



August 14, 1997

WELFARE REFORM (AB 1542) AND STATE BUDGET ENACTED/ FEDERAL BUDGET MAKES CHANGES TO TANF

On Monday August 11, 1997, Governor Pete Wilson signed AB 1542, conforming California's welfare law to last summer's federal changes. The bill primarily implements the federal welfare reform law's Temporary Assistance for Needy Families (TANF) provisions and does not include supports for the working poor such as a state Earned Income Tax Credit or Unemployment Insurance reform. The following briefly summarizes key changes in state policies, including benefits for legal immigrants, and TANF-related issues addressed in the federal budget.

Time Limits And Work Requirements

- **Prohibits an adult from receiving assistance for more than 60 cumulative months (5 years).** After 60 cumulative months of assistance, adults will be ineligible for assistance and a family's grant will be reduced by the amount of the adult's portion of the grant. The clock on the 60-month time limit begins no earlier than January 1, 1998.
- **Exempts from the 60-month time limit** cases in which all parents or caretakers are:
 - ✓ 60 years of age or older;
 - ✓ Receiving disability benefits and the disability impairs ability to work;
 - ✓ Nonparent caretakers who provide care for a child who is a dependent or ward of the court or at-risk of foster care if the county determines that caretaking responsibilities impair the adult's ability to be employed;
 - ✓ Caring for a disabled family member and caretaking prevents employment;
 - ✓ Incapable of employment, as determined by the county;
 - ✓ Not included in the assistance unit.
- **Establishes an 18-month time limit on assistance for parents and caretakers.** Counties may extend time limits for an additional six months if employment is not available in the local economy. If a caretaker has not found work after 18 months, s/he may continue to receive assistance only by participating in a community service job. Community service is an option only if the recipient makes a good faith effort to find unsubsidized work and after a county certifies that "no job is available." The 18-month time limit begins when the recipient signs or refuses to sign a welfare-to-work contract. The time limit can begin no earlier than January 1, 1998.
- **Exempts from the 18-month time limit** months during which a recipient is not required to participate in welfare-to-work activities due to a condition that is expected to last at least 30 days. (See below for list of exemptions from work requirements.)
- **Requires counties to provide community service employment** for recipients who have reached their 18 or 24 month time limit.
- **Requires single parents to work or participate in work activities for 20 hours per week beginning January 1, 1998,** 26 hours per week beginning July 1, 1998, and 32 hours per week as of July 1, 1999. Counties have the option to require all or some recipients to participate in welfare-to-work activities for more than the minimum number of hours, up to 32 hours per week. The combined work effort of adults in two-parent families must have a combined work effort of 35 hours per week.

- Approves the following as **allowable work activities**:
 - ✓ Unsubsidized employment
 - ✓ Subsidized private sector employment
 - ✓ Subsidized public sector employment
 - ✓ Public or private work experience (12-month limit for unpaid work experience)
 - ✓ On-the-job training
 - ✓ Work-study
 - ✓ Self-employment
 - ✓ Community service
 - ✓ Adult basic education including English as a Second Language if the education is necessary for employment
 - ✓ Job skills training directly related to employment
 - ✓ Vocational education and training if the education is necessary for employment
 - ✓ Job search and job readiness assistance
 - ✓ Education directly related to employment
 - ✓ Secondary school or GED if the education is necessary for employment
 - ✓ Treatment services related to mental health, substance abuse, and domestic violence that are necessary to obtain employment
- **Allows recipients who are making satisfactory progress in a degree or certificate program that leads to employment** to continue in the program for up to the overall time limit of 18 months, with county option to extend for an extra six months. With the exception of a teaching credential, postgraduate education is not considered an allowable activity. Adult students are required to meet a 32 hour per week work requirement and the only educational time that will count toward the requirement is time spent in the classroom.
- **Sanctions families for the amount of the adult's portion of the grant for failure to participate in work activities.**
- **Provides exemptions from work requirements** for those who are:
 - ✓ Teen parents in school;
 - ✓ Disabled with medical verification, provided the individual is seeking appropriate treatment;
 - ✓ Of advanced age;
 - ✓ Nonparent caretaker of child who is a dependent or ward of the court or where there is a risk of placement in foster care and the county determines that the caretaking responsibilities impair the recipient's ability to be employed;
 - ✓ Primary caretaker for a disabled household member and caretaking impairs the recipient's ability to be employed or participate in welfare-to-work activities.
 - ✓ Pregnant with medical verification stating that pregnancy impairs ability to participate.
- **Exempts recipients from work requirements temporarily** for the following "good causes":
 - ✓ Unavailability of necessary supportive services;
 - ✓ Cases of domestic violence, if participation would be detrimental to the individual or family;
 - ✓ Child care for a child 10 years of age or younger is "not reasonably available";
 - ✓ Employment discriminates in terms of age, sex, race, religion, national origin, or disability;
 - ✓ Employment exceeds daily or weekly hours of work customary to the occupation;
 - ✓ Commute travel time exceeds a total of two hours round-trip;
 - ✓ Employment conditions are in violation of health and safety standards;
 - ✓ Employment does not provide worker's compensation insurance;

- ✓ Accepting employment would cause an interruption in an approved education or job training program in progress;
- ✓ Accepting employment would cause the individual to violate the terms of union membership.
- **Exempts parents with children under six months of age from work activities.** Counties may reduce the time frame to three months or extend it to 12 months on a case-by-case basis, based on criteria developed by the county. This exemption is good for recipient's first child only. A 12-week exemption is provided for subsequent births, with a county option to extend it to six months.

Eligibility And Benefits

- Maintains the current grant levels by **extending the 4.9% grant cut and suspending the COLA** for an additional year, through October 31, 1998.
- **Eliminates the Beno exemption** from grant reductions, which was applicable to certain recipients who are not able to work.
- Requires all *applicants* to provide **documentation of immunization** for all nonschool-age children within 30 days of receiving their Medi-Cal card and all *recipients* within 45 days of their next redetermination, or risk losing the parent's share of the grant. Counties may extend the 30-day period for good cause.
- **Requires parents to prove that children in the assistance unit who are required to attend school** actually attend. Families risk losing the adult (one or both) share of the grant for a child who is under 16 or the truant's share of grant for a child who is 16 or older if the absence is without good cause.
- **Requires women to cooperate in paternity establishment** or risk a 25 percent grant reduction for noncompliance.
- **Eliminates the requirement that two-parent families have a prior connection to the workforce as a condition of eligibility.**
- **Authorizes diversion payments to help families avoid the need for welfare.** A diversion payment is a lump sum (cash or noncash) provided to a family to allow them to pay for car repairs or other needs to avoid going onto aid. Applicants are eligible for child care assistance and Medi-Cal during the diversion period.
- **Revises the income disregard structure so that the first \$225 of earned or unearned disability-based income and 50 percent of remaining earned income are ignored.** This change increases the amount a full-time earner at \$5.75 (March 1998 minimum wage) would receive from welfare and work combined, but reduces the total income of a half-time (20 hours/week) or ¾-time worker as compared to current law.
- **Continues the \$50 child support disregard.**
- **Allows a family to own one vehicle with a value up to \$4,650 and still be eligible for assistance and conforms asset rules to those for the Food Stamp program (\$2,000 for nonexempt resources).**
- **Allows CalWORKs recipients to keep a maximum of \$5,000 per family in a saving account for education or job training, starting a business, or purchasing a home.**
- **Continues monthly income reporting and prospective budgeting,** but allows for up to six demonstration projects exploring six-month redetermination.
- **Prohibits persons convicted of a drug-related felony** after December 31, 1997 from receiving benefits for life (AB 1008, Ashburn).

Child Care

- Eliminates the child care disregard, supplemental child care, non-GAIN education and training child care, Cal Learn child care, and transitional child care, replacing them with a **direct payment system in which providers are paid directly**.
- **Allows families to receive subsidized child care until their income reaches 75 percent of the state median** and grandfathers in those families with incomes between 75 and 100 percent of the state median income who currently receive subsidies. Standardizes rates, application forms, and parent fees across all programs.
- **Caps reimbursement rates at 1.5 standard deviations above the mean rate** in the local market area.
- **Creates a three stage program for provision of child care services for TANF recipients:**
 - Stage I:** Managed by county welfare departments, this stage lasts for a period of six months or longer if the county determines that a recipient's situation is too unstable.
 - Stage II:** Administered by agencies contracting with the State Department of Education (SDE), for the period that the child's parent is in training, working and receiving aid, transitioning off assistance, and for two years once the family is off aid.
 - Stage III:** For TANF recipients who secure stable employment and those diverted from assistance, child care will be paid through the fund that currently pays for subsidized care for the working poor.
- **Defines membership criteria and responsibilities of local child care planning councils** including determination of where new child care funds will be used locally and designing a system to consolidate local child care waiting lists.

Job Creation

- Requires the Employment Development Department (EDD) to establish an **advisory council of former CEOs of major corporations and to consult with faith-based organizations and community leaders to assist EDD in encouraging employers to hire welfare recipients**.
- Requires EDD to establish a **clearinghouse to assist private sector employers in hiring CalWORKs recipients**.
- Authorizes the legislature to appropriate **\$20 million annually from the Employment Training Panel** for training programs for workers who are current or recent CalWORKs recipients.

Governance and Administration

- Requires the California Department of Social Services (CDSS) to issue a **planning allocation letter** and county plan instructions to counties within 30 days of enactment of the Welfare to Work Act of 1997.
- Requires **every county to submit a plan to the CDSS** describing how the county will deliver a full range of welfare-to-work services. CDSS must certify that the plan is consistent with state and federal law.
- **Requires counties to begin enrolling applicants under the new program not later than six months from the date that the planning allocation letter is issued or two months after the county plan is certified, whichever is later.**
- **Specifies that counties shall remain responsible for performing program functions, including eligibility, through civil service employees.** Counties may contract out other services to the extent allowed under state and federal law prior to the enactment of the federal welfare reform law.

- **Stipulates that employment or training positions must not displace or partially displace current workers**, including, but not limited to, a reduction in hours of work, wages, or employment benefits.
- **Allows counties to retain 75 percent of savings** achieved in the county due to diversion, exits due to employment, or decreased grants due to employment. The remaining 25 percent would be kept by the CDSS for payments to counties that performed well, but faced a more difficult time achieving savings, due to economic or demographic circumstances.
- **Passes on 50 percent of any federal sanctions to counties** that fail to meet work participation rates.

State Budget Action Affecting Legal Noncitizens

- **Provides \$36 million for state-funded food stamp assistance** for legal noncitizens who are under age 18 or over age 64, if they were in the US prior to August 22, 1996. This program ends July 1, 2000.
- **Allocates \$2 million for expansion of the community food and nutrition program.** These funds are targeted to migrant farmworkers.
- **Does not provide assistance for legal immigrants who remain ineligible for SSI/SSP under the federal budget agreement.**
- **Does not continue the prenatal care program for undocumented immigrant women.**
- **Does not allow legal noncitizens who continue to meet eligibility and disability requirements for In-Home Supportive Services (IHSS) benefits to receive IHSS.**

Temporary Assistance for Needy Families (TANF) Issues In The Federal Budget

Welfare-To-Work Grants

- **Creates a new \$3 billion fund to assist in a number of employment-related activities for long-term welfare recipients who meet two of the following criteria:** have not graduated from high school; require substance abuse treatment; or have a poor work history. \$1.5 billion will be available in both 1998 and 1999 and the funds can be used until 2001.
- **Allocates 75 percent of the funds to states based on the state's percentages of the national TANF and poverty populations residing in the state.** Allocates the remaining 25 percent through competitive grants to Private Industry Councils (PICs), cities or counties, or private entities applying in conjunction with PICs or counties.
- **Designates the Department of Labor as the federal administering agency.** PICs are responsible for administering the grants at the local level.

Vocational Education Cap

- **Specifies that no more than 30 percent of those participating in allowable work activities may be engaged in vocational education activities.**
- **Excludes teen parents who are required to attend school from the 30 percent cap for fiscal years 1998 and 1999, but not in subsequent years.**

Changes In Work-Related Definitions

- Counts a two-parent family with a disabled parent as a single-parent family for the purpose of work participation.
- Allows the 35-hour work requirement for two parent families to be split between both parents.
- Allows married teens as well as single teens to meet the work participation requirement by attending school.

Penalties For States

- Requires the Secretary of the Department of Health and Human Services (DHHS) to reduce a state's TANF block grant between one and five percent if the state does not reduce benefits for every hour that a recipient refuses to work.
- Requires the Secretary of the DHHS to reduce a state's TANF block grant by five percent if the state does not meet work participation rates. Previous law *allowed* the Secretary the option to penalize states *up to* five percent.

Transfer To Title XX

- Allows states to transfer up to 10 percent of their TANF funds to the Social Service Block Grant (Title XX).