

Department of Health and Human Services
Administration for Children and Families

WAIVER AUTHORITY

California Work Pays Demonstration Project

State: California

Waivers of the following provisions of the Social Security Act are provided for the purposes of implementing the California Work Pays Demonstration Project:

402(a)(1), 402(a)(19)(A) and various provisions of the regulations at 45 CFR 205.120(a), 233.10(a)(1)(iv), and 250.11: Statewideness -- to allow the State to conduct the demonstration Statewide, pursuant to the timeframes in section 2, but to exclude control group cases, as well as teen parents in Riverside County assigned to the Basic Education study for the duration of their random assignment to the study, from having various demonstration rules applied to them.

Increased Resource Limitations and Restricted Savings Accounts

Section 402(a)(7)(B) and various provisions of the regulations at 45 CFR 233.20(a)(3)(i)(B): Resources -- to allow the State to increase the resource limit for recipients from \$1,000 to \$2,000.

Section 402(a)(7)(B)(i) and various provisions of the regulations at 45 CFR 233.20(a)(3)(i)(B)(2): Resources -- to allow the State to increase for recipients the excludable equity value for a vehicle from \$1,500 to \$4,500.

Section 402(a)(7)(B) and various provisions of the regulations at 45 CFR 233.20(a)(3)(i)(B): Restricted Savings Account -- to allow the State to allow the recipient assistance unit to establish restricted savings accounts totaling up to \$5,000 for purposes of saving for a child's postsecondary education or training, or toward the down payment on a house, or as start-up money for a business, as set forth in 2.2(3) of the Waiver Terms and Conditions.

Two provisions which you listed in your application for waivers have been determined not to require waivers. The first is the provision to allow JOBS participants to fill established unfilled position vacancies. This provision requires an appropriate State Plan amendment to create an "other work experience program approved by the Secretary." The second provision, which would restrict JOBS participation, requires neither a waiver nor a State Plan amendment. Since these two provisions do not require waivers, they have not been included in this demonstration or the Terms and Conditions.

If you have any questions regarding this matter, please contact Mr. Philip Springer, the Federal Project Officer assigned to this project. His address is: Administration for Children and Families, Office of Family Assistance, Division of Program Evaluation, 370 L'Enfant Promenade, S.W., Washington, D.C. 20447; telephone (202) 401-5626.

I look forward to working with you and your agency on this important initiative.

Sincerely,

/s/

Mary Jo Bane
Assistant Secretary
for Children and Families

Enclosures

cc: Ms. Sharon Fujii
ACF Regional Administrator

Needy Program waiver amended, in the letter from Health Care Financing Administration to John Rodriguez, Deputy Director of Programs, California Department of Health Services, dated February 25, 1994. Also, the Terms and Conditions for CWPDP affect certain provisions of the Terms and Conditions for APDP.

March 2, 1994

Ms. Eloise Anderson
Director
Department of Social Services
744 P Street
Sacramento, California 95814

Dear Ms. Anderson:

I am pleased to inform you that your agency's application for waivers under section 1115 of the Social Security Act for the "California Work Pays Demonstration Project" is approved upon your written acceptance of the enclosed Waiver Terms and Conditions. The Title IV-A waivers necessary to implement the demonstration are identified on the enclosed listings. The period of approval for the demonstration is specified in the Waiver Terms and Conditions.

The Administration believes that the Federal Government must give states the flexibility to design new approaches to their local problems, provided that these proposals meet Federal standards. Although it does not necessarily represent the direction the Administration will take on welfare reform, we believe California's proposal will add to the information base for new policy directions.

In addition to the waivers granted here, we are also extending the time period for certain provisions of the Assistance Payments Demonstration Project (APDP) and implementing waivers so as to run concurrently with CWPDP. The provisions to be extended are those set forth in the waiver authorities issued by the Department of Health and Human Services and Section 2 of the waiver Terms and Conditions for the APDP that concern: 1) the \$30 and 1/3 earned income disregard, 2) the 100 hour rule for unemployed parents, 3) Medicaid maintenance of effort, and 4) income eligibility levels for the Medically Needy program. The Medicaid conditions (3 and 4) were extended, and the Medically

In the matter preceding subclause (A) of section 402(a)(7) and various provisions of the regulations at 45 CFR 233.20(a)(3)(ii)(A) and (B): Additional Disregard -- to allow the State to disregard interest earned on funds in restricted accounts in the eligibility and grant computations.

402(a)(7)(A): Income -- to allow the State to not consider, in determining AFDC eligibility and amount of benefits, withdrawals from restricted savings accounts if the funds are used for a child's postsecondary education or training, the purchase of a home, or starting a business; and to allow the State to treat as income funds withdrawn that are not used for these purposes, as well as funds remaining in the accounts after such withdrawal and calculate a period of ineligibility (or suspension), in the manner described in 2.2(3) of the Waiver Terms and Conditions.

California Alternative Assistance Program

Section 402(a)(32) and various provisions of the regulations at 45 CFR 233.20(a)(3)(viii): Non-payment of Aid -- to provide that no payment of aid shall be made under the plan for any month if requested in writing by an individual, regardless of the amount, but an individual with respect to whom a payment of aid under the plan is denied for this reason is deemed to be a recipient of aid, as set forth in 2.2(4).

Cal Learn

Section 402(a)(19)(A), (C)(iii), (v), and (vi), and (E) and various provisions of the regulations at 45 CFR 250.30(b)(1), (8) and (9), 250.32, and 250.36 and 250.41: Education Requirements -- to allow the State to require pregnant or parenting teenagers under age 19 who do not possess a high school diploma or its equivalent to participate in education activities, without requiring initial assessments, employability plans, or conciliation procedures. This waiver is granted on the condition that the State will include in the JOBS participation rate calculation only those individuals in the CWPDP demonstration who would have otherwise been considered mandatory JOBS participants or voluntary in-school teen parents as allowed in JOBS ACF AT-91-21.

Section 402(a)(19)(C)(iii), (v), and (vi), and (D) and various provisions of the regulations at 45 CFR 250.30(b)(1), (8), and (9): JOBS Requirements -- to require full-time JOBS

participation or acceptance of full-time employment (at least 30 hours per week, as averaged over the course of a month) for pregnant or custodial parents who have obtained their high school diploma or equivalent while in Cal Learn.

Section 402(a)(19)(G) and the provisions at 45 CFR 250.34(a)(1), (c), (d), and (e): Education Sanctions -- to allow the State to apply fiscal sanctions, as set forth in 2.2(1) of the Waiver Terms and Conditions, to Cal Learn participants who fail to meet requirements relating to school grades and attendance as established by State policy. This fiscal sanction shall not be considered a JOBS sanction for purposes of section 402(a)(19)(G)(ii), for JOBS program purposes following Cal Learn.

Section 1115(a)(2) authority is approved to provide for Federal financial participation: (1) at the assistance payments matching rate, for costs to increase the grant of the assistance unit by \$100 for the month in which the Cal Learn participants earns a "C" average or better on his/her report card, and for a payment of \$500, on a one-time basis, for graduating high school (or its equivalent), but such payments shall not be considered to be AFDC payments for purposes of determining the amount that the State will retain from child support payments; (2) at the assistance payments matching rate, for the costs of providing AFDC to pregnant teens who fail to meet the requirements of section 406(b); and (3) at the 50 percent matching rate, for the costs of providing IV-F services to participants, which are not subject to Federal matching due to the limitation under section 403(k), as set forth in 2.2(1) of the Waiver Terms and Conditions.

Section 402(a)(19)(F)(i) and various provisions of the regulations at 45 CFR 250.48: Self-initiated Education or Training -- to allow the State to preclude participation in vocational or technical training in lieu of attendance in an academic high school under Cal Learn.

GAIN Reform

Section 402(a)(19)(C)(iii)(I) and various provisions of the regulations at 45 CFR 250.30 (b)(9)(i): JOBS Requirements -- to allow the State to limit the JOBS exemption for having a child under age 3 to one child only during a period of continuous AFDC eligibility, as set forth in 2.2(5) of the Waiver Terms and Conditions.

WAIVER TERMS AND CONDITIONS

California Work Pays Demonstration Project

SECTION 1: GENERAL ISSUES

- 1.0 The Department of Health and Human Services and the Department of Agriculture (hereinafter referred to as the Departments) will grant waivers under section 1115 of the Social Security Act, as amended, and section 17(b) of the Food Stamp Act of 1977, as amended, so that the State of California (hereinafter referred to as the State) may operate, as set forth in these Terms and Conditions, the California Work Pays Demonstration Project (hereinafter referred to as CWPDP or the Demonstration.) Each Department reserves the right, in its sole discretion, to withdraw any and all waivers of the demonstration at such time(s) as the Department determines that the State has materially failed to meet the requirements as set forth in these Waiver Terms and Conditions. The State also retains the right to terminate the demonstration. If some but not all waivers are withdrawn and if the State does not exercise its right to terminate the demonstration, the State may submit a plan to the Departments for a modified demonstration project.
- 1.1 Failure to operate the demonstration as approved and according to Federal and State statutes and regulations will result in withdrawal of waivers. The Federal statutes and regulations with which the State must comply in the operation of the demonstration include civil rights statutes and regulations that prohibit discrimination on the basis of race, color, national origin, disability, sex and age, including Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975 and the nondiscrimination provisions of the Omnibus Budget Reconciliation Act of 1980. After waivers are granted, each Department reserves the right to withdraw them if agreement cannot be reached on any item(s) cited in this document as needing approval by the Departments. The State also has the right to withdraw its request for waivers for the same reason. If some but not all waivers are withdrawn and if the State does not exercise its right to terminate the demonstration,

the State may submit a plan to the Departments for a modified demonstration project.

1.2 If Federal or State statutes or regulations that would have a major effect on the design and impacts of this demonstration are enacted, the Departments and the State will reassess the overall demonstration and develop a mutually agreed-upon strategy for dealing with the demonstration in the context of such changes. If such a mutually agreed-upon strategy cannot be developed, each Department reserves the right, in its sole discretion, to withdraw any or all waivers at such time(s) as each Department determines.

1.3 The term "implementation date" will be taken to mean the first day on which the first family receives assistance under the provisions of this demonstration. The implementation date shall be no earlier than April 1, 1994 and no later than June 30, 1994. This demonstration shall be deemed to begin on the first day of the quarter in which the first family receives assistance under this demonstration. The demonstration provisions shall end no later than the last day of the 20th quarter ending after the deemed beginning date. Notwithstanding 1.4 of the Terms and Conditions of the California Assistance Payments Demonstration Project (APDP), the time period for certain provisions of APDP and implementing waivers will be extended so as to run concurrently with CWPDP. The provisions to be extended are those set forth in the waiver authorities issued by the Department of Health and Human Services and Section 2 of the waiver Terms and Conditions for the APDP that concern: 1) the \$30 and 1/3 earned income disregard, 2) the 100 hour rule for unemployed parents, 3) Medicaid maintenance of effort, and 4) income eligibility levels for the Medically Needy program, the latter as modified in the letter from Health Care Financing Administration to John Rodriguez, Deputy Director of Programs, California Department of Health Services, dated February 25, 1994. Periods of eligibility for individuals and families shall be as specified in Section 2: Implementation. The waivers necessary for the demonstration are approved upon acceptance by the Departments and the State of these Waiver Terms and Conditions. The waivers granted by these Terms and Conditions will be in effect from the implementation

date until the last day of the 20th quarter ending after the deemed beginning date, unless the CWPDP demonstration is terminated earlier.

- 1.4 Federal approval of waivers, subject to these Waiver Terms and Conditions, shall not be construed to establish any precedent that the Departments will follow in the granting of any subsequent request for waivers.

SECTION 2: IMPLEMENTATION

- 2.0 The official project period for the activities covered by the Terms and Conditions is specified in 1.3 above.

- 2.1 Under these Waiver Terms and Conditions, the State will operate the demonstration statewide. For research purposes, in selected counties of the State (designated as "research counties" and which consist of Los Angeles, San Bernardino, Alameda and San Joaquin counties), there will be a control group whose members are randomly assigned that will not be affected by the waivers or any other provision of CWPDP. All other AFDC cases in the State (designated as the "treatment group") will be subject to program provisions of CWPDP with exceptions set forth in 2.4 and Section 3 below. In the research counties, a subset of cases in the treatment group randomly assigned will comprise the experimental group for purposes of evaluating the impacts of the demonstration. The experimental and control groups as well as the treatment group for this demonstration will be the same experimental, control and treatment groups as designated in the Terms and Conditions for APDP.

- 2.2 Under CWPDP, the State may implement the following provisions requiring waivers:

AFDC

- (1) Cal Learn: Pregnant or parenting teenagers (under age 19) on AFDC who do not possess a high school diploma or its

equivalent will become part of the Cal Learn program, a component of JOBS.

Participants of Cal Learn will be required to present their report cards up to four times a year. The grant of the assistance unit will be increased by \$100 for the month in which the Cal Learn participant earns a "C" average or better on his/her report card. The qualifying grades shall be considered earned in the month in which the report card period ends. For graduating from high school (or its equivalent), these teens will have their grants increased on a one time basis by \$500. This \$500 will be paid directly to the teen. Teens that do not receive at least a "D" average or that do not submit his/her report card will have his/her current assistance unit grant reduced over a two month period by the lesser of \$50 per Cal Learn participant subject to a sanction or the amount of the grant. This will result in a total sanction of no more than \$100 per Cal Learn participant subject to a sanction per report card period. In cases where the grant is reduced to zero, the family will still be AFDC recipients for all other purposes including eligibility for Medicaid. Included in the sanctions will be teens that do not present their report cards because they have dropped out of school. Exceptions to these sanctions will be made in cases involving special needs children where proper services required to overcome learning barriers are not made available or where the special needs student has made a good faith effort.

The \$100 and \$500 grant increases described above will not be considered as part of the AFDC payment for purposes of determining the amount that the State will retain from child support payments.

Once the IV-F cap has been reached, then Federal funding under Title IV-A will be made available; the amount that is subject to federal financial participation under Title IV-A will not exceed the IV-F eligible expenditures for Cal Learn.

Pregnant or custodial parents who have obtained their high school diplomas or equivalent while in Cal Learn will be required to participate full-time in JOBS or accept full-time employment.

The Cal Learn provision will be implemented in phases by county. All counties will have implemented Cal Learn within 18 months of the deemed beginning date.

(2) The State may, if it chooses, extend AFDC eligibility (with appropriate federal match) to pregnant teenagers (under age 19) with no other children during their 1st and 2nd trimesters of pregnancy. The women made eligible under this provision will be required to participate in the Cal Learn program.

(3) Resource Limitations for Recipients: The State will increase the AFDC resource limit for recipients from \$1,000 to \$2,000 and the excludable equity value for a vehicle from \$1,500 to \$4,500.

In addition, recipients may establish one or more restricted accounts and will be allowed to deposit up to \$5,000 total in them. Once established, funds in the restricted accounts may only be withdrawn for approved purposes, even if the recipients have funds which are below the personal resource limit outside the restricted accounts. The only approved purposes for withdrawing funds from the restricted accounts are for a child's post secondary education or training, for starting a business, or for the purchase of a home.

If any funds are withdrawn from the restricted accounts for any unapproved purpose, then a period of ineligibility will be calculated as follows:

- 1) subtract from the total balance in all the restricted accounts prior to the withdrawal for unapproved purposes any part of that withdrawal that may have been for approved purposes,
- 2) divide the result in "1" by the total of the minimum basic standard of adequate care (MBSAC) plus

special needs. This number rounded down to the nearest integer is the number of months of ineligibility.

These periods of ineligibility can be adjusted to take into account increases in the size of the assistance unit and increases in the MBSAC and special needs. In cases where the ineligibility period is one month, the case will be considered to be suspended rather than terminated and the families will remain subject to the higher \$2,000 property AFDC resource limit and the \$4,500 exemption for a motor vehicle.

Interest on funds in the accounts that are not deposited directly into the accounts by the financial institution will be considered a withdrawal for unapproved purposes. Also, interest earned on funds in the restricted accounts and kept in the accounts will not count as income in the eligibility and grant computations. If, because of interest earned on deposited funds, the total amount in the accounts rises above \$5,000, then the client will have the option of withdrawing the amount above \$5,000 without restrictions. In any case, the amount above \$5,000 shall count against the \$2,000 resources limit.

At least six months before the end of the demonstration clients with restricted accounts will be given notice that the funds in the restricted accounts will count toward the personal resource limit after the end date of the demonstration so that clients will have time to withdraw and spend restricted funds for approved purposes. Also, no new restricted accounts will be started during the last six months.

The State may, if it chooses, allow families to have restricted accounts only during one period of AFDC eligibility during the demonstration. Also, the State may, if it chooses, review the expenditures of families applying for AFDC who had restricted accounts during a previous period of eligibility to determine whether withdrawals from the account were for approved purposes. If it is determined that withdrawals were made for unapproved

purposes, then a period of ineligibility would be calculated as defined above. Whether either of these provisions are implemented will depend on further analysis by the State and State Legislative approval.

(4) California Alternative Assistance Program (CAAP): Recipients and applicants that have earned income will be offered the option of not receiving an AFDC cash payment. If they accept that option, they will receive Title IV-A child care assistance and Medi-Cal benefits and still be AFDC recipients for these and any other purposes including eligibility determinations. Such recipients will be considered to be AFDC recipients as long as they receive CAAP assistance and will be subject to all the normal AFDC reporting requirements and eligibility verifications.

(5) GAIN Reform: The JOBS exemption for having a child under age 3 will be limited to one child only during a period of continuous AFDC eligibility. In this context, continuous is taken to mean being on the rolls without a break of at least 6 consecutive months. However, upon the birth or adoption of a child, a 4 month JOBS exemption will be available.

Food Stamps

(6) The State may, if it chooses, allow Food stamp households terminated from AFDC due to excess income or loss of deprivation to retain and add to the restricted accounts established while receiving AFDC. The funds in these accounts will be considered an excluded resource. All other food stamp eligibility criteria must be met to continue to receive food stamps.

The funds in the restricted accounts may be used only for postsecondary education or training for a child or children, for starting a business, or for the purchase of a home. Funds withdrawn from the accounts for any other purpose will be considered a resource to the household and applied to the household's \$2,000 resource limit (\$3,000 for a household containing a member or members age 60 or over).

The local jurisdiction for operating the food stamp program shall verify any withdrawal from the account and the household shall provide the verification. Additionally, the household must furnish periodic verification of account activity to the local jurisdiction.

A claim for overissuance of food stamp benefits shall be filed against a household making an unreported withdrawal from the accounts that causes the household's resource limit to be exceeded.

Interest earned on the restricted accounts and deposited directly into the accounts will be excluded. Interest not deposited directly into the accounts will be considered a resource and applied to the household's resource limit.

If the total amount in the accounts rises above \$5,000, the amount above \$5,000 will be considered a resource and applied to the household's resource limit.

At least six months before the end of the demonstration food stamp households with restricted accounts will be given notice that the funds in the account will be applied to its resource limit after the end date of the demonstration. This will allow households ample time to withdraw and spend the restricted funds for approved purposes.

Whether the above provision is implemented will depend on further analysis by the State and State Legislative approval.

2.3 For purposes of AFDC Quality Control, the eligibility of and benefits for families in the treatment group will be reviewed against the rules of CWPDP, in lieu of the rules that are being waived. Food stamp Quality Control review procedures will be incorporated into the FNS approval letter.

- 2.4 In the LINK-UP demonstration project counties the cases designated as control cases for that project will have all provisions of CWPDP applied to them except for the waiver of the 100-hour rule. Riverside County Basic Education Study teen parents will be excluded from Cal Learn for the duration of their random assignment to the Basic Education Study.

SECTION 3: EVALUATION

- 3.0 The Evaluation of this project will be accomplished jointly with the evaluation of APDP. Data collection and validation plans as well as all sampling procedures already approved for APDP will apply to this project also. Since the research sample for APDP and CWPDP are the same, the evaluation will, measure the combined impact of both demonstrations. Where possible the separate impacts of each demonstration will be evaluated. In the remainder of these Terms and Conditions, APDP and CWPDP, taken together, will be referred to as "the demonstrations."
- 3.1 Within 90 days after acceptance by the State of these Terms and Conditions, the State will submit to the Departments, for approval, a draft Request for Proposals (RFP) to conduct a joint evaluation of this project and APDP. The requirements for the RFP as set forth in 3.3 of the Terms and Conditions for APDP will apply here. Bidders will also be asked to discuss the feasibility of separately identifying the impacts of APDP and CWPDP. The RFP referred to in this section will be considered to cover the requirements for an RFP for evaluation for CWPDP and APDP.
- 3.2 The selected evaluation contractor will be required to develop, not later than 30 days after contract award, an evaluation plan that will be submitted by the State to the Departments for approval. The evaluation plan must present the research questions to be studied, the major variables to be measured, and the major data analyses to be performed for the demonstrations.
- 3.3 The costs of approved evaluation activities will be matched at 50 percent for the length of the evaluation and are

excluded from cost neutrality requirements. Evaluation components not approved by the Departments will not qualify for Federal matching funds. Evaluation costs will include all costs necessary to carry out the approved evaluation plan, including costs for evaluation activities carried out by State and local agencies as well as those carried out by the evaluation contractor, and by the data collection and validation contractor to the extent that such activities are required beyond those already performed as relates to APDP.

3.4 The research sample consists of a random sample of cases assigned to an experimental or a control group. The research sample has been and will continue to be drawn from cases active in the month of implementation of APDP and from cases approved after implementation from the counties of Alameda, San Joaquin, Los Angeles and San Bernadino. Procedures for assigning cases to the experimental and controls groups of the research sample will not deviate from the procedures currently approved for APDP.

3.5 For evaluation purposes of Cal Learn only (but not for cost neutrality), the State will draw an additional random sample of 1,500 cases - 750 controls and 750 experimentals. The experimental cases will be subject to all the provisions of the Demonstration and the control cases will be subject to all the provisions with the exception of Cal Learn. Within 90 days of the acceptance of these Terms and Conditions by the State, the State will submit to the Departments, for approval, a plan detailing how this additional sample will be drawn. The Cal Learn program focus is high school graduation or its equivalent. The evaluation in the four research counties will allow for tracking attendance for individuals assigned to the research project.

3.6 Data bearing on outcome measures will be collected for all cases in the experimental and control groups, to the extent possible, for the duration of the demonstration, regardless of whether or not the cases continue to receive assistance. The State will submit, for approval, not later than 45 days after the implementation date of CWPDP or 90 days after acceptance by the State of these Terms and Conditions,

whichever is sooner, a plan to track and collect data regarding recipients in the research sample that drop off the rolls.

3.7 The impact study of the evaluation of the demonstrations will, at a minimum, test the following research questions and will compare the experimental and control groups for statistically significant differences on selected outcome measures:

- o Do the demonstrations help AFDC recipients achieve self-sufficiency? Outcome measures related to this question include, at a minimum, employment rates, length of employment, amount of earned income, and exit and recidivism rates for AFDC and Food Stamps.
- o How do the demonstrations affect AFDC, Food Stamp, Medicaid, Child Care, JOBS, and Child Support participation and program costs? Outcome measures related to this question include, at a minimum, exit and recidivism rates, receipt of AFDC and Food Stamp benefits, total benefit payments and the uptake of CAAP, receipt of Medicaid services, usage rates of child care, JOBS participation, and receipt of child support.
- o How do the demonstrations affect recipient's savings rates and duration of receipt of AFDC and Food Stamps linked to resources? Outcome measures related to this question include, at a minimum, the rate of case closings in AFDC and Food Stamps as a result of exceeding the resource limits, the rate at which clients establish savings accounts and the amount in those accounts, and the number of experimental cases in which a restricted account is established. In particular, if a family loses AFDC eligibility due to increased income, remains eligible for food stamps, and maintains the restricted account, what are the effects on food stamp participation and costs?
- o Do the demonstrations affect school performance? Outcome measures related to this question include, at a minimum, attendance and graduation rates, and grade point average.

With the approval of the Departments, additional research questions and outcome measures may also be included.

3.8The evaluation will consider the outcome measures as described in 3.7 for analyses of subgroups of the AFDC population to the extent that sample size allows. These subgroups will include but not be limited to: cases drawn from the caseload in the month of implementation of the provisions of APDP, new approvals, new approvals after the implementation data of CWPDP, AFDC-UP cases, new residents and cases whose head of household belongs to racial and ethnic groups (based on Bureau of Census classifications).

3.9The evaluation will include a process study that will describe how the parts of the program were implemented and operated. This study will examine the following aspects of the demonstration:

- oThe organizational aspects, such as, the planning process, staffing structure, funding committed, and procedures for verification;
- oThe contextual factors, such as, the social, economic, and political forces that may have a bearing on the replicability of the intervention or influence the implementation of the demonstration;
- oThe contextual factors which may have affected the observed impacts of the demonstrations and what those factors say about extrapolating the experience in California to the rest of the nation; and
- oThe differences between the demonstrations and the comparable services, activities, staffing, etc., available to those not participating in the demonstration.

- 3.10 The evaluation will include a cost-benefit analysis that will seek to determine whether the combined costs of CWPDP and APDP are justified by the benefits produced. Comparisons will be made from the viewpoint of the program participants, the various levels of government, and society as a whole. Analyses will involve quantifying program outcomes and projecting both costs and benefits into the future. Costs for all pertinent programs will be included, whether or not they are subject to the cost neutrality requirements in Section 4 of these Terms and Conditions. Data for the cost-benefit analysis will be from administrative and case records as well as other sources to be determined by the State and the Departments. To the extent possible the cost-benefit analysis will seek to separate the costs and benefits of the CWPDP and APDP demonstrations.
- 3.11 Additional program changes that are not applied equally to treatment and control groups or that would substantially affect the evaluation of the demonstrations must be approved by the Departments.
- 3.12 A final evaluation report integrating the impact study, the process study, and the cost-benefit analysis will be due nine months after termination of the demonstrations. The State will also produce and make available public-use data tapes containing data collected during the demonstrations. Annual progress reports, summarizing the progress in implementing the demonstration and carrying out the evaluation plan, will also be submitted to the Departments. At the end of the third year of the APDP demonstration, the State will submit an interim report for the impact and process studies.
- 3.13 Public release of any evaluation or monitoring reports funded under this agreement will be made only by the Departments or the State. Prior to public release of such reports, the Departments and the State will have at least a 30-day period for review and comment.

SECTION 4: COST NEUTRALITY

- 4.0 The Federal government will match the administrative costs related to development of CWPDP (otherwise called developmental costs) which are incurred no later than the 180th day following the implementation date of CWPDP at the applicable matching rate. Also, administrative costs related to the development of CWPDP which are incurred prior to its implementation date will be matched at the applicable matching rate. Such costs are not subject to cost neutrality provisions in 4.1 below. Such costs must be approved in advance by the Departments, and are subject to an expedited review and approval process.
- 4.1 Since in this demonstration, the treatment, the experimental and the control cases are the same as for APDP, and since the demonstrations will run concurrently once CWPDP begins, cost neutrality for both demonstrations will be combined. A single cost neutrality computation and report will cover both demonstrations. The cost neutrality reports described here will be deemed to cover the requirements for cost neutrality reports as set forth in the Terms and Conditions for APDP. The provisions stated here will apply to both demonstrations and replaces Section 4 of the APDP demonstration.
- 4.2 Except for costs for evaluating the demonstrations and developmental costs specified in 4.0 above, beginning with the deemed beginning date of APDP, the operation of the demonstrations is to be cost-neutral to the Federal government with respect to benefit costs for AFDC, Food Stamps, and Medicaid, and administrative costs for AFDC. For purposes of calculating cost neutrality, child care costs made under sections 402(g)(1)(A)(i) and (ii) of the Social Security Act are considered to be AFDC administrative costs.
- Not later than 30 days after the implementation date, the State will submit, for approval by the Department, a cost allocation plan concerning how AFDC administrative costs will be determined and assigned to experimental and control cases. This plan will also designate which administrative costs will be treated as developmental costs for purposes of 4.0 above.

- 4.3 Cost neutrality computations are to be made by the State on a quarterly basis beginning with the first quarter ending after the deemed beginning date of the APDP demonstration. These computations will determine excess costs or savings of the demonstrations in total, as well as separately for each program, and separately for benefit and administrative costs. Excess costs or savings of the demonstrations are relative to what costs would have been in the absence of the demonstrations. All costs referred to in the rest of Section 4 are to be taken to mean the Federal share of costs. Should evidence become available that outlier Medicaid cases are unbalanced between controls and experimentals, cost neutrality calculations may be adjusted based on a methodology mutually agreed-upon between the Departments and the State.
- 4.4 Each case in the experimental and control groups will be assigned a weight when it is first assigned to the research sample. This weight will remain constant throughout the demonstration.
- (1) For cases assigned to the research sample at the beginning of the APDP demonstration, the weight will be based on the county in which the case is first assigned to the research sample and by whether the case is a basic or UP case: (a) The weight assigned to a control case will be equal to the AFDC caseload in the county (separately for basic and UP cases) in the month of implementation divided by the number of basic or UP cases from that county assigned to the control group at the beginning of the demonstration. (b) The weight assigned to an experimental case will be equal to the AFDC caseload in the county (separately for basic and UP cases) in the month of implementation divided by the number of basic or UP cases from that county assigned to the experimental group at the beginning of the demonstration.
- (2) For approvals assigned to the research sample in subsequent months, the weight will be based on the county and the quarter in which the case is first assigned to the research sample and by whether it is a basic or UP case: (a) The weight assigned to a control case

will be equal to the number of new approvals (basic or UP) in the county in the quarter the control case is selected divided by the number of approvals (basic or UP) from that county assigned to the control group during that quarter. (b) The weight assigned to an experimental case will be equal to the number of new approvals (basic or UP) in the county in the quarter the experimental case is selected divided by the number of approvals (basic or UP) from that county assigned to the experimental group during that quarter. The term new approvals used above will be taken to refer to an approval of a case that was not on AFDC in the county on the implementation date of APDP.

4.5 The calculation of the baseline benefit and administrative costs for the experimental group in the research counties described in steps (1) and (2), below, will be performed to obtain separate baseline costs for benefit costs for each program (AFDC, Food Stamps and Medicaid) and for AFDC administrative costs. AFDC benefit costs, for purposes of these calculations, will not include any costs that are charged to IV-A as a result of exceeding the IV-F cap. (These costs will be added as specified in 4.7 (3)). As specified in 2.2(1), no federal matching will be available for IV-F expenditures which exceed the IV-F cap by more than the IV-F expenditures on Cal Learn. This will yield four separate baseline costs, which will be determined cumulatively ("cumulatively" means the sum of costs from the deemed beginning data of APDP through the quarter in question) each quarter as follows:

- (1) Calculate the average cost per control group case by dividing the weighted costs for control cases while they are in the research counties, from the deemed beginning date of APDP through the quarter in question by the weighted number of ever-assigned control cases served by the research counties.
- (2) Multiply the average from step (1) by the weighted number of ever-assigned experimental cases served by the research counties. The result is the baseline cost, as applicable, for each program's benefit and

administrative costs for the experimental group in the research counties.

Note that the result of step (2) should be equal to the weighted cost for control cases.

4.6 Each quarter the total cumulative excess costs or savings will be calculated for the experimental group in the research counties as follows:

- (1) For each applicable program, for benefit and administrative costs, subtract the baseline costs, as derived in step (2) of 4.5 above, from the weighted actual costs for those in the experimental group. If the resulting amount is positive in value, the amount reflects an "excess cost;" if negative, the amount reflects "savings."
- (2) Calculate the total cumulative excess costs or savings for the experimental group in the research counties by summing the excess costs or savings derived in step (1) above. In summing excess costs or savings, savings will be taken to be negative.

4.7 The total cumulative excess costs or savings for the entire State will be calculated quarterly as follows:

- (1) Divide the total cumulative excess costs or savings for the experimental group in the research counties, as derived in step (2) of 4.6 above, by the cumulative weighted experimental group AFDC benefit costs in the research counties to derive an excess costs or savings ratio which is to be used to determine excess costs or savings for treatment cases in the entire State.
- (2) Multiply the appropriate ratio derived in step (1) above by the total AFDC benefit costs of demonstration treatment cases for the entire State.
- (3) To the result in step (2) add the amount requested for reimbursement by the State pursuant to 2.2 (1) paragraph 4, to derive the total excess costs or savings for the State. A breakdown of Cal Learn

funding, in total and by IV-A and IV-F funding categories will be provided with cost neutrality reports submitted in accordance with 5.0.

Excess costs or savings will be reconciled as described in 4.8 through 4.13 below.

Reconciliation of Costs or Savings

4.8 For the first four quarters after the deemed beginning date of APDP, the Federal government will provide Federal financial participation (FFP) and will not, during that period, recover any excess costs.

4.9 The deemed beginning date of CWPDP will be the first day of the 7th quarter ending after the deemed beginning date of APDP. Since both CWPDP and APDP will run concurrently, APDP will run for 26 quarters. Starting with the 5th quarter ending after the deemed beginning date of APDP, FFP will be limited so that total cumulative excess costs will be recovered from the State and eliminated by the end of the demonstrations. The State will not be allowed to owe the Federal government more than an allowable overage for any quarter. For each of the 5th through the 13th quarters ending after the deemed beginning date of APDP, the allowable overage is \$50 million. The allowable overage for each of the 13 remaining quarters is:

- (1) the total cumulative excess costs as of the end of the 13th quarter of the demonstration ending after the deemed beginning date of APDP (as adjusted for any net amount of excess costs reimbursed in prior quarters);
- (2) multiplied by the ratio of the number of quarters remaining in the demonstrations to 13.

In no case will the allowable overage be less than zero.

Reimbursement will be made for the 5th through the 26th quarters after the deemed beginning date of APDP such that the total cumulative Federal payments through the quarter in question will not exceed the lesser of:

(1) the total cumulative actual costs, or

(2) the total cumulative actual costs, minus total cumulative excess costs, plus the allowable overage for that quarter.

4.10A report showing allowable demonstration costs by program and by quarter, as well as the total cumulative allowable costs of the demonstrations to date and calculations of the total cumulative excess costs or savings shall be submitted to the Departments within 60 days following the end of each quarter.

4.11 Within 60 days after the end of the demonstration period, a final reconciliation will be done to ensure that there are no remaining excess costs. If there are savings at the time of final reconciliation, the Departments agree to authorize Federal financial participation for approved and matchable demonstration expenses; the sum of such Federal financial participation authorized by the two Departments shall not exceed the amount of such savings. If there are remaining total cumulative excess costs at the time of reconciliation the State agrees to repay the excess costs in equal quarterly amounts over the next four quarters. The final reconciliation can be adjusted for a period of up to two years after the termination of the project if additional cost data become available.

4.12 Any adjustments to the amount of Federal reimbursement claimed in a given quarter in accordance with 4.9 above, or 6.1 below, shall be shown as adjustments to AFDC, Medicaid, and Food Stamp claims submitted quarterly by the State (e.g., Form FSA-231 for AFDC claims), beginning with the fifth quarter. An additional copy of any claims showing adjustments will also be sent by the State to the Federal project officer. The Departments will provide the State with a methodology for appropriately allocating the costs among the affected Federal programs.

4.13 If, at the time costs are calculated under 4.5 through 4.7 above, the data on Medicaid costs are incomplete, then another method, approved by the Department of Health and Human Services, of estimating Medicaid costs will be used.

SECTION 5: MONITORING

5.0 For the purpose of monitoring the demonstration, the State shall submit quarterly progress reports summarizing project and evaluation activities and accomplishments during the quarter as well as interim findings from the evaluation, if available, and cost neutrality reports. The cost neutrality data shall be in a format approved by the Departments. The quarterly monitoring reports shall indicate issues or problems and resolutions regarding the implementation of the demonstration or evaluation as approved. These reports are due no later than 60 days after the conclusion of each quarter.

SECTION 6: TERMINATION PROCEDURES

- 6.0 No later than 180 days after acceptance of these Terms and Conditions, the State will provide the Departments, for approval, a plan to phase down and end the demonstrations to ensure there are no waiver-related Federal costs incurred past the end date. All activities requiring waivers must cease on the date decided by the Departments if the project is terminated prior to the 20-quarter APDP period prescribed herein. Federal financial participation for such activities will not be provided beyond the period approved by the Departments.
- 6.1 If for any reason the demonstration is terminated either by the State or by the Departments prior to recovery of total cumulative excess costs (as defined in Section 4 - Cost Neutrality), the State agrees to repay the Federal government for all such excess costs. Repayment will be achieved through adjustments to grant awards of the AFDC, Medicaid, and Food Stamp programs. Repayments will be made in no more than eight equal payments, starting with the first quarter after completion of the phaseout.
- 6.2 If for any reason any or all waivers are terminated by the Departments or the demonstration is terminated by the Departments or the State prior to the end date, to provide

for an orderly transition, the effective date of the termination shall be the first of the month following 90 days from the date notice of termination is received unless an earlier effective date is mutually agreed upon by the Departments and the State.

DEPARTMENT OF SOCIAL SERVICES
P Street, Sacramento, CA 95814



March 11, 1994

Ms. Mary Jo Bane, Assistant Secretary
Administration for Children and Families
U.S. Department of Health and Human Services
370 L'Enfant Promenade, S. W.
Washington, D.C. 20447

Dear Ms. Bane:

Attached is California's amended Work Pays Demonstration Project (CWPDP) proposal pursuant to Section 1315 of Title 42 of the United States Code. These amendments reflect additional welfare reform components which are being introduced to the California Legislature as part of the Governor's Budget for fiscal year 1994-95. We request the amendments to the proposal be reviewed and approved by April 30, 1994. If approval by this date is not possible please notify our Department as to the date of expected approval.

The following amendments are consistent with our objectives to reduce welfare dependency by substantially increasing recipients' effort to seek employment, to promote personal and parental responsibility, and to meet government's obligation to help recipients end long-term dependency. We are confident that our proposals meet all of these objectives.

For your convenience, amendments to the original proposal are indented and bolded or titled as amendments to facilitate easier identification of the changes. The following is a summary of the additional components contained in Governor Wilson's Budget.

TWO-YEAR TIME-LIMITED AFDC

The Two-Year Time-Limited AFDC program is added to the proposal to allow a 24-cumulative month period of assistance for able-bodied adults. Families with able-bodied adults will receive a MAP reduction equivalent to the amount of aid received by one person for each able-bodied adult in the assistance unit after the able-bodied adult has received 24-cumulative months of aid prior to July 1, 1996 and thereafter. All members of the assistance unit including the able-bodied adult will be considered to be continuing to receive aid and will be eligible for Food Stamps and Medicaid. This proposal will provide further incentive for able-bodied adults to seek employment and supports the premise that AFDC assistance is a temporary safety net allowing able-bodied adults to enter or return to the work force.

Ms. Mary Jo Bane
Page Two

MAXIMUM FAMILY GRANT

AFDC Maximum Aid Payment (MAP) levels will not increase based on family size for families who conceive additional children while either the mother or the father is receiving aid or receiving aid on behalf of an eligible child. The family will be eligible to receive aid based on the larger family size only when the family has not received an AFDC grant for a period of 24-consecutive months. These children will be eligible for AFDC and thereby entitled to all other benefits and programs that AFDC recipients are entitled to, such as Medicaid. Consistent with nonwelfare families, this proposal will promote family responsibility in making decisions about having additional children while living on a fixed income.

TWO-TIERED PAYMENT LEVELS

(Tier 1) A Transitional Payment Level (TPL) will be given to AFDC recipients for the first six months of assistance. The MAP levels will decrease 10 percent from the current level. This will provide further incentive for AFDC recipients to seek employment within the first six months of transitional assistance.

(Tier 2) A Basic Payment Level (BPL) will be given to AFDC recipients after a family with an able-bodied adult receives six-cumulative months of assistance counted from July 1, 1994 and thereafter. The MAP will be reduced by an additional 15 percent from the TPL. This amendment will provide further incentive for able-bodied adults to enter or return to the work force. Families will be exempt from the 15 percent reduction when the adult(s) or caretaker relative in the assistance unit are incapacitated, caring for the disabled, 60 years or older, nonneedy nonparent caretaker relatives, participating in Cal Learn or under age 19 and, attending school full time.

Information on the specific evaluation methodology will be provided at a later date. These amendments will provide greater savings for the overall cost-neutrality of the demonstration project as set forth in Section 4 of the CWPDP Terms and Conditions.

We believe the additional components of our demonstration project are significant welfare reform constructs and will enhance our ability to promote personal responsibility and self-sufficiency. We are eager to work with you and your staff to obtain timely approval of the proposed amendments.

Ms. Mary Jo Bane
Page Three

We would like to discuss any concerns you may have regarding these amendments as soon as possible. Questions should be directed to me at (916) 657-2598 or Michael C. Genest, Deputy Director, Welfare Programs Division at (916) 657-3546, or John Rodriguez, Chief Deputy Director, Department of Health Services at (916) 654-0391.

Sincerely,

Bruce Wastoff

for ELOISE ANDERSON
Director

Enclosure

c: Sharon Fujii
Regional Administrator
Administration for Children and Families
50 United Nations Plaza, Room 450
San Francisco, CA 94102

APPLICATION FOR FEDERAL ASSISTANCE

1. TYPE OF SUBMISSION: Application <input type="checkbox"/> Construction <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Non-Construction <input type="checkbox"/> Non-Construction		2. DATE SUBMITTED	Applicant Identifier
		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY N/A	Federal Identifier

5. APPLICANT INFORMATION: Legal Name: State of California		Organizational Unit: Department of Social Services
Address (give city, county, state, and zip code): 744 P Street Sacramento, CA 95814		Name and telephone number of the person to be contacted on matters involving this application (give name and code): Eloise Anderson (916) 657-2598

6. EMPLOYER IDENTIFICATION NUMBER (EIN): <div style="border: 1px solid black; width: 100px; height: 20px; margin: 5px;"></div>	7. TYPE OF APPLICANT: (enter appropriate letter in box) <input type="checkbox"/> A. State M. Independent School Dist. B. County I. State Controlled Institution of Higher Learning C. Municipal J. Private University D. Township K. Indian Tribe E. Interstate L. Individual F. Intermunicipal M. Profit Organization G. Special District N. Other (Specify) _____
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8. TYPE OF APPLICATION: <input type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es). <input type="checkbox"/> <input type="checkbox"/> A. Increase Award B. Decrease Award C. Increase Duration D. Decrease Duration Other (specify): _____	9. NAME OF FEDERAL AGENCY:
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10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: <div style="border: 1px solid black; width: 100px; height: 20px; display: inline-block;"></div> TITLE:	11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: California Work Pays Demonstration Project AFDC Elements
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12. AREAS AFFECTED BY PROJECT (OTHER COUNTRIES, STATES, ETC.):	
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13. PROPOSED PROJECT: Start Date Ending Date		14. CONGRESSIONAL DISTRICTS OF: a. Applicant: 3,4 b. Project: Statewide
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15. ESTIMATED FUNDING: <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>a. Federal</td> <td>\$</td> <td>.00</td> </tr> <tr> <td>b. Applicant</td> <td>\$</td> <td>.00</td> </tr> <tr> <td>c. State</td> <td>\$</td> <td>.00</td> </tr> <tr> <td>d. Local</td> <td>\$</td> <td>.00</td> </tr> <tr> <td>e. Other</td> <td>\$</td> <td>.00</td> </tr> <tr> <td>f. Program Income</td> <td>\$</td> <td>.00</td> </tr> <tr> <td>g. TOTAL</td> <td>\$</td> <td>.00</td> </tr> </table>	a. Federal	\$.00	b. Applicant	\$.00	c. State	\$.00	d. Local	\$.00	e. Other	\$.00	f. Program Income	\$.00	g. TOTAL	\$.00	16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS? a. YES. THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE _____ b. NO. <input type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW
a. Federal	\$.00																				
b. Applicant	\$.00																				
c. State	\$.00																				
d. Local	\$.00																				
e. Other	\$.00																				
f. Program Income	\$.00																				
g. TOTAL	\$.00																				

17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? <input type="checkbox"/> Yes If "Yes," attach an explanation. <input type="checkbox"/> No	
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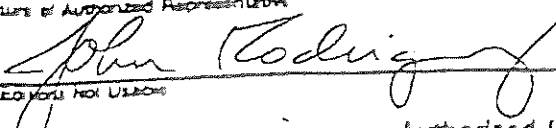
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED REQUIREMENTS IF THE ASSISTANCE IS AWARDED.		
a. Typed Name of Authorized Representative: ELOISE ANDERSON	b. Title: Director	c. Telephone Number: (916) 657-2598
d. Signature of Authorized Representative: <i>Bruce Waystubb for Eloise Anderson</i>		e. Date Signed: 3/11/94

APPLICATION FOR FEDERAL ASSISTANCE

1. TYPE OF SUBMITTER: Application <input checked="" type="checkbox"/> Construction <input type="checkbox"/> Non-Construction Pre-application <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction	2. DATE SUBMITTED	Applicant Identifier
	3. DATE RECEIVED BY STATE	State Application Identifier
	4. DATE RECEIVED BY FEDERAL AGENCY N/A	Federal Identifier

5. APPLICANT INFORMATION																						
Legal Name: State of California	Organizational Unit: Department of Health Services																					
Address (give city, county, state, and zip code): 714 P Street Sacramento	Name and telephone number of the person to be contacted on matters involving this application (give area code): John Rodriguez (916) 654-0391																					
6. EMPLOYER IDENTIFICATION NUMBER (EIN): [] [] - [] [] [] [] [] [] [] []	7. TYPE OF APPLICANT: (enter appropriate letter in box) <table border="0"> <tr> <td>A. State</td> <td>H. Independent School Dist.</td> </tr> <tr> <td>B. County</td> <td>I. State Controlled Institution of Higher Learning</td> </tr> <tr> <td>C. Municipal</td> <td>J. Private University</td> </tr> <tr> <td>D. Township</td> <td>K. Indian Tribe</td> </tr> <tr> <td>E. Interstate</td> <td>L. Individual</td> </tr> <tr> <td>F. Intermunicipal</td> <td>M. Profit Organization</td> </tr> <tr> <td>G. Special District</td> <td>N. Other (Specify) _____</td> </tr> </table>	A. State	H. Independent School Dist.	B. County	I. State Controlled Institution of Higher Learning	C. Municipal	J. Private University	D. Township	K. Indian Tribe	E. Interstate	L. Individual	F. Intermunicipal	M. Profit Organization	G. Special District	N. Other (Specify) _____							
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9. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: [] [] [] [] [] [] [] [] [] []	10. NAME OF FEDERAL AGENCY: Department of Health and Human Services Health Care Financing Administration																					
11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: California Work Pays Demonstration Project - Medicaid Elements																						
12. PROPOSED PROJECT: <table border="1"> <tr> <td>Start Date</td> <td>Ending Date</td> </tr> </table>		Start Date	Ending Date																			
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16. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?	
<input type="checkbox"/> Yes If "Yes," attach an explanation. <input type="checkbox"/> No	

17. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT, THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED		
Typed Name of Authorized Representative John Rodriguez	b. Title Deputy Director of Programs	c. Telephone number (916) 654-0391
d. Signature of Authorized Representative 		e. Date Signed 3/10/94

U.S. Department of Health and Human Services
Certification Regarding Drug-Free Workplace Requirements
Grantees Other Than Individuals

By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.

This certification is required by regulations implementing the Drug-Free Workplace Act of 1988, 45 CFR Part 76, Subpart F. The regulations, published in the May 25, 1990 Federal Register, require certification by grantees that they will maintain a drug-free workplace. The certification set out below is a material representation of fact upon which reliance will be placed when the Department of Health and Human Services (HHS) determines to award the grant. If it is later determined that the grantee knowingly rendered a false certification, or otherwise violates the requirements of the Drug-Free Workplace Act, HHS, in addition to any other remedies available to the Federal Government, may take action authorized under the Drug-Free Workplace Act. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or governmentwide suspension or debarment.

Workplaces under grants for grantees other than individuals, need not be identified on the certification. If known, they may be identified in the grant application. If the grantee does not identify the workplace(s) at the time of application, or upon award, if there is no application, the grantee must keep the identity of the workplace(s) on file in its office and make the information available for Federal inspection. Failure to identify all known workplaces constitutes a violation of the grantee's drug-free workplace requirements.

Workplace identifications must include the actual address of buildings (or parts of buildings) or other sites where work under the grant takes place. Categorical descriptions may be used (e.g., all vehicles of a mass transit authority or State highway department while in operation, State employees in each local unemployment office, performers in concert halls or radio studios.)

If the workplace identified to HHS changes during the performance of the grant, the grantee shall inform the agency of the change(s), if it previously identified the workplaces in question (see above).

Definitions of terms in the Nonprocurement Suspension and Debarment common rule and Drug-Free Workplace common rule apply to this certification. Grantees' attention is called, in particular, to the following definitions from these rules:

"Controlled substance" means a controlled substance in Schedules I through V of the Controlled Substances Act (21 USC 812) and as further defined by regulation (21 CFR 1308.11 through 1308.15).

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes;

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, use, or possession of any controlled substance;

"Employee" means the employee of a grantee directly engaged in the performance of work under a grant, including: (i) All "direct charge" employees; (ii) all "indirect charge" employees unless their impact or involvement is insignificant to the performance of the grant; and, (iii) temporary personnel and consultants who are directly engaged in the performance of work under the grant and who are on the grantee's payroll. This definition does not include workers not on the payroll of the grantee (e.g., volunteers, even if used to meet a matching requirement; consultants or independent contractors not on the grantee's payroll; or employees of subcontractors or subcontractors in covered workplaces).

The grantee certifies that it will or will continue to provide a drug-free workplace by:

(a) Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;

(b) Establishing an ongoing drug-free awareness program to inform employees about: (1) The dangers of drug abuse in the workplace; (2) The grantee's policy of maintaining a drug-free workplace; (3) Any available drug counseling, rehabilitation, and employee assistance programs; and, (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(c) Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);

(d) Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will:

(1) Abide by the terms of the statement; and, (2) Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction;

(e) Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph (d)(2) from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer or other designee on whose grant activity the convicted employee was working, unless the Federal agency has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;

(Continued on reverse side of this sheet)

(7) Taking one of the following actions, within 30 calendar days of receiving notice under subparagraphs (a)(2), with respect to any employee who is so convicted:

(1) Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or, (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;

taking a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs (a), (c), (d), (e) and (f).

The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant (use attachments, if needed):

Place of Performance (Street address, City, County, State, ZIP Code) _____

Check ☐ if there are workplaces on file that are not identified here.

Sections 76.630(c) and (d)(2) and 76.635(a)(1) and (b) provide that a Federal agency may designate a central receipt point for STATE-WIDE AND STATE AGENCY-WIDE certifications, and for notification of criminal drug convictions. For the Department of Health and Human Services, the central receipt point is Division of Grants Management and Oversight, Office of Management and Acquisition, Department of Health and Human Services, Room 517-D, 200 Independence Avenue, S.W., Washington, D.C. 20201.

Signature Bruce Wapstaf, for Elaine Anderson Date 3/11/94
Title Director
Organization California Department of Social Services

DCMO Form 8, Revised May 1990

Certification Regarding Debarment, Suspension, and Other
Responsibility Matters - Primary Covered Transactions

Instructions for Certification

1. By signing and submitting this proposal, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. If necessary, the prospective participant shall submit an explanation of why it cannot provide the certification. The certification or explanation will be considered in connection with the Department of Health and Human Services' (HHS) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when HHS determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, HHS may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the HHS agency to whom this proposal is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549: 45 CFR Part 76. See the attached definitions.
6. The prospective primary participant agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by HHS.

7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," provided by HHS, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List (of excluded parties).
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, HHS may terminate this transaction for cause or default.

Certification Regarding Debarment, Suspension, and Other
Responsibility Matters - Primary Covered Transactions

(1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:

(a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;

(b) have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1) (b) of this certification; and

(d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.

(2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Grant No. _____

Bruce Wuytaff, for Eloise Anderson
Signature

3/11/44

Date

ASSURANCE OF COMPLIANCE WITH THE DEPARTMENT OF HEALTH AND HUMAN SERVICES
REGULATION UNDER TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

California Department of Social Services (hereinafter called the "Applicant")
Name of Applicant (type or print)

HEREBY AGREES THAT it will comply with Title VI of the Civil Rights Act of 1964 (P.O. 88-352) and all requirements imposed by or pursuant to the Regulation of the Department of Health and Human Services (45 C.F.R. Pam 80) issued pursuant to that title, to the end that, in accordance with Title VI of that Act and the Regulation, no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Applicant receives Federal financial assistance from the Department; and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the Applicant by the Department, this Assurance shall obligate the Applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is so provided, this Assurance shall obligate the Applicant for the period during which it retains ownership or possession of the property. In all other cases, this Assurance shall obligate the Applicant for the period during which the Federal financial assistance is extended to it by the Department.

THIS ASSURANCE is given in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property, discounts or other Federal financial assistance extended after the date hereof to the Applicant by the Department, including installment payments after such date on account of applications for Federal financial assistance which were approved before such date. The Applicant recognizes and agrees that such Federal financial assistance will be extended in reliance on the representations and agreements made in this Assurance, and that the United States shall have the right to seek judicial enforcement of this Assurance. This Assurance is binding on the Applicant, its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this Assurance on behalf of the Applicant.

Date March 11, 1984

California Department of Social Services
Applicant (type or print)

By Brucell D. Staff for Elise Anderson Director
Signature and Title of Authorized Official

744 P Street

Sacramento, CA 95814
Applicant's mailing address

NOTE: If this form is not returned with the application for financial assistance, return it to DHHS, Office for Civil Rights, 330 Independence Ave., S.W., Washington, C. 20201.

ASSURANCES — NON-CONSTRUCTION PROGRAMS

Note: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States, and if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§ 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the nineteen statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§ 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§ 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply with the provisions of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§ 276a to 276a-7), the Copeland Act (40 U.S.C. § 276c and 18 U.S.C. §§ 874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-333), regarding labor standards for federally assisted construction subagreements.

purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.

11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§ 1451 et seq.); (f) conformity of Federal actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clear Air Act of 1955, as amended (42 U.S.C. § 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended, (P.L. 93-205).

Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§ 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).

14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. 2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4801 et seq.) which prohibits the use of lead based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act of 1984.
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL <i>Bruce Wapstiff for Eloise Anderson</i>	TITLE Director	
APPLICANT ORGANIZATION California Department of Social Services		DATE SUBMITTED 3/11/94

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1052
(See reverse for public burden disclosure.)

1. Type of Federal Action: <input checked="checked" type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. Status of Federal Action: <input checked="checked" type="checkbox"/> a. bid/offer application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. Report Type: <input checked="checked" type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: <input type="checkbox"/> Prime <input type="checkbox"/> Subwarden Tier _____, if known: California Dept. Social Services 744 P Street Sacramento, CA 95814 Congressional District, if known:		5. If Reporting Entity is No. 4 is Subwarden, Enter Name and Address of Prime: Congressional District, if known:
6. Federal Department/Agency: Dept. of Health & Human Services Administration for Children & Families	7. Federal Program Name/Description: Research and Demonstration Projects CFDA Number, if applicable: 13.812	
8. Federal Action Number, if known:	9. Award Amount, if known: \$	
10. a. Name and Address of Lobbying Entity: (if individual, last name, first name, Mx)	b. Individual Performing Services (including address if different from No. 10a): (last name, first name, Mx)	
Attach Continuation Sheet(s) SF-111-A, if necessary		
11. Amount of Payment (check all that apply): \$ _____ <input type="checkbox"/> actual <input type="checkbox"/> planned	13. Type of Payment (check all that apply): <input type="checkbox"/> a. retainer <input type="checkbox"/> b. one-time fee <input type="checkbox"/> c. commission <input type="checkbox"/> d. consulting fee <input type="checkbox"/> e. deferred <input type="checkbox"/> f. other, specify: _____	
12. Form of Payment (check all that apply): <input type="checkbox"/> a. cash <input type="checkbox"/> b. in-kind; specify: nature _____ value _____		
14. Brief Description of Services Performed or to be Performed and Date(s) of Service, including officer(s), employee(s), or Member(s) contacted, for Payment Indicated in Item 11: The State of California is requesting authorization to expand the Statewide California Work Pays Demonstration Project.		
Attach Continuation Sheet(s) SF-111-A, if necessary		
15. Continuation Sheet(s) SF-111-A attached: <input type="checkbox"/> Yes <input type="checkbox"/> No		
16. Information requested through this form is authorized by only 31 U.S.C. section 1052. This disclosure of lobbying activities is a required component of any action which requires the filing of a bid/offer, contract, cooperative agreement, loan, or award with the federal government. This disclosure is required pursuant to 31 U.S.C. 1052. This information will be reported to the Congress annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$1,000 and not more than \$100,000 for each such failure.	Signature: <u>Bruce Wapshiff, for</u> Print Name: <u>ELOISE ANDERSON</u> Title: <u>Director</u> Telephone No. <u>(916) 657-2598</u> Date: <u>3/11/94</u>	
Federal Use Only: _____		

Authorized for Local Acquisition and Standard Form - 111



DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES

Certification for Contracts, Grants, Loans and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form 111, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Suspension. An action taken by a suspending official in accordance with these regulations that immediately excludes a person from participating in covered transactions for a temporary period, pending completion of an investigation and such legal, debarment, or Program Fraud Civil Remedies Act proceedings as may ensue. A person so excluded is "suspended."

Voluntary exclusion or voluntarily excluded. A status of nonparticipation or limited participation in covered transactions assumed by a person pursuant to the terms of a settlement.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of his or her knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States to insure or guarantee a loan, the undersigned shall complete and submit Standard Form -LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

Bruce W. Kraft for Eloise Anderson

Signature

Director

Title

California Department of Social Services

Organization

3/11/94

Date

Grant Number

II - FEDERAL LAW AND REGULATIONS TO BE WAIVED

1. EXISTING WAIVERS

Law

42 USC Section 602(a)(7)(B) [Section 402 of the Social Security Act]. This section sets a resource limit of \$1,000, with specified exceptions, and the limit for the equity value of a vehicle as set by the Secretary which must be assessed when determining a family's eligibility for aid. We request a waiver of this section for recipients, and not for applicants, to allow the following limits: real and personal property of \$2,000; a vehicle equity value limit of \$4,500; and a restricted savings account of \$5,000 for purposes of saving for a child's postsecondary education or training, toward the down payment on a house, or as start-up money for a business.

42 USC Section 602 (a)(19)(A) [Section 402 of the Social Security Act]. This section requires, in part, that states have in operation a Job Opportunities and Basic Skills (JOBS) training program which meets the requirements of Part F. We request this section be waived to the extent necessary to waive provisions of Part F.

42 USC Section 602 (a)(19)(B)(i) and (E) [Section 402 of the Social Security Act] and 42 USC Section 682 (d)(2) [Section 482 of the Social Security Act]. These sections provide, in part, that states require custodial parents who are not yet 20 years of age and have not obtained a high school diploma (or its equivalent), to participate in JOBS to obtain their high school diploma. It further requires 18 and 19 year old custodial parents who lack a high school diploma (or its equivalent) to accept a job or training instead of enrolling in educational activities if the participant "fails to make good progress in successfully completing such educational activities." We request these sections be waived for pregnant and/or custodial parents who are under age 19 to require such individuals to participate in the new Cal Learn program for the purpose of obtaining a high school diploma or its equivalent.

42 USC 602 (a)(19)(C)(iii)(I) [Section 402 of the Social Security Act]. This section specifies, in part, that an individual may not be required to participate in the JOBS program if such individual is the parent or other relative of a child under three years of age. We request this section be waived, to the extent necessary, to limit this exemption to once during a period of continuous AFDC eligibility, except that a person who has a child under age three and who has previously claimed this program

exemption could claim the exemption again for four months upon the birth or adoption of another child.

42 USC Section 602 (a)(19)(C)(iii)(I), (II), (D) and (G) [Section 402 of the Social Security Act]. These sections provide, in part, participation requirements and exemption status for: individuals with children under three years of age; parents who have child(ren) under six years of age and who are limited to 20 hours of participation per week; families eligible for aid due to the unemployment of the participant earner. These sections also provide, in part, good cause for failure to participate in JOBS or accept employment. We request these sections be waived, to the extent necessary, to require full-time JOBS participation or acceptance of full-time employment for pregnant or custodial parent(s) who have obtained their high school diplomas or equivalent while in the Cal Learn program.

42 USC Section 602 (a)(19)(H) [Section 402 of the Social Security Act]. This section establishes, in part, the net loss of income as a specific good cause criterion for refusing employment and training. We request this section be waived to not require the State to apply the good cause provision for refusing employment under the GAIN net loss of income provision to AFDC-U principal earner parents.

42 USC Section 603 (a)(1) et. seq. [Section 403 of the Social Security Act]. These sections prescribe the methodology for matching rates and the participation requirements for enhanced funds under JOBS. We request these sections be waived to the extent necessary to exclude from the State's formula (numerator and denominator) for matching rates and enhanced funding, any pregnant and/or custodial parent under 19 years of age to require such individuals to participate in a new Title IV-A Cal Learn program.

42 USC Section 603 (a)(3) [Section 403 of the Social Security Act]. This section provides, in part, that no payment shall be made with respect to amounts expended in connection with the provision of any service described in section 1397 (a) of this title other than services furnished pursuant to section 602 (g) of this title. We request this section be waived to provide supportive services for the administration of the Cal Learn program under Title IV-A.

42 USC Section 603(1)(4)(A)(i) [Section 403 of the Social Security Act]. This section requires at least one parent in a AFDC-U parent family to participate 16 hours per week in a JOBS work supplementation activity, work experience or on-the-job training program. We request that this section be waived to provide that 16 hours of participation in an approved job search activity or employment may also count as JOBS participation for these U-parents.

42 USC Section 682 (d) [Section 482 of the Social Security Act]. This section, in part, requires states to operate a JOBS program and to provide specific services to AFDC recipients. We request this section be waived to the extent necessary to limit the availability of additional program services for GAIN participants who fail to obtain employment following post-assessment training and/or educational services until all other program-eligible persons are being served in GAIN.

42 USC Section 684 (c)(2) [Section 484 of the Social Security Act]. This section requires that work assignments established under JOBS shall not result in the employment or assignment of a participant to any unfilled established position vacancy. We request this section be waived to eliminate the prohibition against using established unfilled position vacancies for work experience and training assignments to remove a significant barrier to developing work experience slots.

42 USC Section 1396a(c) [Section 1902 of the Social Security Act]. This section limits reduction of Title IV-A, AFDC payment levels to not less than that in effect in May 1988, without affecting the Medicaid program. We request that this section be waived to the extent that a waiver is required.

42 USC Section 1396b(f) [Section 1903 of the Social Security Act]. This section authorizes federal financial participation (FFP) in a State's expenditures for medical assistance only to families whose income is equal to or less than the maintenance need income level, defined as 133 1/3 percent of the AFDC grant level for a family of the same size. (See also 42 CFR 435.1007.) No demonstration project waiver is available for the requirements of Section 1396b. Thus, to enable California to retain the maintenance need level in effect on June 30, 1991 without a reduction in FFP, it is necessary to seek the Secretary's concurrence and approval that (1) the lower spend down (a result of the higher maintenance need levels) is an appropriate cost of the demonstration project, and (2) FFP would be made available under Title 42, United States Code, Section 1315(a)(2).

Federal Regulations

45 CFR 233.20 (a)(2). This section provides that the standard of need and amount of assistance payment will be applied uniformly throughout the State. This waiver is needed to allow for the different payment levels required by the California Relocation Grant and Cal Learn. We request this section be waived to the extent these components require such a waiver.

45 CFR 233.20(a)(3)(i)(B). This section allows the AU to reserve real and personal property in a total amount which does not exceed \$1,000. We request this section be waived to allow the AU

to (1) reserve real and personal property in a total amount which does not exceed \$2,000, and which is not tied to any specific spending restrictions; and (2) reserve personal property in a total amount which does not exceed \$5,000 (referred to as a restricted savings account), and which is tied to the following specific spending restrictions: (1) children's postsecondary education or training, (2) toward the purchase of a home, or (3) for starting a business. When a "nonqualifying withdrawal" (i.e. for purposes other than the specified spending restrictions) is made, a period of ineligibility shall be calculated and applied to the AU. These changes will apply only to recipients. The changes will not apply to applicants.

45 CFR 233.20(a)(3)(i)(B)(2). This section allows an assistance unit (AU) to exempt the equity value up to \$1,500 of one vehicle from consideration as a countable resource. We request this section be waived to raise the allowable exempted equity value to \$4,500. This change will apply only to recipients. The change will not apply to applicants.

45 CFR 233.20(a)(3)(ii). This section provides that, in determining financial eligibility and the amount of assistance payments, all remaining income may be considered in relation to the State's need standard or the State's payment standard. We request this section be waived, to the extent necessary, to exempt the interest income earned on and retained in the restricted savings account from being considered income for recipients in the eligibility and grant computations.

45 CFR 233.20 (a)(3)(viii). This section provides, in part, that aid payments be based on the determination of the amount of assistance needed. We request this section be waived, to the extent a waiver is necessary, to allow an applicant or recipient of aid who has earned income to voluntarily refuse a cash grant and continue to receive alternative assistance benefits as a zero-grant recipient. Families choosing alternative assistance will be eligible to receive child care assistance and Medi-Cal benefits. This waiver is necessary to allow an applicant/recipient of AFDC to receive alternative assistance in lieu of a cash grant.

45 CFR 233.20 (a)(11)(i)(C). This section provides that, for purposes of eligibility determination, the State must disregard, where appropriate, an amount equal to \$30 and one-third of the earned income not already disregarded of an individual who received assistance in one of the four prior months. We request that this section be waived, to the extent a waiver is required, to consider a recipient who chooses CAAP to have received an AFDC payment. This will allow families who apply for AFDC and have received AFDC or CAAP in one of the four months preceding application to receive the \$30 and one-third earned income disregard when determining eligibility.

45 CFR 233.20 (a)(11)(ii)(B). This section provides for the \$30

and 1/3 income disregards and the four-month limitation to the 1/3 and the twelve month limitation to the \$30 disregard. This section also provides for additional \$30 and 1/3 disregards to be applied only when twelve consecutive months have passed during which the individual is not a recipient of AFDC. This section will be waived for recipients to remove the four-month limitation to the \$30 and 1/3 disregard, the twelve-month limitation to the \$30 disregard, and the twelve consecutive month break-in-aid limitation to provide for implementation of the Work Incentive component of this proposal. Elimination of the \$30 and 1/3 time limits applies only to the computation of AFDC payment amounts; it does not affect the AFDC financial eligibility determination for an applicant who had not received AFDC in one of the four months preceding the application as specified at 45 CFR 233.20 (a)(11)(ii)(C).

45 CFR 233.20 (b)(1). This section provides federal participation be available for financial assistance payments made on the basis that all income of the needy individual, together with the assistance payment, does not exceed the State's defined standard of assistance. We request this section be waived to allow a Cal Learn bonus to be received by an AU and/or custodial parent/teen parent, where the AU includes a pregnant and/or custodial parent under age 19 who successfully participates in Cal Learn.

45 CFR 233.31 (b)(4). This section provides, in part, the definition of payment month for purposes of describing budgeting methods for the AFDC program. The definition indicates that a payment month shall mean the fiscal or calendar month for which an agency shall pay assistance. We request this section be waived, to the extent a waiver is necessary, to allow an applicant or recipient of aid who has earned income to voluntarily refuse a cash grant and continue to receive CAAP as a zero-grant recipient of aid.

45 CFR 233.40. This section provides that AFDC cannot be denied due to a residency requirement. This section will be waived to the extent that DHHS deems it required to allow for the reduction of aid, not denial, for persons who have lived in California for less than 12 months under the California Relocation Grant component of this proposal.

45 CFR 233.90 (b)(2). This section provides that a child cannot be denied aid based on attendance at school. This section will be waived, to the extent necessary, to allow for the increases and decreases in aid payments based on grades under the Cal Learn component of this proposal.

45 CFR 233.100 (a)(1)(i) and 45 CFR 233.100 (c)(1)(iii). These sections provide that a child cannot be considered deprived based on unemployed principal earner parent when his/her parent works 100 hours or more per month. This section will be waived to allow the principal earner parent who is receiving AFDC to work

100 hours or more per month to implement the Work Incentive component of this proposal.

45 CFR 250.1. This section provides, in part, the definition of the federal target groups to receive priority for services under the JOBS program and a definition of good/satisfactory progress. We request these definitions be waived, to the extent necessary, to exclude from the federal target groups pregnant and/or custodial parents under age 19 who are participating in the Cal Learn program.

45 CFR 250.30 (a)(b)(1)(i) and (ii), and (b)(9)(i), (ii), (iii) and (iv) and 250.35 (a). These sections provide, in part, participation requirements and exemption status for: individuals with children under three years of age; parents who have child(ren) under six years of age and who are limited to 20 hours of participation per week; families eligible for aid due to the unemployment of the participant earner. These sections also provide, in part, good cause for failure to participate in JOBS or accept employment. We request these sections be waived to the extent necessary to require full-time JOBS participation or acceptance of full-time employment for pregnant or custodial parent(s) who have obtained their high school diplomas or equivalent while in the Cal Learn program.

45 CFR 250.30 (b)(9)(i). This section specifies, in part, that an individual shall be considered exempt from JOBS participation if the individual is the parent or other relative of a child under three years of age who is personally providing care for the child. We request this section be waived to the extent necessary to limit the exemption for a child under three years of age to only one time during a period of continuous eligibility as described in our request for waiver under 42 USC Section 602 (a)(19)(C)(iii)(I).

45 CFR Sections 250.32 (a) and (b). These sections specify educational participation requirements for parents who are not yet 20 years of age who have not completed a high school education or its equivalent and who are not exempt from participation in JOBS. We request these sections be waived for any pregnant and/or custodial parents who are not yet 19 years of age to require their participation in the new Cal Learn program instead of GAIN.

45 CFR Section 250.33. This section requires 16 hours of JOBS participation per week in a work supplementation activity, work experience or on-the-job training program of at least one parent in a U-parent family. We request that this section be waived to provide that 16 hours of participation in an approved job search activity or employment may also count as JOBS participation for U-parents.

45 CFR 250.35 (c)(1) and (2). This section establishes, in part, the net loss of income as a specific good cause criterion for

refusing employment and training. We request this section be waived to not require the State to apply the good cause provision for to AFDC-U principal earners who refuse employment under the GAIN net loss of income provision.

45 CFR Sections 250.44, 250.45, 250.47, 250.48, 250.61, 250.62 and 250.63. These sections describe the mandatory and optional components offered under the JOBS program. For the purpose of this demonstration, we request these sections be waived to the extent necessary to limit the availability of additional program services for GAIN participants who fail to obtain employment following post-assessment training or education services until all other program-eligible persons are being served.

45 CFR Sections 250.62 (b) (2), 250.63 (h) (i) and 251.3 (e). These sections require work assignments established under JOBS not result in the employment or assignment of a participant to any unfilled established position vacancy. We request these sections be waived to the extent necessary to eliminate the prohibition against using established unfilled position vacancies for work experience and training assignments to remove a significant barrier to developing work experience slots.

45 CFR 250.74 (a), (b) and (c) and 250.78. These sections prescribe the methodology for matching rates and the participation requirements for enhanced funds under JOBS. We request these sections be waived to the extent necessary to exclude from the formula (numerator and denominator) for matching rates and enhanced funding, any pregnant and/or custodial parent who is not yet 19 years of age to require such individuals to participate in a new Title IV-A Cal Learn program.

45 CFR 282.47. This section limits the federal matching in amounts paid to a family which includes a member participating in a project. We request this section be waived to allow for claiming of FFP, at the assistance payment matching rate, for the cost of the bonuses to be provided to each Cal Learn participant determined to have earned a bonus either through obtaining satisfactory progress in a report card or graduating from high school or its equivalent.

NEW WAIVERS

Law

42 USC Section 1396a(c). This section limits reduction of Title IV-A, AFDC payment levels to not less than that in effect in May 1988 without affecting the Medicaid program. We request that this section be waived to the extent that a waiver is necessary to permit the State to obtain approvals of new plans for medical assistance even though the AFDC payment levels under CWPDP will be below those levels in effect on May 1, 1988.

42 USC Section 1396b(f). This section authorizes federal financial participation (FFP) in a State's expenditures for medical assistance only to families whose income is equal to or less than the maintenance need income level, defined as 133 1/3 percent of the AFDC grant level for a family of the same size. (See also 42 CFR 435.1007.) No demonstration project waiver is available for the requirements of section 1396b. Thus, to enable California to retain the current maintenance need level without a reduction in FFP, it is necessary to seek the Secretary's concurrence and approval that (1) the lower spenddown (a result of the higher maintenance need levels) is an appropriate cost of the demonstration project, and (2) FFP would be made available under Title 42, United States Code, Section 1315(a)(2).

Federal Regulation

45 CFR 233.20(a)(1)(i) and (ii). This section provides that eligibility conditions must be applied consistently and equitably.

This waiver is needed to allow a different method for determining the amount of assistance for families in the demonstration treatment group who conceive additional children while the mother or father is receiving assistance or on the behalf of an eligible child. The different method does not increase the AFDC MAP by the amount that would otherwise be paid for such additional children. For all other purposes, these children are considered to be eligible for AFDC and thereby entitled to all other benefits and programs that AFDC recipients are entitled to, such as Medicaid.

This waiver is needed to allow the State, the two-tier benefit structure, to reduce the amount of the monthly assistance payment by a reasonable reduction of 10 percent for all applicants/recipients receiving AFDC in California. An additional fifteen percent reduction for families with able-bodied adult recipients will be applied after six months of assistance counted from July 1, 1994 and thereafter.

This waiver is needed to allow the state to reduce the amount of monthly assistance equal to the MAP amount for each aided able-bodied adult after receiving AFDC for 24-cumulative months prior to July 1, 1996 and thereafter.

AMENDED WAIVER

Federal Regulation

45 CFR 233.20 (a)(2). This section provides that the standard of need and amount of assistance payment will be applied

uniformly throughout the State. This waiver is needed to allow for the different payment levels required by the California Relocation Grant, Transitional Payment Level, Basic Payment Level, Maximum Family Grant, Two-Year Time-Limit, and Cal Learn. We request this section be waived to the extent these components require such a waiver.

FEDERAL LAW AND REGULATIONS INTERPRETATION

Federal Law

42 USC Section 1315 (a)(2). [Section 1115 of the Social Security Act]. 42 USC 1115 (a)(2) provides authority for claiming FFP in the case of any experimental, pilot, or demonstration project. We request that this section be interpreted to allow FFP, at the assistance payments matching rate, for the costs of the bonuses to each Cal Learn participant who receives a report card indicating satisfactory progress in school or graduates from high school or its equivalent.

42 USC Section 1396a (A)(10)(A)(i). [Section 1902 of the Social Security Act]. This section provides that medical assistance shall be provided to AFDC recipients who are aided under an approved State Plan. We request that this section be interpreted to allow medical assistance be provided to AFDC and CAAP recipients who receive aid under the CWPDP Terms and Conditions.

Federal Regulations

45 CFR 282.48. This section allows states to be reimbursed for administrative costs of a demonstration project under section 1115(b). We request this section be interpreted to allow reimbursement, at the rates that generally apply to administrative costs, for the costs of providing supportive services, including case management, for the administration of the Cal Learn program under Title IV-A.

STATE PLAN CHANGES

Necessary JOBS and Supportive Service State Plan revisions will follow. We intend to revise the necessary State Plan Sections according to established timeframes.

Quality Control Hold Harmless

Although the changes contained in this proposal will improve the effectiveness and efficiency of program administration, the extensiveness of the changes, both programmatically and geographically, will have a short term inflationary effect on the State's quality control (QC) error rate. While eligibility workers and QC reviewers are learning and applying the new program regulations and procedures, their determinations will not be as accurate as they were under the prior known system.

In acknowledgment of this fact, and to avoid penalizing the State for its initiative to improve its welfare program, we request a QC hold harmless period during the implementation of the project. Specifically, we propose to review to the new project requirements beginning with their effective date, identify and report eligibility determination errors discovered during the reviews, but delete the errors made in the changed program areas specified in this proposal from the calculation of California's official rate during the first 12 months of implementation.

III - COST/SAVINGS INFORMATION

A1 - CALIFORNIA WORK PAYS DEMONSTRATION PROJECT

Cost/Savings Summary
In \$1,000's
Fiscal Year 1992/93

<u>Component</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>County</u>
<u>Work Incentives</u>				
Assistance Payments				
Assistance Payments	-250,400	-124,100	-119,900	-6,400
100-Hour Rule				
Assistance Payments	- 20,000	- 9,900	- 9,500	- 800
\$30 and 1/3*	-0-	-0-	-0-	-0-
<u>California Relocation Grant</u>				
Assistance Payments	- 20,700	- 10,300	- 9,900	- 500
Administrative	2,400	1,200	800	400

III - COST/SAVINGS INFORMATION

A2 - CALIFORNIA WORK PAYS DEMONSTRATION PROJECT

Cost/Savings Summary
In \$1,000's
Fiscal Year 1993/94

	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>County</u>
<u>Work Incentives</u>				
Assistance Payments	-474,617	-235,617	-227,096	-11,923
100-Hour Rule Assistance Payments	-40,000	-20,000	-19,000	-1,000
\$30 and 1/3 Assistance Payments	39,112	19,422	18,709	981
<u>California Relocation Grant</u>				
Assistance Payments	-0-	-0-	-0-	-0-
Administrative	-0-	-0-	-0-	-0-
<u>Work Support</u>				
Increased Resource Limits Assistance Payments	*	*	*	*
Restricted Accounts Assistance Payments	*	*	*	*
<p>* Unable to estimate the anticipated behavior modifications of recipients and, therefore, the fiscal impact of these items. Since these provisions apply to continuing AU's only there will be no increase in caseload.</p>				
<u>Cal Learn</u>	13,424	6,712	6,602	110
<u>CAAP</u>	-0-	-0-	-0-	-0-
<u>GAIN Reform</u>	-0-	-0-	-0-	-0-

III - AMENDED COST/SAVINGS INFORMATION

A3 - CALIFORNIA WORK PAYS DEMONSTRATION PROJECT

Cost/Savings Summary
In \$1,000's
Fiscal Year 1993/94

<u>Component</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>County</u>
<u>Work Incentives</u>				
Transitional Assistance Payment Level (TPL) (Tier 1)	-0-	-0-	-0-	-0-
Basic Assistance Payment Level (BPL) (Tier 2)	-0-	-0-	-0-	-0-
Two-Year Time-Limit Assistance Payment	-0-	-0-	-0-	-0-
Administrative	-0-	-0-	-0-	-0-
 <u>Maximum Family Grant</u>				
Assistance Payment	-0-	-0-	-0-	-0-
Administrative	-0-	-0-	-0-	-0-

III - AMENDED COST/SAVINGS INFORMATION

A4 - CALIFORNIA WORK PAYS DEMONSTRATION PROJECT

Cost/Savings Summary In \$1,000's Fiscal Year 1994/95

	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>County</u>
<u>Work Incentives</u>				
Assistance Payments				
Assistance Payments	-520,294	-258,291	-248,952	-13,051
100-Hour Rule				
Assistance Payments	-41,604	-20,802	-19,762	-1,040
\$30 and 1/3				
Assistance Payments	60,376	29,980	28,881	1,515
<u>California Relocation Grant</u>				
Assistance Payments	-0-	-0-	-0-	-0-
Administrative	-0-	-0-	-0-	-0-
<u>Work Support</u>				
Increased Resource Limits				
Assistance Payments	2,335	1,168	1,109	58
Resource Administrations	185	92	65	28
Restricted Accounts				
Assistance Payments	*	*	*	*
<p>* Unable to estimate the anticipated behavior modifications of recipients and, therefore, the fiscal impact of these items. Since these provisions apply to continuing AU's only there will be no increase in caseload.</p>				
<u>Cal Learn</u>	57,274	29,631	27,079	564
<u>CAAP</u>	-0-	-0-	-0-	-0-
<u>GAIN Reform</u>	-0-	-0-	-0-	-0-

III - AMENDED COST/SAVINGS INFORMATION

A5 - CALIFORNIA WORK PAYS DEMONSTRATION PROJECT

Cost/Savings Summary
In \$1,000's
Fiscal Year 1994/95

<u>Component</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>County</u>
<u>Work Incentives</u>				
Transitional Assistance Payment Level (TPL) (Tier 1)	-588,729	-292,270	-281,693	-14,766
Basic Assistance Payment Level (BPL) (Tier 2)	-328,134	-162,913	-156,991	-8,230
Two-Year Time-Limit Assistance Payment	-0-	-0-	-0-	-0-
Administrative	19,940	10,213	6,842	2,885
<u>Maximum Family Grant</u>				
Assistance Payment	-11,785	-5,850	-5,639	-296
Administrative	723	370	248	105

B1 - ESTIMATED EVALUATION COSTS

The California Department of Social Services (CDSS) will contract with separate external vendors during the course of the demonstration, one to assist the CDSS with the data collection component, one for the evaluation component of the welfare reform provisions of SB 35, and other consultant services to assist with the programming development of data bases and analysis of data. The following estimated costs are based on the Department's experience with the evaluation of GAIN (California's JOBS program) and first year experience with the California Work Pays Demonstration Project evaluation.

CWPDP	FY 92-93	FY 93-94	Total
Data Collection Contractor	\$840,000	\$3,661,000	\$ 4,501,000
Evaluation Contractor	0	1,452,000*	1,452,000
Misc. Contract Services	<u>40,000</u>	<u>200,000</u>	<u>240,000</u>
Total CWPDP	\$880,000	\$5,313,000	\$ 6,193,000

CWPDP Amendments	FY 92-93	FY 93-94	Total
Data Collection Contractor	\$180,000	\$3,420,000	\$ 3,600,000
Evaluation Contractor	0	1,150,000	1,150,000
Misc. Contract Services	<u>70,000</u>	<u>300,000</u>	<u>370,000</u>
Total CWPDP Amendments	\$250,000	\$4,870,000	\$ 5,120,000
Total			<u>\$11,313,000</u>

* Includes LINK-UP evaluation costs.

CWPDP Evaluation

Cost/Savings Summary
In \$1,000's
Fiscal Year 1993/94

	<u>Federal</u>	<u>State</u>	<u>County</u>
Assistance Payments	\$1,836	\$1,859	0
Administration	607	584	0

B2 - AMENDED ESTIMATED EVALUATION COSTS

The California Department of Social Services (CDSS) will contract with separate external vendors during the course of the demonstration, one to assist the CDSS with the data collection component, one for the evaluation component of welfare reform, and other consultant services to assist with the programming development of data bases and analysis of data. The following estimated costs are based on the Department's experience with the evaluation of GAIN (California's JOBS program) and California Work Pays Demonstration Project evaluation.

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CWPDP	FY 92-93	FY 93-94 thru FY 98-99	Total
Data Collection Contractor	\$840,000	\$3,661,000	\$ 4,501,000
Evaluation Contractor	0	1,452,000*	1,452,000
Misc. Contract Services	<u>40,000</u>	<u>200,000</u>	<u>240,000</u>
Total CWPDP	\$880,000	\$5,313,000	\$ 6,193,000
=====			
CWPDP Amendments FY 93-94 April 1, 1994		FY 94-95 thru FY 98-99	Total
Data Collection Contractor	\$180,000	\$3,420,000	\$ 3,600,000
Evaluation Contractor	0	1,150,000	1,150,000
Misc. Contract Services	<u>70,000</u>	<u>300,000</u>	<u>370,000</u>
Total CWPDP April 1994 Amendments	\$250,000	\$4,870,000	\$ 5,120,000

=====			
CWPDP Amendments FY 94-95 July 1, 1994		FY 95-96 thru FY 98-99	Total
Data Collection Contractor	\$25,000	\$75,000	\$ 100,000
Evaluation Contractor	0	100,000	100,000
Misc. Contract Services	<u>25,000</u>	<u>25,000</u>	<u>50,000</u>
Total CWPDP July 1994 Amendments	\$50,000	\$200,000	\$ 250,000
Total			<u>\$11,563,000</u>

* Includes LINK-UP evaluation costs.

=====				
Cost/Savings Summary In \$1,000's Fiscal Year 1994/95				
	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>County</u>
Assistance Payments	-1,370,561	-679,347	-655,968	-35,246
Administration	\$ 20,848	\$10,675	7,155	3,018

IV - PROGRAM NARRATIVE

A - PROJECT TITLE

CALIFORNIA WORK PAYS DEMONSTRATION PROJECT

INTRODUCTION

California's amendment to the Assistance Payment Demonstration Project (APDP) calls for significant statewide reforms in the State's welfare program structure to value education and to provide incentive and opportunity to seek employment. For those capable of working, the changes modify welfare toward what it should be, transitional support rather than indefinite maintenance and dependency.

The notion of unconditional aid must be replaced by the principle of mutual obligation. The government has an obligation to provide assistance to people in temporary trouble. For those to whom aid has become a permanent rather than a temporary safety net, government must promote access to services that improve their employability. Able-bodied recipients, in turn, have an obligation to join or rejoin the work force as soon as possible and, if necessary, to participate in employment and training opportunities to become self-sufficient. The State has made progress toward developing a better welfare system which promotes work over welfare and self-sufficiency over welfare dependency. This effort will continue through the approval of CWPDP amendments.

From 1980 to 1990, California experienced a general population growth of 20.6%; from a population of 23,782,000 to a population of 29,976,000. During the same 10-year period, the United States, as a whole, grew only 8.9%. At the same time, California's AFDC caseload increased by over 41%. In State Fiscal Year (FY) 1980-81, 500,325 families were receiving AFDC; by 1991-92 the number had grown to 790,406. Without intervention, it is estimated that the AFDC caseload will exceed 889,700 by the end of FY 1993-94.

While California represents 11.9% of the nation's population, it aids 17.2% of the nation's AFDC caseload. This disproportionate growth has created a substantial taxpayer burden. For Federal Fiscal Year 1992, California AFDC expenditures equalled \$152.65 (Federal, State and County funds) for every resident, the highest amount among the nation's ten most populous states and more than twice the national average.

From 1980 to 1992, California experienced a general population growth of 31.6%; from a population of 23,782,000 to a population of 31,300,000. During the same 12-year period, the United States, as a whole, grew only 12.3%. At the same time, California's AFDC caseload increased by over 69%. In State Fiscal Year (FY) 1980-81, 500,325 families were receiving AFDC; by 1992-93 the number had grown to 844,393. Without intervention, it is estimated that the AFDC caseload will exceed 889,700 by the end of FY 1994-95.

While California represents 12.3% of the nation's population, it aids 17.1% of the nation's AFDC caseload. This disproportionate growth has created a substantial taxpayer burden. For State Fiscal Year 1993, California AFDC expenditures equalled \$179.02 (Federal, State and County funds) for every resident, the highest amount among the nation's ten most populous states and more than twice the national average.

California's AFDC grant levels are higher than those of the other ten most populous states and provide the fourth highest payment level in the nation. At current grant levels, it is more beneficial for most families to go on aid rather than to seek employment at minimum wage. One recent study showed that if a welfare recipient in a family of three took a job paying \$1,200 per month, his/her monthly spendable income would actually drop by \$150.

California's Assistance Payments Demonstration Project calls for encouragement to seek employment.

Reforms would include:

Work Incentives -- Program will allow recipients who work to keep more of their income by removing the 100-hour work limitation for AFDC-U recipient parents, removing the time limit for the \$30 and 1/3 disregard, and increasing the gap between the need standard and the Maximum Aid Payment (MAP).

California Relocation Family Grant -- A requirement which would reduce the incentive to migrate to California solely to seek higher public assistance benefits.

Work Support -- Program changes are proposed which enable welfare recipients to get and keep paying jobs. These provisions lessen the major work barriers that both recipients and newly independent former recipients face, such as: finding good child care; loss of child support and food stamps; and lack of financial resources to handle major expenses involved with crisis situations and other significant costs, including higher education for children, home purchases and business start-ups.

Increase Resource Limits -- This proposal raises the resource limit from \$1,000 to \$2,000; raises the allowable vehicle equity

value from \$1,500 to \$4,500; and allows accumulation of a "restricted" savings account up to \$5,000. Restricted account funds would be spent only for children's postsecondary education or training, a down payment on a home, or start-up costs for a business. The changes would apply only to recipients. The higher limits would not apply to applicants.

Cal Learn -- A program of grant increases, penalties, and supportive services to encourage pregnant and custodial parents who are under age 19 to remain in high school or its equivalent.

California's Alternative Assistance Program (CAAP) -- A program to provide alternative assistance in the form of child care assistance and Medi-Cal benefits, in lieu of a cash grant, to applicants for/recipients of AFDC who have earned income.

GAIN Changes -- The changes to the GAIN program will allow more recipients to participate in the JOBS/GAIN program by limiting the exemption for personally providing care for a child under three years of age to a one-time exemption; limiting the availability of additional program services for participants who have completed post-assessment education and/or training activities and have not obtained employment until other program-eligible persons are being served; and increasing the number of available work experience slots by allowing placement in established unfilled position vacancies.

CWPDP changes and amendments include the following provisions:

Two-Year Time-Limited Assistance -- This proposal requires the AFDC MAP level be reduced by one person for families with an able-bodied adult after the adult has received 24-cumulative months of aid. This promotes self-sufficiency and reinforces the premise that AFDC is a transitional means of support and not a way of life. Specific levels are set for assistance units of one and two when the able-bodied adult reaches the 24-month limit.

Transitional Payment Level (TPL)(tier 1) -- This proposal reduces the existing MAP levels by 10 percent for the first six-cumulative months of AFDC. This allows recipients to overcome a temporary economic setback.

Basic Payment Level (BPL)(tier 2) -- This proposal reduces the MAP by an additional 15 percent of TPL for able-bodied adult recipients whose families have received six cumulative months of assistance. This promotes a work incentive.

Maximum Family Grant -- This proposal changes the application of the MAPs and in so doing promotes personal responsibility by discouraging growth in family size while the family is on public assistance. The MAP will not increase if a child is conceived while the parent(s) are receiving AFDC or receiving aid on behalf of an eligible child.

ORIGINAL OPERATIONAL TIMEFRAMES

In order for the State of California to make the necessary changes to implement this proposal on or before the December 1, 1992 target implementation date, it will be necessary to receive waivers of pertinent federal regulations for the delivery of AFDC as soon as possible.

The changes outlined in this proposal are scheduled to take effect on or before December 1, 1992 except that pertaining to the \$30 and 1/3 disregard. The project will operate statewide for five years from October 1, 1992 through September 30, 1997.

The above-mentioned December 1, 1992 date is limited to the existing waivers. New components proposed as CWPDP amendments (Work Support, Cal Learn, GAIN Reform and CAAP) have an implementation target date of January 1, 1994.

The \$30 and 1/3 income disregard provision and an additional 2.7% MAP reduction have been activated. (Letter dated June 30, 1993, to the Administration for Children and Families, gave notice that we are removing the time limit for the \$30 and 1/3 income disregard and further reducing the MAP by 2.7% under CWPDP in accordance with the federally approved CWPDP Terms and Conditions.) California will provide to eligible recipients effective September 1, 1993, the \$30 and 1/3 income disregard without regard to the four- and twelve-month limitations or the twelve consecutive months break-in-aid limitation.

It will be necessary to receive approval of the amendments to the CWPDP approved waivers of pertinent federal regulations by November 1, 1993 in order for California to make the necessary changes to implement this proposal (Work Support, Cal Learn, CAAP and GAIN Reform) on or before the January 1, 1994 target implementation date.

Cal Learn is targeted for implementation January 1, 1994, with provisions to require individual counties to have their program operational within the twelve-month period following the implementation date.

Implementation of the project is subject to the availability of the necessary federal waivers and federal financial participation.

AMENDED OPERATIONAL TIMEFRAMES

This project will operate statewide for six years and nine months from October 1, 1992 through June 30, 1999. The Cal Learn proposal will begin implementation on April 1, 1994, with provisions to require individual counties to have their program operational within the twelve-month period following the implementation date.

PROJECT PARTICIPANTS

The project will be implemented statewide and include all AFDC recipients for the 100-hour rule and work incentive components and new applicants for the work incentive components who would otherwise be eligible for AFDC.

The additional amendments to this proposal were implemented statewide and include all AFDC recipients and new applicants, unless indicated otherwise, who would be eligible for AFDC.

The eligibility determination using the 100-hour rule, the \$30 and 1/3 earned income disregard, the increase in the resource limit from \$1,000 to \$2,000, the allowance for a \$5,000 restricted account, and the increase in the vehicle limit from \$1,500 to \$4,500 are waived for recipients only, not applicants.

The amendments contained in this CWPDP proposal will be implemented statewide July 1, 1994 through June 30, 1999 and will include all AFDC applicants and recipients who would be eligible for AFDC unless indicated otherwise.

B - BACKGROUND AND IMPORTANCE OF THE PROJECT

The intent that AFDC for a family with able-bodied adults be a transitional means of support while recipients are seeking self-sufficiency is not being realized. The increasing caseload discussed previously is evidence of this. The Work Incentive and California Relocation Grant components are targeted at addressing this issue.

The intent that AFDC be a transitional means of support while recipients are seeking self-sufficiency is not being realized. The increasing caseload discussed previously and spiraling teen birth rates are evidence of this. The teen (ages 15-19) birth rate in 1980 was 52.5 live births per 1,000 teens. By 1992, the teen birth rate spiraled to 71.1 births per 1,000 teens. The current AFDC program does not encourage teens to stay in school, does not promote keeping families intact, does not promote work over welfare, and does not enable recipients to become self-sufficient. The Work Support, CAAP, GAIN reform, and Cal Learn components are targeted at addressing these issues. In addition, a governor's budget proposal exercises the federal option to require pregnant or parenting teens to live with their parents or legal guardians.

The intent that AFDC becomes a safety net for short-term transitional assistance, while able-bodied adults seek to enter, return or increase their participation in the work force is not being realized. The current program does not effectively encourage self sufficiency. The AFDC caseload continues to increase steadily and long-term dependency will continue without effective intervention. The Maximum Family Grant, Two-Year Time-Limited Assistance, Transitional Payment Level and Basic Payment Level are targeted to address these issues.

C - DESCRIPTION OF PROJECT COMPONENTS

WORK INCENTIVE

This component will provide incentive to able-bodied adult recipients to seek employment. This will be accomplished in a number of ways, including a MAP reduction of approximately 5.8%. These reductions will result in a larger gap between the need standard and the MAP. This allows the recipient to keep a larger portion of earnings as the earnings are offset against the need standard rather than the MAP. In addition, the limitation that AFDC-U principal earner recipients cannot work 100 hours or more each month is being eliminated. This will allow principal earner recipients to accept entry level minimum wage jobs which require working more than 100 hours per month while still maintaining AFDC eligibility. Also, the time limit on the \$30 and 1/3 earned income disregard will be eliminated to the extent State funds are made available and cost neutrality is not jeopardized. This will allow recipients to keep an even larger portion of their earnings for an unlimited period of time.

Senate Bill (SB) 485 (Chapter 722, Statutes of 1992) reduced the MAP by 5.8%: 4.5% effective October 1, 1992 and 1.3% effective December 1, 1992, as provided in the original proposal.

The state is further reducing the MAP for all AFDC cases by up to five percent based on a state statutory change under the authority of Section 2.3 of the CWPDP Terms and Conditions. SB 35 (Chapter 69, Statutes of 1993), reduced the MAP by an additional 2.7% effective September 1, 1993.

Beginning September 1, 1993, the state provided the \$30 and 1/3 income disregard without the four and twelve-month limitations and the twelve consecutive months break-in-aid limitation for income earned to eligible recipients after August 31, 1993 under the authority granted in Section 2.2 of the CWPDP Terms and Conditions. SB 35 directed CDSS to activate this approved waiver and SB 80 (Chapter 55, Statutes of 1993), provided state funding to cover this additional program cost as part of the state budget for fiscal year 1993-94. The \$30 and 1/3 income disregard is not available for determining financial eligibility of an applicant who did not receive AFDC or CAAP in one of the four months immediately preceding application.

A 1.66% Cost-of-Living Adjustment (COLA) for the need standard was provided effective July 1, 1993 to the treatment group and not the control group under the authority granted in the Waiver Authority Section of the CWPDP Terms and Conditions. This COLA increases the gap and is expected to increase the work incentive.

The proposed MAP reductions are an integral step in the successful implementation of the total Assistance Payments package for two reasons. First, by reducing grants it reduces

the attractiveness of welfare as compared to the alternative of work. Second, by allowing recipients to offset income against the higher need standard, it creates an incentive for recipients to work while still on aid. The resulting work experience will increase the long-term earnings potential of many recipients. Even with the proposed reduction, California's MAP will still rank fourth highest in the nation.

The 5.8% MAP reduction decreased the AFDC grant for a family of three without other income by \$39 per month. The Food Stamp allotment increased an average of \$12. Therefore, the net impact on spendable income for a family of three is \$27. This family would need \$27 in income to offset the net decrease. This equates to working fewer than seven hours per month at minimum wage (\$4.25 per hour).

The additional 2.7% MAP reduction will decrease the AFDC grant for a family of three without other income by \$17 per month. The Food Stamp allotment will increase an average of \$7. Therefore, the net impact on spendable income for a family of three is \$10. This family would need \$10 more per month in income to offset this net decrease. This equates to working fewer than three additional hours per month at minimum wage.

A recent California Legislative Analyst's report found that if an individual on welfare under the current system took a \$1,200 a month job, monthly income after expenses would actually drop by \$150. By cutting welfare grants, but keeping the need standard the same (while allowing COLAs), recipients will be able to keep a larger portion of their earnings while gaining the skills necessary to become fully self-supporting.

The elimination of the 100-hour rule is essential to provide an incentive for AFDC-U principal earner parents to seek and maintain entry level jobs which require working more than 100 hours each month, but provide less spendable income than the AFDC grant. By allowing these parents to work more than 100 hours, they will have the opportunity to get back into or remain in the work force while seeking better employment. In addition, the GAIN Net Loss of Income good cause provision is waived for AFDC-U principal earner parents. This will result in AFDC-U principal earners being required to accept and maintain employment that may result in less spendable income than the family would receive on AFDC.

Total grant savings for the 5.8% reduction for State Fiscal Year 1992-93 are projected to be \$250.4 million (\$124.1 million Federal, \$119.9 million State and \$6.4 million County funds). Total grant savings for the 100-hour rule elimination for State Fiscal Year 1992-93 are projected to be \$20 million (\$9.9 million Federal, \$9.5 million State and \$.6 million County funds).

The 1992-93 projected savings of \$250.4 million from the 5.8% reduction represent grant savings for seven months of 1.3%

reduction implementation and nine months of 4.5% reduction implementation.

The total additional grant savings for the 5.8% and the 2.7% reduction for State Fiscal Year 1993-94 are projected to be \$476.2 million (\$236.4 million Federal, \$227.8 million State, and \$10.8 million County funds.) These grant savings include twelve months of 5.8% reduction implementation and ten months of 2.7% grant reduction implementation.

The State requests permission to redirect funds saved due to the AFDC grant reductions to augment services in the GAIN program. Any federal funds obtained by the State for the GAIN program in excess of the amounts appropriated in the State's 1992 Budget Act shall be used to expand services and shall not supplant any State funds.

The State's request to redirect funds saved due to the AFDC grant reductions to augment services in the GAIN Program was denied by DHHS on October 29, 1992. Therefore, the State is not making this request with the amendments to this proposal.

The following provisions are proposed amendments to CWPDP:

The proposed MAP reductions under the Two-Tiered Payment Level System is an integral step in the successful implementation of the total welfare reform package for two reasons. First, by reducing grants it reduces the attractiveness of welfare as compared to the alternative of work. Second, by allowing recipients to offset income against the higher need standard, it creates a greater incentive for recipients to work while still on aid. Initially, the MAP will be reduced by 10 percent establishing a Transitional Payment Level (tier 1). This reduction will result in a larger gap between the need standard and the MAP. After six months of assistance counting from July 1, 1994 and thereafter, families with able-bodied adult(s) will shift to a Basic Payment Level (tier 2) which will be 15 percent below tier 1. The tier 1 grant level will continue for families in which the adult is incapacitated, caring for the disabled, over 60 years of age, nonneedy nonparent caretaker relative, under 19 years of age and attending school full time. Families not exempt from the BPL must remain off aid for 24-consecutive months before eligibility to receive assistance at the TPL can be reestablished.

With the 10 percent reduction in MAP under tier 1, the AFDC grant for a family of three will decrease \$61 per month for a family without other income. The food stamp allotment will increase an average of \$26. Therefore, the net impact of spendable income for a family of three is \$35. This family would need \$35 in net earnings to offset this decrease. This equates to working fewer than 10 hours per month at minimum wage (\$4.25 per hour).

With the 15 percent reduction in MAP under tier 2, the AFDC grant for a family of three will decrease \$82 per month for a family without other income. The food stamp allotment will increase an average of \$24. Therefore, the net impact of spendable income for a family of three is \$58. This family would need \$58 in net earnings to offset this decrease. This equates to working fewer than 15 hours per month at minimum wage (\$4.25 per hour).

Approximately, 60 percent of the AFDC caseload has been receiving AFDC assistance longer than two years. It is estimated that at least 65 percent of these cases include at least one able-bodied adult receiving aid. Under the Two-Year Time Limit, able-bodied adult(s) will receive a MAP reduction equivalent to the amount of aid received by the able-bodied adult(s) on assistance after 24-cumulative months of AFDC. This proposal would reinforce the original intent of AFDC assistance as a safety net for able-bodied persons needing transitional support to enter or return to the workforce.

Approximately, 10 percent of the Family Group caseload (76,000) would not be impacted by the Two-Year Time Limit and the Basic Payment Level. This portion of the caseload is exempt due to incapacity, age or are nonneedy nonparent caretaker relatives.

Total grant savings for fiscal year 1994-95 are projected to be \$597 million (\$295 million Federal, \$287 million State and \$15 million County funds) under tier 1 and an additional \$525 million (\$259 million Federal, \$253 million State and \$13 million County funds) under tier 2. Under the Two-Year Time-Limited system, projected grant savings of at least \$200 million to be realized beginning 1996-97.

The following provision is a proposed amendment to CWPDP:

MAXIMUM FAMILY GRANT

Grants will not be increased for additional children of mothers or fathers who are already receiving AFDC or receiving aid on behalf of an eligible child. This proposal reinforces family responsibility for and control over its own circumstances. About one-third (32%) of AFDC mothers (279,000) continue to conceive and bear children after the original AFDC case opening. These mothers average 1.8 children. Of the 279,000, 59% have one additional child, 24% have two, 12% have three and 5 percent have four or more additional children.

Under this proposal, the amount of aid a family is eligible to receive would not increase for a child who is conceived while either the mother or the father is receiving aid. Maximum Family Grant shall no longer apply when the child is no longer living in the same home with either parent, or, for a period of 24-consecutive months, has not received aid while living with either parent. All members of the family would continue to receive Medicaid benefits. The food stamp allocation increases when new members are born to the family insuring that the household maintains adequate food provisions.

Grant savings for fiscal year 1994-95 will total \$11.8 million (\$5.9 million Federal, \$5.6 million State and \$296,000 County funds).

CALIFORNIA RELOCATION GRANT

For families moving to California who have not lived here for at least 12 months, the grant level will be either the MAP for the same size AU in the state they last resided in or California's computed grant, whichever is less. Families living in California, for more than 12 months prior to application for AFDC are not affected. Grant levels from other States will be updated annually from data received from Health and Human Services.

The purpose of this proposal is to reduce the incentive for families to move to California to receive public assistance.

Approximately seven percent of California's AFDC caseload (50,000) lived in another state within the previous 12 months prior to application for aid in this State. About half (25,000) were receiving AFDC in the prior state of residence. About one-quarter of the migrating recipients are from neighboring states whose MAPs for a family of three are significantly lower than California's MAP of \$663 per month. These states are Washington with a MAP of \$531, Oregon with a MAP of \$460, Nevada with a MAP of \$348 and Arizona with a MAP of \$316. Over one-third (36%), were from states that make up the nation's ten lowest grant payment states, primarily Louisiana with a MAP of \$190, Texas with a MAP of \$184, Arkansas with a MAP of \$204, and Oklahoma with a MAP of \$343.

Under this proposal, it is estimated that 1,500 AFDC-approved applicant cases every month will receive reduced grants. The grant reductions will average \$289 per case.

It is estimated that in State Fiscal Year 1992-93 grant savings will equal \$20.7 million (\$10.3 million Federal, \$9.9 million State and \$500,000 County funds).

No current savings are anticipated for this component. Litigation is pending on this issue (Green v. Anderson, filed in Sacramento Federal District Court on December 22, 1992).

MEDI-CAL MAINTENANCE NEED INCOME-LEVELS

The State proposes to continue Maintenance Need Income Levels (MNILs) for purposes of the State's Medicaid program (Medi-Cal) at the levels in effect June 30, 1991 after the AFDC grant reductions. The State is seeking the Secretary's approval for continuation of full Federal financial participation (FFP) despite the limitations on FFP contained in Federal law.

Federal law and regulations authorize FFP in a State's expenditures for medical assistance only to families whose income is equal to or less than the MNIL (or whose income has been reduced to that level by incurring medical expenses), defined at 133 1/3 percent of the AFDC grant level for a family of the same size without income or resources. (42 USC Section 1396b(f); 42 CFR Section 435.1007.) Thus, if AFDC grants were reduced, MNILs would also be reduced to conform. For the family, this would in many cases result in a higher spend down (or "share of cost" in California terminology).

California seeks to avoid impacting families' access to and cost of medical care which may result from reduction in AFDC grant levels under the demonstration project. To enable the State to retain the June 30, 1991 maintenance need levels without a reduction in FFP, it is necessary for the State to obtain the Secretary's concurrence and approval that (1) the lower spend down (a result of keeping the MNILs at the current, higher levels) is an appropriate cost of the demonstration project, and (2) FFP would be made available under Title 42, USC Section 1315(a)(2).

The state will reduce the AFDC MAP level under the proposed demonstration projects and seeks to avoid impacting, as described above, Medicaid beneficiaries whose eligibility is based on the maintenance need levels.

WORK SUPPORT

Resource Limits and Restricted Accounts

A continuum of work-support incentives are provided to break down barriers that can stop otherwise employable people from getting and keeping jobs and to facilitate the transition to long-term self-sufficiency. The following will be provided to AFDC recipients:

Allowable AFDC resource limits will be raised from \$1,000 to \$2,000; allowable vehicle equity value limits will be raised from \$1,500 to \$4,500; and a new restricted account for up to \$5,000 will be allowed. The restricted account can be spent only on a child's postsecondary education or training, toward the down payment on a home, or as start-up money for a business. Recipients who wish to retain savings in a restricted account must enter into a written agreement with the county welfare department to establish a separate account with a financial institution. The account is to be used solely for the above stated reasons. Interest income earned on and retained in the restricted account is exempt from consideration as income in the month of receipt as long as the account is used for the approved purpose. The increased resource limits and the restricted account are available only to recipients, not applicants. A period of ineligibility shall be calculated and applied to the AU when a withdrawal is made for reasons other than those described.

The initial cost of this component is expected to be offset by long-term grant savings through earlier discontinuances from AFDC and reduced long-term welfare dependency.

CAL LEARN

The Cal Learn provision provides pregnant or custodial parents under the age of 19 who are eligible to receive AFDC, a \$100 bonus if the participant receives a report card indicating satisfactory progress (grade level C) in high school or the equivalent, and a \$500 bonus for graduation from high school or the equivalent. The bonus for graduation supersedes the \$100 bonus for the teen's final high school report card.

If the participant fails without good cause to demonstrate that he or she has made adequate progress (grade level D) or if the participant fails to submit his or her report card, the grant will be reduced by \$100 (not to exceed \$50 a month). Progress will be verified through grades on the report card. No more than four bonuses or sanctions may be received in a year.

A teen parent is defined as a person under nineteen years of age who is pregnant or is a custodial parent, and who does not possess a high school diploma or its equivalent.

To further assist the teen parent, child care services, necessary transportation costs, ancillary expenses, and case management services will be provided. Supportive services costs, including case management, will be claimed under Title IV-A funding.

The purpose of this component is to encourage teenage parents to complete high school and become self-supporting, and to prevent or break the cycle of welfare dependency. In the long run, keeping these children in school will improve their parenting skills, increase earning potential, and reduce welfare dependency.

CALIFORNIA ALTERNATIVE ASSISTANCE PROGRAM (CAAP)

This program would allow applicants/recipients of AFDC who have earned income to voluntarily decline a cash grant to receive CAAP as a zero-grant recipient of aid. Families choosing CAAP will be eligible to receive child care assistance and Medi-Cal benefits. Continued receipt of CAAP would be contingent upon continuing AFDC eligibility.

A family whose eligibility for CAAP terminates due to increased earnings shall be eligible for transitional child care and Medi-Cal benefits to the extent that other terminating AFDC families are eligible for these benefits.

The purpose of this proposal is to remove barriers and encourage families to seek and maintain employment that will ultimately lead to their self-sufficiency and decreased dependency on welfare.

GAIN REFORM

All recipients should be afforded the opportunity to obtain the employment and training skills necessary to increase their success in obtaining work. The changes to the GAIN program will increase our ability to provide these services to more AFDC recipients.

The program changes will include:

- o Limiting the JOBS exemption for having a child under age three to one time only during continuous AFDC eligibility (except that if that individual has previously received the exemption and has a child under age three she/he would be eligible for a four-month exemption upon the birth or adoption of another child);
- o Restricting GAIN/JOBS program participation to one time for those participants who complete post-assessment on-the-job training, adult basic education, vocational training, or vocational English-as-a-second-language, and do not obtain employment until all other program-eligible persons are being served. This restriction does not apply to those individuals who have only participated in post-assessment job search, Pre-employment Preparation (PREP) or grant diversion activities;
- o Allowing participation of AFDC-U parents in an approved job search activity or employment to count towards JOBS participation.
- o Eliminating the prohibition of using unfilled established position vacancies for work experience assignments; and
- o Removing pregnant and/or custodial parents who are under 19 years of age from JOBS participation to require their participation in a new Title IV-A Cal Learn program.

This proposed GAIN reform is designed to expedite the transition of welfare recipients into the work force and out of welfare dependency. It is estimated that under this proposal and with increased GAIN funding the number of GAIN participants will increase by an additional 36.6 percent or 47,000.

This component is expected to result in grant savings due to the increased number of GAIN participants obtaining employment.

D - RESEARCH AND DEMONSTRATION METHODOLOGY

1 - HYPOTHESES AND OBJECTIVES

Introduction: The following is a listing of the hypotheses associated with each proposal component as well as the intended objectives. This listing will be refined in conjunction with academic professionals selected to assist in finalizing the RFP for the independent project evaluation and finalized with expertise provided by the selected contractor.

WORK INCENTIVE

PROPOSAL:

- o Expand the difference between the need standard and the MAP by reducing the MAP levels by approximately 5.8%. This will result in an 11% difference between the need standard and MAP. Recipient income is subtracted from the need standard, thus allowing families with income to keep a larger portion of their income before it begins to offset the grant amount.
- o The CWPDP Terms and Conditions allows California to increase the need standard to the CWPDP treatment group and not the control group. A 1.66% need standard COLA was provided effective July 1, 1993 which increased the gap and the work incentive.
- o Further expand the difference between the need standard and the MAP by reducing the MAP levels by 2.7%. This will result in a 15% difference between the need standard and the MAP.
- o Allow principal earner parents who are recipients to work 100 hours or more and maintain AFDC eligibility. Eliminate net loss in spendable income as a good cause for refusing or quitting a job for AFDC-U principal earners.
- o Eliminate the time limitation for the \$30 and 1/3 income disregard except in regard to eligibility determination for applicants who have not received AFDC or CAAP in one of the four months preceding application.

OBJECTIVES:

- o Maximize incentives to seek and maintain employment.
- o Maximize incentives within the program that encourage seeking supplementary income.
- o Reduce incentives to go on AFDC.
- o Remove existing barriers to accepting full-time employment or increasing part-time employment.

HYPOTHESES:

These changes will result in:

- o A reduction in existing cases.
- o An increase in the number of AFDC-FG and AFDC-U recipients accepting and maintaining employment.
- o An increase in hours of employment for AFDC-U and AFDC-FG recipients.
- o An overall decrease in the percentage of AFDC recipients in the California population.
- o A reduction in duration of spells on aid, especially by reducing the number of spells over three years.
- o A reduction in recidivism.

MEASUREMENTS

CDSS will create a longitudinal AFDC data base. The data base will include a significant sample of AFDC recipients in the State over the period 1987 through 1999. The data base will consist of: 1) on or off aid data for each person for each month, thereby enabling an analysis of aid spells ending at any time during the 13-year period; 2) identification of the county in which the spell occurred; 3) identification of the case, and other persons included in the case and, 4) the amount of earned income for each individual as reported to the State Employment Development Department (EDD) by employers through the Unemployment Insurance Program. In addition, for a subset of these individuals (to be determined in conjunction with the evaluator), a wide range of specific characteristics, grant amount, and income data will also be maintained. The sources of this data will be county welfare department case files, characteristics surveys and special surveys to be conducted by the CDSS or the evaluator.

The kinds of data that may be evaluated include:

- o AFDC-U cases discontinued due to the principal earner parent working 100 hours or more per month and the number of AFDC-U cases with principal earner parents working 100 hours or more and continuing to receive AFDC after implementation.
- o Distribution of cases among various categories of spells (e.g., percent of cases with spells of 6 months or less and no recidivism within 6 years, with spells of 3, 5, 6 years or more, with multiple short spells, etc.)

- o The percent of the AFDC caseload that is employed.
- o The amount of aid paid to each case.
- o The number of principal earners employed.
- o The number of secondary earners employed.
- o The number of hours worked by the principal earner and the secondary earner (AFDC-U).
- o The percent of the AFDC population with unearned income by type.
- o The average net nonexempt income per case.
- o The number of discontinuances due to excess net nonexempt earned income.
- o The number of discontinuances due to excess net nonexempt unearned income.
- o Number of AFDC applications from applicants who received AFDC within the last 6 months and were discontinued due to excess income resulting from employment.

All data elements will be kept on a person-specific basis to ensure maximum flexibility in cross matching.

CALIFORNIA RELOCATION GRANT

PROPOSAL:

- o Families moving to California will receive grants, for their first twelve months in California, the lesser of the California computed grant amount or the MAP for the AU of the same size in the state or U.S. Territory from which they moved, plus California's special need allowance.
- o If the family's state or U.S. Territory of origin had higher MAP than California has, then the grant received in California will not exceed California's computed grant level.
- o Families living in California twelve months or more are not affected.
- o The amount of time residing in California immediately prior to application for AFDC will count against the twelve-month timeframe.

OBJECTIVE:

- o Reduce the incentive for migration of families to California for the purpose of obtaining higher aid payments.

HYPOTHESIS:

- o If California's grant levels for incoming applicants are changed to the lesser of California's computed grant amount or the MAP of the State or U.S. Territory of prior residence, the rate of relocation into California will be reduced.

MEASUREMENTS:

The kinds of data that may be collected include:

- o Number of AFDC families migrating to California from other states or U.S. Territories in the twelve-month period prior to and subsequent to implementation of this provision.
- o Percentage of caseload that migrated to California from other states or U.S. Territories.
- o Number of applicants who were aided in other states or U.S. Territories prior to coming to California.
- o Of those families from other states or U.S. Territories, the number and percentage of caseload which came from states or

U.S. Territories with lower aid payments.

- o Of those families from other states or U.S. Territories, the number and percentage of caseload which came from states or U.S. Territories with higher aid payments.
- o Average differential between grants from other states or U.S. Territories and California's.
- o Average number of months the applicants from other states or U.S. Territories resided in California before applying for aid.
- o Data on effects on children whose families are subject to grant cuts.

WORK SUPPORT

RESOURCE LIMITS AND RESTRICTED ACCOUNTS

PROPOSAL:

- o Increase the resource limits from \$1,000 to \$2,000 for recipients.
- o Increase the allowable equity value of a vehicle from \$1,500 to \$4,500 for recipients.
- o Allow recipients to establish a "restricted" account up to \$5,000. Funds in the account could only be used for a child's postsecondary education, a down payment on a home, or to start a business.

OBJECTIVES:

- o Increase self-sufficiency by allowing recipients to save more money for the future.
- o Increase the number of recipients who work by allowing them to own a more reliable vehicle for commuting to and from their jobs.
- o Increase self-sufficiency by allowing recipients to establish a restricted account for their children's postsecondary education, to purchase a home, or to start a business.
- o Increase the number of recipients starting their own businesses.

HYPOTHESES:

These changes will result in:

- o An increase in the number of recipients getting and retaining jobs.
- o An increase in the number of recipients either reducing their grants due to work or leaving aid entirely.
- o An increase in the number of recipients being able to contribute to their children's postsecondary education, purchase homes, or start a business.
- o An increase in the number of children of recipients being able to obtain postsecondary education.

MEASUREMENTS:

- o The number/percent of recipients who own a vehicle at the time of implementation.

- o The number/percent of recipients since implementation who own a car with an equity value:
 - In excess of \$1,500,
 - \$1,500 or less.
- o The number/percent of recipients since implementation with personal property:
 - Valued at \$1,000 or less,
 - Valued in excess of \$1,000.
- o The number/percent of AFDC recipients who open restricted accounts since implementation.
- o The average amount retained in restricted accounts.
- o The number/percent of AFDC families with/without restricted accounts:
 - With children in postsecondary education,
 - Who open their own businesses,
 - Who purchase their own home.
- o The number/percent of AFDC families who received a period of ineligibility due to a nonqualifying withdrawal:
 - The average time of the period of ineligibility,
 - The number/percent of AFDC families who reapply after a period of ineligibility.

CAL LEARN

PROPOSAL:

- o Teen parents, including pregnant or custodial parents, under age 19 and who are AFDC recipients will receive a \$100 bonus paid to the AU if the teen receives a report card indicating satisfactory progress in high school or equivalent. A \$500 bonus will be paid to the teen parent for graduation from high school or the equivalent.
- o If a pregnant or custodial parent quits school or fails to demonstrate that he or she has made adequate progress, the applicable grant will be reduced by \$100 (not to exceed \$50 a month).
- o Child care services, transportation costs, ancillary expenses and case management will be provided.

OBJECTIVES:

- o Increase the attendance and completion rate of high school or its equivalent by pregnant or custodial teens on AFDC.
- o Increase the percentage of pregnant or custodial parents who become self-sufficient.
- o Increase long-term earning potential.
- o Reduce long-term dependency.

HYPOTHESES:

- o Providing a monetary incentive to the AU for progress toward high school graduation or its equivalent, the \$500 bonus to the teen, a monetary penalty, i.e., \$100 sanction for failure to receive a report card indicating adequate progress, and supportive services will:
 - Decrease the number of pregnant teens and custodial parents on AFDC who drop out of school.
 - Increase the school participation rate for pregnant/parenting teens.
 - Increase the percentage of pregnant or custodial teens on AFDC completing high school or its equivalent.
 - Increase the number of dropouts who return to school.
- o This provision will result in an overall reduction in long-term dependency.

MEASUREMENTS:

The longitudinal AFDC data base will also be used, in part, to measure the effect of Cal Learn. The kinds of data that may be collected, in addition to data on welfare recipients, income and work include:

- o The number/percent of cases which contain pregnant/parent teens under age 19.
- o The number/percent of pregnant/parent teens under age 19 who:
 - Have a high school diploma or its equivalent at time of application/implementation,
 - Are not in school at time of application/implementation,
 - Are attending school at time of application/implementation,
 - Return to school after granted assistance/implementation,
 - For those attending or returning to school at application/implementation or granting of assistance:
 - Exempt from Cal Learn,
 - Not exempt from Cal Learn.
- o The number/percent of pregnant/parenting teens who receive supportive services while participating in Cal Learn:
 - Child care expenses,
 - Transportation expenses,
 - Ancillary expenses,
 - Case management.
- o The costs of supportive services received while participating in Cal Learn:
 - Child care costs,
 - Transportation costs,
 - Ancillary expenses,
 - Case management costs.
- o The number/percent of pregnant/parenting teens who (or whose AU):
 - Received the \$100 bonus,
 - Number of times received the \$100 bonus,
 - Total amount of \$100 bonuses received
 - Received the \$100 penalty,
 - Number of times received the \$100 penalty,
 - Total amount of penalties applied,
 - Were sanctioned due to:
 - A GPA less than 1.0,
 - Dropping out of school.
 - Received the \$500 bonus,
 - Total amount of \$500 bonuses received.

- o The average number of months pregnant/parenting teens were exempt from participation in Cal Learn.
- o The number/percent of pregnant/parenting teens who "broke even," i.e., neither received the grant increase nor were penalized.
- o The number/percent of pregnant/parenting teens who are discontinued due to excess income.
- o The number of pregnant/parenting teens who are sanctioned during participation and still receive a graduation bonus.

CALIFORNIA ALTERNATIVE ASSISTANCE PROGRAM

PROPOSAL:

- o Allows a choice for applicants and recipients eligible for Aid to Families with Dependent Children (AFDC), who have earned income, to refuse the cash grant and receive CAAP. CAAP participants are zero-grant AFDC recipients and are therefore eligible to receive child care assistance and Medi-Cal benefits.
- o Allows a family whose eligibility for CAAP terminates due to employment or increased earnings, to the extent federal financial participation is available, to receive Transitional Child Care benefits and Transitional Medi-Cal benefits.

OBJECTIVES:

- o Maximize incentives to seek and maintain employment.
- o Remove existing barriers to accept full-time employment or increasing part-time employment.
- o Allow applicants for/recipients of AFDC an alternative to the AFDC cash grant.
- o Reduce the AFDC caseload by assisting families to remain employed and ultimately lead to their self-sufficiency in the future.
- o Create a seamless structure by allowing families, who get off AFDC due to increased earnings or employment, to be able to continue in this positive direction by using two other programs already in place: Transitional Child Care and Transitional Medi-Cal.

HYPOTHESES:

These changes will result in:

- o A reduction in AFDC cash grants.
- o A reduction in the AFDC caseload over time.
- o An increase in the number of AFDC-U and AFDC-FG recipients accepting and maintaining employment.
- o An increase in hours of employment for AFDC-U and AFDC-FG recipients.

MEASUREMENTS

- o The number/percent of employed cash-grant recipients choosing to receive CAAP payments in lieu of cash grants.
- o The number/percent of employed applicants who choose CAAP in lieu of AFDC.
- o The number/percent of employed cash-grant AFDC recipients receiving supplemental child care payments in addition to the standard child care dependent care disregard.
- o The average number of months CAAP recipients receive CAAP benefits, including child care and Medi-Cal.
- o The total grant savings achieved due to AFDC recipients choosing to participate in CAAP.
- o The number/percent of CAAP cases discontinued due to excess earned income and receive TCC and/or Medi-Cal:
 - CAAP ineligibility due to excess gross earned income (185% test)
 - CAAP ineligibility due to excess net income (financial eligibility test).
- o The average amount of child care payments for CAAP cases.
- o The number/percent of CAAP recipients who increase the number of hours worked per month.
- o The average gross earnings for CAAP recipients.
- o The average number of hours worked per month for CAAP recipients.
- o The number of CAAP cases that become AFDC cases.

EMPLOYMENT SERVICES: GAIN REFORM

PROPOSAL:

- o Limit the GAIN exemption for having a child under age three to once during a period of continuous AFDC eligibility, except that a person who has a child under the age of three and who has previously claimed this exemption could claim it again for four months upon the birth or adoption of another child.
- o Limit the GAIN services for individuals who have failed to obtain employment following post-assessment training or education activities, unless the individual is in job search, pre-employment preparation or a grant diversion activity, until all other program-eligible persons are being served.
- o Eliminate the prohibition of using established unfilled position vacancies for work experience placements.

OBJECTIVES:

- o Place more mandatory AFDC recipients in the GAIN program.
- o Maximize opportunities to seek and maintain employment.
- o Increase the availability of work experience slots to promote employment opportunities.
- o Increase the number of AFDC recipients who receive employment-related education and training services through GAIN and get a job.
- o Reduce welfare dependency.

HYPOTHESES:

These changes will result in:

- o An increase in the number of AFDC recipients participating in California's JOBS Program.
- o An increase in the number of families leaving AFDC due to employment.
- o An increase in the number of available work experience slots and recipients participating in work experience assignments.
- o An increase in grant reductions due to earnings.

MEASUREMENTS:

The kinds of data to be collected include:

- o The number of AFDC applicants and recipients participating in GAIN.
- o The number of GAIN participants obtaining employment.
- o The number of work-experience slots resulting from established unfilled position vacancies and the number of work-experience placements.
- o The number of GAIN participants with child(ren) under three years of age.
- o The number of GAIN participants getting jobs and going off aid.
- o The number of GAIN participants experiencing an AFDC grant reduction resulting from earnings.

The following is a proposed amendment to CWPDP in the Work Incentive Component:

TWO-YEAR TIME-LIMITED ASSISTANCE

PROPOSAL:

- o Under the Two-Year Time-Limit, families with able-bodied adult(s) will receive a MAP reduction equivalent to the amount of aid received by the able-bodied adult(s) after receiving 24-cumulative months of AFDC prior to July 1, 1996 and thereafter. Parents or caretaker relatives that are incapacitated, caring for disabled, over 60 years old, nonneedy nonparent caretaker or under 19 years of age participating in Cal Learn, or attending school full time are exempt from the Time-Limited assistance.

OBJECTIVE:

- o Establish AFDC as a temporary safety-net rather than a way of life.
- o Necessitate able-bodied adult recipients to end long-term dependency on welfare and enter or return to the workforce.

HYPOTHESES:

- o An increased number of able-bodied adult recipients will seek self-sufficiency through employment by the two-year time limit.
- o An increased number of families will supplement their AFDC with earned income.
- o An increased number of families will leave AFDC due to employment.
- o A reduction in AFDC program costs will begin 1996-97.

Measurements:

- o Number of able-bodied adult AFDC recipients employed after 24-cumulative months of aid.
- o Number of able-bodied adult AFDC recipients after 24-cumulative months of aid leaving AFDC due to employment.
- o Number of cases with able-bodied adult before the 24-cumulative month period.

- o Number of cases with able-bodied adult after the 24-cumulative month period.
- o Number of cases exempt from the time limit.
- o Number of cases exempt for each category of exemption.

The following is a proposed amendment to CWPDP:

TWO-TIERED PAYMENT LEVELS

PROPOSAL:

- o Transitional Payment Level (TPL)(tier 1) reduces the family's AFDC MAP level by 10 percent for the first six-cumulative months of assistance.
- o Basic Payment Level (BPL)(tier 2) reduces the family's AFDC MAP for the able-bodied adults by an additional 15 percent after receipt of any six-cumulative months of AFDC.
- o Transitional Payments Levels (TPL)(tier 1) remains in effect for families where parent(s) or the caretaker relative are age 60 or over, incapacitated, caring for the disabled, nonneedy nonparent caretaker relatives, participating in Cal Learn, or under 19 years of age and attending in school full time.

OBJECTIVE:

- o Provide up to six months of transitional financial assistance to allow families with able-bodied adult recipients to overcome temporary economic setbacks.
- o Necessitate able-bodied adult recipients to seek employment by allowing the families to keep a greater amount of earned income by providing a larger difference between the need standard and MAP.
- o Discourage prolonged continual stays on AFDC for able-bodied adults.

HYPOTHESES:

- o An increased number of able-bodied adult recipients will enter, return, or increase their participation in the work force through short-term maximum cash assistance.
- o An increased number of able-bodied adult recipients will seek and maintain employment to maximize the family's spendable income.
- o A decreased number of long-term cases receiving AFDC.
- o A decline in the amount of AFDC payments.

Measurements:

- o Number of cases receiving AFDC for longer than six-cumulative months.
- o Number of cases which receive AFDC for less than six months.

- o Number of able-bodied adult AFDC recipients employed.
- o Number of cases with earned income.
- o Number of cases with unearned income.
- o The average net nonexempt earned income.
- o The number of cases discontinued due to net non-exempt earned income.
- o Number of able-bodied adult AFDC recipients employed after families have received assistance for more than 6 months.
- o Number of cases with earned income for families that have received assistance for more than 6 months.
- o Number of cases with unearned income for families that have received assistance for more than six months.
- o Number of cases which retain the Transitional Aid Payment level after six months of assistance.

The following components are amendments to CWPDP:

MAXIMUM FAMILY GRANT

PROPOSAL:

- o The AFDC MAP levels will not increase for additional children conceived while mothers or fathers are receiving AFDC or receiving aid on behalf of an eligible child. These children are eligible for AFDC and thereby entitled to all other benefits and programs that AFDC recipients are entitled to, such as Medicaid.

OBJECTIVE:

- o Encourage personal responsibility when choosing to have additional children while on a fixed income.
- o Increase the incentive to seek employment or other available income with the birth of additional children.

HYPOTHESES:

- o Increase the incentive to maintain the family size while in receipt of public assistance.
- o Increase the incentive for AFDC parents to seek employment or other income when additional children are born.
- o Creates an incentive to make responsible parental decisions and seek employment.

Measurements:

- o Number of cases in which the MAP is increased due to additional children being added to the assistance unit.
- Number of these cases that have income.
- o Number of families receiving MAP for a family size less than the number of children living in the home.

- o Number of these cases with earned income.
- o Number of these cases with unearned income.
- o Number of these cases with an employed adult.
- o Number of applicant families with a break-in-aid of 24 months or more who are approved with an increased MAP.
- o Number of pregnancies/births to aided families.

2 - CALIFORNIA LABOR MARKET

Past Labor Market Forecast

California's economic problems, which include weakened financial institutions, a real estate decline, permanent reductions in defense spending, and severe budget problems in the government sector, are reshaping the course of the economy. The uncertainty created by these changes, combined with the income and sales losses experienced since the beginning of this recession, have undermined both business and consumer confidence in the future of the economy. As a result, it is expected that California's economy will remain lethargic throughout 1993. Based on the most recent (June 1993) forecasts by the EDD, signs of a recovery are not expected until mid-1994.

The current recession has resulted in sluggish growth in the State's labor force. The labor force grew by only 1.1 percent in 1990 and 1991, then grew more than twice as fast in 1992 by 2.4 percent. EDD forecasts labor force growth to average 1.0 percent for 1993, rising to 1.4 percent in 1994 and 1.7 percent in 1995. Compared to the 1980's when labor force growth averaged 2.5 percent, this is a significantly slower rate of growth. By 1995, the State's labor force is anticipated to reach 15,823,200. This represents an increase of 1,154,400 over the 1990 level.

In 1991, the number of employed persons in California fell by 1.0 percent or 132,100 as a result of the recession. This was the first time since 1975 that employment has dropped on an annual basis. In 1992, employment increased only marginally by 0.7 percent. The pace of employment growth is expected to remain sluggish for the remainder of 1993 and 1994, picking up more speed by 1995. For 1993, EDD has forecasted employment growth of 1.0 percent rising to 1.5 percent in 1994 and 2.2 percent in 1995.

Annual average unemployment increased by 86,000 individuals in 1990. It more than tripled in 1991 to 295,800, and remained high again in 1992 increasing by another 262,800. Unemployment is expected to rise again in 1993 and 1994, although at a much slower rate. By 1994, unemployment is expected to peak at 1,419,000 persons. Significant declines in unemployment are not expected until 1995 when it is expected to fall by 47,300.

The EDD publication, California Projections of Employment by Industry and Occupation (CPEIO), indicates that the total wage and salary employment for California is projected to increase by almost 3.8 million jobs between 1987 and the year 2000. Annual average employment in the year 2000 is expected to number 15,431,400 or 32.1 percent over the 1987 average of 11,679,300 jobs.

Trends predicted in the CPEIO publication show the six occupations adding the most workers by the year 2000 will be retail salespersons (174,490), general managers and top executives (124,060), transportation and material moving machine operators (114,260), waiters and waitresses (102,340), general office clerks (96,790) and registered nurses (76,430). Other occupations expected to add a significant number of workers by the year 2000 are: janitors - excluding maids (52,470), food preparation workers (43,360), guards and watch guards (39,080), nurse aides, orderlies, and attendants (26,130), and maids and housekeepers (25,400).

Among the self-employed occupations, some that are expected to increase substantially in numbers by the year 2000 are: hair dressers and hairstylists (5,070) and child care workers (6,390).

The five occupations with the most job openings per year are projected to be:

Retail salespersons:	584,870
Transportation & Material Moving Machine Operators:	536,010
General Managers and Top Executives:	429,320
General Office Clerks:	417,440
General Secretaries:	344,440

Some occupations expected to decline significantly by 2000 are:

Typists:	
-12,450	
Electrical and Electronic Assemblers:	-12,200
Industrial Truck and Tractor Operators:	-5,890
Electronic Semiconductor Processors:	-4,100

Current Labor Market Forecast

While the US economic expansion is gaining strength led by sales of consumer durable goods, new and resale homes, and business equipment, the California economy remains weak. There are some recent indications that the sectors sensitive to business downturns -- retail trade and construction -- are stabilizing; but, the State's manufacturing sector continues to lose jobs.

The consensus among major economic forecasters (UCLA, Commission on State Finance, Department of Finance, and the Employment Development Department) expects improvement in the labor market beginning in the third quarter of 1994. However, the recovery in California is expected to be slow compared to past recoveries. The recent Labor Market Forecast by the Employment Development Department (EDD) predicts sustained employment growth beginning the latter part of this year and falling unemployment.

The recession in California restrained labor force growth to less than half the prerecession rate. EDD forecasts this slower growth rate to continue through 1995. In 1994 and 1995, EDD forecasts labor force growth to average 0.9 percent and 1.3 percent, respectively. The EDD forecast of annual employment also calls for weak employment growth of 0.7 percent in 1994, and 1.5 percent in 1995. According to the EDD's forecast the number of unemployed persons will average 1,457,600 in 1994, and 1,454,100 in 1995. This is over twice the annual level of unemployed persons in the prerecession year of 1989. The EDD unemployment rate forecast expects an average 9.4 percent in 1994, falling slightly in 1995 to an annual rate 9.3 percent.

LONG-TERM JOB PROJECTIONS

The Employment Development Department's (EDD) recent projections of California job growth between 1990 and 2005 expect total wage and salary jobs to grow by \$2,988,900; 23.9 percent. According to the trends predicted by EDD, the occupations with the largest job growth will be retail salespersons (excluding vehicle sales) with 117,650 new jobs, general office clerks with 98,220 new jobs, waiters and waitresses with 89,010 new jobs, general managers 86,820 new jobs, cashiers with 75,500 new jobs, and general secretaries with 66,630 new jobs. The following are the top ten occupations projected by EDD to have the most new jobs between 1990 and 2005:

OCCUPATION	TOTAL 2005	NEW JOBS	PERCENT INCREASE
Sales Persons - retail (nonvehicle)	553,350	117,650	27.0%
General Office Clerks	485,190	98,220	25.4%
Waiters and Waitresses	293,630	89,010	43.5%
General Managers, Top Executives	415,240	86,820	26.4%
Cashiers	335,310	75,500	29.1%
Secretaries, General	343,200	66,630	24.1%
Combined Food Prep and Service	196,030	64,040	48.5%
Receptionist, Information Clerks	183,100	57,020	45.2%
Registered Nurses	222,430	56,030	33.7%
Food Preparation Workers	198,540	53,820	37.2%

The EDD occupation projections are driven by projected job growth of California industries. The industries with the largest growth between 1990 and 2005 are business services; other retail trade; health services; engineering, accounting, research, and management services; and the other service industries. Those industries projected to have the largest job decline are electronic components and accessories; guided missiles and space vehicles; communications equipment; and aircraft and parts.

E - METHODOLOGY/EVALUATION PLAN

A detailed evaluation plan will be developed in conjunction with the third party evaluator, as yet to be selected. For the evaluation of the 100-hour rule, the basic design will be experimental using the existing control groups in the LINK-UP demonstration project. The evaluation design for other provisions of the project will be designed in conjunction with the third party evaluator.

California is a large and diverse State, well suited to demonstration project evaluation and the use of the quasi-experimental approach. For example, one of the major contaminating variables that could cloud the results of a simple comparison of work effort among recipients before and after the introduction of the proposed increases in work incentives is the economy. Since the economy is always changing, it would be possible that some unmeasured or poorly understood economic change, which happens to occur contemporaneously with the implementation of the proposal could have an effect on work effort. This possibility would be difficult to disprove and would cast doubt as to the accuracy of any conclusion about the effect of the new work incentive. One way to minimize uncertainty of this sort would be to track work effort not only before and after implementation, but also in different geographical regions of the State that have different economic conditions. Since each of California's 58 counties have different economic conditions (even to the extent that some counties are experiencing expansion while others are depressed), it would be possible to use pooled (time-series and cross-sectional) multiple regression analysis to separate the effect of the policy change from accidental effects of economic changes.

In order to achieve the maximum ability to control for exogenous influences, and because of the general importance of being able to accurately model welfare dependency, a longitudinal AFDC data base will be created. The data base will include monthly data on reciprocity, county in which aid was received and other persons in the case receiving aid for every person who receives AFDC in California from 1987 through 1999. It will also include a wide range of characteristics data for a subset of persons. This will be the richest data base ever assembled for AFDC, exceeding by far in detail and scope any panel study ever performed. Since the vast bulk of the data will be extracted from existing state computerized data bases, it will be relatively inexpensive to collect, although there will be substantial expense involved in collecting the special data that the evaluator will undoubtedly need to augment the data base. Even so, the overall cost of the data should be manageable within the estimated total cost of the evaluation. The proposed longitudinal data base will enable the evaluator to perform a far more detailed and sophisticated analysis of welfare dynamics and the effect of various policy changes on them than any researcher has ever yet achieved.

A major category of data that will be available to the evaluator is the detailed labor market data maintained by EDD. This data will be available for the entire 13-year period spanned by the proposed AFDC longitudinal data base. It is available on a county and subcounty-area specific basis. Since the AFDC longitudinal data base will track recipients by county, this will make it possible to use multiple regression analysis to control for the effects of labor market fluctuation when evaluating the impact of the Assistance Payments proposal.

In addition to the historical data that will be available in the longitudinal data base, CDSS, in conjunction with the University of California Berkeley Survey Research Center, the data collection contractor, will be conducting telephone interviews with a subsample of approximately 5,000 cases. A baseline interview and 1 to 2 follow-up interviews will take place over the life of the project. A second subsample of approximately 8,500 cases will be reviewed at the county welfare offices, to abstract data from case records which is not available through automated systems.

The interviews will provide more complete information about key outcome variables than is available in automated systems. For example, automated systems do not include occupational information. The interviews will also allow the collection of data to measure additional behaviors which may be affected by changes in AFDC policy, such as changes in housing status, child support payments or participation in employment and training programs. Finally, the interviews will provide key covariants which are not available in AFDC case records, such as educational attainment, work histories and family background.

V - WORKPLAN

<u>Target Date</u>	<u>Function</u>
09/17/92	Formal Waiver Request to Department of Health and Human Services (DHHS)
10/01/93	Forward CWPDP Amendments to DHHS
09/30/92	Waiver Approved
11/01/93	CWPDP Amendments Approved
10/01/92	Initial Implementation Date
09/01/93	\$30 and 1/3 and 2.7% MAP Reduction
01/01/94	Resource Limits, Restricted Accounts, Cal Learn, CAAP, and GAIN Reform
01/01/93	Begin Tracking of Initial Cohort for Evaluation Purposes
07/01/94	Begin Data Collection for 1994 Amendment Components
01/01/94	Begin Data Collection for CWPDP Amendment Components
10/30/93	Annual Report covering 7/1/92 to 6/30/93 to DHHS
10/30/94	Annual Report covering 7/1/93 to 6/30/94 to DHHS
This report will begin covering CWPDP Amendment Components.	
10/30/95	Annual Report covering 7/1/94 to 6/30/95 to DHHS
10/30/96	Annual Report covering 7/1/95 to 6/30/96 to DHHS
10/30/97	Annual Report covering 7/1/96 to 6/30/97 to DHHS
10/30/98	Annual Report covering 7/1/97 to 6/30/98 to DHSS

06/30/99	Project ends -
10/30/99	Annual Report covering 7/1/97 to 6/30/99 to DHSS
12/30/99	Complete Participant Tracking Data Collection
06/30/00	Final Evaluation to DHHS

VI - INTERIM AND FINAL REPORTS

Annual and final reports will be submitted by CDSS to the Department of Health and Human Services (DHHS).

Annual reports will be submitted to the Department four months from the end of each 12-month period. The reports will include summaries of past reports, changes that occurred since the last annual report, cumulative changes from the baseline data and estimated savings for the year and since implementation of the project.

The final report will be provided to DHHS 180 days from the last day of participant tracking. The report will include a summary of the findings, an evaluation of whether the project met its stated objectives and a discussion of California's plan for future implementation of the findings.

Additional program components resulting from the proposed CWPDP amendments to this demonstration project will be included in the above reports as indicated in Section V, Workplan.

Additional program components resulting from the proposed CWPDP amendments to this demonstration project are included in the above reports as indicated in Section V, Workplan.

VII - PROJECT STAFF AND FACILITIES

Oversight of the project will be the responsibility of the AFDC Program Branch. Organizationally, the AFDC Program Branch is within the Welfare Programs Division.

The AFDC Branch Chief will be the Project Manager. In an oversight capacity, the Branch Chief and/or other appointed Branch staff will be responsible for coordinating the dissemination of progress reports to other program and administrative units in the Department.

The staff of the Branch are AFDC program experts. As part of this project, the staff will coordinate all county communications necessary to implement the project and, together with the Research Branch of the Welfare Programs Division, will be primary reviewers of deliverable products from the evaluator.

Organizations within CDSS that the Branch will be coordinating with include, but are not limited to, the Research Branch, Budgets, County Administrative Expense Control, Estimates, Employment and Immigration Programs Branch, and Statistical Services.

The Branch Chief of the Employment and Immigration Programs Branch will have primary responsibility for CAAP, JOBS, TCC and the Cal Learn Program. Organizationally, the Employment and Immigration Programs Branch is within the Welfare Programs Division.

The Research Branch will act as coordinator between the data collection contractor, the third party evaluator and other units in the Department and actively monitor data collection and evaluation activities. The Research Branch will also oversee the evaluator's coordination of information and the accumulation of necessary data from the Department of Health Services, Department of Finance, Employment Development Department, Department of Education, County Welfare Departments and the County Welfare Directors Association.

The location of the project will be the headquarters of the California Department of Social Services, 744 P Street, Sacramento, California 95814. It is anticipated that the data collection contractor and third party evaluator will perform most of the data analysis at their own premises but will be provided space at the project site on an as needed basis.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES

OFFICE OF FAMILY ASSISTANCE

WAIVER AUTHORITY FOR AMENDMENT TO CWPDP

State: California
Pays
Demonstration Project
(CWPDP)

Grant: California Work

A waiver of the following provision of the Social Security Act is provided in addition to those previously granted:

AFDC WAIVER

Section 402(a): Family Benefit Cap/Differential Payments -- to allow the State to implement different methods for determining the amount of assistance for treatment cases as described in 2.2(9) of the Waiver Terms and Conditions.

WAIVER TERMS AND CONDITIONS

AMENDMENT TO SECTIONS 2 AND 3 OF THE

CALIFORNIA WORK PAYS DEMONSTRATION PROJECT

This is an amendment to the Waiver Terms and Conditions of the California Work Pays Demonstration Project (CWPDP). It sets forth changes to sections 2.2, 3.2 and 3.7 of the Waiver Terms and Conditions for the project.

Changes to Section 2.2

The changes to section 2.2 consist of additional provisions which will apply to all recipients in the treatment group of CWPDP. These additional provisions may be implemented as early as written acceptance by the State of this amendment and will remain in effect until the termination of CWPDP.

1. The following provisions will be added to the text under the "AFDC" heading:

- (9) The MFG provision provides that there will not be an increase in the Maximum Aid Payment for any child born to a family that has received AFDC for ten continuous months prior to the birth of a child. Continuous receipt of AFDC is defined as receiving aid without a two consecutive month break in aid.

The MFG provision will not apply:

- (a) when the additional child was conceived as a result of incest or sexual assault as verified by physician statement and police records;
- (b) when a child was conceived as a result of a failure of contraception involving an intrauterine device, a Norplant or the sterilization of either parent;

Provision of exemptions (a) and (b) above will only be granted if the incident is reported to a medical or mental health professional, a social service agency, or a law enforcement agency within three months following the birth of the child.

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(c) to children who are the firstborn (including all children in the case of a multiple birth) of minors included in an AFDC grant who become first-time minor parents;

(d) to a child who does not reside with his or her parent; or

(e) to a child who was conceived in a month the family was not receiving AFDC.

The additional child and any additional individuals who are required to be included in the assistance unit pursuant to section 402(a)(38) of the Social Security Act will be included in the Need Standard for purposes of determining AFDC eligibility and will be an AFDC recipient and eligible for Medicaid. In determining the AFDC payment for a family, the needs and income of the additional child and any additional individuals who both (i) were not in the assistance unit at the time of the additional child's birth, and (ii) would not have been included in the assistance unit at the time of the child's birth had the child not been born, will not be considered.

The Food Stamp allocation will increase when an MFG child is born to the family.

Any child support received for a MFG child is to be paid to the assistance unit and will not be counted as income.

All AFDC applicants and recipients will be offered family planning services at the time of application or review of eligibility. The State will ensure that family planning services are geographically accessible and available without delays to all AFDC recipients.

2. "(9)" under the "Food Stamps" heading is changed to "(10)".

3. "(10)" under the "Medicaid Provisions" heading is changed to "(11)".

Changes to Section 3.2

Section 3.2 will be changed to read as follows:

3.2 The selected evaluation contractor(s) will be required to develop, not later than 60 days after the implementation of provision (9) of 2.2, a revised evaluation plan that will

Terms and Conditions - California Maximum Family Grant July 1996

be submitted by the State to the Departments for approval. The evaluation plan must present the research questions to be studied, the major variables to be measured, and the major data analysis to be performed for the demonstrations.

The evaluation plan will, to the extent feasible, provide for evaluating the impact of provision (9) separately. At a minimum, the revised plan will include a subgroup analysis of new cases which became eligible for AFDC after the implementation of provision (9).

Changes to Section 3.7

The fifth bullet of Section 3.7 will be changed to read as follows:

oDoes the demonstration affect family structure, stability and child well-being? Outcome measures related to this question include, at a minimum: number of substantiated instances of child abuse or neglect.

Revised Evaluation Plan

The selected evaluation contractor(s) will be required to develop a revised evaluation plan that will be submitted for approval to the Departments of Health and Human Services and Agriculture within 60 days after the implementation of provision (9) is added to section 2.2 of the Terms and Conditions. The revised evaluation plan will discuss the feasibility of evaluating separately the impact of the added provision.

IV-A

STATE OF CALIFORNIA

CERTIFICATION

California will operate a program to provide temporary assistance to needy families so that the children may be cared for in their own homes or in the homes of relatives; to end dependence of needy parents on government benefits by promoting job preparation, work, and marriage; to prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and encourage the formation and maintenance of two-parent families.

This program is known as the Temporary Assistance to Needy Families (TANF) Program.

Executive Officer of the State: Pete Wilson, Governor

The California Department of Social Services, the California Department of Health Services and the Office of Criminal Justice Planning are the state agencies responsible for supervision of local political subdivisions in the administration of the TANF Program. These agencies have authority under state law to make rules and regulations that are binding on such political subdivisions. This State Plan will be binding on the subdivisions and will be in effect throughout the state.

In administering and operating a program which provides temporary assistance for needy families with minor children under title IV-A of the Social Security Act, the state will:

1. Assure that local governments and private sector organizations:
 - (A) will be consulted regarding the plan and design of welfare services in the State so that services are provided in a manner appropriate to local populations, and
 - (B) will have had at least 45 days to submit comments on the plan and the design of such services.*

* The state submits this certification pursuant to the Department of Health and Human Services representation that the State Plan may be submitted simultaneously with the period for consultation and comments.

STATE PLAN FOR PROVISION OF
PUBLIC ASSISTANCE UNDER
THE PERSONAL RESPONSIBILITY
AND WORK OPPORTUNITY
RECONCILIATION ACT OF 1996

OCTOBER 9, 1996

STATE OF CALIFORNIA
Pete Wilson, Governor

HEALTH AND WELFARE AGENCY
Sandra R. Smoley, R.N., Secretary

CALIFORNIA DEPARTMENT OF SOCIAL SERVICES
Eloise Anderson, Director

IV-A

STATE OF CALIFORNIA

CERTIFICATION

2. Operate a Child Support Enforcement program under the State Plan approved under part D;
3. Operate a Foster Care and Adoption Assistance program in accordance with part E, and certify that the state will take all necessary actions to ensure that children receiving assistance are eligible for medical assistance;
4. Provide each member of an Indian tribe, who is domiciled in the state and is not eligible for assistance under a tribal family assistance plan approved under section 412, with equitable access to assistance under the state program funded under this part attributable to funds provided by the federal government.
5. Establish and enforce standards and procedures to ensure against program fraud and abuse, including standards and procedures concerning nepotism, conflicts of interest among individuals responsible for the administration and supervision of state programs, kickbacks, and the use of political patronage.
6. Make available to the public a summary of the State Plan.

CERTIFIED BY THE CHIEF EXECUTIVE OFFICER OF THE STATE:

October 9, 1996
DATE



PETE WILSON, Governor

IV-A

STATE OF CALIFORNIA

A. GENERAL PROVISIONS

- i. Outline how the state intends to conduct a program designed to serve all political subdivisions in the state (not necessarily in a uniform manner), that provides assistance to needy families with (or expecting) children and provides parents with job preparation, work, and support services to enable them to leave the program and become self-sufficient.

The state will operate its existing Aid to Families with Dependent Children (AFDC) program which provides assistance to needy families, and its Greater Avenues for Independence (GAIN) program which is California's welfare-to-work program, as its TANF program. This program will include California's existing Section 1115 demonstration projects, including the California Work Pays Demonstration Project (CWPDP). GAIN job preparation and supportive services will be provided to the extent resources permit. Both programs presently serve all political subdivisions (counties) in the state and will continue to do so. Both programs are supervised by the California Department of Social Services (CDSS) and administered by county welfare departments in accordance with a statewide system of regulations that ensure universal access as well as consistent and uniform eligibility criteria.

IV-A

STATE OF CALIFORNIA

- ii. Outline how the state intends to require a parent or caretaker receiving assistance under the program to engage in work (as defined by the state) once the state determines the parent or caretaker is ready to engage in work, or once the parent or caretaker has received assistance under the program for 24 months (whether or not consecutive), whichever is earlier.

The state intends to seek statutory changes to put in place a requirement that an individual engage in work in accordance with Section 402 of the TANF law.

Until state law changes, the state will continue to operate its GAIN program under a federally approved waiver (CWPDP) and state statute. Under the CWPDP waiver, GAIN participants who have received aid for 22 of the last 24 months and meet other specified criteria are required to participate in at least 100 hours a month in preemployment preparation (PREP) or work experience activities.

At the time of application the county may determine that the applicant meets specified criteria for exemption from employment preparation or work activities; otherwise, the county will determine an individual's ability to engage in work upon their entry into GAIN. An individual who is not exempted from participation will be assigned to an education, training, work experience or job search program as appropriate and as resources permit.

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STATE OF CALIFORNIA

- iii. Outline how the state intends to ensure that parents and caretakers receiving assistance under the program engage in work activities in accordance with Section 407.

California's welfare-to-work program (GAIN) assists TANF recipients find employment and/or acquire the necessary job skills to obtain employment. Recipients who are determined to be ready to engage in employment preparation or work activities are required to participate in job search, unsubsidized employment, education, on-the-job-training, subsidized employment, or work experience assignments as appropriate and to the extent resources permit. Assignment to an activity/activities is based upon an employment plan developed through an appraisal or assessment process, which considers the person's educational background, work history, employment goal, and need for supportive services.

As was noted in the previous section, consistent with the CWPDP, certain GAIN participants are required to participate in at least 100 hours of PREP or work experience activities. Also provided under federal waiver, a one-time exemption to GAIN participation exists for parents with a child under the age of three.

In addition, as provided under federal waiver (CWPDP), pregnant and parenting teens, unless exempted or deferred, who have not obtained a high school diploma or its equivalent, are required to participate in the Cal-Learn program.

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STATE OF CALIFORNIA

Any recipient of assistance who refuses to cooperate in meeting program requirements or fails to fulfill the terms of their GAIN employment plan without good cause, shall incur financial sanctions.

As part of the CWPDP, California established policies over the past three years to encourage recipients to seek work that will be continued under TANF. The following policies make it more beneficial for recipients to seek and accept even part time employment:

The time limit on the \$30 and 1/3 deduction for those who work was eliminated.

The state adopted fill-the-gap budgeting. The difference between a need standard that is higher than the maximum aid payment allows recipients to fill-the-gap with earnings and not see a dollar for dollar reduction in their grant amount.

The value of property that a recipient can have and remain on aid was increased.

The exempt value of an automobile that a recipient can have and remain on aid was increased.

Special restricted accounts of up to \$5,000 are allowed for starting a business, buying a home or for the post-secondary education or employment training of a child.

Further, California will be utilizing a portion of the available funding under the TANF block grant to expand the GAIN program, and will also be taking steps to ensure that the additional funding provided by the Child Care and Development Block Grant is utilized to assist recipients in moving from welfare to work.

The state intends to seek appropriate statutory changes to more fully incorporate the provisions of Section 407 and will submit an amended State Plan, if needed, at a later date.

IV-A

STATE OF CALIFORNIA

- iv. Outline how the state intends to take such reasonable steps as the state deems necessary to restrict the use and disclosure of information about individuals and families receiving assistance under the program attributable to funds provided by the federal government.

Existing state law specifies that information about individuals and families receiving assistance is to be considered confidential. Therefore, except as authorized by federal law, the state will continue to enforce existing confidentiality regulations. These regulations have been developed to protect applicants and recipients against identification, exploitation, or embarrassment that could result from the release of information identifying them as having applied for, or having received, public assistance.

The regulations apply to all records, papers, files, and communications (whether written or oral) pertaining to applicants for, and recipients of, public assistance. They also outline under what circumstances, and to whom, such information may be released.

Except as otherwise provided by federal law, all information concerning the circumstances of any individual applying for, or receiving, public assistance is confidential and is to be safeguarded. No disclosure of any information obtained by a representative, agent, or employee of the county, in the course of discharging his or her duties, shall be made directly or indirectly other than in the administration of public social service programs, or as provided under federal law. Any disclosure of information which identifies by name or address any applicant or recipient of public social services to federal, state, or local legislative bodies and their committees without the consent of such applicant or recipient is prohibited. Both the release and the possession of confidential information in violation of the rules are misdemeanors.

IV-A

STATE OF CALIFORNIA

- v. Outline how the state intends to establish goals and take action to prevent and reduce the incidence of out-of-wedlock pregnancies, with special emphasis on teenage pregnancies, and establish numerical goals for reducing the illegitimacy ratio of the state (as defined in section 403(a)(2)(B)) for calendar years 1996 through 2005.

California has a stated goal of reducing the incidence of pregnancies among females aged 17 and younger. The Governor recently launched the "Partnership for Responsible Parenting." Coupled with other ongoing teen pregnancy prevention efforts, this represents the state's comprehensive, multi-faceted, preventive approach to this complex social issue. The Partnership for Responsible Parenting has four components:

- (1) Community Challenge Grants -- A grant program that is being implemented to support private organizations and public agencies to develop and implement innovative, effective community-based strategies to reduce teen and unwed pregnancies.
- (2) Media Campaign -- A multi-media public awareness campaign will be designed to educate Californians about the problems surrounding teenage pregnancy and fatherlessness, and to engage the public in efforts to promote responsible parenting.
- (3) California Mentor Initiative -- The state has expanded its mentoring program to help reach the goal of linking 250,000 mentors with at-risk youth by the year 2000.
- (4) Statutory Rape -- The state has expanded its "vertical prosecution" program and further strengthen law enforcement's ability to prosecute adult men who have sex with teenage girls. Vertical prosecution allows the same prosecutor to follow a specific case all the way through the judicial process.

IV-A

STATE OF CALIFORNIA

Other significant teen pregnancy prevention programs:

- A State-Only Family Planning Program to prevent unintended pregnancy through expanded access to family planning services for low income women and men.
- Local male involvement programs that provide educational and counseling services specifically targeted to adolescent boys and young men to promote their role in reducing teen pregnancies.
- Information and Education programs that provide a continuum of educational interventions to assist females and males of reproductive age to acquire the knowledge, attitudes, and behavioral skills necessary to make responsible decisions regarding their reproductive health.
- Pregnant or parenting teens will be required to live at home, with good cause exceptions, if they are to receive financial assistance.
- Cash grants will not be increased for additional children born to families who have received aid for the ten months prior to the child's birth.

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- vi. Outline how the state intends to conduct a program designed to reach state and local law enforcement officials, the education system, and relevant counseling services, that provides education and training on the problem of statutory rape so that teenage pregnancy prevention programs may be expanded in scope to include men.

California intends to attack the problem through the Statutory Rape Program which includes targeting adult men fathering babies with teenage mothers on three primary fronts:

1. Strengthening Prosecution of Statutory Rape

The state has recently strengthened enforcement of existing statutory rape laws by establishing a Statutory Rape Vertical Prosecution Program in all 58 counties. Vertical prosecution results in higher rates of conviction by allowing the same prosecutor to follow a specific case all the way through the judicial process and by promoting greater cooperation of victims and witnesses and closer coordination between attorneys and law enforcement personnel. Effective January 1, 1997, civil penalties will be increased for those who commit statutory rape.

2. Partnership for Responsible Parenting Media Campaign

The state will develop a multimedia public awareness campaign designed to educate the public about the problems surrounding teenage pregnancy and fatherlessness and to promote responsible parenting. A primary goal of this campaign is to shift social support and normative behaviors toward increased male participation in pregnancy prevention and more supportive fatherhood if birth occurs. The specific themes and messages of this media campaign will stress male involvement and responsibilities in primary prevention of teen and unwed pregnancies, legal and social consequences of teen pregnancy (statutory rape, child support, etc.) and fatherhood responsibility.

IV-A

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3. Male Involvement Programs

The state will award funds to 23 community agencies to launch male involvement programs. Each local program will have two major components: (1) an awareness and information campaign, and (2) education and counseling services specifically targeted to adolescent boys and young men to promote their role in reducing teen pregnancies. The diverse array of topics covered in the male involvement programs include rites of passage, family planning, birth control, legal and social consequences of out-of-wedlock pregnancies, responsible parenting, and domestic violence prevention.

IV-A

STATE OF CALIFORNIA

B. SPECIAL PROVISIONS

- I. Indicate whether the state intends to treat families moving into the state from another state differently than other families under the program, and if so, how the state intends to treat such families under the program.

California state law provides that for the first twelve months of California residence, the grant amount will be the lesser of 1) California's actual computed grant amount for the family, or 2) the maximum amount a family of that size could receive in the former state. There are no other differences in the treatment of families moving into the state from another state.

IV-A

STATE OF CALIFORNIA

- ii. Indicate whether the state intends to provide assistance under the program to individuals who are not citizens of the United States, and if so, include an overview of such assistance.

California is currently required to use TANF funds to serve qualified aliens in accordance with TANF provisions. Federal law prohibits the use of TANF funds for benefits for non-qualified aliens.

IV-A

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- iii. Set forth objective criteria for the delivery of benefits and the determination of eligibility and for fair and equitable treatment, including an explanation of how the state will provide opportunities for recipients who have been adversely affected to be heard in a state administrative or appeal process.

The state will continue to apply existing eligibility criteria which have been designed to provide fair and equitable treatment in the determination of eligibility and the computation of grant amounts, and which treat persons in similar circumstances similarly. The state has specific eligibility criteria concerning basis of deprivation, income, resources, residency, and citizenship that are enforced uniformly throughout the state. These eligibility criteria provide uniform income and resource limits, income disregards, reporting requirements, etc. These criteria determine who is needy and who is not needy.

Applications for aid are made on a state-supplied application form that elicits the same information in every case. Applications are processed promptly by county welfare departments under a system of statewide regulations that ensure fair and humane treatment free of discrimination.

The following policies and principles are in state statute and/or regulations and govern the delivery of public assistance:

- o Assistance is to be administered promptly and humanely, with due regard to the preservation of family life and without discrimination on account of race, color, national origin, religion, political affiliation, sex, or marital status.
- o Assistance is to be administered so as to encourage self-respect, self-reliance, and the desire to be a good citizen useful to society.

IV-A

STATE OF CALIFORNIA

- o It is the responsibility of all who are concerned with the administration of aid to do so with courtesy, consideration, and respect toward applicants and recipients and without attempting to elicit any unnecessary information. Administrative duties should be performed in such a manner as to secure for every applicant and recipient the amount of aid to which he or she is entitled under the law.
- o The provisions of the law relating to public assistance are to be fairly and equitably construed.
- o There is to be no question, inquiry, or recommendation relating to the political or religious opinions or affiliations of an applicant or recipient.

Existing state law provides that applicants and recipients who have been adversely affected are guaranteed a fair hearing before an administrative law judge. Applicants and recipients can request such a hearing either by filing a written request with the county welfare department or by calling a toll free number in Sacramento.

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



November 1, 1994

Mary Jo Bane, Assistant Secretary
Administration for Children and Families
U.S. Department of Health and Human Services
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

Dear Ms. Bane:

In my letter to you dated August 25, 1994, I indicated that we would be submitting modifications to the proposed Maximum Family Grant (MFG) component of the California Work Pays Demonstration Project (CWDPDP). As that letter indicated, we submitted a request this past spring and subsequent to that submission our legislature enacted legislation requiring us to modify that request. Enclosed is a modified amendment to the CWDPDP to incorporate a new MFG component which is scheduled to take effect January 1, 1995. We hope that you can complete your review prior to the scheduled implementation date.

A recent California State law change in Chapter 196, Statute of 1994, (AB 473) added section 11450.04 to the Welfare and Institutions Code that provides a MFG provision that does not increase the Maximum Aid Payment (MAP) for any child born to a family that has received Aid to Families with Dependent Children (AFDC) for ten continuous months prior to the birth of the child. Continuous receipt of AFDC is defined as receiving aid without a two consecutive month break in aid.

This proposal expands on other states' proposals approved by your Department by including different exemptions in its application. These exemptions include pregnancies caused as a result of rape, an incestuous relationship, or failure of contraception involving an intrauterine device, a Norplant, or the sterilization of either parent. Under this proposal, any family member receiving aid who bears a child and does not qualify under one of the exemptions would be subject to the MFG provision.

The statute also requires that any child support received for a MFG child is to be paid directly to the assistance unit and will not be counted as income. This may provide an incentive to the absent parent of an MFG child to pay child support.

Mary Jo Bane, Assistant Secretary
Page Two

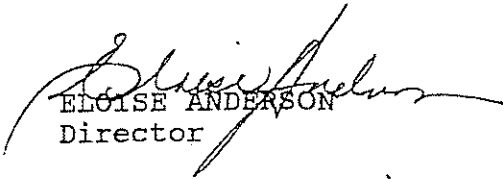
For your review convenience, we have only amended the sections of the CWPDP relevant to this request. There is no fiscal impact for this component in fiscal year 1994-95. We will be sending our savings estimates for fiscal year 1995-96 and the remaining years of the project in the near future.

The amendment is consistent with our objective to reduce welfare dependency by promoting personal and parental responsibility and to meet government's responsibility to assist recipients in ending long-term dependency.

Since the MFG component and its subsequent amendment is the result of enacted state legislation, the requirement to provide public notice of the proposed waiver as specified in the Federal Register, Volume 59, Number 186, dated September 27, 1994, is fulfilled.

We would like to discuss any questions you may have regarding this amendment as soon as possible. Questions should be directed to me at (916) 657-2598 or Michael C. Genest, Deputy Director, Welfare Programs Division at (916) 657-3546.

Sincerely,



ELOISE ANDERSON
Director

Enclosure

c: Sharon Fujii
Regional Administrator
Administration for Children and Families
50 United Nations Plaza, Room 450
San Francisco, CA 94102

II - FEDERAL LAW AND REGULATIONS TO BE WAIVED

These sections are added:

LAW

42 USC section 602 (a) (8) (A) (vi). This section provides that the first \$50 of child support collected may be disregarded as income to the family. This waiver is needed to allow a different method for disregarding child support to families with MFG children. Families would be allowed to retain all of their MFG children's child support. It would not be treated as income for computing the amount of AFDC grant for the family.

42 USC section 602 (a) (1) and 45 CFR 233.20 (a) (1) (i) and (a) (2) (iii). This law and these regulations provide that eligibility conditions must be applied consistently and equitably statewide. These waivers are needed to allow a different method for determining the amount of assistance for families to which additional children are born. These families must have received aid continuously for ten months. There will be a demonstration treatment group and a control group. For those families in the treatment group, the AFDC MAP will not increase by the amount that would otherwise be paid for such additional children.

REGULATIONS

45 CFR 232.11 and 232.20. These sections require as a condition of eligibility that any child support payments must be assigned to the state for recovery by the state's IV-D agency. These waivers are needed to allow the State to exempt child support payments for the MFG child from the mandatory assignment requirement. Child support payments for an MFG child would not be required to be assigned for recovery by the authorized IV-D agency.

45 CFR 233.20 (a) (3) (ii) (A) and (B). These sections require that in determining need, financial eligibility and grant amount and after uniform application of income allowances, disregards and set asides, all remaining income shall be considered in relation to either the state's need standard or payment standard. These sections are being waived to the extent necessary to exempt receipt of child support payments for a MFG child from consideration as income to the assistance unit (AU) for purposes of computing AFDC grant amount for the AU.

45 CFR 233.20 (a) (3) (v). This section requires that child support received directly by the family be treated as income. This waiver is needed to provide for direct receipt of MFG child support by the family and to allow the State to not treat child support received for the MFG child as income.

IV - PROGRAM NARRATIVE

A - PROJECT TITLE

CALIFORNIA WORK PAYS DEMONSTRATION PROJECT

Maximum Family Grant -- This proposed change alters the application of the MAP levels and in so doing promotes personal responsibility by discouraging growth in family size. The MAP level for a family that has received ten or more consecutive months of aid will not increase when a child is born. All child support received for a child subject to the provisions of this proposal shall be paid to the family and will not be considered as income for computing the amount of AFDC grant for the family.

C - DESCRIPTION OF PROJECT COMPONENT

The following provision is a proposed amendment to CWPDP:

MAXIMUM FAMILY GRANT (MFG)

The MAP levels will not be increased for additional children born to families who have received aid for ten months. This proposal is designed to reinforce family responsibility by placing AFDC recipients on the same basis as nonwelfare parents when they consider enlarging their families. Data from 1992 shows that about one-third (32 percent) of AFDC mothers (279,000) continue to conceive and bear children after the original AFDC case opening. In California, of the 279,000 cases, 59 percent have one additional child, 24 percent have two, 12 percent have three and 5 percent have four or more additional children.

Under this proposal, the amount of aid a family is eligible to receive would not increase for a child who is born to a family who has received aid for ten continuous months. The MFG proposal shall not apply if the family has a two or more consecutive month break in aid during the ten month period.

Exemptions would also be provided when the child is conceived as a result of rape, an incestuous relationship or failure of contraception involving an intrauterine device, a Norplant, or the sterilization of either parent. Provision of these exemptions will only be granted if the incident is reported to a medical or mental health professional, a social service agency or a law enforcement agency within three months following the birth of the child.

All child support received for a child subject to the provisions of this proposal shall be paid to the family and will not be considered as income in determining financial eligibility or in computing the amount of AFDC grant for the family. The provisions of this proposal shall not apply to children born on or before November 1, 1995. The MFG provisions shall not apply to applicants for or recipients of AFDC unless notification of this provision is provided prior to January 1, 1995. The MFG child would be considered AFDC eligible and would continue to receive Medicaid (Medi-Cal) benefits. The Food Stamp allocation will increase when an MFG child is born to the family.

This proposal expands on other states' family cap demonstration projects to the extent that it provides additional exemptions to its application and allows full child support to be provided to a family as excluded income when paid for an MFG child.

D - RESEARCH AND DEMONSTRATION METHODOLOGY

The following component is an amendment to CWPDP:

MAXIMUM FAMILY GRANT

PROPOSAL:

- o The AFDC MAP levels will not increase for additional children born to a family that has received AFDC for ten continuous months prior to the birth of the child. These children are considered eligible for AFDC and thereby entitled to all other benefits and programs that AFDC recipients are entitled to, such as Medicaid. All child support received for a child subject to the provisions of this proposal shall be paid to the family and will not be considered as income for computing the amount of AFDC grant.

OBJECTIVES:

- o Encourage personal responsibility when choosing to have additional children while on a fixed income.
- o Increase the incentive to seek employment or other available income with the birth of additional children.
- o Provide an incentive for child support payments to be made so that absent parents could see their family benefit from their child support payments.

HYPOTHESES:

- o Maintaining the family size while in receipt of public assistance through responsible personal decisions.
- o Increasing the number of AFDC parents who obtain employment or other income when additional children are born.
- o Increasing child support collections when absent parents see their family benefit through receipt of the entire child support payment.

MEASUREMENTS:

- o Number of cases in which the Maximum Aid Payment (MAP) is increased due to additional children being added to the assistance unit.
- o Number of cases that have income.
- o Number of families receiving MAP for a family size less than the number of children in the home.
- o Number of cases where new children are born when the family has received aid for ten or more consecutive months.
- o Number of cases where the full amount of child support is received for a MFG child.
- o Number of cases claiming exemptions under the rape, incestuous relationship, or failed contraception.



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
Office of the Assistant Secretary, Suite 600
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

FEB - 1 1986

Ms. Eloise Anderson
Director
California Department of Social Services
744 P Street
Sacramento, California 95814

Dear Ms. Anderson:

While substantial progress has been made toward reaching an agreement on the Maximum Family Grant component (i.e., "family cap") of your California Work Pays Demonstration Project (CWPDP), our staffs have not been able to jointly resolve one remaining issue. To move the process toward closure, I have enclosed for your review draft terms and conditions which reflect this Administration's policy on family caps, and which could, if you accept them, lead to a prompt decision on amending CWPDP to include the Maximum Family Grant provision.

As you know, the President, the Secretary and I strongly support State flexibility in testing new approaches to welfare reform. However, in approving provisions to demonstrations, we have adhered to the principle that children should be adequately protected and, therefore, have insisted that all previous waivers involving "family caps" incorporate protection for the first born children of minor parents included in their family's AFDC assistance unit. In other words, a "family cap", as commonly understood, should be designed to limit benefits when an adult recipient conceives an additional child while on welfare, not to deny assistance to a teenager who has her first child. We believe that it is more productive in these cases to require the teen parent to live at home, stay in school, and identify her child's father as a condition of receiving benefits.

Moreover, the California proposal raises equal protection questions, since a minor dependent child's AFDC status at the time of conception would be due solely to her parent's or other relative's circumstances, not to any actions of her own. Under California's proposal, a minor dependent child who conceives and bears her first child could not receive AFDC benefits for that child if she were part of an AFDC assistance unit at the time of conception, but could apply for and receive AFDC benefits for

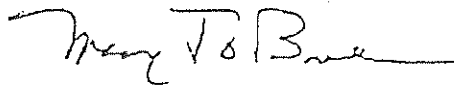
Page 2 - Eloise Anderson

herself and the child if she were not on AFDC at the time the child was conceived.

The enclosed terms and conditions, which except for technical changes closely adhere to those we provided to your agency last August, reflect this concern for equal protection by excluding the first born children of minor parents from the family cap.

If you have any questions, please contact me at 202-401-2337 or have your staff contact Howard Rolston at 202-401-9220.

Sincerely,



Mary Jo Bane
Assistant Secretary
for Children and Families

Enclosure

cc: Sharon Fujii
ACF Regional Administrator
Region IX

WAIVER TERMS AND CONDITIONS
AMENDMENT TO SECTIONS 2 AND 3 OF THE
CALIFORNIA WORK PAYS DEMONSTRATION PROJECT

This is an amendment to the Waiver Terms and Conditions of the California Work Pays Demonstration Project (CWPDP). It sets forth changes to sections 2.2, 3.2 and 3.7 of the Waiver Terms and Conditions for the project.

Changes to Section 2.2

The changes to section 2.2 consist of additional provisions which will apply to all recipients in the treatment group of CWPDP. These additional provisions may be implemented as early as written acceptance by the State of this amendment and will remain in effect until the termination of CWPDP.

1. The following provisions will be added to the text under the "AFDC" heading:

- (9) The MFG provision provides that there will not be an increase in the Maximum Aid Payment for any child born to a family that has received AFDC for ten continuous months prior to the birth of a child. Continuous receipt of AFDC is defined as receiving aid without a two consecutive month break in aid.

The MFG provision will not apply:

- (a) when the additional child was conceived as a result of incest or sexual assault as verified by physician statement and police records;
- (b) when a child was conceived as a result of a failure of contraception involving an intrauterine device, a Norplant or the sterilization of either parent;

Provision of exemptions (a) and (b) above will only be granted if the incident is reported to a medical or mental health professional, a social service agency, or a law enforcement agency within three months following the birth of the child.

- (c) to children who are the firstborn (including all children in the case of a multiple birth) of minors included in an AFDC grant who become first-time minor parents;
- (d) to a child who does not reside with his or her parent; or

- (e) to a child who was conceived in a month the family was not receiving AFDC.

The additional child and any additional individuals who are required to be included in the assistance unit pursuant to section 402(a)(38) of the Social Security Act will be included in the Need Standard for purposes of determining AFDC eligibility and will be an AFDC recipient and eligible for Medicaid. In determining the AFDC payment for a family, the needs and income of the additional child and any additional individuals who both (i) were not in the assistance unit at the time of the additional child's birth, and (ii) would not have been included in the assistance unit at the time of the child's birth had the child not been born, will not be considered.

The Food Stamp allocation will increase when an MFG child is born to the family.

Any child support received for a MFG child is to be paid to the assistance unit and will not be counted as income.

All AFDC applicants and recipients will be offered family planning services at the time of application or review of eligibility. The State will ensure that family planning services are geographically accessible and available without delays to all AFDC recipients.

2. "(9)" under the "Food Stamps" heading is changed to "(10)".
3. "(10)" under the "Medicaid Provisions" heading is changed to "(11)".

Changes to Section 3.2

Section 3.2 will be changed to read as follows:

- 3.2 The selected evaluation contractor(s) will be required to develop, not later than 60 days after the implementation of provision (9) of 2.2, a revised evaluation plan that will be submitted by the State to the Departments for approval. The evaluation plan must present the research questions to be studied, the major variables to be measured, and the major data analysis to be performed for the demonstrations.

The evaluation plan will, to the extent feasible, provide for evaluating the impact of provision (9) separately. At a minimum, the revised plan will include a subgroup analysis of new cases which became eligible for AFDC after the implementation of provision (9).

Changes to Section 3.7

The fifth bullet of Section 3.7 will be changed to read as follows:

- o Does the demonstration affect family structure, stability and child well-being? Outcome measures related to this question include, at a minimum: number of substantiated instances of child abuse or neglect.

Revised Evaluation Plan

The selected evaluation contractor(s) will be required to develop a revised evaluation plan that will be submitted for approval to the Departments of Health and Human Services and Agriculture within 60 days after the implementation of provision (9) is added to section 2.2 of the Terms and Conditions. The revised evaluation plan will discuss the feasibility of evaluating separately the impact of the added provision.

WAIVER TERMS AND CONDITIONS

AMENDMENT TO SECTIONS 2 AND 3 OF THE

CALIFORNIA WORK PAYS DEMONSTRATION PROJECT

This is an amendment to the Waiver Terms and Conditions of the California Work Pays Demonstration Project (CWPD). It sets forth changes to sections 2.2, 3.2 and 3.7 of the Waiver Terms and Conditions for the project.

Changes to Section 2.2

The changes to section 2.2 consist of additional provisions which will apply to all recipients in the treatment group of CWPD. These additional provisions may be implemented as early as written acceptance by the State of this amendment and will remain in effect until the termination of CWPD.

1. The following provisions will be added to the text under the "AFDC" heading:

- (9) The MFG provision provides that there will not be an increase in the Maximum Aid Payment for any child born to a family that has received AFDC for ten continuous months prior to the birth of a child. Continuous receipt of AFDC is defined as receiving aid without a two consecutive month break in aid.

The MFG provision will not apply:

- (a) when the additional child was conceived as a result of incest or sexual assault as verified by physician statement and police records;
- (b) when a child was conceived as a result of a failure of contraception involving an intrauterine device, a Norplant or the sterilization of either parent;

Provision of exemptions (a) and (b) above will only be granted if the incident is reported to a medical or mental health professional, a social service agency, or a law enforcement agency within three months following the birth of the child.

- (c) to children who are the firstborn (including all children in the case of a multiple birth) of minors included in an AFDC grant who become first-time minor parents;
- (d) to a child who does not reside with his or her parent; or

- (e) to a child who was conceived in a month the family was not receiving AFDC.

The additional child and any additional individuals who are required to be included in the assistance unit pursuant to section 402(a)(38) of the Social Security Act will be included in the Need Standard for purposes of determining AFDC eligibility and will be an AFDC recipient and eligible for Medicaid. In determining the AFDC payment for a family, the needs and income of the additional child and any additional individuals who both (i) were not in the assistance unit at the time of the additional child's birth, and (ii) would not have been included in the assistance unit at the time of the child's birth had the child not been born, will not be considered.

The Food Stamp allocation will increase when an MFG child is born to the family.

Any child support received for a MFG child is to be paid to the assistance unit and will not be counted as income.

All AFDC applicants and recipients will be offered family planning services at the time of application or review of eligibility. The State will ensure that family planning services are geographically accessible and available without delays to all AFDC recipients.

2. "(9)" under the "Food Stamps" heading is changed to "(10)".
3. "(10)" under the "Medicaid Provisions" heading is changed to "(11)".

Changes to Section 3.2

Section 3.2 will be changed to read as follows:

- 3.2 The selected evaluation contractor(s) will be required to develop, not later than 60 days after the implementation of provision (9) of 2.2, a revised evaluation plan that will be submitted by the State to the Departments for approval. The evaluation plan must present the research questions to be studied, the major variables to be measured, and the major data analysis to be performed for the demonstrations.

The evaluation plan will, to the extent feasible, provide for evaluating the impact of provision (9) separately. At a minimum, the revised plan will include a subgroup analysis of new cases which became eligible for AFDC after the implementation of provision (9).

Changes to Section 3.7

The fifth bullet of Section 3.7 will be changed to read as follows:

- o Does the demonstration affect family structure, stability and child well-being? Outcome measures related to this question include, at a minimum: number of substantiated instances of child abuse or neglect.

Revised Evaluation Plan

The selected evaluation contractor(s) will be required to develop a revised evaluation plan that will be submitted for approval to the Departments of Health and Human Services and Agriculture within 60 days after the implementation of provision (9) is added to section 2.2 of the Terms and Conditions. The revised evaluation plan will discuss the feasibility of evaluating separately the impact of the added provision.

8/19/96

Ms. Eloise Anderson
Director
California Department of Social Services
744 P Street
Sacramento, California 95814

Dear Ms. Anderson:

I am pleased to inform you that your application under section 1115 of the Social Security Act for an amendment incorporating a Maximum Family Grant to the California Work Pays Demonstration Project is approved upon written acceptance of the enclosed Waiver Terms and Conditions. The project period for this activity is specified in the Waiver Terms and Conditions. The title IV-A waiver necessary to implement the demonstration is identified on the enclosed listing.

The Administration believes that the Federal Government must give states the flexibility to design new approaches to their local problems, provided that these proposals meet Federal standards. We believe California's proposal will add to the information base for new policy directions for welfare reform.

If you have any questions regarding this approval, please contact Mr. Peter Germanis, the Federal Project Officer for this project. His address is: Administration for Children and Families, Office of Family Assistance, 370 L'Enfant Promenade, S.W., Washington, D.C. 20447; telephone (202) 401-9316.

I commend you and the staff of the Department of Social Services for seeking alternatives to improve the public assistance system. I look forward to working with you and your agency on this important initiative.

Sincerely,

/s/
Mary Jo Bane
Assistant Secretary

for Children and Families

Enclosure

cc: Sharon Fujii
ACF Regional Administrator
Region IX

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



August 29, 1997

Olivia Golden, Acting Assistant Secretary
Administration for Children and Families
U.S. Department of Health and Human Services
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

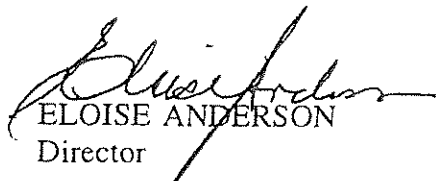
Dear Ms. Golden:

I am writing to request termination of California's Maximum Family Grant (MFG) waiver as permitted in Section 415 (b) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. MFG, approved by your Department on August 19, 1996, is a statewide amendment to California's Work Pays Demonstration Project. It holds that there will be no increase in AFDC benefits for additional children born into a family that is receiving AFDC benefits. Exceptions include children born as a result of incest or sexual assault and first-born children of minors already in an AFDC grant (nested teens). The waiver is approved through June 30, 1999.

Given the submission and certification of completeness of California's State Plan on November 26, 1996, there is no continuing need for this waiver. Therefore, we officially request that the waiver be terminated effective September 1, 1997.

If you have questions regarding the termination of this waiver, please contact Bruce Wagstaff, Deputy Director, Welfare Programs Division at (916) 657-3546.

Sincerely,


ELOISE ANDERSON
Director

c: Sharon Fujii, Regional Administrator
Administration for Children and Families
U.S. Department of Health and Human Services