



STATE OF OREGON

INTEROFFICE MEMO

TO: Governor Victor Atiyeh

DATE: December 17, 1986

FROM: Marlene Haugland

SUBJECT: The attached material will help in your conversation with The Oregonian for positive coverage on Oregon's public assistance/JOB program. The memo can be used as a "script" for your phone conversation; the original editorial is attached and the packet of information has been revised so, please, destroy the copy which was handed to you last week. We're here to provide any and all background material and support for a news article and an editorial.

cc Bob Oliver



STATE OF OREGON

INTEROFFICE MEMO

TO: Victor Atiyeh
Governor

DATE: December 16, 1986

FROM: Leo T. Hegstrom, Director
Department of Human Resources

SUBJECT: Oregon's Response To Washington's Proposed Family Independence Program

Here's the synopsis on Oregon's program compared to Washington's proposal. I'd be happy to talk with the "Oregonian" after you've opened the door for discussion. My number is 378-3034.

Governor Booth Gardner has proposed a new program for welfare reform in Washington called The Family Independence Program (FIP). His reform package recognizes that welfare programs in Washington provide economic support for a growing number of indigent families but do little to promote families' economic independence. FIP aims at moving welfare families into the economic mainstream by replacing current welfare programs with a single comprehensive program which creates incentives for self-sufficiency.

As you'll recall, FIP would focus on employment and training, increased child support collections, day care subsidies, creation of public sector jobs, family reconciliation and flexible benefits to encourage employment. It would be financed by a pool of funds equal to federal dollars now spent on food stamp and welfare programs. The State would match the federal contributions.

Governor Gardner's proposal is still in the conceptual stage. While many program details are yet to be worked out, Washington believes there is a clear need to overhaul their system. Welfare caseloads (and percent of residents on assistance) have been increasing in Washington at a time its economy has improved. Caseloads are projected to continue increasing. The State feels it needs to improve its efforts to employ families on assistance and to provide other financial resources to remove their dependence on welfare.

Oregon has already implemented or proposed actions which have the net effect of some of FIP's components. We have a successful record that we can continue to build. The following comparison shows what Oregon has been able to achieve with its program.

- In Washington, welfare dependency has been increasing dramatically since 1980. In Oregon, welfare dependency has declined.
- In Washington, the welfare payment structure keeps families on public assistance longer with more reliance on welfare than earnings. In Oregon, welfare payment levels emphasize welfare avoidance through earnings.

- In Oregon, JOBS efforts to employ welfare families have resulted in three times as many families leaving ADC as Washington, and at less cost.
- Oregon's efforts to collect child support and locate absent parents have been more effective and more efficient than Washington's program.
- Oregon, in contrast to Washington, has a consolidated welfare payment, employment and child care program with single accountability for managing its welfare expenditures and reducing dependency.
- Oregon, in the absence of Congressional welfare reform, has obtained numerous waivers of federal laws and regulations to strengthen its welfare employment programs and to emphasize welfare avoidance for persons applying for public assistance. Washington has continued to operate a traditional WIN Program with responsibility split between two State agencies.

Many details must be worked out before FIP could be implemented. Major difficulties are:

1. Receiving timely (or any) approval of all the federal changes necessary to implement the major pieces of FIP. Many of Washington's proposals under FIP have been proposed by several states, including Oregon, with little success in Congress. Perhaps a regional effort could be more effective than individual proposals.
2. Need for high level of funding required to operate FIP. It seems doubtful that the federal agencies will agree to the increased funding levels contained in the State's proposal.

Oregon's strong employment program since 1980 has helped reduce its AFDC caseloads despite the high unemployment rate in the State. It has succeeded without major welfare reform at the federal level (which has not been forthcoming) and without additional employment resources. In January 1982, these federal waivers obtained by AFS were combined with the State's new JOBS Program to significantly reduce welfare dependency in Oregon. By consolidating all welfare and food stamp employment programs under the State's welfare agency, Oregon has used its employment resources efficiently and effectively to achieve a reduction in the welfare caseload through employment.

MK:as

Welfare plan calls for work

Sanborn News Service

WASHINGTON — A group of state welfare directors Monday recommended an overhaul of the welfare system. They suggested replacing food stamp and energy assistance programs with cash payments and requiring work and education in return for benefits.

"The existing policy is not working," Maine's welfare director Michael Petit said. "We feel a major overhaul is needed and that the public is ready to accept the change."

A report, the product of a year's work by 17 state welfare directors, was released by the American Public Welfare Association and the National Council of State Human Services Administrators. Its key provisions include:

- Establishing a personal contract between each welfare beneficiary and case worker that sets out the benefits available and the education or work requirements that must be met. The idea is to ease the beneficiary off welfare within a specific time laid out in the contract.

- Providing quality child care for welfare mothers with children older than 3. Current law requires no work or education requirements for mothers with children younger than 6.

- Single mothers with children older than age 3 would be required to work or enter a job training program. Single mothers with children younger than 3 would be required to complete school or attend a job training program.

- Creating a family living standard. Existing programs such as Aid to Families with Dependent Children, food stamps and energy assistance would be replaced with a lump sum payment based on the local living costs of each state. Only families living together would qualify for the payment.

"Our current welfare system was created to provide for widows and orphans," Cesar Perales, New York's welfare director, said. "Today more than 90 percent of the families on welfare have absent fathers who are alive somewhere."

"We have an obligation to the people on welfare to get them off welfare."

A giant leap forward

Politicians in Washington, D.C., have talked a great deal about welfare reform this year, but the best hope of translating words into action comes from the Washington on the other side of country.

Gov. Booth Gardner's welfare reform proposal, called the Family Independence Program, stands to leapfrog Washington from one of the least inventive welfare states to the forefront of welfare innovation. Not even a week old yet, Gardner's plan already has attracted the attention of national columnists. It deserves diligent attention from the Washington Legislature when it meets in January and careful monitoring by Oregon, which stands to benefit from a successful example to the north.

Gardner is calling for a two-year demonstration project that neatly threads between the Scylla and Charybdis of traditional welfare programs. As columnist William Raspberry nicely states it, "Traditional welfare . . . either provides sufficient income to meet poverty standards (and thereby works as a disincentive to low-paid employment) or else provides less than the guidelines require (and thereby condemns a family to state-enforced poverty)."

The proposed Washington plan navigates that narrow strait by creating a system of graduated grants, the highest of which — 135 percent of the standard welfare grant — would go to welfare recipients who take full-time jobs. During the two-year demonstration period, the program will be voluntary, borrowing on the experience of other states like Massachusetts that have discovered that voluntary rather than coercive "workfare" is the quickest route to permanently breaking the bonds of welfare dependence.

The massive restructuring of Washington's welfare system still needs careful examination, but unavailability of jobs does not appear to be a major pitfall. The state department of Employment Security projects 252,000 additional job openings in the state over the next five years, more than double the amount of projected participants in the program. In addition, Gardner proposes to put some 8,000 recipients to work at unfilled government jobs and in positions with non-profit groups around the state — a potential battle with state unions, but one that Gardner is boldly prepared to fight.

The biggest potential pitfall does appear to be cost. Welfare recipients will not be coldly thrown into the job market to fend for themselves. They will receive the education, training, counseling and child care that enhance their chances of success. The state's day-care costs alone are expected to triple under the program. The Department of Social and Health Services, however, projects the cost of increased services will be recovered in part by tougher enforcement of delinquent child-support payments and the rest by shortening the time period a family needs to be on welfare.

Initial projections of revenue neutrality may be overly optimistic. That is not, however, a reason to abandon a bold experiment, nor is it an excuse to skimp on the support services that are critical to the experiment's success. It is simply fair warning that if the governor and Legislature of Washington are going to take the time and effort to build this promising new vehicle for welfare reform, they should be politically prepared to supply it with the fuel it will need to get off the ground successfully.

Oregonian editorial 11/25/80

A REVIEW OF WASHINGTON'S PROPOSED
FAMILY INDEPENDENCE PROGRAM

Governor Booth Gardner has introduced a proposed new program for welfare reform in the State of Washington. This program is called The Family Independence Program (FIP). This reform package recognizes that welfare programs in Washington provide economic support for indigent families but do little to promote families' economic independence. FIP is aimed at moving families on welfare into the economic mainstream by replacing current welfare programs with a single comprehensive program which creates incentives for achieving this objective.

Governor Gardner's proposal is still in the conceptual stage with many program details yet to be worked out. The specific objectives to be achieved are not entirely clear, but it is quite clear that there is need for an overhaul of the system in Washington. This is evidenced by the fact that welfare caseloads have been increasing in Washington at a time when its economy has improved and the percentage of the State's population that is dependent on assistance is increasing. These and other indicators point to the need for the State to improve its efforts to employ families on assistance and to provide other financial resources to remove their dependence on welfare. A comparison between Washington and Oregon shows that Washington has significant need for improvements in its welfare program compared to what Oregon has been able to achieve with its program.

I. Current Programs in Oregon and Washington

A. Economy and Population

	<u>Washington</u>	<u>Oregon</u>
Population: 1986	4.4 Million	2.7 Million
Change 1980-1986	+7.0%	+2.2%
Unemployment Rate: 1986	7.7%	9.0%
Unemployment Rate: 1980	7.9%	8.3%
Per Capita Income: (1985)	\$13,876	\$12,622
Comment:	Since 1980, Washington's population has increased by 7.0%. The percentage of people out of work has decreased from 7.9% in 1980 to 7.7% in 1986.	Since 1980, Oregon's population has increased by 2.2%. The percentage of people out of work has increased from 8.3% in 1980 to 9.0% in 1986.

R. Welfare Caseloads

	<u>Washington</u>	<u>Oregon</u>
AFDC Caseload: 1980	51,849	36,166
AFDC Caseload: 1986	69,107	31,432
Percent Change 1980 to 1986	+33.3%	-13.1%
Projected AFDC Caseload (1989)	82,626	31,967
Percent of Population on AFDC:		
1980	1.25%	1.37%
1986	1.56%	1.17%
% Change 1980 to 1986	+24.6%	-20.5%
Projected % of Population (1989)	1.80%	1.16%

Comment:

Washington's AFDC caseload has increased from 51,849 in 1980 to 69,107 in 1986. It is projected to increase to 82,626 by 1989. The percentage of Washington's population on AFDC is expected to reach 1.8% by 1989. Welfare dependence is increasing.

Oregon's caseload is lower today than it was in 1980. The percentage of the population receiving AFDC in Oregon is expected to decrease even more by 1989.

C. Welfare Payment Level

	<u>Washington</u>	<u>Oregon</u>
Family of Three: 1 Parent, 2 Children		
1. Family Not Working:		
Spendable Income ^{1/}	\$646	\$601
(AFDC Payment Portion)	(\$492)	(\$397)
2. Family Working Full-Time at Minimum Wage with Disregards:		
Spendable Income ^{1/}	\$651	\$655
(AFDC Payment Portion)	(\$388)	(0)

^{1/} Spendable income includes AFDC payment, food stamps, earnings and child care reimbursement.

3. Family Working Full Time
at Minimum Wage Without
Disregards:

Spendable Income ^{1/} (AFDC Payment Portion)	\$594 (\$306)	\$655 (0)
Maximum Income Level: (Above this Level, Family of Three No Longer Receives AFDC Assistance)	\$1,480	\$574

Comments:

The income eligibility levels and welfare payment structure keeps families on welfare longer with more reliance on the welfare payment than on earnings. A family of three can earn up to \$1,400 a month and still be eligible for assistance.

The income eligibility level and payment levels emphasize welfare avoidance through earnings.

D. Employment of Welfare Families

	<u>Washington</u>	<u>Oregon</u>
Number of AFDC Families Required to Participate in Employment and Training Programs	29,157	14,371
% of the AFDC Caseload Required to Participate	42.2%	45.7%
% of AFDC Families Actually ^{2/} Participating	29.2%	37.8%
Monthly Employment Placements: Placements as a % of AFDC Families Required to Participate	1,091 3.7% per mo.	1,706 11.9% per mo.

^{1/} Spendable income includes AFDC payment, food stamps, earnings and child care.

^{2/} Excludes families that are not participating in work activities at any given time or who refuse to participate.

No. of Cases Going Off Welfare Each Month Due to Employment:	407	776
Placements as a % of AFDC Families Required to Participate	1.4%	5.4%

Cost Per Placement	\$960 (Est.)	\$640
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Comment:	Employment performance has not been sufficient to stem the tide of growing welfare caseloads.	Emphasis on employment has had a major impact on reducing welfare dependency. Oregon has achieved three times the placement effort at less cost than Washington.
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E. Efforts to Locate Absent Parents
And Collect Child Support

	<u>Washington</u>	<u>Oregon</u>
% of AFDC Payments Recovered by Child Support Program:	9.8%	13.3%
Number of Absent Parents Located:	11,080	26,271
Paternities Established:	2,187	2,189
Collections Per Administrative Dollars Spent:	\$2.48	\$4.05

Considering that welfare caseload is twice that of Oregon, support effort has been minimal.

Oregon's system is fully automated resulting in much greater recovery of support and in greater economic independence for welfare families.

F. Other Features

	<u>Washington</u>	<u>Oregon</u>
Consolidation of Welfare and Employment Programs	AFDC Program is separate from Employment Program - less accountability for managing the welfare caseload.	Welfare Program is consolidated with Employment Program - strong accountability.

	Food stamp employment program is separate.	Food Stamp Employment Program Integrated with Welfare Employment Program.
Integration of Welfare Payments with Food Stamps and Earnings	Little consolidation of Welfare and Food Stamp programs.	Maximizes food stamps to increase families purchasing power while decreasing state costs.
Use of Day Care Payments to Avoid Welfare Dependency	Little coordination between Day Care and Welfare programs.	Uses Day Care to ENABLE families to move into employment at minimum wage jobs and not lose spendable income.
Elimination of Federal Obstacles to Achieve Greater Employment Services	Created "Opportunities" program to consolidate employment effort. Remains essentially traditional "WIN" Program.	Obtained federal waivers to: <ol style="list-style-type: none"> 1. Enforce strong work search expectations; 2. Impose more reasonable sanctions for refusal to cooperate; 3. Require participation when youngest child is 3 years old (instead of 6), as a means to avoid welfare; 4. Provide a strong focus on finding jobs for AFDC applicants to prevent welfare dependency.

II. The Proposed Family Independence Program

Governor Gardner has responded to the welfare situation in Washington by proposing FIP. This program addresses reforms in employment, child support and cash assistance that have, to a great extent, already been implemented in Oregon. Oregon has moved ahead and addressed many of these issues during a period of high unemployment and dwindling levels of federal support without waiting for sweeping changes in Congress.

It appears that the proposed Family Independence Plan (FIP) is Washington's response to getting its welfare program under control. Over the past six years, the welfare caseload in the State has been increasing at an alarming rate considering the State's improving economy and is projected to increase at a significant pace over the next four years if the status quo is maintained. It is clear that the State needs to do something to reduce welfare dependency in Washington and to provide a more effective strategy for providing jobs in lieu of public assistance.

Washington's response to dealing with its problem caseload is to propose what appears to be a major overhaul of the welfare system in the State. The FIP is still very much in the idea stage with a great number of details to be worked out before it could be implemented, in part or in total. The major difficulties in launching this program will be two-fold. First, it will be very difficult for Washington to receive timely approval, or approval at all, of all of the federal changes that would be necessary to implement the major pieces of FIP. Many of Washington's proposals under FIP have been proposed by several states, including Oregon, with little success in Congress. Second, Washington will be fortunate to receive the high level of funding that they will require to operate FIP. It seems doubtful that the federal agencies and the Washington Legislature will agree to the increased funding levels contained in the State's proposal.

In contrast, Oregon has had in place a strong employment program since 1980 and has been able to reduce its AFDC caseloads over the last six years in spite of the high unemployment rate in the State. It has been successful without having to rely upon major welfare reform at the federal level (which has not been forthcoming) and without additional employment resources. Oregon has been successful in finding jobs for welfare families by seeking and obtaining a number of small but important waivers from the federal government. These waivers have been designed to overcome critical federal obstacles in the State's pursuit of an effective employment strategy for welfare recipients. In January 1982, these federal waivers were combined with the State's new JOBS Program to significantly reduce welfare dependency in Oregon. By consolidating all welfare and food stamp employment programs under the State's welfare agency, Oregon has used its employment resources efficiently and effectively to achieve a high success rate in reducing the welfare caseload through employment. It has more than realized its objective of reducing welfare dependency in the State without making headlines and without depending upon Congress to enact Welfare Reform Legislation.

A review of the major components of FIP alongside of Oregon's program, illustrates areas of accomplishment as well as new directions that are being considered.

FAMILY INDEPENDENCE
PROGRAM (FIP)

OREGON'S RESPONSE

A. Program Model

FIP proposes to replace family welfare and related food stamps with a simpler program of assistance with a strong employment emphasis. The proposed consolidated grant structure would still require higher paying jobs to move families from welfare dependency. FIP would provide a comprehensive array of employment, training and social services to families aimed at economic independence over the long term.

Consolidation of programs into a less complex program with greater flexibility is a desirable goal. However, Oregon has found that such changes at the federal level are difficult to achieve. Short of major Federal changes of this magnitude, Oregon has succeeded in consolidating welfare and employment programs into a single package with primary emphasis on work search and entry-level minimum-wage jobs to achieve self-sufficiency sooner. Oregon has focused on the minimum wage job as holding the most promise for employment for many recipients. This does not preclude their advancement to higher income as their work experience increases, but it has succeeded in placing a high number of clients into jobs.

B. Funding

FIP would use a flexible block grant with Federal and State funding placed in a multi-year revolving fund. There would be an expenditure lid based on what would have been available if the current AFDC Program continued.

FIP expects to finance the extensive array of services and the higher benefit level by reductions in cash assistance due to private sector employment and by increased child support.

Oregon has been a strong advocate for the kind of funding flexibility that FIP is proposing. However, in the absence of sweeping federal changes, Oregon has combined several federal funding sources (WIN, AFDC, Food Stamps) to finance a consolidated employment program for welfare families within the Adult and Family Services Division. It has done so without waiting for federal legislation. Oregon has tried on numerous occasions to do the same thing

FAMILY INDEPENDENCE
PROGRAM (FIP)

The federal block grant proposed with FIP would permit the State to retain the wage offsets obtained by families going to work and reinvest the savings into social services and subsidized employment and training. This model depends on extensive private sector employment. It also requires legislative and Congressional approval which will be difficult to achieve.

C. Administration

FIP would create a public corporation with a board comprised of representatives from business, labor advocacy and civic communities under chairmanship of administrators of the Welfare and Employment agencies.

The FIP board would develop program and budget and coordinate program delivery through two separate State agencies: the Department of Social and Health Services (DSHS) and the Employment Security Department (ESD).

D. Benefit Structure

FIP proposes to offer a financial incentive for employment. Income goes up when family is working due to flexible benefit structure. The standards would vary as follows:

OREGON'S RESPONSE

as Washington is proposing, i.e., to provide cash in place of food stamps and to combine the payment with the AFDC cash grant. Although the federal government has not approved this consolidation for AFDC families, the State has operated a successful food stamp "cash out" program for its elderly and disabled clients in the Portland area.

Washington has a need to have an oversight board to achieve accountability for programs that are split between two separate state agencies. Oregon has transferred responsibility for employment services for welfare clients to the Adult and Family Services Division (AFS) which is accountable for managing the welfare caseload. As a single agency, AFS administers cash assistance, food stamps, medical assistance, day care, child support and employment (JOBS) programs for families.

Oregon's minimum wage grant structure combines food stamps and AFDC payments to encourage employment. Use of a State-financed day care program also provides an incentive to work.

If additional funds were available, the grant structure proposed under FIP would have some attractive features for the State. However,

FAMILY INDEPENDENCE
PROGRAM (FIP)

OREGON'S RESPONSE

Full-Time Work:	135%	Standard
Part-Time Work:	115%	
In Training:	105%	
Disabled or Not Employed:	100%	
Refuse to Cooperate with Employment Program	80%	

FIP would replace food stamps with cash included in the FIP benefit.

E. Program Participation Requirement

FIP proposes to require AFDC clients to have a vocational assessment when their youngest child becomes six months old. Participation in work or training would be required of these families by the third year of the project.

During the first two years of the demonstration project (FIP), participation in work or training would be voluntary for families who have children under six years of age (the federal requirement). This is intended to provide a test of whether enrollees will voluntarily work in return for higher income. After the first two years, participation would be required unless there are sufficient volunteers to make the requirement unnecessary.

Oregon, unlike Washington, does not have the fiscal capacity to provide the level of benefits proposed by FIP. Nevertheless, the State has been able to provide the means for encouraging employment in spite of the fact that welfare expenditures have diminished since 1980.

Oregon has been operating on a federal waiver to require participation in the JOBS Program when the children are over three years old in place of the six-year-old age level. The waiver actually allows the State to mandate participation when the youngest child reaches age 1, but this has not been implemented as a matter of State policy. Oregon has used this waiver authority to establish employment expectations and to find jobs for thousands of AFDC families with young children before they become accustomed to welfare assistance.

FAMILY INDEPENDENCE
PROGRAM (FIP)

OREGON'S RESPONSE

F. Job Development

FIP would emphasize private sector jobs, but would also subsidize nonprofit and public human service jobs.

The FIP board would be authorized to create jobs through subsidies if private sector jobs were not available. 8,000 such training positions would be expected to be created. Publically funded and social services jobs (chore services, homemaker and nursing assistants) could be expanded by placing enrollees in jobs in these areas.

G. Child Care

FIP would provide child care for enrollees in training, education or employment, and would subsidize clients for one year after earnings exceed 135%. Payment made directly to provider.

FIP would increase child care expenditures by 10 times the current level in the first year alone.

Child care providers are expected to meet standards. Assistance would be provided to enable families to find appropriate child care.

Oregon has provided all of these employment opportunities for its AFDC clients using its scarce resources effectively and with little fanfare.

By far, the largest number of placements have been in private unsubsidized jobs. However, the State does provide a variety of on-the-job training opportunities for hard-to-place clients on AFDC. For example, Oregon's program provides for subsidized employment for hard-to-place clients as an alternative to cash assistance under a grant diversion program called work supplementation. In this program, wage is given to a client instead of a welfare check. The State has also established an aggressive program for State agencies to hire welfare recipients to fill entry-level positions in State government.

Oregon has three day care programs which help AFDC clients to achieve self-sufficiency through employment. One program provides day care payments for clients who are looking for work. Another program provides day care disregards for families who are working but still on welfare. The third day care program provides day care support to families that go off welfare because of earnings but still need help in meeting their child care expenses. Oregon subsidizes child care by reimbursing working families whose income is insufficient to cover these expenses.

FAMILY INDEPENDENCE
PROGRAM (FIP)

OREGON'S RESPONSE

H. Medical Care

FIP would continue medical care for families for one year after a family's earnings exceed 135% of the FIP standard. The program recognizes that the cost of medical care may prevent families from becoming financially independent of welfare.

The State is considering several options which are similar to FIP to insure the continuation of medical care for families that are working and not on assistance. This would be in addition to the current four months of extended medical care for AFDC clients who become employed. Recently, Oregon has provided extended medical coverage to some "working poor" families through its Medically Needy Program.

I. Child Support

FIP proposes to increase its child support recovery resources to reduce or eliminate welfare dependency for more single-parent families on AFDC assistance. Also, employment and training services would be offered to the absent parent of the children on AFDC assistance. Reconciliation and/or increased support are the aims of the FIP proposal in Child Support Enforcement.

Increasing child support is a desirable goal of FIP that has already been undertaken successfully in Oregon. Oregon does not focus on services to the absent parent as is being proposed, but sees value in a demonstration program that would test the effectiveness of this concept. Without such a test, it is questionable that Oregon would seek financial improvements in this area in lieu of funding improvements to help more welfare recipients find jobs.

J. Training and Education

FIP proposes to make job training available to all enrollees.

FIP would also offer enrollees the opportunity to participate in college-based training programs. The benefit structure provides higher payment for participation in training programs aimed at self-sufficiency. It would not use educational grants to reduce benefits as can occur under the Food Stamp Program.

Oregon's program provides support for short-term vocational training with an emphasis on training for hard-to-place clients. However, most of the State's job placements have been the result of supporting work search and providing short-term employment preparation services such as job-finding classes, resume preparation, and on-the-job training opportunities.

FAMILY INDEPENDENCE
PROGRAM (FIP)

OREGON'S RESPONSE

K. Family Social Services

Under FIP, Parenting Education, Family Management Training and Family Planning Services would be offered. Volunteers would be recruited in FIP to act as role models for enrollees. The goal is to reduce welfare dependency for some families by removing barriers to achieving economic and social independence.

Oregon recognizes the importance of providing these types of services to AFDC families who need them to become independent from public assistance. For this reason, the State's Department of Human Resources has proposed a number of initiatives in this 1987-89 Budget Request to address this problem. These include the following:

1. A Youth Initiative Package which is aimed at preventing teenage pregnancies, providing prenatal care to teenage mothers, and providing support services to allow teenage parents to complete their high school education.
2. An Employment Transition Program to provide special support services to insure that former welfare clients stay employed when they no longer receive assistance.
3. A Preventative Service Package that would provide case management and services to AFDC families to prevent child neglect and abuse and to remove barriers to employment.

WASHINGTON STATE
FAMILY INDEPENDENCE PROJECT (FIP)

PROGRAM HIGHLIGHTS

BACKGROUND

- * Governor Gardner has made economic development one of his highest priorities over the last two years.
- * Welfare reform is a major element of his economic development interests.
- * Washington's welfare caseload has continued to rise, despite an improving statewide economy.
- * The Legislature formed its own welfare reform task force to tackle problems of the current system.
- * The Governor directed the heads of Department of Social and Health Services (DSHS) and Employment Security to develop a proposal for welfare reform.

PLAN OF ACTION

- * No details of the FIP proposal have been prepared.
- * Public support and comment on the concepts are being solicited.
- * Current actions are intended to facilitate Legislative, Congressional and federal action and leave sufficient flexibility to modify proposals in response to public and federal reactions.

LEGISLATION

- * Plans are to request Congress and the State Legislature to support FIP as a five year demonstration proposal without program or reimbursement restrictions.
- * Plans call for start-up in July of 1987. If legislation is not enacted early in 1987, start-up could be delayed.

ADMINISTRATION

- * FIP would be jointly administered by the Department of Social and Health Services and the Employment Security Department (ESD). Local operation would also be shared.
- * A public corporation would be created with responsibility for administration of FIP. The DSHS Secretary would serve as the board chair, with the ESD Commissioner serving as vice chair. Other members from business, labor and advocacy groups would be appointed by the Governor. The board would not have legal liability for FIP, but would establish policy and budget.

FINANCING

- * A FIP funding pool would be created for financing all components of FIP.
- * The federal Departments of Health and Human Services and Agriculture would be asked to provide block grants at the same level of funding to the pool they would provide if FIP did not exist.
- * The state would match federal funds in the same proportion as existing law.
- * One financing feature is the wage "offset" of decreased assistance grants due to employment of clients and the increased revenues from additional child support collections. These two elements comprise 8% of the budget in the first biennium and 14% of the budget in the second biennium.
- * In the proposal, FIP would be budget "neutral" (i.e. FIP would operate under the same level of expenditures that would be available under current programs).
- * FIP will operate within an expenditure ceiling established through creation of the pool. The FIP Board would make program or benefit reductions as necessary to assure program maintenance within the funds available.

ELIGIBILITY

- * FIP applicants would go through about the same initial eligibility process, with the same limits and requirements, as current AFDC applicants.
- * Once eligibility is established, FIP clients would receive benefits for up to six months without monthly reporting and recalculation of eligibility and benefit amount (unless there was a significant change, such as getting a job or a change in household composition).

INCOME SUPPORT

- * FIP would offer a financial incentive for employment by having higher payment standards for families who work or are in training. A benchmark level of the combined cash value of AFDC and Food Stamps for families would be established. This benchmark is expected to be at 85% of the poverty level. Standards are graduated as follows:
 - 135% Of benchmark for the full time employed
 - 115% Of benchmark for the part time employed
 - 105% Of benchmark for those in training or high school
 - 100% Of benchmark for those in job search, the disabled and child only grants.
 - 80% Of benchmark for those who refuse to cooperate
- * Food Stamps would be cashed-out and included in the grant.
- * Earned Income Tax Credits would not be counted.

EMPLOYMENT SERVICES

- * All clients able to work would be required to participate in some kind of work search or employment preparation activity. Employment services include education, training, job search or subsidized employment in the public or private sector.
- * Clients would be required to participate when their youngest child reaches age six months, although this requirement would not be implemented until the third year. During the first two years, all applicants would enter FIP. Clients with youngest child age 6 and over would be required to participate in employment services. Clients in FIP who have younger children and clients in the regular AFDC program could volunteer for FIP employment services. Between years three and five, all remaining AFDC clients would be phased into FIP.
- * 8000 Public Service Employment training positions would be created to provide work skills development opportunities for clients in public and private non-profit agencies. Half would be full time.
- * Plans are for 16,000 private sector placements in the first year.

FAMILY SERVICES

- * Services would be offered to promote and restore family functioning and to assist parental reconciliation.
- * Emphasis will be placed on family planning, parent training and family management skills training.
- * Absent parents would be offered employment and training services.
- * Volunteers would be recruited to provide motivation and role modeling to FIP enrollees.

CHILD CARE

- * Child care would be fully subsidized for those in school, training, or employment.
- * Child care would be subsidized on a sliding fee scale for up to one year after earnings exceeded 135% of the benchmark.
- * Day care providers must be certified.
- * All payments are made directly to providers.
- * Expenditures for child care would be 10 times current level in the first biennium. These would be financed out of state and federal funds available for welfare payments.

MEDICAL CARE

- * Medical care would be extended to families for up to one year after earnings exceeded the 135% level.

STATISTICAL SUMMARY

<u>Demographic/Economic</u>	<u>Washington</u>	<u>Oregon</u>
State Population 1986 (Thousands)	4,420	2,698
Unemployment Rate (1986)	7.7	9.0
Per Capita Personal Income (1985)	\$13,876	\$12,622
 <u>Welfare</u>		
AFDC Caseload - Total (FY86)	69,107	31,432 ^{1/}
AFDC Two-Parent Caseload (FY86)	6,723	2,147 ^{1/}
AFDC Caseload as Percent of Population	1.56%	1.17%
 <u>Employment/Training</u>		
Participants (October 1986)	29,157	14,371 ^{2/}
Sanctions (October 1986)	800 est.	2,486
Placements (Avg. Monthly)	1,096	1,706 ^{3/}
Placements as Percent of Participants	3.7% ^{4/}	11.9% ^{4/}
Average Starting Wage (April - Sept. 1986)	\$5.21	\$4.26
Cost per Placement	\$960 ^{5/}	\$640 ^{6/}

^{1/} Average number of recipients during months that the Two-Parent Program was running.

^{2/} ADC mandatory or voluntary families. This includes one-parent families as of October 1986 and two-parent families (FY 1986).

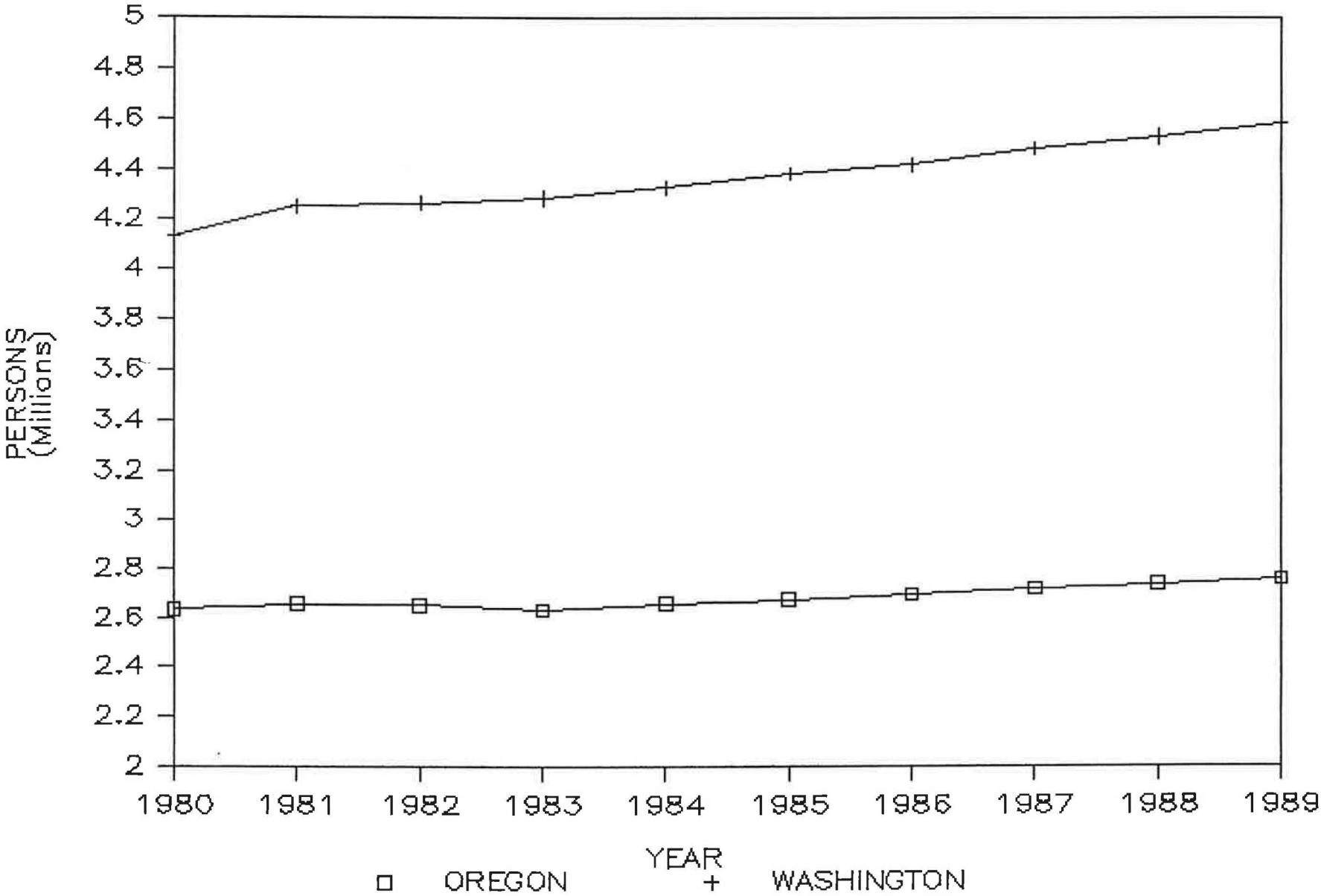
^{3/} Includes three months of the Two-Parent Program.

^{4/} Six-month average placements divided by October 1986 participants.

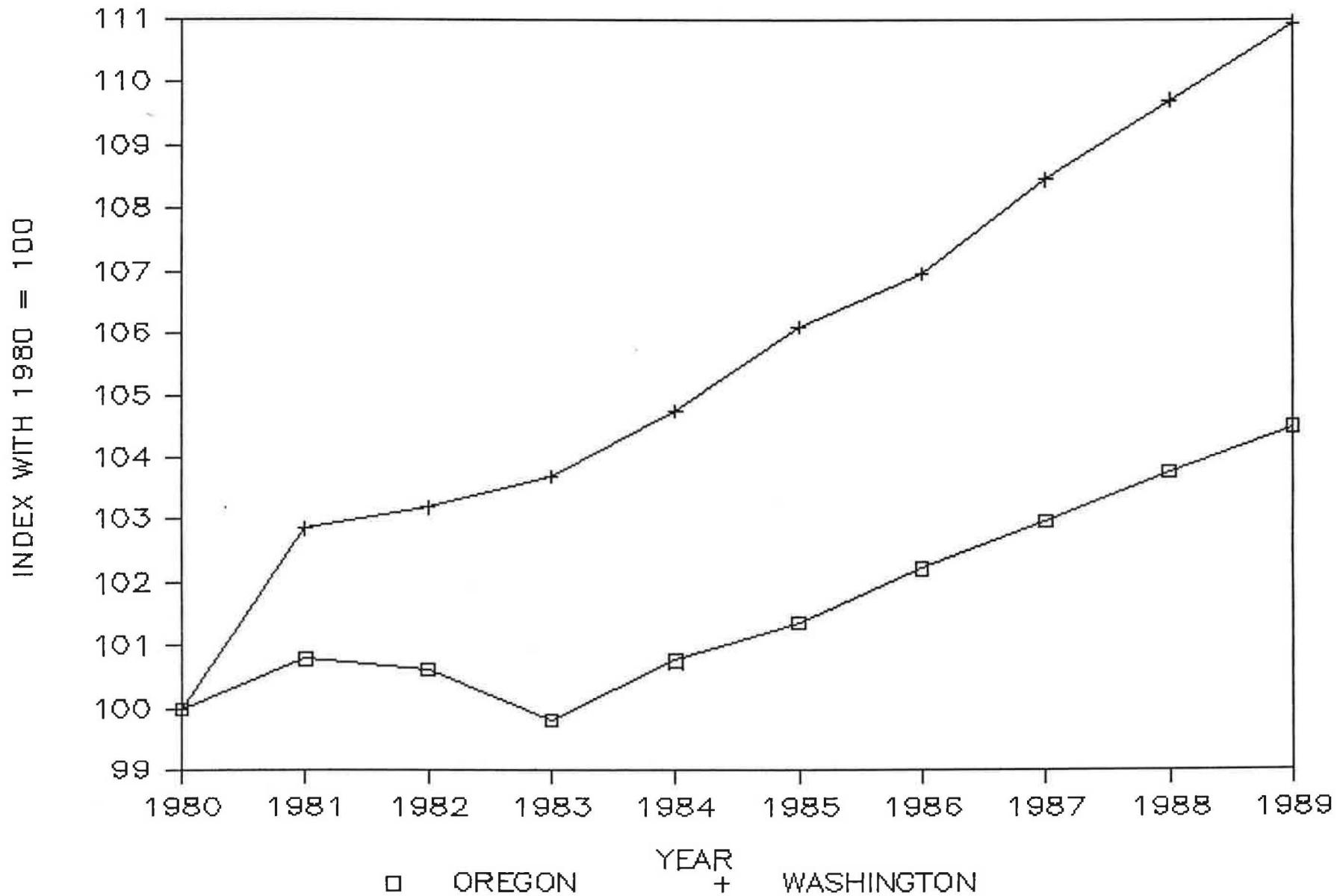
^{5/} \$12.8 million estimated annual expenditure rate divided by 12 times the average monthly placement rate.

^{6/} FY '86 expenditures, \$12.0 million, divided by FY '86 placements, 18,750.

OREGON AND WASHINGTON POPULATION

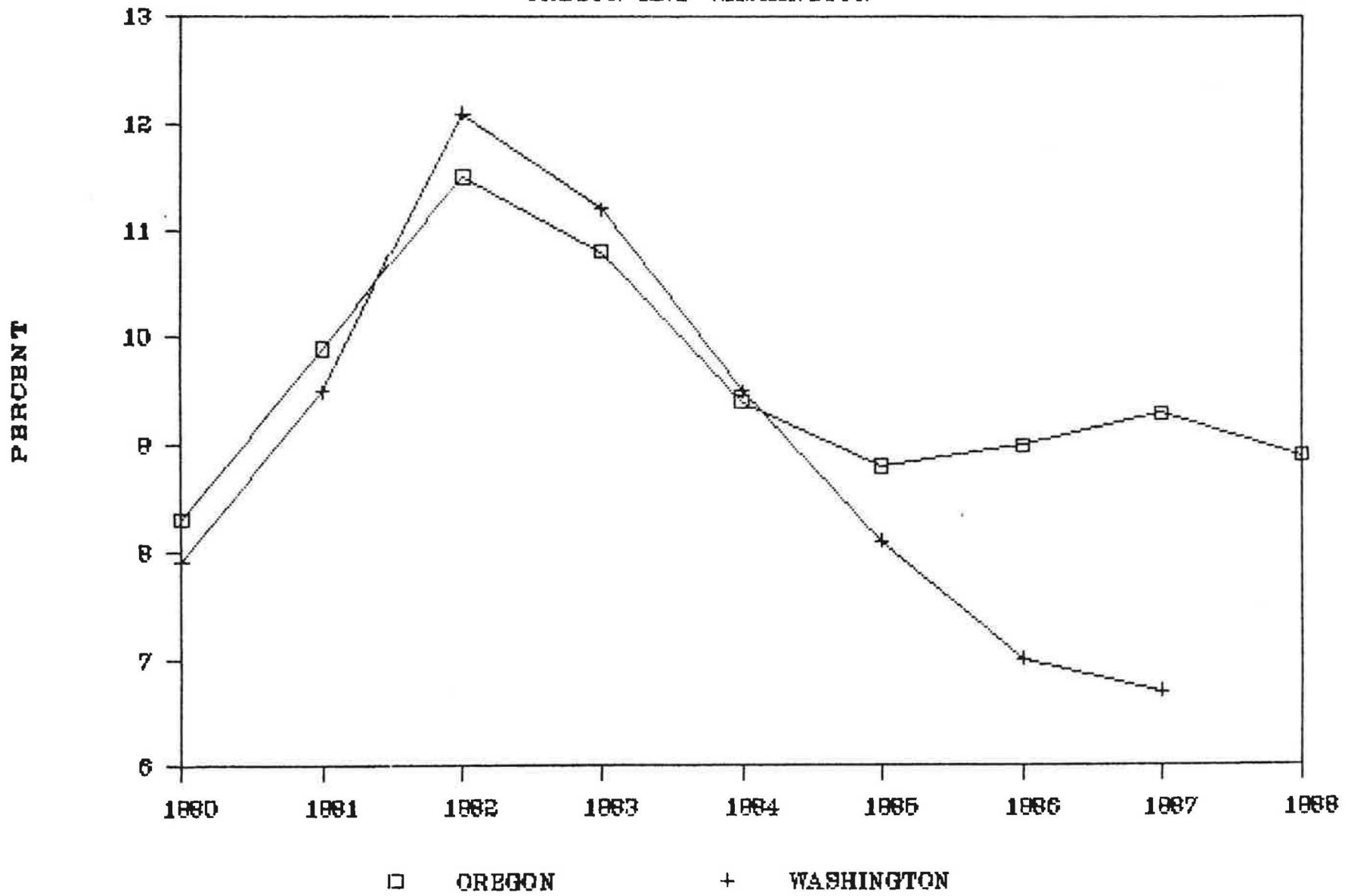


OREGON AND WASHINGTON POPULATION



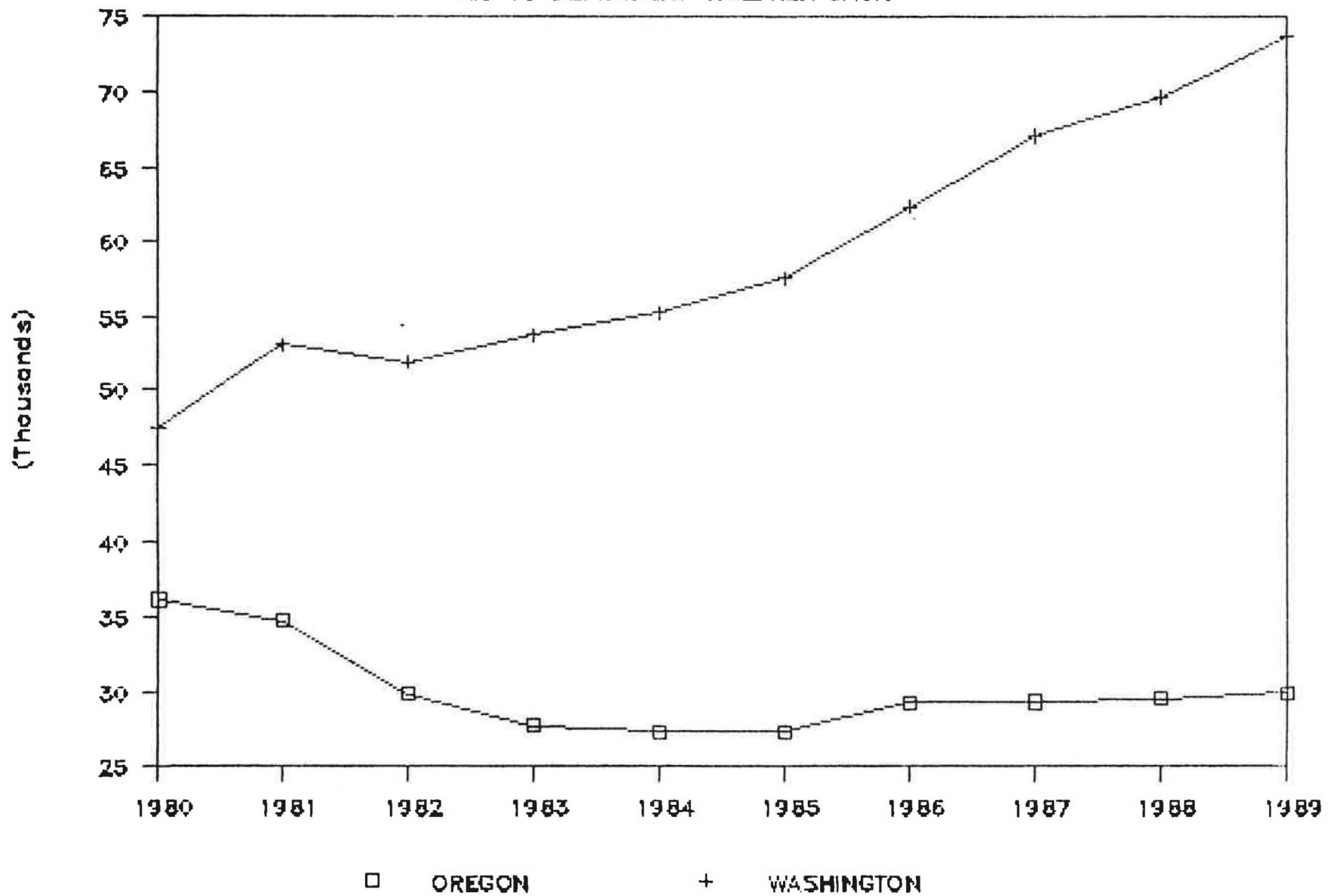
COMPARISON UNEMPLOYMENT PERCENTAGE

OREGON AND WASHINGTON



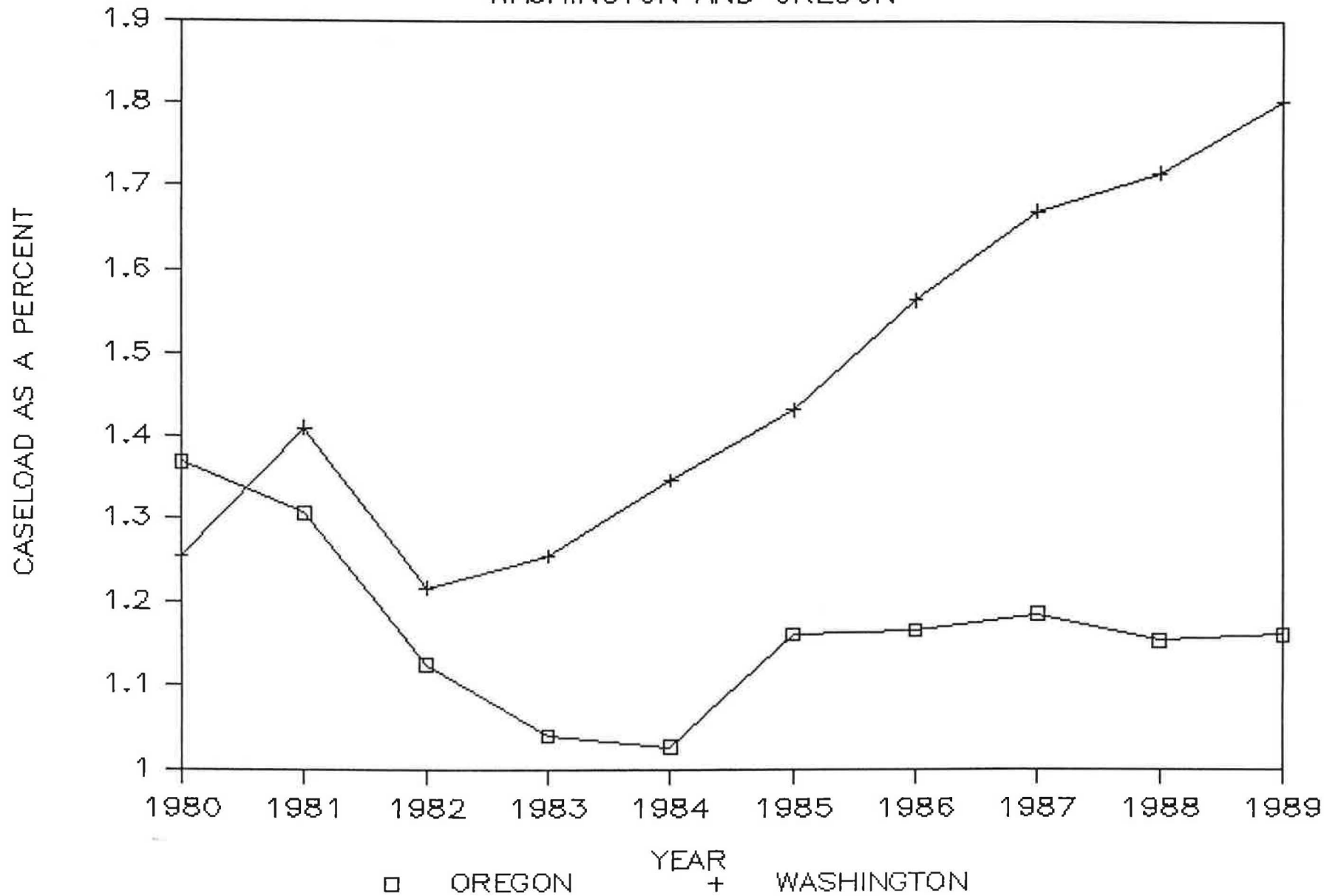
COMPARISON OREGON/WASHINGTON

AID TO DEPENDENT CHILDREN BASIC

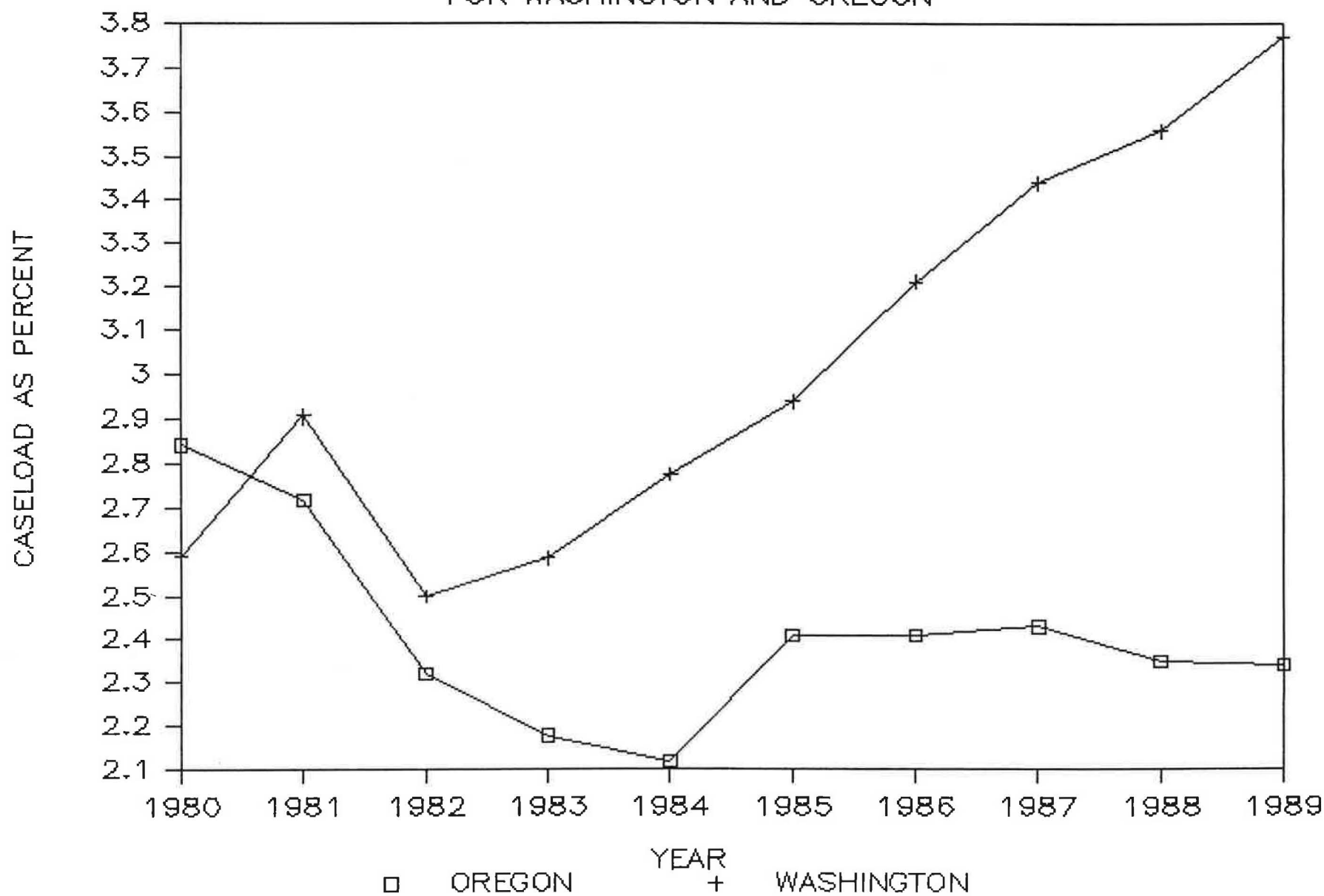


ADC CASELOAD AS A PERCENT OF POPULATION

WASHINGTON AND OREGON



ADC CASELOAD AS % OF 15-45 YEAR OLDS FOR WASHINGTON AND OREGON



SPENDABLE INCOME COMPARISON CHART

for

3 Person Family = 1 Parent, 2 Children

1. Parent Not Working

	Current for Washington	Current for Oregon	Proposed for FIP
AFDC grant	492	397	492
FS grant	+154	+204	+154
Spendable	----	----	----
Income	646	601	646

2. Parent employed 1/2 time = \$285.75 gross, child care expense of \$160/month two children in care.

a. With the \$30 and 1/3 earned income disregard

	Current for Washington	Current for Oregon	Proposed for FIP
Net Earned			
Income	50.75	50.75	209.55
AFDC grant	+492.00	+397.00	(FIP) +533.25
FS grant	+131.00	+184.00	
Spendable	-----	-----	-----
Income	673.75	631.75	743.00

b. Without the \$30 and 1/3 earned income disregard

	Current for Washington	Current for Oregon	Proposed for FIP
Net Earned			
Income	50.75	50.75	209.55
AFDC grant	+441.00	+346.00	(FIP) +533.25
FS grant	+146.00	+199.00	
Spendable	-----	-----	-----
Income	637.75	595.75	743.00

3. Parent employed full time = \$581/mo. gross (minimum wage), child care expense of \$320/month two children in care.

a. With the \$30 and 1/3 earned income disregard

	Current for Washington	Current for Oregon	Proposed for FIP
Net Earned			
Income	186.00	186.00	276.00
AFDC grant	+388.00	+ 0.00	(FIP) +524.00
FS grant	+ 77.00	+149.00	
Child Care			
Subsidy	0.00	+320.00	
Spendable	-----	-----	-----
Income	651.00	655.00	800.00

b. Without the \$30 and 1/3 earned income disregard

	Current for Washington	Current for Oregon	Proposed for FIP
Net Earned			
Income	186.00	186.00	276.00
AFDC grant	+306.00	+ 0.00	(FIP) +524.00
FS grant	+102.00	+149.00	
Child Care			
Subsidy	0.00	+320.00	
Spendable	-----	-----	-----
Income	594.00	655.00	800.00

4. Parent employed full time = \$800/mo. gross, child care expense of \$320/month two children in care.

a. With the \$30 and 1/3 earned income disregard

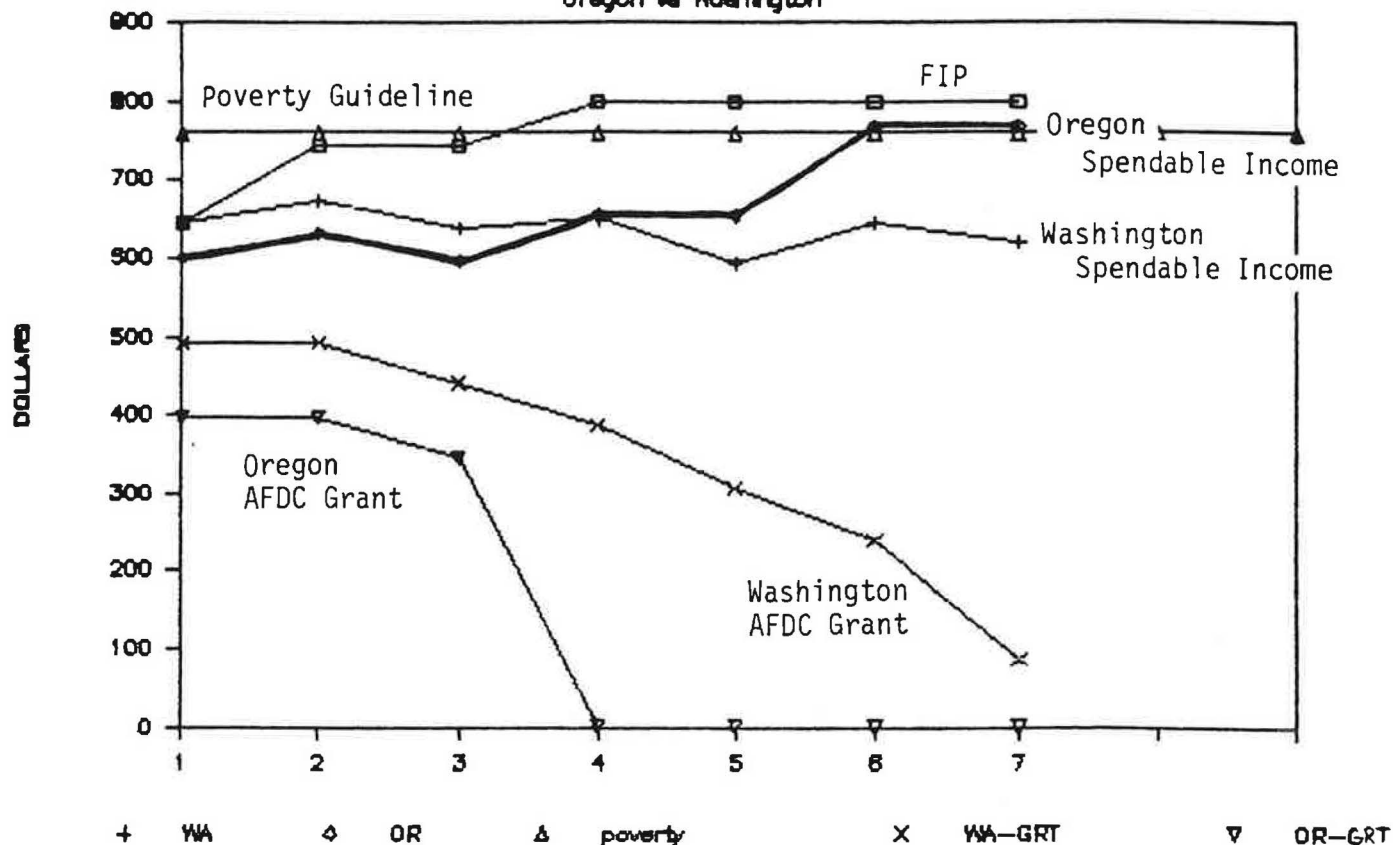
	Current for Washington	Current for Oregon	Proposed for FIP
Net Earned			
Income	405.00	405.00	725.00
AFDC grant	+241.00	+ 0.00	(FIP) + 75.00
FS grant	+ 0.00	+119.00	
Child Care			
Subsidy	0.00	+245.00	
Spendable	-----	-----	-----
Income	646.00	769.00	800.00

b. Without the \$30 and 1/3 earned income disregard

	Current for Washington	Current for Oregon	Proposed for FIP
Net Earned			
Income	405.00	405.00	725.00
AFDC grant	+ 87.00	+ 0.00	(FIP) + 75.00
FS grant	+129.00	+119.00	
Child Care			
Subsidy =	0.00	+245.00	
Spendable	-----	-----	-----
Income	621.00	769.00	800.00

SPENDABLE INCOME & RELATIVE ADC PAYMENT

Oregon vs Washington



X AXIS KEY

1. Not Working
2. Employed 1/2 time, with disregards
3. Employed 1/2 time, without disregards
4. Employed full time at minimum wage, with disregards
5. Employed full time at minimum wage, without disregards
6. Employed at \$800 gross, with disregards
7. Employed at \$800 gross, without disregards

WA-GRT - Washington AFDC payment portion of spendable income
 OR-GRT - Oregon AFDC payment portion of spendable income

IMPACT OF APPLYING WASHINGTON'S POLICIES IN OREGON
1985/87 Biennium

	OPERATING UNDER CURRENT POLICIES	OPERATING UNDER WASHINGTON'S POLICIES	DIFFERENCE
Population	2,698,000	2,698,000	
% on AFDC	1.16%	1.56%	
AFDC Caseload	31,432	42,197	10,765
Avg Payment Level	\$333	\$414	\$81
Total Expenditures *	\$244.6	\$419.3	\$174.7
General Fund	\$82.4	\$156.4	\$74.0
Other Fund	\$12.3	\$16.1	\$3.8
Federal Fund	\$149.9	\$246.8	\$96.9

* Millions of dollars