

+-----+  
| LOCAL COMMISSIONERS MEMORANDUM |  
+-----+

DSS-4037EL (Rev. 9/89)

Transmittal No: 96 LCM-8

Date: January 23, 1996

Division: Commissioner's  
Office

TO: Local District Commissioners

SUBJECT: 1996-1997 Executive Budget Welfare Presentation

ATTACHMENTS: 1996-1997 Executive Budget Welfare Presentation  
New York State Departments of Social Services and Labor  
(available on-line)

Attached for your information is a copy of my testimony at the joint legislative hearing of the Senate Finance and Assembly Ways and Means Committees on January 22, 1996. The presentation reflects a budget motivated by the concept of temporary assistance, the rewards of work and individual responsibility and family independence.

---

Brian J. Wing  
Acting Commissioner

1996-97 EXECUTIVE BUDGET  
WELFARE PRESENTATION

NEW YORK STATE DEPARTMENTS

OF

SOCIAL SERVICES

AND

LABOR

Remarks by: Brian J. Wing  
Acting Commissioner  
New York State Department of Social Services

January 22, 1996

## INTRODUCTION

Good morning. Senator Stafford, Assemblyman Farrell and Members of the Committees, Commissioner Sweeney and I are grateful for the opportunity to make this presentation of new welfare and employment initiatives included in the 1996-97 Executive Budget. With us this morning are members of senior staff from both departments to assist in providing detailed technical information. We will respond to any questions you have and, of course, are prepared to follow up with information that we do not have at hand this morning.

I think most everyone now agrees that the time has come for welfare reform. We are, in fact, at a pivotal point in the history of public welfare here in New York, in Washington and across the nation. The era of ever-expanding entitlements -- which began in the mid-1930s and grew prodigiously in the mid 1960s -- has, in the mid 1990s, run its course, for several reasons.

First, we simply can no longer afford to fund them. And, second, everyone is coming to understand that the entitlement mentality too often bred prolonged dependency and suffocated individual initiative.

## APPROPRIATIONS

In the table that compares this year's general fund appropriations with last year's, you can see a significant reduction -- more than 15% -- in the income maintenance segment of the budget. You will also note the "services" and "other" segments show increases.

This is consistent with our desire to reduce both the amount of the cash benefit and to impose time limits, as a means of inducing recipients to work, and to be active in taking the first steps toward independence for themselves and their families. I'll talk about other incentives to work a bit later.

The other segments are not reduced because, among other reasons, they allow us to make the system do what we think it should do -- help people to help themselves.

Overall, as the chart shows, general fund appropriations are down by almost \$211 million, or about 6.7%, from last year.

Before I go into the major elements of our proposals, allow me to take just a minute to talk about what lies behind them.

## PRINCIPLES

Each of the welfare-reform proposals put forward in this budget relates to, and is motivated by, at least one of the following principles:

- Welfare should provide temporary assistance; it should not become a way of life;

- Work needs to be more rewarding than welfare;
- Welfare should promote individual responsibility and family independence.

I would simply note that these principles constitute a philosophy of public welfare much different from that which gave us a system whose costs continually escalated without producing desired effects.

I would also note that these principles are broadly shared -- by President Clinton and many members of Congress, and -- as various polls indicate -- by the people generally.

#### NEED FOR TEMPORARY ASSISTANCE

Welfare was never meant to become something people could choose as a way of life. Even Franklin Roosevelt who -- as Governor of New York and as President -- fashioned many of the relief programs that began the modern welfare era, saw welfare as temporary relief at a time of national economic calamity. He called continual dependence on welfare "fundamentally destructive to the national fiber". . . "a narcotic, a subtle destroyer of the human spirit". . . and "inimical to the dictates of sound policy."

Today, as this slide notes, one in twelve people in New York is receiving some form of welfare, one in seven in New York City.

What's more, 144,000 people, or approximately 35% of all AFDC recipients, have been on welfare for more than five years.

In addition, there were 447,000 more people receiving assistance in December 1994 than there were in January 1989.

For the ten years before 1995, the single clearest reality of social services in New York was growth: in the number of people seeking assistance; in program costs; and in the proportion of public resources -- both state and local -- consumed by these programs.

New York currently has the most costly public assistance benefits per capita, and, is only one of 3 states with an unrestricted general assistance or home relief program for able-bodied adults.

As the next chart shows, our welfare spending in the last 5 years has grown at a pace almost double that of our major revenue sources.

#### NEW YORK GETS RESULTS IN 1995

There is clearly a great deal of attention focused on welfare reform at the national level, along with speculation about what will pass, in what form, and when. Depending on the final outcome of federal action, adjustments to our proposals may of course, be necessary.

Notwithstanding the action, or inaction in Washington, the chart you see displayed makes the point, that New York has not waited to be led to welfare reform. We've already begun to revamp the system with some impressive results.

For 1995, the public assistance caseload was down by an estimated 172,000 recipients, due in large part to a recommitment to program integrity and management.

Part of our success can also be seen in the increase in entries to employment. 66,592 entries to employment in federal fiscal year 1995, represent an increase of 14,717 over the same period in 1994.

There is a new partnership between the state and local governments.

The best example is in New York City where Governor Pataki asked former Commissioner Mary Glass to work with the city's Human Resource Administration (HRA) and the Mayor's office to implement the "New York City Way" program. Careful eligibility checks, through finger imaging and Eligibility Verification Reviews (EVR), along with new job search programs, have helped the city reduce its welfare rolls by 103,000 people in less than one year.

We have also had considerable success in fighting fraud by providers and recipients.

In the area of provider fraud:

- Audits of providers have brought in \$15.2 million in 1995;
- Card swipe/post and clear has allowed us to verify a recipient's Medicaid eligibility status at the point of service. This process is estimated to have saved \$1 million;
- In November, the Department added a new License Verification edit to the MMIS system which checks to see if the provider has a valid professional license, before authorizing payment. This new edit has saved \$5 million;
- Provider enrollment/re-enrollment is a contract process that allows the department to examine billing histories, supporting documents and the providers physical premises before deciding to allow providers to enroll or continue in the program. We estimate the new enrollment process has saved \$15.8 million;
- Pre-payment reviews have disallowed \$47 million in claims. Providers are selected for review for various reasons, such as a surge in billing, complaints from recipients, or an indication of abusive practices.

The Department has augmented our existing fraud investigators by contracting for new "street investigators" who can blend into the community to find providers who are ripping off recipients and tax payers. While this program is just getting underway, we expect to achieve cost avoidance of \$10 million in the new fiscal year;

The Department has also had considerable success working with District Attorneys in the state to find and prosecute food stamp fraud. 81 major investigations have led to 31 prosecutions, and 20 pleas and convictions.

In addition to the success in New York City I mentioned previously, Eligibility Verification Review programs designed by the Department for Upstate New York have generated over \$9.4 million in cost avoidance in 1995.

The Front End Detection System (FEDS) provides local eligibility workers a client information profile that enables them to decide whether or not a more detailed investigation is required before assistance is provided. Cases with insufficient or questionable documentation are investigated to prevent benefits being erroneously provided. Through November of 1995, 54,000 cases were referred for investigation.

- As a result of the investigations, more than 22,000 cases were withdrawn or denied, and grants were reduced in almost 2,000 cases.

The Automated Finger Imaging System (AFIS) is now installed in 40 counties and New York City. All counties are expected to be operational by the end of this month. Counties have also been given the green light to begin finger imaging AFDC heads of households. As of January 4, more than 266,000 recipients have been added to the AFIS data base, nearly 215,000 in New York City and 51,000 in the rest of state. Cost avoidance for AFIS in 1995 is estimated conservatively at \$25 million.

The department has also been using technology, in the form of computer matches to find cases that are open in more than one jurisdiction. Matches between counties within the state and with 9 other states have resulted in over 6,000 cases being closed in the 1995-96 fiscal year. Cost avoidance as a result of these matches is estimated to be in excess of \$24 million.

A basic weapon in the war against fraud, has been the photo identification card. The Department is currently in the process of implementing the Common Benefit Issuance Card, which will replace all current client identification cards. As an added benefit, CBIC will provide Medicaid recipients in New York City with a photo ID for the first time.

Taken together, these actions ensure recipient eligibility and prevent fraud and abuse by providers and recipients alike.

All of these positive gains I've mentioned up to this point, were driven by change in the philosophy governing New York's public welfare system.

Federal reforms, when they come, will change welfare in New York in even more profound ways.

#### EXPECTED FEDERAL REFORMS

New York State is well positioned to move into the new federal block grant environment by developing a new temporary assistance system to replace the current Home Relief (HR) and Aid to Families with Dependent Children (AFDC) programs.

While the final configuration of federal welfare reform is still unknown, there are great similarities among the various proposals. We believe we can expect to see a five year lifetime limit on welfare benefits and a cap on the amount of federal aid we will receive -- projected to be \$2.4 billion -- in each of the next seven years.

While there is disagreement on some issues, President Clinton and Congress appear to agree on the philosophical underpinnings of welfare reform and support:

- stronger work requirements;
- durational limits; and
- increased personal responsibility.

Therefore, when a federal bill is finally agreed to, we believe it will include the following requirements:

- 50% of adults in the Temporary Aid to Needy Families (TANF) program must be in work activities by 2002;
- elimination of most alcohol and substance abusers from the SSI program;
- new work requirements for food stamps; and
- a state option family cap.

With the expectation that the new federal reforms will provide states with greater flexibility with which to design our own programs, the Department has worked with the Governor's office, the Division of Budget, the Department of Labor, local social service commissioners and other professionals to develop a new Temporary Assistance program that emphasizes work.

A broad spectrum of interest has come together in support of effective temporary assistance programs. Business leaders and advocates, and state and local governments have found more similarities than differences in their approaches to welfare reform. Many of the elements these groups have identified as being necessary to achieve self-sufficiency are incorporated into the Governor's proposal, including:

- stronger emphasis on work;
- increased child care;
- larger income disregards;
- transitional health care;
- non-cash benefits; and
- time limits.

Allow me to spend a few minutes now discussing each of the major programs contained in the Executive budget proposal that embody these widely agreed upon elements of reform.

#### THE NEW TEMPORARY ASSISTANCE PROGRAMS

The four major elements of the New Temporary Assistance Program are:

- Temporary Aid to Needy Families;
- Temporary General Assistance;
- Basic Care for The Needy Block Grant, and
- An Optional County Block Grant

Temporary Assistance to Needy Families (TANF) is the proposed federal program to replace the current Aid to Families with Dependent Children (AFDC) program. Under this program, adults with children would receive

welfare payments for a maximum of five years. Families currently in the state and local funded Home Relief program would move to TANF, making them eligible for federal funding. Adults in the new program would be required to work after the second year, but as a new incentive to get families on welfare to work sooner, the state program would reduce the current cash grant and provide much larger earned income disregards. This reduction will bring New York State's benefit levels in line with the national average. The grant reduction of 26.5% would equate to a \$153 per month reduction for a family of three in New York City. The gap between the current grant of \$577, and the proposed benefit level of \$424, would be filled by the new income disregard and higher food stamps.

As the chart shows, the new income disregard in the TANF program, allows families to keep 100% of earned income up to the family standard of need, and 52.5% of all earnings up to the poverty level, which is \$1049 per month for a family of three. To replace the benefit reduction, a recipient would have to work only 9 hours a week at minimum wage, earning less than \$40 a week.

TEMPORARY GENERAL ASSISTANCE (TGA), would replace the current Home Relief program. Similar to the family program, individuals and childless couples would be subject to a five year life time limit on cash benefits and a 26.5% grant reduction. The major difference in the two programs are that TGA is limited to 60 days annually within each of five years. Realizing that some people eligible for TGA may not be able to work full-time, the following individuals are exempt from both the 60-day and five year limits:

- people over 60 years of age;
- people who are HIV positive;
- those who are disabled and applying for SSI;
- those residing in domestic violence shelters;
- those residing in homeless facilities that have contracts with a local social services district; and
- those residing in SSI level 1 or 2 facilities.

Both of the new temporary assistance programs would begin on January 1, 1997.

#### BASIC CARE FOR THE NEEDY BLOCK GRANT

Backing-up the basic welfare package will be a locally designed Basic Care for the Needy block grant. This "safety net" program, will provide non-cash benefits, such as food, shelter, clothing or employment services to people who reach durational limits without finding work, and for additional children born to families already on assistance. Counties and New York City will be able to design a program suited to local need. Such a program could use vouchers, or direct service contracts with providers. Once a basic care program is developed by the local government, it must be submitted to the State for review. Start-up funds for the basic care block grant, will be \$30 million in state and local funds. When annualized, the state and local match is expected to reach \$100 million.



OPTIONAL BLOCK GRANT FOR COUNTIES

Another option for local governments is the ability to develop their own public assistance programs by taking their welfare allocation, in whole or in part, as a block grant. Counties can vary program coverage, benefit levels and administrative procedures by submitting a proposal to the Department. We will review all proposals to ensure that the local programs meet constitutional and statutory requirements. As an incentive to develop efficient, effective and economical local programs, the counties will be allowed to keep at least half of the state share savings to reinvest in programs, or to provide local tax relief.

WELFARE TO WORK TRANSITION SUPPORT

To help families on welfare transition into work, nearly \$490 million -- including as the chart shows, \$50 million in new funding for child care and an additional \$50 million for expanded employment activities -- will be available to invest in activities that move people into work and help keep them employed. We will further redefine the welfare system by entering into a new partnership with the Department of Labor. Labor, as Commissioner Sweeney will tell you later, will make employment of welfare recipients part of the state's overall work force development system. Activities moved to the Department of Labor will include:

- job placement assistance;
- job search;
- grant diversion to employers who hire welfare recipients;
- on-the-job training;
- work experience; and
- vocational training

The Department of Social Services will continue to provide:

- child care;
- larger income disregards; and
- transitional health care.

STRENGTHENING FAMILY/PERSONAL RESPONSIBILITY

Other elements of the Governor's proposal are designed to strengthen families and increase personal responsibility. Statistics show that families headed by single mothers comprise the biggest share of families in poverty.

The programs included in the Governor's budget to encourage personal responsibility and help reduce illegitimacy make good sense and good policy.

They include:

- A family cap.
- A requirement that minors with children attend school to receive benefits.

In addition, the budget integrates the Department's strategy to prevent adolescent pregnancies. \$7.5 million has been added to enable districts to

develop services to prevent pregnancies among adolescents in welfare households. When combined with the Teen Age Services Act or (TASA) program, a case management program for these same teens, localities will be better equipped to prevent pregnancies and prepare adolescents for independence.

#### ENHANCED CHILD SUPPORT ENFORCEMENT

In every aspect of the system, we need to reach a new, common understanding that public welfare should be the last rather than the first resort of those in need.

Nowhere is this clearer than in the area of child support enforcement. The public should not have to pay to support children whose parents -- though absent -- have the obligation to support them and the means to do so. We have begun to be much more aggressive in our insistence on establishing and enforcing this principle.

The suspension of drivers licenses for failure to pay support, the review and adjustment of old child support orders to bring them in line with current guidelines, the seizure of delinquent respondent liquid assets without a return to court, and the implementation of a simple civil process for the voluntary acknowledgment of paternity have led to an initial increase in collections of \$3.5 million to date.

To build on that success, the Governor's budget includes the following child support enforcement provisions:

- stronger procedures for obtaining medical support from the private insurance of an absent parent, in order to reduce Medicaid costs;
- a closer linkage between voluntary paternity acknowledgment and financial liability, along with stricter conditions and reduced time frames for rescinding such acknowledgment;
- an enhanced ability to locate and serve income executions on respondents by (1) permitting new hire information to be shared with agencies administering Workers' Compensation, Unemployment Insurance, and public assistance and (2) expansion of the State's Parent Locator Service to utilize new data sources for locating absent parents.

Along with these legislative changes, we have begun a much more intensive effort to help local districts manage their caseload, establish goals and deploy their personnel in a way that will lead to more acknowledgments of paternity, more support orders and greater collections.

To that end, DSS staff have recently participated in special efforts in Nassau County, New York City, and Onondaga County. We expect to continue these efforts as we seek every possible way to help the counties improve their performance in child support.

#### MANAGEMENT FLEXIBILITY

The budget is intended to reduce the administrative burden on local social service districts by allowing them increased or total flexibility in

designing their welfare programs. As I mentioned in the section on new temporary assistance programs, the Governor's proposal will allow counties to submit a plan to design their own welfare program.

Counties will also be allowed to require drug testing as a condition of eligibility for welfare. Under this proposal, counties can require a drug test as a condition of eligibility provided they have treatment slots available.

Also new -- and significant -- is a flat grant. Under the current system of providing public assistance in New York, caseworkers are required to go through a complex process to determine what benefits a recipient is eligible for. Under a flat grant, the grant will be determined by:

- county of residence;
- size of family; and
- whether or not heat is included in the rent.

The flat grant will also end the issuance of non-catastrophic special needs allowances. With a flat grant, counties will do less case processing and more case work to help recipients become self sufficient.

#### SERVICES BLOCK GRANT

The Family and Children Services Block Grant, which was enacted in last year's budget to give localities greater flexibility in meeting child-welfare requirements, is continued in this budget and increased by \$80 million.

As I mentioned at the beginning of the presentation, these are funds that -- wisely used -- can keep children safe and help prevent problems that can lead to future dependency.

I want to emphasize something in that regard. While we are changing our Public Assistance programs, we remain committed to the children of New York.

There have been some tragic failures in the child welfare system recently. Here in Albany, in New York City and elsewhere people are working hard to avoid recurrences of these tragedies. This will require both administrative and statutory change.

As a member of Governor Pataki's Commission on Child Abuse, under Attorney General Vacco's leadership, we will submit recommendations to the Governor and the Legislature for major statutory reforms.

Our agenda will likely include:

- making available more complete information to child welfare investigators and to the public;
- more effective automation of case records to make more information available to child welfare workers and to insure their time is spent in the field, not in the office;
- enabling and assisting local districts to establish child fatality review teams;
- looking at the work force to insure the child welfare workers and their supervisors have the necessary skills and training;

- making CPS a community concern by reinforcing the ability for local districts, schools, health providers, law enforcement and others critical to the safety of children to share information;
- conducting an internal review of calls made to the Department's SCR to ensure that our criteria for the acceptance of reports is appropriate.
- developing a recommendation to respond to the issue of positive toxicology in newborns and mothers; and
- reviewing local district practices with respect to Child Protective Services.

We look forward to continuing to work with you and your staff to enact the necessary statutory changes required to strengthen protections for children.

The uses to which the services block grant funding will be put are displayed in this slide.

- They will fund the investigation of some 130,000 reports of child abuse and neglect.
- They will enable localities to offer services that will keep more than 41,000 children out of costly institutional and foster care settings.
- And they will provide additional funds to support the State Central Register.

#### CHILD WELFARE

The next slide lists some of the major initiatives we plan to undertake in child welfare.

We propose to repeal the maintenance-of-effort mandate on local districts for preventive services. We believe that the value and the cost-effectiveness of these services should be self-evident and do not need to be mandated, especially in the block grant environment where we are trying to let innovation and creativity thrive.

Consistent with federal limitations, the upper limit for foster care services will be 18 years of age. Foster care services will continue for an estimated 1900 youth over 18 who are enrolled in school, and for 200 youth who require specialized mental health/retardation services.

In order to encourage permanent family placements, kinship foster care reforms are being proposed. Our objective is to promote permanency for children in kinship arrangements - by reviewing kinship subsidies after one year. We want to insure that kinship care is a temporary arrangement.

We will propose amendments to the State's termination of parental rights laws to expedite the termination of rights of parents who severely or repeatedly abuse their children.

We are very proud of the efforts of local districts to increase the number of adoptions. Over 5,000 adoptions were finalized last year.

\$9 million is added for adoption subsidy funding, bringing state adoption spending to \$83 million, which -- as the bar graph shows -- is an increase of some 38% over 1994-95. This year's increase will support the adoption of and additional 5,500 children who cannot be returned home.

The budget also provides an additional \$8 million to support full SACWIS/CONNECTIONS implementation. SACWIS is the Department's Automated Child Welfare Information System that will provide local caseworkers with the tools needed to better manage and monitor services provided to the children in their care.

#### CONCLUSION

By most indicators, New York out spends other states on welfare programs. But, we do not get results corresponding to our level of spending.

Where it is clear that more money will have a positive effect -- as in employment services and child care, for example -- this budget allocates additional resources. But where it is clear that increased spending has not worked well -- as in on-going maintenance programs -- it proposes spending reductions and redirects the programs to achieve desired ends, primarily the movement of more recipients into the world of work.

I believe that the philosophy, principles and goals enunciated here, and the plan for achieving them, are capable of giving New Yorkers far greater confidence than they presently have that the tax dollars we spend to assist needy individuals and families are well spent.

Clearly, much will depend on final federal action on welfare reform, and it is undeniable that a key ingredient of success in welfare reform will be our ability to put more people to work.

Commissioner Sweeney is prepared to talk more about that. I will turn the microphone over to him, and then we will both be happy to answer any questions you might have.