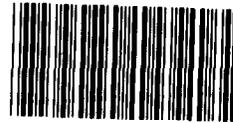


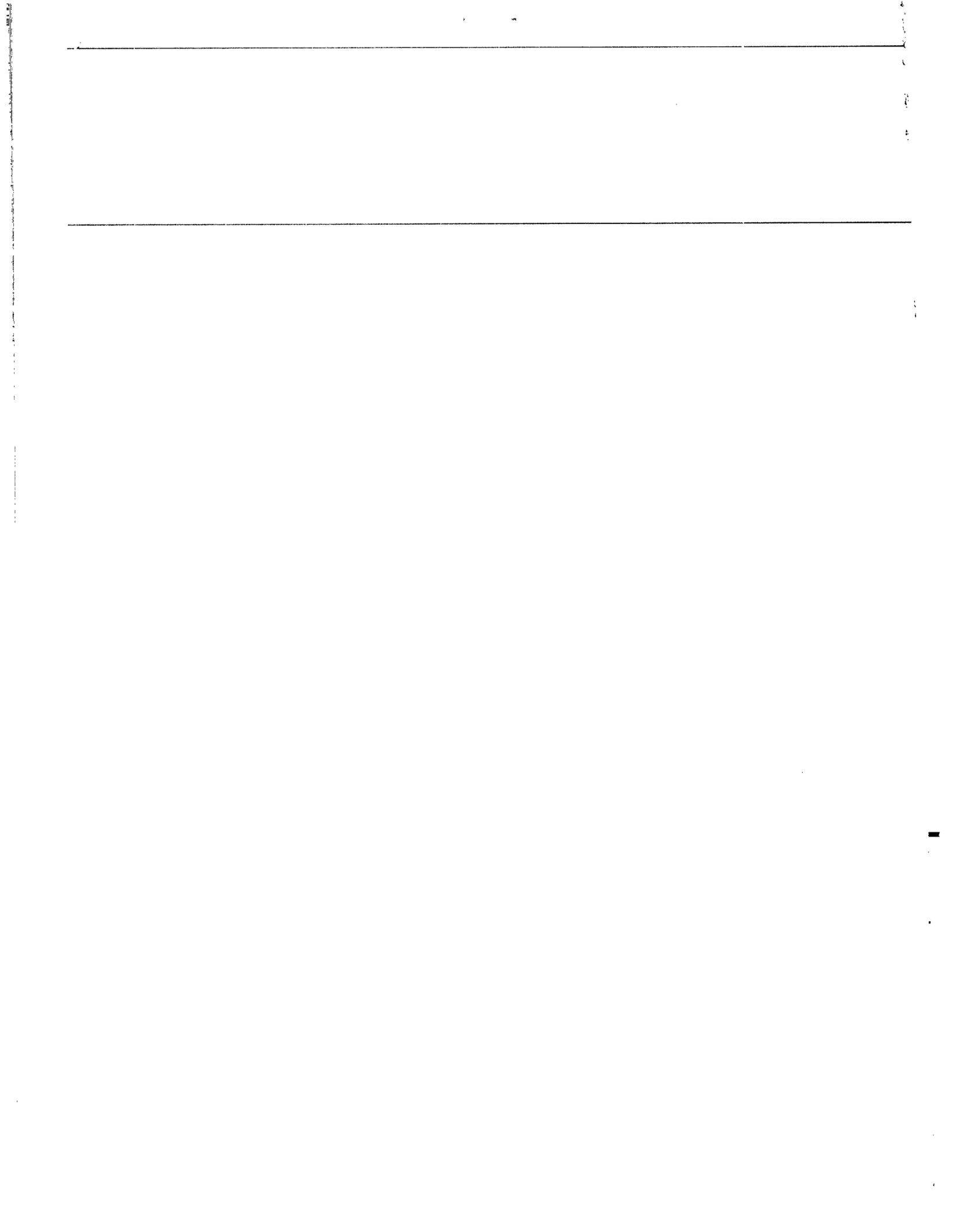
January 1992

UNEMPLOYED PARENTS

Initial Efforts to Expand State Assistance



145616





United States
General Accounting Office
Washington, D.C. 20548

Program Evaluation and
Methodology Division

B-245350

January 14, 1992

The Honorable Lloyd Bentsen
Chairman, Committee on Finance
United States Senate

Dear Mr. Chairman:

In response to your request concerning the recent expansion of the Aid to Families with Dependent Children—Unemployed Parent program (AFDC-UP), we examined the initial efforts of all states to implement the program in accordance with the requirements set forth in the Family Support Act of 1988. We identified which options states selected from those provided in the act, and in particular, whether states newly establishing a UP program opted to place a time limit on the provision of cash benefits.

This report presents the findings of our survey of states regarding their plans to implement the UP program and the related Job Opportunities and Basic Skills Training program. It provides information on the size and geographic distribution of UP cases as well as the kinds of approaches states are adopting to serve UP cases. The results of our efforts to answer your questions about the impact of the UP program on family stability and on the recipients themselves will be reported later.

As arranged with your office, we will be sending copies of the report to the Secretary of Health and Human Services and to others upon request. If you have any questions or would like additional information, please call me at (202) 275-1854 or Robert York, Acting Director of Program Evaluation in Human Services Areas, at (202) 275-5885. Major contributors to this report are listed in appendix III.

Sincerely yours,

Eleanor Chelimsky
Assistant Comptroller General

Executive Summary

Purpose

The Family Support Act of 1988 required that cash assistance under the Unemployed Parent (UP) portion of the Aid to Families with Dependent Children (AFDC) program be made available in every state beginning October 1, 1990. Before then, some 18 states had never had such a program, and several others had discontinued it. The Senate Committee on Finance asked GAO to examine and describe UP programs—both new and established—nationwide.

This report focuses on the following five questions:

- Is the UP program in place nationwide as required by the Family Support Act of 1988, and to what extent?
- What options did states select in implementing their UP program?
- To what sorts of Job Opportunities and Basic Skills (JOBS) training and employment services will UP recipients have access?
- How do states plan to structure and deliver the JOBS program in general?
- What kinds of performance and outcome measures will be available to assess UP programs?

This report is based upon a GAO survey of AFDC officials in all 50 states in the period November 1, 1990, to February 1, 1991, regarding their UP and JOBS programs.

Background

The Family Support Act of 1988 is a comprehensive piece of legislation passed by the Congress to update the federal-state welfare system. Not only did it expand the UP program to those states that had not previously opted to provide UP benefits, but it also required a greater linkage between welfare and work, with the aim of enhancing the prospects of the AFDC family unit to achieve economic self-sufficiency. To reach this goal, the act mandated: (1) the JOBS program, a set of educational, employment, and training activities and child care provisions; and (2) to ease the transition to work, the extension of child care and medical assistance for up to a year after families leave AFDC because of employment. At the same time, the act provides for penalties for AFDC recipients who refuse employment or who fail without good cause to participate in the JOBS program.

Some options are available to ease the financial impact for states starting new UP programs. For example, one option allows providing cash benefits to UP families for as few as 6 months in a 12-month period. In addition, all states have the option of requiring the participation of both UP parents in JOBS, providing cash benefits only after the UP client

participated in JOBS activities, and allowing the substitution of education for the recent work history needed to be eligible for UP benefits.

Results in Brief

Nationwide, implementation of the UP program is uneven. State UP caseloads are frequently low, although both UP and JOBS programs are operating in all 50 states. In the spring of 1991, 14 states enrolled fewer than 500 families each. The national UP caseload is also geographically highly concentrated: 55 percent of that caseload resided in three states with established UP programs, and 80 percent in 10 states. However, evaluating caseload sizes after only 8 months of operation (October 1990-May 1991) may be misleading. In response to the GAO survey, only 40 percent of officials in states with new programs expected to reach a relatively stable UP caseload by the end of fiscal year 1991.

GAO found that 13 of the 23 states eligible to provide time-limited benefits planned to do so, with most limiting cash benefits to 6 months. Of the options available to all states, 22 states planned to require both parents to participate in JOBS training and 3 states planned to provide benefits only after the UP recipient had participated in JOBS activities. Information was not available on the substitution of education for the UP quarters-of-work requirement.

The Family Support Act gives states flexibility in designing their JOBS programs. As a result, the JOBS program emphasis for UP participants varies widely. Nine states reported a focus on early job search and job placement, and 12 plan to emphasize education and occupational training. Twenty-seven states placed equal emphasis on these approaches, and two are using other approaches. However, in fiscal year 1994, the UP program will be subject to work-participation requirements that discourage the use of training outside of employment.

The Family Support Act requires the eventual development of performance standards for the JOBS program. According to our survey, 40 states already plan to measure the average hourly wage of UP parents placed through JOBS, and 37 plan to measure job retention.

Principal Findings

Divergent State Approaches to UP Cases in JOBS

The mix of JOBS services in states with new UP programs differs from those in states with established UP programs. Among states with new UP programs, more than one-third emphasize job search and early job placement, which are less costly services, and another third use a mixed approach based on assessment. In contrast, two-thirds of the states with established UP programs use a mixed approach, and less than 5 percent focus on early job placement. About a quarter of both groups of states emphasize education and training services for UP participants. Possibly reflecting this difference in program priorities, a greater proportion of states with established rather than new UP programs expect to measure educational gains.

If scarcity of state funds requires service cutbacks, nearly 40 percent of the states indicated that UP cases would receive less priority in the JOBS program, while 25 percent would give them equal treatment. A third of the states indicated that at the time the survey was conducted, no state policy on funding priorities had been articulated. Only 4 percent of the states would give UP cases priority.

Differentiation in Service Arrangements Among States

Five areas of service and activities in the JOBS program were examined in our survey: assessment, case management (optional), educational services, employment services, and JOBS-supportive services. Most states reported that the local welfare jurisdiction or office would take responsibility for assessment, case management, and JOBS-supportive services. The bulk of the job skills and occupational training service activities are provided by the Job Training Partnership Act agencies and community colleges. Educational services are offered predominantly by the state departments of education and community colleges.

The states with established UP programs are more likely than states with new programs to have a variety of service delivery arrangements in their local welfare jurisdictions. However, states with new UP programs are more likely to depend on other public agencies to provide services. Many states plan to supplement the federal and state JOBS funds with Job Training Partnership Act and vocational education funds, among other sources, to implement various aspects of JOBS, JOBS support services, and non-JOBS-related support services.

Recommendations

GAO is not making any recommendations in this report.

Agency Comments

In written comments on a draft of this report, the Administration for Children and Families of the Department of Health and Human Services provided only comments of a technical or editorial nature. GAO considered these comments and made adjustments to the report where appropriate.

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Abbreviations

AFDC	Aid to Families with Dependent Children
GAO	General Accounting Office
HHS	Department of Health and Human Services
JOBS	Job Opportunities and Basic Skills
JTPA	Job Training Partnership Act
UP	Unemployed Parent program

Introduction

Background

In 1961, states were given the option to provide Aid to Families with Dependent Children (AFDC) cash benefits to two-parent families in which the principal wage earner was unemployed. Just over half of the 54 states and territories have ever used that option. The Family Support Act of 1988 (P.L. 100-485, which became law October 13, 1988) required, among other things, that all states providing AFDC benefits adopt the Unemployed Parent (UP) program by October 1, 1990, and implement the new Job Opportunities and Basic Skills (JOBS) Training Program to provide education and training for AFDC recipients, including both single and married parents.

The Senate Committee on Finance requested that we undertake a comprehensive study of the UP program, including a description of UP programs—both new and established—nationwide and an evaluation of the impact of UP and related JOBS program activities on the well-being of families. This report describes the initial plans and efforts of all states to implement the UP program as reported to us in a mail survey conducted in the fall of 1990. A subsequent report will provide the results of our efforts to evaluate the impact of the new assistance on the well-being of recipient families.

The AFDC-UP Program

The AFDC program is a joint federal-state program providing cash benefits, since 1937, to needy families deprived of the support of a parent (usually the father) because of death, disability, or abandonment. The UP program was introduced in 1961 (through P.L. 87-31) as an optional program available to states to provide AFDC payments, as well, to two-parent families whose primary wage earner was present but unemployed. Public Law 90-248 made the UP program permanent beginning in 1968, but restricted it to families with an unemployed father. (Previously, an unemployed parent could be eligible for UP benefits regardless of the employment status of his or her spouse.) The Omnibus Budget Reconciliation Act of 1981 introduced the concept of the principal earner—the parent who earned the most income in the past 24 months—in response to the 1979 Supreme Court ruling in California vs. Westcott that stated that eligibility could not be restricted to fathers.

Early state definitions of unemployment included working as many as 35 hours a week. However, in 1968, the federal government standardized the definition of unemployment, requiring that the unemployed parent work fewer than 30 hours a week. In 1971, the definition of unemployment was changed to the current standard of fewer than 100 hours of work in the past 30 days. In addition, the primary wage earner

must have been unemployed (by this definition) for at least 30 days before receiving AFDC, must not have turned down a legitimate job or training offer during that period (without good cause), and must have had at least 6 quarters of work within a 13-calendar-quarter period ending within the year before applying for AFDC.

UP has never been a large component of the AFDC program. In the initial year of the program, 1961, 13 states (not including D.C. and the territories) adopted the AFDC-UP program. This number grew to 23 by the end of that decade; however, in the 1970's and the early and mid-1980's, the number never exceeded 27 states. As of the end of fiscal year 1988, 27 states and the District of Columbia had a UP program. In the 1960's and 1970's, the UP monthly caseload varied between 2.5 and 5.5 percent of the total AFDC caseload. The number of families varied between 39,000 and 140,000 nationally during those 2 decades. In the 1980's, before the 1988 passage of the Family Support Act, the average national monthly UP caseload tended to exceed 200,000 families, reaching a high point of 287,000 in fiscal year 1984. The proportion of UP families reached a high of 7.7 percent of the total AFDC caseload in fiscal year 1983. In that year, UP expenditures reached a high of 11.2 percent of total national AFDC expenditures.

Requirements of the Family Support Act

While mandating universal coverage of eligible two-parent families, the Family Support Act leaves a number of options open to states, particularly those adopting UP for the first time. These options permit states to ease their fiscal burden as well as increase compatibility with the innovations that many states had developed in their own education, work, and training programs during the early and mid-1980's. The act includes five major UP program provisions.

- All states that had an operational UP program as of September 26, 1988, must continue that program. Other states introducing the UP program have the option to provide as few as 6 months of cash benefits in a 12-month period, but must continue Medicaid coverage during those months not covered by welfare benefits.
- The definition of "unemployed" as working fewer than 100 hours a month is retained (although the act authorizes eight demonstration projects to test alternative definitions to that rule).
- States are given the option to require full participation in JOBS by either or both parents (provided that child care is furnished).
- States also have the option not to make cash payments until after recipients perform required work-related activities.

- Beginning in fiscal year 1994, states are required to enroll 40 percent of their UP caseload in work programs, increasing to 50 percent by 1995, 60 percent in 1996, and 75 percent each in fiscal years 1997 and 1998. To meet this requirement, at least one parent must spend no fewer than 16 hours per week in a work-related activity (e.g., on-the-job training, work supplementation, or some other approved work-experience program).

Most importantly, the UP program is being implemented in the context of a policy shift that links work and welfare. To enhance the prospects of an AFDC family's achieving economic self-sufficiency, the act requires states to implement: (1) a JOBS program, providing a set of educational, employment, and training activities for AFDC recipients; and (2) additional support services (child care and health care coverage) that are to be extended to eligible families for up to a year after they leave AFDC, because of employment, to ease the transition to work (so-called transitional benefits).

This shift of emphasis from entitlement to conditioning the receipt of benefits on working began in 1968 with the Work Incentive program, but has collected impetus since 1981, when states were given latitude in designing employment and training programs. State options included (1) workfare requirements under the Community Work Experience Program, (2) up to 8 weeks of job search, and (3) grant diversion (or work supplementation) that allows a state to use a part of a client's AFDC grant to subsidize an employer to provide an on-the-job training position. In the Food Stamp program, states were also given the option to provide recipients with job search and workfare programs. Studies of state work-welfare programs in the early and mid-1980's indicated that while some states adopted these options, there was considerable variation in type and degree of assistance and in modes of program organization.

Making the UP program universally mandatory was one of the most hotly debated issues of 1987 and 1988 before agreement was reached in the Family Support Act of 1988. It was frequently suggested that denying benefits to two-parent families could encourage families to separate in order to be eligible for regular AFDC benefits. Furthermore, there was, and still is, an underlying tension concerning whether emphasis should be placed on immediate job placements, on employment preparation, or on a middle ground adapting to the job skills of individual recipients. While some participants are clearly ready to assume jobs (those with skills needed in the marketplace) and might profit from job search and job placement services, those lacking skills and credentials might be

at a decided competitive disadvantage in the short, as well as the longer, term. A mixed approach—matching service to skill level—provides a middle ground by aiming to be sensitive to the needs of both of these groups, to the extent that financial constraints permit.

Objectives, Scope, and Methodology

The Chairman of the Senate Committee on Finance asked us to conduct both a descriptive study of how states had implemented the UP program, including which options were selected, and an evaluative study of the impact on family well-being of UP cash benefits and access to the JOBS program. In this report, we address the Committee's questions about whether the states adopted the UP program options (for example, the time limit on benefits), as well as about the characteristics of the JOBS programs in which recipients are required (or may choose) to participate. The results of our ongoing impact study will be reported separately.

We focus on the following five questions in this report:

- Is the UP program in place nationwide as required by the Family Support Act of 1988, and to what extent?
- What options did states select in implementing their UP programs?
- To what sorts of JOBS training and employment services will UP recipients have access?
- How do the states plan to structure and deliver the JOBS program in general?
- What kinds of performance and outcome measures will be available to assess UP programs?

To answer these questions, we conducted a mail survey of each of the 50 state welfare departments. (We excluded D.C., Puerto Rico, Guam, and the Virgin Islands because of differing program requirements.) The survey contained questions about options selected, implementation plans and expectations, JOBS-related service components available to UP parents, as well as questions about the management, organization, and delivery of JOBS services (among other considerations). To augment these data, we drew upon data and analyses maintained by the Family

Support Administration of the Department of Health and Human Services (HHS), which has federal responsibility for implementing the Family Support Act.¹

The mail survey returns were collected between November 1, 1990, and February 1, 1991. All states responded to the survey in that period. We performed our work in accordance with generally accepted government auditing standards. We received comments on a draft of this report from the Administration for Children and Families. The comments were technical or editorial in nature and were incorporated where appropriate.

¹Under a reorganization of HHS, effective Apr. 15, 1991, the Family Support Administration has been renamed the Administration for Children and Families and continues to administer the AFDC and JOBS programs.

Nationwide Implementation of AFDC-UP Program

To assess (1) whether, and to what extent, the UP program is in place nationwide, and (2) what options states selected in implementing their programs, we surveyed state AFDC officials concerning UP program policy and expected caseloads and analyzed state program data from HHS.

Implementation of UP Programs

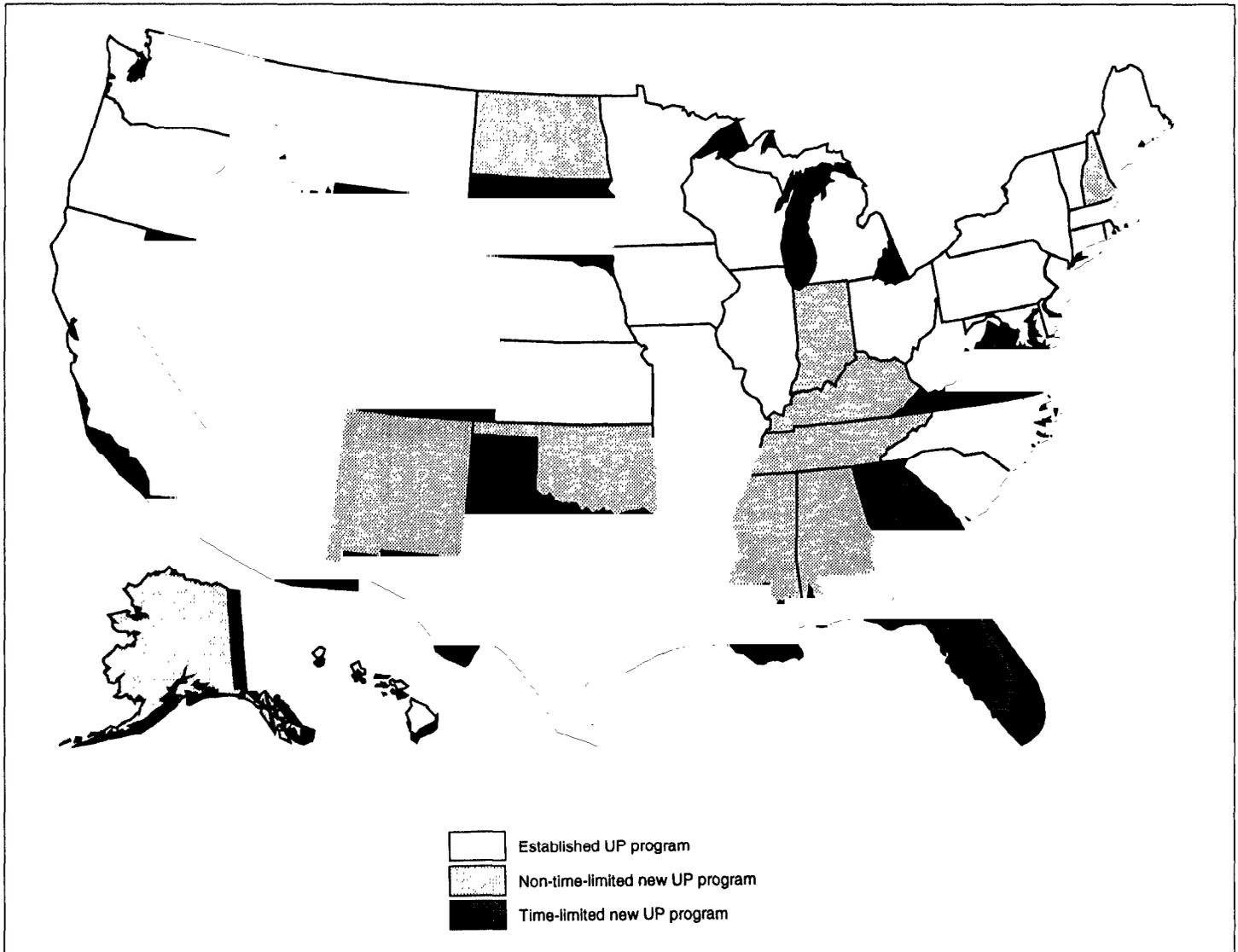
As of October 1, 1990, all states had a UP program. In addition to the 27 states who, for the most part, have been operating UP programs for a number of years, 23 states began new UP programs, as required. Five of the new states—Arizona, Colorado, Kentucky, Oklahoma, and Utah—had run UP programs before, but had suspended them before the Family Support Act was passed. The 23 states with new UP programs are largely situated in the Southern, Southwestern, and Rocky Mountain States. These states tend also to have much lower AFDC-UP and AFDC-Basic cash benefit levels than those states situated in the Northeast, Middle Atlantic, Middle West, and Far West. (See figure 2.1.)

education (either through elementary, secondary, or approved vocational education or training) for 4 of the 6 quarters of work required for program eligibility. Our survey covered the extent of time-limited benefits, mandatory participation for both parents, and payment after performance. Neither we nor HHS had information on the extent to which states are using the option of substituting education for work history.

Time-Limited Benefits

One of the major uncertainties of the implementation of UP nationwide was the extent to which states with new programs would adopt the time-limited option regarding cash benefits; that is, limiting cash benefits to AFDC-UP cases for as few as 6 months in any 12-month period. Twenty-three states were eligible to select that option, but only 13 elected to do so. Twelve elected to limit cash benefits for 6 months, and one—Colorado—opted for a 9-month period. The states electing each option are depicted in the accompanying map. (See figure 2.2.)

Figure 2.2: States With Time-Limited and Non-Time-Limited UP Programs



Mandatory Participation in JOBS

The Family Support Act also offered the option of requiring both parents to participate in JOBS-related activities, as long as child care is provided. Twenty-two states indicated that they would take this option. An additional 19 states will compel only the principal wage earner to participate in JOBS. The remaining nine states indicated that they will not require participation in JOBS for UP recipients. States beginning a new UP program or placing a time limit on cash benefits were no more likely

than other states to require both parents to participate. Only three states elected the option of requiring UP recipients to enroll in job-related activities before becoming eligible for cash benefits. (See tables 2.1 and 2.2.)

Table 2.1: States' Requirement of Participation in the JOBS Program

Type of UP program	Required		Not required	Total
	Both parents	One parent		
Established	12	10	5	27
New				
Time-limited	6	6	1	13
Non-time-limited	4	3	3	10
Total	22	19	9	50

Table 2.2: States' Requirement of "Payment After Performance" in the JOBS Program

Type of UP program	Required	Not required	No response	Total
Established	0	26	1	27
New				
Time-limited	3	10	0	13
Non-time-limited	0	10	0	10
Total	3	46	1	50

Geographic Distribution, Size, and Expected Stability of UP Programs

UP has never represented a large proportion of states' AFDC caseloads, and UP caseloads are generally small. In the month of May 1991, UP benefits across the states and territories totaled \$164.3 million for 288,000 families, representing 9 percent of total AFDC benefits and 6 percent of the total AFDC caseload. Table 2.3 displays average monthly state UP caseload data for March to May 1991, obtained from HHS. Extending the program nationwide from 27 states has not increased the caseload proportionally. Almost two-thirds of the 36 states with average monthly UP caseloads greater than 500 in the spring of 1991 had already been operating a program. All but 2 of the 15 states averaging caseloads of 3,000 or more had a previously established program.

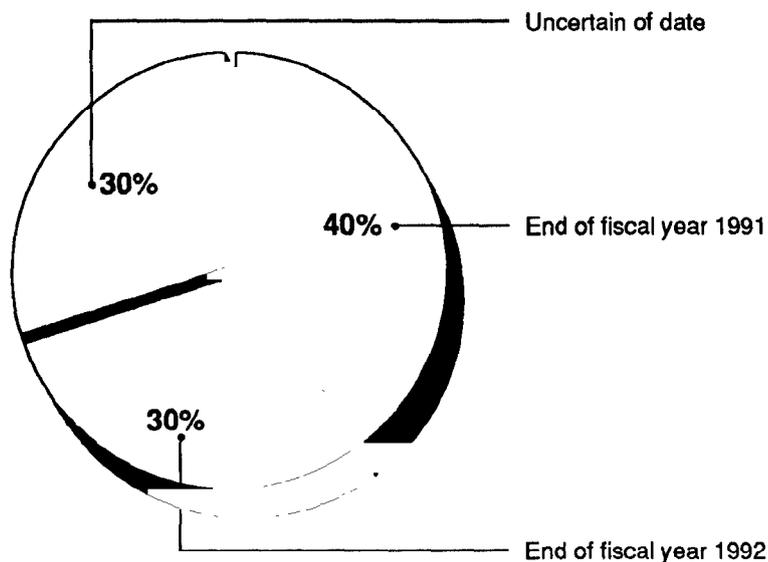
Table 2.3: AFDC-UP Average Monthly Caseload (March-May 1991)

Type of UP program	More than 3,000	500 to 3,000	Less than 500	Total
Established	13	10	4	27
New				
Time-limited	1	6	6	13
Non-time-limited	1	5	4	10
Total	15	21	14	50

Across states, the size of AFDC caseloads (both Basic and UP) is generally influenced by state population size, the poverty rate among families with children, and the income levels set by the states for determining eligibility. Thus, states with larger populations are generally among those with the larger welfare caseloads. For example, California, Ohio, and Michigan accounted for 62 percent of the national UP caseload in fiscal year 1990 and 55 percent in the third quarter of fiscal year 1991.

Many new UP programs looked quite small as of May 1991; however, the size of caseloads after only 8 months of operation may not adequately represent their eventual size. In response to our survey, only nine of those states with new programs (40 percent) expected to reach a relatively stable UP caseload level by the end of fiscal year 1991. Another seven expected a more gradual increase of caseload growth before reaching a stable level in fiscal year 1992. The remaining seven were unsure about how the caseload will unfold. Thirty-three of the 50 states projected fiscal year 1991 caseloads under 3,000 families; in fact, 35 averaged caseloads under 3,000 from March to May 1991. However, the majority of states with new UP programs did not use formal models to predict UP caseload. Only eight states overall—mostly states with UP program experience—reported using formal models to a significant extent in predicting caseload size.

Figure 2.3: Target Date for Stable UP Caseload Level



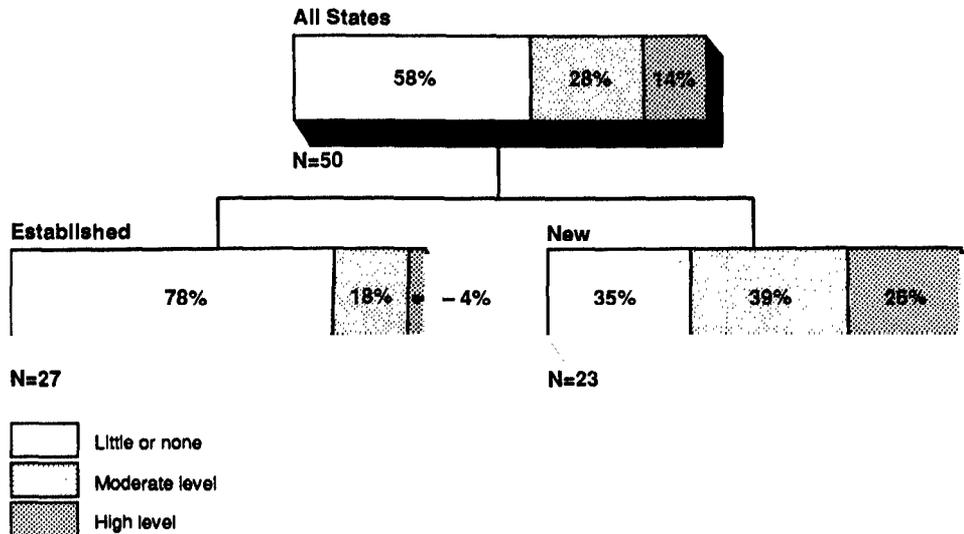
Percentage of states with new UP programs (N = 23)

Factors Affecting Access to the UP Program

A number of barriers could be limiting UP caseload growth. These include (1) little or no program outreach or information dissemination efforts by many states; (2) HHS' delay in issuing detailed final regulations for the new mandatory UP program; and (3) the general stringency of federal and state rules regarding AFDC and AFDC-UP eligibility.

The majority of all states (58 percent) report doing little or no outreach for the UP program. Six of the 23 states with new UP programs are mounting a substantial outreach effort, with nine states employing more modest approaches and eight states electing to have no outreach whatsoever. Conversely, nearly four out of five states with established UP programs do no dissemination or outreach. Only one state reported a substantial effort, employing press releases and distributing informational materials to welfare program networks and referral services. (See figure 2.4.)

Figure 2.4: Outreach and Dissemination of UP Program Information



The absence of final regulations for implementing the Family Support Act may also be contributing to the slow growth of caseloads in new states. Many states said they were waiting for final regulations before deciding whether to adopt the option of substituting 4 quarters of approved schooling or vocational training for work quarters. Several states volunteered that they were currently finding anywhere from only one-in-six to three-in-eight applicant families eligible for UP. For these states, two of the major reasons given for high denial rates were: (1) the absence of workforce attachment in 6 of 13 quarters (and the state not adopting the option allowing the substitution of education for quarters of work), and (2) the asset rule, which does not permit eligibility to families who own an auto that has a value of \$1,500 or more.

These states noted that particularly for very young couples, just out of high school, the work attachment proviso (especially in states that did not adopt the substitution option) was a major reason for denials. The auto ownership asset rule was believed to be a significant impediment for families residing in rural areas to eligibility for UP. (Appendix II provides application approval rates by state for the first quarter.)

The state-set benefit level is another major factor that may affect the level of participation in the UP program. Only families with countable

income less than the payment standard (or maximum benefit) are eligible for payment. Generally, the lower the maximum benefit the smaller the proportion of poor families eligible for benefits. Although AFDC payments vary depending on a family's size and countable income, they do not generally vary by family composition. States generally apply the same maximum benefit to a UP family consisting of two adults and one child as to a family consisting of a single parent and two children. Families containing two adults, at least one of whom has recent work experience, may be less likely than single-parent families to have incomes falling beneath their state's maximum benefit level for the equivalent family size. The benefit levels shown in table 2.4 represent the maximum AFDC payment available to a single-parent family of three with no income.

Table 2.4: Maximum AFDC Payment for a Single-Parent Family of Three (January 1991)

Type of UP program	Less than \$300	\$300 to \$500	More than \$500	Total
Established	4	12	11	27
New				
Time-limited	6	7	0	13
Non-time-limited	5	3	2	10
Total	15	22	13	50

Source: Congressional Research Service survey of states, reported in Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means, U.S. House of Representatives, 1991.

States beginning new UP programs provide lower benefits and restrict eligibility to persons with lower levels of other income than states with previously existing programs. In addition, several of the most populous states (for example, California, Illinois, Michigan, New York, and Ohio) already had a UP program. Thus, extending one program from 27 to 50 states has not yet increased the caseload proportionally. However, in the absence of estimates of the size of each state's eligible population (that is, those meeting all income and employment requirements), it is difficult to determine how well these new (or existing) programs are reaching their target population.

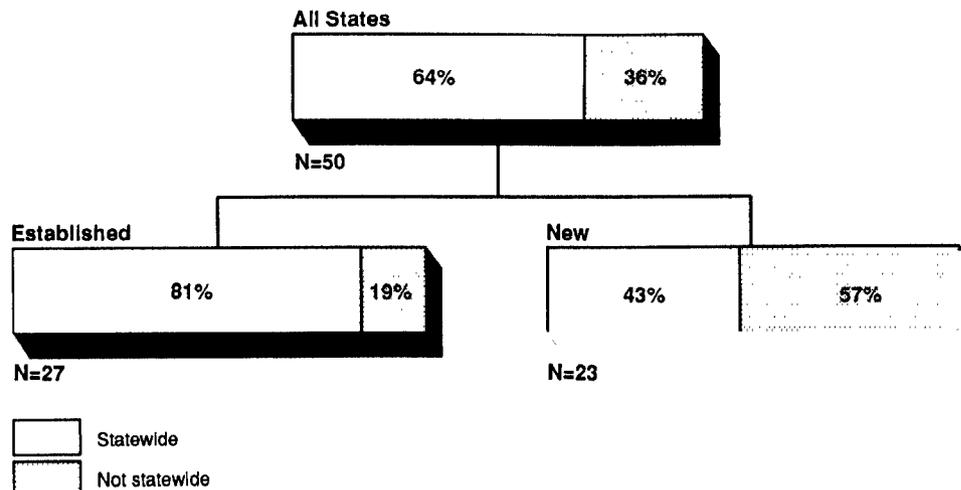
The Intersect of the UP and JOBS Programs

To address the questions “To what sorts of JOBS services do UP cases have access?” and “How do states plan to deliver the JOBS program services?”, we surveyed state officials about the access Unemployed Parent program recipients have to the JOBS program; the types of services available in state JOBS programs; and the service providers, financial agreements, and funding sources used. To address the Committee’s particular interest in the new UP programs, we report our results disaggregated by type of UP program.

UP Cases’ Access to JOBS

The Family Support Act of 1988 required all states to begin a JOBS program in October 1990, but did not require the program to be available statewide until October 1992. All states are operating JOBS programs, and overall, 32 states reported having a JOBS program available statewide to UP participants in October 1990, 2 years before the required deadline. However, participants in new UP programs may have less access to JOBS than those in established programs. Of the 27 states with established UP programs, 22 reported operating JOBS statewide; while 10 of the 23 states with new programs did so. (See figure 3.1.) In those places where JOBS is not yet statewide, the unserved areas tend to be rural areas.

Figure 3.1: JOBS Program Coverage



All 48 states responding to the question on access indicated that UP recipients would have access to the same JOBS services available to regular AFDC recipients residing in the same county. States were also asked about their policies if scarcity of state funds required service cutbacks. Nearly 40 percent indicated that UP cases would receive less priority than other AFDC recipients, while 25 percent of the states said they would give UP cases equal treatment. Only 4 percent would give UP cases priority. However, a third of the states indicated that at the time of our survey (November 1990-February 1991), no state policy had been articulated. The Family Support Act does require states offering time-limited benefits to provide employment and training activities under the JOBS program (or approved state-designed program) to AFDC-UP recipients. In contrast, states with year-round benefits are not required to provide AFDC-UP recipients with priority access to such program activities.

In this chapter, we discuss the service emphases of states' JOBS programs vis-a-vis UP participants. The emphases of the JOBS programs as a whole may be different, reflecting the greater diversity of the total AFDC caseload. Also, since many states have subsequently developed serious budget problems and may be forced to ration services, we cannot assume that all UP recipients will actually receive the services in the plans agency officials described to us. Our discussion of the states' organization of service delivery refers to the JOBS program as a whole.

State Variation in JOBS Programs

The JOBS program incorporates features found promising in studies of the previous decade's variety of workfare and employment training programs: a case management approach (optional), assessment of each recipient's skills and experience, both basic education and employment-related training, and the supportive services (such as child care) that recipients need to participate in training. However, states may choose to emphasize some forms of employment-related assistance over others among a wide variety of possibilities. Thus, as described in our survey, there is wide variation among the types of JOBS programs operated across the states.

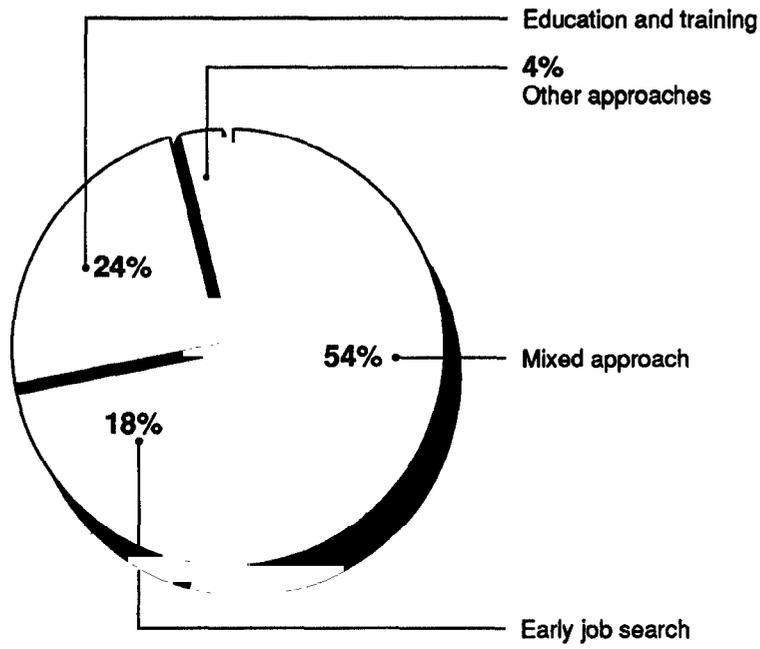
Variation in Service Emphasis

Since 1981, the federal government has given great latitude to state governments to design new, or adopt existing, employment and training options. Educational components include high school diploma or high school equivalency certificate, basic and remedial education, English

proficiency, self-initiated education (optional), and postsecondary education. Employment and training components include job search, job readiness, job development and placement, job skills training, on-the-job training, work supplementation, and community work experience. However, there was and still is an underlying tension about whether, in the JOBS program, emphasis should be placed on activities focusing on (1) immediate job placement, (2) more intensive services to develop occupational skills or augment educational credentials, or (3) a middle ground—an individually tailored approach. On the one hand, while participants who are “job ready” (those with skills needed in the marketplace) might best profit from job search and job development services, those with clear insufficiencies of skills and credentials could be at a competitive disadvantage for the short, as well as the longer, term. A tailored approach would be sensitive to the needs of both, to the extent that financial resources permit.

On the other hand, the Family Support Act has certain requirements that may funnel UP participants toward employment-based services and activities. Beginning in 1994, states will be required to enroll 40 percent of their UP caseload in a “work program” (namely, work supplementation, community work experience, on-the-job training, or some other approved work program). The states may need to focus on these forms of JOBS activities as the required enrollment levels increase, rising to 75 percent of the UP caseload in each of fiscal years 1997 and 1998. Overall, 18 percent of the states reported that they did (or will) focus on early job search and job placement for UP parents. Twenty-six percent emphasized education and training, with the majority (54 percent) reporting no clear emphasis on either approach. (See figure 3.2.)

Figure 3.2: Service Emphasis Among State JOBS Programs: All States



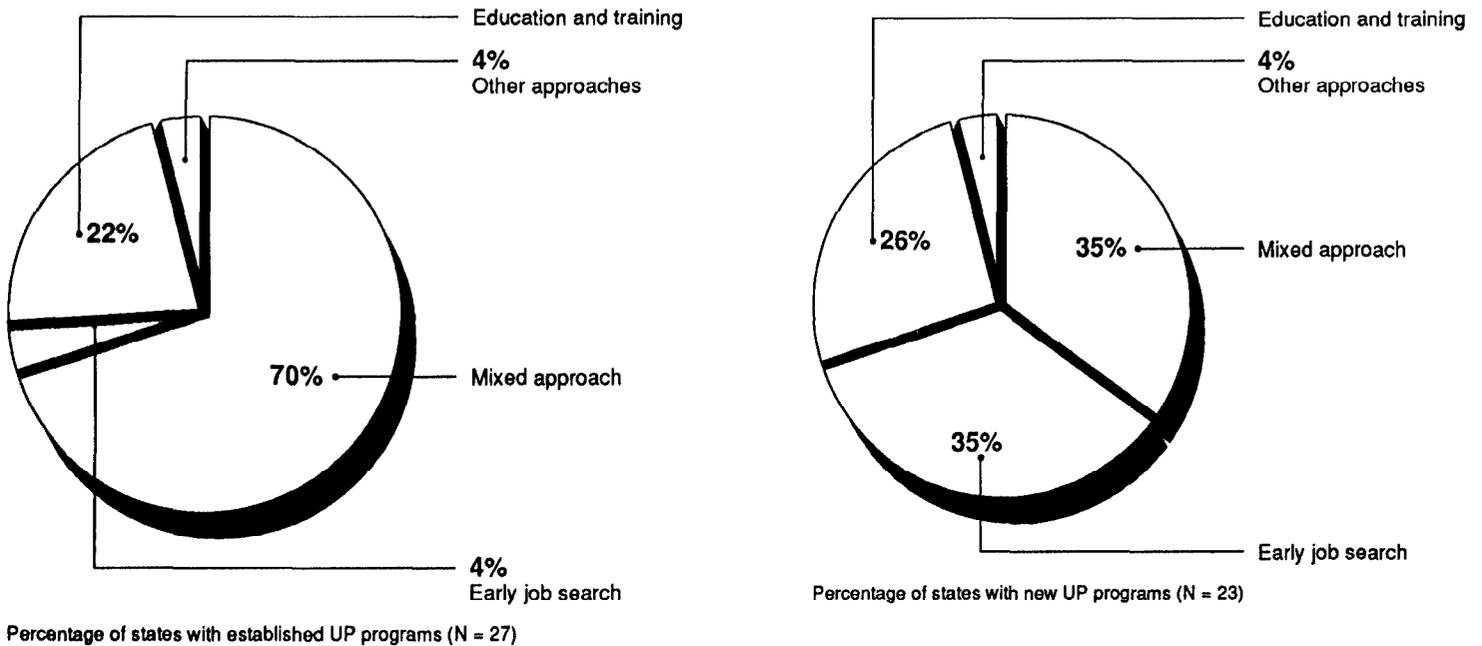
Percentage of all states (N = 50)

Variation in JOBS Programs by UP Options Selected

The pattern of emphasis on education and training versus employment assistance in states with established UP programs differs from those with new programs. Furthermore, the pattern of emphasis within states with new UP programs differs by whether a state adopted time-limited cash benefits.

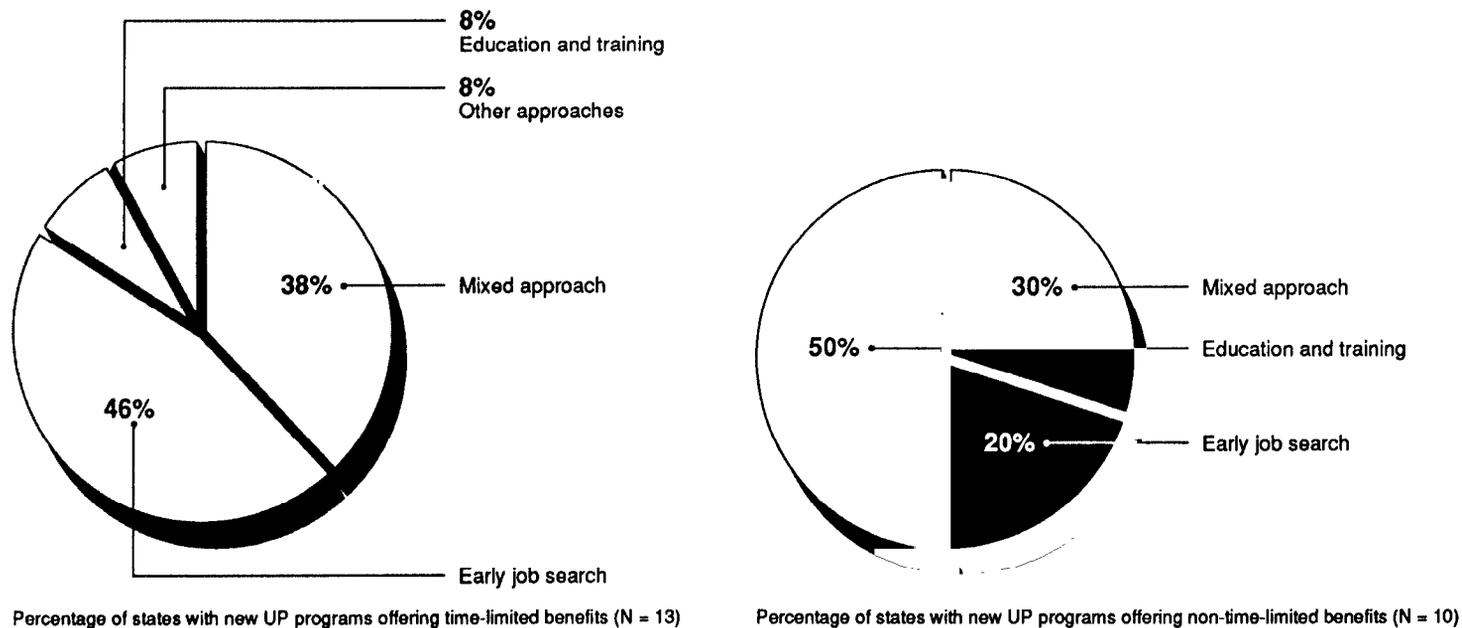
Seventy percent of the states with established UP programs selected a mixed approach to providing JOBS services to UP participants. (See figure 3.3.) Only one of these states stressed early job search. In contrast, states with new programs were much more likely to select an early job search focus (35 percent) and less likely to offer a mixed approach (35 percent).

Figure 3.3: Service Emphasis Among State JOBS Programs in States With New and Established UP Programs



Among states with new UP programs, 6 of the 13 states adopting a time limit on cash benefits reported an emphasis on early job search or job placement, and five emphasized the mixed approach. This pattern was quite different from that exhibited by states with new UP programs that did not elect to limit cash benefits. For the 10 new UP states providing year-round benefits, five reported that education or occupational training was the most prevalent for UP participants in JOBS, and three reported using a mixed approach. (See figure 3.4.)

Figure 3.4: Service Emphasis Among State JOBS Programs in States With New UP Programs: Time-Limited and Non-Time-Limited Benefits



Variation in Service Delivery Arrangements

Many of the states that are introducing the UP program for the first time are also grappling with the challenge of putting in place the JOBS program infrastructure. For these states, this means setting up a wider variety of required and optional components than they had before. Five areas of service and activities were examined in our survey: assessment, case management, educational services, employment services, and JOBS-supportive services. In the vast majority of states, the local welfare office is directly providing assessment, case management, and funds for JOBS-supportive services. In many states, arrangements have been made with Job Training Partnership Act (JTPA) programs and community colleges to furnish the bulk of the job skills and occupational training service activities, although state employment services and nonprofit contractors are also frequently cited. The state departments of education and the community colleges were reported to be the predominant suppliers of educational services. (See tables 3.1 and 3.2.)

Chapter 3
The Intersect of the UP and JOBS Programs

Table 3.1: Providers for Five JOBS Service Areas Used by States With New UP Programs^a

Provider	Assessment	Case management	Supportive services	Skill training	Education
Local welfare unit	19	18	18	13	0
JTPA	6	4	6	19	8
Community colleges	1	0	0	13	17
State employment services	8	7	5	9	3
State education agency	4	0	0	6	18
Contractors (profit)	1	2	6	3	0
Contractors (nonprofit)	2	3	9	3	4
Other	0	0	0	1	2

^aThe number of states with new programs is 23. A state may mark more than one provider to perform a given service so that rows or columns may total more than 23.

Table 3.2: Providers for Five JOBS Service Areas Used by States With Established UP Programs^a

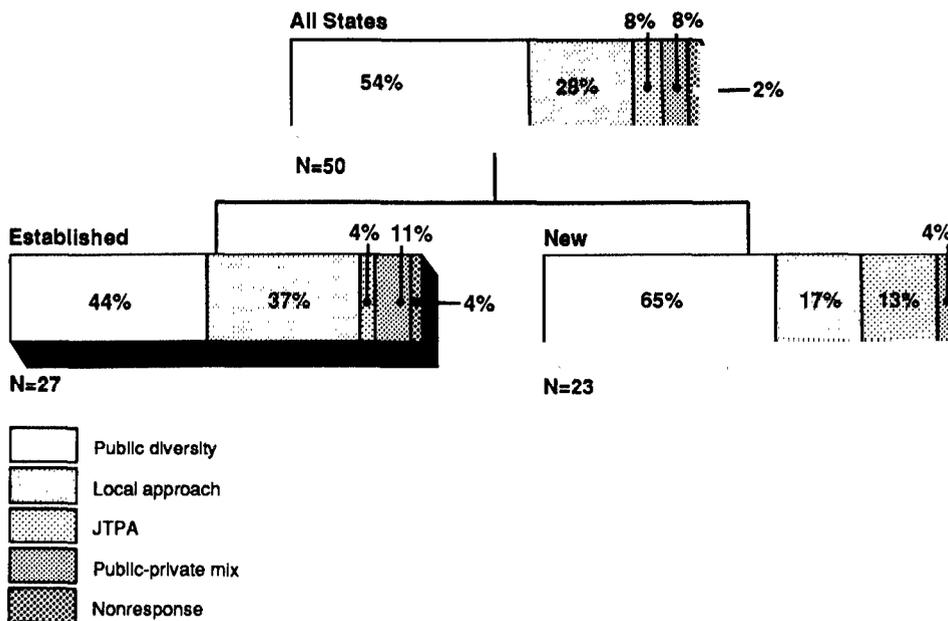
Provider	Assessment	Case management	Supportive services	Skill training	Education
Local welfare unit	24	22	24	1	1
JTPA	13	7	8	23	12
Community colleges	6	1	0	13	18
State employment services	8	3	3	7	3
State education agency	5	0	0	5	20
Contractors (profit)	1	1	2	8	3
Contractors (nonprofit)	4	5	5	12	8
Other	1	0	2	1	4

^aThe number of states with established programs is 27. A state may mark more than one provider to perform a given service so that rows or columns may total more than 27.

While service delivery models used to provide employment and training services vary from state to state, the majority of states (54 percent) reported using a “public diversity model.” (See figure 3.5.) In this model, the local welfare jurisdiction draws on several other public agencies (such as the state employment service, JTPA, state department of education, community colleges, and so on) to provide many of the employment and training services. Over one-quarter (28 percent) of the states reported that different local welfare jurisdictions would each use a different service delivery approach, what might be termed a “local

approach model.” States with established programs are more likely than new UP states to use the local approach model (37 percent and 17 percent, respectively) and less likely to use the public diversity model (44 percent and 65 percent, respectively).

Figure 3.5: Service Delivery Models Used by States^a



^aPercentages for states with new programs do not total 100 because of rounding.

Only 8 percent of the states reported engaging the JTPA to run most of the employment and training services (the “JTPA model”); while another 8 percent reported using a “public-private mix model,” in which each local welfare district engages some combination of nonprofit agencies, community action agencies, and vocational schools to provide the employment and training services.

Given the common reported practice of using other public agencies to deliver JOBS program services, we were not surprised to find that almost all state AFDC officials expected that JTPA funds would supplement their JOBS funding for job training services. But many states also expected that JTPA funds would help support job placement and educational services. Vocational education funds were cited as potential sources for JOBS educational services (38 states) and employment services (23

states). Eighteen states expected that Title XX funds would help support child care. (See table 3.3.)

Table 3.3: State Use of Selected Sources of Funding for JOBS^a

Service	Federal-state JOBS funds	Title XX	Special state fund	JTPA	Vocational education funds	Other
JOBS education services	46	1	14	37	38	7
JOBS training services	42	1	10	49	23	5
JOBS placement services	48	0	7	29	5	6
JOBS supportive services	48	6	10	15	6	5
Child care	40	18	9	10	4	11
Transportation	50	3	8	15	4	4

^aAll 50 states.

Availability of Measures to Assess UP Implementation

This chapter addresses our fifth and final question: What kinds of performance and outcome measures will be available to assess UP programs?

The Family Support Act specifically provides for two types of information requirements: uniform reporting requirements and performance standards. Our survey asked about a variety of data collection plans since states will have to meet these data requirements in the future.

Uniform Reporting Requirements

Regarding uniform reporting requirements, the law mandates that states periodically provide information for the UP program (and separately for programs under other sections of the act) including such measures as the average monthly number of families assisted, the types of such families, the amounts spent per family, and the length of time for which families participate. This provision appears to be an extension of earlier HHS reporting systems.

By the end of fiscal year 1991, most states, for their own purposes, expected to be in a position to provide summary information about UP participants in JOBS, JOBS-related support services (for example, child care), and to a lesser extent, about transitional benefits and volunteers for JOBS. (See table 4.1.) Somewhat fewer states expect to gather summary information about the principal wage earner, the other parent, and UP clients exempt from JOBS. Nine of the 13 states with time-limited cash benefits reported plans to collect data on participants in different phases of the time-limited experience (data not shown in table).

Table 4.1: State Plans to Gather Information About UP Participants

Type of Information	States ^a	
	Number	Percent
UP in JOBS	21	91
UP in JOBS-related support services	21	91
Transitional benefits	17	74
UP volunteers	15	65
Principal wage earner	13	57
Other parent	13	57
UP in non-JOBS jurisdictions and JOBS-exempt UP	14	61
Time-limited experience	9	90 ^b
UP in JOBS with payment after performance	3	75 ^b
UP with non-JOBS-related support services	5	22

^aThis includes 23 states with new UP programs.

^bAmong states employing that option.

Performance Standards

Performance standards generally consist of a set of measures for monitoring or evaluating a program by determining if, for example, the program is serving the proper clientele, providing appropriate services, and having positive effects. One essential early task in developing performance standards is that of identifying appropriate measures—those suitable to the goals of the program and technically suitable for the intended purposes. Performance standards, while intended to promote accountability, can be controversial in the sense that the selected measures may unduly influence the types of clients selected or the services offered. Put another way, there have been charges in other programs that performance standards can drive the program rather than track its results. For example, job training programs might adopt “creaming” practices to select as participants those who are most likely to show program success on performance measures, but such model participants may have done equally well with no assistance at all. Advocates of performance standards argue that such concerns constitute technical problems to be resolved and that performance standards are an important tool for managing and evaluating federal programs. The performance standard system itself, they argue, can be used to determine if creaming is occurring.

The Family Support Act requires HHS to make recommendations to the Congress about performance standards for UP (and other programs authorized by the act) by October 1, 1993. Section 203 provides that “The Secretary shall develop and transmit to the Congress ... a proposal

for measuring State progress, providing technical assistance to enable States to meet performance standards, and modifying the federal matching rate to reflect the relative effectiveness of the various States in carrying out the program.”

Even though performance standards have not yet been defined, most states indicated that they planned to use various outcome measures. For example, we found that 40 states are preparing to measure average hourly wage of UP parents placed through JOBS. Thirty-seven states expected to measure job retention, and 31 states each indicated plans to record educational gains and welfare savings achieved through JOBS. (See table 4.2.)

Table 4.2: State Plans to Use UP Program Performance and Outcome Measures

Type of UP program	Average hourly wage		Welfare savings		Job retention		Educational gains	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Established	22	81	15	56	19	70	19	70
New	18	78	16	70	18	78	12	52
Time-limited	13	100	11	85	13	100	8	62
Non-time-limited	5	50	5	50	5	50	4	40
Total	40	80	31	62	37	74	31	62

States with new UP programs are similar to states with established UP programs in their emphasis on the measurement of average hourly placement wage and job retention, but diverge sharply in their recording of the areas of educational gains and welfare savings. Greater stress is being placed on measuring welfare savings in states with new UP programs (70 versus 56 percent), while measuring educational gains is being emphasized more in states with established UP programs (70 versus 52 percent).

Request Letter

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May 22, 1990

The Honorable
 Charles A. Bowsher
 Comptroller General
 of the United States
 General Accounting Office
 441 G Street, N. W.
 Washington, D. C. 20548

Dear Mr. Bowsher:

The Family Support Act of 1988 made major changes in the Aid to Families with Dependent Children (AFDC) program, the Nation's cash assistance program for needy families with children. Two of the most significant provisions of that Act were: (1) a requirement that all States establish a program of assistance to families in which the principal earner is unemployed (AFDC-UP), and (2) a requirement that all States implement the new Job Opportunities and Basic Skills (JOBS) program to provide education and training for AFDC recipients, including parents who are receiving benefits on the basis of unemployment.

Under the Family Support Act, nearly half the States, those that have not previously chosen to provide benefits to unemployed parent families, will be required to have an AFDC-UP program in place by October 1 of this year. These States will have the option of providing benefits year-round, or of providing them on a time-limited basis. If the State elects to provide benefits on a time-limited basis, it must have a program of active assistance to help parents prepare for and obtain employment. In addition to giving States flexibility in implementing the cash benefits program, the new law also gives States broad discretion in determining the nature and extent of the JOBS services that they must provide to AFDC-UP recipients.

The Committee on Finance is extremely interested in the impact of the AFDC-UP and related JOBS program activities on the well-being of families. As Chairman of the Committee, I would like to request that the General Accounting Office undertake a long-term study and evaluation of the AFDC-UP program, including the impact of the JOBS program on unemployed parent families. Specifically, I would request that your study and evaluation include the following elements:

Appendix I
Request Letter

The Honorable Charles A. Bowsher
May 22, 1990
Page Two

(1) A description of AFDC-UP programs nationwide, including both those that are new and continuing. This description should include: eligibility requirements, benefit levels, the time periods over which benefits are payable, characteristics of recipients, the types of education, training, and employment programs in which recipients are required (or may choose) to participate, and the basis for selecting participants for these programs.

(2) The development of an evaluation design to measure the effects of various types of AFDC-UP programs, including the impact of JOBS program activities. The evaluation should determine the effects of various types of AFDC-UP programs, both year-round and time-limited, including the impact of JOBS program activities.

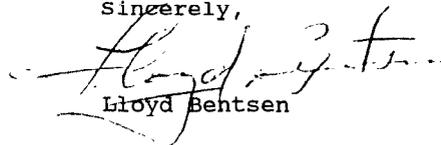
(3) If feasible, apply this design to implement a longitudinal study in 6-8 States.

Issues that should be studied include the economic impact on families (such as employment history and wages). We would also be interested in any information you can develop about other impacts on family well-being, such as family stability and continued enrollment of children in school.

I recognize that a comprehensive evaluation of the impacts of the AFDC-UP program such as is outlined here will require careful planning, and will need to be carried out over a substantial period of time in order to measure accurately outcomes of families receiving AFDC-UP benefits and participating in JOBS program activities. Although this evaluation will require a substantial investment of GAO resources, your findings should be of great value in developing future welfare policy.

I understand that your Program Evaluation and Methodology Division has begun discussions of this project with Margaret Malone and Joe Humphreys of the Finance Committee staff. I hope you will continue to consult with them as you move forward with your plans for this project.

Sincerely,



Lloyd Bentsen

Average Monthly Caseloads, Application Approvals, and Benefit Levels in Fiscal Year 1991^a

State and type of UP program	Average monthly caseload (third quarter)	Applications approved (first quarter)		Maximum AFDC payment for a family of three (Jan. 1991)
		Percent	Number	
Established				
California	103,738	50	14,171	\$694
Connecticut	1,529	b	b	680
Delaware	89	b	b	338
Hawaii	457	66	52	632
Illinois	11,167	50	2,384	367
Iowa	2,363	53	866	426
Kansas	2,202	79	357	409
Maine	2,319	67	171	453
Maryland	901	29	241	406
Massachusetts	2,932	73	251	539
Michigan	28,075	b	b	555
Minnesota	7,761	78	2,454	532
Missouri	4,546	61	220	292
Montana	1,191	97	225	370
Nebraska	1,181	78	201	364
New Jersey	3,767	b	b	424
New York	13,183	80	3,791	577
North Carolina	930	b	b	272
Ohio	25,105	52	2,446	334
Oregon	3,267	77	907	444
Pennsylvania	8,829	71	2,307	421
Rhode Island	488	b	b	554
South Carolina	498	b	b	210
Vermont	1,434	78	534	679
Washington	11,904	49	2,647	531
West Virginia	8,488	73	1,617	249
Wisconsin	8,856	75	1,563	517
New (non-time limited)				
Alabama	156	29	13	124
Alaska	1,313	68	714	891
Indiana	1,580	b	b	288
Kentucky	7,547	75	2,184	228
Mississippi	120	b	b	120
New Hampshire	527	b	b	516
New Mexico	1,072	44	236	310
North Dakota	262	b	b	401
Oklahoma	425	b	b	341

(continued)

**Appendix II
Average Monthly Caseloads, Application
Approvals, and Benefit Levels in Fiscal
Year 1991**

State and type of UP program	Average monthly caseload (third quarter)	Applications approved (first quarter)		Maximum AFDC payment for a family of three (Jan. 1991)
		Percent	Number	
Tennessee	956	92	267	195
Arizona	1,132	2	8	293
New (time-limited)				
Arkansas	392	34	222	204
Colorado	572	b	b	356
Florida	1,985	100	503	294
Georgia	814	b	b	280
Idaho	240	b	b	317
Louisiana	540	b	b	190
Nevada	166	14	36	330
South Dakota	88	58	19	385
Texas	6,996	49	2,486	184
Utah	168	b	b	402
Virginia	646	34	234	354
Wyoming	213	b	b	360

^aBy state and type of UP program.

^bData not provided.

Source: Department of Health and Human Services.

Major Contributors to This Report

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Harold C. Wallach, Assistant Director
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Related GAO Products

Welfare to Work: States Begin JOBS, but Fiscal and Other Problems May Impede Their Progress (GAO/HRD-91-106, Sept. 27, 1991).

Mother-only Families: Low Earnings Will Keep Many Children in Poverty (GAO/HRD-91-62, Apr. 2, 1991).

Welfare: Expert Panels' Insights on Major Reform Proposals (GAO/HRD-88-59, Feb. 3, 1988).

Work and Welfare: Analysis of AFDC Employment Programs in Four States (GAO/HRD-88-33FS, Jan. 5, 1988).

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