funding needed to make birth control methods available.

Senator Kerr asked if all parts of HB 80 are "doable", given current federal requirements, or would waivers be needed for any part of it and Rep. Berry responded that some waivers probably would be necessary. She acknowledged that waivers have been hard to get in the past, but said she expects that to change. She added that the federal government has shown some interest in allowing states to design their own reform programs. In response to another question from Sen. Kerr, she said a fiscal note was drawn on the bill in February, 1994, but has recently been deemed invalid because a wrong methodology was use.

Co-chair Martin recognized Mr. Leousis, who commented further on the federal government waiver process. He agreed that waivers are easier to get, but said that they are very restrictive. In most cases, the waivers are confined to use in a small area, are tightly controlled in terms of the research methodology used for evaluation and have to be cost-neutral. He said it is hoped that the new Congress will make changes allowing statewide waivers or making changes which will effectively allow statewide use.

Mr. Blair asked if HB 80 would restrict only the AFDC payment to mothers who have additional children or would it also deny medical benefits to the additional child and Rep. Berry responded that only the small increase in the AFDC payment now given for a second birth would be disallowed.

Mr. Blair then asked for a definition of abusive situations as mentioned in Sec. 108A-29.1 (c) and Rep. Berry said the Department of Social Services would make that determination. Referring to Sec. 108A-29.2, Mr. Blair asked how the review of the various birth control methods with the client would take place and she said it should be left to the counties to decide. Referring to Sec. 108A-29.3 (b), he asked who would monitor school attendance and said it would be difficult to administer. He also asked if the reports on school violence required by that section would include all children or just AFDC children. Representative Berry said she envisioned that the reports would include all children who commit acts of violence in schools. Mr. Blair concluded by asking Rep. Berry to consider that reporting acts of violence in schools may be more of a law enforcement or juvenile court problem than one for social services.

Co-chair Martin commented that he believes confidentiality laws may probibit the sharing of records and this part of HB 80 may pose problems for the rest of the bill. He said it may be better to address those concerns in a separate bill and not try to tie violence in schools to welfare reform because of the complicating factors. Representative Berry said that HB 80 was introduced at another point in time and asked members not to think that the bill will be re-introduced in its present form.

Representative Cunningham asked if Sec. 108A-29.2 intends to do something different than allowing the distribution of birth control methods in schools and would the schools be a convenient place to conduct such a program. Rep. Berry answered that the legislation does not speak to a school setting for the program. Instead, the one-on-one consultation would take place in a social services agency.

Mr. Beerman commented that other states have experimented with programs similar to those proposed in HB 80 and have encountered unintended consequences, such as mothers not reporting births and foregoing Medicaid and food stamps. He said his point is that we don't want to make these same mistakes. He believes the bill reflects an understandable frustration of the public at large, but said he sees it from the perspective of a social services worker. If such rules are placed on social services agencies, the specialists there may ask why social control issues are placed on them, when they see their job as one that should help people improve their lives and society by growing and changing. He said the question for him and other social workers would be, how are we going to help people to change if we have social control responsibilities.

Mr. Beerman said he thinks a positive way to move forward is to develop a system of contracts with clients which promotes individual responsibility and gives the resources to social workers at the local level to have interaction with clients that will allow them to follow through on the contracts. He believes that local level people, with sufficient resources, can do the job unless huge overlays of rules and expectations that the social worker can fix other problems in the community are added.

Senator Kerr asked Mr. Beerman how much harm the present welfare system is doing to the people. Mr. Beerman answered that he thinks the present system is very harmful and that we should not proceed to a new level of harm. He recommended that the Commission be exhaustive in its research even to the national level and proceed with as much information as possible. He called it an obligation to the families and children. He suggested listening to Dennis Orthner of the University of North Carolina School of Social Work and Robert Friedman of the Corporation for Enterprise Development, people who are looking in some detail at other areas.

Representative Richardson asked if Rep. Berry considered attaching a requirement for school attendance and good behavior in school to receiving benefits and, if so, why not included it in the bill if it is a good idea. Representative Berry responded that Sen. Cochrane included those requirements in a bill she introduced on the Senate side. Representative Berry said it's a good idea to reward good behavior and not reward bad behavior and Sen. Cochrane's bill was going to do that. Representative Richardson continued, asking if there should be a requirement for school attendance and good behavior if a parent expects to receive benefits and Rep. Berry said the child should be helped by social services if an act of violence is committed in school, but if the act is serious enough then it should go to the courts. Representative Richardson asked what incentive does the bill have for the parent to go through the process of helping the violent child and she responded that there is no incentive for the parent to do that.

Ms. Sabre explained that if the act of violence is an an act of delinquency and has not escalated to anything else then a course of action through the juvenile court is available. Another option is to divert the family into counseling outside of the court process because of the assumption that courts seem not to handle this kind of situation very well. So, she said, there are formal processes for acts of violence that are crimes or acts of delinquency, but Rep. Berry's proposal is a middle step. Representative Richardson continued, asking if Rep. Berry favors putting a requirement in the bill that parents must make certain that their child behaves in school. She responded that she did not know how that could be done, since a parent cannot be with the child in school. He asked if she was saying that parents cannot control their children and she said that, to an extent, they can by teaching and guiding but that parents cannot be with their children all the time. She added that if a way could be found to give a parent some control over school situations, then adding a penalty to the bill for bad behavior in school should be up for discussion.

Representative Richardson concluded by saying that his questioning reflects the fact that people in his area feel that parents who do not control their children in school should not receive benefits. He suggested that social services benefits could be used as a way to get people to comply with normal behavior.

Senator Cochrane briefly discussed the Senate bill she introduced on the issue of school attendance and behavior for families receiving public assistance. She said the bill did place a monetary value on attendance and accomplishment in schools. It was broad in its requirements, but did recommend withholding certain monetary amounts if there were too many absences or if accomplishments over a period of time were below a minimal level. She said the intent of the legislation was to encourage parents to be supportive in helping children get to school and to do the things they need to do. Senator Cochrane said she believes poor attendance and performance are things that could be addressed in this manner, but that acts of violence in schools probably would have to be dealt with another way. She agrees that the public is impatient with the way these issues are now handled and that perhaps it is time to try some new ways to get results.

Representative Cunningham again expressed concern about Sec. 108A-29.2 where it discusses birth control. He questioned whether the bill is mandating that parents and teenaged children be counseled on birth control methods regardless of the child's behavior. He said he thinks this requirement takes away a family's freedom, especially where there is no indication of sexual activity and suggested that it be changed from a mandate to an option.

Co-chair Martin asked Rep. Berry to discuss further the intent of Sec. 108A-29.2 and she responded that the requirement is that the family be given the opportunity to choose an appropriate method of birth control. This opportunity would be provided after eligibility has been determined, she said. Choosing a method is not mandated, but if a family does choose a birth control method, it will be provided at no cost by the state.

Ms. Sabre reiterated that the bill said the opportunity shall be given to families, but it does not force them to choose a method of birth control. She said the mandate is on the social services agency to provide the information and to provide the birth control if it is chosen, but there is no mandate that the families actually do choose.

Mr. Modlin commended Rep. Berry for her work and said it forces the Commission to focus on hard issues. He said he likes much of HB 80, especially increasing the disregard because it would allow families who are trying to become self-sufficient to continue doing so. He said knowing how many AFDC families have children in public schools would help when discussing school violence: approximately 10%-15% of the student population comes from AFDC families and, obviously, an even smaller number would be among those who are violent. He considers this very small number significant.

Mr. Modlin said further that a study done several years ago showed that approximately three teenagers in Cumberland County get pregnant each day and the number would be higher today. He said the study crossed all income levels, so a fairly small percentage would be AFDC families. Continuing with comments about the protective services role of social services agencies, he said the department receives 350 to 385 abuse and neglect case referrals each month, of which 25% are AFDC related. He said a thorough look at such statistics would help focus attention where it is needed.

Co-chair Martin suggested that specific details and legalities would be discussed when the Commission gets to the bill drafting stage and that it may be best to focus on philosophy at this time.

Co-chair Redwine offered, especially for the benefit of those Commission members and guests in attendance who were not involved at the time or are not familiar with the legislative process, an explanation for part of HB 80's history. He recalled that Rep. Berry said her legislation was offered as an amendment and was defeated twice, basically along partisan lines. Co-chair Redwine said Rep. Berry's legislation was proposed as an amendment to a large budget bill both times and that it was the collective wisdom of that body both times to reject it as an amendment to a budget bill. He said it was not a matter of the majority thwarting the will of the minority, but, by itself, HB 80 was a major piece of legislation which would have caused tremendous problems for the state as it was written. He continued, saying the current discussion bears out the fact that this particular initiative needs a lot of work.

Senator Kerr said he has heard that Wayne County will be required to pick up Medicaid costs for 1,650 SSI recipients on January 1, 1995. He said costs of $20 million and $6 million were mentioned, but exact amounts were not clear and he requested that staff provide information on estimates for Wayne County. He said it is the continuing financial burden on the state that concerns him.

Ms. Nina Yeager, Fiscal Analyst in the Fiscal Research Division, explained that the General Assembly appropriated $20 million during its last session for the first six months of Medicaid expansion beginning in January, 1995. She said the General Assembly took this action after debating it for about ten years and it will cover all individuals who receive SSI. Prior to this expansion, she explained, some SSI recipients had to pay a deductible in order to qualify for Medicaid and others did not. Basically, the inequity allowed the Department of Social Services to determine eligibility based on the source of a client's income rather than just the amount. So, some individuals with identical incomes would receive Medicaid without a deductable and some would receive Medicaid only if they paid a deductible. Ms. Yeager continued, saying that the Human Resources Appropriations Subcommittee felt the policy inequity needed correction. The concern was that it hindered disabled people and those over aged 65 who had the problems of trying to get pharmaceuticals in order to prevent hospitalization and getting access to in-home services that keep people out of institutions.

Ms. Yeager said about 80,000 people will be affected and will be eligible automatically. She said there will be some other changes in resource standards so that eligibility for this particular population will not be based on things like sources of income rather than amount.

Co-chair Martin asked Ms. Yeager to present additional information on this issue.

Senator Kerr said he supports the concept and asked if there will be additional costs to counties. Ms. Yeager said counties will pay about 5% of welfare dollars and she said she will find out what Wayne County will have to pay.

Co-chair Martin called on Ms. Sorien Schmidt, a member of the Commission, to present a report from the North Carolina Legal Services Resource Center, entitled "Toward Economic Independence" (Attachment #11). She said the Legal Services staff compiled information they had gathered in working with child support enforcement laws, domestic violence, low-income people, and public benefits issues. Then, they analyzed problems they see in these areas, and made suggestions on how to work out the problems. Basically, the document describes how to implement Legal Services views of welfare reform.

She said her study has found that the problems for families are not just in the welfare system, but are more comprehensive, encompassing other issues such as the economy and the social system. She said two-thirds of recipients of welfare are children and whatever is done to deny benefits to families, thereby denies them to children. This puts children in a more precarious position so they are less ready or able to become independent as they grow older.

Senator Cochrane asked if cost projections for its recommendations have been made by Legal Services and Ms. Schmidt responded that they have not. She said the Fiscal Research staff may have some estimates. Senator Cochrane said the document makes some good suggestions, but it would be difficult to find tax dollars for funding. Ms. Schmidt agreed that some of their ideas would be expensive, but she thinks really large costs are already being paid for not dealing with problems that start with children.

Senator Kerr asked Ms. Schmidt what kind of tax relief for the working poor would she suggest and if tax relief is the best way to help. She said she would furnish Legal Services' ideas on a tax credit for the working poor.

Representative Richardson asked Ms. Schmidt if there are studies or proposals on eliminating welfare payments and focusing on giving child care, Medicaid and adequate transportation. She said she has not seen any and she said she sees a problem with such an idea because cash payments are needed for housing and other necessities.

Co-chair Martin emphasized points that he said are especially important as the Commission works toward a philosophical statement: focus on families, rather than individuals within the family; involve AFDC families or potential AFDC families in the home ownership process in some way to increase the likelihood that they will adopt the associated positive values; emphasize job creation as a necessary element to getting people off welfare and involve the North Carolina Department of Commerce in working on plans for job creation for the purposes we have been discussing.

Co-chair Martin called on Ms. Sabre for a review of the document of various welfare reform proposals she has compiled (Attachment #12). She called it a beginning which will grow as the Commission develops its own proposal and as other proposals develop further. She commented that certain issues come up again and again in all the studies, but public concern for what happens is as important to the political process as what experts say has to happen in welfare reform. She said this is the reason for the spectrum of proposals presented.

In responding to questions pertaining to teenaged mothers receiving AFDC payments, Ms. Mary Deyampert, Director of the Department of Human Resources Division of Social Services, said that mothers who are younger minors must live under the auspices of a responsible adult or guardian. Ms. Sabre explained that older minors may have more informal living arrangements, but proposals are being made requiring the teenaged mother receiving AFDC to live in her parent's home.

Co-chair Martin suggested that, in the interest of time, the Commission should continue its review of the various proposals at the next meeting. At that time, new presentations would be restricted and work could continue on Ms. Sabre's review.

Co-chair Redwine suggested that all members be notified that a review and work session will occur at the next meeting.

Ms. Schmidt called members' attention to the Z. Smith Reynolds publication, "Beyond Poverty in North Carolina" and suggested it as a good background on poverty in the state (Attachment #13).

Mr. Beerman asked if it would be appropriate to have someone like Dennis Orthner of the University of North Carolina School of Social Work available to answer questions at the next meeting and Co-chair Martin said that it would. He asked Ms. Sabre to invite Mr. Orthner to attend.

The Commission agreed to meet again on December 12, 1994 at 1:30 p.m. and on December 19, 1994 at 1:30 p.m.

The meeting adjourned at 1:45 p.m.
Respectfully submitted,

Anne B. Wilson, Clerk

Approved by:

William N. Martin
Senate Co-chair

E. David Redwine
House Co-chair

**NORTH CAROLINA GENERAL ASSEMBLY**

WELFARE REFORM STUDY COMMISSION

Minutes

December 12, 1994

The Welfare Reform Study Commission met at 1:30 p.m. in Room 544 of the Legislative Office Building. Senate Co-chair William N. Martin presided. The following members were present: Senator Betsy Cochrane, Senator Elaine Marshall, Representative Howard Hunter, Mr. Dan Beerman, Mr. John T. Blair, Mr. E. C. Modlin, and Ms. Sorien K. Schmidt. The following members were absent: Co-chair E. David Redwine, Senator John Kerr, Senator Ted Kaplan, Representative Joanne Bowie, Representative Pete Cunningham, and Representative William O. Richardson.

Co-chair Martin called the meeting to order and discussed his view of the objective of the Commission, which is to prepare a profile encompassing the Commission's legislative recommendations. He said the profile should contain key philosophical points and suggestions on how to accomplish them. As welfare reform legislation is introduced during the upcoming session, he said, the criteria developed by the Commission can be used to evaluate anything that is proposed. In addition, it will be available after the long session if needed for work on a full-blown comprehensive plan for the 1996 Session takes place. He said his idea is to do what the Commission can now to discuss key issues and reach agreement, while making sure that the philosophical points and criteria which are set forth are based on solid ground. He asked if this outlook comports with other members' ideas as to direction for the Commission.

Senator Cochrane responded, saying Co-chair Martin's approach is reasonable considering the time constraint under which the Commission is working. She said, further, that she sees criteria that the Commission develops as a guide and not necessarily a requirement for legislative proposals.

Co-chair Martin then asked for consideration of the Minutes of the November 28th and 29th meetings. Senator Cochrane made a motion to approve the Minutes as written and the motion carried.

Co-chair Martin called on Ms. Susan Sabre, Staff Attorney for the Commission, to review the document, "Side-by-side Comparison of Major Issues of Certain Welfare Reform Proposals" (Attachment #1). She started by calling attention first to the newspaper article, "States, cities reworking the welfare system", which appeared in the December 11, 1994, edition of The News and Observer (Attachment #2). She said it contains much of the information the Commission has already heard during its deliberations.

Ms. Sabre said it is very important for the Commission to spend time developing the goals statement because it will express a philosophy and become a self-limiting device which enables the development of a program much more efficiently than if there is not a goals statement. She acknowledged that it will be difficult to do.

Co-chair Martin suggested that the goal already set by the Governor's Task Force on Welfare Reform Initiative (GTFWRI) (included on Page 1 of the Comparison) most nearly addresses his idea of a goal for the Commission. Senator Cochrane suggested that a statement be added to specifically include the goal of self-sufficiency for welfare recipients.

Representative Hunter said he supports the idea of "welfare to work", but asked how this goal would be reach in view of the lack of job opportunities in some areas. Ms. Sabre responded that this would be a goals statement and that how to achieve the goal would be worked out later in the process.

Mr. Beerman asked how much of the Commission's discussion has been about reducing poverty as opposed to reducing welfare. He said studies of other programs have shown some success at reducing welfare payments but not as much at reducing poverty.

Senator Cochrane commented that helping people to go to work and become independent should gradually lift them above the level of poverty as they become able to advance in the workforce beyond what they could have done without job training and other related support services that are given to welfare recipients. She said poverty levels would be affected but that we should not broaden the scope of the goals statement to include reduction of poverty at this point.

Ms. Sabre said that working at reforming welfare at the level of the individual recipient will put a number of things in place which will make the move out of poverty possible. If the main goal is attaining and maintaining self-sufficiency for individuals, the effect will be to reduce societal poverty.

Ms. Sabre observed that the Commission's goals statement seems to be evolving toward using encouragement and incentives to achieve results rather than requirements and mandates.

Turning to the document section entitled, "Benefit Limits/Time Limits" (Page 2), Ms. Sabre discussed the various proposals listed.

Co-chair Martin expressed his view that it is appropriate to have some limitation on benefits to unmarried teens mothers on AFDC, requiring them to live with their families unless it can be shown that the mother is likely to be abused in the family setting. He said there should also be some requirement for continuing an educational or work program where appropriate and participating in some type of parenting program.

Ms. Schmidt suggested adding a pregnancy prevention program and an independent living program to the educational component for the teen mother.

Senator Cochrane commented that the state and nation now have the biggest problems of this type ever seen, while these programs have been in place, and she said she is not encouraged to continue following this same direction. She said she believes people want something done -- not the same old thing that has not worked so well. She said she appreciates using encouragement to help people on welfare, but believes that governments should also limit benefits to show people that we mean business.

Mr. Modlin said his observation is that teen mothers who participate in pregnancy prevention and adolescent parenting programs, continue education, participate in independent living programs, etc., and do change behavior. Where these incentives have been tried, he said, they seem to work. However, these services have not been offered by many social services agencies and this may be the reason for some of our problems today.

Senator Cochrane said she disagrees with the philosophy that additional resources in the form of government programs will be the answer to everything in welfare reform.

Mr. Beerman responded that he agrees there is frustration at the local level. Folks turn to the local agencies, he said, asking why social services can't fix the problems, whether it is child abuse, welfare issues, or other problems. These actually are community issues and social services agencies can play only a part in helping to fix them. However, Mr. Beerman said, targeted programs such as pregnancy prevention and education have been successful in helping young people.

Representative Hunter asked if there are programs that work with teen fathers to train, educate or employ them. Mr. Modlin responded that Social Services in Cumberland County tries to bring in fathers to assist with decisions regarding their children. He said his agency works with the school system and health department to include the adolescent parenting programs and they're looking at bringing fathers into the JOBS program for training.

Ms. Schmidt commented regarding the effectiveness of programs, saying that the Commission might be interested in the results of a study of the New Jersey programs which set limits (caps) on benefits for teen mothers. Ms. Sabre said, to understand the New Jersey or any other program and their effectiveness, an understanding of how well it was used by all prospective clients is needed. Studies showing that numbers have dropped because benefit limits were imposed may be inaccurate, she said, because additional births may not have been reported as opposed to dropping because of a limit on benefits. She said the welfare system may have become so complicated and communications so poor that prospective clients don't know how to get assistance or workers don't reach and assist people who need help.

Co-chair Martin asked if it is the consensus of the Commission with regard to the unmarried teen mother that she would receive AFDC benefits if she lives in the family home, unless there is the likelihood of abuse, remains in school if she has not already finished or participates in job training or work, participates in parenting programs, and does not have an additional child.

Mr. Beerman suggested that a "contract for responsible adulthood" with clients might be drawn up that lists what the agency will do and what is expected of the client. Further, he suggested, if the client violates the contract, that there be a process the client will have to go through to re-negotiate the contract. He suggested that the contract should include the potential for sanctions.

Representative Hunter said he feels the system is broken because we do not realize that two people are involved and he believes the system encourages that kind of thing to happen.

In response to Rep. Hunter's comment, Ms. Schmidt said the AFDC-Unemployed Parent (AFDC-UP) program could make it easier for families to stay together if waivers were obtained to make it less restrictive. In addition, counseling the young parents helps them to understand the system and the way to become self-sufficient. Mr. Beerman agreed that counsel-ing and working with both parents can change behavior.

Representative Hunter said he agreed that it is a family problem where both parents need to be counseled and guided into appropriate behavior.

Mr. Blair said both parents need to learn how to take care of the child to prevent abuse and neglect in the future.

Concluding the discussion, Co-chair Martin said a consensus seems to have formed around the idea of a contract which would set out the benefits and requirements for clients.

Co-chair Martin asked Ms. Sabre to review the issue of paternity establishment in the Comparison document (Page 2). Ms. Sabre noted that North Carolina law does not mandate that the mother identify the father, but that it does have a mandate for the mother to cooperate with the local social services agency in locating and getting the father involved in support. She reminded Commission members that legislation has been introduced during recent sessions that would force identification of the father. None of those proposals were successful. She added that the Division of Social Services (DSS) Child Support Enforcement Section has initiated a rule for in-hospital paternity establishment.

Representative Hunter expressed support for a combination of two proposals relating to paternity establishment on the Comparison document, the Republican Congressional Initiative and the Administration Initiative. Co-chair Martin responded that he favors allowing the current rule being used by Child Support Enforcement for in-hospital paternity establishment to work and indicating that if the mother does not cooperate in establishing paternity within a year, additional AFDC and housing benefits could be denied. Mr. Modlin suggested including in the Benefits/Limits Statement the exclusions, abuse, neglect, rape or incest, which would mitigate against requiring the mother to cooperate with identifying the father.

Ms. Carol Shaw, Fiscal Analyst in the Fiscal Research Division, said the DSS rulebook already allows the denial of benefits to mothers if they do not cooperate with paternity establishment.

Mr. Bill Scarlett, Deputy Director of the Division of Social Services, confirmed that there is a requirement that an AFDC recipient must cooperate with the child support agency in identifying and locating the father of the child. Failure to cooperate can result in that mother's benefits being denied unless identifying the father would cause endangerment for the mother. There are two views on receiving AFDC benefits, he said. One is that receiving AFDC benefits contributes to single-parent families and the other is that a two-parent family receiving AFDC-UP benefits diminishes the father's role as breadwinner, thus contributing to the dissolution of the family, the very thing you're trying not to do. States can choose to do either, he said, and North Carolina decided to have an AFDC-UP Program which requires a recent attachment to the workforce.

Representative Hunter asked about confidentiality laws as they would pertain to cases of abuse, neglect, rape or incest. Ms. Sabre responded that DSS, operating correctly if the mother pleads rape or incest, knows it is an exclusion from the identity rule and that it is reasonable grounds to assume that the child has been abused. Juvenile law mandates an investigation of child abuse in such cases and one would assume that child would be protected in that sitution. She said allowing the mother not to identify the father in a case of incest and not putting in a report that reasonable grounds exist to believe there has been child abuse would be a real failure of social services at the local level to follow the clear mandate of the law.

Representative Hunter emphasized that his concern is for the teen mother in the home and not for the perpetrator of rape or incest. Perhaps, he said, that person should be removed from the home rather than the teen mother.

Co-chair Martin asked for comments on tightening the law. Ms. Sabre said the law now requires mothers to cooperate in locating and identifying the father, but there is no tie to abuse, neglect, rape or incest exclusions. Senator Martin suggested that required cooperation could be made contingent upon there not being one of these exclusions and that there will be a year of benefits whether or not paternity has been established. Ms Sabre said there is a public perception that the state is lax in establishing paternity in a timely fashion.

Ms. Sabre said she would try to obtain from DSS any anecdotal evidence of cases of identifying fathers to learn what is done in a case of rape or incest -- do they remove the child or do they seek to remove the perpetrator.

Ms. Sabre continued reviewing the Comparison document at the section that describes various proposals for placing caps on benefits (Page 2).

Senator Cochrane asked if the concept of placing caps on benefits could become a part of the proposed contract with clients and Ms. Sabre said that caps could work under that circumstance. Senator Cochrane said it would give case workers a tool for working with clients to educate and teach responsibility. She asked if the using the contract concept would create a need for more workers and resources at the local level. Ms. Sabre answered that the contract concept would cost more in the beginning and would be revolutionary because it would involve a case management system for all of welfare. Once it is going, she said, the cost should not be much more.

Co-chair Martin said it would probably cost some re-training dollars and Mr. Modlin agreed, adding that simplification and automation would allow case managers to focus on outcomes rather than processing paperwork.

Ms. Sabre continued reviewing the Comparison document at the section which discusses time limits for benefits and how it relates to job opportunities (Page 3).

Representative Hunter asked how finding a job and creating jobs would occur and would they be public works programs similar to those created during the depression. Ms. Sabre responded that they may be and they would be costly. She said it could not be assumed that a federal jobs program would be put into place, even though it is a part of their proposal.

Ms Schmidt suggested that having time limits for finding jobs would raise another issue because another level of administration would be needed to implement the requirement. She said she believes the focus should be on the contract and doing the right thing for the client. She said the reasons for not getting off welfare may be obstacles such as no available training or employment or the need for an abused mother to go through counseling first.

Senator Cochrane asked how would we assure that people will not be back on welfare and how would we get to our original goal, which is self-sufficiency, if the proposed contracts have no time limits. Senator Martin added that a time limit could be written into the contract with a clause to address situations where jobs are scarce, employment is high or the person is limited for reasons not of their own making.

Mr. Beerman suggested that it may be useful to review some of the study information that is available by having Mr. Dennis Orthner of the University of North Carolina School of Social Work at our next meeting. Mr. Beerman also suggested that having a job that pays a living wage is central to the solutions the Commission is seeking and his involvement with employers at the local level has shown they are willing and happy to work with social services agencies to become a part of the process of working with welfare recipients. He believes they need to be involved at some level of the discussions with clients.

Co-chair Martin asked how a third party would be included in the contract, except on a voluntary, peripheral basis and Mr. Beerman said an example would be commitments that are made to accept a certain number of workers at a certain wage if they are trained to work, show up on time and have the necessary literacy levels. He said the focus of the contract with AFDC recipients could be on the job that is at the end of the training rather than on the welfare limit. In some instances, he said private partners (employers) can be involved from the beginning where, instead of a contract, there is a relationship that has developed over a period of time.

Concluding discussion of this section, Co-chair Martin said it seemed to be the consensus of the Commission to limit the time an AFDC recipient has to find a job in accordance with an agreed-upon contract and employability plan tailored to circumstances and environment of the recipient's community. Sen. Cochrane asked if the time limit rule would be of value to those people who continue to come back on AFDC. Ms. Schmidt responded that it takes some people more time to get their employability level to a point where they can make a living wage and the limit may help, but for those who are staying on for long periods of time, a contract gives them the choice of following the contract and receiving benefits or not following the contract with no benefits.

Ms. Sabre reminded the Commission that earlier discussion suggested the use of sanctions as part of the proposed contract concept.

Co-chair Martin asked Ms. Sabre to continue reviewing the Comparison document at the section on entitlement status (Page 3). She noted that the Republican Congressional Initiative (RCI) removes entitlement status from AFDC, SSI and public housing and probably will be replaced by block grants which will be administered by the states. Other proposals retain entitlement status. She said the Commission should decide if it wants to use the RCI proposal or make a philosophic statement about whether we want to retain entitlement status for these benefits.

Co-chair Martin said he would be concerned that the state may face constitutional problems subjecting it to great liability if it accepts a block grant that may run out of money before all eligible recipients are served.

Ms. Schmidt asked if this would be a federal issue and Ms. Sabre responded that it is a federal issue, but because states can decide then whether they are going to continue the entitlement status by making up the extra money needed, it is important that the philosophic statement include how the Commission feels about it.

Co-chair Martin said it may be best to say that, because of the uncertainty at this point and the other fiscal factors that come into play, we are not ready to make a recommendation on whether the state should retain entitlement status if the responsibility is handed down to the states.

Upon questioning about the potential cost to the state, Ms. Nina Yeager, Fiscal Analyst in the Fiscal Research Division, said one of the issues that underlies this question from a fiscal standpoint is that maintaining entitlement status maintains the state's obligation to pay for the cost of the program whether or not money has been budgeted to do so. For example, she said the state had to look for money in other divisions in 1990 to cover its AFDC and Medicaid costs. If entitlement status is continued by the state, it could have to raise taxes to cover the cost if sufficient money is not available to pay those bills. Exactly what such costs would be is uncertain now. Ms. Schmidt asked if it would be more "doable" if the federal government covered Medicaid and the state covered AFDC and Ms. Yeager said the rate of growth in Medicaid might make it a good deal if the federal government wanted to do that.

It was the consensus of the Commission that a recommendation on entitlement status not be made at this time.

Co-chair Martin asked Ms. Sabre to continue her review of the Comparison document at the section on Noncitizen Benefit Limits (Page 3). He said that this issue would not seem to have a significant impact in North Carolina and perhaps the Commission should not make a recommendation at this time.

Co-chair Martin asked Ms. Sabre to continue her review of the Comparison document at the section on Education Requirements (Page 4). She said this section is talking about general public education, rather than specific job training education. She noted that the proposals seem to address concerns expressed at a previous meeting about making good student behavior and attendance in public schools a criteria for recieving AFDC.

Senator Cochrane asked if costs associated with rewarding good attendance and behavior have been assessed and Ms. Shaw said there has been legislation that would penalize parents if they did not keep their children in school. Based on the assumption that the state has an overall 94.7% attendance rate, the sanctions would be about $1 million a year and 17% of that would be savings for the state. She said it could be very costly if an incentive were paid to parents to keep their children in school because it would have to apply to all parents.

Co-chair Martin said he has problems with this issue because there may be too much room for discretion in determining who meets the expectations. Thus, there is the potential for abuse. He said the additional administrative problems may make it not worth the results achieved. He said he believes that whatever legislation is brought forth will be written in a manner that promotes the types of services needed for the child to be successful academically.

Co-chair Martin asked Ms. Sabre to continue her review at the section on Work/Job Training/Education Requirements/ Encouragements (Page 5). She observed that the concept of a contract with welfare recipients runs through most of the proposals in this section.

Questions arose concerning the meaning of the RCI proposal to "Eliminate requirement in private sector that work supplement participants be assigned only to unfilled newly-created jobs." Ms. Sabre said that more information would be obtained to clarify the statement's meaning.

Representative Hunter repeated his concern that finding jobs seems to be such an integral part of welfare reform, while lack of job opportunities is now part of the problem. Ms. Sabre responded that the Administration Initiative (AI) includes a public works program, but that it probably will not be funded. She recalled the comments made earlier in the meeting by Commission members who are social services representatives. They talked about local initiatives which involve employers in the training, education and work aspects of their job placement efforts. She said this could become a part of the contract concept and those local relationships could be developed further. She pointed out that the Governor's Work Force on Welfare Reform has included the work component, though it is expensive, in its proposal because it is a necessary part of welfare reform.

Ms. Schmidt said that the Legal Services Initiative proposal also includes a jobs creation component involving the private sector and the welfare recipient, though it is not included on the Comparison document.

Co-chair Martin requested information from the Department of Commerce about how their economic development and jobs creation plans fit in with the concept of creating more jobs with better pay and how it is going to affect persons who are unemployed or are on AFDC.

Co-chair Martin said that the Legal Services Initiative proposal contains a suggestion that he supports and would like to include in the Commission recommendation: the idea of including more case management for the whole family. He said he thinks community-based organizations probably could provide services to help accomplish that goal and he would like to include such a provision. He said there are many community-based organizations that can do this as an alternative to a state-delivered service. Representative Hunter agreed and said he would support this suggestion.

Senator Cochrane said she appreciates all of the suggestions of the Association of County Directors of Social Services (ACDSSI) on this issue and said that the "Cash incentives rather than penalty" suggestion should be modified to read "Disregards rather than penalty".

Co-chair Martin said there seems to be consensus to recommend as the Commission's position the modified proposal offered by the ACDSSI with the addition of the suggestion for case management for the whole family utilizing community-based organizations.

Co-chair Martin asked Ms. Sabre to invite a representative of the Department of Commerce to come to the Commission meeting on December 19, 1994 and present relevant information on job creation.

Mr. Beerman suggested that including micro-enterprise as an allowable activity (included in the Administration Initiative proposal) may be a way to allow people to start their own business and gain self-sufficiency.

Senator Cochrane suggested that there are several programs already in place doing this or similar programs. Representative Hunter agreed, but said they have been effective at a minimal level. He said he agrees with Senator Martin's suggestion that community-based organizations can better leverage funds with some help from the state.

Mr. Beerman continued, saying his idea was to direct dollars that are going into training into the micro-enterprise area and be leveraged with other dollars.

Ms. Sabre said legislation could state that micro-enterprise activity is allowable under the contract and rules could be written to implement the flow of funds to the program.

Senator Cochrane said there may be a reason why this is not currently allowed. She questioned how someone who has not been able to get a job or keep one is going to start a business.

Mr. Beerman suggested an allowable micro-enterprise activity might be to traine a person to do a job or show them how to get the necessary skills. It could even be helping someone get past barriers to starting a business such as paying for inspections or obtaining licenses, etc.

Senator Cochrane said one of the things that sets people apart who are doing things such as day care in their homes, is that they have personal initiative. She said she thinks government programs are not going to impart personal initiative.

Co-chair Martin suggested that the recommendation could say, where programs exist or will exist within communities, that job participants who have the potential to move forward can be referred to those programs.

Co-chair Martin asked Ms. Sabre to continue her review of the Comparison document at the Work/Job Training/Education Requirements/Encouragement section (Page 6). Ms. Sabre said these are rather technical and specific exemptions in the work/job requirement for receiving AFDC benefits.

Senator Cochrane commented that it may be appropriate for the contract to be broad and general, but she said the exemptions should be spelled out.

Co-chair Martin said he would have concerns about delegating decisions on exemptions to case managers because there could be major differences between counties and even within counties. He said he would feel more comfortable with enumerating exemptions and then use language saying that some clients might not be ready for training, jobs, etc.

Senator Cochrane said she strongly agrees that setting the criteria in legislation is necessary.

Ms. Schmidt asked what the exemptions for the JOBS Program are and Ms. Shaw furnished Commission members with a copy of the list of exemptions (Attachment #3).

Co-chair Martin said there seemed to be a consensus for the recommendation that the JOBS Program exemptions be used, along with the ACDSSI proposal on Work/Job Training/Education Requirements/Encouragement listed on the Comparison document.

Co-chair Martin asked Ms. Sabre to review the Non-compliance Penalties Generally section of the Comparison document (Page 7). She reviewed the section and said the Commission could add a requirement for penalties for non-compliance to the contract concept.

Senator Cochrane said she would favor looking at penalties for non-compliance when more information can be made available. Ms. Sabre said she would have DSS staff look at a 25% penalty for non-compliance and give the Commission an idea of how it would mesh with what we have now and how many people would be affected.

Senator Cochrane suggested that the proposal could include a statement to the effect that the Commission feels non-compliance with requirements should have a consequence and suggests allowing a penalty of up to 25%.

Ms. Schmidt requested that DSS provide an estimate of what the cost for administration of such a policy would be.

Co-chair Martin requested that Kevin FitzGerald provide an estimate of the cost of the automation technology he discussed at a previous meeing, its phase in time, cost tables, etc., so the Commission can consider that during the next meeting. Ms. Shaw said those numbers are available and will be provided.

Co-chair Martin asked Ms. Sabre to summarize for the Commission at the December 19 meeting what we have agreed on at this point.

The meeting adjourned at 6:00 p.m.

Respectfully submitted.

Anne B. Wilson, Clerk

Approved by:

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| William N. Martin<br>Senate Co-chair | E. David Redwine<br>House Co-chair |

**NORTH CAROLINA GENERAL ASSEMBLY**

WELFARE REFORM STUDY COMMISSION

Minutes

December 19, 1994

The Welfare Reform Study Commission met at 1:30 p.m. in Room 544 of the Legislative Office Building. House Co-chair E. David Redwine presided. The following members were present: Co-chair William N. Martin, Senator John Kerr, Representative Joanne Bowie, Representative Howard Hunter, Mr. Dan Beerman, Mr. John T. Blair, Mr. E. C. Modlin, and Ms. Sorien K. Schmidt. The following members were absent: Senator Betsy Cochrane, Senator Ted Kaplan, Senator Elaine Marshall, Representative Pete Cunningham, and Representative William O. Richardson.

Co-chair Redwine called the meeting to order and asked for consideration of the Minutes of the December 12, 1994 meeting. Co-chair Martin made a motion to approve the Minutes as written and the motion carried.

Co-chair Redwine called on Mr. Bob Goodale, Deputy Secretary, North Carolina Department of Commerce (DOC), for a presentation on the Department's role in helping create jobs for low-income individuals. He started by emphasizing that the Department does not create jobs -- businesses do. He stressed how important it is for the private sector to be careful about what they support and look for the structural and moral causes of poverty, rather than concern themselves just with material needs of poor individuals. Mr. Goodale said it is very difficult to steer companies into one particular region or another because they look at the work force existing in a region and if the workforce does not know how to read and write or how to get a job, there is little the Department of Commerce can do. Short-term incentive money is not sufficient to replace the ability to read and write and the ability to get a job. He said other community attractions for a prospective business are adequate child care facilities and access to transportation.

Mr. Goodale said the Economic Development Board's Strategy for Action document which was adopted in August, 1994, reported that $140 million has been spent on economic development in the past year. This does not include what was spent on education.

With funding from the General Assembly, Mr. Goodale said the Department has established seven regional economic development partnerships/commissions in North Carolina: the Northeast Partnership, the Southeast Partnership, the Global Transpark, the Carolinas Partnership, the Piedmont Triad Partnership, the Triangle Partnership and the Western Partnership. Establishing these regional partnerships recognizes the differences throughout the state, he said, and concentrates on marketing each according to its unique features. He continued, saying that information is very important to all the regions and a system is being put together that will enable clients to access listings of available buildings and sites throughout North Carolina. By

April 1, he said information on local labor markets will be available through this "seamless" telecommunications system.

He said the Board has recommended modifying the jobs tax credit program for counties and would urge broadening the eligible activity for the credits to include programs beyond manufacturing, such as tourism-related jobs. The Board also recommended modification of wage requirements for industrial bond projects from the average county manufacturing wage to the average county wage. He said the Board continues to highlight economic development issues such as providing access to natural gas in small counties. And he urged the legislative members of the Commission not to forget the favorable impact further development of the information super highway would have on job creation. He said the Board recommends and urges technical assistance agencies to expand outreach and access to women and minority business owners and businesses in rural areas. He said acquiring surety bonds is a large barrier for minority and small businesses and he would like to see this made easier.

Mr. Goodale said an assessment of the technical assistance and training needs for minority and other disadvantaged businesses will be recommended by May 1 and, if accepted, should modify the existing technical and assistance programs.

The Economic Development Board, Mr. Goodale said, as mandated by the General Assembly, is required to provide annual performance reports to use as a guide for allocation of funds for economic development focus and a report on what has happened in terms of new job creation will be available by May 15. For 1993 net new jobs created totaled 123,000. For the first six months of 1994 the total was about 45,000.

Mr. Goodale said people involved in employment and training in the Department report that the job training resources available to them are able to serve 5% of the need. Job training costs are approximately $5,000 each, and for truly disadvantaged people the cost of successful completion of training may be as high as $20,000. He said the people who have a stake in using these trained workers need to help people on welfare and the working poor. Not doing so would be a serious threat to the state's infrastructure, he said, because the unmet need cannot be handled by the public sector alone.

Returning to Mr. Goodale's comment concerning the need for day care and transportation in urban areas, Representative Hunter said that adequate day care and transportation is as great a need in rural areas as it is in urban areas. Mr. Goodale agreed and suggested that endowments funded by foundations and the private sector could raise enough money to go a long way toward providing seed money for day care across the state. Representative Hunter spoke about the perception that the literacy rate is always low in distressed areas. He questioned this perception, saying there are educated people in distressed counties who have to leave the area to find suitable employment. He cited his county and several others as examples. He asked what companies look for when locating a new site.

Mr. Goodale said a company will look first at the quality of the schools.

Representative Hunter asked if travel and tourism could be targeted as an industry to promote jobs and Mr. Goodale said it could and that improving incentives to draw tourists and conventions would help.

Co-chair Martin asked for additional information about a previous statement that 5% of people needing job training actually get it.

Mr. Joel C. New, Director of Employment and Training in the Department of Commerce, said the program, The Job Training and Partnership Act (JTPA) serves about 5% of the total eligible (low-income people) population. He said the reason for this low number is lack of money. He said the people who go through the program generally are able to find jobs, unless they decide to continue their education or do something else. He said about 47% go directly into jobs upon completion of training.

Representative Bowie asked what percentage of JTPA funding goes to administration of the program and Mr. New explained that 50% goes into direct training, 20% goes into administration and the remainder is used for support and getting people ready for training. He explained further that the support element helps people with things such as child care and transportation. Representative Bowie said her concern is that so many of the services seem to overlap and duplicate services of other programs. She said a better job of coordinating services should be done.

Mr. Goodale agreed that there may be duplication and said it needs to be addressed.

Representative Hunter asked if social services agencies are aware of the resources available through JTPA and Mr. New said they should be. He continued that planning for jobs is done through the Private Industry Councils (PIC) (There are 26 in North Carolina.) made up primarily of business people who look at jobs planning along with JTPA plans for training.

Senator Kerr asked what percent of people who want to be served are served and Mr. New said that of people who are eligible, 5% are being served. He defined eligibility as low income people, which includes those on AFDC and those who are not. Using census figures, he said low-income families are: one person with less than $7,200 in yearly income or four persons with less than $15,000 that may or may not receive family assistance. Mr. New continued that, with their currently available resources, they can serve about 5% of the documented need for the program. Senator Kerr asked what percentage of eligible candidates who request the service are being served and Mr. New responded that he knows of none that are being turned away.

Co-chair Redwine announced that Senator Ed Warren, Senator Charlie Dannelly and Senator Robert L. Martin have been asked by the Senate President ProTem to observe the proceedings of the Commission.

Senator Warren asked about accountability for tourism grants and the work training program. Specifically, he wanted to know if there is follow-through by DOC and does someone go out in the field, check the grants and file a report. Mr. Goodale responded that there is accountability for tourism grants through the Grant Review Committee. It reviews and supervises those who monitor the grants. On the work training program, Mr. New responded that the twenty-six Private Industry Councils set up across the state have oversight responsibility in terms of the people served. The Department of Commerce keeps a close watch on grantees to make sure they meet rigid performance standards. He said that recipients seem to be satisfied with their job training and placement: in a survey recently they registered an 80-to-90% satisfaction rate.

Co-chair Martin asked if there is an estimate of the number of state agencies involved in either job creation, job training or job readiness. Mr. New responded that there are approximately forty-seven job training programs run by seven agencies, including community colleges. He could not provide the number of job creation programs, though he said he believes the number is high.

Co-chair Martin expressed interest in seeing whether the forty-seven job training and readiness programs could be consolidated into one agency for greater effectiveness and to cut the cost of the program. Mr. New said that the Commission on Workforce Preparedness has discussed the current situation of having numerous programs in several state agencies and is trying to find better ways to provide the service. He said he is a part of the Interagency Coordinating Committee which meets once or twice a month to discuss common issues, because no one program in any agency has the answers for the whole population. Each does its own work, he said, and through the Coordinating Committee helps others build on strengths and minimize weaknesses. It has become clear that the limitations are lack of resources and burdensome regulation (primarily federal). He said he concurs with the concept of working closely together to deliver service, but he thinks a single agency addressing the needs may not solve the problem.

Mr. Beerman commented that he has worked at the local level in a number of programs dealing child welfare and adult services and has seen how many systems work. Recently, he said he has worked more in the employment and training area and has found it to be more fragmented than the others. He believe it is because the local area does not have a history of working together. While the resources and mandates have not been there, he said there appears to be within the current structure the notion that what you have to do is please the folks up the line rather than collaborate at the local level. In spite of that, he said collaboration does occur in some communities where JTPA programs, job programs at community colleges, etc., work together. He said he would encourage continued collaboration and be sure that rules, regulations, and structures from the state do not discourage that. Additionally, he said, local agencies should have consistent policies between programs, such as continuing follow-up.

Senator Kerr said he would like to see DOC put more emphasis on the improving the state's infrastructure. He said people are now more interested in expanding natural gas supplies, but two-thirds of the state is still without it. He said water and sewer improvements are needed throughout, so there will be a better chance of getting jobs for those people going through training.

Upon questioning by Ms. Schmidt, Mr. Goodale said the 123,000 job increase reported previously applied only to manufacturing jobs and does not include service sector jobs.

Ms. Schmidt asked how could business be involved and raise private funds for job training. He said the private sector already spends much more on training than the public sector. He said he believes much of the problem of poverty can be attributed to attitudes of hopelessness and despair in the population.

Co-chair Martin asked what the state should be doing to encourage private sector participation in welfare reform or should it take a hands-off approach. Mr. Goodale responded that he does not agree with a hands-off approach and that business should be involved, taking a more active role in discussions on welfare reform. Co-chair Martin asked whether the Economic Development Board is working on specific recommendations for modifying the job-incentive tax credits for counties to extend beyond manufacturing. Mr. Goodale said they are trying to find a way to apply the credit to service industry jobs, but it will be more difficult because the coded information that is available for manufacturing jobs is not available for service industry jobs.

Representative Hunter said the Micro-enterprise Loan Fund is working relatively well and asked if DOC is doing anything more to help distressed communities have access to capital. Mr. Goodale said DOC is doing more under the Section 108 Progam which has the potential for accessing $100 million of HUD money for low-interest loans, a new program for North Carolina. The Department of Commerce also has an entrepreneurial empowerment program under DOC's Community Development Block Grant, but this still does not meet the need. North Carolina needs, he said, $500 million in venture capital and DOC has been working hard to find the $20 million needed to leverage this amount.

Representative Hunter asked what mechanism DOC would have in place to make information about this capital available to those people who need it most, especially in distressed areas. Mr. Goodale said this is the kind of information that a telecommunications system could spread easily and rapidly.

Co-chair Redwine called on Ms. Susan Sabre, Counsel for the Commission, to present answers from the Department of Social Services (DSS) to questions from the December 12 meeting (Attachment #1), then review "Concepts Considered by the Legislative Study Commission on Welfare Reform - December 12, 1994" (Attachment #2), and continue her review of the "Side-by-Side Comparison of Major Issues of Certain Welfare Reform Proposals" (Attachment #3).

Mr. Beerman commented that the narrative of a typical family transitioning off AFDC does not include the cost of items for the family such as rent, utilities, etc. Ms. Sabre said DSS does not track these costs and she said she would continue to look for such information.

Mr. Quentin Uppercue, Head of the Division of Social Services Planning and Information Section, suggested that the federal poverty level monthly figure for a family of three of approximately $1200 may be used in lieu of figures specifically derived from an AFDC family model on the cost of a family's necessities.

Ms. Sabre discussed the fee tables, "1994 Market Rates for Day Care Facilities," and said the market rates studies indicate there is insufficient incentive in counties with a low market rate to provide day care. She said the LRC Child Care Committee is working on a proposal which would work specifically with a statewide market rate in those counties where there is a very high percentage of subsidized care. By getting the statewide market rate into the low-income areas, the subsidy would enable people to provide more subsidized day care.

Senator Kerr commented that the low-market rate for subsidized day care in his area causes people to go out of business, but other regulatory problems add to the difficulty they face. He specifically mentioned the state instruction to inspect facilities for lead-based paint. Representative Hunter responded that the requirement to remove lead-based paint in day care facilities was based on evidence that such exposure can lead to mental illness in children and adults. He said there have been instances of high levels of lead-based paint in the bodies of the children tested and some facilities have had to close because of the problem.

Representative Bowie said she has also heard complaints of excessive or seemingly unnecessary regulation of day care centers and she suggested that someone in state government should review the burdensome requirements placed on providers.

In the pause that followed, Co-chair Redwine reminded members that the time left to work on the issue of welfare reform is short and suggested that the concepts already discussed and the remaining points to be discussed today should guide the Commission in its overall recommendation to the 1995 General Assembly. Co-chair Martin said the discussions have shown that this is a massive area and there may be some specific points the legislature can address during the 1995 session. He said there probably will not be a comprehensive plan presented in 1995 called "welfare reform", but, rather, the Commission could establish the foundation upon which to build and guidelines for use when proposals are made.

Mr. Beerman said he hoped the Commission would utilize the information and research that Dr. Dennis Orthner (of the University of North Carolina School of Social Work) has made available.

Representative Bowie said she hopes the Commission will couch its report and proposal in the manner of a foundation and guide for the ongoing study of welfare reform. She said the Commission has done good and useful work on many complex issues pertaining to welfare reform and the overwhelming nature of the subject should not diminish the research and information presented to the Commission. She said she feels the work will go on for a number of years and the Commission's study should be used for all its worth. Co-chai r Martin said he envisions having a proposal for a foundation or framework down on paper that covers what the Commission has done and then circulate it to particular persons, including Dr. Orthner, for review and comment prior to approval of a final report.

Ms. Sabre said she would like to get the Public Assistance document which was presented early in the Commission's study into a more usable shape, with cross-index, etc., so it can answer questions people have. She suggested the Commission will want to give the General Assembly as much pertinent information as it can, since it is part of the Commission's purpose to study and provide information about different kinds of data from a number of places so legislators will have a source document as well as a statement of policy. Ms. Sabre called members' attention to the document, "Iowa Invests: A Human Investment Plan" (Attachment #4), as an interesting proposal of how the state/local agencies and recipients can use an "agreement" methodology to accomplish its purpose. She recalled that at the last meeting this methodology seemed to be a way to compromise the philosophies of strict sanctions and great flexibility. It seemed to be the way to incorporate the concerns of most people. She said she understands the Governor's Task Force is working in this direction.

Co-chair Redwine asked Ms. Sabre to review "Concepts Considered by the Legislative Study Commission on Welfare Reform - December 12, 1994" (Attachment #2). She called the document a compilation of focused concepts that evolved as a consensus during Commission discussions. She said that it does not talk about how the services will be delivered, but dwells on focusing on the whole family. There is no mandate for a case management system to administer the "agreement" methodology, which was discussed at a previous meeting, but it does allow local agencies to choose whatever method best suits their particular situation. She said there will be general requirements by the state, such as work, training, education, availability of services for all families, as well specific limitations and sanction provisions in all agreements. Aside from the state requirements, she said, local agencies will have flexibility to build into the agreement whatever their assessment of the family determines to be needed.

Co-chair Redwine expressed concern that a case management system may add cost at the local level and Mr. Modlin responded that some agency workers already operate as case managers in many instances. He said more training would be necessary for those workers who have not had such experience, which would be costly, but, he added, automation and simplification of the process would make the case manager's job much easier and could balance the cost overall.

Co-chair Redwine also expressed concern that people may move from one county to another to obtain better benefits and Mr. Modlin responded that this probably happens at the present time. He continued, saying that a system of individualizing assistance with reasonable limitations to suit the client and following through, as a case manager system would do, should help lessen the problem.

Senator Kerr agreed that more attention needs to be given to the cost of implementing the concepts being discussed and to the public perception of the welfare programs. He said the suggestions he has heard thus far seem to be a broadening of the welfare system, not reforming it to get people off welfare. He said the state should do the things that are "doable" in a constructive way without adding more dollars to the cost and that there should be more sanctions in the program. He repeated earlier comments that people in his district urge restrictions and limitations for public assistance recipients. He said they would like to see a work ethic demonstrated by recipients, which could help them understand the beauty and feeling of working and getting paid for it. He said his philosophy may be different than that of other members, but as an elected person he hears tax payer complaints.

Mr. Beerman suggested that Dr. Orthner could talk about where the Commission seems to be heading.

Senator Kerr said he would also like for someone to talk about "carrots and sticks" that could be put in the system to make it better because people who administer the program at the county level are frustrated.

Mr. Blair recalled that the earlier discussion of a two-year time limit for receiving benefits was centered on the notion that it may become a self-fulfilling prophecy, rather than a matter of someone going to work as soon as they are able. Using the "agreement" methodology, the case manager could follow-through with recipients and require them to go work as soon as they are able, possibly earlier than a two-year timeframe. He said the use and benefit of case management from social services workers' viewpoint is that it would be a reinvestment of resources at the local level because of technical/automation changes coming soon. Those who are now income maintenance case workers who just do a piece of the process could have their work broadened to include the whole family.

Mr. Blair added that social workers bring a certain viewpoint to the Commission's proceedings, and he said he regretted the lack of more dialogue with elected members concerning the case management system proposal. Concluding his comments, Mr. Blair said the Social Services Directors' decision not to include a time limit for benefits in its proposal was a result of mixed feelings of the group and he said they are not absolutely opposed to the notion.

Co-chair Redwine said he understands Senator Kerr's comments concerning public perceptions about the welfare system because he hears the same kind. He said it is difficult to explain the shortcomings and benefits of the welfare system, partly because media presentations show only pieces of it without putting it in the whole picture context. He said the public has demanded that something be done and it is the General Assembly's job to change the way the system operates.

Co-chair Redwine recognized Dr. Dennis Orthner of the University of North Carolina School of Social Work, for comments. Dr. Orthner started by saying that he has spent the last five years trying to understand welfare reform strategies that have been proposed and studying the North Carolina JOBS Program to learn what is and is not working. He discussed what he believes are major obstacles to getting any kind of welfare reform strategy to work, especially if it means moving people from public assistance to employment. We have to understand, he said, that when we look at a typical JOBS participant in North Carolina we're looking, mainly, at a woman with one or more preschool children. Sixty-three percent of them are functionally illiterate. Fifty-five percent are in the clincial range of depression. Half of them express very low satisfaction with their lives. Of those in school, 25% have behavioral problems. Those who have children in school report behavioral problems of their children. So, significant barriers to moving very quickly into employment exist for these people. This is above and beyond the issues of income and other factors that usually dominate discussion on welfare reform.

Dr. Orthner explained two basic welfare programs mostly used in the United States: the human capital approach and the employment approach.

In North Carolina, Dr. Orthner said, the human capital approach is used because we believe that by helping people build skills and reducing some of their deficiencies they will be able to develop the capacity to move toward self-sufficiency. These programs are not employment-oriented, but are oriented toward improving employability. Typically, what happens with this approach is that another agency or program takes on the employment assistance role, whether it is the Employment Security Commission, JTPA, Community College, etc. These are very expensive strategies, he said, with about one out of five eligible people at any one time in the JOBS Program. This means that about 80% of people who are eligible under the state's standards are not participating at any given time.

The employment approach for welfare recipients, which is used in Iowa and some other states, mandates that everyone within the eligible group participates. People can be deferred from the requirement for good cause, but, by and large, everyone is supposed to participate. If North Carolina used that approach, Dr. Orthner said, five times as many social workers would be required. The programs that tend to have high participation rates and high rates of movement into the labor force tend to be those programs that essentially have an up-front job placement and are essentially employment programs with a backup of human capital investment. By contrast, in North Carolina there is a human capital program with a backup of employment programs. He said the factors operating in North Carolina such as low literacy levels and other historical factors which reflect the degree of support in the community are different than those in states that use the employment approach. These factors may mean that the employment approach would not work.

Dr. Orthner said he believes North Carolina needs to decide which philosophy it wants to use and adjust its program to fit. Once that decision is made, the state will have to look at "cliff effect" issues such as child care, housing, Medicaid, i.e., those issues that cause a recipient to suddenly lose critical benefits when they earn slightly more income.

Senator Kerr noted that in the fiscal year ending on June 30, 1994, $32 million was spent ($20 million in federal funds and $12 million, state and local) on the JOBS Program in North Carolina. For the current fiscal year, the amount has increased to $50 million, with the state appropriation doubled. He asked what it would cost to expand the program to all eligible people and Dr. Orthner responded that it could be changed to run with roughly the same amount of money. He said the assumption in North Carolina is that if you are a young AFDC mother with a preschool child you need to finish your education, get some basic training, and get some work preparation before moving into the labor force. That typically would take advantage of a host of resources, community colleges, Employment Security, JTPA, etc., perhaps including a case management system, all of which are expensive. The hope in using this approach is that it will lead to a better job experience, continuity and earnings. Dr. Orthner said other states believe preparation is not the big issue, rather, the big issue is work experience. In effect, they say you don't know what you need until you are exposed to a work experience, whether it is apprenticeship, on the job training, etc.

Senator Kerr asked if the state should get into the education system at about the 7th or 8th grade to find out what the children know and what kind of track they can be put on to gain skills at an early age. Dr. Orthner answered that programs such as Smart Start can begin to make a difference at an early age so that by the time they are in public schools they have a foundation for learning.

Co-chair Martin commented that the Education Fairness and Accountability Commission has been dealing with education issues and will report in 1995 on some of Commission's specific concerns.

Mr. Beerman asked Dr. Orthner how the employment approach for welfare recipients fits with the contradiction or problems in the description given initially of the barriers the population faces. Dr. Orthner said research is being done to clarify this, but in some states and localities people are put in a job placement experience irrespective of their literacy level and during the course of that experience the individual would help identify the problems they have when they say, "I can't read this" or "I can't calculate that". In effect, they say, "I am not job ready -- can you help me get what I need". The program then would help the worker get what he or she needs in a short term program at a relatively low cost.

Dr. Orthner shared his recent experience of looking at the Hawaii human capital approach. It is similar to North Carolina's with a layer of the employment approach added. It is called the Hawaii Works Program and serves 70% of welfare recipients. With the remaining thirty percent in the human capital approach, most of the need is being met. The challenge North Carolina has, coming from the evaluation, he said, is that its program is essentially voluntary. People come in and go out, with very little sanction for doing so. The result is that the state ends up with a lot of expensive turnover. He said the "agreement" approach may help reduce this "revolving door" problem if it includes sanctions.

Co-chair Martin asked Dr. Orthner what he sees as the weaknesses or changes needed in the "Concepts" document the Commission is reviewing and he responded that the principles identified are solid and that the challenge for the state is getting the agencies to collaborate in a way to have an integrated program. For instance, the JTPA and JOBS programs have the similar mission of helping people become employable, but the reality is that they serve very different groups of people: JTPA primarily serves men and JOBS primarily serves women; JTPA primarily serves the working poor and JOBS primarily serves the non-working poor; JTPA primarily serves people who are not on AFDC and tend to be a little more literate and JOBS primarily serves those on AFDC who are more likely to be illiterate. He said there should be continuous programs that look similar. The perceived different approaches for helping the working poor and non-working poor leaves the public feeling that there are inequities in the system. For example, why do the working poor get six weeks leave [under federal legislation] if they have a baby and the non-working poor are deferred for three more years from participating in another program if they do.

Dr. Orthner said he would need more details than the "Concepts" offers before he could say what needs to be added or changed to make a difference in North Carolina's ability to move more of its poor into employment and self-sufficiency.

Co-chair Martin commmented that the the success of welfare reform efforts will largely depend on how equitable the public perceives the reforms to be.

Representative Hunter commented on the immensity of the task before the state and nation, which is to reform welfare, because, he said, if we are to do this, it looks like it will cost much more than it does now. He said the Commission exists because the public thinks we're already paying too much for welfare and it looks like if we change it, it will cost even more. He asked, "are we going to improve it or are we going to make it worse, as far as the recipients are concerned, but make it look better to pacify the public until they find out it is still broken."

Ms. Schmidt commented on a recent study reported in a newspaper which indicated that people are willing to pay for welfare. The study showed the problem was not, necessarily, that they did not want to pay for it, but that they want to make sure the children are taken care of. She said the problem is that the public perceives the current system as hurting people, rather than helping them. With this in mind, she asked if the question doesn't become why not try another approach, Iowa's or some other state's, if it can help people get into a job, start to have hope for the future and move into self-sufficiency. She suggested that pilot programs using other approaches might show the kinds of results that

North Carolina is seeking. Ms. Schmidt said the study shows that results are what the public wants more than just cutting the people off and leaving them on the street for the counties to deal with.

Representative Hunter again emphasized that the lack of jobs in some areas is a big problem. For example, he said, the Community College in his area graduates approximately one hundred nurses a year, while the one hospital has perhaps one or two vacancies a year. He said people want to work and families cannot survive on low-wage, service jobs that often pay less than $10,000 a year.

Dr. Orthner responded that those people in low-wage jobs can add to their wages the federal earned-income tax credits and food stamps, thereby getting their standard of living above what it would be for AFDC recipients. He mentioned that "fill the gap" budgeting needs to be considered. It doesn't cost a lot and allows AFDC recipients to retain benefits while they are working their way up and off the welfare rolls. A state earned income tax credit would be an incentive for working. Dr. Orthner said a welfare reform approach could be one in which recipients would do some work with a JOBS Program and get some help through an incentive, which would be more than tinkering around the edges. Instead, it would put in a floor for reform and allow time to experiment through pilot programs beyond that approach. Recipients would be working from a firmer foundation than they have now. Dr. Orthner offered to meet with members to discuss this approach further.

Co-chair Martin commented on Rep. Hunter's statement about whether the state and nation are willing to pay for reform which will cost more than the current system. He said it may cost more in the short run and it needs to be viewed as an investment rather than an expense. The difficulty will be in presenting the information so that people can see that not reforming may be more expensive in the long run. He said he believes we can implement something that is workable even if it costs more now, if it still has substantial benefits in the future and if it is carefully crafted. On the contrary, he said, it would be a mistake to implement changes that reduce the cost now or keeps them the same if the long range effect is escalated costs.

Co-chair Redwine said he does not hear in his community what Ms. Schmidt read in the newspaper's reported study. He said his people believe the current system is "flawed to the bone" and that it has to be reformed. He said he believes the public does not want to spend any more on welfare. He said the Legislature has to send the message that it is willing to make tough decisions -- that welfare recipients need to be doing something, whether it is a public service job or whatever will instill a good work ethic for the benefits received. It would be expected that the work or training they receive will lead to better job performance, helping them toward self-sufficiency. He said his constitutents don't envision putting people on the street if they really need help, but they believe there is abuse in the system that needs to be corrected.

Ms. Sabre continued the review of the "Concepts" document by saying that it is the Commission's consensus of concepts reached during previous meetings. She said some of the specific points mentioned in the document would be seen again during the 1995 session as legislators introduce bills on various aspects of welfare reform. Also, she reminded members that a part of the Commission's purpose is to provide the General Assembly with information and informed concepts of what it believes welfare reform should be.

As discussion occurred on the subject of paternity establishment if rape or incest is suspected, Co-chair Martin repeated a concern he expressed during a previous meeting that the mother and child must be protected from abuse, but that society should not be precluded from putting forth all efforts possible to bring justice to anyone who perpetrates these crimes.

Mr. Bill Scarlett, Deputy Director of the Divison of Social Services, said there is another factor that should be recognized, which is that the child who is born because of incest may be stigmatized and made to suffer unjustly if its parentage is public knowledge. Co-chair Martin said he believes the law should leave room for criminal action to take place in such cases unless that would pose a problem. Mr. Scarlett reminded members that social workers are obligated to report cases where they believe incest or rape has occurred. Investigations follow and criminal prosecution can take place. Mr. Scarlett said his concern was for the child who could grow up being the subject of child support actions against the mother's brother or father. Ms. Sabre said she would keep his concerns in mind as she works on the details of the document.

Senator Kerr commented that he believes the Commission should concentrate on concepts that are "doable". He asked if the idea under discussion is to have counties negotiate different "agreements" with recipients. He said it may be a good idea, but may not be viable in practice. He said he has heard some "fresh" ideas from Dr. Orthner which might have possibilities. He said little things can be done and he recommended that the new people in the Legislature be involved, find out what the federal government is going to do, get waivers if possible, and then put some of these ideas to work. In addition, he said, The Governor's Task Force on Welfare Reform will have some suggestions.

First, Senator Kerr said, the state needs to get a handle on where the dollars are, find out where the work programs are already operating and get them coordinated. Then, he said, the County Commissioners can make suggestions. He said people at the county level have too much to do already and that they are frustrated. He said he believes some changes can be made, like putting benefit checks for minors in a safe place, such as a trust fund in the Clerk of Courts' Office. In this manner, the benefits can help the children with special needs and not be wasted.

Senator Kerr said he thinks some reform legislation can be adopted, but it needs to be respectable and not be done just to do something. He said the new performance-based budgeting methods would help pinpoint where the dollars are and could help "flesh out" the details of where changes need to be made. "We have to get good ideas," he said, "and getting Dr. Orthner more involved in discussions may help." Senator Kerr said he could not support the "Concepts" as he has seen and heard them. He believes the Commission should be circumspect, rather than reactionary, about welfare reform and expect to spend more time finding workable reforms during and after the 1995 Session.

Co-chair Martin said his early thoughts on the Commission's work were similar to those Senator Kerr has expressed and he still feels that what has been asked of the Commission is more than can be done before the 1995 Session convenes. However, he said, he differs with Senator Kerr in that he believes the Commission still needs to plow through the information gathered so far and try to find some kind of consensus for a reform framework. He said the reason is that, regardless of what the Commission does, there is going to be welfare reform legislation introduced in the 1995 session and there likely will be several versions of issues. The danger in that is the Legislature may do just what we hope will not happen -- react to what is proposed because of political pressure, constituent pressure or just not wanting to differ with someone who introduces something. There will be pressure to pass something, he said, and it may not be based on the best information, research, or some type of consistent visionary framework in which all parts of reform should fit. Senator Martin believes not making a conceptual statement based on what the Commission has studied and learned will leave the General Assembly open to this type of reaction, from which there may be no turning back. If that occurs, he said, it may put the state further down the road of making the system worse or having very incremental improvement which might in the long run have unintended consequences.

Mr. Modlin said he would be very disappointed if the Commission does not at least recommend simplification, automation, a single application process, and uniform regulations. These practical steps would save hundreds of thousands of dollars, he said.

Ms. Sabre continued her review of the "Side-by-Side" document (Attachment #3), beginning on Page 8, "Removal of Disincentives to Work".

Dr. Orthner commented that a philosophical change in the system would have to happen if North Carolina goes from the current income-maintenance system, which makes sure that people do not accumulate assets or improve income because they need to remain qualified, to a self-sufficiency philosophy, which encourages people to gain assets and income so they can become independent. He said a change in the philosophy can then cause a change in the current rule which carries disincentives.

Co-chair Martin asked how the Individual Development Account (IDA) limits would be enforced. Ms. Sabre responded that the Iowa program uses this method for accumulation of assets in a limited banking account of designated funds. She said the accounts are governed in great detail by agreements between the state and the individual and indicated that she would provide specifics of the Individual Development Accounts that should satisfy concerns of the Commission.

Ms. Sabre said she and DSS representatives would review the proposals on the removal of disincentives outlined in the "Side-by-Side" document and provide as much detail as possible on what they feel can be readily changed. She said she is trying to get information from the Department of Human Resources on the progress of work on simplication and coordination. She hopes to have cost estimates for these "doable" changes at the Commission's next meeting.

Ms. Sabre said she has been advised that DSS will present to the General Assembly a comprehensive package of child support reform. The Commission has requested information on this proposed legislation. She suggested that the Division's recommendation is probably something that the Commission can lead with and be assured that something will be done on child support.

The Commission discussed a time for the next meeting and it was decided to meet at 10:00 a.m. on January 9, 1994.

The meeting adjourned at 6:40 p.m.

Respectfully submitted,

Anne B. Wilson, Clerk

Approved by:

William N. Martin
Senate Co-chair

E. David Redwine
House Co-chair

**NORTH CAROLINA GENERAL ASSEMBLY**

WELFARE REFORM STUDY COMMISSION

Minutes

January 9, 1995

The Welfare Reform Study Commission met at 10:00 a.m. in Room 421 of the Legislative Office Building. Senate Co-chair William N. Martin presided. The following members were present: House Co-chair E. David Redwine, Senator John Kerr, Representative Joanne Bowie, Representative Pete Cunningham, Representative Howard Hunter, Representative William O. Richardson, Mr. Dan Beerman, Mr. John T. Blair, and Mr. E. C. Modlin. The following members were absent: Senator Betsy Cochrane, former Senator Ted Kaplan, former Senator Elaine Marshall, and Ms. Sorien K. Schmidt.

Co-chair Martin called the meeting to order and asked for consideration of the Minutes of the December 19, 1994 meeting. Co-chair Redwine made a motion to approve the Minutes as written and the motion carried.

Co-chair Martin called on Mr. Roger Shackleford, Senior Program Policy Associate in the Governor's Office of Workforce Preparedness, to review the progress of the Governor's Task Force on Welfare Reform. Mr. Shackleford started by saying that the Task Force is scheduled to meet on January 20 for a discussion of its draft recommendations to the Governor. He said he would share some general ideas in the Task Force's recommendations, but would delay being specific until after it has met on January 20.

First, he said the Task Force feels strongly that the idea of "prevention" is important to welfare reform. He said two specific areas where prevention should be emphasized is in teenage pregnancy and in diverting people from the system to other support sources.

Second, Mr. Shackleford said the Task Force will recommend a system with a heavy focus on work. He said it will be a "work first approach", emphasizing from the beginning a transition to work. It will be about getting the recipient prepared (through upgrading basic skills, occupational training, self-esteem building, parenting skills) and into some kind of work setting. To use the work focus, he said, two things have to be done: 1) remove disincentives by allowing more earned income, child care, Medicaid; by removing the 100-hour rule; and by changing asset limits; and 2) revamp job training programs to get them to serve more people.

Third, Mr. Shackleford said time-limited benefits will be recommended by the Task Foce. An example would be a two-year time limit for someone who is abled-bodied but does not get into a work project.

Fourth, Mr. Shackleford said the Task Force will recommend using a "contract" which states the recipient's and the agency's responsibilities. The "contract" (agreement) will be very clear in identifying responsibilities, incentives, and sanctions.

Finally, Mr. Shackleford said a recommendation will be made to simplify the welfare system. He noted that the Department of Human Resources is already working on system simplification and automation and will have recommendations in the near future. An example of simplification, he said, is the single application process discussed previously. He acknowledged that a major effort would be needed to re-orient social workers to new responsibilities in a reformed system.

Mr. Shackleford added that the four public hearings held across the state by the Task Force have drawn people from a variety of backgrounds. (Two more public hearings are scheduled.) Representative Bowie said she would be interested in knowing about comments made by people at the public hearings and Mr. Shackleford said he would provide a copy of the transcripts when they are available.

Co-chair Redwine asked if the Task Force considered whether the Employment Security Commission (ESC) should be more involved in providing assistance to welfare recipients. Mr. Shackleford responded that it has discussed having ESC provide labor market information and other assistance. He said he could see ESC functioning as a labor exchange and thereby playing a big role in helping the sytem get people into jobs.

Representative Cunningham asked if the Task Force has anticipated where the needed jobs will be found and Mr. Shackleford responded that it is not realistic to say that the private sector can supply them. While the Task Force recognizes that public sector jobs are not the answer, he said, it has heard and is exploring suggestions that community service work can be a requirement for receiving benefits. He said this could fill certain unmet needs, such as assisting public school teachers, while requiring recipients to earn their benefits.

Senator Kerr suggested that the true cost of the current programs and any that are proposed should be determined. He also suggested that a way needs to be found to educate and train children better, so they will be able to become self-sufficient when they are adults. Mr. Shackleford responded that the Task Force has not yet looked at the cost of its recommendations, but will do that when it considers how to implement the program. He said the cost of some program recommendations may require that they be phased in. Addressing the education and training needs of children, Mr. Shackleford said the current job training system needs to be revamped to use the significant amount of dollars already available. Before more money is requested, he said, the Task Force will maximize currently available funds.

Co-chair Redwine asked whether the Task Force has a recommendation on paternity establishment and whether it has suggestions on how government can encourage businesses to employ people on welfare. Mr. Shackleford responded that the Task Force has not taken a position on paternity establishment, but it may be discussed during a future meeting. He said the Task Force will also discuss suggested elements of the "contract" methodology, which could include paternity establishment requirements. Further, Mr. Shackleford said they have discussed employment incentives for businesses, such as diverting the cash benefit payment to the employer to subsidize the wages of persons they agree to hire. He continued, saying tax breaks, worker training, and other state incentives can encourage private businesses to hire welfare recipients, but the Task Force has no specific recommendations at this time.

Representative Bowie asked if the Task Force has discussed using property of the public schools to help train and transport welfare recipients who need this type of assistance. Mr. Shackleford responded that it has discussed ways to make things such as basic skills and job readiness training more accessible for people and using public school facilities would do that.

Mr. Beerman asked if the Task Force anticipates that "contracts" cannot work until all of the elements envisioned for the system are in place and Mr. Shackleford responded that many of the major elements would have to be in place.

Mr. Beerman asked if it is known how many people representing the state would be needed to handle the contracts or how many recipients a social worker would be able to assist and Mr. Shackleford responded that the contract should be a very simple, one-page agreement. It should not be confused with an "employability" plan which would address particular needs of the client. Mr. Beerman said his concern is that the agency people have the skills and other needed resources for working with recipients.

Co-chair Martin said an enhanced set of "Concepts" has been prepared by Ms. Susan Sabre, Staff Counsel for the Commission, and he led a discussion of the document (Attachment #1). Also included in the discussion was a draft of proposed legislation entitled, "Welfare Reform 1995" (Attachment #2).

While reviewing "Concepts" provisions, Rep. Cunningham and Rep. Bowie expressed concern about the process a mother who is the victim of rape or incest must go through to determine whether she has cooperated in establishing paternity and Ms. Sabre said she would add provisions to address their concerns on Page 9, Sec. 2 in the draft of proposed legislation.

Senator Kerr suggested including provisions in the proposed legislation to deal with food stamp requirements, fraud and "separate status" situations.

Representative Bowie agreed that the criteria for allowing a teenaged mother living with her parents to receive food stamps needs to be tightened to eliminate the opportunity for abuse of the system. Following discussion, the Commission consensus was to add a provision to the proposed legislative draft to eliminate food stamp "separate status" within one residence.

Representative Cunningham, other Commission members, and Ms. Bonnie Allred, Director of Legislative and External Affairs in the Department of Human Resources, discussed the proposed exemption from work requirement for a parent caring for a child under three years of age.

Co-chair Martin asked if it would be possible to get a reasonable idea on the fiscal impact of three alternatives to the "Concepts" work requirement: lowering the child's age at which the exemption would apply to six weeks, six months and one year after childbirth. Mr. Kevin FitzGerald, Interim Director of the Department of Social Services, responded that a demographic, statistical report on this population, including costs for each category, would be provided. Various alternatives were discussed and the Commission decided to change the proposal, lowering the age to two and encouraging the parent, where appropriate, to work if adequate child care exists.

Co-chair Martin continued discussing "Concepts" on Page 4, Item (6), Removal of Work Disincentives. Members of the Commission discussed current used car values and Representative Richardson suggested a more realistic allowable value for a motor vehicle for a welfare recipient should be $7,500. The Commission agreed that this change should be made in the draft legislative proposal.

Mr. Blair suggested that Item (6) b. on Page 4 of "Concepts" may be more inclusive if the reference to AFDC is removed and Ms. Sabre said it could be done.

Senator Kerr again expressed concern that proposals he has heard seem to transfer responsibility and decision-making to the local level and he is concerned that such flexibility will cause additional costs and other problems for agency personnel and public officials. Co-chair Martin responded that the proposal can be tightened by specifying certain requirements at the state level and allowing local flexibility to other items within guidelines set by the state. Mr. Blair suggested that counties could deal with ambiguities in the system if the parameters set by the state are clear. Co-chair Martin said that having some requirements included in the statutes, rather than relying on agency rule-making, should be considered.

Co-chair Martin continued discussion of the "Concepts" document. He added he would like to explore the feasibility of developing business sector/child care alliances that would enable and encourage small and medium-sized businesses to join together to offer child care services for employees who are trying to get out of the dependency cycle. Another idea to explore, he said, is a plan for public/community services jobs in areas where private sector jobs are not available. Under this plan, welfare recipients would be required to work a minimum number of hours per week to receive benefits.

Co-chair Martin called on Ms. Sabre for comments and she returned to Senator Kerr's concern about the cost of the proposals under discussion. She said the slowing down of welfare costs is dependent on the performance audit (description included in the "Concepts" document and a provision in the proposed legislation), which, if funded, would be a major and essential step in deciding where duplication exists in the system. The draft legislative proposal attempts to reform welfare and looks toward continued reform based on the performance audit. The mandated state participation in welfare reform, she said, requires all agencies that provide any public assistance to report and justify their activity before the 1996 Session of the General Assembly. Consequently, Ms. Sabre said, how to come down on reform might come in the second phase when information from the performance audit is available.

Co-chair Redwine enumerated several points discussed previously for inclusion in the proposed legislation: 1) a requirement for public/community service work for welfare recipients if private sector work is not available, 2) a specification that benefits are time-limited, 3) a clearly-stated policy on disincentives associated with teen-aged pregnancy and out-of- wedlock pregnancy, and 4) a provision that requires the Employment Security Commission to play a role in job training and placement for welfare recipients. Ms. Sabre responded that these items would be included.

Co-chair Martin suggested that the legislative proposal should encourage the one-step eligibility process in areas that do not currently use this method and the state should encourage local agencies to move in that direction by providing training assistance and other suppport.

Senator Kerr listed the points he is especially concerned about: an AFDC Fraud Control plan; a clarification that responsible adults will get public assistance checks for minors in their care (and remove related ambiguities); a clarification of rape and incest statutes as they relate to minors; a requirement that "separate status" does not apply to family subsets living in the same residence; the recent SSI eligibility rule change that will bring dramatically higher Medicaid costs; a need to work with the Employment Security Commission to maximize the use of federal funds provided to it for job training; a requirement that the local social services director monitor and approve the use of funds in the Individual Development Accounts; a requirement for public/community service work by welfare recipients if no private sector work is available; a medical exemption for someone on welfare who cannot work; a philosophical change that focuses on the physical, mental and emotional sense of well-being that comes with working; a serious effort to curtail teenage pregnancy.

Co-chair Martin called on Ms. Sabre to review the list entitled "Include in Concept/Bill" (Attachment #3). As discussion took place, it was suggested that Item (3) be changed to allow flexibility where there is an economic imperative to do so and that Item (4) be changed to allow a mechanism for addressing those exceptional circumstances where a minor must live apart from a parent or "responsible adult". Further, it was suggested that Item (6) be changed by adding a provision requiring those welfare recipients who have finished job training to work in uncompensated public/community service work if no other work is available.

Ms. Sabre reminded members that earlier discussions indicated micro-enterprise would be acceptable as a work component for welfare recipients and that child care is an enterprise which would fit that concept. In some rural areas, she said, this idea is currently being explored and, with some state assistance, could fill a need for more child care services and provide work opportunities for people trying to reach self-sufficiency. She added that there is no specific proposal so far to increase the amount of time for transitional child care, although the Commission has heard a need for it. Ms. Sabre said the Child Care Committee has two proposals for the 1995 Session of the General Assembly which will help the working poor and welfare parents who are transitioning off welfare. Copies of those proposals will be provided for the Commission's review.

Representative Richardson suggested that any meaningful reform in AFDC would have to include a child care component and that the family resource center concept could be put to use, furnishing services in communities where they are needed.

Ms. Stephanie Fanjul, Director of the Division of Child Development in the Department of Human Resources, commented on the idea that operating a small day care business in a low-income area could be successful, saying that wages in those areas probably would be too low to get a person out of the welfare system. Ms. Sabre agreed and added that anecdotal evidence shows such activity as being more beneficial to people needing child care than to those who provide it. However, she said, having child care available has the positive effect of moving the entire community forward in its efforts to provide needed services.

Co-chair Martin called on Mr. Beerman to discuss two programs for adolescents that have had some success: the adolescent parenting program and the independent living program. Mr. Beerman said the independent living program focuses on children who are in custody of the county and are in foster care, helping them learn the skills they need to move to independent living. Adolescent parenting focuses on children with one child with the goal being to prevent a second pregnancy and keep the child in school. He said these programs can be implemented in all counties and the question is how to proceed.

Co-chair Martin pointed out that these programs would not substitute for programs already discussed, but may be added as alternatives. In response to Co-chair Martin's question about the rate of success with these programs, Mr. Beerman said his experience in Forsyth County is that in the last two years one person out of the sixteen in the program has had a second pregnancy. In the Independent Living Program, nationally, less than half of children who receive services while they age out of the foster care system become welfare dependent.

Co-chair Martin suggested that the Commission's report to the General Assembly could acknowledge the benefits of both programs and express support for legislation that might create such programs.

Co-chair Martin recognized Mr. Modlin for a discussion of the Automated Single Application Process (ASAP) (Attachment #4). Mr. Modlin said the document's estimates of savings to the state are conservative and could run much higher, perhaps doubling or tripling the amounts shown. He said the single application can provide demographic, personal, and eligibility data and would determine which programs the client is eligible for as the data is collected. In that way, the focus of the program would be on training, diversion, and appropriate services rather than the total cost of eligibility. He said five counties now have such a simplification project: Cumberland, Mecklenburg, Rockingham, Cleveland and Forsyth.

Co-chair Redwine asked why ASAP is not used statewide and Ms. Sabre responded that funding has not been available. Co-chair Redwine continued, asking what needs to be done to implement ASAP and Mr. FitzGerald responded that this single-application process is a top priority and programming is being developed and tested. In the meantime, he said a paper application can be used to bring together the various elements. He commented that cross-training of workers will have to be done because clients who previously had to go to a person for AFDC, a person for Medicaid, a person for food stamps, etc., will, with the new process, go to one person. The change in the culture, he said, will be dramatic.

Co-chair Redwine asked if this means an up-front expense for the counties to upgrade their systems to accomplish this and Mr. FitzGerald responded that the Department of Human Resources is trying to use existing technology and processes and the eventual expenses will be cost-justified.

Co-chair Martin asked if using the terminology "one-stop" instead of "single application" is preferred and Mr. FitzGerald said "one-stop" would identify the concept better. Co-chair Martin asked if there are additional costs that would offset the savings realized with a "one-stop" application process. Mr. FitzGerald said much of the saving would accrue to the counties and would probably come from cost-avoidance as opposed to actual reduction of costs. He said there may be additional costs at the state level, depending on design and transaction variables. To offset that, he said, relative costs of using the state computer are coming down.

Mr. Beerman spoke of his concern about using careful language in provisions related to adolescent parenting programs. He said the focus should be on preventing pregnancies and added that programs designed to do that will take different forms in different counties. But wherever they are, he said, they need to work in collaboration with other programs that focus on all the needs of that population, rather than be stand-alone adolescent parenting programs. He said he hopes the proposed legislation will include language stressing a collaborative approach.

Ms. Sabre responded that language is already in the draft proposal saying that the agreement shall contain provisions for educational services, adolescent parenting programs, very close monitoring by the social services case worker, programs for the prevention of subsequent out-of-wedlock pregnancies, and involvement of the father through counseling and guidance. Ms. Sabre said she could add language for specific programs.

Mr. Beerman added that he is especially speaking about counties that do not have adolescent parenting programs and that there should be some effort made to see that they use fiscal resources to provide them.

Mr. Beerman asked, also, that a provision be included in the proposal to extend transitional child care and Medicaid beyond the one-year period now mandated to a maximum of eighteen months and Ms. Sabre said the provision would be added.

Senator Kerr said it would be helpful to find out what other states are doing about day care ratios and other requirements and Ms. Sabre responded that the Child Day Care Committee has done that and will have the information available for consideration in the future.

Co-chair Martin noted that Mr. David Rice, a reporter for the Winston-Salem Journal who has been in attendance at all meetings of the Commission, has recently done a series of four newspaper articles about welfare reform in North Carolina. He directed staff to copy the articles for distribution to members of the Commission.

Co-chair Martin said Ms. Sabre should have a bill ready to be acted upon at the Commission's last official meeting on January 23.

Ms. Sabre said she would mail to members a draft of the legislative proposal for their review before the meeting, so other changes can be made at that time. She said she would also have for consideration at the last meeting a draft legislative proposal to reactivate the Commission in the future.

The meeting adjourned at 3:10 p.m.

Respectfully submitted,

Anne B. Wilson, Clerk

Approved by:

William N. Martin
Senate Co-chair

E. David Redwine
House Co-chair

**NORTH CAROLINA GENERAL ASSEMBLY**

WELFARE REFORM STUDY COMMISSION

Minutes

January 23, 1995

The Welfare Reform Study Commission met at 10:00 a.m. in Room 421 of the Legislative Office Building. House Co-chair E. David Redwine presided. The following members were present: Senate Co-chair William N. Martin, Senator John Kerr, Representative Joanne Bowie, Representative Pete Cunningham, Mr. Dan Beerman, Mr. E. C. Modlin, and Ms. Sorien K. Schmidt. The following members were absent: Senator Betsy Cochrane, former Senator Ted Kaplan, former Senator Elaine Marshall, Representative Howard Hunter, Representative W. O. Richardson, and Mr. John T. Blair. Senator Charlie Dannelly and Senator Robert Martin attended as observers, at the direction of Senate President Pro Tem Marc Basnight.

Co-chair Redwine called the meeting to order and asked for consideration of the Minutes of the January 9, 1995, meeting. Co-chair Martin made a motion to approve the Minutes as written and the motion was adopted.

Co-chair Redwine called on Ms. Susan Sabre, Commission Counsel, to review the Commission's proposed report and legislation (Attachment #1) and a list of changes to the proposed report and legislation (Attachment #2).

Ms. Sabre distributed three documents for member's information: 1) a report prepared by the Division of Social Services, "Evaluation of the Reduction of the Age of the Youngest Child as a Basis for JOBS Exemption" (Attachment #3); 2) a report prepared by the Employment Security Commission, "Job Training and Placement Services" (Attachment #4); and 3) a copy of the Governor's Welfare Reform Task Force draft report, "Work First" (Attachment #5).

Ms. Sabre said the proposed report and legislation before members will be enhanced before its final printing to include a title page, table of contents, letter of transmittal, etc. In addition, the report will include a large appendix of important information gathered by the Commission.

Beginning her review, Ms. Sabre said the section on the background of the Commission describes how the study came into being, reminds members that ambiguities between the charitable and punitive impulses which have driven the welfare system for hundreds of years do little to encourage self-sufficiency, and shows evidence of broad support for welfare reform. She continued, saying the section on proceedings is a synopsis of the Commission's work, the copy of the Commission's Welfare Reform Concept Paper is its philosophical statement, and the Commission's recommendations to the General Assembly are a proposed bill on welfare reform and a proposal to establish a study to continue welfare reform.

Ms. Sabre then began review of the draft of proposed legislation entitled, "1995 Welfare Reform". As discussion on the cost of welfare reform continued, a consensus of opinion formed around the need for a direct statement about cost, and Ms. Sabre said she would add such a statement on Page 21 of the narrative.

Co-chair Redwine called on Co-chair Martin to discuss the document entitled, "Changes to Consider Making to Welfare Reform Bill in Draft Report" (Attachment #2). Co-chair Martin started by saying that the changes reflect more recent thinking after reviewing certain material obtained after the last meeting of the Commission and at the meeting of the Governor's Task Force on Welfare Reform on January 20. He said Change No. 1 is simply a statement of reality. Co-chair Martin made a motion to adopt Change No. 1 in the proposed legislation and the motion was approved.

Co-chair Martin discussed Change No. 2 regarding Methodology and made a motion for its adoption. The motion was approved.

Co-chair Martin discussed Change No. 3 regarding Methodology. Where it specified that a recipient of benefits must sign an agreement within 12 weeks after applying for assistance, the consensus was to require that the agreement be signed within 30 days after applying for assistance. Co-chair Martin made a motion to approve the Change No. 3 with the language requiring a limit of 30 days for signing the agreement.

Co-chair Martin discussed Change No. 4 regarding Minor Parents Limits, which will add the language used in Fraud Prevention Initiatives, (11)c, on Pages 9 and 10 to Subsection 108A-26.11 (1). He made a motion to adopt Change No. 4 with the new language and the motion was approved. (The language copied in (11)c, on Pages 9 and 10, will remain in that section also.)

Co-chair Martin discussed Change No. 5 regarding Family Cap Limits. It was suggested that Subsection 108A-26.11 (2) (a.) where it uses the word "born" on Line 43 be changed to conform with language in other statutes which determine date of conception. Co-chair Martin made a motion to adopt the change with new language pertaining to time of conception. The motion was approved.

Co-chair Martin discussed Change No. 6 regarding Paternity Establishment. It was suggesed that Subsection 108A-26.11 (4) (c) be changed on Page 5, Line 20 to say that a recipient mother can be denied additional AFDC cash benefits for an out-of-wedlock child if she has not cooperated in paternity establishment within three months.

Senator Kerr made a motion to approve Change No. 6 with the new language and the motion was approved.

Representative Cunningham made a motion to add the rape and incest reportability requirement which is used under the Family Cap Limits Section to the section on Paternity Establishment. The motion was approved.

Co-chair Martin discussed Change No. 7 regarding Overall Benefits Limits. He explained that this change was suggested because of a concern for a child who may be in a family where the parent is unable to care for the child. Ms. Sabre pointed out that the law now carries this provision, i.e., a dependent child continues to be eligible for assistance even if they live with someone other than a parent. This new language was suggested because, while the focus of proposed welfare reform legislation is on families, the law needs to be clear about not affecting a child's eligibility. Co-chair Martin made a motion to approve Change No. 7 and the motion was adopted.

Senator Kerr suggested that consideration should be given to whether the four-years, plus one, limit on benefits should be structured so that people do not exceed the limit by revolving on and off the benefit rolls or otherwise manipulate the system to their advantage. Discussion followed and Senator Kerr said further debate on this issue should take place as the legislation moves forward.

Co-chair Martin discussed Change No. 8 regarding Work/ Training, which would assure that child care and transportation would be available for welfare recipients who are trying to fulfill the requirements of their agreement. Co-chair Martin made a motion to adopt Change No. 8 and the motion was approved.

Co-chair Martin discussed Change No. 9 regarding Work/ Training requirement being subject to the availability of child day care, which qualifies the community service requirement on Page 6, Line 20.

Co-chair Martin made a motion to reconsider the vote on the Change No. 8 and the motion was approved.

Co-chair Martin then made a motion that the issue of child care and transportation as described in Change No. 8 and Change No. 9 be discussed in the narrative portion of the report, using language to say that the Commission has discussed the appropriateness of transportation and child care availability as being necessary for work/training and the public service requirement, was not able to reach consensus, and suggested that these issues should be considered further.

Discussion followed and Co-chair Martin withdrew his motion. He made a new motion to approve proposed Change No. 8 and Change No. 9 and the motion was adopted. Senator Kerr voted "no".

Senator Kerr made a motion to include a discussion of

Change No. 8 and Change No. 9 in the narrative portion of the report. The motion was adopted.

Co-chair Martin discussed Change No. 10 regarding Exemptions and made a motion to adopt this change.

Representative Cunningham made a substitute motion to remove the portion of Change No. 10 that extends the exemption beyond three months after the birth of a child and to approve the language that allows an exemption of "up to three months". The motion was adopted.

Co-chair Redwine recognized Mr. Modlin for comments on the issue of automation and simplification. Mr. Modlin requested that emphasis be put of these issues in the narrative portion of the report because they are necessary components to true welfare reform.

Co-chair Redwine asked if the report addresses the status of immigrants pertaining to welfare reform and Ms. Sabre answered that federal law governs the status of legal immigrants and that the status of illegal immigrants will largely be decided in the court case pending in California. She said there are some indications that children of illegal immigrants are entitled to education and emergency medical services.

Co-chair Redwine said that the North Carolina Association of County Commissioners has prepared a document comparing the welfare reform proposals of the Commission and the Governor's Task Force. Copies were distributed to members (Attachment #6).

Mr. Beerman commented that some provisions of the proposed legislation indicate a need for involvement with Health Department professionals and he asked if this should be included in the provision dealing with birth control. Ms. Sabre responded that careful coordination will have to take place at the local level between the Division of Social Services and the Health Department. She said she would add new language at the end of Subsection 108A-26.11 (c) (2) (d) (Page 3) which will ensure that local social services agencies work in conjunction with local public health agencies in affecting this sub-paragraph.

Ms. Schmidt asked if the "rape or incest exclusion" should be added to Item (c) on Page 3, which provides that families who reapply within 24 months of ending public assistance dependency cannot include more children in the family size for the purpose of determining the amount of assistance. Ms. Sabre said that the exclusion would be added in that provision.

Co-chair Martin made a motion to approve the proposed report and legislation as amended and that staff be authorized to make technical changes as necessary. The motion was adopted.

Senator Kerr made a motion to adopt the Commission's recommendation that the General Assembly enact a bill to establish a legislative study commission to continue welfare reform. The motion was adopted.

Senator Kerr distributed information gathered with the assistance of social services agencies in his Senatorial District. (copies???)

The meeting adjourned at 2:30 p.m.

Respectfully submitted.

Anne B. Wilson, Clerk

Approved by:

William N. Martin
Senate Co-chair

E. David Redwine
House Co-chair

## APPENDIX C

## IMPORTANT MATERIALS PRESENTED TO THE COMMISSION



(NOTE: ONE COPY OF ALL MATERIALS PRESENTED TO THE COMMISSION ON FILE IN LEGISLATIVE LIBRARY.
ADDITIONAL COLLECTION OF STATES' AND FEDERAL INITIATIVES ON FILE IN LEGISLATIVE DRAFTING DIVISION. SEE SUSAN SABRE.)

# PUBLIC ASSISTANCE PROGRAMS

TABLE OF CONTENTS

# DEPARTMENT OF HUMAN RESOURCES

# MEANS TESTED PROGRAMS

**Department of Human Resources**
**Division of Aging**
**Means Tested Program**

1. **Program Title:** Senior Community Service Employment Program, (SCSEP, Title V).

2. **Program Description:** This program provides funds to train older workers, (55+), in community service jobs. Once work training is completed workers are placed in unsubsidized jobs.

3. **Eligibility Requirements:** Household income must not exceed 125 percent of the federal poverty level as specified in the Federal Register dated 2/10/94. The rates are as follows:

| Family Size: | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Annual Income: | 9,200 | 12,300 | 15,400 | 18,500 | 21,600 |

4. **Agency Providing Services/Assistance:** NC Division of Aging and Seven Area Agencies on Aging.

5. **Expenditures for SFY 1993-94**

Requirements $2,130,098
Receipts:
Federal $1,917,088
Local $209,696
Other
Appropriations $3,314

**Department of Human Resources**
**Division of Services for the Blind**
**Means Tested Program**

1. **Program Title:** Special Assistance for the Blind

2. **Program Description:** Special Assistance for the Blind supplements available financial resources to enable a blind person to secure appropriate placement in a domiciliary care facility.

3. **Eligibility Requirements:** An individual's monthly income and resources are less than the state legislated rate charge for domiciliary care. (July 1, 1994 - Ambulatory $975.00 Semi-ambulatory $1,107.00) Person must be blind as certified by the State Supervising Ophthalmologist.

4. **Agency Providing Services/assistance:** DHR/Division of Services for the Blind

5. **Expenditures for SFY 1993-94:**

| | |
|---|---|
| Requirements | $1,622,375.50 |
| Receipts: | |
| Federal | |
| Local | $ 817,545.00 |
| Other | |
| Appropriations | $ 804,830.50 |

**Department of Human Resources**
**Division of Services for the Blind**
**Means Tested Program**

1. **Program Title:** Independent Living Services/Chore Services

2. **Program Description:** Provides home management (In-home Level I) services for blind people who, because of multiple disabilities or other factors, cannot perform housekeeping tasks by themselves. This program prevents institutionalization by permitting blind people to maintain their own home.

3. **Eligibility Requirements:** Gross Annual Income of less than 100% of Established Income as defined in rule 10 NCAC 35E .0104.

| Family Size: | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| Annual Income: | \$10,224 | \$13,788 | \$17,352 | \$20,928 | \$24,492 | \$28,068 |

Person must be legally blind - visual acuity of 20/400 or worse with best correction.

No one else is available to provide service.

4. **Agency Providing Services/Assistance:** DHR/Division of Services for the Blind

5. **Expenditures for SFY 1993-94**

| | |
|---|---|
| Requirements | \$917,238.14 |
| Receipts: | |
| Federal | |
| Local | \$114,654.77 |
| Other | |
| Appropriations | \$802,583.37 |

**Department of Human Resources**
**Division of Services for the Blind**
**Means Tested Program**

1. **Program Tittle:** Medical Eye Care/Eye Care Services

2. **Program Description:** Prevents blindness and restores vision by providing eye care services such as eye examinations, eyeglasses, and surgery to low income non-Medicaid eligible citizens who meet the income scale through division-sponsored eye clinics and private providers. Vision screening, glaucoma detection, and education on proper eye care are provided to all citizens of the state regardless of income.

3. **Eligibility Requirements:**

Adults 19 + Inpatient & Outpatient

| Family Size: | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| Net Annual Income: | $4,860 | $5,940 | $6,204 | $7,284 | $7,824 | $8,220 |

Outpatient Services for All Children and Inpatient Services for children 0 - 7

| Family Size: | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| Net Annual Income: | $7,360 | $9,840 | $12,320 | $14,800 | $17,280 | $19,760 |

Inpatient Services for Children 8 - 18

| Family Size: | 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|
| Net Annual Income: | $4,200 | $5,300 | $6,400 | $7,500 | $8,000 | $8,500 |

4. **Agency Providing Services/Assistance:** DHR/Division of Services for the Blind

5. **Expenditures for SFY 1993-94**

| | |
|---|---|
| Requirements | $2,100,840.69 |
| Receipts: | |
| Federal | |
| Local | |
| Other | $ 701,692.00 |
| Appropriations | $1,399,148.69 |

**Department of Human Resources**
**Division of Child Development**
**Means Tested Programs**

1. **Program Title:** Head Start

2. **Program Description:** Head Start is a free comprehensive early childhood program with four major components --education; health services that include nutrition, medical and dental services, and mental health services; parent involvement; and social services. Total funding for North Carolina in fiscal year 1993 was $54,262,781 and 15,296 three and four-year-olds were enrolled.

   The Head Start Parent and Child Center Program in North Carolina was developed to demonstrate the effectiveness of high quality comprehensive early intervention. Components of the program are parent/child activities, comprehensive health care for pregnant women, programming for infant/toddlers designed to stimulate physical, cognitive and emotional development to maximum potential, strengthening parenting skills and supporting the career development needs of the parents. Currently, five agencies serving 275 families receive a total of $494,888 from federal Head Start funds and $605,818 in state funds annually.

3. **Eligibility Requirements:** Children ages three and four whose family income does not exceed the federal poverty guidelines are eligible. Certain other children may participate. The Head Start program is administered by the federal government's Department of Health and Human Services Regional offices. North Carolina is served by the Region IV office. More information may be received by contacting the regional office at the following address:

   Administration for Children and Families
   Department of Health and Human Services
   101 Marietta Tower Suite 903
   Atlanta, GA 30323
   (404) 331-2398

**Department of Human Resources**
**Division of Child Development**
**Means Tested Programs**

1. **Program Title:** Head Start Wrap-Around

2. **Program Description:** The Head Start Wrap-Around Program links Child Care and Development Block Grant (CCDBG) funding with existing Head Start Programs to provide a full day, year round child development program. Services include assisting eligible families with paying the cost of the day care services. Funding is provided to Head Start agencies based upon written proposals submitted to the Division of Child Development. There are currently 34 Head Start agencies which are providing Wrap-Around services.

3. **Eligibility Requirements:** Wrap-Around services are available for families that need day care services to support employment or education and training activities. In addition, the family must meet income eligibility requirements. To qualify for Wrap-Around services, the family's annual gross income must be no more than the state established income for a family of that size. The family may also be required to pay a portion of the cost of care as determined by the income and the family size. (The income eligibility requirements and fee scale used for the Wrap-Around program are the same as those used for the Non-FSA child care program.)

4. **Agency Providing Services:** Wrap-Around Services are administered on the local level by the Head Start Programs which have received funding from the Division of Child Development. Client eligibility is determined by staff in the Head Start agency through an application process.

5. **Expenditures for SFY 1993-94**

   Federal: $3,835,804
   Appropriations: 0

**Department of Human Resources**
**Division of Child Development**
**Means Tested Programs**

1. **Program Title:** Subsidized Child Day Care Services

2. **Program Description:** Using state funds and a variety of federal funds, North Carolina provides subsidized child day care services to a large number of low income and other needy families. Families that receive AFDC benefits, and certain former AFDC recipients, are eligible for Family Support Act funded care when care is needed to support employment or education and training. Non-FSA care is available to support AFDC recipients which need child care services for reasons other than education and employment as well as to other income eligible parents. Families are allowed to choose the type of provider that best fits their circumstances. The amount the state pays for each child depends upon the family's situation, the family's income, the cost of care provided, and the type of public funds from which the payment is made.

3. **Eligibility Requirements:** Subsidized care services may be provided when a family needs child care for one of the following reasons:

   - the child's parents are working, or are attempting to find work;
   - the child's parents are in school or in a job training program;
   - the child is receiving protective services;
   - the child is receiving day care in support of child welfare services;
   - the child is developmentally delayed, or is at risk of being developmentally delayed; or
   - the child is receiving foster care services and/or is in the custody of the county department of social services.

   Families that receive income maintenance benefits (AFDC and SSI) are automatically eligible if care is needed for one of the above reasons. Non-income maintenance families must meet the income eligibility guidelines except when day care assistance is provided to children receiving protective services, child welfare services, or foster care services. The maximum gross annual income for a family of four to be eligible for subsidized child care is $18,000. Families which are not receiving AFDC and SSI benefits usually pay a portion of the cost of care. The family's share is determined based upon the family size and the amount of income for the income unit.

4. **Agency Providing Services/Assistance:** The subsidized care program is administered on the local level, usually by the county department of social services. However, the county department of social services may choose to contract with another agency, such as a resource and referral agency for the administration of subsidized care services. Parents must visit the designated agency to apply for services.

5. **Expenditures for SFY 1993-94**
   Federal: $90,248,932*
   Appropriations: $42,681,771
   Local: $783,058

*Figure represents expenditures for the Family Support Act (FSA) Program which includes JOBS, AFDC, Transitional and teen parents and the Non-FSA Program which includes Child Care and Development Grant (CCDBG), At-Risk, and Social Services Block Grant (SSBG) funding.

**Department of Human Resources**
**Division of Deaf and Hard of Hearing**
**Means Tested Program**

1. **PROGRAM TITLE:** Communications Services Program

2. **PROGRAM DESCRIPTION:** A program designed to provide telecommunication equipment for deaf, hard of hearing, speech-impaired, and deaf-blind citizens of North Carolina.

3. **ELIGIBILITY REQUIREMENTS:** Applicant must provide certification from a licensed physician, audiologist, speech pathologist, or an agent of a state or federal public agency certifying that the person is deaf, hard of hearing, speech impaired, or deaf-blind. Applicant must at least seven years of age and a resident of North Carolina. Applicant must receive some type of public assistance (AFDC, Food Stamps, Medicaid, etc.) or have an income below the federal poverty level.

4. **AGENCY PROVIDING SERVICES/ASSISTANCE:** Department of Human Resources, Division of Services for the Deaf and the Hard of Hearing

5. **EXPENDITURES FOR SFY 1993-94:**

   $51,157

   RECEIPTS (OTHER)

   $25,744 - The receipts shown were received from emergency number centers purchasing TTY's from DSD/HH as provided by General Statute 143B-216.34.

   This program was established in 1987 with a one-time appropriation of $200,000. An additional appropriation of $100,000 has been requested as the original monies are rapidly being depleted.

**Department of Human Resources**
**Division of Medical Assistance**
**Means Tested Program**

1. **Program Title** - Medical Assistance (Medicaid)

2. **Program Description** - Medicaid provides access to medical care for persons with low income and limited assets. Benefits are paid by means of reimbursement to medical providers for covered services. According to federal regulations some covered services are mandatory and others are available at state option. Covered services in North Carolina include hospital inpatient and outpatient, prescription drugs, physician visits, nursing home care, home health, hospice, personal care, dental, etc. Medicaid also offers limited benefits to certain low income Medicare beneficiaries; these benefits pay the Medicare premiums, deductibles and coinsurance for the beneficiary.

3. **Eligibility Requirements** - Medicaid is available to certain population groups, such as children under 21 and persons 65 or older. The income/asset requirements differ according to the group under which a person qualifies for coverage. In addition, eligible persons must meet some non-financial requirements, e.g., North Carolina resident, assign rights to payments from medical insurance. Federal law requires that all states provide Medicaid to certain groups, such a AFDC recipients and pregnant women; other groups of people are eligible at the option of the state. For example, North Carolina has chosen the option to cover the "medically needy". Listed below are the various Medicaid eligibility groups and associated income/asset limits:

| NAME OF GROUP | INCOME LIMIT | ASSET LIMIT |
|---|---|---|
| Cash Recipients of SSI, AFDC and AFDC Transitional | Income and asset limits are those of the cash assistance program | |
| **MEDICALLY NEEDY** | Individual = $242/month | $1500 |
| •Aged (65 or older) | Couple = $317/month | $2250 |
| •Disabled (meet Social Definition) | | |
| •Blind | Family of 4 = $400/month | $2450 |
| •Caretaker relatives | | |
| •Children thru age 20 | | |
| <<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<< | **NOTE: Persons with incomes greater than these limits may be eligible if their medical bills are sufficient to reduce their income to the allowable limit. This is referred to as a "Medicaid deductible ".** | >>>>>>>>>>>>> |
| Pregnant Women | Pregnant woman only = $1517<br>Family of 4 = $2282 | No asset test |
| <<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<< | **NOTE: Income limits are 185% of the federal poverty level based on the number of people in the family.** | >>>>>>>>>>>>> |

| NAME OF GROUP | INCOME LIMIT | ASSET LIMIT |
| --- | --- | --- |
| Infant to 1 year<br><br><<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<< | Husband, wife & infant = $1900/month<br><br>**NOTE: Income limits are 185% of the federal poverty level** | No asset test<br><br>>>>>>>>>>>>>> |
| Children ages 1 thru 5<br><br><<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<< | Family with 2 children = $1641/month<br><br>NOTE: **Income limits are 133% of the federal poverty level** | No asset test<br><br>>>>>>>>>>>>>> |
| Children/youth thru 18<br><br><<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<< | Family with 2 children = 1231/month<br><br>**NOTE: Income limits are 100% of the federal poverty level** | No asset test<br><br>>>>>>>>>>>>>> |

4. **Agency Providing Assistance -** Applications are made at the county department of social services or at a provider location staffed with a dss caseworker, e.g., hospital, health department.

5. **Expenditures for SFY1993-94:**

| | |
| --- | --- |
| Requirements: | $2,688,476,879.00 |
| Receipts: | |
| Federal | $1,769,154,272.00 |
| Local | $ 136,116,844.00 |
| Other | $ 480,215,555.00 |
| Appropriations | $ 302,990,208.00 |

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title:** Refugee Cash and Medical Assistance

2. **Program Description:** This program provides cash assistance and medical care to newly arrived refugees for up to eight months after arrival into the United States.

3. **Eligibility Requirements:**

To be eligible for Refugee Assistance a refugee must:

- Be in the United States 8 months or less.
- Be residing in North Carolina.
- If applying for cash assistance meet the AFDC income requirements.
- If applying for medical assistance only meet the income requirements for Medicaid.

4. **Agency Providing Services/ Assistance:** Division of Social Services

5. **Expenditures for SFY 1993-1994**

| | |
|---|---|
| Requirements: | $736,221.22 |
| Receipts: | |
| Federal | $736,221.22 |
| Local | $0 |
| Other | $0 |
| Appropriations: | $0 |

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title:** State Abortion Fund

2. **Program Description:** This fund is a resource to pay for abortion procedures for poor women who are North Carolina residents. Counseling is an essential element of abortion services and must be provided for all clients who are eligible.

3. **Eligibility Requirements:** Income eligibility is based on the federal poverty level. In addition, one of the following criteria must be met:

   - The client is a victim of rape or incest;
   - The client's health would be impaired by the pregnancy;
   - A fetal deformity is present;
   - The client is mentally retarded; or
   - The client is a minor (under 18).

**1994 POVERTY LEVEL GUIDELINES**

| Family Size | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| Annual Income | $7,360 | $9,840 | $12,320 | $14,800 | $17,280 |
| Monthly Income | $614 | $820 | $1,027 | $1,234 | $1,440 |

| Family Size | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|
| Annual Income | $19,760 | $22,240 | $24,720 | $27,200 | $29,680 |
| Monthly Income | $1,647 | $1,854 | $2,060 | $2,267 | $2,474 |

4. **Agency Providing Services/ Assistance:** All county departments of social services provide this service.

5. **Expenditures for SFY 1993-1994**

Requirements: $1,212,000.00
Receipts:
  Federal: $0
  Local: $0
  Other: $0
Appropriations: $1,212,000.00

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title: Sterilization**

2. **Program Description:** Voluntary non-therapeutic sterilizations are provided through this program to individuals over the age of 21 as a remedial family planning measure to limit the size of the family. This option is available to county departments of social services.

3. **Eligibility Requirements:** Individuals who are recipients of AFDC, SSI or protective services or whose family income is less than 80% of North Carolina's established income are eligible for this service.

**NORTH CAROLINA'S ESTABLISHED INCOME**

**Gross Annual Income Levels by Size of Income Unit**

| Size of Income Unit | 60% of Established Income | 80% of Established Income | State's Established Income |
|---|---|---|---|
| 1 | 6,132 | 8,172 | 10,224 |
| 2 | 8,268 | 11,028 | 13,788 |
| 3 | 10,404 | 13,872 | 17,352 |
| 4 | 12,552 | 16,740 | 20,928 |
| 5 | 14,688 | 19,584 | 24,492 |
| 6 | 16,836 | 22,452 | 28,068 |
| 7 | 18,972 | 25,296 | 31,632 |
| 8 | 21,120 | 28,164 | 35,208 |
| 9 | 23,256 | 31,008 | 38,772 |
| 10 | 25,404 | 33,876 | 42,348 |
| 11 | 27,540 | 36,720 | 45,912 |
| 12 | 29,688 | 39,588 | 49,488 |

4. **Agency Providing Services/Assistance:** Optional service for county departments of social services.

5. **Expenditures for SFY 1993-1994:**

| | |
|---|---|
| Requirements: | $76,379.80 |
| Receipts: | |
| Federal: | $68,740.80 |
| Local: | $ 3,819.50 |
| Other : | $ 0 |
| Appropriations: | $ 3,819.50 |

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title: Transportation**

2. **Program Description:** Transportation is provided to low-income individuals as part of a service plan when transportation is not otherwise available to medical and health resources and other community facilities and resources. This option is available to county departments of social services.

3. **Eligibility Requirements:** For an individual to be eligible for Transportation Services, it must be established that (s) he is either:

- a current recipient of Aid to Families with Dependent Children (AFDC), AFDC-Foster Care, or a person whose needs are taken into account in determining the needs of a current AFDC recipient;
- a current recipient of a Supplemental Security Income (SSI) payment;
- a member of a family whose gross family income is less than 60% of North Carolina established income for a family of like size; or
- a child or adult who is in immediate danger and is in need of transportation in conjunction with the provision of Protective Services.

**NORTH CAROLINA'S ESTABLISHED INCOME**

**Gross Annual Income Levels by Size of Income Unit**

| Size of Income Unit | 60% of Established Income | 80% of Established Income | State's Established Income |
|---|---|---|---|
| 1 | 6,132 | 8,172 | 10,224 |
| 2 | 8,268 | 11,028 | 13,788 |
| 3 | 10,404 | 13,872 | 17,352 |
| 4 | 12,552 | 16,740 | 20,928 |
| 5 | 14,688 | 19,584 | 24,492 |
| 6 | 16,836 | 22,452 | 28,068 |
| 7 | 18,972 | 25,296 | 31,632 |
| 8 | 21,120 | 28,164 | 35,208 |
| 9 | 23,256 | 31,008 | 38,772 |
| 10 | 25,404 | 33,876 | 42,348 |
| 11 | 27,540 | 36,720 | 45,912 |
| 12 | 29,688 | 39,588 | 49,488 |

4. **Agency Providing Services/Assistance:** Optional service for county departments of social services.

5. **Expenditures for SFY 1993-1994:**

| | |
|---|---|
| Requirements: | $1,475,468.00 |
| Receipts: | |
| Federal: | $1,106,601.00 |
| Local: | $ 368,867.00 |
| Other: | $0 |

| | |
|---|---|
| Appropriations: | $0 |

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title: Job Opportunities and Basic Skills (JOBS) Training Program**

2. **Program Description:** The purpose of the JOBS program is to ensure that recipients of economic support through Aid to Families with Dependent Children (AFDC) obtain the education, training, supportive services, and employment that they need to avoid long term welfare dependency.

3. **Eligibility Requirements:** Unless exempt, all recipients of AFDC are required to participate in the JOBS program. Exempt AFDC recipients and AFDC applicants may volunteer for the program. There are a variety of reasons why recipients are exempt from program participation. For example, an individual may be exempt because he or she is: under age 16, age 16 or 17 and enrolled in school full-time, ill or incapacitated, needed in the home to care for an ill or incapacitated family member, age 60 or older, or caring for a child under 3 (a teen parent who has not completed high school cannot claim this exemption).

4. **Agency Providing Services/Assistance:** The JOBS program is operated by 100 county departments of social services.

5. **Expenditures for SFY 1993-94***

| | |
|---|---|
| Requirements | $32,691,208 |
| Receipts | |
| Federal | $19,381,275 |
| Local | 1,877,424 |
| Other | 3,143,630 |
| Appropriations | 8,288,879 |

*During SFY 1993-94, 75 county departments of social services operated the JOBS program. Effective July 1, 1994, JOBS was expanded to all 100 counties.

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title**: **Aid To Families With Dependent Children (AFDC)**

2. **Program Description**: AFDC is an entitlement program in North Carolina which is administered at the county level under State supervision and authorized by Title IV-A of the Social Security Act. The purpose of the AFDC Program is to encourage the care of dependent children in their own homes or in the homes of relatives. The Program provides financial assistance and Medicaid for families with dependent children who are deprived because of the death, absence, or incapacity of one or both parents. The goal is to help maintain and strengthen family life and to help families attain or retain independence consistent with the maintenance of continuing parental care and protection.

3. **Eligibility Requirements**

To be eligible for AFDC:

- A child must:
  - Live with a relative.
  - Be deprived of the support or care of one or both parents because the parent(s) is dead, incapacitated, or absent from the home.
  - Be under age 18, or be age 18 and a full-time student who is reasonable expected to complete high school (or vocational or technical training program that is equal to high school) before reaching age 19.
- He and his family must:
  - Have no more than $1,000 in countable assets.
  - Have income less than the income limit set by the General Assembly.
  - Live voluntarily in North Carolina with the intent to remain.
  - Be a U. S. citizen or an eligible alien
  - Not receive Supplemental Security Income (SSI) or AFDC from another county or state.
  - Furnish a social security number or apply for a number.

- Cooperate with the Child Support Agency in getting support unless they have good cause for not cooperating.

- Participate in the JOBS Program, unless exempt from participating.

4. **Agency Providing Services/Assistance:** AFDC is provided by all 100 county departments of social services.

5. **Expenditures for SFY 1993-94:**

| | |
|---|---|
| Requirements | $342,885,199* |
| Receipts | |
| Federal | $223,355,419 |
| Local | $ 59,764,890 |
| Other | $ 9,605,187 |
| Appropriations | $ 50,159,703 |

*Does not include administrative costs.

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title: Aid To Families With Dependent Children - Unemployed Parent Program (AFDC-UP)**

2. **Program Description:** AFDC-UP provides financial support to children in families where both parents are present, where there is a recent history of labor force participation, but where the family's principal wage earner is either unemployed or employed less than 100 hours. The AFDC-UP Program's underlying purpose is to provide a means for preventing the dissolution of intact families as a result of economic hardship. This program became mandatory for all states with implementation of the Federal Family Support Act of 1988. North Carolina entered the program in January 1988, while it was still a federal option, under provisions of the North Carolina Family Support Act.

4. **Eligibility Requirements**

To be eligible for AFDC-UP:

- A child must:
  - Live with both of his parents.
  - Be deprived of the support or care of one or both parents because the parent(s) is unemployed or employed less than 100 hours.
  - Be under age 18, or be age 18 and a full-time student who is reasonable expected to complete high school (or vocational or technical training program that is equal to high school) before reaching age 19.
- He and his parents must:
  - Have no more than $1,000 in countable assets.
  - Have income less than the income limit set by the General Assembly.
  - Live voluntarily in North Carolina with the intent to remain.
  - Be a U. S. citizen or an eligible alien.
  - Not receive Supplemental Security Income (SSI) or AFDC from another county or state.

- Furnish a social security number or apply for a number.

- Participate in the JOBS Program, unless exempt from participating.

4. **Agency Providing Services/Assistance:** AFDC-UP is provided by all 100 county departments of social services.

5. **Expenditures for SFY 1993-94:**

| | |
|---|---|
| Requirements | $9,453,425* |
| Receipts | |
| Federal | $6,157,961 |
| Local | $1,647,732 |
| Other | $ 0 |
| Appropriations | $1,647,732 |

*Does not include administrative costs.

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title: Aid To Families With Dependent Children - Emergency Assistance (AFDC-EA)**

2. **Program Description:** The AFDC-EA Program is an optional component of the AFDC Program which is authorized under Title IV-A of the Social Security Act. Beginning in November 1994, North Carolina's AFDC-EA Program provides assistance through two components. The Cash Assistance Component provides up to $300 per eligible family per year for such things as rent and utilities. The Services Component provides for a variety of services necessary to meet families' long-term service needs. The services are designed to assist families where a child is at risk of removal from the home. A wide range of services is covered, including protective services investigations and treatment.

   In order to provide a more holistic approach to dealing with families in crisis, beginning January 1995, both components of the AFDC-EA Program will be available through local mental health, social services agencies, and youth services facilities.

3. **Eligibility Requirements:**

   To be eligible for AFDC-EA, a family must:

   - Reside in North Carolina
   - Provide care and supervision for a related child under the age of 21.
   - Be a U. S. citizen or legal alien.
   - Be in an emergency situation as defined.
   - Have not applied for and been authorized to receive AFDC-EA during the preceding 12 months.

   To be eligible for assistance through the Services Component, the family must:

   - Not have the income and resources needed to pay for the services necessary to alleviate the emergency situation.

   To be eligible for assistance through the Cash Component, the family must:

   - Have total countable income at or below 110% of the current poverty level.
   - Have total assets equal to or less than $2,200. However, liquid assets cannot exceed $300.

4. **Agency Providing Services/Assistance:** Beginning in November, 1994, AFDC-EA will be provided by all county departments of social services. Additionally, AFDC-EA will be provided through local area mental health agencies and local youth services facilities, effective January 1995.

5. **Expenditures for SFY 1993-94**
Additional funds were appropriated for SFY 94/95, with the intent that the cash component operate year round. In SFY 93/94, the program operated for 5.5 months.

| | |
|---|---|
| Requirements | $7,532,711* |
| Receipts | |
| Federal | $3,765,914 |
| Local | $1,882,140 |
| Other | $ |
| Appropriations | $1,884,657 |

*Does not include administrative costs.

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title: Food Stamp Program**

2. **Program Description:** The Food Stamp Program is a federal entitlement program designed to help low-income individuals and families buy the food they need for good health. Individuals and families that meet the eligibility requirements receive coupons that they redeem at retail outlets for most food items. An active outreach component of the Food Stamp Program targets children and the elderly. In addition, through the Food Stamp Program, eligible homeless individuals and families can use food stamps to purchase prepared food in participating restaurants

3. **Eligibility Requirements:**

   To be eligible, an individual or a family must:

   - Have countable assets valued at no more than $2,000. However, households with at least one person who is age 60 or older can have up to $3,000 in assets.

   - Have total countable income at or below the Office of Management and Budget Poverty Level.

   - Participate in a work program, unless exempt from doing so.

4. **Agency Providing Services/Assistance:** Food Stamps are provided by all 100 county departments of social services.

5. **Expenditures for SFY 1993-94:**

| | |
|---|---|
| Requirements | $488,044,316* |
| Receipts | |
| Federal | $488,044,316 |
| Local | $ 0 |
| Other | $ 0 |
| Appropriations | $ 0 |

*Does not include administrative costs.

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title: State/County Special Assistance For Adults (SA) - Aged and Disabled**

2. **Program Description:** The SA Program provides a cash supplement to eligible persons in domiciliary care (such as those in rest homes) to assist with the cost of care. Domiciliary care facilities can include homes for the aged and disabled, family care homes, group homes for developmentally disabled adults, or an area operated mental health home. These facilities must be licensed and comply with Civil Rights regulations. Basically, the SA payment makes up the difference between the recipient's countable income and the cost of care in the facility. Eligible individuals in docmiciliary care facilities also receive Medicaid.

3. **Eligibility Requirements:**

   To be eligible for SA, an individual must:

   - Be over age 18 and receive Supplemental Security Income (SSI) unless he is ineligible because of the amount of income he has.
   - If between the ages of 18 and 65, be disabled based on Social Security standards.
   - Be living in or applying for admission to an eligible facility.
   - Be a U. S. citizen or a legal alien.
   - Be a resident of North Carolina with the intent to remain.
   - Have assets at or below $1,000.
   - Have countable income at or below the domiciliary facility rate established by the General Assembly.

4. **Agency Providing Services/Assistance:** SA is provided by all 100 county departments of social services.

5. **Expenditures for SFY 1993-94:**

| | |
|---|---|
| Requirements | $107,963,199* |
| Receipts | |
| Federal | $ 0 |
| Local | $ 53,963,382 |
| Other | $ 0 |
| Appropriations | $ 53,999,817 |

*Does not include administrative costs.

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title**: **State/County Special Assistance For Adults - Certain Disabled (SCD)**

2. **Program Description:** SCD is a component of the statewide State/County Special Assistance For Adults Program. Seventeen counties have chosen to administer the SCD component, however, only eight counties currently have active SCD cases. SCD provides financial assistance for individuals who are disabled but who do not meet Social Security's disability standards. Individuals receiving SCD live in private living arrangements and do not receive Medicaid.

3. **Eligibility Requirements:**

   To be eligible for SCD, an individual must:

   - Be between age 18 and 65.
   - Not receiving Supplemental Security Income (SSI).
   - Be living in a private living arrangement.
   - Be a U. S. citizen or a legal alien.
   - Be a resident of North Carolina with the intent to remain.
   - Have assets at or below $1,000.
   - Have countable income at or below the established level.
   - Meet the State's definition of disability.

4. **Agency Providing Services/Assistance:** Seventeen county departments of social services have chosen the option to provide SCD.

5. **Expenditures for SFY 1993-94:**

| | |
|---|---|
| Requirements | $60,553* |
| Receipts | |
| Federal | $ 0 |
| Local | $29,923 |
| Other | $ 0 |
| Appropriations | $30,630 |

*Does not include administrative costs.

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title: Low Income Energy Assistance Program (LIEAP)**

2. **Program Description:** Funds for LIEAP are part of the federal Low-Income Home Energy Assistance Block Grant that is awarded to states based on applications submitted each year. LIEAP provides an annual payment for eligible low-income households to help them cope with the rising cost of heat. LIEAP applications are taken during October and November of each year and payments are mailed to approved households in February. Benefits vary based on the household's income, the region of the State in which the household lives, and the total amount available for LIEAP payments.

3. **Eligibility Requirements:**

   To be eligible for LIEAP, a household must:

   - Have countable income at or below 110% of the poverty level.
   - Be responsible for its heating bills.
   - Have assets at or below $2,200.
   - Include a U. S. citizen or an eligible alien.

4. **Agency Providing Services/Assistance:** LIEAP is provided by all 100 county departments of social services.

5. **Expenditures for SFY 1993-94:**

| | |
|---|---|
| Requirements | $28,967,269* |
| Receipts | |
| Federal | $28,967,269 |
| Local | $ 0 |
| Other | $ 0 |
| Appropriations | $ 0 |

*Does not include administrative costs.

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title: Crisis Intervention Program (CIP)**

2. **Program Description:** CIP provides financial assistance to persons who are in a heating or cooling-related crisis. Funds are allocated to each county department of social services based on the number of eligible households receiving Supplemental Security Income , Aid to Families With Dependent Children, Medical Assistance, Food Stamps, and the number of other households in the county which meet the income requirements. Total CIP assistance for a household cannot exceed $200 annually.

3. **Eligibility Requirements:**

   To be eligible for CIP, a household must:

   - Have total countable income at or below 110% of the poverty level.
   - Include a U. S. citizen or an eligible alien.
   - Be in a heating or cooling-related emergency.

4. **Agency Providing Services/Assistance:** CIP is provided by all 100 county departments of social services until their allocations are exhausted for that fiscal year.

5. **Expenditures for SFY 1993-94:**

| | |
|---|---|
| Requirements | $4,948,978* |
| Receipts | |
| Federal | $ 0 |
| Local | $ 0 |
| Other | $ 0 |
| Appropriations | $ 0 |

*Does not include administrative costs.

**Department of Human Resources**
**Division of Social Services**
**Means Tested Program**

1. **Program Title: Carolina Power & Light Company's Project Share**

2. **Program Description:** For eligible households in the CP&L service area, Project Share provides financial assistance for households that are in a heating or cooling related emergency. The Program is solely funded by CP&L employee and customer donations that are matched by CP&L corporate funds. CP&L determines the amount allocated to each county in the CP&L service area. Assistance for cooling related emergencies is limited to purchase of fans.

3. **Eligibility Requirements:**

   To be eligible for Project Share, a household must:

   - Have total countable income at or below 110% of the poverty level.
   - Include a U. S. citizen or an eligible alien.
   - Be in a heating or cooling-related emergency.

4. **Agency Providing Services/Assistance:** Project Share is provided in the 45 county departments of social services that are in the CP&L service area until funds are exhausted.

5. **Expenditures for SFY 1993-94:**

| | |
|---|---|
| Requirements | $687,393* |
| Receipts | |
| Federal | $ 0 |
| Local | $ 0 |
| Other | $687,393 |
| Appropriations | $ 0 |

*Does not include administrative costs.

# PROGRAMS WITHOUT A MEANS TEST

## DEPARTMENT OF HUMAN RESOURCES
## Programs Without a Means Test

### Division of Aging

- **Program Title: Community-Based Aging Services Program**

  **Program Description:** Eighteen (18) aging services are offered throughout the state to meet the needs of older adults. Primary services are Congregate Nutrition, In-Home Meals, In-Home Supportive Services, Adult Day Care, Case Assistance, Legal Services and Transportation. Federal Older Americans Act (P.L. 102-375) funding comprises approximately 60 percent of this funding with the remainder being state appropriations and local match.

### Division of Services for the Blind

- **Program Title: Vocational Rehabilitation Services for the Blind**

  **Program Description:** A State-operated Federal program directed toward enabling blind/visually impaired people to go or return to employment.

### Division of Child Development

- **Program Title: Smart Start**

  **Program Description:** Smart Start is a new program initiated in North Carolina in 1993 to develop comprehensive services for preschool children and their families. The goal of the program is for all North Carolina's children to begin kindergarten healthy and ready to succeed in school. Smart Start provides funding for local partnerships to plan and implement creative, collaborative strategies to meet the needs of children and families. Although counties may choose to spend their Smart Start allocation on services for low-income families such as the subsidized child care program, many of the programs offered are not means-tested. Some examples of programs that benefit children from all income levels are: incentive grants to child care facilities to upgrade the level of care provided; dental, hearing, developmental, vision, and speech and language screenings; professional development classes for child care teachers; and resource materials for family day care home providers.

- **Program Title: T.E.A.C.H. Early Childhood Project**

  **Program Description:** The T.E.A.C.H. Early Childhood Project is designed to provide a comprehensive and integrated structure for a variety of scholarship opportunities. The scholarships were created to improve the education of people working in child care centers and family day care homes while increasing their compensation. Any teacher or director who is currently working full-time in any regulated child care setting is eligible to apply for a scholarship. Teachers/directors must have the sponsorship of their employing program.

- **Program Title: Child Day Care Compliance Loan Program**

  **Program Description:** The compliance loan program, which is operated cooperatively by the Division of Child Development and the Self-Help Credit Union, is an opportunity for day care providers to improve compliance with child day care requirements and/or the Americans with Disabilities Act (ADA). Licensed or registered nonprofit providers, including Head Start and church-sponsored providers, or for-profit providers who operate only one program are eligible for the loan program. The decision to make a loan is made by Self-Help based on sound credit practices.

- **Program Title: North Carolina Child Care Resource and Referral Program**

  **Program Description:** Child Care Resource and Referral agencies provide child care counseling and referrals for parents; coordinate the development of new child care resources; and provide ongoing technical assistance and training for child care providers. Agencies may provide parent services at no charge or may charge a sliding fee based on income.

- **Program Title: School-Age Services Wrap Around Project**

  **Program Description:** Grants are awarded using Child Care and Development Block Grant funds to the 4-H program of the Cooperative Extension Service of North Carolina State University. Staff of the local 4-H System Manager Projects either establish and provide services and/or assist existing service providers such as public schools, Head Start or private day care providers in putting together the resources to develop new or expanded before and after-school services. Many of the after-school services are provided to families on a sliding fee schedule.

- **Program Title: Mainstreaming Demonstration Project**

  **Program Description:** Using Child Care and Development Block Grant Funds, grants were made to local agencies to identify and recruit child care providers to provide mainstreamed care for infants and toddlers with or at risk for developmental delays or atypical development, cover additional costs incurred by providers in serving specific special needs children, and provide consultation and support activities to the mainstreamed child and its family, as well as to providers serving the child.

- **Program Title: Partnerships for Inclusion Project**

  **Program Description:** Partnerships for Inclusion is a project funded with Child Care and Development Block Grant funds to establish and expand the capacity of child development programs to include children with disabilities. Through training, outreach, and technical sistance to child care providers and parents, an increased number of child care facilities are accepting children with special needs.

**<u>Division of Services for the Deaf and Hard of Hearing</u>**

- **Program Title: Community Affairs Unit**

  **Program Description:** The Community Affairs Unit consists of six Regional Resource Centers which provide a variety of services to adult clients who are deaf, hard of hearing, deaf-blind, and deaf multi-handicapped in areas communication access (through interpreters and technology), economic development, empowerment, and employment.

- **Program Title: Family Services Affairs Unit**

  **Program Description:** The Family Services Unit consists of three Family Resource Centers which provide a variety of services to deaf and hard of hearing children, aged birth through age 21, to their families, and to the professionals who serve them. Assistance is provided for early identification of hearing loss, coping with hearing loss, counseling, education regarding communication options, education setting options, so that families can make informed choices for their child. They provide ombudsmanship, training, and information as needed to see that full services are provided.

**<u>Division of Family Development</u>**

- **Program Title: Family Preservation Services**

  **Program Description:** A short-term, intensive, crisis intervention program designed to prevent out-of-home placement where feasible, and to provide services which help families develop their own strengths and competencies to rear their children and cope with family problems. Services target families whose child or children, birth through age 17, who are at imminent risk of out-of-home placement into the social services, mental health, developmental disabilities, substance abuse or juvenile justice systems.

- **Program Title: Family Resource Centers**

  **Program Description:** A one-stop centralized source for family services which may be provided through information, referral, on-site, or home-based strategies.

**Division of Social Services**

- **Program Title: Child Protective Services**

  **Program Description:** The Child Protective Services program is mandated by law to protect children from abuse, neglect and exploitation while attempting to preserve the family unit. Child Protective Services help prevent further harm from intentional physical or mental injury, sexual abuse, exploitation or neglect by a person responsible for a child's health or welfare. Services also help protect children who have no parent, guardian or custodian to provide care and supervision, or whose parents or guardians cannot control them. Social services staff accomplish this through: investigating suspected cases of abuse and neglect, assisting the family in diagnosing the problem, providing in-home counseling and supportive services to help children stay at home with their families, coordinating community and agency services for the family, petitioning the court for removal of the child, if necessary, and providing public information about child abuse and neglect. All 100 county departments of social services provide Child Protective Services.

- **Program Title: Foster Care Services and Foster Care Assistance**

  **Program Description:** Foster Care Services are provided to children who need a temporary home. Foster Care Services include: providing a temporary home for children in DSS custody, locating, evaluating and recommending foster home licensing, supervising children in foster care, providing ongoing counseling and support services to help families and children reunite and stay together, providing extra counseling and support for families and foster parents of children who are ill, disabled or delinquent, petitioning the court for legal termination of parental rights, and making recommendations for adoption for children unable to return home. Foster Care Service workers also provide supportive services to minors who are living independently.

  The IV-E Foster Care Assistance program was created in 1980 by Federal legislation, P.L. 96-272, the Adoption Assistance and Child Welfare Act, to replace the AFDC-Foster Care program. North Carolina implemented the IV-E Foster Care program in 1982 under statutory authority of N.C.G.S. 108A-49. Children eligible to receive these payments must be eligible for AFDC except for their being removed from their own home and placed in the custody or placement responsibility of a county department of social services by a court order or a voluntary placement agreement with their parent or guardian. The child must be placed in a licensed foster care facility.

Children eligible to receive benefits under the State Foster Care Benefits program, N.C.G.S. 108A-48 this program must be determined to be ineligible under Title IV-E Foster Care Assistance, and must also be in the custody or placement responsibility of a county department of social services through a court order or a voluntary placement agreement with their parent or guardian. The child must be placed in a licensed foster care facility.

- **Program Title: Independent Living Skills for Foster Children**

  **Program Description:** Independent living skills help teenagers and young adults in foster care prepare to make the transition from foster homes to independent living. Young adults who are already living on their own can also receive assistance. Foster children begin receiving independent living services at the age of 16. All 100 county departments of social services provide independent living services.

- **Program Title: Adoption Services and Adoption Assistance**

  **Program Description:** Adoption services find permanent homes for children in need of parents. Children waiting for adoption include: children who have been voluntarily released for adoption, children in foster care in need of parents, and special needs children, such as children with disabilities and health care needs. A large majority of adoptions in North Carolina are with stepparents or other relatives. Only the Clerk of the Superior Court can issue a final order of adoption. An initial request or petition begins the legal process. In recent years, adoptions of children with special needs, such as health problems or disabilities, has become an important part of North Carolina's adoptions process. Financial assistance is available to help adoptive parents of special needs children pay for therapy, health insurance, special education and other extra expenses involved in raising a special needs child.

  Adoption Assistance is a financial assistance program designed to reduce financial barriers that may impede the adoption of children with special needs who live in foster care. Children are considered to have special needs if they have serious medical, mental, or emotional conditions, or, because they are members of a sibling group that must be placed together. Eligibility for Adoption Assistance is based on the child's needs and must be established prior to a child's placement for adoption. The child's record must document that efforts have been made to place the child into an appropriate adoptive home without Adoption Assistance.

The four types of Adoption Assistance benefits available to eligible children are:

- cash payments to adoptive parents in the form of monthly assistance;
- vendor payments to providers of medical and medically-related services;
- vendor payments to providers of psychological, therapeutic, or remedial services; and
- vendor payments to attorneys who file the legal adoption proceedings.

- **Program Title: Delinquency Prevention Services**

  **Program Description:** When the courts determine that a youth has violated the law or is undisciplined, the department of social services may be given responsibility for supervising the youth. The goal of Delinquency Prevention is to help avoid the future commitment of youth to correctional facilities and to improve relationships at home, at school and in the community.

- **Program Title: Interstate Compacts**

  **Program Description:** Interstate compacts help states oversee and supervise interstate foster care and adoptions, improve surveillance of delinquent youth, and locate and return runaway youth. North Carolina participates in two compacts. The Interstate Compact on Juveniles was enacted in 1963 and applies to delinquent or runaway juveniles. Under North Carolina law, juveniles are children under the age of 16. The Interstate compact on the Placement of Children was enacted in 1971 and applies to interstate adoptions and foster care placements.

- **Program Title: Individual and Family Adjustment Services**

  **Program Description:** Social workers help individuals solve personal problems by providing counseling and by helping them locate other services. Some of the types of problems individuals seek help with include: homelessness, school problems, drug addiction and alcoholism, problems taking care of aged parents, handicaps, teenage pregnancy, neglectful or abusive family members, delinquency, and foster care. Individuals are taught how to become more self-reliant in problem-solving and how to be more resourceful in seeking the help they need.

- **Program Title: Personal and Family Counseling**

  **Program Description:** Local departments of social services provide professional counseling for low-income individuals and families when such counseling is directed by the courts or when counseling services are deemed necessary by case workers in order to help individuals and families. Counseling may be needed for solving personal problems, coping with loss or tragedy, or relieving family crises.

- **Program Title: Family Planning Services**

  **Program Description:** Family Planning Services help individuals and couples plan their family size and avoid unwanted pregnancies. Family Planning Services are available to both males and females to promote good family relationships, economic stability, and reproductive and general health. The Social Security Act requires states to offer and provide Family Planning Services upon request to all AFDC recipients including sexually active minors. All 100 county departments of social services provide Family Planning Services.

- **Program Title: Problem Pregnancy**

  **Program Description:** Problem Pregnancy Services give individuals needed help and support in solving medical, social, educational, and psychological problems associated with unplanned pregnancies. Both males and females are eligible for counseling. Services include counseling and information to help recipients make voluntary choices regarding adoption, keeping the child, or terminating the pregnancy.

- **Program Title: Refugee Services**

  **Program Description:** The Division of Social Services contracts with private non-profit agencies to provide refugees with supportive services to help them with resettlement, job training and employment. Refugees are individuals who live outside their country and can't return because of persecution or because of a well-founded fear of persecution. Support services may include: Transportation, English Classes, Translation Services, Child Day Care, Social Adjustment Services, Emergency and Health-Related Services, and Job Training and Job Search assistance.

- **Program Title: Guardianship Services**

  **Program Description:** Guardians are needed for adults who cannot manage their affairs or take care of themselves alone. Any person can petition the Clerk of the Superior Court to appoint a guardian, and the Clerk decides who the guardian should be. Public agent guardians, such as the county social services, and directors, is appointed when friends or relatives are not available and when it is considered necessary by the Clerk. Guardians have authority to make decisions for the adult and may be directed by the court to: decide on living arrangements, see that good care is provided, give consent or approval for needed services (medical, dental, legal, etc.), take care of personal belongings, take legal protective action, handle personal finances, and maintain personal records.

- **Program Title: Adult Protective Services**

  **Program Description:** The Adult Protective Services program is mandated by law to protect adults from abuse, neglect and exploitation. The population most at-risk of adult abuse and neglect are disabled adults and adults age 85 and over. Frailties and disabilities increase the risk of abuse and neglect. Services are voluntary unless the person is found to be in a life threatening situation and lacks the capacity to consent to service. Adult Protective Services include: evaluating referrals of vulnerable adults thought to be abused, neglected, exploited or endangered; petitioning the court for an emergency order for protective services, if needed; providing counseling and supportive services to help families remedy the situation; arranging and coordinating medical, legal and other community services; and arranging for guardianship or alternative living arrangements as needed to provide protection. All 100 county departments of social services provide adult protective services.

- **Program Title: Health Support Services**

  **Program Description:** Health problems arise from many different sources, including alcohol and drug abuse, problem pregnancies, developmental disabilities, aging, handicaps, and poverty. Health Support Services help individuals and their families: recognize and understand health problems, locate appropriate treatment, identify ways to pay for needed care, cope with disabling conditions, and avoid future health risks. All 100 county departments of social services provide Health Support Services.

- **Program Title: In-Home Aide Services**

  **Program Description:** In-home aide services help stabilize disrupted families and families in crisis; serve sick and disabled adults; and enable children, adults and their families to stay at home and function effectively. In-home aide services are provided in the home to help meet a range of individual and family needs: to help sick or disabled clients who need more care than family members can provide, to help older adults, especially those who live alone, to maintain their homes, shop and pay bills, to provide respite care for children or adults when families need relief, to teach families basic child caring, budgeting and home management skills, to provide support to families in crisis, and to assist JOBS participants who need help caring for family members in order to work. Both "home management" and "personal care" are components of in-home aide services. Workers can provide these services when individuals are without resources and unable to take care of themselves. When individuals are capable of learning the skills they need, workers can support them in learning those skills. Four levels of in-home aide services have been developed. All 100 county departments of social services provide at least one level.

- **Program Title: Housing and Home Improvement**

  **Program Description:** Housing and Home Improvement Services help recipients locate, retain, or advocate for adequate housing, and may include minor repairs such as work on leaky roofs, overloaded electrical circuits, malfunctioning toilets, broken windows and doors, falling ceilings, and broken steps. Adequate housing is one of the fundamental needs of aged and disabled adults who want to avoid institutional placement. Housing and home improvement services also help purchase basic furnishings or appliances to remedy problems that pose risks to the health and safety of individuals and families.

- **Program Title: Preparation and Delivery of Meals**

  **Program Description:** Proper nutrition is essential to health and well-being. The meals program helps aged, disabled, and blind adults live more independently and delay or avoid institutional placement. Either congregate or home-delivered meals may be provided. Congregate meals are provided at a center where people can come together and socialize. A limited number of county departments of social services provide this service.

- **Program Title: Adult Day Care**

  **Program Description:** Adult Day Care Services are provided in licensed Adult Day Care Centers and help individuals improve their self-reliance and avoid or delay having to go to a nursing home or a rest home. Planned activities promote achievement, social interaction, fun and enjoyment, volunteerism, and self-actualization. Recipients help pay part of the cost if their incomes fall below a certain level. Following are some of the types of activities available: games which improve mental and physical functioning, creative projects, music, group meals, physical exercise, lectures and workshops, and discussion groups. In many cases, other family members also benefit. Those who are employed can often continue to work, and those who are full-time caregivers can receive the respite time they need to take care of personal and family needs.

- **Program Title: Disability Determination Services (DDS)**

  **Program Description:** DDS employs doctors and examiners who obtain medical evidence and decide if applicants are disabled and therefore entitled to disability benefits under: Social Security, Supplemental Security Income, and Medicaid. Funding is 100% federal. Cases are reviewed periodically for continuing eligibility. An appeals process allows dissatisfied individuals to appeal DDS decisions.

- **Program Title: Job Corps**

  **Program Description:** The Job Corps helps low-income, out-of-school youths, age 16-21, increase their education, get better jobs, earn more money, and reduce their likelihood of dependency on welfare. The Job Corps provides intensive, long-term job training, remedial education, health care, and recreational activities. Participants are encouraged to earn their GED, and those who want to go further can earn college credits, or even a junior college degree at several Job Corps centers which have training linkages with technical colleges. Each center has dormitories or cottages and participants live at the center. All are supervised 24 hours a day, some are co-educational, and each offers counseling and guidance services. There are approximately 36 fields of study among the various centers. A few examples of the opportunities available include bricklaying, cooking, secretarial work, word processing and building maintenance. The Job Corps is 100% federally funded from earned revenues under a fixed price (per arrival) contract.

- **Program Title: Adult Placement Services**

  **Program Description:** Assistance to aging or disabled adults and their families in finding a domiciliary home (rest home), or nursing home, or other substitute home or residential health care facility when they are unable to remain in their current living situations. Activities include screening, assessment, counseling, assisting in completing financial application and medical evaluations, locating and securing placement, supporting in the transition and in maintaining the placement. It also includes assisting in relocating from one facility to another or in returning to more independent settings. In a separate but related service, known as Adult Foster Care, county DSS agencies monitor domiciliary homes to help assure compliance with licensure standards and to consult on providing quality care.

- **Program Title: The State Maternity Home Fund**

  **Program Description:** This is a resource for any North Carolina resident experiencing a problem pregnancy. This fund pays for the cost of care in a licensed maternity home or other approved living arrangement for up to six months when determined necessary by a social worker at the county department of social services or at a licensed private adoption agency in the state.

- **Program Title: Child Support Enforcement**

  **Program Description:** The Child Support Enforcement Program was established in 1975 by Public Law 93-647, Part B (Title IV-D of the Social Security Act) and North Carolina G.S. 110-128-141. These laws set forth the federal and state requirements for the program. The purpose of the program is to ensure that absent parents support their children. The North Carolina Child Support Enforcement Program provides the following services: absent parent location, establishment of paternity, establishment of medical and support obligations, collection and distribution of payments and enforcement of obligations.

All recipients of public assistance whose eligibility for financial assistance is based on the absence from the home of one or both parents are automatically referred to the IV-D agency and are therefore eligible for all IV-D services at no cost. Additionally, all others who desire assistance in securing support for a dependent child may apply for and receive the full range of IV-D program services upon payment of a $10 application fee.

At the state level, the Deparment of Human Resources has been designated in G.S. 110-141 as the IV-D Agency. The Department of Human Resources has further designated the Division of Social Services to be responsible for this program. There are 84 local offices statewide serving the 100 counties. Of these 84 offices, 15 are state-operated, serving 30 counties, with the remaining 69 offices under county administration--with 62 offices in local Departments of Social Services and seven offices under the direction of the county manager/county attorney.

**Division of Vocational Rehabilitation**

- **Program Title: Vocational Rehabilitation Services and Independent Living Rehabilitation Services***

  **Program Description:** The Division of Vocational Rehabilitation Services is responsible for operating two programs: Vocational Rehabilitation Services and Independent Living Rehabilitation Services. The purpose of the Vocational Rehabilitation Program is to assist eligible citizens with a mental or physical disability (ies) become suitably employed or maintain suitable employment that is in jeopardy because of a disability related vocational impairment. The Independent Living Rehabilitation Program has been established to serve eligible citizens who have a physical or mental disability to gain or maintain independence to the maximum degree possible.

  *This state/federal service program is not means tested. Legislation establishing this program gives clear indication that disability is a human condition that affects all segments of society and that the program without regard for financial status is for the purpose of assisting persons with disabilities to participate in mainstream society to the maximum extent possible. Administrative policies adopted by the state agency require an economic needs survey be completed to dertermine the possible extent the client may contribute to the cost of services. The guidelines for establishing economic need are listed below:

| Family Size | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| Net Mo. Income | 697 | 912 | 1,125 | 1,341 | 1,554 | 1,769 | 1,809 | 1,851 |
| Net annual Income | 8,364 | 10,944 | 13,500 | 16,092 | 18,648 | 21,228 | 21,708 | 22,212 |

In the following Rehabilitation and Independent Living services, the economic need guidelines are used to determine the amount of financial support the client is able to contribute to the total cost of services:

Vocational Rehabilitation

Physical and Mental Restoration
Maintenance and/or Transportation (other than diagnostic)
Occupational Tools and Licenses
Tools, Equipment, Initial Stock, and Supplies
Books, Training Supplies Required for post-secondary education
Services to Family Members
Telecommunications, Sensory, and other Technological Aids and Devices
Recruitment and Training Services to provide new employment opportunities in rehabilitation, health, welfare, public safety, law enforcement, and other appropriate public
service employment
Post-Employment Services necessary to assist individuals with disabilities to maintain suitable employment (other than those services normally provided without regard to economic need)
Other Goods and Services which can be expected to assist an individual with a disability in terms of his employment

Independent Living Rehabilitation - Services in addition to those listed above that are partially contingent on the means test are:

Housing Placement and Assistance
Home and Transportation Modifications
Transportation Services
Social and Recreational Services
Other Services which can reasonably be expected to benefit an individual with disabilities in terms of his or her ability to reach their independent living goals

Division of Mental Health, Developmental Disability and Substance Abuse Services

**Program Title: Mental Health, Developmental Disability and Substance Abuse**

**Program Description:**

## *Organization of Service Delivery System*

The Division of Mental Health, Developmental Disabilities and Substance Abuse Services has organized services through four regions of the state. Within each region, area (local) and State facilities work together to coordinate services for clients. Overall, there are 41 area programs which serve all 100 counties and there are 16 state facilities.

Each area authority is to engage in comprehensive planning, budgeting, implementing, and monitoring of community-based services. Services may be provided directly by the area program or through contracts with private agencies. A broad array of services is provided locally including periodic, day/night, and residential services. For area programs, the Division approves plans and budgets, allocates funds, and monitors programs.

The Division has direct management responsibility for the State facilities. State facilities include four regional psychiatric hospitals (Broughton, Cherry, Dorothea Dix, and John Umstead), five regional mental retardation centers (Black Mountain, Caswell, Murdoch, O'Berry, and Western Carolina), three regional alcohol and drug abuse treatment centers (Black Mountain, Butner, and Walter B. Jones), a special care center (Wilson), and three specialized facilities for children and youth (Butner Adolescent Treatment Center, Whitaker School, and Wright School).

## *Area Authorities*

Forty-one area mental health, developmental disabilities, and substance abuse programs serve all one-hundred North Carolina counties. There are sixteen single county programs and twenty-five multi-county programs. Area programs are local political subdivisions, each governed by an area board which is a 15-25 member body appointed by county commissioners. Board members by law must include specific categories: a county commissioner from each county (not required for single county area); two physicians, including one psychiatrist when possible; at least one other professional from the fields of psychology, social work, nursing or religion; primary and family consumers and organization representatives for mental illness, developmental Disabilities, alcoholism, and drug abuse; and an attorney.

By statute (G.S. 122C-117), the area authority has the following duties:

- Engage in comprehensive planning, budgeting, implementing, and monitoring of community-based mental health, developmental Disabilities, and substance abuse services;
- Provide services to clients in the catchment area;
- Determine the needs of the area authority's clients and coordinate with the Secretary of the Department of Human Resources the provision of services to clients through area and State facilities;
- Develop plans and budgets for the area authority subject to the approval of the Secretary of the Department of Human Resources;
- Assure that the services provided by the area authority meet the rules of the Commission for Mental Health, Developmental Disabilities and Substance Abuse Services and the Secretary of the Department of Human Resources;
- Comply with federal requirements as a condition of receipt of federal grants; and
- Appoint an area director.

Each area program is required to provide certain services, either directly or by contracting with other public or private entities. Most area programs provide a combination of mandated and optional services. Required Services include the following:

- ***outpatient services*** for individuals of all disability groups (at least one clinic that holds office hours no less than 40 hours per week);
- ***emergency services*** for individuals of all disability groups (24 hours per day, seven days per week, on a non-scheduled basis to individuals for immediate screening or assessment of problems);
- ***consultation and education services*** for individuals of all disability groups (consultation to agencies, organizations, or practitioners; education to community groups, families, schools businesses, churches, civic, and community groups);
- ***case management*** for individuals of all disability groups (a support service designed to integrate multiple services from other agencies with area program services and to assist clients in meeting "total needs," i.e., treatment, educational, vocational, residential, health, financial, social, and any others);
- ***forensic screening and evaluation*** for all disability groups (to assess capacity of criminal offender to proceed to trial);
- ***inpatient psychiatric services*** for children, adolescent, adult, and elderly individuals who are acutely mentally ill (intensive treatment and supervision in a controlled environment on a 24-hour basis);
- ***a psychosocial rehabilitation program*** (day program with peer support group) to help chronically mentally ill persons achieve and maintain independent living, ***or a partial hospitalization service*** (day program providing intensive treatment) intended to prevent psychiatric hospitalization;
- ***early childhood intervention services*** (ECI) for children who are mentally retarded, are otherwise developmentally disabled or delayed, have atypical

development, or are at risk of the preceding conditions (support and information to families on child-rearing skills and available services; assessment and programming in cognitive, language and communication, physical, self-help, and psychosocial skill development in the client's home and at other sites);

- ***developmental day services for preschool children*** with developmental disabilities or delays, or at high risk for mental retardation, in a specialized child care center (habilitative programming in self-help, physical, language, cognitive, and psychosocial skills, that is available 8 hours/day, five days/week, 12 months/year);
- ***adult developmental activity programs*** (ADAP) for adults who are substantially mentally retarded or severely physically disabled (to prepare the individual to live and work as independently as possible);
- ***alcohol and drug education traffic schools*** (ADETS) for first offenders convicted of driving while impaired;
- ***drug education schools*** (DES) for drug offenders;
- ***inpatient hospital detoxification services*** for alcohol or drug abusers (in need of detoxification who cannot be safely withdrawn from the substance in any other setting,); and
- ***nonhospital or outpatient detoxification services*** for alcoholics.

## *Mental Health Institutions*

The mission of the mental health institutions is to function as part of the mental health delivery system which provides inpatient facilities to treat persons with psychiatric disorders and to provide and promote education and research.

| | |
|---|---|
| Psychiatric Hospitals: | |
| Broughton | 751 beds |
| Cherry | 667 beds |
| Dorothea Dix | 596 beds |
| John Umstead | 611 beds |
| | |
| Schools for the Emotionally Disturbed: | |
| Whitaker | 24 beds |
| Wright | 25 beds |
| | |
| Other MH Institutions: | |
| NC Special Care Center | 208 beds |
| Butner Adolescent Treatment Center (BATC | 12 beds |

## *Mental Retardation Centers*

There are five regional mental retardation centers operated by the Division of MH/DD/SAS providing comprehensive residential services to up to 2,712 persons statewide. Of this number, 2,604 receive ICF/MR level of care. Persons eligible for admission to the centers are 16 years of age or older, with severe or profound mental retardation. The Area Programs refer persons to the regional center when this is the best available residential alternative. Residents are admitted to the regional center whose catchment area covers their county of origin. Each center has an active Outreach and Regional DD Coordinative component, the purpose of which is to work closely with communities to provide training, technical assistance, consultation, and direct client support.

| | |
|---|---|
| Black Mountain | 120 beds |
| Caswell | 813 beds |
| Murdoch | 750 beds |
| O'Berry | 485 beds |
| Western Carolina | 450 beds |

## *Alcohol and Drug Abuse Treatment Centers*

Three Alcohol and Drug Abuse Treatment Centers provide around the clock medical and nursing services which are vital to the recovery process, individual and group counseling, introduction to the first five steps of Alcoholics/Narcotics Anonymous teachings, relevant lectures and videos, basic adult education program, and a therapeutic activity program. Admission is through the single portal of entry concept whereby clients are pre-screened for admission by the area program and then referred to the ADATC for treatment. The ADATC serves as the lead agency in offering residential treatment to citizens who, for the most part, have depleted their family and personal resources. The ADATC operates as a short-term, intensive residential treatment program with an average length of stay for most clients of 28 to 30 days. There are extended stays up to 42 days as indicated for cocaine and crack addicts. The ADATC bases its treatment program upon the firm conviction that alcohol and other drug dependence is a chronic, progressive, primary disease which affects the physical, emotional, social, and spiritual aspects of the lives of our clients and their families.

| | |
|---|---|
| Black Mountain | 110 beds |
| Butner | 80 beds |
| Walter B. Jones, Greenville | 76 beds |

## *Thomas S. Services*

The Thomas S. Services Section directs the varied administrative and programmatic activities related to the DHR response in the Thomas S. v. Britt class action lawsuit. The Section provides oversight in planning, fiscal and (as needed) program services management, and programmatic consultation activities related to service provision to Thomas S. eligible clients in institutional and community settings.

On November 21, 1988, Judge James McMillan of the United States District Court for the Western District of North Carolina issued a ruling that the Secretary of the NC Dept. of Human Resources had violated the constitutional rights of a class of individuals who were, or had been, confined to the State's psychiatric hospitals. These individuals, in order to become members of the Thomas S. class, must have resided in one of the State's psychiatric hospitals on or after March 22, 1984, as an adult and must have a diagnosis of mental retardation or have been treated as such. The Order specified that the plaintiff class members had a constitutional right to safety, protection from harm, and treatment under safe conditions; freedom from undue restraint; minimally adequate habilitation or treatment as described in the Court's findings and conclusions; and any treatment necessary to remedy any injuries caused by the class members' constitutionally inappropriate treatment in the past. The treatment of class members, based on the District Court's Order, is to be provided in a manner which promotes their independence, enhances their dignity, and is as consistent as possible with societal norms, in view of each class member's individual and special needs.

## *Willie M. Services*

The Willie M. program's development was the result of a consent decree following a class action lawsuit in 1980, against representatives of the State. The consent decree defined the criteria for class membership as: a minor who is seriously mentally, emotionally, and/or neurologically handicapped with accompanying violent or assaultive behavior; is or is likely to be involuntarily institutionalized or placed in a residential program; and is not receiving appropriate treatment, educational, or rehabilitative services.

It is important to note that the children defined in the lawsuit are individuals to whom the State's obligation to provide appropriate services has already been determined due to the State's prior intervention in their lives. In other words, these children have already been admitted or denied admission to a psychiatric hospital; have met the diagnostic criteria for the definition of mental illness; have been adjudicated abused, neglected, dependent, delinquent, or undisciplined and are in need of residential treatment services; have been placed in or ordered to a residential treatment program as a condition of probation in a delinquency disposition; have been adjudicated delinquent and committed to a training school; or have been found to be dangerous to self or others and committed to a psychiatric hospital.

This definition established that the class of children are certified on the basis of having met the legal, clinical, and behavioral criteria listed above. The class size is dependent on the number of children nominated and certified and varies over time as new class members enter the class at certification and other class members age out of the class as they reach the age of eighteen. "Certified" refers to those children who are judged by the Certification Committee as having met the legal gates as well as the clinical and behavioral characteristics necessary to become class members. "Certified Eligible" is defined as a class member who is currently eligible to receive services.

## Division of Youth Services

- **Program Title: Detention Services**

  **Program Description:** Juvenile detention services include provision of short term placement or confinement of minor children pending adjudicatory or dispositional hearings or awaiting admission to a training school. There are twelve detention centers statewide with a total stated bed capacity of 188. Eight are state-operated and four are county-operated. Teachers and medical staff provide on site educational and medical support. Costs for students in detention are split between the home counties of students and the state, through a rate-setting and fee collection process managed by DYS. Centers and bed capacities are shown below:

| | | |
|---|---|---|
| State: | Buncombe, Asheville | 14 |
| | Cumberland, Fayetteville | 18 |
| | Gaston, Dallas | 12 |
| | Leonard, Greenville (Boundover unit) | 12 |
| | New Hanover (Castle Hayne) | 18 |
| | Pitt, Greenville | 18 |
| | Wake, Raleigh | 14 |
| | Wilkes, North Wilkesboro | 8 |
| County: | Durham, Durham | 14 |
| | Forsyth, Winston-Salem | 16 |
| | Gatling (Mecklenburg), Huntersville | 16 |
| | Guilford, Greensboro | 28 |

- **Program Title: Training Schools**

  **Program Description:** The Division's five training schools serve children ages 10-17 who are committed by the courts to DYS custody. Total bed capacity will be 811 when final construction using Prison Bond funds is completed. Average length of stay is approximately 9 months. Committed youth receive educational and psychological assessments within two weeks of arrival, and are assigned a social worker and treatment team which prepare individualized treatment plans for each student. Students earn their way out of training school through a four level process, earning points and expanded privileges for positive behavior and losing points and privileges for negative behavior. Each school is fully accredited and classes are held year-round.

- **Program Title: Community Services**

  **Program Description:** Several components make up the community programs supported by DYS: Community Based Alternatives (CBA), Therapeutic Wilderness Camps, Governor's One-on-One Volunteer Programs, and Multipurpose Juvenile Homes.

  CBA programs are locally based and receive funding allocations on a formula basis, for local planning and use. The goal of CBA is to provide intervention and prevention for troubled youth before problem behaviors lead to commitment to training schools. Program options include specialized foster care, emergency shelter care, group homes, counseling, and local volunteer and guided growth programs. Over 29,000 youth annually are served by CBA programs.

  The four Wilderness Camps (two to be added) provide treatment for children ages 10-15 who have behavior problems and / or are in conflict with the law. Referrals can come from sources including the courts, schools, or County DSS. There are approximately 250 admissions per year to the camps.

  The Governor's One-on-One program provides an opportunity for juveniles ages 10-17 who come to the attention of the courts to have a caring adult volunteer with whom they can develop and maintain a meaningful, supportive relationship to assist them to avoid further involvement with the juvenile justice system. Program funds provided by the State support local coordinators who develop, assist and manage volunteer efforts.

  The six 8-bed multipurpose juvenile homes were constructed using Prison Bond funds and came on-line during 1993-94. The homes provide residential treatment services to court-ordered youth who might otherwise be placed in secure detention or committed to training schools.

# DEPARTMENT
# OF
# ENVIRONMENT, HEALTH,
# AND
# NATURAL RESOURCES

**LEGISLATIVE REQUEST/ HEALTH DIRECTORS' OFFICE***

1. Requestor: Carol Shaw, Fiscal Research

2. Subject: Programs and services with "means-tests"

3. Name of Program or Service: Home Health Services Program

4. Where is this program or service provided? Please specify.

   a) State?

   b) Regional?

   c) Local (e.g. Health Dept., Hospital, Private Providers, etc.)?
   Through certified home health agencies at the local level.

5. Are there any financial or medical (or other) eligibility requirements? If yes, specify. Yes. Financial eligibility - persons at or below 199% of the Federal Poverty Level. Medical eligibility - persons under a physician's plan of care, essentially homebound, and requiring one or more home health service.

6. What was the budget & expenditures for 1993/94?
   Budget - $3,370,012
   Expenditures - $5,251,884 -> difference of $1,881,872 represents services provided to eligible persons which were not able to be reimbursed by the Program due to the limited funds available to the Program

7. What is the projected 1995 budget? $3,566,378

* Please return one form for each program to Janet Ramstack.

## LEGISLATIVE REQUEST/ HEALTH DIRECTORS' OFFICE*

1. Requestor: Carol Shaw, Fiscal Research

2. Subject: Programs and services with "means-tests"

3. Name of Program or Service: HIV Medications Program

4. Where is this program or service provided? Please specify.

   a) State? Purchase of Medical Care Services, HIV Medications Program available statewide

   b) Regional?

   c) Local (e.g. Health Dept., Hospital, Private Providers, etc.)?

5. Are there any financial or medical (or other) eligibility requirements?
If yes, specify. Clients must be HIV positive and have incomes at or below 85% of the federal poverty level.

6. What was the budget & expenditures for 1993/94?

   $350,000

7. What is the projected 1995 budget?

   $350,000

* Please return one form for each program to Janet Ramstack.

## LEGISLATIVE REQUEST/ HEALTH DIRECTORS' OFFICE*

1. Requestor: Carol Shaw, Fiscal Research

2. Subject: Programs and services with "means-tests"

3. Name of Program or Service: Housing Opportunities for Persons with AIDS Program

4. Where is this program or service provided? Please specify.

    a) State? Statewide through regional HIV Care Consortia

    b) Regional?

    c) Local (e.g. Health Dept., Hospital, Private Providers, etc.)?

5. Are there any financial or medical (or other) eligibility requirements?
If yes, specify. Clients must be HIV positive and have an income below 80% of median family income for the community in which they live as determined by HUD.

6. What was the budget & expenditures for 1993/94?

$822,000

7. What is the projected 1995 budget?

$1,210,000

* Please return one form for each program to Janet Ramstack.

## LEGISLATIVE REQUEST/ HEALTH DIRECTORS' OFFICE*

1. Requestor: Carol Shaw, Fiscal Research

2. Subject: Programs and services with "means-tests"

3. Name of Program or Service: State Kidney Program

4. Where is this program or service provided? Please specify.

   a) State?

   b) Regional?

   c) Local (e.g. Health Dept., Hospital, Private Providers, etc.)? Dialysis Centers, Pharmacies, and Transplant Centers

5. Are there any financial or medical (or other) eligibility requirements? If yes, specify. A. Medical - someone with a diagnosis of end stage renal disease, requiring dialysis or transplantation; or someone who has received a transplant is medically egigible for the program. B. Financial "see below"

6. What was the budget & expenditures for 1993/94?
   Budget-$1,201,915.00
   Expen.-$1,222,088.00

7. What is the projected 1995 budget? $1,294,025.00

* Please return one form for each program to Janet Ramstack.

| Family Size | Annual Income |
|---|---|
| 1 | $6,400 |
| 2 | $8,000 |
| 3 | $9,600 |
| 4 | $11,000 |
| 5 | $12,000 |
| 6 | $12,800 |

*If more than 6, add $800.00 for each additional patient.*

## LEGISLATIVE REQUEST/ HEALTH DIRECTORS' OFFICE*

1. Requestor: Carol Shaw, Fiscal Research
2. Subject: Programs and services with "means-tests"
3. Name of Program or Service: Medication Component of the Epilepsy and Neurological Disorders Program
4. Where is this program or service provided? Please specify.

   a) State? *a.& b. One statewide project (Epilepsy Information Service) and eight regional projects

   b) Regional?

   c) Local (e.g. Health Dept., Hospital, Private Providers, etc.)?

5. Are there any financial or medical (or other) eligibility requirements?
If yes, specify. *See attached*

6. What was the budget & expenditures for 1993/94? $75,000 Budget $80,011 Expe
   Difference of $5,011 were dollars spent on medications for persons eligible for the program, but where no state dollars were available.

7. What is the projected 1995 budget? $75,000.00

* Please return one form for each program to Janet Ramstack.

DIVISION OF HEALTH SERVICES
Epilepsy Medication Component
Epilepsy and Neurological Disorders Program
Determination of Financial Eligibility

Patients with epilepsy who have no other source of reimbursement for anticonvulsant medication who fall into one of the following two financial categories would be eligible for financial assistance in obtaining their anticonvulsant medications:

Category 1: Patients who meet the income eligibility scale for Purchase of Care (POC) payment programs based on their income over the past 12 months would be eligible for a period of one year as long as income and family size remain the same. Recertification would be completed annually.

Method of determining eligibility: (Definitions of family members, gross family income and deductions are attached)

a. Determine who should be counted as family members.
b. Count income earned by all family members during the past 12 months. If any of the family's wage earners was unemployed during the previous 12 months, count his actual income from the previous 6 months and add a projection of his anticipated income for the future 6 months.
c. Subtract appropriate deductions from the past 12 months.
d. Compare net income with POC income scale.

Category 2: Patients who temporarily meet the income eligibility scale for Purchase of Care payment programs when their income from the past month is annualized would be eligible for a period of 90 days as long as income and family size remain the same. Recertification would be completed every 90 days.

Method of determining eligibility: (Definitions of family members, gross family income and deductions are attached)

a. Determine who should be counted as family members.
b. County income earned by all family members during the past month and annualize by multiplying by 12.
c. Subtract appropriate deductions from the past 12 months.
d. Compare net income with the POC income scale.

Local projects complete and retain the eligibility form (DHS 3014-Part 1), currently being used by Purchase of Care payment programs. Although documentation of income and deductions is not routinely required for outpatient services, eligibility personnel are authorized to request such documentation when they question the validity of the information reported by the applicant.

Eligibility forms may be ordered by contacting:

Purchase of Care Office
Post Office Box 2091
Raleigh, North Carolina 27602-2091
(919) 733-3091

# ELIGIBILITY SCALE

The current General Assembly financial eligibility scale for Department of Environment, Health, and Natural Resources' Payment Programs, as contained in S.L. 1979, Ch. 838, s. 30, is as follows:

| Family Size | All Programs Except Kidney and C.S.H.S. | Kidney |
|---|---|---|
| 1 | $ 4,200 | $ 6,400 |
| 2 | $ 5,300 | $ 8,000 |
| 3 | $ 6,400 | $ 9,600 |
| 4 | $ 7,500 | $11,000 |
| 5 | $ 7,900 | $12,000 |
| 6 | $ 8,300 | $12,800 |
| 7 | $ 8,800 | $13,600 |
| 8 | $ 9,300 | $14,400 |
| 9 | $ 9,800 | $15,200 |
| 10 | $10,300 | $16,000 |
| 11 | $10,900 | |
| 12 | $11,400 | |
| 13 | $12,000 | |

## LEGISLATIVE REQUEST/ HEALTH DIRECTORS' OFFICE*

1. Requestor: Carol Shaw, Fiscal Research

2. Subject: Programs and services with "means-tests"

3. Name of Program or Service: <u>Health Care in the Home Demonstration</u>

4. Where is this program or service provided? Please Specify.

   a) State?

   b) Regional?

   c) Local (e.g. Health Dept., Hospital, Private Providers, etc.)?

   Currently funded in five local home health agencies.

5. Are there any financial or medical (or other) eligibility requirements? If yes, specify. All funding is from Federal sources, and Federal legislation specifies services be provided upon financial eligibility (200 percent or less of Federal Poverty Guidelines for partial to full coverage) and to persons at high risk of institutionalization or hospitalization.

6. What was the budget & expenditures for 1993/94
   $643,000

7. What is the projected 1995 budget?
   $250,000

*Please return one form for each program to Janet Ramstack.

Division of Adult Health Promotion
Chronic Disease Section

**LEGISLATIVE REQUEST/ HEALTH DIRECTORS' OFFICE***

1. Requestor: Carol Shaw, Fiscal Research
2. Subject: Programs and services with "means-tests"
3. Name of Program or Service: Cancer Control Program
4. Where is this program or service provided? Please specify.
   a) State?
   b) Regional?
   c) Local (e.g. Health Dept., Hospital, Private Providers, etc.)? Yes Yes Yes
5. Are there any financial or medical (or other) eligibility requirements? If yes, specify. Yes. See Below
6. What was the budget & expenditures for 1993/94?
   Budget: $2,986,270 Expenditures: $1,693,293
7. What is the projected 1995 budget?
   Authorized Budget FY94-95 = $3,057,427

* Please return one form for each program to Janet Ramstack.

1. Financial Eligibility - persons benefitting from this program must have net incomes of ≤ 100% federal poverty level.

2. Medical Eligibility - must have a strong suspicion of cancer, or have a diagnosis of cancer. To qualify for coverage of treatment services, there must be a 25% chance for 5-year survival.

Division of Adult Health Promotion
Chronic Disease Section

**LEGISLATIVE REQUEST/ HEALTH DIRECTORS' OFFICE***

1. Requestor: Carol Shaw, Fiscal Research
2. Subject: Programs and services with "means-tests"
3. Name of Program or Service: Breast and Cervical Cancer Control Program*
4. Where is this program or service provided? Please specify.
   a) State?
   b) Regional?
   c) Local (e.g. Health Dept., Hospital, Private Providers, etc.)? yes yes yes
5. Are there any financial or medical (or other) eligibility requirements? If yes, specify. Yes. See below.
6. What was the budget & expenditures for 1993/94?
   Budget for project period 4/16/93 - 4/15/94 = $3,000,000
   Expenditures " " " = $2,158,348
7. What is the projected 1995 budget?
   Budget for project period 4/16/94 - 4/15/95 = $3,900,000

* Please return one form for each program to Janet Ramstack.

1. Financial eligibility - Women whose gross incomes are ≤ 200% of federal poverty level may receive services using program funds

2. Medical eligibility - Women must be 18 to receive pap smears.
   Women must be 40 to receive breast screening (physical exam and mammogram)

* This is a federally funded program. Financial eligibility is set by federal statute.

DEHNR
DIVISION OF MATERNAL AND CHILD HEALTH

## MEANS TEST PROGRAM

1. Name of Program / Service:

   *Special supplemental Nutrition Program for Women, Infants and Children*

2. Program / Service Description:

   *Provide supplemental food, nutrition education and health care referrals*

3. Where is Program / Service Provided?

   a. State:

   b. Regional:

   c. Local *(e.g., hospital, health department, private clinic, rural health clinic, etc.)*:

      *Local health departments, community and rural health centers, hospitals*

4. Financial Eligibility Requirements:

   *Gross income less than 185% of poverty, families on Medicaid, AFDC, Food Stamps automatic income eligibility*

5. Medical or Other Eligibility Requirements:

   *Applicant must be at nutritional risk (determined through nutrition assessment.)*

6. Budget and Expenditures for FY 1993-94:

   a. Budget $113,764,755

   b. Expenditures $106,104,497*

7. Budget for FY 1994-95: $117,791,557 *(projection, federal funds not yet finalized)*

8. Program Contact and Phone Number: Alice Lenihan
   715-0636

*Unexpended federal funds available for expenditure the first quarter of FY 1994-95.

DEHNR
DIVISION OF MATERNAL AND CHILD HEALTH

# MEANS TEST PROGRAM

1. Name of Program / Service: Children's Special Health Services (CSHS)

2. Program / Service Description: CSHS is a state agency that pays for specialized health care for children under 21 years of age who have certain chronic medical conditions that could keep them from growing and developing normally.

3. Where is Program / Service Provided?

   a. State:

   b. Regional:

   c. Local *(e.g., hospital, health department, private clinic, rural health clinic, etc.)*: Services are provided by hospitals and physicians.

4. Financial Eligibility Requirements: For all ambulatory services, net income must be no more than federal poverty level. For inpatient care, net income must be no more than poverty for children less than age 8; for children older than age 7, the scale is set in the Appropriation Act.

5. Medical or Other Eligibility Requirements: The child must have at least one of the approximately one thousand chronic disease conditions such as cancer, sickle cell anemia or seizures.

6. Budget and Expenditures for FY 1993-94:

   a. Budget $ 7,664,017

   b. Expenditures $ 5,457,919

7. Budget for FY 1994-95: $ 3,751,323 *

   *Legislative action in 1994 reduced budget by $1.2 million.
   *$2.8 million was transferred to DMA to enhance Medicaid eligibility for children above age 6.

8. Program Contact and Phone Number: Jerry Wilkinson 715-3959



Special Note: The CSHS Program also engages in non-means test activities. The expenditures and budget for those activities are not included.

DEHNR
DIVISION OF MATERNAL AND CHILD HEALTH

**MEANS TEST PROGRAM**

1. Name of Program/Service: School Health Fund Program

2. Program/Service Description: The School Health Fund (SHF) program pays for certain health services for eligible school children from low-income families. School Health Funds are allocated to health departments to reimburse for preventive, diagnostic and treatment services, including dental, psychosocial, emotional and nutrition counseling; and prescribed medications.

3. Where is Program/Service Provided? School Health Funds are allocated by the State to local health departments, which administer the funds.

4. Financial Eligibility Requirements: Currently, financial eligibility for the SHF program is based on either the DEHNR Purchase of Medical Care Services income scale or the Department of Public Instruction's Free Lunch program scale.

5. Medical or Other Eligibility Requirements: Other requirements include North Carolina resident, enrolled in a public or private school in Grades k-12, and less than 20 years of age.

6. Budget and Expenditures for FY 1993-94:

   a. Budget - $847,000

   b. Expenditures - $766,000

7. Budget for FY 1994-95: $834,000

8. Program Contact and Phone Number: Duncan Shaw, 715-3423

DEHNR
DIVISION OF MATERNAL AND CHILD HEALTH

## MEANS TEST PROGRAM

1. **Name of Program / Service:** Adult Cystic Fibrosis Program

2. **Program / Service Description:** Through the Children's Special Health Services, reimbursement is available for medical care of persons 21 years of age and older who have cystic fibrosis. Coverage is also provided for children. Covered services include hospitalization, surgery, physicians' care, laboratory tests, physical therapy, medication, durable medical equipment and medical supplies.

3. **Where is Program / Service Provided?**

   a. State:

   b. Regional:

   c. Local *(e.g., hospital, health department, private clinic, rural health clinic, etc.)*:
   Services are provided by hospitals and physicians.

4. **Financial Eligibility Requirements:**
   To qualify financially, a person must have a net income at or below the federal poverty level.

5. **Medical or Other Eligibility Requirements:**
   To be eligible for coverage, persons with cystic fibrosis must be North Carolina residents and qualify financially.

6. **Budget and Expenditures for FY 1993-94:**

   a. Budget $ 258,631

   b. Expenditures $ 239,090

7. **Budget for FY 1994-95:** $ 400,113

8. **Program Contact and Phone Number:** Jerry Wilkinson - 715-3959

**DEHNR**

**DIVISION OF MATERNAL AND CHILD HEALTH**

**MEANS TEST PROGRAM**

1. Name of Program/Service:

   North Carolina Sickle Cell Syndrome Program.*

2. Program/Service Description:
   Medical reimbursement for adults with sickle cell disease.

3. Where is Program/Service Provided?

   a. State:

   b. Regional:

   c. Local : Hospitals, clinics, and physicians

4. Financial Eligibility Requirements:
   Federal poverty scale for outpatient services and the Appropriations Act for inpatient services.

5. Medical or Other Eligibility Requirements: Residents (ages 21 and over) of North Carolina who have sickle cell disease.

6. Budget and Expenditures for FY 1993-94:

   a. Budget- $ 805,006.00

   b. Expenditures- $ 805,006.00

7. Budget for FY 1994-95: $ 1,061,604.00

8. Program Contact and Phone Number:

   Elaine Whitworth (919) 715-3419

*The North Carolina Sickle Cell Program also engages in non-means test activities and the expenditures and the budget for those activities are not included.

**LEGISLATIVE REQUEST/HEALTH DIRECTOR'S OFFICE**

1. Requestor: Carol Shaw, Fiscal Research

2. Subject: Programs and services with "means-test"

3. Name of Program or Service: **Dental Sealant Promotion**

4. Where is this program or service provided? Please specify.

   a) State?

   b) Regional?

   c) Local (e.g. Health Dept., Hospital, Private Providers, etc.)?
   Public Schools - temporary portable clinical set-up.

5. Are there any financial or medical (or other) eligibility requirements? If yes, specify.

   Children who are selected as sealant project patients must meet the following criteria:
   * Have newly erupted permanent molars with deep grooves and no obvious dental decay.
   * Meet eligibility criteria for free or reduced school lunches.
   * Do not receive dental care through third-party payments like Medicaid or dental insurance.
   * Receive no regular dental care.
   * Be free of any known medical problems.
   * Be willing and able to cooperate with the clinicians.
   Have written permission from a parent or guardian.

6. What was the budget & expenditures for 1993/94?
   $80,000.00

7. What is the projected 1995 budget?
   $80,000.00

# DEPARTMENT OF PUBLIC INSTRUCTION

CHILD NUTRITION SERVICES SECTION
DIVISION OF SCHOOL SERVICES
AUXILIARY SERVICES AREA
DEPARTMENT OF PUBLIC INSTRUCTION

NATIONAL SCHOOL LUNCH PROGRAM

PROGRAM DESCRIPTION: FEDERALLY FUNDED PROGRAM LEGISLATED IN 1946 TO ASSIST STATES THROUGH CASH GRANTS AND FOOD DONATIONS IN MAKING THE SCHOOL LUNCH PROGRAM AVAILABLE TO SCHOOL STUDENTS OF ALL INCOMES AND TO ENCOURAGE THE DOMESTIC CONSUMPTION OF NUTRITIOUS AGRICULTURAL COMMODITIES. ALL PUBLIC SCHOOLS PARTICIPATE AS WELL AS 43 PRIVATE NON-PROFIT RESIDENTIAL CHILD CARING INSTITUTIONS, 3 FEDERAL SCHOOL SYSTEMS, AND 11 NON-PUBLIC SCHOOLS.

ELIGIBILITY REQUIREMENTS

APPLICANTS: STATE AND U. S. TERRITORY AGENCIES, PRIVATE SCHOOLS, AND RESIDENTIAL CHILD CARING INSTITUTIONS THAT ARE EXEMPT FROM INCOME TAX UNDER THE INTERNAL REVENUE CODE, AS AMENDED. SCHOOLS DESIRING TO PARTICIPATE MUST AGREE TO OPERATE A NON-PROFIT FOOD SERVICE PROGRAM THAT IS AVAILABLE TO ALL CHILDREN REGARDLESS OF RACE, SEX, COLOR, NATIONAL ORIGIN, AGE, OR HANDICAP.

BENEFICIARY: ALL CHILDREN ATTENDING SCHOOLS WHERE THE LUNCH PROGRAM IS OPERATING MAY PARTICIPATE. LUNCH IS SERVED FREE OR AT A REDUCED PRICE TO STUDENTS WHO ARE DETERMINED BY LOCAL SCHOOL AUTHORITIES TO HAVE INCOME LEVELS AT OR BELOW 130 AND 185 PERCENT OF POVERTY RESPECTIVELY. SUCH DETERMINATIONS ARE MADE IN ACCORDANCE WITH INCOME ELIGIBILITY GUIDANCE PRESCRIBED BY THE SECRETARY OF AGRICULTURE EACH JULY 1.

1993-94 EXPENDITURES AS OF OCTOBER 4, 1994

FEDERAL: $102,538,405

STATE: $ 12,525,905

CHILD NUTRITION SERVICES SECTION
DIVISION OF SCHOOL SERVICES
AUXILIARY SERVICES AREA
DEPARTMENT OF PUBLIC INSTRUCTION

## SCHOOL BREAKFAST PROGRAM

PROGRAM DESCRIPTION: FEDERALLY FUNDED PROGRAM LEGISLATED IN 1966 TO ASSIST STATES IN PROVIDING A NUTRITIOUS NON-PROFIT BREAKFAST SERVICE FOR SCHOOL CAFETERIAS THROUGH CASH GRANTS AND FOOD DONATIONS. ALL PUBLIC SCHOOL SYSTEMS PARTICIPATE AS WELL AS 43 PRIVATE NON-PROFIT RESIDENTIAL CHILD CARING INSTITUTIONS, 3 NON-PUBLIC SCHOOLS, AND 3 FEDERAL SCHOOL SYSTEMS.

ELIGIBILITY REQUIREMENTS

APPLICANTS: STATE AND U. S. TERRITORY AGENCIES, PRIVATE SCHOOLS, AND RESIDENTIAL CHILD CARING INSTITUTIONS THAT ARE EXEMPT FROM INCOME TAX UNDER THE INTERNAL REVENUE CODE, AS AMENDED. SCHOOLS DESIRING TO PARTICIPATE MUST AGREE TO OPERATE A NON-PROFIT FOOD SERVICE PROGRAM THAT IS AVAILABLE TO ALL CHILDREN REGARDLESS OF RACE, SEX, COLOR, NATIONAL ORIGIN, AGE, OR HANDICAP.

BENEFICIARY: ALL CHILDREN ATTENDING SCHOOLS WHERE THE BREAKFAST PROGRAM IS OPERATING MAY PARTICIPATE. BREAKFAST IS SERVED FREE OR AT A REDUCED PRICE TO STUDENTS WHO ARE DETERMINED BY LOCAL SCHOOL AUTHORITIES TO HAVE INCOME LEVELS AT OR BELOW 130 AND 185 PERCENT OF POVERTY RESPECTIVELY. SUCH DETERMINATIONS ARE MADE IN ACCORDANCE WITH INCOME ELIGIBILITY GUIDANCE PRESCRIBED BY THE SECRETARY OF AGRICULTURE EACH JULY 1.

1993-94 EXPENDITURES AS OF OCTOBER 4, 1994

FEDERAL: $27,965,803

CHILD NUTRITION SERVICES SECTION
DIVISION OF SCHOOL SERVICES
AUXILIARY SERVICES AREA
DEPARTMENT OF PUBLIC INSTRUCTION

SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

PROGRAM DESCRIPTION: FEDERALLY FUNDED PROGRAM LEGISLATED IN 1968 AS AN AMENDMENT TO THE NATIONAL SCHOOL LUNCH ACT. THE PROGRAM IS DESIGNED TO ASSIST STATES THROUGH GRANTS-IN-AID AND OTHER MEANS TO CONDUCT NON-PROFIT FOOD SERVICE PROGRAMS FOR NEEDY CHILDREN DURING THE SUMMER MONTHS AND AT OTHER APPROVED TIMES WHEN AREA SCHOOLS ARE CLOSED FOR VACATION. FUNDS ARE MADE AVAILABLE TO ELIGIBLE SERVICE INSTITUTIONS WHICH CONDUCT A REGULARLY SCHEDULED PROGRAM FOR CHILDREN IN AREAS WHERE AT LEAST 50 PERCENT OF THE CHILDREN MEET THE INCOME ELIGIBILITY CRITERIA FOR FREE AND REDUCED PRICE LUNCHES. THE PROGRAM MAY BE OPERATED GENERALLY DURING THE MONTHS OF MAY THROUGH SEPTEMBER; SERVICE INSTITUTIONS OPERATING FOOD SERVICE PROGRAMS FOR CHILDREN ON SCHOOL VACATION UNDER A CONTINUOUS YEAR-ROUND CALENDAR MAY APPLY FOR PARTICIPATION IN OTHER MONTHS. 101 SPONSORS PARTICIPATED DURING THE SUMMER OF 1993. DISBURSEMENTS TO SERVICE INSTITUTIONS EQUALS THE FULL COST OF FOOD SERVICE OPERATIONS, EXCEPT THAT PER MEAL REIMBURSEMENT RATES CAN NOT BE EXCEEDED. MEALS MUST MEET MINIMUM REQUIREMENTS OF THE DEPARTMENT OF AGRICULTURE.

ELIGIBILITY REQUIREMENTS

APPLICANTS: THE STATE AND U. S. TERRITORY AGENCY APPLIES FOR AND RECEIVES FEDERAL FUNDS FOR DISBURSEMENTS; WHERE THE STATE DOES NOT ADMINISTER THE PROGRAM, THE INSTITUTION MAY RECEIVE FUNDS DIRECTLY FROM THE DEPARTMENT OF AGRICULTURE.

BENEFICIARY: PUBLIC OR PRIVATE NON-PROFIT PRIVATE SCHOOL FOOD AUTHORITIES; PUBLIC OR PRIVATE NON-PROFIT RESIDENTIAL SUMMER CAMPS; OR UNITS OF LOCAL, MUNICIPAL, COUNTY, OR STATE GOVERNMENTS, CONDUCTING A REGULARLY SCHEDULED PROGRAM FOR CHILDREN FROM AREAS IN WHICH LOW-INCOME ECONOMIC CONDITIONS EXIST ARE ELIGIBLE TO PARTICIPATE IN THE PROGRAM. CHILDREN 18 YEARS OR AGE AND UNDER AND PERSONS 18 YEARS OF AGE WHO ARE DETERMINED BY THE STATE EDUCATIONAL AGENCY OR A LOCAL PUBLIC EDUCATIONAL AGENCY OF A STATE TO BE MENTALLY OR PHYSICALLY HANDICAPPED AND WHO PARTICIPATE IN A PUBLIC OR NON-PROFIT PRIVATE SCHOOL PROGRAM ESTABLISHED FOR THE MENTALLY OR PHYSICALLY HANDICAPPED.

1993-94 EXPENDITURES

FEDERAL: $3,602,341

CHILD NUTRITION SERVICES SECTION
DIVISION OF SCHOOL SERVICES
AUXILIARY SERVICES AREA
DEPARTMENT OF PUBLIC INSTRUCTION

CHILD AND ADULT CARE FOOD PROGRAM

PROGRAM DESCRIPTION: FEDERALLY FUNDED PROGRAM LEGISLATED AS AN AMENDMENT TO THE NATIONAL SCHOOL LUNCH ACT IN 1968. THE PROGRAM IS DESIGNED TO ASSIST STATES THROUGH GRANTS-IN-AID AND OTHER MEANS TO MAINTAIN PRIVATE NON-PROFIT FOOD SERVICE PROGRAMS FOR CHILDREN IN PUBLIC AND PRIVATE NON-PROFIT NON-RESIDENTIAL INSTITUTIONS PROVIDING CHILD CARE; FAMILY DAY CARE; AND PRIVATE FOR-PROFIT CENTERS THAT RECEIVE COMPENSATION UNDER TITLE XX OF THE SOCIAL SECURITY ACT FOR AT LEAST 25% OF THE CHILDREN ENROLLED IN NON-RESIDENTIAL DAY-CARE SERVICES. THE OLDER AMERICANS ACT AMENDMENTS OF 1987, PUBLIC LAW 100-175, AMENDED SECTION 17 OF THE NATIONAL SCHOOL LUNCH ACT BY EXTENDING ELIGIBILITY UNDER THE CHILD CARE FOOD PROGRAM TO CERTAIN PERSONS ENROLLED IN CERTAIN ADULT DAY CARE CENTERS. 1,256 CHILD DAY CARE CENTERS, 58 ADULT DAY CARE CENTERS, AND 2,473 FAMILY DAY CARE HOMES PARTICIPATE ON THE PROGRAM.

ELIGIBILITY REQUIREMENTS

APPLICANTS: THE STATE AND U. S. TERRITORY EDUCATIONAL AGENCY OR OTHER AGENCY WITHIN THE STATE AND U. S. TERRITORY APPLIES FOR AND RECEIVES FEDERAL FUNDS FOR DISBURSEMENTS, EXCEPT IN STATES WHERE THAT AGENCY IS NOT PERMITTED TO DISBURSE FUNDS TO ANY INSTITUTION, THE INSTITUTION MAY RECEIVE FUNDS DIRECTLY FROM THE DEPARTMENT OF AGRICULTURE. THE PROGRAM IS LIMITED TO CHILDREN 12 YEARS OLD AND YOUNGER, EXCEPT FOR CHILDREN OF MIGRANT WORKERS AGED 15 YEARS AND YOUNGER, AND THE MENTALLY OR PHYSICALLY HANDICAPPED PERSON WITH NO AGE RESTRICTION EXCEPT THAT PERSONS OVER 12 YEARS OF AGE WOULD BE ELIGIBLE TO PARTICIPATE ONLY IN A CENTER OR HOME WHERE THE MAJORITY OF THE ENROLLES ARE 18 OR UNDER. ADULT PARTICIPANTS ARE ADULTS THAT ARE FUNCTIONALLY IMPAIRED OR 60 YEARS OF AGE.

BENEFICIARY: PUBLIC AND NON-PROFIT PRIVATE ORGANIZATIONS INCLUDING, BUT NOT LIMITED TO DAY-CARE CENTERS, SETTLEMENT HOUSES, RECREATION CENTERS, FAMILY AND GROUP DAY-CARE HOME PROGRAMS, HEAD START PROGRAMS, INSTITUTIONS PROVIDING DAY-CARE SERVICES FOR MENTALLY OR PHYSICALLY HANDICAPPED CHILDREN, AND PRIVATE FOR-PROFIT CENTERS THAT RECEIVE COMPENSATION UNDER TITLE XX OF THE SOCIAL SECURITY ACT FOR AT LEAST 25 PERCENT OF THE CHILDREN ENROLLED IN NON-RESIDENTIAL DAY CARE SERVICES, WHICH ARE LICENSED OR APPROVED BY STATE, LOCAL, OR FEDERAL AUTHORITY.

1993-94 EXPENDITURES AS OF OCTOBER 4, 1994

FEDERAL: $30,934,670

# DEPARTMENT OF AGRICULTURE

## THE EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)

**Program Description:**

Through the Emergency Food Assistance Program (TEFAP), the U.S. Department of Agriculture purchases surplus food commodities and makes them available to state agencies to distribute to low-income individuals. In North Carolina, the program is administered by the N.C. Department of Agriculture. The Department enters agreements with Emergency Food Organizations (EFOs), which are usually county Departments of Social Services, to distribute the food to eligible individuals. The specifics of how the program operates in each county varies considerably across the state. Households eligible for TEFAP may receive a food package once every three months. The package contains any of a number of foods that are available. Foods frequently available include butter, cornmeal, flour, rice, beans applesauce, cheese, honey, peanut butter, egg mix, raising, canned pears, and canned meat. Not all of these foods are available at any given time.

**Eligibility Requirements:**

Households with an annual gross family income not exceeding 130% of the federal poverty guidelines are eligible to participate. Eligibility is determined by "self-declaration," which means there is no verification process. Applicants need not bring any documents to the office when applying. Households that are eligible for Food Stamps are automatically eligible for TEFAP. There is no limit on resources or assets.

# DEPARTMENT OF COMMERCE

## JOB TRAINING PARTNERSHIP ACT (JTPA)

**Program Description:**

Created in 1982 by the federal government to replace the CETA (Comprehensive Employment and Training Act) program, the Job Training Partnership Act (JTPA) program is based on a "partnership" between the local business community and the government. The goal is to provide individuals with education and training that are specific to the needs of local employers.

The state is divided into 26 "service delivery areas," (SDAs) each of which contains an agency designated to administer the funds for the program. Each SDA has a private Industry Council (PIC) that plans and oversees the JTPA activities for the area. The PIC is composed of business representatives as well as representatives from the local agencies that provide education, training, and other job-related services.

At the state level, the program is administered by the Division of Employment and Training within the N.C. Department of Economic and Community Development. The U.S. Department of Labor administers the program at the federal level.

JTPA offers two major categories of programs: comprehensive programs and summer youth programs. In addition, there is a special program for older individuals, age 55 and older and one for dislocated workers who have lost jobs due to plant closings or permanent layoffs. A certain percentage of JTPA funds can be used directly for education and training programs.

JTPA provides local Private Industry Councils discretion in determining what services will be provided within the SDA. Thus, the services vary from one area to another. The following are the types of services that may be available: occupational skills training, on-the-job training; employment exploration, pre-employment skills training, and Supportive Services.

**Eligibility:**

The basic eligibility criteria are that an individual be age 16 or older and "economically disadvantaged." Services to 14 and 15 year old youth may not be available in all areas.

Being "economically disadvantaged" is defined as having a gross family income not exceeding the higher of the federal poverty guidelines or 70% of the "Lower Living Standard Level" as calculated for metropolitan and non-metropolitan areas of the state. The figures are updated annually, usually in April.

Certain individuals are not required to meet the above eligibility criteria. Children age 14 and 15 are eligible for certain programs specifically designed for youth.

Up to ten percent of participants may be eligible if they fail to meet the financial guidelines but they face other barriers to employment. This category may include those who do not speak English, displaced homemakers, ex-offenders, individuals with disabilities, alcoholics, drug addicts, homeless persons, veterans, older persons, teenage parents, run-away youth, dropouts, welfare recipients and persons who are deficient in basic skills.

Finally, dislocated workers who have been laid off and are unlikely to return to their previous occupation, or were affected by a plant closing, or have been unemployed for an extended period of time and are unlikely to return to work in their occupation in their geographic area, were self-employed but are now unemployed, or individuals who are unemployed due to a natural disaster, do not need to meet the financial eligibility guidelines.

**1993-94 Expenditures:**

Federal: $56,845,407
State: $2,900,000 (Worker Training Trust Fund)

EMPLOYMENT SECURITY COMMISSION

EMPLOYMENT SECURITY COMMISSION OF NORTH CAROLINA
POST OFFICE BOX 25903, RALEIGH, NORTH CAROLINA 27611

January 23, 1995

Senator William Martin
Representative David Redwine
Co-Chairs
Welfare Reform Commission
North Carolina General Assembly
Raleigh, North Carolina

Dear Senator Martin and Representative Redwine:

In response to a request from the Fiscal Research Division attached information describes in summary form the Job Training and Placement Services provided by the Employment Security Commission and funding of these services.

If you would like additional information please contact Employment Service Director Manfred Emmrich at 733-7522.

Sincerely,

J G Elliott
for Ann Q. Duncan
Chairman

C-79B

**Employment Security Commission**
**Job Training and Placement Services**

The primary task of the Employment Security Commission's Employment Service is to provide job placement services to job seekers and employers. The Employment Service Division operates a public labor exchange that provides services at eighty-eight locations to anyone who requests our services. Employment Service staff offer on a non-fee basis to employers, job seekers, and educators the service of an efficient statewide, nationally affiliated labor exchange. Staff seek to fill job openings with occupationally qualified workers and to locate for workers, jobs suited to their skills, knowledge and abilities. During the twelve month period that began July 1, 1993, and ended June 30, 1994, staff in the Employment Service interviewed nearly 617,000 individuals. During the same period, employers listed 311,000 job openings and more than 160,000 individuals were placed in jobs.

For applicants who are not job ready, Employment Service staff provide employment counseling, testing, and referral to appropriate rehabilitation services or to training in basic education and job skills. The Employment Service also provides technical assistance to employers with personnel problems related to recruitment, screening, turnover, absenteeism, and job satisfaction.

Through contractual arrangments with various federal, state and local agencies, the Employment Service refers applicants who need training to training facilities and dispenses funds to the institutions which have provided training services.

These arrangements include the Trade Adjustment Assistance program, funded by the U.S. Department of Labor, and various JTPA programs, including a Dislocated Worker program, funded through contractual agreements with the Division of Employment and Training and local Service Delivery Areas (SDA's).

Additionally, the Employment Service contracts with certain county Departments of Social Services to operate the employment portion of the JOBS Program. This segment of our Employment Service operations emphasizes providing labor exchange services to "job ready" participants in the JOBS program. Currently there are contractual agreements with twenty-one of these county agencies. The Employment Service also has a contractual arrangement with the State Division of Social Services to provide labor exchange and other more intensive services to participants in the Food Stamp and Employment Training Program. During the twelve month period that began October 1, 1993, and ended September 30, 1994, agency staff interviewed almost 14,800 individuals who were food stamp recipients. In addition, staff interviewed approximately 3,700 recipients of other welfare payments.

The Agency's Employment Service Division is primarily funded by resources appropriated by Congress through the U.S. Department of Labor under the Wagner-Peyser Act. In addition to Wagner-Peyser funds, the Employment Service receives an annual State appropriation from the Worker Training Trust Fund which is dedicated to supporting local office operations. The Employment Service also receives funds for Veterans' Employment Programs from the U.S. Department of Labor. Supplementing these major funding resources are JTPA funds, and funds resulting from contractual agreements with State and County Social Service Agencies.

C-19C

January 23, 1995

The following is a listing of these funding sources and the funding amounts that were appropriated for the current Program Year which began July 1, 1994:

| | |
|---|---|
| Wagner-Peyser Programs<br>(Federal Funding - USDOL) | $ 18,922,062.00 |
| State Supplemental Programs<br>(State Funding-Worker Training Trust Fund/ Special Administrative Fund) | 8,064,960.00 |
| Veterans' Employment Programs<br>(Federal Funding - USDOL) | 4,031,000.00 |
| JTPA Administrative Funding<br>(Federal Funds - Contractual - DET & SDAs) | 4,604,931.00 |
| Food Stamp Employment Assistance<br>(Federal Funds - Contractual - DSS) | 1,437,100.00 |
| JOBS Program Employment Assistance<br>(Federal Funds - Contractual - County Social Service Departments) | 648,565.00 |
| Trade Adjustment Assistance Administration<br>(Federal Funding - USDOL) | 67,500.00 |

# HOUSING FINANCE AGENCY

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Home Ownership Mortgage Loan Program

2. YEAR BEGUN: 1976

3. SOURCE OF FUNDS: Tax-exempt bond sales

4. CUMULATIVE PRODUCTION:
   (a) households/units : 22,873
   (b) amount : $1,056,280,869.91

5. TARGETING: To first-time home buyers with annual incomes at or below $30,000 for a household of one, $34,500 for a household of two, and $38,500 for a household of three or more (nonmetro counties) and $30,000-34,500 for a household of one, $35,500-38,500 for a household of two, and $41,000-41,500 for a household of three or more (metro counties), meeting acquisition cost and asset limits that are adopted by the agency.

6. DESCRIPTION: Provides below-market, fixed-rate mortgages to low- and moderate-income home buyers. Mortgage funds are reserved on a forward-commitment contract by lenders. The loans are originated and closed by participating lenders, then purchased by the agency with bond proceeds for most bond issues. Monthly payments are collected by participating servicers and remitted to the bond trustee for payment to bondholders. In some bond issues, loans are pooled into a Fannie Mae (FNMA) or Ginnie Mae (GNMA) mortgage-backed security and the securities are purchased by the bond trustee from bond proceeds. FNMA and GNMA insure that the servicer will remit sufficient monthly amounts to the bond trustee for payment to bondholders.

7. WHERE TO APPLY: Lenders apply to the agency during announced funding cycles; households apply at participating mortgage companies, savings and loans, and banks.

8. STATUS: Active; last bond issue in June, 1992. Program has been permanently reauthorized by Congress. Limited funds are available, and a new bond sale is anticipated by January, 1994.

9. STAFF CONTACT: Sharon K. Drewyor, Director of Home Ownership Programs

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Mortgage Credit Certificate (MCC) Program

2. YEAR BEGUN: 1987

3. SOURCE OF FUNDS: Conversion of tax-exempt bond authority

4. CUMULATIVE PRODUCTION:
   (a) households/units : 11,417
   (b) amount : $710,407,103

5. TARGETING: To first-time home buyers with annual incomes at or below $30,000 for a household of one, $34,500 for a household of two, and $38,500 for a household of three or more (nonmetro counties) and $30,000-34,500 for a household of one, $35,500-38,500 for a household of two, and $41,000-41,500 for a household of three or more (metro counties), meeting acquisition cost and asset limits that are adopted by the agency.

6. DESCRIPTION: Provides an alternative for borrowers and lenders to the Home Ownership Mortgage Loan Program. MCCs use a tax credit to reduce the federal income tax which home buyers pay and leave them more disposable income to qualify for a market rate mortgage loan. MCCs can be used with any mortgage offered by lenders. MCCs are issued at credit rates of 25% and 15% depending on the borrower's underwriting ratio for housing expense. MCCs are available through lenders who execute a participation agreement. The agency issues MCCs to eligible households and reports aggregate production to the Department of Treasury.

7. WHERE TO APPLY: Lenders apply to the agency on a first-come, first-served basis for individual borrowers; households apply at participating mortgage companies, savings and loans, and banks.

8. STATUS: Active; last conversion in January, 1992. Program has been permanently reauthorized by Congress. No funds are available, however a new conversion of bond authority will be completed in October, 1993.

9. STAFF CONTACT: Sharon K. Drewyor, Director of Home Ownership Programs

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Home Ownership Challenge Fund (HOCF)

2. YEAR BEGUN: 1987

3. SOURCE OF FUNDS: Prepayments from previous bond issues, targeted area funds from current bond issues, interest earnings on state appropriations in the Home Ownership Assistance Fund, and Mortgage Credit Certificates.

4. CUMULATIVE PRODUCTION:
   (a) households/units : 168
   (b) amount : $7,382,381

5. TARGETING: To first-time home buyers with annual incomes below 80% of the area median income.

6. DESCRIPTION: Consolidates funds from a variety of agency sources and offers them to cities, nonprofit organizations, and for-profit builders to create innovative home ownership opportunities for low-income households. The program leverages resources by requiring that each project contain a local contribution to reduce costs in the form of land cost write-downs, subsidy funds, or services. Participating lenders are secured to originate, close, and service the loans.

7. WHERE TO APPLY: Organizations apply to the agency and funds are made available through an application process without funding cycles. Households apply at participating mortgage companies, savings and loans, and banks.

8. STATUS: Active; last project approved in March, 1993.

9. STAFF CONTACT: Willie Dixon, Manager of Special Mortgage Programs

## PROGRAM FACT SHEET

1. PROGRAM TITLE: Builder Bonus Program

2. YEAR BEGUN: 1991

3. SOURCE OF FUNDS: Prepayments from previous bond issues, targeted area funds from current bond issues, interest earnings on state appropriations in the Home Ownership Assistance Fund, Mortgage Credit Certificates, and the Housing Trust Fund.

4. CUMULATIVE PRODUCTION:
   (a) households/units : 16
   (b) amount : $890,000

5. TARGETING: To first-time home buyers in nonmetro counties with annual incomes below 80% of the area median income who are purchasing a newly constructed home.

6. DESCRIPTION: Consolidates funds from a variety of agency sources, including the Housing Trust Fund, and offers them to for-profit builders who are producing new affordable homes for low-income households in nonmetro counties. The program targets counties that have not been well represented in the agency's home ownership programs.

7. WHERE TO APPLY: Builders apply to the agency during announced funding cycles; households apply at participating mortgage companies, savings and loans, and banks.

8. STATUS: Active; last project approved in February, 1993.

9. STAFF CONTACT: Willie Dixon, Manager of Special Mortgage Programs

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Employer-Assisted Housing Program

2. YEAR BEGUN: 1990

3. SOURCE OF FUNDS: Prepayments from previous bond issues, targeted area or reallocated funds from current bond issues, interest earnings on state appropriations in the Home Ownership Assistance Fund, and Mortgage Credit Certificates.

4. CUMULATIVE PRODUCTION:
   (a) households/units : 19
   (b) amount : $1,174,051

5. TARGETING: To first-time home buyers with annual incomes below 80% of the area median income.

6. DESCRIPTION: Helps employers in attracting and keeping personnel by providing a program which allows the employer to assist their employees in buying a first home. This program provides a set-aside of first mortgage funds, down payment assistance, and in some instances, Mortgage Credit Certificates. However, each employer must make a financial contribution of its own. The agency works with chambers of commerce, economic development corporations, and local governments to identify employers who will participate. Participating lenders are secured to originate and close the loans.

7. WHERE TO APPLY: Businesses apply to the agency and funds are made available through an application process without funding cycles.

8. STATUS: Active; last project approved in June, 1993.

9. STAFF CONTACT: Willie Dixon, Manager of Special Mortgage Programs

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Maxwell/Fuller Self-Help Housing Fund

2. YEAR BEGUN: 1989

3. SOURCE OF FUNDS: Corporate donations and interest earnings from the Home Ownership Assistance Fund.

4. CUMULATIVE PRODUCTION:
   (a) households/units : 29
   (b) amount : $145,000

5. TARGETING: To first-time home buyers with annual incomes below 50% of the area median income.

6. DESCRIPTION: Provides no-interest loans of up to $5,000 per home to qualified nonprofit organizations managing self-help or owner-built housing projects for very-low income households. The organization must repay funds at no-interest over a five year period. No-interest loans from the Housing Trust Fund have also been combined. Priority is given to new organizations and organizations located in nonmetro areas.

7. WHERE TO APPLY: Organizations apply to the agency and funds are made available through an application process without funding cycles.

8. STATUS: Active; last project approved in February, 1993.

9. STAFF CONTACT: Willie Dixon, Manager of Special Mortgage Programs

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Low-Income Housing Credit Program

2. YEAR BEGUN: 1987

3. SOURCE OF FUNDS: Federal statute provides the state with $1.25 per capita (approximately $8.4 million) of annual authority.

4. CUMULATIVE PRODUCTION:
   (a) households/units : 12,356
   (b) amount : $29,131,560

5. TARGETING: To rental projects with at least 20% of the units occupied by households with annual incomes below 50% of the area median income or at least 40% of the units occupied by households with annual incomes below 60% of the area median income.

6. DESCRIPTION: Owners receive a credit against federal taxes for up to 9% of the depreciable basis of an eligible project, each year for 10 years. A project must remain rented to low-income tenants for a minimum of 15 years. The rent and utilities that can be charged are restricted based on area median income and the number of bedrooms in the unit. Projects may be new construction, substantial rehabilitation, or acquisition with rehabilitation.

7. WHERE TO APPLY: The agency serves as staff to the three-member N.C. Federal Tax Reform Allocation Committee chaired by the Secretary of Commerce. Developers apply to the agency during announced funding cycles and recommendations for project approvals are made by the agency's staff to the Committee.

8. STATUS: Active; last awards in August, 1993. Program has been permanently reauthorized by Congress.

9. STAFF CONTACT: Jim Quinn, Director of Rental Programs

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Catalyst Program

2. YEAR BEGUN: 1987

3. SOURCE OF FUNDS: Interest earnings on state appropriated funds in the Multifamily Rental Assistance Fund.

4. CUMULATIVE PRODUCTION:
   (a) households/units : 636
   (b) amount : $430,750

5. TARGETING: To rental projects with units occupied by households with annual incomes below 60% of the area median income.

6. DESCRIPTION: Provides loans to qualified nonprofit corporations for the eligible front-end costs (e.g. market studies, land options) in the development of rental housing projects for low-income households. Repayment of loans at 5% interest is deferred until the close of permanent financing. If the project does not proceed, then half of the loan is granted and the other half is immediately payable.

7. WHERE TO APPLY: Organizations apply to the agency during announced funding cycles.

8. STATUS: Active; last contract approved in February, 1993.

9. STAFF CONTACT: Jim Quinn, Director of Rental Programs

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Housing LINC Loan Fund

2. YEAR BEGUN: 1991

3. SOURCE OF FUNDS: Kate B. Reynolds Foundation grant to N.C. Division of Aging and administered by the agency's staff.

4. CUMULATIVE PRODUCTION:
   (a) households/units : 278
   (b) amount : $228,115

5. TARGETING: To rental projects which propose to have assisted living services for elderly persons and will have units occupied by elderly persons with annual incomes below 60% of the area median income.

6. DESCRIPTION: Provides loans to qualified organizations developing housing with services for the independent elderly who live in rental housing and are of low income. Loans are for eligible front end costs (e.g., design of service packages, market studies, land options, preliminary drawings, subsoil and environmental investigations). Repayment of loans at 5% interest is deferred until the close of permanent financing. If the project does not proceed, then half of the loan is granted and the other half is immediately payable.

7. WHERE TO APPLY: Qualified developers apply to the agency during announced funding cycles.

8. STATUS: Active; loans are made from a revolving loan fund; last contract approved in April, 1993.

9. STAFF CONTACT: Jim Quinn, Director of Rental Programs

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Assisted Independent Living Program

2. YEAR BEGUN: 1992

3. SOURCE OF FUNDS: Robert Wood Johnson Foundation grant

4. CUMULATIVE PRODUCTION:
   (a) households/units : 908 units (participating)
   (b) amount : $75,000

5. TARGETING: To existing rental housing developments that are subsidized with federal rental assistance and occupied by elderly persons with annual incomes below 50% of the area median income.

6. DESCRIPTION: Provides staff support for the identification and coordination of available community services (e.g., congregate meals, meals on wheels, personal care, laundry, shopping, meal preparation, housekeeping assistance, wellness and recreation programs, transportation, budgeting and bill paying) which give assistance to elderly persons and enable them to remain in an independent living setting.

7. WHERE TO APPLY: Owners apply to the agency while staff support is available.

8. STATUS: Active; however, grant will terminate at the end of 1994.

9. STAFF CONTACT: Mary Reca Todd, Service Coordinator

## PROGRAM FACT SHEET

1. PROGRAM TITLE: Multifamily Unsubsidized Loan Program

2. YEAR BEGUN: 1980

3. SOURCE OF FUNDS: Tax-exempt bond sales

4. CUMULATIVE PRODUCTION:
   (a) households/units : 8,188
   (b) amount : $278,420,000

5. TARGETING: To rental projects with at least 20% of the units occupied by households with annual incomes below 50% or 80% of the area median income. All units in a project must be occupied by households with annual incomes below the agency's definition of moderate income.

6. DESCRIPTION: Provides below-market, fixed-rate mortgages to developers of rental housing projects. The loans are originated and closed by participating lenders, then purchased by the agency with bond proceeds. Monthly payments are collected by participating servicers and remitted to the bond trustee for payment to bondholders. The agency monitors each project for compliance with targeting requirements, financial condition, and physical maintenance.

7. WHERE TO APPLY: Developers and participating lenders apply to the agency during announced funding cycles.

8. STATUS: Active; last bond issue in 1986. Program has been permanently reauthorized by Congress.

9. STAFF CONTACT: Jim Quinn, Director of Rental Programs

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Multifamily Subsidized Loan Program

2. YEAR BEGUN: 1976

3. SOURCE OF FUNDS: Project-based rental subsidy contracts provided through the Department of Housing and Urban Development.

4. CUMULATIVE PRODUCTION:
   (a) households/units : 3,445
   (b) amount : $18,666,639 annually

5. TARGETING: To rental projects with all of the units occupied by households with annual incomes below 50% of the area median income.

6. DESCRIPTION: Provides federal rent subsidies to projects which are under contracts between HUD, the agency, and a project owner. The subsidies provide the difference between 30% of a very low-income tenant's adjusted income and the rent necessary to amortize debt and operate the project. Owners' return on equity is limited by federal regulations. The agency monitors each project for compliance with targeting requirements, financial condition, and physical maintenance.

7. STATUS: Inactive; however, rent subsidies from HUD are processed each month by the agency for completed projects.

8. STAFF CONTACT: Rebecca Brown, Manager of Rental Program Compliance

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Agency Rental Assistance Program

2. YEAR BEGUN: 1985

3. SOURCE OF FUNDS: Interest earnings on state appropriated funds in the Multifamily Rental Assistance Fund.

4. CUMULATIVE PRODUCTION:
   (a) households/units : 243 units
   (b) amount : $217,721 per year

5. TARGETING: To renters with annual incomes below 80% of the area median income.

6. DESCRIPTION: Provides agency rent subsidies of up to $100 per month, per unit for low-income tenants in projects financed by the agency or under the Farmers Home Administration's (FmHA) Section 515 Program. The program has been used to leverage more FmHA funding to the state and to stimulate rental project development in counties with a median income that is too low to support the cost of unassisted new construction. Troubled projects that were financed by the agency may also participate to improve occupancy.

7. WHERE TO APPLY: Developers apply to the agency; applications are currently only being accepted for troubled rental projects.

8. STATUS: Active; rent subsidies are processed each month by the agency for eligible projects.

9. STAFF CONTACT: Jim Quinn, Director of Rental Programs

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Security and Utility Deposit Loan Program

2. YEAR BEGUN: 1991

3. SOURCE OF FUNDS: Interest earnings on state appropriated funds in the Multifamily Rental Assistance Fund

4. CUMULATIVE PRODUCTION:
   (a) households/units : 95
   (b) amount : $20,500

5. TARGETING: To persons and families who are homeless and who have reasonable expectations of self sufficiency or maintaining independent living in a standard rental unit.

6. DESCRIPTION: Works through local homeless shelters and government organizations to provide funds for utility and security deposits needed by homeless persons and families, in order to lease a standard rental unit. Funds are provided in the form of a loan with terms determined by the local organizations, or in the form of a guarantee to the appropriate utility companies.

7. WHERE TO APPLY: Qualified organizations can apply to the agency during announced cycles.

8. STATUS: Active; last awards in December, 1992.

9. STAFF CONTACT: Barry Norman, Rental Rehabilitation Coordinator

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Housing Production Program

2. YEAR BEGUN: 1989

3. SOURCE OF FUNDS: Housing Trust Fund, which has received annual appropriations from the General Assembly in the capital budget.

4. CUMULATIVE PRODUCTION:
   (a) households/units : 2,187
   (b) amount : $15,800,000

5. TARGETING: To home ownership projects that are affordable to households below 70% of the area median income and to rental projects that are affordable to households below 50% of the area median income.

6. DESCRIPTION: Provides loans to nonprofit organizations, for-profit developers, units of state and local government, public agencies, and lead regional organizations to finance new and substantially rehabilitated housing, both renter and owner-occupied. Low-interest, amortizing loans of up to $15,000 per unit are processed by the agency for eligible projects. The loans are used to reduce the amount of private financing that is required and improve the affordability of units. The agency monitors the use of funds, management of project operations, and the occupancy of rental projects.

7. WHERE TO APPLY: Organizations apply to the agency during announced funding cycles.

8. STATUS: Active; last awards in July, 1993.

9. STAFF CONTACT: Robert Niegelsky, Housing Trust Fund Development Officer

# PROGRAM FACT SHEET

1. PROGRAM TITLE: Rehabilitation Incentive Program

2. YEAR BEGUN: 1988

3. SOURCE OF FUNDS: Housing Trust Fund, which has received annual appropriation from the General Assembly in the capital budget.

4. CUMULATIVE PRODUCTION:

   (a) households/units : 2,641
   (b) amount : $14,497,529

5. TARGETING: To home owners and renters who occupy substandard housing and are very-low income (30% of area median income); low-income (50% of area median income), and moderate-income (80% of area median income).

6. DESCRIPTION: Provides grants to cities, counties, and nonprofit organizations for improvements associated with the comprehensive rehabilitation of renter and owner-occupied houses. Deferred payment loans or grants of up to $7,500 per unit are processed by the local sponsor for eligible households. The agency monitors the use of funds, management of project operations, and the occupancy of rental projects.

7. WHERE TO APPLY: Organizations apply to the agency during announced funding cycles.

8. STATUS: Active; last awards in February, 1993.

9. STAFF CONTACT: Bob Dunham, Housing Programs Officer

## PROGRAM FACT SHEET

1. PROGRAM TITLE: HOME Investment Partnership Act Program

2. YEAR BEGUN: 1992

3. SOURCE OF FUNDS: Annual appropriations from the Department of Housing and Urban Development

4. CUMULATIVE PRODUCTION:
   (a) households/units : 2,166
   (b) amount : $31,875,089

5. TARGETING: To home ownership projects that are affordable to households below 80% of the area median income and to rental projects that are affordable to households below 60% of the area median income.

6. DESCRIPTION: Provides federal funds through a competitive process to units of local government, and nonprofits. Funds may be used as grants or loans to support new construction, rehab, rental assistance, and home ownership assistance. At least 15% of the state's funding must be reserved for Community Housing Development Organizations (CHDOs), which are nonprofits that meet a series of HUD standards. Funds are set aside in the east, central, and west regions for different types of programs (e.g., rental, homeownership, rehabilitation). Also, there have been set-asides for the state's Division of Mental Health and for units of government that form consortia. A total of 10% can be spent for administration; 7% has been designated to pass through to grantees. Federal law requires a state or local match of 30% for new construction and 25% for all other projects. The agency monitors all recipients for compliance with federal requirements.

7. WHERE TO APPLY: Organizations apply to the agency during announced funding cycles.

8. STATUS: Active; last awards in July, 1993.

9. STAFF CONTACT: Steve Culnon, HOME Program Manager

North Carolina HOUSING FINANCE AGENCY

# HOME Program and Housing Trust Fund

## FUNDING AVAILABLE IN 1995

A. Robert Kucab
Executive Director

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27607-2926

Tel. 919-781-6115
Fax. 919-781-5623

### RENTAL HOUSING

1. **Rental Housing Production Program ($10,000,000)**

   Provides loans of up to $1 million per project for the production of rental housing for households below 60% of median income. Available in first and second quarters of 1995. Contact Ellen Groh (919) 420-7903.

2. **Tenant Based Rental Assistance Program ($2,000,000)**

   Provides funding for tenant based rental assistance to local housing agencies assisting tenants with incomes below 50% of median income. Available in fourth quarter of 1995. Contact Stephanie Barnes-Simms (919) 571-4913.

### HOME OWNERSHIP

1. **Home Ownership Production Program ($1,250,000)**

   Provides construction loan subsidies and deferred second mortgage loans of up to $15,000 per unit for the purchase of newly constructed or rehabilitated homes. Assistance targeted to home buyers below 80% of median income. Available in the third quarter of 1995. Contact Bill Bunting (919) 571-4915.

2. **Home Buyer Assistance Program ($750,000)**

   Provides deferred second mortgage loans of up to $15,000 per unit for the purchase of existing housing. Assistance targeted to home buyers below 80% of median income. Available in the third quarter of 1995. Contact Stephanie Barnes-Simms (919) 571-4913.

3. **Mortgage Revenue Bond Loan Subsidy Program ($2,000,000)**

   Provides first mortgage loans and deferred second mortgage loans of up to $15,000 per unit through lenders who are participating in the Agency's statewide home ownership program. Assistance targeted to first-time home buyers below 80% of median income. Available in the second and third quarters of 1995. Contact Sharon Drewyor (919) 571-4755.

### HOUSING REHABILITATION

1. **Home Owner Rehabilitation Program ($4,000,000)**

   Provides grants of up to $300,000 to local and regional governments and nonprofit organizations to rehabilitate owner-occupied homes. Assistance targeted to home owners below 50% of median income. Available in fourth quarter of 1995. Contact Bob Dunham (919) 571-4778.

2. **Rental Rehabilitation Program ($2,000,000)**

   Provides grants to local and regional governments and nonprofit organizations to rehabilitate rental property and special needs housing. Assistance limited to properties with rents affordable to renters below 60% of median income. Available in fourth quarter of 1995. Contact Bob Dunham (919) 571-4778.

For general questions about Program Development call Bill Dowse (919) 571-4774.

# FEDERAL HOUSING PROGRAMS

## FEDERAL PUBLIC HOUSING

**Program Description:**

The federal public housing program was established by the Housing Act of 1937 in order to provide decent, safe, and sanitary housing for low-income families. The program allows local public housing authorities (PHAs) to own and operate rental housing with financial support from the federal government.

At the national level, the program is administered by the U.S. Department of Housing and Urban Development (HUD). HUD's role is primarily that o funding the projects, overseeing local PHAs in their operation of federal public housing, ensuring compliance with federal statutes and regulations, and monitoring contracts between the PHAs and HUD. There is no state involvement in the administration of public housing, although the existence of PHAs is authorized by state law. Locally, programs are administered by local public housing authorities, which may be associated with a region, county, or municipality and answer to local Boards of Commissioners. The federal law gives these local authorities considerable discretion in operating the projects, so here are many differences among the PHAs in the state.

**Eligibility:**

Families admitted into public housing have the right to continued occupancy in a "decent, safe, and sanitary" housing unit for a rent of 30% of he family income. A family or individual must be either "low income" or "very low income" to be eligible for public housing. Low income is defined as having an annual income of less than 80% of the median income in the area. Very low income is defined as having an annual income of less than 50% of the median income in the area. HUD publishes the median income levels for each county for use by the PHAs.

To be eligible for public housing, a tenant must be described by one of the following:

- A family (which is not defined in the federal regulations but in most cases is interpreted as group o individuals related by blood or marriage, and in some cases requires the presence of children)
- A single, pregnant woman with no other children
- An elderly individual (age 6 or older)
- A handicapped or disabled individual
- A displace person (housing lost as a result of a disaster or governmental action)
- The remaining member of a tenant family that has left the housing unit

## FEDERALLY SUBSIDIZED HOUSING

**Program Description:**

Over the last several decades, Congress has enacted numerous programs designed to make available housing units to lower income families and individuals at below market rates. In some cases, the government has subsidized the mortgage interest at the purchase of housing units, thereby allowing the owner of property to pay the difference between the fair market rent and a percentage of each tenant's income.

Each of the programs has its own set of rules. For some tenants, more than one subsidy is involved, subjecting them to two sets of rules. In most federally subsidized situations, the property is owned and manages by private housing developers who agree to provide certain benefits to tenants in exchange for receiving certain economic benefits from the government. In some situations, the local public housing authority is involved in determining eligibility and rents, and in others it is not. At the federal level, the programs are all administered by the U.S. Department of Housing and Urban Development (HUD).

The various programs are often known by section numbers, which refer to sections of the National Housing Act or other legislation. The most common subsidized housing programs are Section 236; Section 221(d)(3); Section 202; Section 8 New Construction, Substantial Rehabilitation, Moderate Rehabilitation and Set-Aside; and Rent Supplementation.

**Eligibility:**

**Most Units**

For Section 236, Section 221(d)(3), and Section 8 New Construction, Substantial Rehab, and Set Aside projects, there are virtually no personal eligibility requirements. Families and single persons are eligible. There are no citizenship or alien requirements.

**Section 8 Moderate Rehab**

To receive a Section 8 Moderate Rehab subsidy, a prospective tenant must be a family, elderly, handicapped, the remaining member of a tenant household, or a single person who already resided in the unit before the rehabilitation began. With the exception of the last criterion, these are the same as in the Section 8 Existing Housing program. See Rental Assistance, Personal Eligibility at p. 243, for more details.

## RENTAL ASSISTANCE (SECTION 8 EXISTING HOUSING)

**Program Description:**

Rental Assitance, known as the Section 8 Existing Housing Program or the Housing Assistance Program (HAP), allows tenants to live in private housing and receive assitance with their rent and utilities. The U.S. Department of Housing and Urban Development (HUD) contracts with an owner of private housing to pay the difference between the fair market rent and 30% of the tenant's income. The local public housing authority administers the selection of tenants, who receive cetificates of family participation or vouchers and then may rent a dwelling of their choice in the community as long as it meets cetain standards.

**Eligibility:**

A family or individual must be either "low income" or "very low income" to be eligible to participate in the Section 8 Existing Housing Program. Low income is defined as having an annual income of less than 80% of the median income in the area. Very low income is defined as having an annual income of less than 50% of the median income in the area. HUD publishes the median income levels for each county for use by the PHAs.

To be eligible for Rental Assitance, a tenant must be one of the following:

- A family (which is not defined in the federal regulations but in most cases is interpreted as group o individuals related by blood or marriage, and in some cases requires the presence of children)
- A single, pregnant woman with no other children
- An elderly individual (age 62 or older)
- A handicapped or disabled individual
- A displaced person (housing lost as a result of a disaster or governmental action)
- The remaining member of a tenant family that has left the housing unit

**Section 202**

Eligibility for Section 202 housing requires that the tenant be elderly (age 62 years o older) or handicapped.

Tenants can be a family in which the head of household (or his/her spouse) is age 62 or older, or handicapped. Not everyone in the unit must be elderly or handicapped.

A handicapped person is one who has an impairment that is expected to last indefinitely, that substantially impedes his/her ability to live independently, and is of such nature that his/her ability to live independently could be improved by more suitable housing.

**Financial Eligibility**

For most programs, the prospective tenant may not have a family income that exceeds 80% of the median income for the area. HUD publishes these figures.

Income is counted the same way it is counted for Public Housing. When the rent is based on 30% of the family income, it is computed as it would be in public housing. See Federal Public Housing, Financial Eligibility section at p. 229 for more information.

"SIDE-BY-SIDE" COMPARISON DOCUMENT

[FIRST DRAFT NOVEMBER 27, 1994, Revised Nov. 30, 1994]

Side-By-Side Comparision of Major Issues of Certain Welfare Reform Proposals**

- Republican Congressional Initiative - RCI
- Administrative Initiative - AI
- American Public Welfare Association Initiative - APWAI
- Association of County Directors of Social Services Initiative - ACDSSI
- Governor's Task Force on Welfare Reform Initiative - GTFWRI (General Policy Statements; Specifics to be Developed)
- Legal Services Initiative - LSI
- Legislative Study Commission on Welfare Reform Initiative - LSCWRI (To Be Developed)

* Staff has not yet received or reviewed the redrafted "Personal Responsibility Act". Recommendations under "RCI" are a combination of recommendations from HR 3500, introduced last year, together with press details and summaries of APWA W-Memos.

** The administrative Initiative will likely be redrawn, Following chart will change to reflect changed details

** The particulars of RCI, and AI and APWAI are taken from A-PWA's W-Memo, October Issue

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GOALS

| RCI | AI | APWAI | ACDSSI | GTFWRI | LBI |
|---|---|---|---|---|---|
| "The Personal Responsibility Act"<br><br>*Note: All proposals' goals aim at changing welfare from subsistence maintenance to self-sufficiency. The difference lies, basically, in whether to use encouragement or requirement and in specifics of Benefit Limits/Time Limits. | "The Work and Responsibility Act" | "Responsibility;<br>Work;<br>Pride" | "Family Investment Program". To move citizens from reliance upon government support to independence and self-sufficiency. | To encourage individuals to move from welfare dependency to work; to treat fairly all people, promote dignity and self-respect, focus on the well-being of children, and be administered in a fiscally responsible manner. | "Toward Economic Independence: An Analysis of Method to Help North Carolina's Poor Reach Economic Independence" |

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BENEFIT LIMITS / TIME LIMITS

| RCI | AI | APWAI | ACDSSI | OTPWRI | LSI |
|---|---|---|---|---|---|
| (1) **Minor Parent Limit** | | | | | |
| No AFDC, housing benefits to unmarried minor parents and their children. States may deny benefits to unmarried parents of up to 21 years of age. [?What about minors living with their parents?] [States can also opt out and pay for all.] | No AFDC, housing benefits to unmarried minor parents and their children unless they live with the minor parent's family. | No Limit | No limit. Benefits to parents should be provided in such a way as not to stigmatize citizens and to mainstream them into existing community programs systems such as HMO's childcare referral systems.<br><br>Concentrate on precondition of teen prenancy and encourage services to adolescent parents work to keep from mother's in school and to delay second pregnancies. | No limits; target services to teen parents in welfare system and find ways to discourage teen parenthood. | No Limits; provide social services to help teen parents into jobs that will support them and their family. |
| (2) **Paternity Establishment** | | | | | |
| No AFDC benefits for children unless paternity is established or unless mother identifies up to 3 possible fathers. | States risk losing portion of Federal match unless they have established paternity within one year after mother has named father. Mothers who do not cooperate will be denied benefits (AFDC) for children. | Encouraage improved paternity establishment. | Paternity establishment should be established at birth through hospitals or as soon as feasible through the quickest legal remedy available. | | Keep rules as is on paternity establishment; change current law to help establish paternity and find fathers to collect support. |
| (3) **Family Cap** | | | | | |
| No additional AFDC benefits for children born to AFDC recipients who received benefits during the 10-month period ending with the birth of the child. [States may opt out.] | States given option to deny or limit benefits for additional children. | No Cap | No Cap | No Cap | No Cap |

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| RCI | AI | ADWAI | ACDSSI | OTFWRI | LSI |
|---|---|---|---|---|---|
| (4) Time Limit<br><br>2 - year training limit; all families off AFDC after a total of 5 years of benefits. States may end AFDC to familes after 2 years if at least 1 year spent in program. No job creation. | 2 years to find job. After 2 years and no job, assigned to WORK program. AFDC continues until state terminates or returns recipient to JOBS. Job creation. | After 2 years of JOBS, must work in unsubsidized employment in public or private sector. | Time-limited in accordance with the contract and employability plan. | | No Limit |
| (5) Entitlement Status<br><br>Entitlement status is removed from AFDC, SSI, and public housing. Caps placed on federal spending for these programs, what was spent last year plus inflation. | Retain entitlement status | Retain entitlement status | Retain entitlement status | Retain entitlement status | Retain entitlement status |
| (6) Noncitizen Benefit Limits<br><br>*Noncitizens are denied benefits for AFDC, Medicaid, Food Stamps, and over 60 other federal programs. | Under SSI, 5 year sponsor-to-alien made permanent. After 6 years in U.S., and without citizenship, no sponsored immigrant is eligible for AFDC, SSI, and food stamps if sponsor's income above median line. | No Limits | No Limits | No Limits | No Limits |
| *Legal staff believes that although the federal government may deny federal services to legal immigrants, public services must be provided by some entity, whether the state of county. The issue of what can be denied illegal immigrants is already an issue in the California courts. | | | Benefit Level<br>Establish Family Living Standard (FLS) based on nationally set methodology which allows each state's market basket to determine basic living costs. Payment levels on basis of each family's actual need.<br><br>Benefits coordinated and provided in conjunction with earned income credit.<br><br>Funding<br>*Adequate resources must be made available to each county in an equitable manner | | |

EDUCATION REQUIREMENTS / ENCOURAGEMENT

| RCI | AI | APWAI | ACDSSI | GTFWR | LSI |
|---|---|---|---|---|---|
| States may reduce grant by $75/month for each parent under 21 who has not completed high school or its equivalent and for each dependent child with delinquent attendance. States may increase benefits by $75/month if family meets or exceeds expectations. [This will provide "good performance behavior" incentives to children in school] | All eligible teens must remain enrolled in school or GED equivalent. A designated number of community sites chosen by HHS and others to educate and support school-age youth, with an emphasis on pregnancy prevention. | | Strengthen public education for low income children and support the work of the schools with parents, including preparing children for school and assuring they make maximum academic progress, and, at a minimum, complete high school | | Improve public education to provide more assistance and alternative education for at-risk students. |
| | Teens must obtan high school diploma unless determined otherwise by case manager. Noncompliance results in grant reduction of the lesser of $60 or 20% of grant. States may provide bonuses or impose sanctions on attendance. | | Contract/Plan may provide specific education requirements. | | |
| | | | Minor parents required to stay in school. | | |
| | | | Ed. opp. range from literary to college level. | | |
| States may require attendance at parenting and money management classes. | | | Encourage education services to adolescent parents. | | |

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WORK / JOB TRAINING / ED. REQUIREMENTS / ENCOURAGEMENTS

1

| RCI | AI | APWAI | ACDSSI | GTFWRI | LSI |
|---|---|---|---|---|---|
| | [Personal Responsibility As Parent] | [Agreement of Mutual Responsibility] | [Contract For Plan] | [Clearly Understood Responsibilities] | |
| States may establish time-limited job education and training programs to help recipients move to paid employment. AFDC recipients are required to work an average of 35 hours per week or 30 hours plus 5 hours of job search. AFDC-UPs are required to work 32 hours per week plus 8 hours in job search. AFDC-UPs receive Food Stamp benefits in cash.<br><br>Eliminate requirement in private sector that work supp. participants be assigned only to unfilled newly created jobs. | Employability plan within 90 days of receiving benefits. Up-front job search required for those job ready. JOBS linked with education and training programs, Dept. of Labor programs, national Service, etc. Work supp. participantes may be assigned to unfilled vacancies in private sector provided they do not violate current nondisplacement law.<br><br>States required to include description of how to include training for women in nontraditional employment. Microenterprise is allowable activity. Individuals in self-initiated education and training receive child care benefits if activities are JOBS - approved.<br><br>States may develop training and employment programs for non-custodial parents. | 3 phase JOBS program, including a JOBS prep phase. States required to implement all mandatory and optional JOBS components. Eliminates requirement that work supp. participants be assigned only to unfilled newly created job. | Authorized plan of work, training, or education.<br><br>Individualized agreement to identify needs and goals of parents.<br><br>Job training based on community job jarket.<br><br>Supportive services, including counseling, day care, transportation, job preparation, and orientation.<br><br>Work experience, Job search services<br><br>Targeted to new applicants and those who have received assistance for less than 2 years.<br><br>Linkage between private sectors/industry, economic development, educational resources that comprise specific and appropriate job training.<br><br>Cash incentives rather than penalty.<br><br>Cash management continued, at discretion of case manager, to follow up and help client with any problems that arise and could otherwise cause a return to welfare. | Encourage and reward work.<br><br>Promote real economic choices by providing education, training, and transitional services as individuals move from public assistance to the work place.<br><br>Recognize the importance of the linkage between economic development, job creation, and welfare reform. | Expand and improve JOBS. Include more case management to whole family to assist in shaping education and job training to their skills and abilities.<br><br>Coordinate with other job training and community college programs and connect closely with job market. Educational experience must be varied and include a combination of basic skills and job training.<br><br>Provide support for individual and family during training and transition to job.<br><br>Continue with follow-up until family is stable. |

C-109

WORK / JOB TRAINING / ED. REQUIREMENTS / ENCOURAGEMENT

2

| RCI | AI | ADWAI | ACDSSI | GTPWRI | LSI |
|---|---|---|---|---|---|
| **Exemptions** | **Exemptions** | **Exemptions** | **Exemptions** | **Exemptions** | **Exemptions** |
| Exempt if incapacitated, working over 30 hours/week, caring for disabled dependent, have a child returned to the home during preceding 2 months after removal, giving birth to 6 months to first child while on AFDC, or to subsequent child during a 4 month period after participating in AFDC. | Deferred if parent of a child less than age 1 or if child conceived while parent on AFDC, if child is up to 12 weeks old, if individual is ill or incapacitated, 60 or older, is needed to care for another household member, is in third timester of pregnancy, lives in remote area.<br><br>Deferred cap set at 5% through '99 and 10% thereafter. Loss of IV-A funds if exceeded. | None, but work requirements apply only to those in JOBS. | Recognize that some public assistance clients are not ready for education, training, or employment, and provide socialization skills and other specific services to address the problems that inhibit self-sufficiency. | ? | ? |



2-116

NON-COMPLIANCE PENALTIES GENERALLY

| RCI | AI | APWAI | ACDSSI | GTFWRI | LAI |
|---|---|---|---|---|---|
| Non-compliance results in a 25% reduction in combined AFDC and food stamp benefits; 3rd offense results in loss of AFDC eligibility. | Non-compliance results in loss of parents' AFDC benefits until compliance. Second offense is a minimum of 3 months of parents' benefit loss. 3rd is a minimum of 6 months loss.<br><br>Refusal to take a job when in a WORK program results in family's benefit loss for 6 months. Quitting or being dismissed from WORK slot results in loss of 50% of family's grant for 1 month. Second offense is 3 months. 3rd offense entire grant is lost for family for 3 months. 4th and subsequent offenses entire grant lost for 6 months for family. [Note: Remember States have the option to terminate AFDC at the point where the WORK participant is not participating.] | Non-compliance results in a 25% reduction of combined AFDC and Food Stamp benefits. | *Cash incentive rather than penalties for non-compliance. | ? | ? |

C-111

REMOVAL OF DISINCENTIVES TO WORK

C-112

| RCI | AI | ADWAI | ACDSSI | GTFWRI | LSI |
|---|---|---|---|---|---|
| Families may keep up to $10,000 in employment earning, assets from self-employment activities.<br><br>States without authority to limit time benefits are paid may provide benefits for only 6 months in a 12 month period.<br><br>States may modify current deduction rules up to $200 plus 1/2 of the remainder of earnings. | ADFC resource limit raised to $2,000 or $3,000 for household with a member 60 years of age or older.<br><br>Recipients may establish Individual Development Accounts (IDAs) not to exceed $10,000, which will matched by federal dollars on a demonstration basis.<br><br>State may eliminate 100 hour rule, 30 day unemployment requirement, and unemployment test.<br><br>States must disregard income if not less than $120 p.m. and not more than first $200, and not less than 1/3 and not more than 1/2 of the remainder.<br><br>States must disregard a minimum of $120 p.m. but states may establish higher earnings disregard, amounts to encourage work. | States may increase earned income deduction through State plan process. | Allow for assets growth and retention via IDAs, targeted for specific purposes such as for the purchase of a home, to obtain education, training, to develop small business, to purchase needed reliable vehicle. [Expansion of current SSI PASS program.]<br><br>IDAs excluded from reserve/ resource limits currently applied in AFDC Medicaid, Food Stamps.<br><br>Parents who successfully become employed allowed a total disregard of earned income for 3 months and a graduated reduction or disregard over following 9 months.<br><br>No disregard for parent who quits or is dismissed for good cause.<br><br>Medical coverage assured for 1 year for employed parents within no limit income. | | Families may keep benefits and income up to the "Standard of Need".<br><br>Increase AFDC asset limit for cars and real property.<br><br>Allow families to save money for a car, school, on a house, in an IDA.<br><br>Eliminate 100 hour rules for AFDC-UP and loosen other requirements to make it easier for two parent families to qualify.<br><br>Expand transitional Medicaid and enact "fill the Gap", which will expand Medicaid eligibility. |

ADDITIONAL NEW INCENTIVES TO WORK

| RCI | AI | ADWAI | ACDSSI | OTFWRI | LSI |
|---|---|---|---|---|---|
| | EITC<br>Under demonstration, states may make advance payment of Earned Income Tax Credit (EITC) to eligible residents.<br><br>Noncitizens ineligible<br><br>WORK wages not eligible. | EITC<br>State required to provide written notice of EITC eligibility.<br><br>Wages from "Wages Under Benefits" qualify as earned income to receive EITC. | EITC<br>Expand EITC. | | STATE EITC<br>~~Create a State~~ tax credit for low income workers (State Earned Income Tax Credit). |
| | | | OTHER<br>Emphasize local flexibility in program design to recognize local job markets, rural and urban nature of counties, and level of available support services and resources.<br><br>Encourage legislative action at federal and state level to expand efforts to assist low income, working families through the tax systems, i.e. property taxes, sales taxes, income taxes, etc.<br><br>Fair minimum wage increased enhancement for private sector employment of welfare recipients.<br><br>Establish themselves for private sector to provide health and child care benefits.<br><br>Provide more charitable giving incentives.<br><br>Establish federal and state policy to allow public funds saved when new clients become employed to be recycled back to local agency to be used for support services.<br><br>Use foundation funding for local need. | OTHER<br>Explore and use a variety of approaches and resources to move families toward permanent self-sufficiency.<br><br>Use public and private sector entities in planning and implementing reform strategies. | OTHER<br>Develop a food tax credit for low income workers. |

C-113

REMOVAL OF DISINCENTIVES TO FAMILY RESPONSIBILITY

| RCI | AI | ADWAI | ACDSSI | GTFWRI | LS |
|---|---|---|---|---|---|
| Provides married couple transition benefits.<br><br>For recipients before 10/01/93, state may allow family's continued eligibility for not more than 12 months and if the family income is less than 150% of poverty if stepparent present. | States may increase amount of stepparent disregards. | | | | Provide case management to whole family so all are assisted, with focus on improving child's chance of independence. Provide, and connect families with, a variety of services to help them deal with personal issues so they can reach self-sufficiency.<br><br>Increase available, safe, affordable housing. Coordinate housing and welfare programs at public housing site to help communities help themselves. |

C-114

SIMPLIFICATON AND COORDINATION

| RCI | AI | ADWAI | ACDSSI | GTFWRI | LSI |
|---|---|---|---|---|---|
| Block Grant Streamlining. | States may use prospective or retrospective budgeting with or without monthly reporting. Excludes non-recurring lump sum payments from income, for AFDC disregards reimbursements and EITC as resources for AFDC and food Stamps programs. States may implement federal income tax intercept programs to collect outstanding AFDC overpayments. | 57 specific proposals for AFDC and food stamp simplification and coordination.<br>[Staff has sent for proposal] | Full implementation of payment at the federal poverty level, 1 payment to include all federal assistance, AFDC, LIEAP, Food Stamps, nutrition assistance, housing.<br><br>1 single automated application simplifying the system for citizens and eliminating wasteful administrative procedures.<br><br>"1- stop shopping through use of common eligibility criteria utilizing the experience of the Food Stamp Simplification Project and the one worker, case manager concept.<br><br>Client family outcome goals focus.<br><br>Emphasize local flexibility in program design to recognize local job markets, rural v. urban nature of counties, and level of available support services and resources.<br><br>[Automation and uniformity of rules and regulations must be accomplished.] | Develop a flexible system that makes use of technology for efficiency and accountability.<br><br>Streamline and eliminate bureaucratic barriers to self-sufficiency. | Make many AFDC asset limits the same as for Food Stamps. |

C-115

EVALUATIONS/ OUTCOME MEASURES

| RCI | AI | ADWAI | ACDSSI | GTFWRI | LSI |
|---|---|---|---|---|---|
| | HHS enacts an outcome - based performance standard system measuring programs' efficiency in improving clients' self-sufficiency and othe provisions. Develops specific outcomes on performance measures and publishes them in Federal Register by 10/01/96. By 01/10/98, presents recommendations based on gathered info. for formalization into legislation. | | Client family outcome goals such as employment, crisis resolution, and family stability should be the focus of the Family Investment Program enhanced by support services provided within the program time frame.<br><br>Program integrity will be assured through any and all technology that can be used to identify applicants recipients and cross-reference between and among counties and states. | | |

C-116

IMMUNIZATIONS / CHILD HEALTH *

| RCI | AI | ADWAI | ACDSSI | GTFWRI | LSI |
| --- | --- | --- | --- | --- | --- |
| As of 10/1/95, children who have not received preventive health care or immunizations are denied benefits. | | | | | |

*In addition to recommendations to remove disincentives to work by expanding Medicaid in transitional services.

C-117

MANDATORY SUBSTANCE ABUSE TREATMENT

| RCI | AI | ADWAIA | ACDSSI | GTFWRI | LSI |
|---|---|---|---|---|---|
| All participantes with substance abuse problems must participate satisfactorily in an appropriate addiction treatment program. | States may require treatment for substance abuse. | Participants unemployable due to substance abuse must enter JOBS Prep and recieve necessary treatment. | | | |

C-118

M

CHILD CARE / TRANSITIONAL CHILD CARE

| RCI | AI | ADWAI | ACDSSI | OTPWRI | LSI |
| --- | --- | --- | --- | --- | --- |
| ? | Child care guaranteed during education, training, and work programs.<br><br>States must supplement disregard or offer another child care arrangement. States may extend hours and weeks of care under IV-A programs. States shall not lower statewide limits in payment below those in effect 1/1/94.<br><br>IV-A child care programs follow CCDBG requirements.<br><br>States may place all federal child care programs into one agency. | Expand quality child care options for lower income families, expecially those leaving welfare to work.<br><br>Make Dependent Care Tax Credit fully refundable.<br><br>States may provide TCC for an additional 12 months. | Increase access to and availability of affordable, quality day care to meet the developmental needs of children and to assist incentive moving towards self-sufficiency. | Provide all transitional service, including child care, as individuals move from public assistance to work place. | Improve child care and make it available to more families for a longer period:<br>(1) Require full-time child care cooordinator in each county.<br>(2) Set a statewide market rate.<br>(3) Increase elgibility for child care subsidy to 75% of median income.<br>(4) appropriate full funding for subsidy programs.<br>(5) Expand Smart Start to serve all 100 counties. |

C-119

| RCI | AI | ADWAI | ACDSSI | GTFWRI | LSI |
|---|---|---|---|---|---|
| **Use of Social Security Numbers**<br><br>HHS must establish commission to determine cost and feasibility of interstate systems to compare social security numbers of all recipients to identify whether they are receiving benefits from more than 1 state. | Implements 'MIS' infrastructure to use location and recipt of AFDC with names and social security numbers to detect and prevent fraud abuse. | | | | |

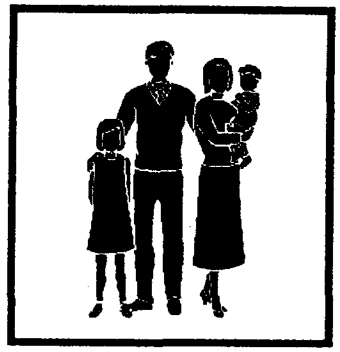
C-120

"THE FAMILY INVESTMENT PROGRAM"

North Carolina Association of County Commissioners

~~Attachment~~ #6

# A Blueprint For Independence



# THE FAMILY INVESTMENT PROGRAM

A Welfare Reform Proposal
Developed By

North Carolina
Association Of County Directors Of Social Services

Affiliate Member: North Carolina Association of County Commissioners

C-122

# EXECUTIVE SUMMARY

With the current interest in welfare reform on all levels of government and the public, the North Carolina Association of County Directors of Social Services has developed a document that outlines how it believes the citizens of the state can best be served by any reform of the present system. The document identifies basic philosophical principles that must underpin any welfare reform effort. These principles include: recognition of the importance of the family unit; recognition of each citizen's worth and dignity; the shared responsibility for the attainment of self-sufficiency between recipients of assistance and government; and the provision of assistance without stigmatization. The principles also address the administrative structure of public assistance programs, citing the need for program rules that are easily understood and consistent among programs with a cost-effective, efficient administrative support system driven by an automated system to assist in the delivery of benefits.

The document places existing public assistance programs under a welfare reform proposal for the Family Investment Program. The program stresses the importance of preventive and supportive services to families. The tenor of an interview for public assistance would change from routine processing of paperwork to family-focused problem identification and goal setting. Specific services cited include those directed toward job training and education, prevention of teenage pregnancy, parenting education, quality day care, and transportation. The child support system must be uniform among the states, with stringent laws that compel absent parents to support their children. Many times the receipt of court ordered child support will prevent the need for government assistance.

Moving citizens from reliance upon government support to independence and self-sufficiency is not the sole responsibility of the local departments of social services; it is a community responsibility. In order for citizens to become independent, economic development is of the utmost importance. There must be a blending of public and private funding. Incentives for private sector employment of recipients must be expanded. Incentives are needed for business and industry to provide health and child care benefits to workers. Tax laws should provide incentives for charitable giving and should expand efforts to assist low income, working families. Foundation funds are needed to pilot projects and for planning and evaluation of these projects that are focused upon citizen self-support and self-sufficiency. The minimum wage must be established at a level adequate enough to provide income at or above the poverty level for an average size family.

Finally, the cumbersome regulations that underpin the current public assistance system <u>must</u> be simplified and streamlined by eliminating federal and/or state regulations that require duplicative, inefficient administrative procedures. In other words, welfare reform efforts must focus on the desired outcomes for families and the needed resources to achieve these outcomes rather than an unwieldy eligibility process which becomes a barrier, rather than a vehicle, for attaining self-sufficiency for our citizens and their families.

# WELFARE REFORM STEERING COMMITTEE

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**CHAIRMAN**

**JOHN BLAIR, DIRECTOR, GASTON COUNTY**
**PAT CAPEHART, DIRECTOR, BEAUFORT COUNTY**
**JAMES F. COOK, DIRECTOR, CABARRUS COUNTY**
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215-D Glenwood Avenue
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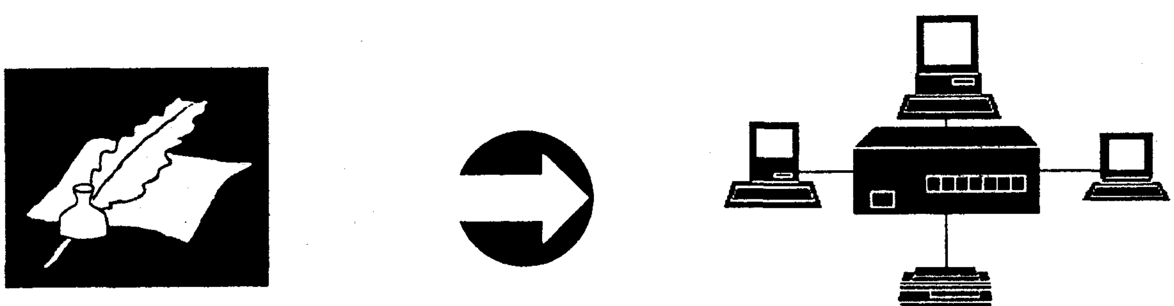
# NORTH CAROLINA ASSOCIATION
# OF
# COUNTY DIRECTORS OF SOCIAL SERVICES
# WELFARE REFORM PROPOSAL

## INTRODUCTION

For more than twenty years, county social services directors in North Carolina have been fighting the proliferation of red tape and paperwork in the administration of the state's assistance programs and have been concerned that programs do not always achieve their intended outcomes. In 1987 and 1989, the North Carolina Association of County Directors of Social Services (NCACDSS) convened policy conferences on these problems. The outgrowth of these conferences were position papers entitled "A Blueprint for the Future" and "People vs Paper." In 1990 a follow-up of those conferences and position papers was issued delineating the quagmire of paperwork in which counties found themselves in attempting to deliver benefits to public assistance recipients. It is now 1994; the quagmire has deepened and unless steps are taken to reform the present assistance delivery system, the entire system will surely collapse of its own weight; either because it has drowned in a sea of paper or because system administration has not kept pace with basic technological simplification or because public support has withered for social programs.

With the present commitment for welfare reform in the White House and Congress, on the federal level, and the Governor of North Carolina and the General Assembly, we, as an association of administrators who have the most contact with the citizens served by these programs and who must implement any reform measures propose the following principles as the basis for any reform legislation and outline specific components that we feel should be included.



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# PHILOSOPHICAL PRINCIPLES

- Each citizen in need of assistance is recognized as having worth and dignity and deserves an opportunity to assume an active role toward becoming self-sufficient, self-supporting, and responsible.
- Receipt of assistance assumes a mutual responsibility of citizen and agency for the citizen to become self-supporting and self-sufficient. Education, training, child care, and other supportive services must be provided to assure each citizen has an opportunity to become self-supporting.
- Assistance programs should be time limited while the citizen is gaining the skills to become self-sufficient.
- The receipt of assistance should not stigmatize the citizen, nor blame victims of economic and social adversity for problems they did not create. Honesty is presumed until otherwise proven.
- Assistance program rules, i.e., AFDC, Food Stamps, Medicaid, should promote the greatest efficiency and most cost-effective methods of providing benefits to citizens in need. All programs should have uniform and consistent rules and regulations, among themselves, i.e., reserve limits, count income the same in all programs, etc. Priority should be given to simplification which would generate enormous savings to invest in families' efforts to become self-supporting and self-sufficient.
- Program rules and regulations should be easily understood by the general public, policy makers, recipients, and providers. Rules and regulations should be consistently applied among the programs. Rules and regulations therefore, should be user-friendly, jargon-free, fair, equitable, simple, and outcome oriented.
- Program rules and regulations should recognize the importance of the family unit by encouraging families to stay together and parents to assume financial and parental responsibility of children.
- Policies for assistance programs must reward responsible behaviors and achievements on the part of individuals and families.

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# A BLUEPRINT FOR INDEPENDENCE
# THE FAMILY INVESTMENT PROGRAM

As Social Services Directors, we believe very strongly that citizens would rather be independent than dependent upon the government. At the same time, we recognize our responsibility as professionals and the greater responsibility of society to provide citizens with the education, training, and job opportunities necessary to enable them to reach the goals of increased self-sufficiency, reduction of dependence on the government, and improved social functioning.

We recommend that the state implement the Family Investment Program which blends work programs with adequate benefit levels, and ensures a strong incentive to work while not blaming victims of economic change for problems they did not create. Especially we want to assure that children, who have no control over their circumstances, benefit from program changes and improvements. The Family Investment Program will target families responsible for the care of a minor child whose members reside in a single dwelling and are related by blood, marriage, or maintain a common law arrangement.

The Family Investment Program is seen as expanding upon the JOBS Program, which has shown significant success in moving citizens from dependency to independence. Adequate funding for the JOBS Program to serve all citizens in need of education, training, and employment assistance is imperative. To this end, we suggest the following program initiatives.

## I. THE WORK-EDUCATION/TRAINING GOAL

### A. The Program Elements:

1. Establish a comprehensive program that includes a wide range of educational training and work experience for parents. The program should include:

    a. A contract to require a customized plan of work, training, or education for the parents. The plan would take full advantage of available education resources. Minor parents would be required to stay in school.

    b. An individualized assessment to identify needs and goals of parents.

    c. Educational opportunities ranging from basic literacy to college level.

    d. Job training based on community job market.

    e. Supportive services including counseling, day care, transportation, job preparation and orientation.

    f. Work experience.

    g. Job Search services

2. Target the program to new applicants for assistance and those that have received assistance for less than two years.

3. Provide linkage between private sectors/industry, economic development, and educational resources that can provide specific and appropriate job training.

4. Overall responsibility for the design of the work programs must rest with human services agencies at the federal and state levels; however, the design should be flexible to allow for local innovations.

### B. Incentives for the Parents - - - Making Work Pay

1. Parents who comply with their contract would receive a cash incentive as a reward. This in lieu of the penalty for not complying. The cash incentive should be sufficient to compensate the client for all costs associated with participation.

2. Parents who successfully become employed will be allowed a total disregard of earned income for three months and a graduated reduction of disregard over the following nine months. No disregard is allowed to the parent who voluntarily quits a job or who is dismissed for good cause. Medical coverage would be assured for one year for employed parents with no limitations on income.

### C. Case Management

1. Case management services should be continued at the discretion of the case manager to follow-up and help the client with any problems that arise and could otherwise cause a return to welfare.

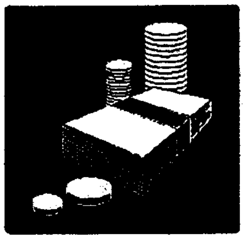
2. Case management is defined as the following:

   "Case management is essentially a coordinating process which may include therapeutic intervention. A case manager's sole interest is in securing the best possible service for the client. Often he or she is the only person familiar with the client's total situation. The case manager acts a broker, liaison, counselor, watch dog, advocate and enable." (from Dorothy Harris, NASW President).

3. Recognize that some public assistance clients are not ready for education, training, or employment and provide socialization skills and other specific services to address the problems that inhibit self-sufficiency.

## II. A CONTINUED COMMITMENT TO ADEQUATE BENEFIT LEVELS

### A. The Benefit Level



1. Establish a Family Living Standard (FLS) based on nationally-set methodology which allows each state's market basket to determine basic living costs.

2. Payment levels should be determined on the basis of the family's actual needs.

2. Target the program to new applicants for assistance and those that have received assistance for less than two years.

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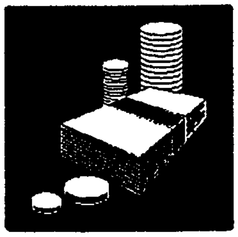

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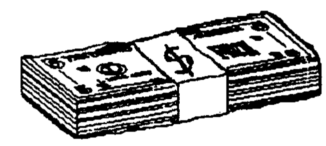
3. Assistance would be time limited in accordance with the contract and the employability plan.

4. Benefits provided would be coordinated and provided in conjunction with the expanded Federal Earned Income Credit.

**B. Simplifying the System - - - Decategorize Public Assistance Programs**

1. With the full implementation of the payment at the federal poverty level, there should be one payment to include all federal assistance, Aid to Families with Dependent Children, Low Income Energy Assistance Program, Food Stamps, nutrition assistance, and housing, e.g.



2. There should be one single automated application simplifying the system for citizens and eliminating wasteful administrative procedures.

3. There should be "one-stop shopping" through the use of common eligibility criteria utilizing the experience of the Food Stamp Simplification Project and the one worker, case manager concept.

4. Client, family outcome goals such as employment, crisis resolution and family stability should be the focus of the Family Investment Program enhanced by support services provided within the program time frame, i.e., two years.

## III. OVERALL DESIGN ISSUES

**A. Non-Stigmatizing Method of Delivery of Benefits**

Benefits to parents should be provided to parents in such a way as not to stigmatize these citizens and mainstream them into existing community programs/systems such as HMO's, child care referral systems, etc.

**B. Flexibility**

Emphasize local flexibility in program design to recognize local job markets, rural vs. urban nature of counties, and level of available support services and resources.

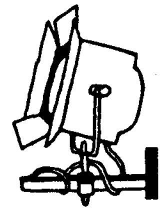
**C. Administration**

Broader issues of the social services system need to be examined, such as the effect of state and county administration and the problems resulting from complex guidelines and criteria. Automation and uniformity of rules and regulations must be accomplished.

**D. Equity Within the State**

Adequate resources must be made available to each county in an equitable manner. The availability of services and uniformity of employee workloads throughout the state are issues which must be addressed.

**E. Accountability**



Program integrity will be assured through any and all technology that can be used to identify applicants and recipients and cross-reference between and among counties and states.

# CHILD SUPPORT PROGRAM

It is the obligation of every parent to support his or her children. It is also the basic right of all children to be supported by their parents. When parents fail to meet their financial obligation to children, child support should be pursued and obtained through a unified program for all children that is legally enforceable.

Because of the complexity of the Child Support Program in North Carolina and nationwide, we recommend and promote the following as a means to provide enhancement and consistency in all matters involving the financial support of children:

1. There should be one uniform child support system in North Carolina and nationwide that provides all child support services.
2. In North Carolina there should be mandatory staffing patterns and levels of service that are enforceable by the state and federal governments.
3. Child support services must be available to all children regardless of economic standing, and child support agencies should recognize that public cost avoidance is as positive as public cost recovery.
4. Paternity for children should be established at birth through hospitals or as soon as feasible through the quickest legal remedy available.
5. All legal separations should address the financial and medical support and care of children.
6. The State of North Carolina should immediately pursue creating, financing and implementing a comprehensive automated child support computer system at all levels that is involved in child support activities.
7. The federal government should require states to provide the same priority to interstate child support proceedings as states give to their own proceedings.
8. There should be services available to non-custodial parents to assist them in obtaining the necessary education and training to secure employment with which to support their children. Federal and state training programs, such as JTPA, should be required to serve this population.

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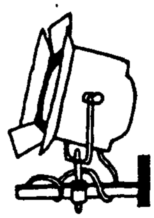

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# PREVENTIVE AND SUPPORTIVE SERVICES

The Directors recognize the family as the best structure for the growth, development and protection of its individual members. At the same time, prevention and support are seen as the key ways to help our families reach self-sufficiency. Rather than undermining families' coping skills, preventive and supportive services assist families with employment in order to provide for their families, and eliminate small problems before they get beyond their control. Communities with strong services, both public and private, create a positive environment for all their citizens and are better able to attract business and industry to provide jobs for their people.

We believe that most families seeking help from the Department of Social Services can and want to improve their situation. Because their presenting problem is frequently a cry for help that reaches beyond the spoken request, timely screening, accurate problem identification, and planful intervention is needed. The intervention should be accomplished with maximum participation of and full respect for the family's needs and goals. In this way, families become partners in the helping process and have responsibility for their own behaviors and well-being.

The utilization of social work skills through one-on-one contact or in groups has been shown to be effective in helping families. Examples of positive results are found in innovative teen pregnancy projects, preventive services programs, permanency planning, and in work and training programs. We have the moral and professional responsibility to provide adequate and cost-effective preventive services to families seeking our help and to the community at large.

**We recommend the following:**

1. **A concentration on teen pregnancy and parenting:**

Emphasize prevention of teenage pregnancy and encourage services to adolescent parents by doing the following:

a. Expand adolescent parenting programs to all counties and add seventeen and eighteen year olds and other children at risk (such as siblings) to the program.

b. Support national, state and local consortia to plan, design and evaluate teen pregnancy initiatives aimed at prevention and support of services. Create a Center for State Action on Adolescent Pregnancy.

c. Expand the role of the Departments of Social Services to include community organizing and advocacy in the area of teen pregnancy.

d. Work to keep teenage mothers in school and to delay second pregnancies.

2. **An emphasis on public education:**

Strengthen public education for low-income children and support the work of the schools with parents including preparing children for school and assuring they make maximum academic progress, and at a minimum, complete high school.

**3. Support for day care:**

Increase access to and availability of affordable, quality day care to meet the developmental needs of children and to assist families working toward self-sufficiency.

**4. Support for transportation:**

Provide access to affordable public transportation, when possible, and work with government authorities to solve the problems of transportation in our rural communities, thus allowing our citizens the ability to maintain gainful employment.

**5. Funding for case management:**

a. Shift public assistance program emphasis from routine processing of cases to family problem identification and problem solving. There is a need to teach family problem-solving skills to clients.

b. Utilize screening and assessment at intake for the purpose of diversion and prevention to avoid the need for long-term public assistance. Refer to appropriate services and establish negotiated contracts with clients to aim for achievable goals.

**6. Adequate support services which are:**

a. Delivered privately, where appropriate, for all social and income levels;

b. Administrated under community oversight to assure all groups are adequately served; such as Smart Start Partnerships Boards for children 0-5 years of age.

c. Built in as a necessary part of any primary program or activity and accessible in one location such as Community Based Family Resource Centers.

# ECONOMIC DEVELOPMENT

It is consistent with the belief in self-sufficiency that County Directors of Social Services should be involved in economic development. We believe in the goal of full employment and that it is consistent with the goal of self-sufficiency. An investment in economic development includes an investment in education, transportation, and supportive services. Welfare reform and economic development are inextricably linked and welfare reform cannot be achieved without concurrent economic development and consumer participation in that process.

**We recommend the following:**

1. There must be a coordinated effort at both the local and state level to:

   a. Share information between and among agencies concerning the services and resources available for purposes of economic development.

   b. Share resources at the multi-county level and to oppose feelings of turfism, in an effort to help those counties whose resources are limited.

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c. Link economic development and social development through use of minority business organizations and small business loans and services.

2. A Department of Social Services representative should be appointed to serve on each of the Private Industry Councils in the state, as well as on the State Employment Training Council.

3. Economic development should consider the social ramifications for a community along with the economic benefits; a comprehensive community impact statement looking at these issues should be required as a part of any economic development plan.

4. While economic development results in both gainers and losers, the overall benefits accrue to the state. Therefore, a system needs to be developed to share these economic benefits with counties which are the losers in this competitive effort to attract new investment.

5. Economic development is not the primary responsibility of the Social Services system, the systems which are responsible for economic development should be required to coordinate their efforts with the Department of Social Services.

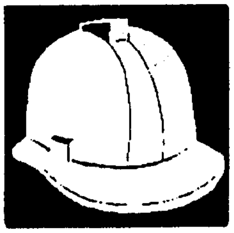
6. Business and industry must be provided expanded financial incentives to create good jobs for low-income families to allow them to participate in the benefits of economic development.

7. Communities must continue to promote access to technical assistance resources for low-income people. They must create a sense of ownership and responsibility with Chambers of Commerce, Private Industry Councils, the Employment Security Commission, and community colleges and strive to coordinate their efforts.

8. Strong support should be given for the efforts of the North Carolina Rural Economic Development Council.

9. The state should encourage the development of small employee-owned businesses through the provision of expanded technical assistance and venture grants.

10. The state should encourage the expansion of implementation of Empowerment Zones and Enterprise Community initiatives financed in the Omnibus Reconciliation Act of 1993.



# BLENDING PUBLIC AND PRIVATE FUNDING

The Directors believe that citizens have the right and responsibility to provide their families with the basic needs of food, shelter, health care, and clothing. Such an opportunity should be available through gainful employment that has adequate pay and benefits.

The private sector has an enlightened self-interest in a healthy public sector, as the public sector has an enlightened self-interest in the private sector. The private sector has an interest in insuring adequately trained employees, appropriate day care for the working parent, and other employee benefits that supplement wages. The public sector is interested in job creation for an enhanced tax base, reduced public expenditures and improved economic conditions.

There needs to be a public and private partnership to cause creative and innovative activities to take place in order to enhance services, improve productivity and increase efficiency. Collectively, efforts can be made to move people out of poverty, as it is not a question of national means, rather national commitment.

**In order to accomplish this, we recommend the following:**

1. **A Fair Minimum Wage:**

   The minimum wage should be established at a level adequate enough to provide the average size family with children an income at the poverty level.

2. **Incentives for Private Sector Employment of Welfare Recipients:**

   Enhance tax credits, grant diversions, and other incentives for private sector employers who hire welfare recipients.

3. **Incentives for Businesses to Provide Benefits:**

   Establish incentives in the private sector for the provision of health and child care benefits to workers. This would encourage welfare recipients to enter the job market, making it possible for them to become self-sufficient.

4. **Tax Laws Which Protect Charitable Giving:**

   Federal and state tax laws should provide incentives to individuals, corporations, and other organizations to participate in charitable giving. This would enhance the possibility of blending public and private funds to care for the needy by encouraging greater participation from the private section.

5. **A Recycling of Funds:**

   Establish federal and state policy to allow public funds saved when recipients become employed to be recycled back into the local agency to be used for supportive services. This would provide incentive for local agencies to move public assistance recipients into gainful employment.

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There needs to be a public and private partnership to cause creative and innovative activities to take place in order to enhance services, improve productivity and increase efficiency. Collectively, efforts can be made to move people out of poverty, as it is not a question of national means, rather national commitment.

**In order to accomplish this, we recommend the following:**

1. **A Fair Minimum Wage:**

   The minimum wage should be established at a level adequate enough to provide the average size family with children an income at the poverty level.

2. **Incentives for Private Sector Employment of Welfare Recipients:**

   Enhance tax credits, grant diversions, and other incentives for private sector employers who hire welfare recipients.

3. **Incentives for Businesses to Provide Benefits:**

   Establish incentives in the private sector for the provision of health and child care benefits to workers. This would encourage welfare recipients to enter the job market, making it possible for them to become self-sufficient.

4. **Tax Laws Which Protect Charitable Giving:**

   Federal and state tax laws should provide incentives to individuals, corporations, and other organizations to participate in charitable giving. This would enhance the possibility of blending public and private funds to care for the needy by encouraging greater participation from the private section.

5. **A Recycling of Funds:**

   Establish federal and state policy to allow public funds saved when recipients become employed to be recycled back into the local agency to be used for supportive services. This would provide incentive for local agencies to move public assistance recipients into gainful employment.

6. **Foundation Funding:**

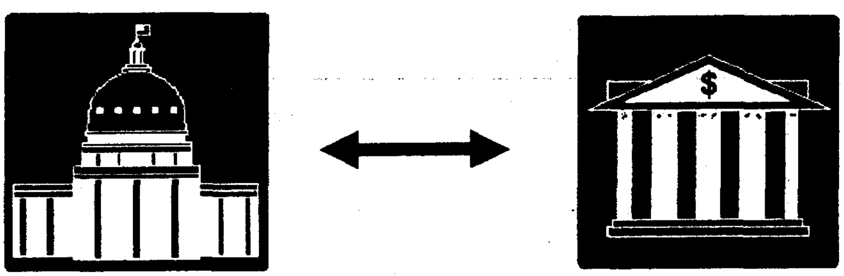
   Use foundations/corporations as source of funding for unique local needs. Funds could be appropriately utilized for pilot projects, planning and evaluation. Barriers should be removed to allow the use of foundation funds to match federal funding sources.

7. **Fair Tax Laws for the Working Poor:**

   Encourage legislative action at the federal and state level to expand efforts to assist low income, working families through the tax systems, i.e., property taxes, sales taxes, income taxes, etc.

8. **Asset Growth and Retention:**

   Encourage legislative action allowing for assets growth and retention through Individual Development Accounts for citizens not covered by IRA's and 401K's. These assets would be targeted for specific purposes such as, to purchase a home, to obtain education and/or training, to develop a small business, to purchase a reliable vehicle to be used in obtaining education, training, to do job search, and/or assure job retention. This major welfare reform legislation would focus on the long-range benefits of family stability and would be an expansion of the current PASS Program administered by the Social Security Administration for SSI recipients. These Individual Development Accounts should be excluded from the reserve/resource limits that currently apply in AFDC, Medicaid, and Food Stamps.



# Toward Economic Independence

*An Analysis of Methods to Help North Carolina's Poor Reach Economic Independence*

**December, 1994**

**North Carolina Legal Services Resource Center**
224 South Dawson Street
Raleigh, North Carolina 27601
919/856-2121

C-136

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**For more information or copies of this analysis of welfare reform strategies, contact Sorien K. Schmidt at 919/856-2121 or write North Carolina Legal Services Resource Center, 224 South Dawson Street, Raleigh, NC 27601.**

## Introduction and Executive Summary

### A. Introduction

When men and women work full-time, year-round, and still live below the poverty level—as do one-fourth of all North Carolina working families, something's terribly wrong.

When national and state statistics show that 70 percent of people on welfare get off within two years, but that two-thirds of them must return to the system for assistance within five years—often because of low wages, something's terribly wrong.

When a husband and wife must separate so that they may receive public assistance for their children, something's terribly wrong.

And when a person seeking assistance must spend days of his or her time filling out separate applications for different programs, speaking with 10 or more case workers, and providing and verifying the same information to each separate program instead of getting help to take care of his or her family, enter a training program, or look for a job, something's terribly wrong.

The North Carolina Legal Services Resource Center, along with advocates from North Carolina Legal Services Programs, has prepared the following analysis of these and other problems which prevent low-income people from moving out of poverty. **The goal of this report is to identify methods and strategies to help North Carolina's poor achieve economic independence, and in the process, regain their dignity and hope for the future.**

### B. The Problem

In North Carolina, over one million people—16 percent of our state's population—are poor. Of these, children, the elderly, and minorities are the most likely to be poor. Poverty is concentrated in female-headed households, which are more than twice as likely to be in poverty as families headed by a couple. These families live in poverty even though North Carolina has the highest percentage of working women in the country.

While race, gender, and age play a large role in who is poor in North Carolina, location is also a defining factor. A disproportionate number of poor families live in very poor, rural areas of eastern and western North Carolina, where resources and jobs are few. People with low incomes are also concentrated in inner-city areas.

As these groups fall increasingly into poverty, opportunities for them to become self-sufficient are diminishing. Low wages, seasonal employment, changing economies, and not enough affordable, accessible health care, child care, housing, and transportation conspire to keep our poorer citizens' lives unstable, and prevent them from getting—and staying—off welfare.

Structural problems in the current welfare system create barriers for the very people it is designed to help. Examples include:

- **Working often does not pay.** Welfare and the economy pose barriers to low-income people who are moving into the work force. Even when a welfare recipient earns below the poverty level, she loses some or all of her AFDC and food stamps, and also stands to lose her family's Medicaid benefits.

Meanwhile, she will have to pay more taxes and more rent if she is living in subsidized or public housing, and she must have transportation, child care, and clothing.

⌧ **Although two incomes are increasingly needed to cover the costs of a family, more and more single-parent families do not receive child support.** Laws regarding child support establishment and enforcement must be strengthened.

⌧ **Services and programs for the poor currently work in isolation, with separate applications and staff.** Though sometimes located in the same building, many programs do not communicate about clients or coordinate their efforts. This forces the client to become a full-time manager of her public assistance, and requires agencies to focus on the rules of their programs rather than on the needs and abilities of the client.

⌧ **The current system focuses on single parents rather than on maintaining and supporting the family as a whole.** Today's families come in a variety of forms, all of which must be assisted so that children get support from every available resource. Case management and services must address the entire family's needs to help clients overcome internal and external barriers to self-sufficiency.

⌧ **The education system leaves people unprepared for the workplace, and unable to lead productive, self-sufficient lives.** Our public schools are failing to provide meaningful education programs for the many children who are at high risk of becoming dependent on welfare. The education system, which could be a key to prevention, may be unconsciously contributing to welfare dependency.

## C. Strategies to Reform the Welfare System

This analysis of the welfare system in North Carolina offers the following specific and achievable recommendations:

1. *Make Work Pay.* Currently, it is often *more expensive* for a low-income person to work than to receive welfare. In addition, there are barriers in the welfare system and economy which prevent a low-income person from getting and keeping a job. The following areas address such issues:

- Improve child care and make subsidies more widely available.
- Increase and simplify the asset limits of the AFDC and food stamp programs.
- Institute a "fill the gap" policy so AFDC recipients can maintain benefits plus earned income until they reach a minimal living income.
- Provide tax relief so low-wage earners can keep more of their income and maintain independence.
- Expand Medicaid so low-wage workers don't have to go on welfare to have health benefits.

2. ***Bolster Child Support Enforcement.*** Increasingly, two incomes are needed to support a family. If the absent parent does not pay child support, the family often falls into poverty and the children pay the largest costs. We put forward several methods to help establish child support orders and enforce them when absent parents fall into arrears.

3. ***Support and Improve Welfare-to-Work Programs.*** Appropriate job training, education, and counseling would help more low-income people move into long-term jobs that offer living

wages and benefits. In areas where few opportunities for employment exist, jobs must be created—jobs which allow welfare recipients to become economically independent. Public education may be the best method of preventing welfare dependency. We offer suggestions for how public schools can help at-risk students prepare for self-sufficient, productive lives.

4. ***Strengthen Families.*** The current welfare system emphasizes program rules over individual and familial needs and abilities. It focuses on heads of households rather than on the family as a whole. Assistance programs should be geared around poor families' needs and around available services. Two-parent families must be able to get assistance more easily so they are not forced to break up to help their children.

5. ***Provide Affordable Housing.*** Low-income people need decent and affordable housing so they can concentrate on entering the workforce and attaining self-sufficiency. Without affordable housing, a disproportionate amount of family income goes to housing, preventing the family from becoming stable and independent. Additional funding is needed to create decent, affordable homes for the poor of North Carolina and housing should be coordinated with social and supportive services.

Finally, this report recommends caution and critical analysis before adopting arbitrary time limits. If time limits are mandated by the federal government, the following suggestions will help North Carolina's poor move toward economic independence during the time they do receive government assistance. However, because of the complexity and cost of administering a time-limited system, North Carolina should avoid this if possible. We explain several reasons why time limits will hinder efforts to help low-income people become economically independent.

## D. Conclusion

Any welfare reform plan must address economic barriers—as well as barriers within the social service system—which prevent poor people from becoming economically self-sufficient. Without a comprehensive approach, low-income people will continue to move off and on the welfare rolls. Poor children pay the highest price, which in turn leaves North Carolina unprepared for the future. The North Carolina Legal Services Resource Center stands ready to offer resources and expertise to decision-makers interested in improving the welfare system.

***December, 1994***

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**(*Note:* This analysis of welfare reform draws many of its statistics from Beyond Poverty in North Carolina: A Vision for Moving North Carolina's One Million Poor People Toward Economic Independence, a special report produced by the Z. Smith Reynolds Foundation, Inc., © 1994. For a copy, contact the Z. Smith Reynolds Foundation at 101 Reynolda Village, Winston-Salem, NC 27106-5199.)**

# Toward Economic Independence

## Strategies for Welfare Reform

This outline addresses five strategies that would help move low-income North Carolinians toward economic independence.

### I. MAKE WORK PAY

The concept of making work pay addresses current problems with welfare and the economy that prevent many people from getting and keeping a job. To make work pay, we must act in these five ways:

### A. *Improve Child Care*

Studies have shown conclusively that children who have access to high-quality child care are more likely to graduate from high school, obtain higher education, and find a job that ensures self-sufficiency. More immediately, parents cannot move off welfare without access to high quality, affordable daycare. For the 67 percent of *single*-parent families who live in poverty, the lack of reliable, affordable, accessible child care is of paramount concern and is a barrier to becoming economically independent. To provide more and better child care to low-income North Carolinians, the state must invest in its children, who hold the future. These investments will provide significant returns in terms of increased productivity, tax revenue, and self-sufficiency, and will reduce costs to social services and corrections programs.

Strategies to improve child care include:

1. **Require a full-time child care coordinator in each county**, who will ensure that all resources are allocated.

2. **Set a statewide market rate reimbursement system for child care providers**, in order to increase quality and promote the availability of subsidized child care.

3. **Increase eligibility for child care subsidy programs to 75 percent of median income** to make parents' work pay and to help provide transitional support to families trying to get out of the welfare system.

4. **Appropriate sufficient money to fully fund the child care subsidy system** so all qualified families in need of assistance can receive a subsidy.

5. **Complete the expansion of Smart Start**, so that the program is available in all 100 counties.

### B. *Increase Asset Limits*

To qualify for welfare, the applicant's assets (or resources) must fall below a certain dollar value. These asset limits were set over a decade ago, and have never been increased to reflect inflation or the needs of the current economy. Consequently, asset limits only serve to strip poor families of the few belongings they have, making it more difficult for them to get out of poverty and off welfare.

These four changes in asset limits will help families maintain the assets they need to move into employment. Each change provides the additional benefits of simplifying the AFDC and food stamp programs, making administration less costly, and freeing clients from full-time jobs managing their public benefits. To implement these changes, a waiver would be required from the federal government.*

1. **Increase vehicle limits to allow families to own a reliable vehicle to get to and from work.** This can be done in a variety of ways, including allowing AFDC and food stamp recipients to have a vehicle regardless of value if they work or attend school or job training; increasing the AFDC vehicle limit of $1,500 to the food stamp limit of $4,550 of fair market value; or allowing a minimum of one car per family regardless of value.

2. **Ease and simplify real property value limits in the food stamp and AFDC programs to allow families to maintain greater stability.** Studies indicate that property ownership is a key to moving out of poverty. This can be achieved in at least three ways:

    a) Exclude jointly held real property as is done in Medicaid;

    b) Exclude property necessary for self-sufficiency, such as income-producing property; and

    c) Exclude the home and all contiguous property as is done in the SSI (Supplemental Security Income) program.

3. **Make asset rules consistent: rules for food stamps and AFDC should be the same.** Each welfare program has different allowable asset limits to qualify for benefits, making administration complex, expensive, and duplicative. The burden of the bureaucracy falls on the clients, who are simply trying to obtain and maintain their benefits while they attempt to find and keep jobs. Instead, they must literally spend days filling out separate applications for each program, speaking with case worker after case worker, and providing and verifying the same information to each program. The following changes would be a start to simplifying the rules of these major benefit programs:

    a) Increase the AFDC asset limit of $1,000 to the food stamp level of $2,000 per family ($3,000 if a family member is over 60);

    b) Make AFDC policies regarding burial plots, funeral agreements, real property, and cash surrender value of life insurance the same as food stamp policy; and

* A waiver is required from the federal government when a state wants to change a federal requirement of a public assistance program. The federal Department of Health and Human Services has granted several waivers to states, allowing them to experiment with new methods of granting public assistance. These experiments are usually tried in a few pilot programs within the state, but can be a statewide change.

c) Make the AFDC lump sum rule consistent with food stamp policy so that a one-time lump sum payment is counted only as a resource and not as income.

4. **Allow welfare recipients to save money in Individual Development Accounts (IDA) for specific purposes that will help them get off welfare.** The current low AFDC asset limit of $1,000 (food stamp limit of $2,000) prevents AFDC families from saving money to cope with emergencies or to plan for the future. Consequently, welfare recipients cannot save money to buy a car to get to work or to put their children through school. Even after they find work, one emergency can force them back onto welfare. To avoid this, an IDA is created with a clear purpose for its use, such as for a car and car insurance, a home or business, or for education. Setting and reaching financial goals helps individuals gain economic independence and makes the family more likely to stay off welfare.

### C. *Fill the Gap*

Federal law currently requires states to develop a measure of how much a family receiving Aid to Families with Dependent Children (AFDC) would need to meet its basic monthly living expenses. In North Carolina, this "need standard" has not kept pace with inflation, and is lower than the poverty level. In North Carolina, a family of three has a need standard of $544.00 per month.

Although the need standard is very low, and does not begin to allow families to meet their basic living expenses, federal law allows states to pay AFDC families *less* than the need standard. In North Carolina, the AFDC "payment standard" is set at 50 percent of the need standard. *Therefore, a North Carolina family of three receives only $272.00 per month in AFDC benefits.*

States may choose to permit families to earn enough money to "fill the gap" between their payment standard and the need standard without losing their AFDC benefits or being dropped from the program. Fill-the-gap policies reward AFDC recipients who work, allow families to keep more of the child support paid by absent parents, and promote family unity by allowing family members who receive disability payments to remain with their families without fear of losing AFDC benefits due to disability income.

> **A strategy which would "fill the gap" between the AFDC payment amount and the need standard would be to change the law to allow AFDC recipients to receive other income and keep their AFDC benefits until they reach the need standard.** Federal law allows this now by state legislation without a waiver. A waiver would be required to prevent food stamps from being reduced as AFDC income limits increase.

### D. *Provide Tax Relief*

The state's minimum wage of $4.25 per hour is so low that families earning at that level cannot afford the minimum expenses of daily life, much less such work-related expenses as transportation and child care. Such families cannot cover emergency expenses, cannot become financially stable, and usually return to welfare dependency. The minimum wage could be increased so low-wage earners could support their families. Another way to address this problem is through specific tax initiatives which would enable working families to keep more of their earned income. While reforms made in 1989 improved North Carolina's tax system, the state still imposes a heavier burden on low- and moderate-income families. A study by Citizens for Tax Justice shows that the share of income going to state and local taxes in North Carolina declines with income level, from 11.7 percent for the lowest 20 percent of income to 9.2 percent for the top one percent. Moderate income (under $23,050) families with at least one child and some income from a job can receive an earned income tax credit (EITC) of up to $2,364 against their federal taxes. If they owe no federal taxes, they can receive this credit in cash. In 1992, over 493,000 families in North Carolina received a federal EITC for a total credit of $480 million. North Carolina is not among the states which have adopted a *state* earned income tax credit to supplement this federal program. A state EITC, known as a Working Families Tax Credit (WFTC), would allow workers to receive some percentage of their federal EITC as a refundable credit against their state income tax. In this way, the working family increases its available income even more, and lowers its final tax burden.

Strategies that allow poor working families to keep more of their earned income, thereby supporting themselves and staying off welfare, include:

1. **Allow lower-income, working families to recoup some of their state income tax with a North Carolina Working Families Tax Credit.** If North Carolina were to adopt a tax credit for working families at 10 percent of the federal EITC, the maximum state credit would be $337 and the estimated cost would be about $82 million. Well over 500,000 families would benefit. Some already pay no taxes, and others would still pay state income tax, although their burden would be lighter. A WFTC would help the working poor, improve the fairness of the overall state and local tax system, and provide a better alternative to public assistance.

2. **Repeal the food tax, or provide a food tax credit.** The sales tax on food and non-prescription drugs is probably the most regressive piece of our state and local tax system. Because lower-income people spend a larger proportion of their income on food, the tax takes a higher percentage of their income. Only 18 other states tax food at the full sales tax rate, and five of those states provide a tax credit to lessen the impact of the food tax.

E. *Expand Medicaid*

Many jobs in North Carolina provide no health care benefits, and employees earn too little to afford individual coverage. Without federal health care reform, lack of health insurance remains a large barrier to welfare recipients moving into the workforce. Two methods that would alleviate this problem for welfare recipients are:

1. **Expand transitional Medicaid.** Currently, welfare families who take jobs receive one year of transitional Medicaid so that even if their jobs do not provide coverage, they can still obtain health care. Families need a longer period of transitional Medicaid while they develop a work history and work skills to move to better jobs.

2. **Fill the gap.** By enacting the fill-the-gap policy described above, working AFDC families can stay on AFDC longer and so will receive Medicaid longer. Fill-the-gap allows welfare families to keep their full AFDC benefits and receive income until their income reaches the North Carolina need standard. (The need standard is the income level North Carolina has determined a family must have to live; it is lower than federal poverty guidelines.) Fill-the-gap will support families' efforts to work and become financially stable.

## II. BOLSTER CHILD SUPPORT ENFORCEMENT

Increasingly, the poor are children and single-parent families. In order to move single-parent families out of poverty, it is critical that they receive the child support they need from absent parents. When an absent parent does not pay child support as ordered by a court, he is said to be in arrears on his payments. To strengthen and improve child support enforcement, new methods must be adopted to help establish support orders and collect child support from parents who are in arrears. Eight possible strategies are:

1. **Revoke the parent's professional or recreational licenses when his arrears cross a threshold amount.** Revocation gives absent parents additional incentive to support their children. This proposal does not include revoking drivers' licenses, as such a measure would prevent people from working.

2. **Allow child support enforcement workers (IV-D workers) to gain access to the absent parent's banking and utility records.** Most people have contact with banks or utilities, and their records are updated frequently. This will improve efforts to locate absent parents and establish child support.

3. **Modify support orders without change of circumstance.** Current law requires a change in circumstances before a child support order can be modified. This change in law would clarify that orders can be modified every three years based solely upon an order varying from the support guidelines.

4. **Charge interest on arrears.** Charging interest on unpaid support will give absent parents greater incentive to pay on time and to pay off arrears.

5. **Simplify obtaining a lien on the absent parent.** Current law makes it difficult to obtain a lien on an absent parent's property for child support arrears. This would create another method to collect payment on past due child support.

6. **Allow private service of process.** The current system requires that the sheriff serve process. Private servers can be used only upon a finding that the sheriff is negligent. Unfortunately, understaffed sheriff departments often have a backlog of cases to serve, making service slow and sometimes impossible.

7. **Fund more child support enforcement workers.** Low-income people and welfare recipients are supposed to be able to obtain free child support enforcement services through their local IV-D office. Establishing child support helps prevent some people from coming onto welfare and reimburses the state for AFDC paid to the family. However, the number of IV-D case workers is insufficient to meet the current demand and many children go unserved.

8. **Conduct statewide publicity of parents who are in arrears.** Other states have had success in locating hard-to-find parents and collecting past due child support from them by implementing this program.

## III. SUPPORT AND IMPROVE WELFARE-TO-WORK PROGRAMS

Independence and self-sufficiency are the goals of our public assistance programs. But to enable recipients to move off welfare *permanently*, resources and long-term commitment will be needed. Like all citizens, the poor must be prepared for the workplace of the 21st century. To break the cycle of welfare dependency, there must be well-designed training programs; holistic counseling that takes the family system into account; partnerships between residents and private industry; and first class public education for all.

### A. *Provide Job Training, Education, and Counseling Programs*

For the last few years, North Carolina has run one of the best Job Opportunity and Basic Skills (JOBS) programs in the country. JOBS helps teen parents and recipients of more than three years of public assistance move toward self-sufficiency. JOBS connects and sometimes provides clients with social services, support, job training, and job placement assistance. The JOBS program has taught its organizers and participants lessons which other programs could apply to improve education and job training opportunities for low-income people. At the same time, further study of JOBS participants and other welfare recipients is needed to determine whether sufficient, appropriate services are available to them, and why so many recipients return to welfare after leaving it. Improved and integrated job training, education, and JOBS systems could help low-income people become economically self-sufficient rather than just employed. Low-income people will remain off welfare only when they gain genuine self-sufficiency. Strategies to provide job training should include these elements:

1. **Provide case management for welfare families.** Case managers must assess and address the skills and needs of the family in an individualized plan which has reasonable time allotted for achieving goals. The family must participate in creating its plan.

2. **Offer varied training, education, and work experience.** Training must focus on clients' skills. Adult basic education must be integrated with job-specific training. Case managers and schools must not track minority and female students in lesser paying, traditional categories, but support them in pursuing higher paying, non-traditional careers.

3. **Connect the local job market closely with the community.** All job training must lead to jobs which are available in the local market and which will support the family. Community-based organizations and local employers should play integral parts in any program to ensure optimum support and opportunity for clients.

4. **Provide supportive and transitional services.** Service strategies must address clients' individual and family needs and circumstances. Students need support before and during job training and placement, as well as once they have found work. Counseling services are critical for long-term success as well. Support and counseling should continue to help the family make—and maintain—the transition to self-sufficiency.

5. **Require evaluation of programs to achieve goals.** Clear goals must be set not only for case management systems but also for education and training programs. Benchmarks measuring performance of goals should be set up front and should be reviewed regularly.

B. *Create Jobs*

A single mother supporting two children must make $6.16 an hour to earn the poverty level. Even at that wage, she will need help paying for child care and transportation, and will need benefits to be fully "self-sufficient." In some areas of North Carolina, good paying jobs with benefits are not available, especially for the most disadvantaged adults. Government action—federal, state, and local—may be necessary to remove one of the biggest barriers that welfare-to-work programs face: **the lack of jobs that pay a living wage and benefits**. But job development programs should not just attempt to deliver jobs to a community. Instead, the community, including its most disadvantaged members, must be part of the process which will enable residents to plan and implement their own vision for their community, and their future. The following criteria are recommended for any job-creation strategy:

> **Develop a job-creation strategy which provides durable jobs, creates a broad enhancement of economic opportunities that sustains local economies, and involves low-income people from its inception.** Such a strategy must benefit sufficient numbers of low-income people to justify the costs of creating jobs, and must provide sufficient work, wages, and benefits so that employees can become and remain self-sufficient.

C. *Improve Public Education*

It costs approximately $4,500 per year to educate a student in our public schools. The costs of one year of welfare for a parent and child is $10,000. Education may be the best method of preventing welfare dependency. A quality education is the key to gaining the skills and knowledge necessary to get and keep a decent job. Without such an education, young people are destined to lives of diminished earnings or government dependency. In fact, the majority of welfare recipients either never finished high school or had limited academic success in school. Public schools can play a pivotal role in reducing welfare dependency by identifying students at high risk of welfare dependency and providing them with the special services and support they require. Methods to educate at-risk students and prevent them from becoming dependent on welfare are:

1. **Appropriate a higher level of funding for at-risk students to ensure that adequate education and support programs are available.**

2. **Create alternative education programs for students with special needs to prevent them from dropping out of school, such as night school for students with daytime conflicts, day care for students with children, and special settings for pregnant teens.**

3. **Create special vocational programs in the public schools for at-risk students.** Such programs should educate students for high-paying occupations rather than occupations which pay little more than minimum wage.

4. **Create special programs at community colleges for at-risk students who drop out of school.** Such programs must address the needs of these students and be geared to entry in the workplace in high paying occupations or occupations where development is likely.

## IV. STRENGTHEN FAMILIES

Poverty only serves to exacerbate the many pressures on families today. The current welfare system makes it even harder for families to stay together: it emphasizes rules, focuses on the individual, and provides AFDC largely to single-parent families. Family needs and abilities are largely overlooked. Strategies to lessen the pressures on low-income families include:

1. **Train case workers to evaluate and address the needs of the entire family, not just the head of the household.** Clients must be asked to define "family" for themselves so that case workers can devote their expertise to locating resources and supporting the family. Training should enable case workers to manage clients' needs rather than just administer their paperwork. All family members should be part of this process.

2. **Expand the AFDC-Unemployed Parent Program.** Federal law currently allows states to provide AFDC to some children living in two-parent households if the reason for their deprivation is unemployment. Because of strict work history requirements and time-consuming eligibility verification standards, many families must either forego even the minimal assistance provided by an AFDC grant or separate so that the parent remaining with the children can receive AFDC. By reducing the burdensome requirements of this program, more two-parent families would qualify for benefits, and fewer families would be forced to break up in order to get assistance.

3. **Provide supportive services for families.** Mental health services, addiction counseling, and other crisis and problem-solving services are critical to helping each family overcome its unique barriers to economic independence. Individuals working toward a job that will support their families also need support. Low-income absent parents need training and support to contribute to the financial and emotional well-being of their children. Community services must join forces with governmental, educational, and more formal service providers to provide and coordinate this support.

## V. PROVIDE AFFORDABLE HOUSING

Without decent, affordable housing, a disproportionate amount of family income goes to housing. Families without affordable homes remain financially unstable and economically dependent on the government; they become less likely to get off welfare. To help low-income families move into stable and affordable homes so that they can concentrate their energies on entering the work force, the state must:

1. **Increase the Housing Trust Fund.** The continuation budget should appropriate at least $15 million for the Fund, and target some funds to assist families on welfare who need decent, affordable housing.

2. **Coordinate housing and welfare programs.** Today, social and supportive services are separate and apart from clients' living environments. By uniting these services with client housing, it will become easier to identify client issues. In addition, whole communities will find support and become more involved in helping their neighbors move toward self-sufficiency, thereby offering families the best opportunities to emerge from poverty.

## AN ADDITIONAL POINT: THE DANGERS OF TIME LIMITS

Some have proposed limiting the time a welfare recipient can receive benefits as a method for moving families from welfare to work. Proposals which require people to get off welfare by a pre-ordained deadline after providing them with training or services may seem appealing. But in fact, this approach is based on misconceptions about welfare recipients, would prove costly and complex to administer, would undo progress made and lessons learned under the JOBS program, and would irreparably harm children. Before enacting time limits, policy makers should exercise caution and carefully analyze the impact of such a system. This analysis should take into account the following:

1. **Time limits harm children.** Childhood hunger and homelessness already pose serious problems. Denying welfare families any assistance after a certain amount of time punishes children for their parents' behavior or for problems in the economy. Since 22 percent of children in North Carolina live in poverty and nearly two-thirds of the state's welfare recipients are children, effects of such punitive measures would be far-reaching.

2. **Time limits will be expensive and complex, creating new levels of administration.** A time-limited system creates a new level of rules that must be defined and enforced by the agency. Instead of focusing on helping the client, case workers must calculate the number of days a client is in a program, the number of hours they have worked each week, participation in training, and whether families meet exceptions to termination.

3. **Time limits disregard the fact that most welfare recipients leave welfare in less than two years.** In order to receive two years of education or training, though, most families would have to stay on welfare longer than the current norm.

4. **Time limits ignore the welfare recipient's individual abilities and skills.** Individuals with unique skills and needs require varying strategies to help them gain entry to the workforce. Time limits disregard individual needs and overlook the fact that many educational and job training programs cannot be completed within two years.

## CONCLUSION

In order to ensure the well-being of North Carolina's children and to prepare for the future, we must provide a comprehensive plan which helps low-income people attain long-term economic independence. It is critical that any plan address not only barriers in the current welfare system, but also the many economic and social realities that keep low-income people in poverty even when they work full-time. The costs of not addressing these issues are too great to ignore: an unprepared and unstable workforce, social unrest, crime, and hungry, desperate children unable to prepare for productive adult lives. Government, the private sector, and the individual all have a stake, and all share responsibility in helping poor North Carolinians become self-sufficient. Simply reducing welfare roles without improving economic opportunity and support will cripple our poor families, our children, and our futures together.

# IOWA INVESTS:

# A HUMAN INVESTMENT PLAN

[redacted]

Adopted by :
Iowa Human Investment Policy Council
December 30, 1992
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# *JOBS Plus* in North Carolina
## Draft Concept Paper

The University of North Carolina at Chapel Hill
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The JOBS Program is the major welfare reform initiative in North Carolina. The JOBS program was initiated under the federal Family Support Act of 1988 and was implemented in North Carolina in 1990. The JOBS Program in 1994 will operate in all 100 counties and target services to parents who are potential candidates for long-term welfare dependency, principally teen parents still in high school, younger mothers who are high school dropouts, those whose children are teenagers and who will age out of AFDC, and individuals receiving AFDC for at least 3 of the previous 5 years.

Overall, the JOBS Program in North Carolina appears to have many positive attributes. The preliminary evaluation results indicate that the program is operating as a human capital investment strategy; it is helping AFDC recipients receive the education and training they need to become economically self-sufficient; it is changing the attitudes of participants towards welfare and work; it is providing a better environment for children and improving the involvement of parents in the education of their children. The JOBS Program has performance standards which encourage counties to provide those services that will yield clear-cut benefits for their citizens, including high school diplomas, post-secondary education and skills training, employment, and reduced AFDC dependency.

### *Why JOBS Plus?*

JOBS Plus is meant to test a new model of service that can potentially increase the effectiveness of the JOBS Program. The current program, as useful and beneficial as it has proven to be, could benefit from stimulation in several key areas.

#### *Single Worker*

The JOBS worker in most counties in North Carolina is one of several case workers with whom a JOBS participant must interact. Participants indicate that they not only have a JOBS worker, but also an AFDC worker, Food Stamps worker, as well as other personnel who assist them with child care, housing and education. These multiple workers often have overlapping and, at times, conflicting objectives. For example, the AFDC worker reinforces stability in status and income, while the JOBS worker encourages change and enhancement of status.

Under JOBS Plus, it is proposed that one worker would provide the primary interface between the participant and the human services system. That person would conduct a full review of their needs and identify the resources that are available. That person would take on the responsibility for recertification for AFDC, Medicaid, and Food Stamps, unless the participant's situation has changed significantly. That person would also serve as a primary counselor of the participant toward employment and economic security.

*Family Centered*

The current JOBS Program takes into account the needs of the family. It does this through providing child care assistance and motivating the parent to be involved in the development of their children. The JOBS worker also encourages a positive interface between the family and the public school or community college system, environments within which children interface.

JOBS Plus extends that to incorporate assessment of needs for the entire family. Under JOBS Plus, a careful assessment would be conducted of all family members and a "family strengths plan" or profile would be developed to capitalize on the strengths within the family as well as identify and focus on the areas that need further strengthening. The focus would be on the entire family, with the JOBS participant as the catalyst for change. The assumption under JOBS Plus is that family financial security is the foundation for family health and well-being, and that the entire family has an investment in its economic security.

*Employment Focus*

The current JOBS Program in North Carolina is oriented towards improving the *employability* of AFDC recipients--building individual capacity for employment. Initial assessment tends to examine deficits, employment experience, education, training, and job readiness. From this assessment, an employability plan is developed for the purpose of guiding subsequent education and training. Given the target groups for JOBS, significant deficits are often uncovered in education, so the vast majority of participants are encouraged toward an education related activity. This is typically followed by a period of training, job readiness development, job search and finally employment.

Under JOBS Plus, the emphasis from the very beginning would be on *employment*--getting a job and becoming more financially independent. A significant emphasis in the early assessment phase would be on the evaluation of employment readiness and encouragement to develop employment competence and early job experience. All of the activities engaged in by participants would be tied to employment objectives. Employment opportunities would be guided by local and regional labor market considerations, participant aptitudes and interests, and support staff encouragement. Capacity building experiences, whether education, training, or job search, would be defined in terms of clear employment objectives. Objectives such as self-esteem enhancement, personal and family empowerment, skill development, and degrees or certificates, would clearly be secondary. In most cases these would be by-products of employment development.

*Financial Package*

In the current JOBS Program, the primary offset to employment offered by JOBS is AFDC. Essentially, there is competition between earned and unearned income. It is up to the participant to put together a package of benefits that they currently receive. This can include such benefits and entitlements as AFDC, food stamps, medicaid, housing assistance, transportation, child care subsidies, and so on. The negotiation and integration of these benefits is almost a full-time job for many AFDC participants.

Under JOBS Plus, this system of benefits would be packaged together by the agency in order to reduce the shock of replacing unearned income, AFDC, with earned income from employment. Many of these same benefit streams can still continue under JOBS, with the added benefit of the earned income tax credit. Packaged together, these benefits can increase the effective lifestyle earnings for these families and make earned income for the first time more attractive than unearned income, potentially even at a minimum wage job.

*Contractual Relationship*

JOBS workers in North Carolina are currently oriented toward developing a supportive relationship with their participants. They usually establish this relationship during the orientation and initial assessment phase of the program and provide encouragement to their clients over the course of the jobs employability development. Positive reinforcement is the rule more than negative reinforcement, with sanctions rarely being used as a motivating tool. This approach can lead to relatively high levels of turnover among JOBS participants while staff focus on serving those who are more self-motivated to continue.

Under JOBS Plus, the relationship between the JOBS worker and the participant would be more explicitly contractual. Participants and workers would sign mutual agreements with stipulated obligations. These agreements would be backed up by performance reviews of workers and sanctions of participants. The potential use of sanctions would be clearly stated from the beginning and an expedited process for using them would be instituted.

*Conclusions*

JOBS Plus is intended to be a somewhat more employment oriented and labor-market linked JOBS program. The concepts included in JOBS Plus have been tested and used in other programs and have been deemed to be successful. It does not appear, however, that these program elements have been integrated thus far in the way they are described in this concept paper.

There will be several challenges to implementing this or related program models in North Carolina. First, the accounting of case management time will have to be redefined in order to allow for a family-centered, multi-program approach. Second, staff will have to be retrained toward a stronger employment and family-centered focus. Third, strong collaborative links will have to be formed with employment oriented services and economic development programs. Fourth, policies related to sanctions will need to be developed. Fifth, a financial package will have to be carefully developed and employer incentives developed.

Overall, this approach appears to be intermediate between a focus on human capital development and a focus on employment at all costs. The customized planning with the participant is retained but the objective of paid employment is more clearly defined and supported. The need for federal waivers to make this program work is avoided but some state and local policies and practices may need to be revised.

The benefits anticipated from this approach are as follows:

- Quicker placements into employment
- Reduced AFDC expenditures
- Lower caseloads for income maintenance and food stamp units
- Fewer dropouts from JOBS caseloads
- More services targeted to family members
- Increased staff morale and competence
- Simplification of the "welfare maze" for participants
- Enhanced incentives for transition to employment
- Increased community support for the program

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# PROMISE JOBS AND FAMILY INVESTMENT AGREEMENTS

## I. Introduction

The goal of self-sufficiency for welfare recipients has always been the foundation of the PROMISE program in Iowa. Every initiative of that program has been tied to enabling the AFDC recipient to move toward that goal. PROMISE JOBS, Iowa's version of the Federal Job Opportunities and Basic Skills initiative, is at the center stage of that effort. The enactment of 1993 State legislation for the Family Investment Program (FIP) provided an opportunity for a welfare reform effort which not only embodies the concept of self-sufficiency but adds an essential element of personal responsibility for the achievement of that goal.

A key element of FIP is the establishment of Family Investment Agreements (FIA) as the instrument to enable welfare recipients to attain self-sufficiency. These agreements represent a major shift from traditional thinking about "public assistance." The FIA empowers people to take advantage of options by making real choices. No longer is public assistance a traditional compliance system where financial sanctions are imposed for failure to achieve short-term requirements. Instead, families have the opportunity and support to move out of dependence on public assistance, and real consequences realized by those who choose not to participate in this process.

To fully realize its potential, the FIA concept was incorporated into the structure of Iowa's existing employment and training system. The shift in traditional thinking described above means a significant shift in the service structure that was previously available to welfare recipients. A new way of thinking and a new way of acting must pervade the entire system, from the State's executive and legislative branches to local agencies and organizations to the program participants themselves.

It made little sense to re-invent the wheel in determining the optimum method of delivery of services under FIP. As stated above, the concept of self-sufficiency was already established in the success of the PROMISE JOBS program. As the Iowa Family Investment Program replaced the traditional AFDC program, the FIA activities and services were folded into PROMISE JOBS. By incorporating the principles, concepts and components of FIP, PROMISE JOBS will be able to serve more participants, more effectively, without the impediments and disincentives which previously plagued the welfare system and the JOBS program.

Prior to January 1, 1994, components of the PROMISE JOBS program were orientation, extended assessment, job seeking skills training, job search, classroom training ranging from basic education to post-secondary education opportunities, and work experience.

The FIA expansion added limited assessment opportunities, unpaid community service, and parenting skills training to the components of PROMISE JOBS. In addition, FIP participants can meet FIA obligations through employment.

The revised PROMISE JOBS program is based on a series of responsibilities and agreements between three entities: the State, the local delivery system, and the program participant. The remainder of this document will describe in greater detail how these responsibilities and agreements interrelate in the program.

## II. State Responsibilities and Agreements

In the context of this document, the "State" is considered to be those Departments directly involved in the Iowa PROMISE program: Human Services, Employment Services, Economic Development, Education, Human Rights, and Management. Councils or work groups comprised of staff of those departments carry out the State responsibilities.

State-level administrators continue to develop policy and to establish the basic framework for the PROMISE JOBS program. That framework includes the designation of service areas, program structure and components, budgets and allocations, and oversight. Additional responsibilities for the State include approval of service plans and program evaluation based on program outcomes.

### A. Service Areas

Since program planning and delivery occurs at the local level, service areas were established. These areas follow the identical boundaries of the sixteen Service Delivery Areas (SDAs) of the Job Training Partnership Act (JTPA). The primary local delivery agencies for PROMISE JOBS continue to be Job Service and Job Training Partnership Act (JTPA) offices. This alignment capitalizes on the strengths of current program design and agency coordination in the existing SDAs. SDAs are comprised of consortiums of counties, thereby enhancing coordination with county offices of the Department of Human Services.

### B. Program Structure

The State, with input from employment and training providers, redesigned the PROMISE JOBS program structure. As stated above, the Iowa Family Investment Program presents a significant shift in philosophy for the welfare system. That shift required a review and revision of a number of the basic elements of the PROMISE JOBS system including the participant process, training components, support services, and the basic administrative mechanisms necessary to establish, implement, and evaluate the program. The State JOBS plan was a foundation document for this structure, with the FIP legislation, State Human Investment Policy, and Workforce Development Centers initiatives adding major influence to the final structure.

The program structure builds on the strengths of the PROMISE JOBS partners. The Department of Employment Services will continue to offer job club services, job seeking skills and job search assistance. JTPA will provide work experience placements and education and training components. Orientation, assessment, unpaid community service, and parenting skills can be offered and employment can be monitored by either agency according to the local plan as described below at III.A. The program structure requires that call-up, orientation, assessment, and the completion of the FIA will be coordinated in a manner which delivers services without requiring the participant to go to multiple locations.

## C. Allocation of Funds

Budget and allocation responsibilities also rest with the State. The Department of Human Services (DHS), the Department of Employment Services(DES), and the Department of Economic Development (DED) determine the amount of funds necessary for administration of the program at the State level. DHS contracts with DED and DES for these administrative funds.

Funds to be used for local service delivery are allocated to service areas through a formula which is equitably determined based upon service need. The amount of funds utilized by each local JTPA and Job Service office is decided through a local planning process (see III.A. "Planning" below). Based on that process, funds for local service delivery are included in the contracts which DHS established with DED and DES. Those two agencies subsequently establish agreements with their local JTPA and DES offices to allocate these funds. These agreements detail the responsibilities of the parties, include work statements, budget limitations, general program provision, fiscal and statistical reporting requirements, and program goals.

## D. Review and Oversight

The State is responsible for review and oversight of the PROMISE JOBS program. Program oversight includes monitoring, use of a management information system, and program audits. A system of training and technical assistance for program staff is provided by the State.

Associated with program oversight is an enhanced emphasis on program outcomes. The State will be establishing performance achievement measures against which local program services will be evaluated.

## III. Local Responsibilities and Agreements

Local JTPA and Job Service staff are responsible for operating the PROMISE JOBS program in service delivery areas. It is expected that these agencies establish extensive linkages and coordination agreements with other human service and education programs in each SDA. The responsibilities of Job Service and JTPA can be broadly categorized as planning and service delivery.

### A. Planning

Following the program parameters and budgets established by the State, PROMISE JOBS administration at the local level require the development and delivery of a Local Service Plan (LSP) which is specific to each service area. Recognizing that the areas vary in size, occupational climate, human service resources, and other elements which are relevant to service delivery, each LSP offers a unique approach to achievement of the performance standards against which the success of the program, and the local delivery mechanism, can be measured. The development of the LSP requires close coordination, and possibly integration, with other employment and training or human resource agencies in each service area.

The LSP specifies the division of duties between the JTPA and Job Service offices. Based upon this division of duties and the allocation of funds provided by formula to the SDA, a budget for each agency is established.

The LSP is submitted to the State for review and approval. The LSP is incorporated into the contractual agreement as the work statement for the PROMISE JOBS program in each SDA.

### B. Service Delivery

The PROMISE JOBS provider agencies are jointly responsible for the successful delivery of the program. Certain participant processes must be coordinated to allow the participant to receive services without going to multiple locations. These are call-in, orientation, assessment, and development of the FIA. All services must be coordinated to allow a participant to move between agencies without disruption of the FIA. Service components may be delivered by one agency or the other, subject to program structure limitations at II.B.

The determination of which agency or agencies will deliver other program services (e.g. assessment, job search, job training activities, etc.) are made locally. If some services are available and can be effectively delivered through other local service providers (CAPs, education agencies, etc.), accommodations for use of those resources can be made. Coordination agreements with other employment and training programs, such as child care agencies, may also be developed.

### C. Accountability

Each SDA, as JTPA and Job Service entities, is responsible for program outcomes. The primary assessment will be made against the performance achievement measures established by the State. However, other indicators of performance will also be used, including monitoring reports, fiscal accounts, local goals, and degree of success in delivering the local plan.

## IV. Participant Responsibilities and Agreements

The final link in successfully implementing the Iowa Family Investment Program is the individual participant. Note that this individual is no longer a welfare recipient, but a participant in a program designed to assist their attainment of family self-sufficiency. FIP is designed to enable rather than to maintain.

As a participant in PROMISE JOBS, each individual will have the opportunity to change their life's circumstances. Iowans must have choices and options and the right to exercise them. FIP establishes a system which operationalizes those rights and responsibilities for Iowans receiving public assistance.

### A. The Family Investment Agreement

Each PROMISE JOBS participant will have an individual road map to self-sufficiency called the Family Investment Agreement. It is critical to understand and appreciate the necessity of individualized FIAs. In order to insure the most effective and efficient system, clients who have the potential to move into self-sufficiency with short-term assistance should be able to do that without experiencing barriers which impede their progress. Likewise, participants who require extensive long-term agreements should receive appropriate assistance without facing an arbitrary cutoff date.

Therefore, it is inappropriate to establish a standard length for all FIAs. The PROMISE JOBS worker must have an understanding of the full range of programs and resources which may affect the FIA. The PROMISE JOBS worker will need the flexibility to develop the most effective and efficient FIA. Quality initial training and ongoing staff development of the PROMISE JOBS workers by the State will be critical to the success of the FIAs.

Just as the program name changed, so some important policies and their philosophical underpinnings changed. A major philosophical change is in the new approach to "barriers to participation," and "sanctions for nonparticipation." Previously, PROMISE JOBS regulations describe a number of barriers (e.g., lack of transportation) which can establish a "good cause" for not participating. Within the context of the FIA, these so-called barriers are identified as issues to be resolved so that participation can result.

The concept of "sanctions" are also revised in the FIA system. The Family Support Act requirements for a conciliation process and the progressive punishment system of first, second, and third sanction policies were implemented in PROMISE JOBS. This process, whether it leads to resumed participation or to a reduction of the AFDC grant, is lengthy and cumbersome and effectively delays participation in self-sufficiency activities without providing the resources for resolution of the problems which lead to nonparticipation.

In the new PROMISE JOBS environment, lack of effort or refusal to participate will result in the beginning of a Limited Benefit Plan (LBP), (see Step 8.C.) and can lead to termination of assistance, rather than the cumbersome and ineffective fluctuation in monthly payments. The reason for these changes is grounded in the belief that Iowans in need of public assistance want and deserve the choice and responsibilities inherent in the FIA--not the rigid and ineffective rules inherent in the Family Support Act sanction policies.

## B. The Participant Process for Applicants After January 1, 1994

Following is a step-by-step example of how the revised PROMISE JOBS system works. Throughout the entire PROMISE JOBS process, the participant is afforded due process as described below at IV.D.&E.).

**Step 1:** An individual applies at a county DHS office for assistance through the Family Investment Program (FIP). The application process includes printed material and a video review of the FIA, and a brief explanation of PROMISE JOBS and FIAs by the DHS income maintenance (IM) worker.

**Step 2:** The participant is determined eligible for assistance by the worker and

**a.** Receives a Notice of Decision (NOD) which contains information about participant responsibility under the FIA along with a letter which tells the participant to contact PROMISE JOBS within ten calendar days to schedule FIA orientation.

**b.** A participant who does not establish an orientation appointment or who fails to keep or reschedule an orientation appointment receives a reminder card which indicates that those who do not attend orientation have indicated thereby a choice of the LBP (see description below at Step 4.b.).

**c.** A participant who does not respond to the reminder card within ten calendar days receives a NOD establishing the beginning date of the LBP.

**Step 3:** A participant who establishes and keeps the orientation appointment receives a full orientation to PROMISE JOBS and the FIA from PROMISE JOBS staff.

**Step 4:** At this step, the participant has two options:

**a.** Participants may choose to begin PROMISE JOBS and FIA development.

**b.** Participants may choose not to develop an FIA and will enter, instead, into the LBP. These participants will generally be eligible for up to 3 months of benefits from the date of eligibility determination, followed by a three month benefit period reflecting the needs of the children only. At the end of this period of reduced benefits, the total FIP grant will be terminated. During month five or six of the LBP, an inquiry will be made as to the well-being of the children.

The individual will not be eligible for services for six months following the end of the reduced benefits.

A participant who chooses the LBP option before completing the FIA will have 45 days following the beginning of the LBP to reconsider and begin development of the FIA. The participant can also reconsider in month five or six of the LBP. See IV.D. for a description of the resolution opportunities that are available during the LBP.

**Step 5:** The PROMISE JOBS worker will meet individually with the participant who chooses the FIA to begin the development of the FIA. This meeting will, at a minimum, assess the following:

**a.** Family profile and goals (including FaDSS criteria);

**b.** Work background;

**c.** Educational background;

**d.** Housing needs (e.g., locale, adequacy, potential impact on rent assistance);

**e.** Child care needs;

**f.** Transportation needs;

**g.** Health care needs (physical/mental);

**h.** Financial evaluation (current financial status; projected needs for self-sufficiency);

**i.** Other barriers which may require referral to other services for assistance and resolution (e.g., substance addiction, sexual or domestic abuse history, overwhelming family stress, long-term dependency on welfare).

If, after assessment, an FIA without further assessment is the participant's choice, the PROMISE JOBS worker and the participant have the authority to immediately negotiate that type of agreement.

Currently under PROMISE JOBS, situations occur which allow participants not to participate due to "good cause" (e.g., lack of transportation). These good cause barriers should not exclude the participant from development of an FIA. They should instead be addressed in the FIA as an opportunity to solve the problem.

**Step 6:** FIAs shall detail the expectations of both the state and the family in accomplishing the FIA. The PROMISE JOBS worker and the participant will outline the chosen activities and appropriate referrals in the FIA. Activities and services may be pursued sequentially or concurrently, depending on family circumstances. Vocational assessment and employability planning will be part of the FIA process.

Participants will have access to a full range of work and training activities including job search, limited and expanded assessment, classroom training, work experience, and basic education activities such as high school completion, GED, and English as a second language. Employment, unpaid community service, and parenting skills training can be also be a part of the FIA.

**Step 7:** Some families will have significant barriers which prohibit them from successful participation in work and training activities under PROMISE JOBS. Because PROMISE JOBS is a holistic process, looking at all of the needs of the family, these participants will be referred to FaDSS or other family development services to the extent that funding is available. A referral could be made to appropriate family development services at any time that "significant barriers" surface or are identified. The FIA could show this referral as a service to be provided before other activities are pursued or it could show that family development services will support participation in other activities.

For families referred to family development services, such as FaDSS, the family development specialist will be responsible for providing the family development services and determining when other activities, such as work and training activities, should begin. For families receiving child welfare services, there will be close coordination between the PROMISE JOBS worker and the child welfare social worker.

**Step 8:** Every FIA will have expectations, responsibilities, and consequences regarding the time frame during which the participant will become self-sufficient and the FIA will end. That time frame may conclude in any of the following ways:

**a.** The participant achieves self-sufficiency, the FIA concludes successfully, and need for public assistance ends.

**b.** The participant demonstrates effort and satisfactory progress but is unable to achieve self-sufficiency within the FIA time frame. In this situation, extensions of the FIA will be granted. Reasons for extensions may include but are not necessarily limited to: becoming employed but not yet self-sufficient; actively job seeking; receiving post-secondary classroom training; or participating in parenting classes or other developmental activities. Extensions would also be available for families who have significant barriers to self-sufficiency and for whom FaDSS or other family development services are not available.

**c.** The participant refuses to participate in the self-sufficiency process after completing the FIA. This third option will result in termination from PROMISE JOBS and the beginning of a LBP. Because the PROMISE JOBS worker and the participant need to be able to evaluate ongoing efforts and progress, the FIA will contain benchmarks in progress which are understood, achievable, and measurable by both the participant and the FIA worker.

For the participants who abandon their FIA, i.e., who choose not to participate or make no effort toward self-sufficiency after the FIA is completed, the LBP will begin at the point at which all avenues to negotiate participation have been exhausted.

These avenues include supervisory review and intervention if appropriate and review and approval or denial of the LBP request by state-level staff. These participants will be eligible for up to 3 months of benefits followed by a three-month benefit period of reduced benefits. At the end of this period of reduced benefits, the total FIP grant will be terminated. During the LBP, an inquiry will be made as to the well-being of children. See IV.E for a description of the resolution opportunities that are available to the participant before the LBP begins.

## C. The Participant Process for Current FIP Caseload as of January 1, 1994

The structure for entry into the PROMISE JOBS/FIA process will be as similar as possible for new applicants and those on the caseload January 1, 1994, who are not already in PROMISE JOBS. Beginning January 1, 1994, FIP participants will begin FIA responsibility at the time of annual review. The process is expected to be as follows:

**Step 1:** Current FIP participants had several opportunities to learn about the FIA process and their responsibilites. All participants received mailings about the FIA, with the FIP warrant and in separate mailings, new applicants will view a video about the FIA and receive printed material about the FIA. FIP participants will talk to the IM worker at the time of the face-to-face interview during the annual review process, unless they have already completed an FIA or chosen the LBP before the time of that annual review.

**Step 2:** In addition, FIP participants will learn about their FIA responsibilities when their PROMISE JOBS/FIA referral status is determined.

**a.** The DHS IABC system will review all current PROMISE JOBS referral codes and change all who are not FIA exempt (exempts are working 30 or more hours per week, have child under age six months) to the most appropriate mandatory code which the system can determine.

**b.** Current FIP participants whose annual review has been completed and who have a mandatory code will receive a notice which contains

1) a notice of their status/code change if this occurred,

2) a letter, with information about participant responsibility under the FIA, which reminds the participant to contact PROMISE JOBS within ten calendar days to schedule FIA orientation.

**Step 3:** The PROMISE JOBS/FIA service delivery areas (SDAs) will receive the PROMISE JOBS referral file which contains information on the current caseload. They will use this information to establish their service priorities, which will honor state level determinations of priority such as target group and FIP-Unemployment Parent priorities. When the SDAs initiate the notice of responsibility for scheduling the orientation appointment, they can effectively manage their workload. It will also allow them to use the opportunities they have of communicating more directly with current PROMISE JOBS participants as opportunities for establishing the FIAs for them. Since assessment has already been done for those already in PROMISE JOBS, PROMISE JOBS staff may be able to provide one-on-one orientation and move directly to establishing the length of the FIA, etc. without needing to send any notice to schedule an orientation appointment. These options would be left to SDA discretion as part of their LSP.

**a.** The SDAs will initiate notice to FIP participants of their responsibility to contact the PROMISE JOBS/FIA office within ten calendar days to schedule an FIA orientation. The SDAs will initiate these notices at a rate that they determine appropriate to their local plan for bringing all FIP participants into the FIA process before January 1, 1995.

**b.** A participant who does not establish an orientation appointment or fails to keep or reschedule an appointment will receive a reminder letter which indicates that those who do not attend orientation have thereby chosen the LBP.

**c.** A participant who does not respond to the reminder letter within ten calendar days will receive the NOD establishing the beginning date of the LBP.

## D. Resolution Process for Limited Benefit Plan Initially Chosen by FIP Participant

A participant may or may not be making a good decision when selecting a LBP upon approval of assistance.

**Step 1:** The participant will be informed, at the time of FIP application and when the LBP begins, that the participant has 45 days to opt out of the LBP and into the FIA. The FIP participant who wants to begin the FIA process during the 45 days may notify the DHS county office or the local PROMISE JOBS office. In addition, the participant may reconsider in month five or six of the LBP.

**Step 2:** As a safeguard for the participant, a third-party staff person, not from the FIA staff, will contact the client during the month five of the LBP, after the three-month period of reduced benefits has begun. The purpose of this visit is twofold: to promote FIA participation and secure the welfare of the children. This trained social worker will discuss the repercussions with client, discern whether the decision might be dysfunctional, and provide an opportunity for the client to change their mind.

**Step 3:** If the client indicates a desire to participate in the FIA process, the third-party counselor will help with an appointment with the PROMISE JOBS office.

**Step 4:** If the FIP participant does not enter the FIA process at this time, an additional inquiry as to the well-being of the children will be made in month seven of the LBP.

The FIP participant can go into an FIA at any time during the first 45 days of the LBP and no reduction or termination of benefits will occur. The FIP participant can also go into the FIA when the participant reconsiders in month five or six of the LBP.

## E. Resolution Process for Limited Benefit Plan Chosen by Abandoning the FIA

**Step 1:** When the PROMISE JOBS worker and the participant disagree on issues of participation and cooperation, they will negotiate for a solution, e.g., clearing misunderstandings of expectations or identification of barriers to participation and adaptation of the FIA.

**Step 2:** If the participant and the PROMISE JOBS worker cannot find the grounds to show that the FIA is being fulfilled:

**a.** The PROMISE JOBS supervisor will be involved to provide further advocacy, counseling, or negotiation support.

**b.** As indicated in the LSP, local PROMISE JOBS management has the option of involving an impartial third party to assist in the resolution process.

**Step 4:** If the first two steps do not lead to fulfillment of the FIA, the case is referred to the state level for review and approval or denial of the LBP.

**Step 3:** If the above steps do not lead to fulfillment of the FIA, the FIP participant has, in effect, chosen the LBP. When the participant is notified that the LBP will begin, the participant has the same appeal rights which exist for all negative actions taken by the Department of Human Services.

**Step 4:** Judicial review upon petition of the participant is always available.

**Step 5:** A third-party staff person, not from the FIA staff, will make an inquiry as to the well-being of the children in month seven of the LBP.

SENATE FILE 268

AN ACT

CREATING AN IOWA INVESTS PROGRAM AND PROVIDING RELATED PROVISIONS INCLUDING APPLICABILITY PROVISIONS, AND EFFECTIVE DATES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

IOWA INVESTS -- IOWA COUNCIL ON HUMAN INVESTMENT

Section 1. NEW SECTION. 8A.2 IOWA COUNCIL ON HUMAN INVESTMENT.

An Iowa council on human investment is established to define a human service agenda for the state and to propose benchmarks for the strategic goals of the state identified by the council. The governor or the governor's designee shall be a member and chairperson of the council and the council shall consist of eight other members appointed by the governor, subject to confirmation by the senate. The appointments shall be made in a manner so that all of the state's congressional districts are represented along with the ethnic, cultural, social, and economic diversity of the state. Terms of office of members other than the governor are three years. Council members shall be reimbursed for actual and necessary expenses incurred in performance of their duties. Members may also be eligible to receive compensation as provided in section 7E.6. The governor shall assign staffing services to the council which may include the staff identified by the director of the department of management. The council shall do all of the following:

1. Develop an overall long-term human investment strategy for the state including broad policy goals and benchmarks which are goal statements reflecting specific results or



achievements in public policy at a particular time in the future. The strategy shall be developed through a process involving input from and consensus-building with a broad cross-section of the state's population. Public hearings shall be held by the council in developing the strategy and benchmarks. The human investment strategy and benchmarks shall be submitted to the governor and the general assembly for a determination as to how the strategy and benchmarks will be set and achieved.

2. Develop an Iowa human investment budget and accounting model which provides a financial weighting of human investments. The budget and accounting model shall provide a means to reflect public and private investments in the skills and employability of Iowans. It is anticipated that the accounting system will indicate that human investments will generate returns in excess of the investments. The council shall implement the model on a pilot project basis and report annually concerning the model and the pilot project to the governor, general assembly, and the public.

3. Study the potential for the state to appropriate moneys according to the highest return on human investment. The council shall recommend to the governor and the general assembly a method for fully implementing the human investment budget and accounting model developed pursuant to subsection 2. The model shall provide for incentives for state agencies to utilize appropriations in a manner in order to achieve the highest returns on human investments.

4. Develop and apply return on human investment accounting standards. The council shall monitor state human investments according to the standards it applies and regularly report to the governor, general assembly, and public concerning actual returns on human investment.

5. Advocate for regulatory and legislative initiatives for decategorization of funding and deregulation to improve human investment.

6. Educate the public, community agencies, and the general assembly concerning human investment principles and practices.

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7. Conduct customer satisfaction surveys of the users of public services and utilize the information from the surveys in establishing returns on human investments and determining the effectiveness of the public programs.

Sec. 2. INITIAL APPOINTMENTS. The governor shall make the initial appointments as follows to the Iowa council on human investment created in section 8A.2:

1. Three members to a one-year term.
2. Three members to a two-year term.
3. Two members to a three-year term.

DIVISION II

WELFARE REFORM

Sec. 3. WELFARE REFORM INITIATIVE. A welfare reform initiative is established involving the federal-state aid to dependent children program administered under chapter 239 and the federal-state job opportunities and basic skills (JOBS) program implemented under chapter 249C. The purpose of the initiative is to replace welfare provisions which encourage dependency with incentives for employment and self-sufficiency. The initiative includes specific provisions for work-and-earn incentives and for involving participants in family investment agreements. These provisions are expected to support individuals in making a transition from welfare to employment, to encourage savings, and to strengthen family stability.

The department of human services shall submit a waiver request or requests to the United States department of health and human services as necessary for federal authorization to implement the policy changes in the aid to dependent children, child care, and JOBS programs provided in this section. The department may submit a waiver request or requests to the United States department of agriculture to make changes in the federal food stamp program to correspond with the policy changes provided in this section. For the purposes of this section, the term "recipient" has the meaning provided in section 239.1 and the term "individual" means a recipient, applicant, or other person whose income must be considered by



the department. The welfare reform initiative shall include all of the following provisions:

1. Implementation of the following initiatives to encourage a recipient of aid to dependent children to make a transition to employment:

a. If an individual's earned income is considered by the department, the individual shall be allowed a work expense deduction equal to 20 percent of the earned income. The work expense deduction is intended to include all work-related expenses other than child day care. These expenses shall include but are not limited to all of the following: taxes, transportation, meals, uniforms, and other work-related expenses. However, the work expense deduction shall not be allowed for an individual who is subject to a penalty in accordance with administrative rules for failure to comply with program requirements.

b. If an individual's earned income is considered by the department, the individual shall be allowed a work-and-earn incentive. The incentive shall be equal to 50 percent of the amount of earned income remaining after all other deductions are applied. The department shall disregard the incentive amount when considering the earned income available to the individual. The incentive shall not have a time limit. The incentive shall replace the current time-limited incentive which provides for disregarding $30 plus one-third of the earned income. The work-and-earn incentive shall not be withdrawn as a penalty for failure to comply with program requirements.

c. A family with a stepparent shall be allowed a child day care deduction for any children of the stepparent or the parent subject to the limits provided in applicable administrative rules.

d. If an individual begins employment but was unemployed at least 12 months before beginning employment and timely reports the earnings from the employment, the earnings shall be subject to an income disregard. This income disregard shall apply in determining the individual's eligibility and

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grant levels under the aid to dependent children program during the individual's first four months of employment. To be eligible for the income disregard, the employment must commence following the date of the individual's application for aid to dependent children. The department shall adopt rules defining the term "unemployed" for the purposes of this paragraph. The income disregard shall not be withdrawn as a penalty for failure to comply with program requirements.

e. If an individual has timely reported an absence of income to the department, consideration of the individual's income shall cease beginning in the first month the income is absent. However, this provision shall not apply to an individual who has quit employment without good cause as defined in administrative rules.

f. Interest income shall be disregarded.

g. A determination of eligibility for the aid to dependent children unemployed parent program shall not include consideration of either parent's work history or which parent earned more during the 24 months prior to application for assistance under the program. The determination of eligibility shall not include consideration of either parent's number of hours of employment except to establish the date assistance would begin in accordance with administrative rules. However, both parents must participate in a family investment agreement required by this section and in work and training activities unless good cause not to participate is established in accordance with administrative rules. The department shall continue to deny eligibility for the unemployed parent program under provisions of section 239.2, subsection 3, paragraph "b" involving labor disputes or if either parent refuses to apply for or draw unemployment benefits.

h. The department shall disregard as income any moneys an individual deposits in an individual development account established pursuant to this Act.

2. Implementation of the following initiatives to encourage a recipient of aid to dependent children to accumulate assets and savings:



a. Revision in the current limitation involving consideration of the quantity and value of motor vehicles. In implementing this revision, the department shall disregard the first $3,000 in equity value of a motor vehicle. Beginning July 1, 1994, and continuing in succeeding fiscal years, the motor vehicle equity value disregarded by the department shall be increased by the latest increase in the consumer price index for used vehicles during the previous state fiscal year. This disregard shall be implemented for each adult and working teenager in a family. The amount of a motor vehicle's equity in excess of $3,000 shall apply to the resource limitation established in paragraph "b".

b. The resource limitation for a family applying for aid to dependent children shall be $2,000. The resource limitation for a recipient family shall be $5,000.

c. The department shall disregard not more than $10,000 of a self-employed individual's tools of the trade or capital assets in considering the individual's resources.

d. The department shall disregard any interest income and the balance of an individual development account established pursuant to this Act in considering an individual's resources.

3. The department shall establish a policy regarding the implementation of family investment agreements which limits the period of eligibility for aid to dependent children based upon the requirements of an individual family's plan for self-sufficiency. The policy shall require an individual family's plan to be specified in a family investment agreement between the family and the department. The department shall adopt rules to administer the policy. The components of the policy shall include but are not limited to all of the following:

a. PARTICIPATION. An individual shall be subject to a family investment agreement if the individual is a parent living in a home with a child for whom aid to dependent children is applied for or is provided. An individual must enter into a family investment agreement with the department unless any of the following conditions exists:

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(1) The individual is a parent of a child who is less than six months of age. If both parents are in the child's home, this exception shall apply to only one parent. The department may require an individual who is a teenage parent with a child who is less than six months of age to participate in high school completion activities.

(2) The individual is working 30 hours or more per week.

(3) The individual is completely unable to participate in any option due to a disability.

b. AGREEMENT OPTIONS. A family investment agreement shall require an individual to participate in one or more of the following options. An individual's level of participation in one or more of the options shall be equivalent to the level of commitment required for full-time employment or shall be significant so as to move toward that level. The department shall adopt rules for each option defining requirements and establishing assistance provisions for child care and transportation. The options shall include but are not limited to all of the following:

(1) Full-time or part-time employment.

(2) Active job search.

(3) Participation in the JOBS program.

(4) Participation in other education or training programming.

(5) Participation in a family development and self-sufficiency grant program under section 217.12.

(6) Work experience placement.

(7) Unpaid community service. Community service shall be authorized in any nonprofit association which has been determined under section 501(c)(3) of the Internal Revenue Code to be exempt from taxation or in any government agency. Upon request, the department shall provide a listing of potential community service placements to an individual, however, an individual shall locate the individual's own placement and perform the number of hours required by the agreement. The individual shall file a monthly report with the department which is signed by the director of the community service placement verifying the community service hours performed by the individual during that month. The department shall develop a form for this purpose.



(8) If the individual participates in at least one other option, any other arrangement which would strengthen the individual's ability to be a better parent, including but not limited to participation in a parenting education program.

c. PENALTIES. If an individual fails to comply with the provisions of the individual's family investment agreement during the period of the agreement, JOBS program penalties shall be applied.

d. COMPLETION OF AGREEMENT. Upon the completion of the terms of the agreement, aid to dependent children assistance to a recipient covered by the agreement shall cease or be reduced in accordance with administrative rules. The department shall adopt rules to implement this paragraph and to determine when a family is eligible to reenter the aid to dependent children program.

e. CONTRACTS. The department of human services may contract with the department of employment services, department of economic development, or any other entity to provide services relating to a family investment agreement.

f. INFORMATION DISCLOSURE. The department may disclose confidential information described in section 217.30, subsection 1, to other state agencies or to any other entity which is not subject to the provisions of chapter 17A and is providing services to recipients who are subject to a family investment agreement, if necessary in order for the recipients to receive the services. The department shall adopt rules establishing standards for disclosure of confidential information if disclosure is necessary in order for recipients to receive services.

4. Implementation of the following provisions involving child day care assistance available to individuals who no longer receive aid to dependent children due to employment:

a. Extension of the eligibility period for transitional child care under section 239.21 from 12 months to 24 months.

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b. The department shall automatically determine an individual's eligibility for other child day care assistance if the individual is not eligible for transitional child care or eligibility for transitional child care is exhausted.

5. If an individual received aid to dependent children in another state within one year of applying for assistance in this state the requirements of this subsection shall apply. Using the family size for which the individual's eligibility is determined, the department shall compare the standard grant payment amount the individual would be paid in the other state with the standard grant payment amount the individual would be paid in this state. For the period of one year from the date of applying for assistance in this state, the individual's grant shall be the lesser of the two amounts. The provisions of this subsection shall not apply to an individual who was previously a resident of this state before living in another state and receiving aid to dependent children or to an individual who has moved to this state to be near the individual's parent or sibling.

Sec. 4. CONTINGENCY PROVISION. The waiver request or requests submitted by the department of human services pursuant to section 3 of this Act to the United States department of health and human services shall be to apply the provisions of section 3 statewide. If federal waiver approval of a provision of section 3 of this Act is granted, the department of human services shall implement the provision in accordance with the federal approval. If a provision of this Act is in conflict with a provision of chapter 239 or 249C, notwithstanding that provision in chapter 239 or 249C, the provision of this Act shall be implemented and the department shall propose an amendment to chapter 239 or 249C to resolve the conflict.

Sec. 5. EMERGENCY RULES. The department of human services may adopt administrative rules under section 17A.4, subsection 2, and section 17A.5, subsection 2, paragraph "b", to implement the provisions of this division of this Act and the rules shall be effective immediately upon filing unless a



later date is specified in the rules. Any rules adopted in accordance with this section shall also be published as a notice of intended action as provided in section 17A.4.

Sec. 6. APPLICABILITY. If federal approval is granted, approved provisions of section 3, subsections 1, 2, 4, and 5, of this Act shall be implemented beginning July 1, 1993, and approved provisions of section 3, subsection 3 of this Act shall be implemented January 1, 1994, subject to the availability of funding.

Sec. 7. EFFECTIVE DATE. Sections 3 through 5 of this Act, being deemed of immediate importance, take effect upon enactment.

DIVISION III

JOBS PROGRAM INFORMATION

Sec. 8. Section 217.30, subsection 4, Code 1993, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. The department may disclose information described in subsection 1, to other state agencies or to any other person who is not subject to the provisions of chapter 17A and is providing services to recipients under chapter 239 who are participating in the federal-state job opportunities and basic skills program administered under chapter 249C, if necessary for the recipients to receive the services.

DIVISION IV

MENTORING

Sec. 9. NEW SECTION. 239.22 MENTORING.

A statewide mentoring program is established to recruit, screen, train, and match former recipients and other volunteers with current recipients in a mentoring relationship. The commission on the status of women of the department of human rights shall implement the program in collaboration with the departments of human services, economic development, employment services, and education. The availability of the program is subject to the funding appropriated for the purposes of the program.

Sec. 10. APPLICABILITY. For the fiscal year beginning July 1, 1993, and ending June 30, 1994, the mentoring program

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created in section 9 of this Act shall not be implemented statewide by the commission on the status of women but shall be implemented as a pilot program in a county or counties chosen by the commission.

DIVISION V

Sec. 11. IOWA WORKS.

1. The department of human services, in cooperation with the state human investment policy council or similar policy development group, shall analyze the welfare reform initiative known as "Iowa Works", including but not limited to all of the following components of the initiative:

a. The development of a guaranteed minimum income plan for persons who agree to participate in work training and employment, and who agree to transfer all welfare benefits and income to the state.

b. The provision of investment accounts to participating families, which become available when families leave the program and which can only be used for long-term investment purposes.

c. The decategorization of assistance programs including but not limited to aid to dependent children and food stamps.

d. The development of partnerships with local communities to provide the nonfederal share of JOBS funds.

e. The waiver of employers' unemployment taxes associated with hiring workers who participate in the initiative.

2. The components of the initiative described in subsection 1 shall be analyzed for both policy and fiscal implications and the analysis shall be completed by March 1, 1994. In addition, the department shall contact the United States department of health and human services and other appropriate federal agencies and departments to determine whether the initiative or portions of the initiative may be acceptable as a waiver to current federal regulations and policy. The analysis and any correspondence between the department and the federal government shall be submitted to the chairpersons and ranking members of the joint appropriations subcommittee on human services and the standing



committees on appropriations of the senate and house of representatives at the time the analysis is completed or at the time the correspondence is sent or received. If the department determines that any portion of the initiative would be acceptable to the federal government and implementation would not require any additional state funding, the department may submit the initiative or portions of the initiative as part of other waiver requests to the federal government.

3. The department, in cooperation with the state human investment policy council or similar policy development group, shall continue to evaluate grants or waiver opportunities for other welfare reform initiatives such as child support assurance. The department may implement initiatives which are beneficial to the public if implementation does not require any additional state funding.

DIVISION VI

WORKFORCE DEVELOPMENT

Sec. 12. NEW SECTION. 84B.1 WORKFORCE DEVELOPMENT CENTERS.

The departments of employment services and economic development, in consultation with the departments of education, elder affairs, human services, and human rights shall establish guidelines for colocating state and federal employment and training programs in centers providing services at the local level. The centers shall be known as workforce development centers. The departments shall also jointly establish an integrated management information system for linking the programs within a local center to the same programs within other local centers and to the state. The guidelines shall provide for local design and operation within the guidelines. The core services available at a center shall include but are not limited to all of the following:

1. INFORMATION. Provision of information shall include labor exchange and labor market information as well as career guidance and occupational information. Training and education institutions which receive state or federal funding shall provide to the centers consumer-related information on their

programs, graduation rates, wage scales for graduates, and training program prerequisites. Information from local employers, unions, training programs, and educators shall be collected in order to identify demand industries and occupations. Industry and occupation demand information should be published as frequently as possible and be made available through centers.

2. ASSESSMENT. Individuals shall receive basic assessment regarding their own skills, interests, and related opportunities for employment and training. Assessments are intended to provide individuals with realistic information in order to guide them into training or employment situations. The basic assessment may be provided by the center or by existing service providers such as community colleges or by a combination of the two.

3. TRAINING ACCOUNTS. Training accounts may be established for both basic skill development and vocational or technical training. There shall be no training assistance or limited training assistance in those training areas a center has determined are oversupplied or are for general life improvement.

4. REFERRAL TO TRAINING PROGRAMS OR JOBS. Based upon individual assessments, a center shall provide individuals with referrals to other community resources, training programs, and employment opportunities.

5. JOB DEVELOPMENT AND JOB PLACEMENT. A center shall be responsible for job development activities and job placement services. A center shall seek to create a strong tie to the local job market by working with both business and union representatives.

Sec. 13. NEW SECTION. 258.18 SCHOOL-TO-WORK TRANSITION SYSTEM.

The departments of education, employment services, and economic development shall develop a statewide school-to-work transition system in consultation with local school districts, community colleges, and labor, business, and industry interests. Initially the development of the system shall focus upon youth apprenticeship and as development continues shall incorporate additional recommendations regarding expansion of other school-to-work opportunities for high school youths. The system shall be designed to attain the following objectives:



1. Motivate youths to stay in school and become productive citizens.

2. Set high standards by promoting higher academic performance levels.

3. Connect work and learning so that the classroom is linked to worksite learning and experience.

4. Ready students for work in order to improve their prospects for immediate employment after leaving school on paths that provide significant opportunity to continued education and career development.

5. Engage employers and workers by promoting their participation in the education of youth in order to ensure the development of a skilled, flexible, entry-level workforce.

6. Provide a framework to position the state to access federal resources for state youth apprenticeship systems and local programs.

DIVISION VII

INDIVIDUAL DEVELOPMENT ACCOUNTS

Sec. 14. Section 422.7, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 28. If the taxpayer is owner of an individual development account certified under chapter 541A at any time during the tax year the following adjustments shall be made:

a. Subtract, to the extent included, all of the following:

(1) Contributions made to the account by persons and entities, other than the taxpayer, as authorized in chapter 541A.

(2) The amount of any savings refund authorized under section 541A.3, subsection 1.

(3) Earnings from the account to the extent not withdrawn.

b. Add, to the extent not included, all of the following:

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(1) Earnings from the account which are withdrawn.

(2) Amounts withdrawn which are not authorized by section 541A.2, subsection 4, paragraphs "a" and "b" and which are attributable to contributions by persons and entities, other than the taxpayer, as provided in section 541A.2, subsection 4.

(3) If the account is closed, amounts received by the taxpayer which have not previously been taxed under this division, except amounts that are redeposited in another individual development account, or the state human investment reserve pool as provided in section 541A.2, subsection 5, and including the total amount of any savings refund authorized under section 541A.3.

Sec. 15. Section 450.4, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 6. On property in an individual development account in the name of the decedent that passes to another individual development account, up to ten thousand dollars, or the state human investment reserve pool created in section 541A.4. For purposes of this subsection, "individual development account" means an account that has been certified as an individual development account pursuant to chapter 541A.

Sec. 16. NEW SECTION. 541A.1 DEFINITIONS.

For the purposes of this chapter, unless the context otherwise requires:

1. "Account holder" means an individual who is the owner of an individual development account.

2. "Administrator" means the executive branch agency selected by the governor to administer individual development accounts.

3. "Charitable contributor" means a nonprofit association described in section 501(c)(3) of the Internal Revenue Code which makes a deposit to an individual development account and which is exempt from taxation under section 501(a) of the Internal Revenue Code.

4. "Federal poverty level" means the first poverty income guidelines published in the calendar year by the United States department of health and human services.



5. "Financial institution" means a financial institution approved by the administrator as an investment mechanism for individual development accounts.

6. "Individual contributor" means an individual who makes a deposit to an individual development account and is not the account holder or a charitable contributor.

7. "Individual development account" means a financial instrument which is certified to have the characteristics described in section 541A.2 by the operating organization.

8. "Operating organization" means an agency selected by the administrator for involvement in operating individual development accounts directed to a specific target population.

9. "Reserve pool" means the state human investment reserve pool under the authority of the administrator created in section 541A.4.

10. "Source of principal" means any of the sources of a deposit to an individual development account under section 541A.2, subsection 2.

Sec. 17. NEW SECTION. 541A.2 INDIVIDUAL DEVELOPMENT ACCOUNTS.

A financial instrument known as an individual development account is established. An individual development account shall have all of the following characteristics:

1. The account is kept in the name of an individual account holder.

2. Deposits made to an individual development account shall be made in any of the following manners and are subject to the indicated conditions:

a. Deposits made by the account holder.

b. Deposits of a savings refund authorized under section 541A.3, subsection 1 due the account holder because of the account holder's deposits in the account holder's account.

c. Deposits of individual development account moneys which are transferred from another individual account holder.

d. A deposit made on behalf of the account holder by an individual or a charitable contributor. This type of deposit may include but is not limited to moneys to match the account

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holder's deposits. A deposit made under this paragraph shall be held in trust for the account holder and shall only be used to earn income in the account or to be withdrawn by the account holder for a purpose provided in subsection 4.

3. The account earns income.

4. During a calendar year, an account holder may withdraw without penalty from the account holder's account the sum of the following:

a. With the approval of the operating organization, amounts withdrawn for any of the following approved purposes:

(1) Educational costs at an accredited institution of higher education.

(2) Training costs for an accredited or licensed training program.

(3) Purchase of a primary residence.

(4) Capitalization of a small business start-up.

Amounts withdrawn for purposes of this paragraph shall be charged to the source of principal on a prorated basis. Moneys transferred from another individual development account shall be considered to be a deposit made by the account holder for purposes of charges to the source of principal.

b. At the adult account holder's discretion any income earned by the account. An account holder who is ten or more but less than eighteen years of age may withdraw any income earned by the account with the approval of the account holder's parent or guardian and of the operating organization. If the account holder is less than ten years of age, any income earned by the account may be withdrawn by the account holder's parent or guardian with the approval of the operating organization.

c. At the account holder's discretion, if the account holder is at least fifty-nine and one-half years of age, any amount.

5. If an account holder is less than eighteen years of age, moneys shall not be withdrawn from the holder's account unless the withdrawal is authorized under subsection 4. If an account holder is eighteen or more years of age, any amount of



the adjusted account holder deposits withdrawn during a calendar year which is not authorized under subsection 4, is subject to a penalty of fifteen percent. In addition, if at any time the cumulative amount withdrawn by the account holder over the life of the account that is not authorized under subsection 4 exceeds fifty percent of the amount of the adjusted account holder deposits, the contributions made by a charitable or individual contributor held in trust in the account holder's account shall be removed from the account and redeposited in another individual development account or the reserve pool as directed by the contributor and deposits made by the state of a savings refund authorized under section 541A.3, subsection 1 shall be withdrawn and deposited in the reserve pool. The amount of the adjusted account holder deposits is the amount remaining after subtracting from the cumulative moneys deposited by the account holder all amounts withdrawn pursuant to subsection 4, paragraph "a". At the time a charitable or individual contributor contributes moneys to an account the contributor shall indicate the contributor's directions for disposition of moneys which are removed. If the designated choice of the contributor does not exist the contributed moneys shall be withdrawn and deposited in the reserve pool.

6. Penalty amounts collected pursuant to subsection 5 shall be deposited in the reserve pool.

7. An adult account holder may transfer all or part of the assets the adult account holder has deposited in the account to any other account holder's account. However, an account holder who is less than eighteen years of age is prohibited from transferring account assets to any other account holder. Moneys contributed by a charitable or individual contributor are not subject to transfer except as authorized by the contributor. Amounts transferred in accordance with this subsection are not subject to a penalty.

8. If approved by the federal government, moneys in an individual development account and any earnings on the moneys shall not be considered by the department of human services

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for determining the eligibility of an individual under the family investment program under chapter 239 or the work and training program under chapter 249C.

9. In the event of an account holder's death, the account may be transferred to the ownership of a contingent beneficiary or to the individual development account of another account holder. An account holder shall name contingent beneficiaries or transferees at the time the account is established and a named beneficiary or transferee may be changed at the discretion of the account holder. If the named beneficiary or transferee is deceased or otherwise cannot accept the transfer, the moneys shall be transferred to the reserve pool.

10. The total amount of sources of principal which may be in an individual development account shall be limited to fifty thousand dollars.

Sec. 18. NEW SECTION. 541A.3 INDIVIDUAL DEVELOPMENT ACCOUNTS -- REFUND AND TAX PROVISIONS.

All of the following state tax provisions shall apply to an individual development account:

1. Payment by the state of a savings refund on amounts of up to two thousand dollars per calendar year that an account holder deposits in the account holder's account. Moneys transferred to an individual development account from another account shall not be considered an account holder deposit for purposes of determining a savings refund. Payment shall be made directly to the account in the most appropriate manner as determined by the administrator. The state savings refund shall be the indicated percentage of the amount deposited:

a. For an account holder with a household income, as defined in section 425.17, subsection 6, which is less than one hundred fifty percent of the federal poverty level, twenty percent.

b. For an account holder with a household income which is one hundred fifty percent or more but less than one hundred sixty percent of the federal poverty level, eighteen percent.



c. For an account holder with a household income which is one hundred sixty percent or more but less than one hundred seventy percent of the federal poverty level, sixteen percent.

d. For an account holder with a household income which is one hundred seventy percent or more but less than one hundred eighty percent of the federal poverty level, fourteen percent.

e. For an account holder with a household income which is one hundred eighty percent or more but less than one hundred ninety percent of the federal poverty level, twelve percent.

f. For an account holder with a household income which is one hundred ninety percent or more but less than two hundred percent of the federal poverty level, ten percent.

g. For an account holder with a household income which is two hundred percent or more of the federal poverty level, zero percent.

2. Income earned by an individual development account is not subject to tax until withdrawn.

3. Amounts transferred between individual development accounts are not subject to state tax.

4. The administrator shall work with the United States secretary of the treasury and the state's congressional delegation as necessary to secure an exemption from federal taxation for individual development accounts and the earnings on those accounts. The administrator shall report annually to the governor and the general assembly concerning the status of federal approval.

5. The administrator shall coordinate the filing of claims for savings refunds authorized under subsection 1, between account holders, operating organizations, and the department of revenue and finance. Claims approved by the administrator may be paid by the department of revenue and finance to each account or for an aggregate amount for distribution to the accounts in a particular financial institution, depending on the efficiency for issuing the refunds. Claims shall be initially filed with the administrator on or before a date established by the administrator.

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Sec. 19. NEW SECTION. 541A.4 INDIVIDUAL DEVELOPMENT ACCOUNT -- PILOT PHASE.

A state human investment reserve pool is created in the state treasury under the authority of the administrator. The governor shall name an executive branch agency as administrator to have authority over the reserve pool. Interest on moneys in the reserve pool shall remain in the reserve pool and notwithstanding sections 8.33 and 8.39, moneys in the reserve pool are not subject to reversion or transfer. Moneys in the reserve pool shall be used for administrative expenses of the administrator. The administrator shall perform all of the following duties or may delegate the performance of the duties to a suitable entity in administering the individual development accounts:

1. For the five-year pilot phase period beginning March 1, 1994, and ending February 28, 1999, the total number of individual development accounts shall be limited to ten thousand accounts, with not more than five thousand accounts in the first calendar year of the period, and to individuals with a household income which does not exceed two hundred percent of the federal poverty level. The administrator shall ensure that the family income status of account holders at the time an account is opened proportionately reflects the distribution of the household income status of the state's population up to two hundred percent of the federal poverty level.

2. Issue a request for proposals for operating organizations to be involved with the operation of individual development accounts on behalf of a specific target population. The administrator shall determine the review criteria used to select operating organizations. The initial review criteria used to evaluate organizations' proposed projects and requirements associated with operating organizations shall include but are not limited to all of the following:

a. Provision of a safe and secure investment mechanism for the individual development accounts utilizing a financial institution approved by the administrator.



b. The proposed project has a strong relationship to goals established by other initiatives deemed a priority by the administrator.

c. The proposed project links the making of an account holder's contributions to an individual development account with other services or outcomes identified by the operating organization in the proposal. The proposed project includes mechanisms for the operating organization to monitor and enforce the identified outcomes and services.

d. The operating organization is capable of performing the project as proposed. Minimum capabilities shall include an ability to provide financial counseling, familiarity and ability to work with the proposed target population, and a strong record of successful management.

e. The operating organization proposes to provide a significant amount of matching funds for individual development accounts.

f. The proposal includes a monitoring and evaluation plan for certifying the proposed project's outcomes.

g. The responsibilities of an operating organization shall include but are not limited to all of the following:

(1) Certifying that a financial instrument is an individual development account based upon its having the characteristics described in section 541A.2.

(2) Certifying the income status and the amount of contributions to an individual development account by an account holder during a tax year which are eligible for a savings refund authorized under section 541A.3, subsection 1.

(3) Calculating the adjusted contribution principal amounts for the account holder, state, and individual and charitable contributors as required for purposes of section 541A.2, subsections 4 and 5.

3. Utilizing guidelines established in law for this purpose, the administrator shall contract for an independent evaluation of the implementation of the individual development accounts. The evaluation shall consider the following: implementation and process used for the implementation, program impact, and financial effectiveness.

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Sec. 20. EFFECTIVE DATE AND APPLICABILITY PROVISIONS. Sections 14 and 15 of this Act are effective January 1, 1994. Section 14 applies to tax years beginning on or after January 1, 1994. Section 15 applies to decedents dying on or after January 1, 1994.

DIVISION VIII

IOWA NETWORK INITIATIVE

Sec. 21. IOWA NETWORK INITIATIVES. The Wallace technology transfer foundation, in cooperation with the department of economic development, shall establish a statewide initiative to encourage businesses to develop cooperative networks. The statewide initiative may include but is not limited to all of the following:

1. A plan to educate businesses and the public on the nature of the international challenge Iowa faces, and the ways in which network activities have been used elsewhere to enhance competitiveness.

2. Training for individuals to act as brokers in helping to organize networks.

3. Establishing programs for networks to study or implement specific collaborative ideas.

4. Conducting surveys of Iowa employer practices designed to attract and encourage high performance work organizations.

DIVISION IX

FAMILY INVESTMENT PROGRAM

Sec. 22. Section 10A.202, subsection 1, paragraph a, Code 1993, is amended to read as follows:

a. Hearings and appeals relative to foster care facilities, child day care facilities, administration of the state medical assistance program, administration of the state supplementary assistance program, administration of the food stamps program, and administration of the ~~aid-to-dependent children-program~~ family investment program, and other programs administered by the department of human services. Decisions of the division in these areas are subject to review by the department of human services.



Sec. 23. Section 10A.402, subsection 7, Code 1993, is amended to read as follows:

7. Investigations relative to the administration of the state supplemental assistance program, the state medical assistance program, the food stamp program, the ~~aid-to dependent-children-program~~ family investment program, and any other state or federal benefit assistance program.

Sec. 24. Section 217.8, Code 1993, is amended to read as follows:

217.8 DIVISION OF CHILD AND FAMILY SERVICES.

The administrator of the division of child and family services shall be qualified by training, experience, and education in the field of welfare and social problems. The administrator is charged with the administration of programs involving neglected, dependent and delinquent children, child welfare, ~~aid-to-dependent-children~~, family investment program, and aid to disabled persons and shall administer and be in control of other related programs established for the general welfare of families, adults and children as directed by the director.

Sec. 25. Section 217.11, subsection 8, Code 1993, is amended to read as follows:

8. Two recipients or former recipients of the ~~aid-to dependent-children-program~~ family investment program, selected by the other members of the committee.

Sec. 26. Section 217.12, subsection 1, subsection 3, paragraph a, and subsection 8, Code 1993, are amended to read as follows:

1. Identify the factors and conditions that place Iowa families at risk of long-term dependency upon the ~~aid-to dependent-children-program~~ family investment program. The council shall seek to use relevant research findings and national and Iowa specific data on the ~~aid-to-dependent children-program~~ family investment program.

a. Designation of families to be served that meet some criteria of being at risk of long-term welfare dependency, and agreement to serve clients that are referred by the department of human services from the ~~aid-to-dependent-children-program~~ family investment program which meet the criteria. The criteria may include, but are not limited to, factors such as educational level, work history, family structure, age of the youngest child in the family, previous length of stay on the ~~aid-to-dependent-children-program~~ family investment program, and participation in the ~~aid-to-dependent-children-program~~ family investment program or the foster care program while the head of a household was a child. Grant proposals shall also establish the number of families to be served under the demonstration program.

8. Evaluate and make recommendations regarding the costs and benefits of the expansion of the services provided under the special needs program of the ~~aid-to-dependent-children program~~ family investment program to include tuition for parenting skills programs, family support and counseling services, child development services, and transportation and child care expenses associated with the programs and services.

Sec. 27. Section 222.78, Code 1993, is amended to read as follows:

222.78 PARENTS AND OTHERS LIABLE FOR SUPPORT.

The father and mother of any person admitted or committed to a hospital-school or to a special unit, as either an inpatient or an outpatient, and any person, firm, or corporation bound by contract hereafter made for support of ~~such~~ the person shall be and remain liable for the support of ~~such~~ the person. ~~Such~~ The person and those legally bound for the support of the person shall be liable to the county for all sums advanced by the county to the state under the provisions of sections 222.60 and 222.77. The liability of any person, other than the patient, who is legally bound for the support of any patient under eighteen years of age in a hospital-school or a special unit shall in no instance exceed the average minimum cost of the care of a normally intelligent, nonhandicapped minor of the same age and sex as ~~such~~ the minor patient. The administrator shall establish the scale for this purpose but the scale shall not exceed the



standards for personal allowances established by the state division under the ~~aid-to-dependent-children-program~~ family investment program. Provided further that the father or mother of ~~such~~ the person shall not be liable for the support of ~~such~~ the person after ~~such~~ the person attains the age of eighteen years and that the father or mother shall incur liability only during any period when the father or mother either individually or jointly receive a net income from whatever source, commensurate with that upon which they would be liable to make an income tax payment to this state. Nothing in this section shall be construed to prevent a relative or other person from voluntarily paying the full actual cost as established by the administrator for caring for ~~such-mentally-retarded~~ the person with mental retardation.

Sec. 28. Section 234.6, unnumbered paragraph 1, Code 1993, is amended to read as follows:

The administrator shall be vested with the authority to administer ~~aid-to-dependent-children~~ the family investment program, state supplementary assistance, food programs, child welfare, and emergency relief, family and adult service programs, and any other form of public welfare assistance and institutions that ~~may-hereafter-be~~ are placed under the administrator's administration. The administrator shall perform ~~such~~ duties, formulate and ~~make-such~~ adopt rules as may be necessary; shall outline ~~such~~ policies, dictate ~~such~~ procedure, and delegate such powers as may be necessary for competent and efficient administration. Subject to restrictions that may be imposed by the director of human services and the council on human services, the administrator ~~shall-have-power-to~~ may abolish, alter, consolidate, or establish subdivisions and may abolish or change offices previously created ~~in-connection-therewith~~. The administrator may employ necessary personnel and fix their compensation; may allocate or reallocate functions and duties among any subdivisions now existing or ~~hereafter~~ later established; and may ~~promulgate~~ adopt rules relating to the employment of personnel and the allocation of their functions and duties

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among the various subdivisions as competent and efficient administration may require.

Sec. 29. Section 239.1, subsections 1 and 5, Code 1993, are amended to read as follows:

1. "Administrator" means the administrator of the division of the department of human services to which the director of human services assigns responsibility for the ~~aid-to-dependent children-program~~ family investment program.

5. "Division" means the division of the department of human services to which the director of human services assigns responsibility for the ~~aid-to-dependent-children-program~~ family investment program.

Sec. 30. NEW SECTION. 239.1A FAMILY INVESTMENT PROGRAM.

Effective July 1, 1993, assistance provided under this chapter shall no longer be referred to as aid to dependent children but shall be referred to as assistance under the family investment program.

Sec. 31. Section 239.2, Code 1993, is amended to read as follows:

239.2 ELIGIBILITY FOR ~~AID-TO-DEPENDENT-CHILDREN~~ ASSISTANCE.

Assistance shall be granted under this chapter to a dependent child who:

1. Is living in a suitable family home maintained by a specified relative.

2. Is living in this state other than for a temporary purpose, with a specified relative who is living in this state voluntarily with the intent of making the relative's home in this state and not for a temporary purpose.

3. Is not, with respect to assistance applied for by reason of partial or total unemployment of a parent, the child of a parent who is subject to any of the following circumstances:

a. Has been unemployed for less than thirty days prior to receipt of assistance under this chapter.

b. Is partially or totally unemployed due to a work stoppage which exists because of a labor dispute at the



factory, establishment, or other premises at which the parent is or was last employed.

c. At any time during the thirty-day period prior to receipt of assistance under this chapter or at any time thereafter while assistance is payable under this chapter, has not been available for employment, has not actively sought employment, or has without good cause refused any bona fide offer of employment or training for employment. The following reasons for refusing employment or training are not good cause: ~~Unsuitable~~ unsuitable or unpleasant work or training, if the parent is able to perform the work or training without unusual danger to the parent's health; or the amount of wages or compensation, unless the wages for employment are below the federal minimum wage.

d. Has not registered for work with the state employment service established pursuant to section 96.12, or thereafter has failed to report at an employment office in accordance with regulations prescribed pursuant to section 96.4, subsection 1.

The division may prescribe requirements in addition to or in lieu of the ~~foregoing~~ requirements of this section, for eligibility for assistance under this chapter to children whose parents are partially or totally unemployed, which are necessary to secure financial participation of the federal government in payment of ~~such~~ the assistance.

Sec. 32. Section 239.12, Code 1993, is amended to read as follows:

239.12 ~~AID-TO-DEPENDENT-CHILDREN~~ FAMILY INVESTMENT PROGRAM ACCOUNT.

There is established in the state treasury an account to be known as the ~~"Aid-to-Dependent-Children-Account"~~ family investment program account to which shall be credited all funds appropriated by the state for the payment of assistance, and all other moneys received at any time for ~~such~~ these purposes. Moneys assigned to the department under section 239.3 and received by the child support recovery unit pursuant to section 252B.5 and 42 U.S.C. ~~sec.~~ § 664 shall be credited

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to the account in the fiscal year in which the moneys are received. All assistance shall be paid from the account.

Sec. 33. Section 239.17, Code 1993, is amended to read as follows:

239.17 RECOVERY OF ASSISTANCE OBTAINED BY FRAUDULENT ACT.

A person who obtains, or attempts to obtain, or aids or abets any person to obtain, by means of a willfully false statement or representation, or by impersonation or any fraudulent device, assistance to which the recipient is not entitled, is personally liable for the amount of assistance thus obtained. The amount of the assistance may be recovered from the offender or the offender's estate in an action brought or by claim filed in the name of the state and the recovered funds shall be deposited in the ~~aid-to-dependent children~~ family investment program account. The action or claim filed in the name of the state shall not be considered an election of remedies to the exclusion of other remedies.

Sec. 34. Section 239.19, Code 1993, is amended to read as follows:

239.19 TRANSFER OF ~~AID~~ FUNDS TO OTHER WORK AND TRAINING PROGRAMS.

The department of human services may transfer ~~aid-to dependent-children~~ family investment program funds in its control to any other department or agency of the state for the purpose of providing funds to carry out the job opportunities and basic skills training program created by the federal Family Support Act of 1988, Title II, Pub. L. No. 100-485, as codified in 42 U.S.C. § 602 et seq. and administered under chapter 249C and this chapter.

Sec. 35. Section 239.20, Code 1993, is amended to read as follows:

239.20 COUNTY ATTORNEY TO ENFORCE.

Violations of law relating to the ~~aid-to-dependent-children program~~ family investment program shall be prosecuted by county attorneys. Area prosecutors of the office of the attorney general shall provide prosecution assistance.



Sec. 36. Section 249.13, Code 1993, is amended to read as follows:

249.13 COUNTY ATTORNEY TO ENFORCE.

It is the intent of the general assembly that violations of law relating to ~~aid-to-dependent-children~~ the family investment program, medical assistance, and supplemental assistance shall be prosecuted by county attorneys. Area prosecutors of the office of the attorney general shall provide such assistance in prosecution as may be required. It is the intent of the general assembly that the first priority for investigation and prosecution for which funds are provided ~~by-this-Act~~ shall be for fraudulent claims or practices by health care vendors and providers.

Sec. 37. Section 249A.3, subsection 1, paragraph e, subparagraphs (1) and (2), and paragraphs f and m; subsection 2, paragraphs c, d, f, and h, unnumbered paragraph 1, Code 1993, are amended to read as follows:

(1) The woman would be eligible for a cash payment under the ~~aid-to-dependent-children-program, or under an aid-to dependent-children, unemployed-parent-program,~~ family investment program under chapter 239, if the child were born and living with the woman in the month of payment.

(2) The woman meets the income and resource requirements of the ~~aid-to-dependent-children-program~~ family investment program under chapter 239, provided the unborn child is considered a member of the household, and the woman's family is treated as though deprivation exists.

f. Is a child who is less than seven years of age and who meets the income and resource requirements of the ~~aid-to dependent-children-program~~ family investment program under chapter 239.

m. Is an individual or family who is ineligible for ~~aid-to dependent-children~~ the family investment program under chapter 239 because of requirements that do not apply under Title XIX of the federal Social Security Act.

c. Individuals who are receiving care in an institution for mental diseases, and who are under twenty-one years of age

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and whose income and resources are such that they are eligible for ~~aid-to-dependent-children~~ the family investment program under chapter 239, or who are sixty-five years of age or older and who meet the conditions for eligibility in paragraph "a" of this subsection.

d. Individuals and families whose incomes and resources are such that they are eligible for federal supplementary security income or ~~aid-to-dependent-children~~ the family investment program, but who are not actually receiving such public assistance.

f. Individuals under twenty-one years of age who qualify on a financial basis for, but who are otherwise ineligible to receive ~~aid-to-dependent-children~~ assistance under the family investment program.

Individuals who have attained the age of twenty-one but have not yet attained the age of sixty-five who qualify on a financial basis for, but who are otherwise ineligible to receive, federal supplementary security income or ~~aid-to dependent-children~~ assistance under the family investment program.

Sec. 38. Section 249A.14, Code 1993, is amended to read as follows:

249A.14 COUNTY ATTORNEY TO ENFORCE.

It is the intent of the general assembly that violations of law relating to ~~aid-to-dependent-children~~ the family investment program, medical assistance, and supplemental assistance shall be prosecuted by county attorneys. Area prosecutors of the office of the attorney general shall provide assistance in prosecution as required.

Sec. 39. Section 331.756, subsection 49, Code 1993, is amended to read as follows:

49. Prosecute violations of law relating to ~~aid-to dependent-children~~ the family investment program, medical assistance, and supplemental assistance as provided in sections 239.20, 249.13, and 249A.14.

Sec. 40. Section 421.17, subsection 21, paragraph a, subparagraph (3), Code 1993, is amended to read as follows:



(3) Any debt which is owed to the state for public assistance overpayments to recipients or to providers of services to recipients which the investigations division of the department of inspections and appeals is attempting to collect on behalf of the state. For purposes of this subsection, "public assistance" means ~~aid-to-dependent children~~ assistance under the family investment program, medical assistance, food stamps, foster care, and state supplementary assistance.

LEONARD L. BOSWELL
President of the Senate

HAROLD VAN MAANEN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 268, Seventy-fifth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved ______________, 1993

TERRY E. BRANSTAD
Governor

The <u>Cahill</u> case

411 U.S. 619, 36 L.Ed.2d 543

**NEW JERSEY WELFARE RIGHTS ORGANIZATION et al.**

**v.**

**William T. CAHILL, etc., et al.**

**No. 72–6258.**

May 7, 1973.

A class action alleged violation of equal protection by the New Jersey "Assistance to Families of the Working Poor" program. On remand from the Court of Appeals, 448 F.2d 1247, a three-judge District Court for the District of New Jersey, 349 F.Supp. 491, held that there was no violation of equal protection, and plaintiffs appealed. The Supreme Court held that where benefits extended under the program were as indispensable to the health and well-being of illegitimate children as to those who were legitimate, the program, which in practical effect denied to illegitimate children benefits which were granted to legitimate children, was violative of equal protection.

Motion for leave to proceed in forma pauperis granted; judgment of District Court reversed, and case remanded for further proceedings.

Mr. Chief Justice Burger concurred in result.

Mr. Justice Rehnquist dissented and filed opinion.

**Constitutional Law ⚩211**
**Social Security and Public Welfare ⚩192**

Where benefits extended under New Jersey's statutory "Assistance to Families of the Working Poor" program were as indispensable to health and well-being of illegitimate children as to those who were legitimate, provision of such statute which in practical effect denied to illegitimate children benefits which were granted to legitimate children was violative of equal protection. U.S.C.A.Const. Amend. 14; N.J.S.A. 44:13–1 et seq., 3, subd. a.

On appeal from the United States District Court for the District of New Jersey.

PER CURIAM.

This case presents the question of the constitutionality under the Equal Protection Clause of the Fourteenth Amendment of the New Jersey "Assistance to Families of the Working Poor" program, N.J.Stat.Ann. § 44:13–1 et seq., that allegedly discriminates against illegitimate children in the provision of financial assistance and other services. Specifically, appellants challenge that aspect of the program that limits benefits to only those otherwise qualified families "which consist of a household composed of two adults of the opposite sex ceremonially married to each other who have at least one minor child . . . of both, the natural child of one and adopted by the other, or a child adopted by both . . . ." N.J.Stat.Ann. § 44:13–3(a). Appellants do not challenge the statute's "household" requirement. Rather, they argue that although the challenged classification turns upon the marital status of the parents as well as upon the parent-child relationship, in practical effect it operates almost invariably to deny benefits to illegitimate children while granting benefits to those children who are legitimate. 620
Although apparently conceding the correctness of this position, the United States District Court for the District of New Jersey, sitting as a three-judge court,* upheld the statutory

* In prior proceedings in this case, a single judge of the United States District Court for the District of New Jersey, in an unreported opinion, denied appellants' petition to convene a three-judge court on the ground that no substantial constitutional question was presented, and dismissed the complaint. On appeal, the United States Court of Appeals for the Third Circuit held that a substantial constitutional claim had been presented and therefore remanded the case with directions to convene a three-judge court. 448 F.2d 1247, 1248 (1971).

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411 U.S. 622

scheme on the ground that it was designed "to preserve and strengthen traditional family life." 349 F.Supp. 491, 496 (1972).

Confronted with similar arguments in the past, we have specifically declared that:

> "The status of illegitimacy has expressed through the ages society's condemnation of irresponsible liaisons beyond the bonds of marriage. But visiting this condemnation on the head of an infant is illogical and unjust. Moreover, imposing disabilities on the illegitimate child is contrary to the basic concept of our system that legal burdens should bear some relationship to individual responsibility or wrongdoing. Obviously, no child is responsible for his birth and penalizing the illegitimate child is an ineffectual—as well as an unjust—way of deterring the parent." Weber v. Aetna Casualty & Surety Co., 406 U.S. 164, 175, 92 S.Ct. 1400, 1406, 31 L.Ed.2d 768 (1972).

Thus, in *Weber* we held that under the Equal Protection Clause a State may not exclude illegitimate children from sharing equally with other children in the recovery of workmen's compensation benefits for the death of their parent. Similarly, in Levy v. Louisiana, 391 U.S. 68, 88 S.Ct. 1509, 20 L.Ed.2d 436 (1968), we held that a State may not create a right ⊥of action in favor of children for the wrongful death of a parent and exclude illegitimate children from the benefit of such a right. And only this Term, in Gomez v. Perez, 409 U.S. 535, 93 S.Ct. 872, 35 L.Ed.2d 56 (1973), we held that once a State posits a judicially enforceable right on behalf of children to needed support from their natural father, there is no constitutionally sufficient justification for denying such an essential right to illegitimate children. See also Davis v. Richardson, 342 F.Supp. 588 (D.C.Conn.), aff'd 409 U.S. 1069, 93 S.Ct. 678, 34 L.Ed.2d 659 (1972); Griffin v. Richardson, 346 F.Supp. 1226 (D.C.Md.), aff'd, 409 U.S. 1069, 93 S.Ct. 689, 34 L.Ed.2d 660 (1972).

Those decisions compel the conclusion that appellants' claim of the denial of equal protection must be sustained, for there can be no doubt that the benefits extended under the challenged program are as indispensable to the health and well-being of illegitimate children as to those who are legitimate. Accordingly, we grant the motion for leave to proceed *in forma pauperis*, reverse the judgment of the District Court, and remand for further proceedings consistent with this opinion.

Reversed and remanded.

THE CHIEF JUSTICE concurs in the result.

Mr. Justice REHNQUIST, dissenting.

The New Jersey Legislature has enacted a statute entitled "Assistance to Families of the Working Poor," which is designed to provide grants to supplement the income of a discrete class of families with children when independent sources of income are inadequate to support the family unit. The program is completely financed by the State, and therefore need not conform to any of the strictures of the Social Security Act. The New Jersey program for assistance to the working poor does not provide financial grants to classes of children as such, as is the case under various federal plans. Instead, it provides grants to classes of *families as units*. The Court ⊥holds that because benefits are limited to families "which consist of a household composed of two adults of the opposite sex ceremonially married to each other who have at least one minor child . . . of both, the natural child of one and adopted by the other, or a child adopted by both," the legislative scheme violates the Equal Protection Clause of the Fourteenth Amendment. ⊥622

The Court relies on Weber v. Aetna Casualty & Surety Co., 406 U.S. 164, 92 S.Ct. 1400, 31 L.Ed.2d 768 (1972), where

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a Louisiana statute that denied workmen's compensation benefits to an illegitimate child was invalidated. But the very language that the Court quotes from *Weber* shows how different this case is from that. There a disability was visited solely on an illegitimate child. Here the statute distinguishes among types of families. While the classification adopted by the New Jersey Legislature undoubtedly results in denying benefits to "families" consisting of a mother and father not ceremonially married who are living with natural children, whatever denial of benefits the classification makes is imposed equally on the parents as well as the children.

Here the New Jersey Legislature has determined that special financial assistance should be given to family units that meet the statutory definition of "working poor." It does not seem to me irrational in establishing such a special program to condition the receipt of such grants on the sort of ceremonial marriage that could quite reasonably be found to be an essential ingredient of the family unit that the New Jersey Legislature is trying to protect from dissolution due to the economic vicissitudes of modern life. The Constitution does not require that special financial assistance designed by the legislature to help poor families be extended to "communes" as well.

In the area of economics and social welfare the Equal Protection Clause does not prohibit a State from taking one step at a time in attempting to overcome a social ill, provided only that the classi-
623 fications made by the State are rational. Here the classification is based on a particular type of family unit, one of, if not the, core units of our social system. There being a rational basis for the legislative classification, the constitutionality of the law is governed by Dandridge v. Williams, 397 U.S. 471, 90 S.Ct. 1153, 25 L.Ed.2d 491 (1970), rather than by *Weber*.

I would affirm the judgment of the District Court.

411 U.S. 526, 36 L.Ed.2d 472

**GEORGIA et al., Appellants,**

**v.**

**UNITED STATES.**

**No. 72-75.**

Argued Feb. 21 and 22, 1973.

Decided May 7, 1973.

Action under Voting Rights Act of 1965 to enjoin state elections under legislative reapportionment plan. A three-judge panel of United States District Court for the Northern District of Georgia granted injunction, 351 F.Supp. 444, and defendants appealed. The Supreme Court, Mr. Justice Stewart, held that extensive reorganization of voting districts and creation of multimember districts in place of single-member districts in certain areas under reapportionment plan enacted by State subject to Voting Rights Act of 1965, which had potential for reducing Negro voting power, related to "standards, practices or procedures with respect to voting," and thus required administrative or judicial approval.

Affirmed and remanded with instructions.

Mr. Chief Justice Burger concurred in result and filed opinion.

Mr. Justice White filed dissenting opinion in which Mr. Justice Powell and Mr. Justice Rehnquist joined.

Mr. Justice Powell filed dissenting opinion.

**1. Courts ⟹380**

Supreme Court order noting probable jurisdiction on appeal from grant of injunction in voting rights case by three-judge district court, stayed enforcement of injunction pending disposition of appeal. Voting Rights Act of 1965, § 5 as amended 42 U.S.C.A. § 1973c.

**2. Elections ⟹12**

Provision of Voting Rights Act of 1965 relating to review of proposed

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