



TESTIMONY

OF

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DEPARTMENT OF SOCIAL SERVICES**

BEFORE THE

CITY COUNCIL
GENERAL WELFARE COMMITTEE

ON

IMPLEMENTATION OF THE NEW
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
REQUIREMENTS

City Hall
October 12, 2006

Good morning, Chair de Blasio and members of the General Welfare Committee. Thank you for this opportunity to update the Committee on the City's efforts to implement the new requirements of the federal Temporary Assistance for Needy Families (TANF) program.

Reauthorized TANF Program

As you know, in February 2006, President Bush signed the legislation reauthorizing the TANF program, and the requirements of the new law took effect on October 1st. Most significantly, the law continues the requirement that 50% of our TANF clients be engaged in federally-defined work activities, as New York City had advocated throughout the reauthorization process. In addition:

- The work participation requirement now applies to both TANF clients and Safety Net family clients, since New York State applies the benefits paid to the latter group toward meeting the federal TANF Maintenance of Effort requirement.
- The caseload reduction credit has been updated, so that states now receive credit against the 50% requirement only for caseload reductions since Federal Fiscal Year 2005, rather than since 1995 as under prior law.
- The federal Department of Health and Human Services (HHS) was directed to define TANF work activities for the first time, with the result that some of the activities in which HRA has traditionally engaged clients will no longer count towards the participation rate. For example, public assistance recipients caring for disabled relatives have been counted as participating in community service, but the new rule does not recognize this as a qualifying community service activity.
- HHS was also directed to issue regulations establishing new requirements for supervising, documenting and verifying client work participation.

States failing to meet the participation requirements face very significant fiscal sanctions. These could mean a loss of approximately \$217 million in TANF funding annually for New York State, with New York City, representing approximately two-thirds of the State's public assistance caseload, potentially bearing a \$130 million share. The law also imposes a new work verification mandate that carries a separate set of penalties for states that are not in compliance. States may be sanctioned from one to five percent of their TANF grant for failure to establish or comply with work verification requirements, based on the extent of non-compliance.

In light of the continued uncertainty about the impact of the new TANF rule and to avoid the risk of penalty, I aimed higher and set a goal of achieving a 60%

participation rate in New York City. I established an agency-wide workgroup to develop recommendations on how to achieve the participation rate. I also established an Office of Consumer Access and Participation (OCAP), to coordinate the implementation of those recommendations and monitor our progress in achieving the rate. But as I have said before, the achievement of this goal requires a coordinated citywide effort, and we are collaborating with other city agencies that receive TANF funding and that serve our clients. Most recently, we hosted a meeting for these agencies to brief them on the requirements of the reauthorized TANF program, and to impress upon them the importance of a citywide collaboration to avoid the severe fiscal sanctions associated with failing to meet the federal participation requirement.

Federal Implementation

In April, Mayor Bloomberg communicated directly with Secretary Leavitt of HHS, focusing on several specific issues in an effort to maintain the flexibility to design and implement programs that best address the needs of our clients. He asked the following: that the regulations to be issued by HHS resolve the conflict between the participation rules and minimum wage laws; that work activity definitions acknowledge the importance of rehabilitation as a necessary job readiness activity; that they continue to recognize caring for a disabled relative as a community service activity; and finally, that the regulations provide reasonable latitude in work hour verification and leave policies for clients in work experience programs.

HHS promulgated its interim final regulations on July 28th with a 30 day comment period, and they went into effect on October 1st with no changes. The regulations allow states to count clients who participate for the maximum hours allowed under minimum wage requirements as having satisfied the federal work participation requirement. They recognize substance abuse, mental health and rehabilitation services as necessary job readiness activities, but counts those activities for a maximum of six weeks each year. The regulations exclude caregiving activities for disabled relatives from the definition of community service, and leave little flexibility in work hour verification rules and leave policies for clients. For example, they allow clients no more than 10 excused absences per year for all purposes: vacation, sick days and other mandated appointments. This is far fewer than the number allowed for city employees.

HRA submitted extensive comments on the regulations in August, but we do not expect that the final rule will be issued for some time. Therefore, we expect to be governed by the interim rule for the first year of the reauthorized program.

State Implementation

We have also been working closely with New York State on its implementation of the new law. In late September, after extensive discussion with HRA and other local districts, the Office of Temporary and Disability Assistance (OTDA) submitted to HHS its draft Work Verification Plan, indicating how the State proposes to implement the new requirements. The plan will be subject to federal review over the coming months, and we anticipate that it will not receive final approval by HHS until some time in 2007. In the interim, we will be working with OTDA on systems changes to support implementation of the new requirements.

As I indicated, the new TANF law extends the participation rate requirement to families whose benefits are paid for with State Maintenance of Effort (MOE) funds. In New York State, these are families who have exhausted their five-year time limit on TANF and are receiving Safety Net benefits. However, the State has the discretion to determine which programs are included in MOE and which are not. During the 2006 state budget process, we advocated that the State re-evaluate the expenditures it counts toward the MOE requirement, in light of the new participation rate requirements. The legislature was responsive, and the enacted FY 2007 budget provided OTDA with the authority to remove three categories of clients from the MOE calculation: (1) two-parent families, (2) those who are in sanction status for over three months, and (3) those who have been determined to be work-exempt.

Effective this month, OTDA transferred two-parent families into a non-MOE state program. We are continuing to urge OTDA to use its authority to transfer the two other groups. These transfers would have no programmatic impact on clients or on our efforts to assist them in achieving self-sufficiency, but would likely result in a significant increase in the State's work participation rate. We have also been working with OTDA to remove from the participation rate calculation those clients who receive non-recurring grants, or single issuances, which are not considered to be TANF assistance by federal standards.

Current status

This Administration's efforts to move clients toward self-sufficiency have resulted in the lowest public assistance caseload levels in more than forty years. In September 2006, 382,896 New Yorkers were on public assistance, representing an additional 3.4% decline since I last testified before this Committee in May, an 8.4% reduction from Federal Fiscal Year 2005, and an overall 17.2% decline since the beginning of this Administration.

As of June 2006, the most current data available, New York City's preliminary participation rate, based on the New York State caseload sample, stood at slightly over 44 percent. That figure represents a single month and not a final

number for New York City, and it does not reflect the rest of New York State. Nor does it reflect the impact of the new TANF rules. The State estimates the statewide caseload reduction credit, from Federal Fiscal Year 2005 through September 2006, to be approximately 5%.

Since the beginning of this Administration, HRA's efforts have led to nearly 395,000 job placements of public assistance clients, confirmed through self-reported employment, placement by our employment vendors, and matches with the New York State New Hire System. As of August, 86.8% of clients who have achieved employment have remained off public assistance and/or retained their jobs after three months, 80.3% have achieved those results after six months, and 77.2% of clients who have achieved employment have remained off public assistance and/or retained their jobs after nine months.

As demonstrated by these numbers, this Administration has continued to make considerable progress in moving public assistance clients to sustainable employment by creating a customized model of service delivery, and comprehensive programs that serve the diverse and multiple needs of low-income New Yorkers. The challenges we face in meeting the participation rate are due in large part to two groups: those clients who are in the engagement process (including those looking for child care so that they can work, undergoing a medical assessment, or finding an appropriate training program), and those clients who do not consistently participate in employment programs. We have already implemented many programmatic changes to address these issues.

Back to Work

At the Executive Budget hearing in May, I introduced our plans which reflect our success over the years in our employment programs. The Back to Work program, which became operational by August 8th in every HRA Job Center, allows one contractor to work with a client from start to finish, providing greater continuity of service. Under Back to Work, participants begin receiving services immediately, many on the same day they apply for public assistance. This allows clients to be more quickly countable for participation purposes, and because people start their activity without a long lag time, our experience indicates it will lead to more successful employment outcomes. Additionally, we have reduced by seven days the lead time for scheduling appointments, and eliminated delays in assignment to vendors or work experience programs, so that clients can move through the process more quickly.

Our vendors prepare a plan for sustainable self-sufficiency, and offer training and other opportunities for clients to upgrade their employment. The contracts, as you know, are fully performance-based, with payment contingent on success in placement and retention. Through the beginning of September, more than 10,000 individuals had been referred to Back to Work vendors, and we have

already begun to see results. We are confident that this new program will generate even more successful job placement and retention rates.

HRA's new Office of Consumer Access and Participation (OCAP), has formed a Back to Work Vendor Participation Taskforce consisting of representatives from each Back to Work vendor, work experience program staff, and staff from HRA's employment unit. The Taskforce, which meets on a bi-weekly basis, discusses strategies to maximize the degree to which activities count toward the federal participation rate. OCAP will track the participation rates for each vendor and report them to the Taskforce monthly.

Intensive Services Center

As of August 20, 2006, 21% of all TANF cases in New York City were in sanction status or process, and of those cases that had converted to Safety Net Assistance after their five-year TANF time limit had expired, 23.5% were in sanction status. While the Agency makes multiple efforts to engage and re-engage these clients, many refuse to participate. Our Intensive Services Center seeks to reconnect to employment activities those clients who have been in sanction status for more than 60 days, and who have consequently been receiving a reduced benefit. During the eligibility recertification process and at other points of contact, workers discuss sanction issues with clients, and explain the process that led to their reduced benefits. If a client agrees to participate, they are referred to on-site employment services and their benefits are restored when they comply. Child care and other support services are also available for those who need them in order to work. Clients who are unable to work are connected to other appropriate services.

The Intensive Services Center has a strong emphasis on employment, and provides job counseling services at the first point of contact with the client. During the period it was operational in 2005, the Center achieved more than 1,786 job placements; in 2006, the Center has achieved 1,874 placements as of September, bringing the total number of placements to more than 3,600 in the eighteen months that the Center has been in existence. New York State has recognized the importance of our efforts, and appropriated \$15 million statewide for outreach to sanctioned clients, to be allocated by the proportion of the sanctioned population in each local district.

WeCARE

HRA's WeCARE program continues to address the needs of clients with health-related barriers to employment by emphasizing the importance of customized assistance services to help these clients achieve their highest degrees of self-sufficiency. Through October 2nd, Job Center staff made 119,885 referrals for biopsychosocial assessments. Of those seen, 81% have completed all phases of the assessment process thus far. Of these, 36.9% were found to be temporarily unemployable secondary to unstable medical and/or mental health

conditions and were referred for Wellness Plans; 46.9% were found to be employable with limitations and were referred for vocational rehabilitation services; 8.2% were found to be fully employable and were referred back to their job centers to be engaged in activities from the traditional menu of employment and training programs; and 8% were determined to be unemployable for 12 or more months and were referred for assistance in applying for federal disability benefits. WeCARE vendors initiated 6,922 federal disability applications, and there have been 1,351 federal disability approvals. Many clients who have applied are still engaged in the federal disability application process, which can take 18 months or more for a final determination from the Social Security Administration.

To date, the WeCARE program has helped more than 2,500 people with health and mental health barriers gain employment. While participation in WeCARE employment activities satisfies the participation requirement, most of the rehabilitative activities provided in WeCARE will not be countable under the new rules. We will continue our advocacy with the State and Federal government on this issue.

My staff and I welcome your questions.