

NLWJC - Kagan

DPC - Box 066 - Folder-009

**Welfare-Welfare to Work Program
Implementation [2]**



Cynthia A. Rice

02/11/98 10:14:23 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Andrea Kane/OPD/EOP, Diana Fortuna/OPD/EOP
Subject: Update on \$3 billion welfare to work evaluation

We are pushing HHS to revise the evaluation plan to ensure we'll have something to report by January 1, 2001, as required by statute. Technically, OMB must approve the evaluation plan before it will apportion the \$18 million research funds. Barry White will shortly be sending a letter to HHS and the other agencies laying out our concerns with their evaluation plan, and asking for a revised plan before OMB will release the funds. We've reviewed the letter and think its fine.

It goes to the person at HHS in charge of reapportionment, but Olivia, Ray Uhalde and others are cc'd.

----- Forwarded by Cynthia A. Rice/OPD/EOP on 02/11/98 10:00 AM -----



Cynthia A. Rice

01/30/98 09:21:36 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Diana Fortuna/OPD/EOP, Andrea Kane/OPD/EOP
Subject: \$3 billion welfare to work evaluation

The statute provides 6/10 of a percent of the \$3 billion funds -- or \$18 million -- for HHS in consultation with DOL and HUD to evaluate how the welfare to work grants have been used. The statute urges the Secretary to focus on job placements, retention, earnings, and average costs per placement. The Secretary shall submit to Congress an interim report by January 1, 1999 and a final report by January 1, 2001.

HHS has proposed a plan, which neither we nor Barry White find particularly satisfying. The plan puts the bulk of the funds into a long-term, MDRC-type control group study which will add to the body of knowledge about what works for hard-to-employ welfare recipients, but will give us little to tell Congress in 1999 (it wouldn't be completed until about 2003).

We are pushing back to get them to beef up the collection of data that will give us a more immediate indication of what happened to people who took part in the \$3 billion program and how their outcomes compare to similar long term recipients under TANF. Under the current plan, they will collect data to show what percent of people in the \$3 billion program went to work, which may appear low since the program serves long-term recipients with multiple barriers to employment, but we won't know whether those work rates are higher than they would have been in the absence of this program -- until the completely rigorous study is finished in 2003.

Of course, one could argue that we'd be better off not having too much concrete data by 1999.

What do you think?

WtW - WtW-to-welfare program
implementation



Cynthia A. Rice

02/24/98 08:12:12 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Andrea Kane/OPD/EOP
Subject: More WtW Formula Grant state approvals--we're giving VP the opportunity

----- Forwarded by Cynthia A. Rice/OPD/EOP on 02/24/98 08:11 PM -----

Andrea Kane

Record Type: Record

To: Lee Ann Brackett/OVP @ OVP
cc: Cynthia A. Rice/OPD/EOP, Diana Fortuna/OPD/EOP
Subject: WtW Formula Grant approvals--update

At the 4 p.m. welfare meeting, DOL mentioned that they are close to approving TN, KA, HI, KY (and possibly MN and DE). They're aiming to have everything ready to go by Thursday, with announcement possible by Monday. Secretary Herman is keynote speaker at the National Assoc for Private Industry Council meeting on Monday and would probably announce their unless VP want to do an announcement. They are still checking on whether GA is a possibility for 3/2. If GA is not ready for 3/2, would VP still want to use the other states for an announcement early next week?

WR - WR-to-walk program
implementation



Cynthia A. Rice

02/18/98 08:13:10 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc:

Subject: WtW Formula Grant Update

----- Forwarded by Cynthia A. Rice/OPD/EOP on 02/18/98 08:13 PM -----

Andrea Kane

Record Type: Record

To: Lee Ann Brackett/OVP @ OVP, Cynthia A. Rice/OPD/EOP, Diana Fortuna/OPD/EOP

cc:

Subject: WtW Formula Grant Update

States announced 1/29/98:

IL
LA
MI
NE
NV

States to be announced 2/18 or 2/19:

MA
SC

States with pending plans:

GA
KA
TN
KY
HI
MN

Wp - Wp-to-work program
implementation



Cynthia A. Rice

12/10/97 03:05:14 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Andrea Kane/OPD/EOP, Diana Fortuna/OPD/EOP, Emily Bromberg/WHO/EOP
Subject: Welfare to Work Competitive Grants-- pls review

The Department of Labor has revised its Welfare to Work Competitive Grant application, and it is much improved -- in part due to our comments but also to Secretary Herman, who had reactions similar to ours. Here are a few things you should know. Please let me know as soon as possible if you have any objections:

Grant Cycles: DOL plans to award grants five times, twice in FY '98 and three times in FY '99. Grants will be for up to three years. The first applications will be due in February and awarded soon thereafter.

Set-Asides: DOL has not set aside funds for certain purposes. For example, they have resisted the call from Judy Gueron to set aside funds for a saturation demonstration (the application does indicate that DOL will consider such applications if filed). The application in general says that DOL is seeking applications that are "work first" in focus, and it will give extra points to applications that focus on certain priorities (see below). In addition, the application indicates the agency intends to grant about 70% of funds to urban areas and 30% to rural areas.

Size of Projects: The application does not set a firm minimum and maximum project size; however it indicates most awards will be in the \$1 to \$5 million range and will not exceed \$10 million and will be for projects which serve at least 100 individuals. Proposals outside these parameters will require extra justification. (If the average grant award were \$5 million, we would award about 150 grants.)

Criteria for Judging Applications: The application indicates that DOL will judge applications based on the following point scheme:

- 25 Points for Outcomes
- 25 Points for Collaboration and Sustainability
- 20 Points for Innovation
- 20 Points for Relative Need in Area
- 10 Points for Demonstrated Capacity

(Each of these broad categories is defined, with points awarded to subcategories.)

In addition, an extra 5 points will be awarded to projects in EZ/EZ areas and for projects serving 450 or more people that offer to participate in a random assignment evaluation. (The Vice President's office would like to give 10 extra points to EZ/ECs; Paul and Jose think 5 is ok. I'm checking to see how strongly the VP feels about this.)

The application says "This transitional assistance is to be provided through a "work first" service strategy in which recipients are engaged in employment-based activities....All competitive grant projects will be expected to be an integral part of a comprehensive strategy for moving eligible individuals into unsubsidized employment in a local, community based context. Projects should

develop and implement innovative approaches that enhance a community's ability to move eligible individuals into self-sustaining employment, create upward mobility paths and higher earnings potential for low income workers, and achieve sustainable improvements in the community's service infrastructure for assisting welfare recipients."

In addition to these general goals, the application lists certain recommended priorities, and gives 5 of the 25 "Relative Need" points based on whether the applicant focuses on at least one of the following:

1. Targetting assistance to certain populations, such as noncustodial parents, individuals with learning disabilities, substance abusers, and convicted felons [I'm going to get the latter dropped.]
2. Developing responsive transporation and child care systems.
3. Use of integrated work and learning strategies to develop skills
4. creation of jobs (including self-employment) that address work and family needs as well as income levels for self-sufficiency.
5. Proactive strategies to involve employers in design of service strategies and implementation of the project.
6. Strategies that focus on family-based assistance and that are integrated with children systems (e.g. child care, Head Start) that can assist the full family unit.
7. Activities to help women access non-traditional occupations.
8. Strategies that reflect effective integration with both the workforce development (e.g., one-stop) and the welfare systems.

I would like to add, as the first in the list, "Developing "work first" strategies targetted to needs of local employers and designed to lead to unsubsidized employment."

W₂ - W₂-to-w₂ program
implementation

Andrea Kane

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP

cc: Lee Ann Brackett/OVP @ OVP, Diana Fortuna/OPD/EOP

Subject: Update on WtW Formula Grant announcement

Looks like there won't be any announcements by VP next week. Secretary Herman will likely announce HI, KA, and MN at NAPIC on Monday. TN has been a little delayed--when it's ready, the VP will do a press release (Lee Anne and Lynn Jennings have discussed this). GA has been more delayed--apparently DOL had 'defunded' the Atlanta PIC under JTPA so they cannot receive WtW funds. The state plan needs to be revised to address this issue. Tomorrow afternoon, DOL will have a better idea of the revised time frame for TN and a firm fix on whether the other 3 will be ready for Monday.

Wp-to-work program
implementatic



Cynthia A. Rice

12/15/97 03:52:42 PM

Record Type: Record

To: Christa Robinson/OPD/EOP

cc: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP, Andrea Kane/OPD/EOP

Subject: Announcements

Bruce agreed with me this morning that we'd be better off not releasing new caseload numbers in a radio address this weekend, since there's so much media attention to food pantries, etc. We understand other things are in the running anyway.

Question: are we looking for VP or paper release announcements we can do over the holiday, like we did in August? If so, we are coming to closure on the the Department of Labor welfare to work competitive grant application -- if we were doing a radio address, we would do it then, but since we're not..... As currently scheduled it would be on public display at the Federal Register on December 29th, published on December 30th. It will be the application communities will use to apply for the first of five rounds of welfare to work funds, totalling about \$700 million.

As of October 14, 1997

WtW DRAFT REGULATIONS CONSULTATION

I. Window Available For Draft Regs. Consultations

- o Draft Regs. must be published by October 31 (November 3 at the latest). Our current target date to get them to OMB is Thursday October 23. SEVEN WORKING DAYS FROM TODAY LEFT FOR CONSULTATION PRIOR TO OMB SUBMITTAL.

II. Consultation Entities (in order of consultation priority)

- o INTERNAL DOL
 - Deputy Secretary
 - OCIA
 - OPA
 - ASP
 - SOL
 - DCR
 - WB
 - OPR
- o POLICY COMMITTEE
 - HHS
 - DOL (ETA,OCIA,OPA,WB,SOL,ASP)
 - TRANS
 - HUD
 - OMB
 - WH/DOMESTIC POLICY COUNCIL
 - WH/NATIONAL ECONOMIC COUNCIL
- o EXTERNAL STAKEHOLDER GROUPS
 - GOVERNMENTAL (NGA,NCOM,NACO,NCSL,Other)
 - NON-GOVERNMENTAL (CBO's from the Vice President's Coalition, other non-governmental organizations). This is NOT a meeting of the ETA Stakeholders' Forum.

III. Consultation Scenario

- Tues. October 14 Comments due from internal DOL.
- Wed. October 15 Send draft regs and proposed public summary to Policy Committee.
- Fri. October 17 Policy Comm meeting on draft regs + OK to use public summary with outside groups.
- Mon. October 20 Meeting w/ Governmental Groups on public summary of draft regs.

Eni
or
Mon

Tue. October 21 Brief Deputy Secretary. Send public summary of draft regs to external stakeholder groups.

Wed October 22 AM and PM meeting opportunities for external stakeholders to come talk with us.

Thur. October 23 Send draft regs to OMB.

*include
Sec Reps*



NATIONAL GOVERNORS' ASSOCIATION



National Conference of State Legislatures

cc: EK, CR

Wp - Wp - to - work implementation



AMERICAN PUBLIC WELFARE ASSOCIATION

October 9, 1997

*

Mr. Raymond Uhalde,
Acting Assistant Secretary for
Employment and Training
U.S. Department of Labor
200 Constitution Avenue, N.
Suite S-2307
Washington, D.C. 20210

Emily
You need to talk
right! Lets talk.

cc. Bruce Reed
10-10-97

Dear Mr. Uhalde: *Ray*

Our organizations have reviewed the "Summary of Major Changes Under Consideration" in the Welfare-to-Work (WtW) Interim Planning Guidance. We are writing to express our opposition to and concerns about several of the changes under consideration. We believe the WtW grant program can provide valuable resources for states to assist "hard to serve" clients to find and retain work and to attain self-sufficiency. However, if states' ability to influence the operation of the WtW program is limited as severely as the Department of Labor (DOL) proposes, the impact of this program on achieving the desired outcomes will be greatly diminished.

Coordination with PICs: DOL has greatly overstated the "sole authority" of local private industry councils to determine the services to be provided in the Service Delivery Area, the targeting on specific individuals, and the manner in which the program will be implemented. In fact, the department's own language conditions this "sole authority" by requiring it to be "consistent with statutory provisions." However, we believe DOL's interpretation is not consistent with the statutory provisions.

The statute says in paragraph (A)(vii), "The private industry council for a service delivery area in a State shall have sole authority, *in coordination with the chief elected officials . . . of the area, to expend the amounts distributed under clause (vi)(II)(aa) . . . in accordance with the assurances described in clause (ii)(I)(dd) provided by the Governor of the State*" (emphasis added). Thus, in the statute, the PICs' discretion is explicitly limited by the requirement to coordinate with chief elected (local) officials and by the ability of the Governor to fulfill the assurances given in connection with the plan.

Under clause (ii)(I)(dd), the Governor must satisfactorily assure the Secretary that the private industry council (or alternative agency) will coordinate these welfare-to-work funds with those available under TANF. Clearly, the statute contemplates that the Governor will have the means to deliver on those assurances. Under the proposed changes, this would be virtually impossible. And ironically, it is the Governors, state legislators and TANF agency that will be held accountable for the success or failure of welfare reform.

In addition, we believe that the authority to *determine services*, as provided in the proposed changes, is substantially broader than the authority to *expend funds*, as provided in the statute.

Furthermore, under the WtW program, states are required to match the federal funds. If states are unable to influence the spending of WtW funds or targeting of eligibles, states will be reluctant to spend state money on the program. Your proposed changes could further discourage states from drawing down the funds.

State Policy Authority: Section 126 of the Job Training Partnership Act establishes the precedent for state laws to supplement federal law with guidance to in-state activities and to coordinate with other state human resource development programs. In the planning guidance, as well as the WtW regulations, it must be clear that the federal regulatory process does not preempt state policy authority that is not in violation of federal law.

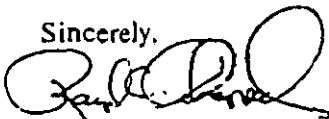
Waivers: We reiterate several points about waivers. Congress included a waiver provision in the law to allow states to coordinate their WtW programs with TANF welfare-to-work efforts and to avoid establishing parallel, duplicate systems.

- Section 403 (a)(5)(A)(viii)(III) of the law can be read to allow states to submit state-wide waivers, which can be granted in "1 or more service delivery areas." *The law says nothing about granting waivers on an SDA-by-SDA basis.* We urge DOL to grant state-wide waivers.
- The legislation requires a state to demonstrate that a waiver would "improve the effectiveness or efficiency of the administration" of the program. The act does not require the state to meet additional criteria, such as demonstrating poor performance by the PIC or consulting with elected officials,
- We urge you to reconsider allowing states to apply for a waiver prior to submitting a state plan. Clearly, the state plan will look very different if the designated local agency can participate in developing the state plan.

State Match: In a letter to Ray Uhalde dated September 26, Representative Howard McKeon, Chair of the House Subcommittee on Postsecondary Education, Training and Lifelong Learning, noted that the Department of Labor has not followed congressional intent on activities that can count towards state match. "It is not our intention to limit state match expenditures to persons actually in programs funded by the Welfare-to-Work grants." Representative McKeon writes. Consistent with Mr. McKeon's letter, we urge the Department of Labor to revise the draft interim guidance to allow states to count as match expenditures on or in-kind expenditures for individuals eligible for TANF, the Child Care Development Fund, and the Welfare-to-Work program, as well as on non-custodial parents.

In-Kind Match: We recommend that DOL permit states to count in-kind or private services to count as up to 50% of the state's match. This would provide states with significant additional flexibility in meeting the match requirement.

Sincerely,



Raymond C. Scheppach
Executive Director
National Governors' Association



William T. Pound
Executive Director
National Conference of
State Legislatures



A. Sidney Johnson
Executive Director
American Public
Welfare Association



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

November 8, 1997

ADMINISTRATOR
OFFICE OF
INFORMATION AND
REGULATORY AFFAIRS

MEMORANDUM FOR ERSKINE BOWLES

THROUGH: Franklin D. Raines *FR*

FROM: Sally Katzen *Katzen*

SUBJECT: Heads-up on DOL's Welfare-to-Work Interim Final Rule

We have just concluded review of a DOL **interim final** rule implementing the Welfare-to-Work legislation that will provide \$3 billion in formula grants (to States and Indian tribes) and competitive grants (to public and private entities). The purpose of the legislation is to provide transitional employment assistance that moves hard-to-employ welfare recipients into unsubsidized, long-term jobs.

Local governments have pushed hard for the flexibility to determine which individuals are eligible for benefits and what types of employment activities are covered under the program. States, however, want to maintain this authority at their level. We (OMB/DPC) believe that this rule strikes an appropriate balance between providing localities sufficient flexibility while preserving the States' primary role in overseeing and implementing welfare reform.

Neither the States nor local governments will ~~not~~ be satisfied with the outcome of the rule. Disability groups, who believe that the rule fails to adequately address the needs of disabled individuals, are also expected to react unfavorably.

The rule will be unveiled at a White House event on welfare reform (that hopefully will also include the major HHS regulations implementing the welfare reform act) scheduled for November 17th. Please let me know if you have any questions.



Cynthia A. Rice

10/30/97 07:23:01 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP

cc:

Subject: Two Decision I need ASAP re: DOL Regs

Bruce said he wants to hold the reg and announce both it and the TANF reg Nov. 17th in Wichita and that I should continue to give DOL a hard time about targetting but that he doesn't feel all that strongly about it.

----- Forwarded by Cynthia A. Rice/OPD/EOP on 10/30/97 07:23 PM -----



Cynthia A. Rice

10/30/97 06:48:27 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP

cc:

Subject: Two Decision I need ASAP re: DOL Regs

1) Timing: Do we want to hold the DOL reg until the TANF reg is done? To meet the statutory deadline, DOL has to send the reg to the federal register tomorrow (I think we at a minimum should postpone until Monday, to give us a chance to check the changes). Bruce -- you expressed interest in holding it until the TANF reg was ready, which I would say from our meeting with HHS today, will realistically about two weeks. Do you want me to hold the DOL reg? I imagine Herman will be quite unhappy, but I agree with you that releasing both regs at once will be more newsworthy.

2) Individuals Served by the Program: As you know, we argued throughout the budget negotiations that we needed \$3 billion for welfare-to-work in order to ensure that the hardest to employ people in high poverty/high unemployment areas would be served. At the same time we argued that PICs should have the maximum possible flexibility in deciding how to spend the funds to get these individuals into jobs.

The statute says that 70 percent of funds must be spent on individuals with certain characteristics. They must have been on welfare for 30 months or be within 12 months of losing eligibility and they must have two of the following three characteristics:

- 1) not completed high school and has low reading and math skills
- 2) requires substance abuse for treatment
- 3) have a poor work history

DOL wants to leave these definitions to the states and PICs. HHS adamantly disagrees, saying that

the vast majority of welfare recipients could meet a loose definition of these terms.

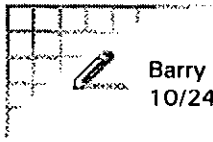
Our idea (Parker-Matlack-Rice) would be to define "low skills in reading and mathematics" as at or below the 8th grade level and give states and PICs the following options re: "poor work history":

- Option #1: has worked for less than 3 of the last 12 months
- Option #2: has worked for less than 6 of the last 24 months;
- Option #3: if neither of the first two were satisfactory, the PIC or

state

could propose another definition to DOL;

WP - WP-to-work implementation



Barry White
10/24/97 01:10:07 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc: See the distribution list at the bottom of this message

Subject: Re: \$3 bi Welfare to Work Technical Change in Labor-HHS

Barbara and I have been talking about this with Hill staff for a couple of days. It may be that the real issue is that the appropriators want to take more money from SSBG, and Haskins is resisting, so the issue is more between the two Republican staffs up there. In any event, they know we want the amendment added.

I'll let you know what else I pick up.

Message Copied To:

barbara chow/who/eop
bruce n. reed/opd/eop
elena kagan/opd/eop
diana fortuna/opd/eop
emil e. parker/opd/eop
Maureen H. Walsh/OMB/EOP
larry r. matlack/omb/eop

Wp - wp-to-work implementation



Cynthia A. Rice

10/24/97 12:55:19 PM

Record Type: Record

To: Barbara Chow/WHO/EOP
cc: See the distribution list at the bottom of this message
Subject: \$3 bi Welfare to Work Technical Change in Labor-HHS

During the process of implementing the \$3 billion Welfare to Work grants that were part of the Balanced Budget Act, the Dept. of Labor discovered to their dismay (and ours) that while the language as enacted allows states and localities up to three years to spend the federal funds, it requires them to spend the 33% match in the first of those three years. This will impose a significant burden on states and localities, particularly in this FY '98 start up year. If we do not fix the problem this session, we are concerned that some states will choose not to participate in this program which the President has touted so highly and the funds we fought so hard for in the budget will remain unspent.

As you may know, DOL has drafted and we support*, a technical amendment to fix this problem and Bill Kamela of DOL has been discussing the idea with the appropriate people to try to get it added to the Labor-HHS approps bill. This should be entirely non-controversial: everyone agrees that the statute does not reflect Congressional intent.

Ron Haskins of the Ways and Means committee has been talking up our amendment to other Republicans, and has apparently encountered some "well, what will the Administration give us in return" kind of attitude from Roth's and Porter's folks. I wanted you to know that this is a priority for us, but that it is nothing that the other side should be able to "exact" anything from us for.]

Let me know if you need more information or if I can help in any way.

*OMB staff is currently checking the exact language of the technical amendment to make sure we really get it right this time.

Message Copied To:

Bruce N. Reed/OPD/EOP
Elena Kagan/OPD/EOP
Diana Fortuna/OPD/EOP
Barry White/OMB/EOP
Emil E. Parker/OPD/EOP
Maureen H. Walsh/OMB/EOP
Larry R. Matlack/OMB/EOP



Cynthia A. Rice

10/13/97 03:44:22 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Welfare to Work Planning Guidance

Planning Guidance

We reviewed the revised planning guidance on Friday; it will go out on Tuesday. Since DOL made all our changes and since we agreed to allow up to one-half of the match be in-kind, the mayors should be quite happy. (We also clarified that private sector match is treated like government provided match -- i.e., no limits on cash, in-kind capped at half the match.)

The guidance clarifies the role of the PICs through statements such as the following:

"PICs shall determine on which individuals and activities listed in the statute to expend the WtW funds they receive."

"Consistent with statutory provisions, the State may not restrict PICs from exercising their authority to expend funds on the statutorily eligible populations. PICs, therefore, have authority to determine the individuals to be served in the service delivery areas."

"Consistent with statutory provisions, the State may not restrict PICs from exercising their authority to expend funds on the statutorily prescribed activities. PICs, therefore, have authority to determine the services to be provided in the service delivery area."

"The PIC for an SDA [service delivery area] has sole authority, in coordination with the CEO of the area [the chief elected official, i.e., the mayor], to expend the 85 percent formula funds passed through to the local level, in accordance with the requirements of the statute."

Next Steps

On Wednesday, DOL will send us their proposed regs. By statute, we must publish them by Nov. 4th. We are shooting for Oct. 31st.

Although we won the battle re: the guidance, the regulations will be the true war. DOL plans to spell out in the draft regulation something glossed over in the guidance: what it means for the statute to say the governors shall assure that these funds are coordinated with TANF and what sort of fiduciary oversight states have. As you can tell from the quotes above, the guidance laid out two things the governors cannot do (tell the PICs which individuals to serve and which activities to provide) but it did not define what they can do.

I will examine the draft regs when they arrive. If we have something to fight about, I will talk to Elena about what counter-arguments we can make and we will probably need to bring the Dept. of Labor lawyers over here to discuss. I'll keep you posted.

W2-to-work-
program implementation



Cynthia A. Rice

10/16/97 06:11:38 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP

cc: Laura Emmett/WHO/EOP, Cathy R. Mays/OPD/EOP

Subject: I will be at DOL all Friday morning in Welfare to Work policy meeting

Page me if you need me.

1) Tomorrow morning's meeting is one of the interagency policy group to discuss a 10 page summary of the proposed draft regulations. I have reviewed the document; it is fine and reiterates the program's strong local role. I have given a copy to Emily.

2) If the policy group approves this 10 pager, then DOL will use it to consult with outside groups.

3) By next Thursday, after consultation with outside groups, DOL will officially submit its draft reg to OMB and us for review. They have given the policy committee their draft to date.

I gave Rob Weiner of counsel's office materials to review today in case we will need him during the regulatory process to help us argue for PIC-focussed regs. So far things look good.

WR - to - work -
program implementation

September 17, 1997

To: Bruce Reed, Elena Kagan
From: Cynthia Rice
Subj: Draft Interim State Guidance for \$3 billion Welfare to Work Program

I have reviewed the attached draft interim state guidance and believe that with the attached revisions it is ready to be shared with states on a "draft" basis. If you would like to make additional changes before this draft guidance is provided to states, please let me know by 4:00 today if possible so I can provide feedback to DOL by the end of the day or ask them to delay their schedule. We will of course also be able to make revisions in the guidance between the "draft interim" version shared selectively this week and the "interim" version to be distributed more widely next week, and will have many opportunities to weigh in on the regulations between now and the end of October.

I am sharing these draft comments with the key people in Intergovernmental Affairs, OMB, and NEC, who may have additional suggestions.

The one significant policy call made in this guidance is the issue regarding the state and local match. The draft interim guidance allows states to use in-kind contributions for up to one-third of the 33% match. If this does not create heartburn for the Ways and Means Committee (we'll hear back today) I think this is a reasonable compromise between those that want complete state flexibility and those that want to ensure states, PICs, and community organizations can participate in the program. This guidance would mean that a state would have to put up \$.67 in cash match and \$.33 in in-kind match for every \$2 in federal funds it receives. States can pay the match themselves or require the local PICs to do so.

For your information, there is a problem with the match that we do not seem to have to authority to fix without a statutory change. The statute requires states to spend all matching funds within the fiscal year of the federal grant award. The law provides grants in FY 1998 and FY 1999 and allows states and PICs to spend the funds over a three year period. This means that although the state and local entities have up to three years to spend the federal funds, they must spend all of their match in the first of those three years. I think we should seek a legislative change to require the match to be spent at the same rate as the federal funds.

CYTNHIA RICE -- DRAFT 9:00 am Wednesday 9/17
Domestic Policy Council Changes to
9/15/97 Interim Planning Guidance and
Instructions for Submission of Annual State Plans
Fiscal Year 1998 Welfare to Work Formula Grants

[Places where these changes would be made are marked on attached copy of guidance.]

Introduction page 1, first paragraph: Add at the beginning of the paragraph: "President Clinton has made welfare reform a top priority of his Administration. During his first four years in office, the President granted federal waivers to 43 states to require work, time-limit assistance, make work pay, improve child support enforcement, and encourage parental responsibility."

Introduction page 1, third paragraph: Add at the end of the paragraph: "This program is a key part of the Administration's efforts to create jobs to move people from welfare to work, which include mobilizing the business community to hire welfare recipients, working with civic, religious and non-profit groups to mentor families leaving welfare for work, and hiring our fair share of welfare recipients in the federal government."

Introduction page 2, first paragraph: After the first sentence, revise to read [some reordering; new words are underlined]:

"A State is allowed to retain 15 percent of the money for welfare-to-work projects of its choice. States are required to pass through 85 percent of the money to local Private Industry Councils (PICs) which are also known as workforce development boards in some areas. These funds must be distributed using a substate formula based on the following three factors. Between 50 and 100 percent of the funds distributed to local areas must be based on the area's share of the excess population of poor, i.e., the number of poor individuals in excess of 7.5 percent of the total population. Between 0 and 50 percent may be distributed based on one or a combination of the following factors: (1) the number of adults receiving TANF or AFDC assistance for 30 months or more and (2) the number of unemployed in the SDA. Because of the threshold established in the law, an SDA that would receive less than \$100,000 under such a formula will receive no funds.

Introduction page 2, fifth paragraph, second line: delete "the" so revised text reads: "program to that group..."

And under paragraph #1, the following revision is suggested for clarity:

"1. At least 70 percent of the grant funds must be spend on individuals who:

- a) i) are long term welfare recipients (with 30 or more months of receipt) or who face termination from TANF assistance within 12 months; AND ii) who face two of three specified labor market deficiencies (lack of high school diploma or GED and low reading or math skills; requiring substance abuse treatment for employment; have a poor work history); OR
- b) are a noncustodial parent of minors whose custodial parent meets criteria (a) (i) and (a) (ii).

Introduction page 4, third bullet point: Delete entire sentence at end of paragraph: "[The regulations which are issued for WtW will make it clear.....subsidized or unsubsidized job.]" It is premature to say what the regulations "will" do.

Introduction page 4, fourth bullet point: In second sentence, add at end "to the individual participants receiving WtW services."

Planning guidance page 4, after second paragraph: Insert statutory language regarding \$100,000 threshold which follows that listed here and which begins: "(II) DISTRIBUTION OF FUNDS-- (aa) IN GENERAL - If the amount allocated by the formula to a service delivery area is at least \$100,000....."

UPDATED 9/15/97

INTERIM

**PLANNING GUIDANCE AND INSTRUCTIONS FOR
SUBMISSION OF ANNUAL STATE PLANS**

Fiscal Year 1998

WELFARE-TO-WORK FORMULA GRANTS

*U.S. Department of Labor
Employment and Training Administration
200 Constitution Avenue N.W.
Washington, D.C. 20210*

September 1997

**Interim Planning Guidance
Welfare-To-Work Formula Grants
Fiscal Year 1998**

Insert → **INTRODUCTION**

In August 1996, President Clinton signed into law the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), a comprehensive bipartisan welfare reform bill that establishes the Temporary Assistance for Needy Families (TANF) program. A new system of TANF block grants to States was created, changing the nature and provision of Federal welfare benefits in America. This legislation dramatically changed the nation's welfare system into one that requires work in exchange for time-limited assistance and provides support for families moving from welfare to work. In brief, the legislation provides a limit on the amount of time an individual can receive welfare benefits and, with limited exceptions, welfare recipients are expected to engage in work activities to move from welfare assistance to permanent employment.

The PRWORA gives States the opportunity to create a new system that promotes work and responsibility while strengthening families. It challenges us all to remedy the shortcomings of the old system and to provide opportunities that will help needy families under a framework of new expectations.

This focus on moving people from welfare to work is a primary goal of Federal welfare policy. The new Balanced Budget Act of 1997, signed by the President on August 5, 1997, provides additional resources to achieve this goal by authorizing the Department of Labor to provide Welfare-to-Work (WtW) grants to States and local communities for transitional employment assistance to move hard-to-employ TANF recipients with significant employment barriers into unsubsidized jobs offering long-term employment opportunities. These grants will provide many welfare recipients with the job placement services, transitional employment, and job retention and support services they need to make the successful progression into long-term unsubsidized employment and economic self-sufficiency.

Insert → **SUMMARY OF WELFARE-TO-WORK GRANTS**

FUNDING: The grants total \$3 billion. \$1.5 billion is to be awarded in fiscal year 1998 and \$1.5 billion in 1999. There will be two kinds of grants: (1) Formula Grants to States and (2) Competitive Grants to local communities. A small amount of the total grant money will be set aside for special purposes: 1 percent for Indian tribes; 0.8 percent for evaluation; and \$100 million for performance bonuses to successful States.

Revise

FORMULA GRANTS TO STATES: After reserving the special purpose funds described above, 75 percent of the grant funds will be allocated to States based on a formula that equally considers States' shares of the national number of poor individuals and of adult recipients of assistance under TANF. States will be required to pass through 85 percent of the money to local Private Industry Councils (PICs) which are also known as workforce development boards in some areas. A State is allowed to retain 15 percent of the money for welfare-to-work projects of its choice. At least half of the funds distributed to local areas must be based on the area's share of the excess population of poor, i.e., the number of poor individuals in excess of 7.5 percent of the total population. Not more than half may be distributed based on two additional factors: (1) the number of adults receiving TANF assistance for 30 months or more and (2) the number of unemployed in the SDA.

Handwritten signature

In order to receive formula funds, the State must submit a plan for the administration of the WtW grant. The Secretary of Labor must determine that the plan meets the statutory requirements. Governors are responsible for administering formula funds and for assuring that they are coordinated with funds spent under the TANF block grant.

PICs (workforce development boards) established under the Job Training Partnership Act (JTPA), in coordination with chief elected officials, will administer the program at the local level unless the Secretary of Labor approves a Governor's request to use an alternative administering agency, after determining that the alternative would improve the effectiveness and efficiency of program implementation.

COMPETITIVE GRANTS TO LOCAL COMMUNITIES: The 25 percent of funds not allocated by formula will be used for competitive grants awarded directly to local governments, PICs, and private entities (such as community development corporations, community-based organizations, community action agencies, and other private organizations) who apply in conjunction with a PIC or local government. The Secretary of Labor will give special consideration to cities with large concentrations of poverty as well as to rural areas.

TARGETING OF ELIGIBLE PARTICIPANTS: The WtW legislation targets service in this program to the that group of hard-to-serve TANF recipients which has significant barriers making it difficult for them to move into unsubsidized jobs providing long-term employment opportunities.

Revise

1. At least 70 percent of the grant funds: Must be spent on individuals who face two of three specified labor market deficiencies AND who are long-term welfare recipients, or who face termination from TANF assistance within 12 months; or who are noncustodial parents of minors whose custodial parent meets these criteria. Labor market deficiencies are (1) lack of high school diploma or GED and low reading or math skills, (2) requiring a substance abuse treatment for employment; and (3) a poor work history.

2. Up to 30 percent of the grant funds: May be spent on individuals who are "recent"

recipients of TANF assistance, or noncustodial parents, who have characteristics associated with long-term welfare dependence, such as school dropout, teen pregnancy, or poor work history.

ALLOWABLE USES OF FUNDS: Funds may be used to help move eligible individuals into long-term unsubsidized jobs using strategies like: job creation through short-term public or private sector wage subsidies; on-the-job training; contracts with public or private providers of job readiness, job placement, and post-employment services; job vouchers for similar services; community service or work experience; or job retention and supportive services (if such services are not otherwise available).

PROGRAM OUTCOMES: In measuring program outcomes, States will, at a minimum, need to demonstrate their success in serving eligible individuals in terms of: (1) placement in unsubsidized jobs; (2) duration of such placement; and, (3) increase in earnings. States may qualify for a performance bonus in FY 2000 based on a formula for measuring performance that will be developed within the next year by the Secretary of Labor, in consultation with the Secretary of Health and Human Services and organizations representing States.

NOTE: This planning guidance addresses the requirements related to State plans to qualify for the formula grant funds in Fiscal Year 1998. Separate guidance will be issued for both the grants to Indian tribes and the competitive grants.

POLICY FRAMEWORK

The WtW grants provide a critical tool to help States achieve their own welfare reform goals and to meet their responsibilities under PRWORA to reduce welfare caseloads and move welfare recipients into permanent employment. While the use of WtW funds should occur within the larger framework of the TANF program in each State, States must recognize that WtW funds have a specific purpose, which is:

“To provide transitional assistance which moves welfare recipients into unsubsidized employment providing good career potential for achieving economic self-sufficiency.”

WtW grant funds are also targeted to assist those welfare recipients with the most significant barriers to employment (i.e., those characteristics associated with long-term welfare dependence). This target group will require extensive assistance to achieve the employment and earnings goals of the WtW grants.

States should not view WtW grant funds as an independent program. WtW must be an integral part of the State's overall program of assistance to move welfare recipients into unsubsidized employment. WtW grants are intended to supplement each State's overall capacity for assisting the welfare recipient population in the State.

This is an opportunity for States to integrate the operation of work force development

systems (including one-stop centers/employment services, JTPA services and school-to-work activities) with assistance to welfare recipients under TANF.

State plans for using WtW funds, and the related State funding to meet the matching requirement for formula grant funds, should reflect the following principles:

- ▶ The ultimate objective for each welfare recipient is placement into an unsubsidized job which provides the potential for achieving economic self-sufficiency.
- ▶ Activities conducted with grant funds must be grounded in the "work first" philosophy which is a fundamental tenet of PRWORA. Although a variety of activities (e.g., work experience/community service, on-the-job training, placement and post-employment services, job retention services) are authorized under WtW, these activities should be viewed as employment-based developmental steps for moving individuals into, and retaining them in unsubsidized jobs.
- ▶ Although the Act does not authorize the use of grant funds for independent or stand-alone training activities, State plans may recognize that basic education and vocational skills development as part of an employment experience will be needed by some recipients in order to achieve the ultimate objective of the assistance which is self-sufficiency. ~~[The regulations which are issued for WtW will make it clear that basic education and vocational skills training where needed, based on the TANF assessment of the recipient's needs, may be provided as a post-employment service where the recipient is employed in either a subsidized or unsubsidized job.]~~
- ▶ Given the target group for this assistance, the provision of adequate job retention and supportive services will be critical. WtW grant funds may be used to provide these services, but only where these services are not otherwise available. Plans should reflect an integration of all available resources to provide the full scope of assistance needed by recipients to move into permanent employment. Integration of resources should include not only those available through WtW and TANF grant funds, but also those available through the JTPA program, State employment service, education agencies, transportation agencies, community-based and faith-based organizations which provide some of the assistance needed by the targeted population. State plans should reflect the development and implementation of working relationships with Metropolitan Planning Organizations (MPOs) [regional bodies responsible for developing transportation plans and setting priorities for regional transportation spending], public transit operators, and other transportation providers to ensure that adequate transportation is provided.
- ▶ Plans should be consistent with the assessment requirement and, at State option, an

individual responsibility plan as stated in section 408(b). Activities funded through WtW should be effectively coordinated with similar activities (e.g., assessment, case management, supportive services) being funded through the TANF grant and evidence individualized strategies for transition to unsubsidized employment.

The statutory language of WtW targets the use of grant funds in regards to both the welfare recipients to be assisted and the outcomes to be achieved through that assistance. The planning guidance provided in this document, and the regulations which will be issued shortly, are designed to provide maximum flexibility to States in designing the mix of services needed by the eligible recipient population and formulating the service delivery and governance processes for providing the services. States should use this flexibility to develop and implement innovative approaches that provide welfare recipients the assistance they need to secure and retain quality jobs that provide maximum opportunities for economic self-sufficiency.

PLANNING ASSUMPTIONS

The Department will be issuing regulations shortly addressing the administrative and programmatic requirements of WtW grants. While these regulations are currently under development, the following interim policy interpretations to the statute are provided to assist States in beginning to develop their WtW plans.

- ▶ **Matching.** The State is required to provide \$1 in matching expenditures during the fiscal year for each \$2 in WtW formula grant funds awarded. The Department authorizes the States to use the uniform financial and administrative requirements of OMB Circular A-102, codified for the Department at 29 CFR 97.24 (The Common Rule) regarding match allowability and documentation, except that no more than one-third of the match may be in the form of in-kind contributions, including allowable match from third parties, i.e., private sector contributions. Matching funds include those State and local dollars in excess of funds spent to meet the TANF maintenance-of-effort (MOE) requirement when those funds are spent on WtW eligible participants. The States bear the burden-of-proof for substantiating match expenditures. If the State fails to meet the matching requirement, the Department will implement an annual reconciliation and grant adjustment for WtW grants based on reported match expenditures through the end of the fiscal year. The statute provides that the State must expend all of its matching funds within the fiscal year of the grant award. Matching funds, like Federal funds, for this program must be spent on eligible participants and allowable activities under the WtW legislation.

- ▶ **Time Limitations on WtW Funds.** WtW grant funds are available for expenditure for a three year period, from the effective date of the grant award.

- ▶ **Administrative Cost.** Administrative costs charged to the WtW grant are limited to 15% of total expenditures. Costs for information technology and computerization needed for tracking or monitoring will be excluded from this definition. The Department's policy with respect to the 15% administrative cost limitation is (a) the limitation applies to the entire grant; (b) administrative costs are allowable at both the State administrative entity and local levels; and, (c) States may impose limitations of less than the statutory 15% at the substate level to ensure compliance with the overall limitation. Quarterly financial reporting instructions for WtW will be provided under separate cover.

- ▶ **Oversight.** To assure accountability for the Federal investment with minimal intrusion, the Department will focus its oversight on the required targeting of eligible participants, fund management, expenditure of match, use of funds for allowable services and performance outcomes which address the statute's primary objectives and monitors the States threshold scoring for bonus awards. The States will be required to develop a plan for monitoring and oversight of their subgrantees. DOL will monitor program implementation of the formula grants at the State level and ensure that State monitoring procedures provide adequate oversight at the substate level.

- ▶ **Reporting.** Financial and programmatic reports, will be required on a quarterly basis. We will work with the Department of Health and Human Service (DHHS) to expand the TANF reporting requirements to incorporate those items required by the grant program and will add additional items on program outcomes that are necessary to establish performance standards and to assess results. In the interim, the Standardized Program Information Report (SPIR) will be modified to incorporate identification of WtW enrollees and WtW activity categories to facilitate the use of a SPIR based management information system by Private Industry Councils who choose to use it to manage their WtW funded activities locally. However, we will not require the use or submission of SPIR for WtW. All reporting requirements are subject to the Paperwork Reduction Act of 1995 and 5 CFR 1320.

PLAN CONTENT AND SUBMISSION

This planning guidance is intended to assist States to begin designing their WtW program. The information included is based on the Department's current best interpretations of the law. It should be noted that regulations will be issued shortly which may affect some of the interpretations included in these instructions. At that time, if there are any changes necessary to this planning guidance, the Department will issue additional guidance to reflect the regulations. While policy interpretations may change through issuance of regulations, the plan submission requirements, including the format, are not expected to change.

States should submit a plan, using Attachments A and B for FY 1998 funds, which addresses the components outlined in the Attachments. It is suggested that the plan not exceed 25 pages. The target date for submission of State plans is December 12, 1997. Plans submitted earlier will receive an expeditious review. Plans submitted later will be reviewed promptly in the order of submission. Plans should be submitted, with original signatures, to:

U.S. Department of Labor
Employment and Training Administration
Office of Employment and Training Programs
200 Constitution Avenue N.W. Room N4459
Washington, D.C. 20210

In addition, copies should be submitted simultaneously to DHHS:

Department of Health and Human Services
Administration for Children and Families
Office of Family Assistance
6th Floor, Aerospace Building
370 L'Enfant Promenade, SW
Washington, D.C. 20447

Copies should also be submitted simultaneously to the appropriate regional offices for DOL and DHHS (see addresses attached).

TERMINOLOGY USED

Throughout the planning instructions several acronyms are used for the purposes of the WtW program. The acronyms and their translations are as follows: Welfare-To-Work - WtW; Temporary Assistance For Needy Families - TANF; Job Training Partnership Act - JTPA; Service Delivery Area - SDA; and Private Industry Council - PIC. In areas where the Governor has requested a waiver for an alternate agency, the term PIC used throughout the planning instructions should be replaced with that alternate agency's name.

DESCRIPTION OF THE ATTACHMENTS

In addition to this general guidance, we are providing two attachments that the State should use in developing their WtW plans. Attachment A contains the Instructions for the State Plan Submission and Attachment B is the Assurance document.

PLAN REVIEW

State plans will be reviewed by the Department for overall compliance with the provisions of the Act. Only those plans that are consistent with these provisions will be considered complete.

MODIFICATION

Any plan submitted under Section 403(a)(5) of TANF, as amended, may be modified as changes occur related to the operation of the program (matching funds, State and local administrative entity, definitions, etc.). Modifications should be submitted to the same agencies and offices indicated above for the original plan submission.

INQUIRIES

Inquiries should be addressed to Stephanie Curtis at 202-208-7933, extension 161. Information about all State plans will be posted on the WtW home page at (insert address).

**ANNUAL STATE PLAN UNDER SECTION 403(A)(5) OF
THE TEMPORARY ASSISTANCE FOR NEEDY
FAMILIES BLOCK GRANT WELFARE-TO-WORK
FORMULA GRANTS**

STATE/COMMONWEALTH OF _____

for the period of

PROGRAM ADMINISTRATOR(S)

Specify below which State agency will administer, be the Grant Recipient, and identify the Liaison for the Welfare-To-Work Program in the State/Commonwealth of _____

Name of Grant Recipient:
Address:
Telephone Number: Facsimile Number: E-mail Address:

Name of State Administrative Agency (if different from the Grant Recipient):
Address:
Telephone Number: Facsimile Number: E-mail Address:

Name of State WtW Liaison (Individual responsible for day-to-day operations of the grant):
Address:
Telephone Number: Facsimile Number: E-mail Address:

Planning Instructions for the Welfare-To-Work Program

Statutory Provision: The Balanced Budget Act of 1997, Section 5001. Social Security Act, as amended Section 403(a)(5)(A)(ii). "Welfare To Work State. A State shall be considered a welfare-to-work State for a fiscal year for purposes of this paragraph if the Secretary of Labor determines that the State meets the following requirements:"

I. Welfare-to-Work Program Description. Statutory Provision: Section 403(a)(5)(A)(ii)(I). *"The State has submitted to the Secretary of Labor and the Secretary of Health and Human Services (in the form of an addendum to the State plan submitted under Section 402) a plan which-*

A. Program Design. *"(aa) describes how, consistent with this subparagraph, the State will use any funds provided under this subparagraph during the fiscal year;"*

Plan Requirements:

1. Describe the State's targeting strategy to assure that activities and services are provided to the required WtW eligible participants.
2. Define and describe:
 - a. the employment activities (community service, work experience, job creation through public and private wage subsidies, on-the-job training) that are planned under this grant; and,
 - b. the utilization of contracts with public and private providers of job readiness, placement and post-employment services; job vouchers for placement, readiness, and post-employment services; job retention, or support services, if not otherwise available, that are planned under this grant.
3. Describe the policy and procedures which will govern implementation of such activities. Include how WtW funds will be used to provide necessary support services (child care, substance abuse treatment, transportation, etc.,) when these services are not otherwise available to the individual participants receiving WtW services and do not substitute for services available under TANF.
4. Outline the outcomes the State plans to achieve in serving the eligible participants in the WtW program including: (1) placement in unsubsidized jobs; (2) duration of such placement; and, (3) increase in earnings.
5. Describe how the State will implement the WtW program. Include a description on the State's implementation strategy, including the roles and responsibilities of the State WtW Administrative Agency and the TANF agency; a list of the substate areas and the local entities responsible for program administration; and, the program's implementation target dates.

6. Identify the policies and procedures the State will issue to the PICs regarding: (1) targeting of eligible participants to be served; (2) identification and referral of participants; and, (3) assessment and case management. Include a description of the coordination efforts that the local TANF and administrative agency will undertake in this process, including the role these local agencies will play in providing assessment and case management to qualified participants.

7. Describe the State's procedures for conducting monitoring and oversight of substate areas to ensure achievement of quality program outcomes for WtW participants. The description should include, but not be limited to:

- a. mechanisms for monitoring expenditures of match requirements, allowable activities, and targeting of eligible participants;
- b. frequency of monitoring; and
- c. use of technical assistance to ensure compliance with the Act and as a tool for corrective action and program improvement.

8. Describe the State's strategy to prevent duplication of services and promote coordination among TANF, JTPA, one-stop centers/employment service and other employment and training systems throughout the State.

9. Describe the State's strategy to promote and encourage coordination with the State Department of Transportation (DOT), MPO's, transit operators, and other transportation providers to ensure that the transportation needs of those moving from welfare to work are met.

B. Within State Distribution of Funds. *"(bb) specifies the formula to be used pursuant to clause (vi) to distribute funds in the State, and describes the process by which the formula was developed;"*

Section 403(a)(5)(A)(vi)(I) provides that "A State to which a grant is made under this subparagraph shall devise a formula for allocating not less than 85 percent of the amount of the grant among the service delivery areas in the State, which-

"(aa) determines the amount to be allocated for the benefit of a service delivery area in proportion to the number (if any) by which the population of the area with an income that is less than the poverty line exceeds 7.5 percent of the total population of the area, relative to such number for all such areas in the State with such an excess, and accords a weight of not less than 50 percent to this factor;

"(bb) may determine the amount to be allocated for the benefit of such an area in

proportion to the number of adults residing in the area who have been recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first applied to the State) for at least 30 months (whether or not consecutive) relative to the number of such adults residing in the State; and,

(cc) may determine the amount to be allocated for the benefit of such an area in proportion to the number of unemployed individuals residing in the area relative to the number of such individuals residing in the State."

Insert

Plan Requirements:

Describe the formula factors used by the State to allocate not less than 85 percent of the amount of grant funds among the PICs in the State. Include the weights assigned to each factor and the allocation the State will provide to each substate area.

C. Coordination and Consultation. *"(cc) contains evidence that the plan was developed in consultation and coordination with the appropriate entities in the sub-State areas;"*

Plan Requirements:

Describe the approach, including process and timing, used to obtain consultation and coordination in the development of the State plan. Include either a summary description of the comments received, along with the names of the individuals or entities who commented, or include copies of the actual comments received as an attachment to the plan.

D. Expenditure of Funds. *"(dd) contains assurances by the Governor of the State that the private industry council (and any alternate agency designated by the Governor under item (ee)) for a service delivery area in the State will coordinate the expenditure of any funds provided under this subparagraph for the benefit of the service delivery area with the expenditure of the funds provided to the State under section 403(a)(1); and"*

Plan Requirements:

Describe the process the State will use to maintain administrative costs at the 15 percent limit; include any percentage limitations the State plans to set for substate areas, the rationale for such limitations, and a description on how administrative funds will be allocated between States and substates.

E. Application for Waiver. "(ee) if the Governor of the State desires to have an agency other than a private industry council administer the funds provided under this subparagraph for the benefit of 1 or more service delivery areas in the State, contains an application to the Secretary of Labor for a waiver of clause (vii)(1) with respect to the area or areas in order to permit an alternate agency designated by the Governor to so administer the funds."

Section 403(a)(5)(A)(vii)(III) Authority To Permit Use of Alternate Administering Agency.- "The Secretary of Labor shall approve an application submitted under clause (ii) (I)(ee) or subclause (II)(bb) of this clause to waive subclause (I) of this clause with respect to 1 or more service delivery areas if the Secretary determines that the alternate agency designated in the application would improve the effectiveness or efficiency of the administration of amounts distributed under clause (vi)(II)(aa) for the benefit of the area or areas."

Plan Requirements:

1. Provide evidence that the Governor has consulted with Chief Elected Official(s) regarding the Governor's selection of the alternate agency.
2. Include information that indicates how the selection of the alternate agency will improve the effectiveness or efficiency of the program in each of the affected substate areas, including the advantages provided by the alternate agency in achieving the goals of WtW. In presenting the rationale, the Governor should provide such information as (s)he deems is necessary to support the waiver request. This information may include such items as, the reasons for not using the PIC (including poor performance or evidence that the PIC has refused the WtW administrative role), and/or the unique capabilities of the alternate agency to coordinate activities and resources among the relevant local agencies.

Review and Approval of Waiver Requests:

The Secretary of Labor shall assess the information provided by the Governor as well as the input from the affected CEOs in reaching a decision on the granting of the waiver requested.

II. Description of 15 % Projects to Help Long-Term Recipients of Assistance Enter Unsubsidized Jobs. *Statutory Provision "Section 403(a)(5)(A)(vi)III) The Governor of a State to which a grant is made under this subparagraph may distribute not more than 15 percent of the grant funds (plus any amount required to be distributed under this subclause by reason of subclause (II)(bb)) to projects that appear likely to help long-term recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first applied to the State) enter unsubsidized employment."*

Plan Requirements:

1. Describe the State's plans for the expenditure of the 15% funds. These funds may be distributed to public or private entities, including, PICs, governmental entities, community based organizations, and community development corporations.
2. Describe whether the 15% projects will be linked to substate operations.

III. Estimate of Matching Funds. Statutory Provision. "Section (a)(5)(A)(ii)II) The State has provided to the Secretary of Labor an estimate of the amount that the State intends to expend during the fiscal year (excluding expenditures described in section 409(a)(7)(B)(iv) (other than subclause (III) thereof)) pursuant to this paragraph."

Plan Requirements:

1. Include an estimate of the amount of matching expenditures the State expects to make during the fiscal year.
2. Include the process by which these expenditures will be tracked and reported to ensure the State meets its projected match.

IV. Funding. Statutory Provision. "Section 405 (a) Quarterly. The Secretary shall pay each grant payable to a State under section 403 in quarterly installments, subject to this section."

Plan Requirement:

The State, in its own format, should submit an estimate of expenditures of WtW formula grant funds for each quarter of the fiscal year by percentage or dollar amount.

V. Assurances. See Attachment B.

VI. Signature. An original signature of the Governor or authorized designee shall be affixed to each State plan submitted to the DOL National Office. The typed name, title and signature date of the signatory official must also be provided.

PROGRAM ASSURANCES

(This section has been designed to assist the Governor certify that the State will comply with the provisions in Section 5001 of the Balanced Budget Act of 1997 and the applicable regulations.)

ASSURANCES

The State/Commonwealth of _____
assures to the following requirements under the Act.

PROGRAM ADMINISTRATION/ACTIVITIES

1. The private industry council (and any alternate agency designated by the Governor under item (ee) for a service delivery area in the State will coordinate the expenditure of the funds provided to the State under Section 403(a)(1). *Statutory Citations: Section 403(a)(1), Section 403(a)(5)(A)(ii)(I)(dd).*
2. The State is an eligible State for the fiscal year. *Statutory Citation: Section 403(a)(5)(A)(ii)(IV).*
3. Qualified State expenditures for the fiscal year will not be less than the applicable percentage of historic State expenditures with respect to the fiscal year. *Statutory Citations: Section 409(a)(7), Section 403(5)(A)(II)(V).* (That is, the State has met its TANF maintenance -of-effort requirement under section 409(a)(7) for the fiscal year.
4. The State WtW program will be conducted in accordance with the WtW legislation, regulatory provisions, future written guidance provided by the Department, and other applicable Federal and State laws.
5. The State will apply the TANF law and regulations to the operation of the WtW program, unless otherwise specified by the Department or defined in section 403(a)(5) of TANF or the applicable WtW regulations.
6. The State has consulted and coordinated with the appropriate entities in the sub-State areas regarding the plan and the design of WtW services in the State. *Statutory Citation: Section 403(a)(5)(A)(II)(I)(cc).*
7. The State will make available to the public a summary of the WtW plan within 45 days prior to implementation.
8. The State has agreed to negotiate in good faith with the Secretary of Health and Human Services with respect to the substance and funding of any such evaluation and to cooperate with the conduct of such an evaluation. *Statutory Citations: Section 403(a)(5)(A)(ii)(III), Section 413(j).*
9. The State shall not use any part of these grant funds, nor any part of state expenditures made to match the funds, to fulfill any obligation of any state, political subdivision, or private industry council to contribute funds under sections 403(b) or 418 or any other provision of the WtW Act or other federal law. *Statutory Citation: Section 403(a)(5)(C)(vi).*
10. The State will return to The Secretary of Labor any part of the WtW funds that are not expended within 3 years after the date the funds are so provided. *Statutory Citation. Section 403(a)(5)(C)(vii).*

11. The State will provide services under the WtW grant to eligible participants only.
12. The State has the capability to maintain and submit accurate, complete and timely participant and financial records reports, as specified by the Secretary.
13. The State will establish a mechanism to exchange information and coordinate the WtW program with other programs available that will assist in providing welfare recipients employment.
14. The State shall adhere to the certifications required under TANF and will meet the TANF maintenance of effort requirements.
15. The State will comply with the uniform fiscal and administrative requirements of OMB Circular A-102 codified for DOL at 29 CFR part 97.
16. The State will follow the audit requirements of OMB-Circular A-133 at 29 CFR 97.26.
17. The State will follow the allowable cost/cost principles at OMB Circular A-87.

WORKER PROTECTIONS

1. The State will establish policies to enforce the provisions under non-displacement in work activities. *Statutory Citation: Section 403(a)(5)(J)(i)(I)(II)(III).*
2. The State will enforce the Health and Safety standards established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of other participants engaged in a work activity under the WtW program. *Statutory Citation: Section 403(a)(5)(J)(ii).*
3. The State will enforce the provision that an individual may not be discriminated against by reason of gender with respect to participation in work activities engaged in under the WtW program. *Statutory Citations: Section 408(c), 403(a)(5)(J)(iii).*
4. The State shall establish and maintain procedures for grievances or complaints from participants and employees under the WtW program. The procedures should be established consistent with the requirements of the WtW Act. *Statutory Citations: Section 403(a)(5)(J)(iv)(I), Section 403(iv)(v), Section 403(iv)(vi).*
5. The State shall establish and enforce standards and procedures to ensure against fraud and abuse, including standards and procedures against nepotism, conflicts of interest among individuals responsible for the administration and supervision of the State WtW program, kickbacks, and the use of political patronage.

Governor or Authorized Signatory (Type and Sign Name)
Title, (if other than the Governor)
Date Signed

FILENAME:S:\WT\WPDOCS\FORMULATHEGUIDE.2



Cynthia A. Rice

09/11/97 07:07:10 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Diana Fortuna/OPD/EOP, Emily Bromberg/WHO/EOP, Cathy R. Mays/OPD/EOP, Laura Emmett/WHO/EOP
Subject: \$3 billion issues/please respond by Fri noon -- sorry to get you this so late

DOL wants to release guidance to states on the \$3 billion formula grants -- first in interim form next week and then in final form the week after. Regulations would then be issued by the end of October, within 90 days of enactment as required.

Barry White, Emil Parker and I are meeting Friday afternoon from 1:00 to 4:00 with DOL, HHS, and HUD staff to discuss the draft materials we have received. After providing comments tomorrow afternoon, we will insist on seeing and approving a revised version of the draft interim guidance before it goes out to the states.

There are several issues on which I would like your feedback.

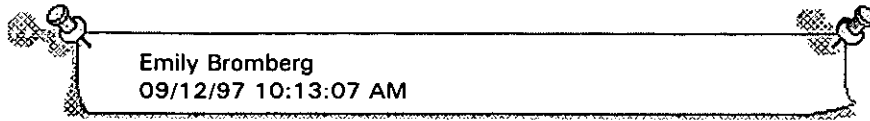
1) Allowable uses: The draft guidance provides the flexibility in use of funds we've pushed for all along. It allows states and localities to define the allowable use terms, i.e. to define "subsidized job creation," "work experience," "job retention service," "post employment services," etc. The guidance does, however, does give some examples, saying that post employment services may include education and skills training (the person would combine these with work) and that job retention services could include transportation, substance abuse treatment, and child care (by statute, funds for job retention services can be used for such services only if "not otherwise available.") HHS wants to provide no "such as" examples at all, as was done in the TANF guidance, because they don't want this guidance to influence state TANF decisions. I am comfortable with DOL's "such as" approach.

2) Required match: States and localities must provide a \$1 match for every \$2 in federal funds. They may not use other federal funds or state funds used to match other federal programs. There are two issues here:

a) DOL wants to allow states and locals to use in-kind resources as well as "hard cash" as a match. This would make the match much easier to meet, but it would also make it less meaningful. My view, which is coincidentally shared by OMB and HHS, is that we should insist upon a "hard cash" match, as we do in TANF. NEC and DOL have expressed concerns that such a tough match requirement will prevent all the funds from being drawn down. I say we should introduce the interim guidance with the hard cash match rule and let the states try to persuade us to change it.

b) The DOL guidance says states must put up all their match in the year they receive the federal grant, even though they have three years in which to spend the federal grant. It might make sense to have states match the funds as they spend them. We need to clarify whether this is legally possible given the statutory language.


In addition to weighing in on these issues, I will ensure that all the documents include a proper focus on private sector employment as the goal of welfare reform and that they put this program in the proper context



Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc: See the distribution list at the bottom of this message

Subject: Re: \$3 billion issues/please respond by Fri noon -- sorry to get you this so late 

I agree with you on the match question--start with the cash match and see what the states/locals say. It would be great if we could have them match the dollars as they spend it. I guess I don't really care about the "such as" question.

The introduction and the policy framework sections of the document could use some rhetorical assistance!

Message Copied To:

Bruce N. Reed/OPD/EOP
Elena Kagan/OPD/EOP
Diana Fortuna/OPD/EOP
Cathy R. Mays/OPD/EOP
Laura Emmett/WHO/EOP

w2 to work implementation



Cynthia A. Rice

09/17/97 03:47:24 PM

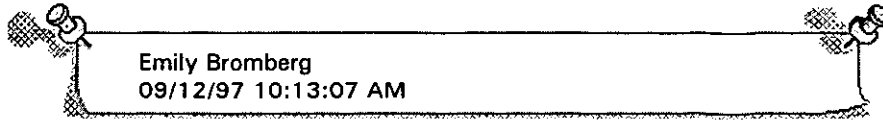
Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Emily Bromberg/WHO/EOP
Subject: Welfare to Work guidance -- draft changes

I gave you each hard copies of my edits of the the welfare to work draft state guidance this morning -- please let me know of any comments you have (I need to report in about 5:00pm)

One new bit of news -- Haskins is flexible as to whether the match is in-kind or cash. The Secretary of Labor wants to provide as much flexibility as possible to the state and locals in what counts as match. Thus, they want to increase the percentage of match from one-third in the draft you have to one-half. My concern is that more in-kind match will encourage more job prep programs and less subsidizing of real jobs. I think we should stick to one-third and if states persuade us they won't participate in the program unless it's raised, then we raise it to one-half.


Wtz to work implementati-



Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc: See the distribution list at the bottom of this message

Subject: Re: \$3 billion issues/please.respond by Fri noon -- sorry to get you this so late 

I agree with you on the match question--start with the cash match and see what the states/locals say. It would be great if we could have them match the dollars as they spend it. I guess I don't really care about the "such as" question.

The introduction and the policy framework sections of the document could use some rhetorical assistance!

Message Copied To:

Bruce N. Reed/OPD/EOP
Elena Kagan/OPD/EOP
Diana Fortuna/OPD/EOP
Cathy R. Mays/OPD/EOP
Laura Emmett/WHO/EOP

September 26, 1997

To: Bruce Reed
From: Cynthia Rice
cc: Elena Kagan, Diana Fortuna
Subj: Today's Meeting with Mayor Archer

Yesterday, the U.S. Conference of Mayors provided us with a more detailed description of their concerns (see attached memo).

This morning, I chaired an 8:00 am WH-DOL-HHS conference call to discuss how to respond to Mayor Archer at this afternoon's meeting. The plan is for you and Secretary Herman and Kevin Thurm (if he attends) to assure them that we are on their side -- as we were throughout the budget fight. Ray Uhalde will be there to provide some more specific feedback on their comments along these lines:

- The vast majority of funds (85% of formula and 100% of competitive) are targeted at PICs and local governments.
- The statute provides the private industry councils with "sole authority, in coordination with the chief elected official [the mayor]....to expend the amounts described..."
- We can clearly revise the language of our guidance to better stress the role of the PICs and the importance of local flexibility.
- But because Republicans insisted that these funds be part of TANF, the formula funds flow through the states. States must submit a state plan developed in consultation and coordination with local officials which contains "assurances" by the governor that it will "coordinate" these expenditures with expenditures under TANF. Governors can rescind funds from PICs who do not do so.
- Our draft guidance does not define what it means for the state to assure coordination of expenditures, but the regulations will.
- We believe, however, that this authority to assure coordination with TANF does not give the governor the authority to tell PICs on which activities or populations to spend the funds. PICs have the freedom to choose from among the eligible activities and individuals in the statute.**
- The statute does appear to give states the authority to set other state-wide policies, monitor the expenditure of funds, and enforce the 15% cap on administrative expenses, which the mayors oppose.

** This is preliminary, pending review by DOL lawyers.

September 25, 1997

To: Bruce Reed
From: Cynthia Rice
cc: Elena Kagan, Diana Fortuna
Subj: Draft Welfare to Work Guidance: Issues Raised by U.S. Conference of Mayors

As you know, the U.S. Conference of Mayors released a press release on Monday protesting "in the strongest possible terms" the "state bias" in the Administration's welfare to work draft interim guidance. Today, they provided us with the more detailed comments. (Both are attached, along with the letter they sent Secretary Herman.) As described below, many of their proposed changes are simply semantics; however, others reveal differences in understanding of the statute. One -- regarding what percentage of the match can be comprised of in-kind contributions (they want a half instead of a third) -- is a straight-forward policy disagreement.

Issues of Semantics

Most of their suggested changes are changes not of substance, but of semantics. For example, when page one of the introduction gives a short description of the two kinds of grants, they want to replace "formula grants to states" with "formula pass-through grants to states, with 85 percent to be passed through to PICs." In many places they added "and PICs" where the guidance now only says "states." This linguistic "state bias" was due to the fact that it is the states under the statute who file plans and receive funds from the Dept. of Labor and the purpose of the guidance is to tell states what they have to include in those plans. However, we can obviously make these changes.

Issues of Statutory Interpretation

The mayors raise a more serious issue over what is the state role in setting overall policy and in providing oversight to the PICs. This firestorm was fueled by a letter Governor Tom Ridge sent to Mayor Rendell which said in part that the state "will provide detailed program guidelines within which the PIC will operate the program under the grant" and noting that "the law requires that as Governor I make assurances that the funds will be spent in conjunction and in coordination with TANF programs."

The dispute centers around the fact that the law requires states to file a plan developed in consultation and coordination with local officials which contains "assurances" by the governor that it will "coordinate" these expenditures with expenditures under TANF. Governors can rescind funds from PICs that do not do so. At the same time, the statute says that the "private industry council for a service delivery area in a state shall have sole authority, in coordination with

the chief elected official [the mayor]....to expend the amounts described..." Governors interpret this to mean that they set statewide policy which PICs must follow; the mayors believe that this means that the state plan should be simply a compilation of the plans developed by the PICs. Our current draft guidance essentially repeats the statute, not clarifying this issue. The mayors want us to insert at all relevant points that the state plan shall be "based on the programs developed by the PICs" etc.

The Department of Labor believes that the governors' authority to assure coordination with TANF does not give them the authority to tell PICs on which activities or populations to spend the funds. PICs have the freedom to choose from among the eligible activities and individuals in the statute. However, they currently believe that the statute gives states the authority to set other state-wide policies, monitor the expenditure of funds, and enforce the 15% cap on administrative expenses, which the mayors oppose. Thus, a state cannot be forced simply to compile the PIC plans and submit them as its state plan. These matters of interpretation have not been defined in the guidance and are still under discussion at the Department in the development of the draft regulations.

Issues of Policy Disagreement

The mayors would like up to half, rather than one-third, of the match to be in-kind contributions. The Department of Labor is sympathetic; to date, we, along with OMB and HHS, have resisted allowing more than one-third.



NEWS

The United States Conference of Mayors

1620 Eye Street, N.W. • Washington, D.C. 20006
Phone (202) 293-7330 • Fax (202) 293-2352

September 22, 1997

MAYORS, COUNTY LEADERS PROTEST STATE BIAS IN ADMINISTRATION'S WELFARE-TO-WORK DRAFT IN "STRONGEST TERMS POSSIBLE"

Seek Immediate Meeting with Labor Secretary, White House Officials

Meeting in Fort Wayne on September 20, the leadership group of The U.S. Conference of Mayors, joined by top officials of the nation's counties, drafted a letter to Secretary of Labor Alexis Herman, protesting "in the strongest terms possible" the clear state orientation contained in the regulations drafted for the Welfare-to-Work Formula Grants and requesting a meeting with her at her "earliest convenience." The meeting request is also being extended to members of The White House policy staff.

The "Draft Interim Planning Guidance and Instructions for Submission of Annual State Plans, Fiscal Year 1998 Welfare-to-Work Formula Grants" had been published last week by the Labor Department's Employment and Training Administration. A review of the draft during the annual leadership meeting of the Conference of Mayors in Fort Wayne revealed a plan that, in the view of the mayors and county leaders, focused on centralized state decision-making in the welfare-to-work program, not the local involvement in planning and operation of the program that was anticipated.

"The tone and substance of that Guidance totally ignores the statutory role that Private Industry Councils are to have in operating the program and determining the best way for their areas to move recipients from welfare to work," the letter states. "Mayors and county officials expected that the program they supported would focus on local efforts to create jobs and move welfare recipients into them." For example, the Guidance states that "The WtW grants provide a critical tool to help states achieve their own welfare reform goals and to meet their responsibilities...to move welfare recipients into permanent employment and off welfare." It further states that WtW grants are intended to supplement each state's overall capacity for assisting the welfare recipient population in the state and provide the state an opportunity to integrate workforce development systems with assistance and services available to welfare recipients.

-more-

"The Guidance assumes a top-down planning structure with the state telling the PICs which population to target and how to design and operate their programs," the mayors and county leaders wrote.

The letter to Secretary Herman, also delivered to President Clinton, was signed by the President of the Conference, Fort Wayne Mayor Paul Helmke; the President of the National Association of Counties, Hennepin County (MN) Commissioner Randy Johnson; the Chair of the Large Urban County Caucus, Hennepin County Commissioner Peter McLaughlin; and 27 of the Conference's officers, Trustees, committee and task force chairs.

CONTACT: Mike Brown, (202) 861-6708



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

August 25, 1997

The Honorable Edward Rendell
Mayor
City of Philadelphia
City Hall
Philadelphia, Pennsylvania 19106

Dear Mr. Mayor: *ER*

I would like to share with you my thinking with regard to the administration of the welfare-to-work grants that we expect from the Balanced Budget Act of 1997 (P.L. 105-33). As you may be aware, the law provides \$3 billion in funding for welfare-to-work initiatives. In fiscal years 1998 and 1999, \$1.5 billion will be available to states through formula and competitive grants. The Commonwealth is excited about the opportunity to expand and enhance its welfare-to-work initiatives to help more welfare recipients connect to jobs.

Pennsylvania will apply for its portion of the formula grant. In order to access the grant, the law requires the Commonwealth to submit an amendment to the Temporary Assistance to Needy Families (TANF) state plan outlining how the money will be utilized and how TANF recipients will be served. The Commonwealth is required to develop a formula to distribute 85 percent of the funds to the local Private Industry Councils (PICs) through the Service Delivery Areas (SDAs). I am committed to ensuring that those areas throughout the Commonwealth with high concentrations of TANF recipients receive funding. Since Philadelphia is home to approximately 43 percent of the TANF population, it is particularly important that we work closely to optimize the value of this program to these Pennsylvania citizens.

The law requires that as Governor, I make assurances that the funds will be spent in conjunction and in coordination with TANF programs. In order to make certain that this is accomplished with a minimum of conflict and overlap with existing welfare programs and policies, I have assigned lead responsibility to the Department of Public Welfare. Secretary Feather Houston will work closely with Secretary Butler, Secretary Hickok, Secretary McCullough and Secretary Browdie on the Harrisburg side, and closely with your office and the PIC in Philadelphia.

It is our intent to design and oversee the SDAs' contracting of these moneys in a model similar to the Single Point of Contact (SPOC) program. That is, the Local Management

The Honorable Edward Rendell
August 25, 1997
Page 3

Committee (LMC), consisting of the county assistance office executive director, SDA director, job center director, and local education agency, will be the focal point for local program design, daily management and will provide a venue for interagency policy oversight.

As in SPOC, DPW will provide detailed program guidelines within which the PIC will operate programs under the grant. While I understand that the PIC is directly responsible to you as the chief elected official, given the importance of this initiative, I invite direct representation from your office on the LMC, and also suggest a representative from business. I believe we should broaden the consideration of options to programs and approaches that may not have been part of the traditional set of offerings to welfare recipients. To this end, the LMC will create a special advisory committee composed of welfare clients and their advocates.

I am sure you will agree that we should not wait for the federal government to provide guidance to begin planning the array of programs to be available in Philadelphia. I would like to propose a meeting in late September of the expanded SPOC LMC to begin considering options and priorities. If you will designate a representative from your office to work with DPW staff, I am confident we can be off to a quick start when funding details are known this fall.

I look forward to working with you to further our welfare-to-work efforts and help more families achieve self-sufficiency.

Sincerely,



TOM RIDGE

**THE UNITED STATES CONFERENCE OF MAYORS
NATIONAL ASSOCIATION OF COUNTIES**

September 20, 1997

The Honorable Alexis Herman
Secretary of Labor
300 Constitution Ave., NW
Washington, D.C.

Dear Secretary Herman:

Today in Fort Wayne the leadership of The U.S. Conference of Mayors met with the President of the National Association of Counties and the Chair of the Large Urban County Caucus to review issues of mutual concern. Among the issues discussed was the Draft Interim Planning Guidance for the Welfare-to-Work Formula Grants. We are writing to protest in the strongest terms possible the clear state orientation of the Guidance and to request a meeting with you at your earliest convenience.

The tone and substance of that Guidance totally ignores the statutory role that Private Industry Councils are to have in operating the program and determining the best way for their areas to move recipients from welfare to work. Mayors and county officials expected that the program they supported would focus on local efforts to create jobs and move welfare recipients into them. However:

- The Guidance contains a policy framework which states: "The WtW grants provide a critical tool to help states achieve their own welfare reform goals and to meet their responsibilities under PRWORA to move welfare recipients into permanent employment and off welfare." The focus, clearly, is on support for centralized state decision-making.
- The Guidance states that WtW grant is intended to supplement each state's overall capacity for assisting the welfare recipient population in the state and that it provides the state an opportunity to integrate workforce development systems with assistance and services available to TANF recipients. Again, the goal is to support centralized state decision-making.
- The Guidance assumes a top-down planning structure with the state telling the PICs which population to target and how to design and operate their programs.

In our view, this Guidance needs major revision. We stand ready to work with you to achieve this.



Mayor of Fort Wayne
President, The U.S. Conference of Mayors

Sincerely,



Hennepin County Commissioner
President, National Association of Counties

cc. The President of The United States

SENT BY:

Peter McHugh

COMMISSIONER,
HENNEPIN COUNTY

Dee Dee Crandall

Mayor of SALT LAKE CITY

Walter E. Wert

Mayor of DENVER

James H. Dill

Mayor of WASHINGTON, DC

Daniel A. Roman

Mayor of DETROIT

Richard Daley

Mayor of CHICAGO

John R. Bellamy

Mayor of ELIZABETH, NJ

Charles E. Ford

Mayor of Fort Worth, TX

Lee R. Cauley

Mayor of CEDAR RAPIDS, IA

Allen M. Corbett

Mayor of San Leandro, CA

Rosemary M. Corbin

Mayor of RICHMOND, CA

James A. Jano

Mayor of HEMPSTEAD, N.Y.

Michael A. Sudo

Mayor of Dearborn, Michigan

Jeff Hill

Mayor of Reno, Nevada

Debra J. Casper

Mayor of NORTH LITTLE ROCK

John J. ...

Mayor of Gary, IN

D. W. McHenry

Mayor of Stamford, Conn

Alvin M. ...

Mayor of Charlotte

SENT BY:

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U. S. CONF. MAYORS-LS eA e0LaTj0--#D00:0:# 6/ 6

Edward J. Marrow
Mayor of Los Angeles

Thomas J. Menino
Mayor of Boston

Don S. Moore
Mayor of Beaumont, Texas

Maury
Mayor of New Orleans

Robert G. Calder
Mayor of Arlington Heights, IL.

John J. Fallone
Mayor of Palatine, Ill.

Henry H. Meier
Mayor of Long Beach, Calif.

John C. ...
Mayor of ELKHART

Paul K. Phyllis
Mayor of Akron Ohio

Elizabeth ...
Mayor of Spokane Valley, Wash.

Suggested changes of
US Conf of Mayors

Draft Interim Planning Guidance
Welfare-To-Work Formula Grants
Fiscal Year 1998

INTRODUCTION

President Clinton has made welfare reform a top priority of his Administration. During his first four years in office, the President granted federal waivers to 43 States to require work, time-limit assistance, make work pay, improve child support enforcement, and encourage parental responsibility. In August 1996, President Clinton signed into law the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), a comprehensive bipartisan welfare reform bill that establishes the Temporary Assistance for Needy Families (TANF) program. A new system of TANF block grants to States was created, changing the nature and provision of Federal welfare benefits in America. This legislation dramatically changed the nation's welfare system into one that requires work in exchange for time-limited assistance and provides support for families moving from welfare to work. In brief, the legislation provides a limit on the amount of time an individual can receive welfare benefits and, with limited exceptions, welfare recipients are expected to engage in work activities to move from welfare assistance to permanent employment.

The PRWORA gives States the opportunity to create a new system that promotes work and responsibility while strengthening families. It challenges us all to remedy the shortcomings of the old system and to provide opportunities that will help needy families under a framework of new expectations.

This focus on moving people from welfare to work is a primary goal of Federal welfare policy. The new Balanced Budget Act of 1997, signed by the President on August 5, 1997, provides additional resources to achieve this goal by authorizing the Department of Labor to provide Welfare-to-Work (WtW) grants to States and local communities for transitional employment assistance to move hard-to-employ TANF recipients with significant employment barriers into unsubsidized jobs offering long-term employment opportunities. These grants will provide many welfare recipients with the job placement services, transitional employment, and job retention and support services they need to make the successful progression into long-term unsubsidized employment and economic self-sufficiency. This program is a key part of the Administration's efforts to create jobs to move people from welfare to work, which include mobilizing the business community to hire welfare recipients, working with civic, religious and non-profit groups to mentor families leaving welfare for work, and hiring our fair share of welfare recipients in the federal government.

It should provide Private Industry Councils (PICs) maximum flexibility to move welfare recipients into jobs by meeting local labor market needs.

SUMMARY OF WELFARE-TO-WORK GRANTS

Funding: The grants total \$3 billion. \$1.5 billion is to be awarded in fiscal year 1998 and \$1.5 billion in 1999. There will be two kinds of grants: (1) Formula ^{pass-through} grants to States and (2) Competitive Grants to local communities.

with 85 percent to be passed through to PIC

A small amount of the total grant money will be set aside for special purposes: 1 percent for Indian tribes; 0.8 percent for evaluation; and \$100 million for performance bonuses to successful States.

In this document, any provisions applying to a Private Industry Council also apply to a workforce development board.

Pass-through
Formula Grants to States: After reserving the special purpose funds described above, 75 percent of the grant funds will be allocated to States based on a formula that equally considers States' shares of the national number of poor individuals and of adult recipients of assistance under TANF. States will be required to pass through 85 percent of the money to local Private Industry Councils (PICs) which are also known as workforce development boards in some areas. A State is allowed to retain 15 percent of the money for welfare-to-work projects to help long-term recipients of assistance enter unsubsidized jobs. States are required to pass through 85 percent of the money to local PICs which are known as workforce development boards in some areas. These funds must be distributed using a substate formula based on the following factors. Between 50 and 100 percent of the funds distributed to local areas must be based on the areas' share of the excess population of poor, i.e., the number of poor individuals in excess of 7.5 percent of the total population. Between 0 to 50 percent may be distributed based on one or a combination of the following factors: (1) the number of adults receiving TANF or AFDC assistance for 30 months or more and (2) the number of unemployed in the SDA. Because of the threshold established in the law, an SDA that would receive less than \$100,000 under such a formula will receive no funds.

In order to receive formula funds, the State must submit a plan in the form of an addendum to the State TANF plan, for the administration of the WtW grant. The Secretary of Labor must determine that the plan meets the statutory requirements. Governors are responsible for administering formula funds and for assuring that they are coordinated with funds spent under the TANF block grant. *passing through 85 percent to the PICs, who are responsible*

PICs (workforce development boards) established under the Job Training Partnership Act (JTPA), in coordination with chief elected officials, will administer the program at the local level unless the Secretary of Labor approves a Governor's request to use an alternative administering agency, after determining that the alternative would improve the effectiveness and efficiency of program implementation. *The PIC shall coordinate activities with the TANF agency.*

Competitive Grants to Local Communities: The 25 percent of funds not allocated by formula will be used for competitive grants awarded directly to local governments, PICs, and private entities (such as community development corporations, community-based organizations, community action agencies, and other private organizations) who apply in conjunction with a PIC or local government. As appropriate, the Secretary of Labor will give special consideration to the needs of rural areas and cities with large concentrations of poverty.

Targeting of Eligible Participants: The WtW legislation targets service in this program to that group of hard-to-serve TANF recipients which has significant barriers making it difficult for them to move into unsubsidized jobs providing long-term employment opportunities.

Consistent with statutory provisions, the PICs will have sole authority to determine the services to be provided in the Service Delivery Area.

1. At least 70 percent of the grant funds must be spent on individuals who:

(a)(1) are long-term welfare recipients (with 30 or more months of receipt), or who face termination from TANF assistance within 12 months; AND, (8)(2) who face two or three specified labor market deficiencies (lack of high school diploma or GED and low reading or math skills; requiring a substance abuse treatment for employment; have a poor work history) OR

(b) are a noncustodial parent of minors whose custodial parent meets criteria (a)(1) and (a)(2).

2. Up to 30 percent of the grant funds: May be spent on individuals who are "recent" recipients of TANF assistance, or noncustodial parents, who have characteristics associated with long-term welfare dependence, such as school dropout, teen pregnancy, or poor work history.

Allowable Uses of Funds: Funds can be used to help move eligible individuals into long-term unsubsidized jobs by any of the following means: job creation through short-term public or private sector wage subsidies; on-the-job training; contracts with public or private providers of job readiness, job placement, and post-employment services; job vouchers for similar services; community service or work experience; or job retention and supportive services (if such services are not otherwise available to the individual participants receiving WtW services).

Note: "Contracts or vouchers for job placement services supported by such funds must require that at least 1/2 of the payment occur after an eligible individual placed into the workforce has been in the workforce for 6 months."

Program Outcomes: In measuring program outcomes, States will, ~~at a minimum,~~ need to demonstrate their success in serving eligible individuals in terms of: (1) placement in ~~unsubsidized~~ jobs; (2) duration of such placement; and, (3) increase in earnings. ~~The Secretary of Labor may determine other factors to be appropriate in the development of program outcome measures.~~ States may qualify for a performance bonus in FY 2000 based on a formula for measuring performance that will be developed within the next year by the Secretary of Labor. In consultation with the Secretary of Health and Human Services and organizations representing States. In addition, the Secretary of Health and Human Services will take these factors into consideration in the conduct of the national evaluation of WtW.

NOTE: This planning guidance addresses the requirements related to State plans to qualify for the formula grant funds in Fiscal Year 1998. Separate guidance will be issued for both the grants to Indian tribes and the competitive grants.

POLICY FRAMEWORK

The WtW grants provide a critical tool to help States ^{and local governments} achieve their own welfare reform goals and to meet their responsibilities under PRWORA to move welfare recipients into permanent employment and off welfare. ~~The purpose of the WtW program is to~~

~~ensure the involvement of the employment and training system and its ties to the business community~~
In the process of moving welfare recipients into jobs.

and labor

~~While the use of WtW funds should occur within the larger framework of the TANF program in each State, States must recognize that WtW funds have a specific purpose, which is:~~

"To provide transitional assistance which moves welfare recipients into unsubsidized employment providing good career potential for achieving economic self-sufficiency."

WtW grant funds are also targeted to assist those welfare recipients with the most significant barriers to employment (i.e., those characteristics associated with long-term welfare dependence). This target group will require extensive assistance to achieve the employment and earnings goals of the WtW grants.

The state WtW plan should be the compilation of the WtW program developed by the PICs.

States should not view WtW grant funds as an independent program. WtW must be an integral part of the State's overall program of assistance to move welfare recipients into unsubsidized employment. WtW grants are intended to supplement each State's overall capacity for assisting the welfare recipient population in the State by focusing on those communities with the highest numbers of people in poverty.

This is an opportunity for States to integrate the operation of work force development systems (including one-stop centers/employment services, JTPA services and school-to-work activities) with assistance and services available to TANF recipients.

State plans for using WtW funds, and the related State funding to meet the matching requirement for formula grant funds, should reflect the following principles:

The ultimate objective for each welfare recipient is placement into an unsubsidized job which provides the potential for achieving economic self-sufficiency.

Activities conducted with grant funds must be grounded in the "work first" philosophy which is a fundamental tenet of PRWORA. Although a variety of activities (e.g., work experience/community service, on-the-job training, placement and post-employment services, job retention services) are authorized under WtW, these activities should be viewed as employment-based developmental steps for moving individuals into, and retaining them in unsubsidized jobs.

Although the Act does not authorize the use of grant funds for independent or stand-alone training activities, State plans may recognize that basic education and vocational skills development as part of an employment experience will be needed by some recipients in order to achieve the ultimate objective of the assistance which is self-sufficiency. [Note: Basic education and vocational skills training where needed, based on the TANF assessment of the recipient's needs, may be provided as a post-employment service where the recipient is employed in either a subsidized or unsubsidized job.]

Matching. The State is required to provide \$1 in matching expenditures during the fiscal year for each \$2 in WtW formula grant funds awarded. The Department authorizes the States to use the uniform financial and administrative requirements of OMB Circular A-102, codified for the Department at 29 CFR 97.24 (The Common Rule) regarding match allowability and documentation, except that no more than one-half^{one-half} of the match may be in the form of in kind contributions, including allowable match from third parties, i.e., private sector contributions. Matching funds include those State and local dollars in excess of funds spent to meet the TANF maintenance-of-effort (MOE) requirement when those funds are spent on WtW eligible participants.

The States bear the burden-of-proof for substantiating match expenditures. The State should use, in developing their WtW plans, the preliminary planning estimates that were issued by the Secretary of Labor on September 3, 1997. If the State fails to meet the matching requirement, the Department will implement an annual reconciliation and grant adjustment for WtW grants based on reported match expenditures through the end of the fiscal year. Well in advance of the year-end reconciliation process, the Department will offer technical assistance to all States with low reported match expenditures in an effort to minimize year-end grant adjustments. The statute provides that the State must expend all of its matching funds within the fiscal year of the grant award. Matching funds, like Federal funds, for this program must be spent on eligible participants and allowable activities under the WtW legislation.

Time Limitations on WtW Funds. WtW grant funds are available for expenditure for a three year period, from the effective date of the grant award.

Administrative Cost. Administrative costs charged to the WtW grant are limited to 15% of total expenditures. Costs for information technology and computerization needed for tracking or monitoring will be excluded from the 15% total. The Department's policy with respect to the 15% administrative cost limitation is (a) the limitation applies to the entire grant; (b) administrative costs are allowable at both the State administrative entity and local levels; and, (c) States may impose limitations of less than the statutory 15% at the substate level to ensure compliance with the overall limitation. Quarterly financial reporting instructions for WtW will be provided under separate cover.

Oversight. To assure accountability for the Federal investment with minimal intrusion, the Department will focus its oversight on the required targeting of eligible participants, fund management, expenditure of match, use of funds for allowable services and performance outcomes which address the statute's primary objectives and monitors the States threshold scoring for bonus awards. The States will be required to develop a plan for monitoring and oversight of their subgrantees. DOL will monitor program implementation of the formula grants at the State level and ensure that State monitoring procedures provide adequate oversight at the substate level.

- Given the target group for this assistance, the provision of adequate job retention and supportive services will be critical. WtW grant funds may be used to provide these services, but only where these services are not otherwise available to the individual participants receiving WtW services. Plans should reflect an integration of all available resources to provide the full scope of assistance needed by recipients to move into permanent employment.

Integration of resources should include not only those available through WtW and TANF grant funds, but also those available through the JTPA program, State employment service, education agencies, housing agencies, community development organizations, transportation agencies, community-based and faith-based organizations which provide some of the assistance needed by the targeted population.

- Plans should be consistent with the assessment requirement and, at State option, an individual responsibility plan as stated in section 408(b). Activities funded through WtW should be effectively coordinated with complementary activities (e.g., assessment, case management, supportive services) being funded through the TANF grant and evidence individualized strategies for transition to unsubsidized employment. State plans should reflect the working relationship with the TANF agency to coordinate the use of these funds and related activities.

- State plans should reflect the development and implementation of working relationships with Metropolitan Planning Organizations (MPOs) [regional bodies responsible for developing transportation plans and setting priorities for regional transportation spending], public transit operators, and other transportation providers to ensure that adequate transportation is provided.

The statutory language of WtW targets the use of grant funds in regards to both the welfare recipients to be assisted and the outcomes to be achieved through that assistance. The planning guidance provided in this document and the regulations which will be issued shortly, are designed to provide maximum flexibility to States in designing the mix of services needed by the eligible recipient population and formulating the service delivery and governance processes for providing the services. States should use this flexibility to develop and implement innovative approaches that provide welfare recipients the assistance they need to secure and retain quality jobs that provide maximum opportunities for economic self-sufficiency.

PLANNING ASSUMPTIONS

The Department will be issuing regulations shortly addressing the administrative and programmatic requirements of WtW grants. While these regulations are currently under development, the following interim policy interpretations to the statute are provided to assist States in beginning to develop their WtW plans.

and PICs

Reporting. Financial and programmatic reports, will be required on a quarterly basis. We will work with the Department of Health and Human Service (DHHS) to expand the TANF reporting requirements to incorporate those items required by the grant program and will add additional items on program outcomes that are necessary to establish performance thresholds and to assess results. In the interim, the Standardized Program Information Report (SPIR) will be modified to incorporate identification of WtW enrollees and WtW activity categories to facilitate the use of a SPIR based management information system by Private Industry Councils who choose to use it to manage their WtW funded activities locally. However, we will not require the use or submission of SPIR for WtW. All reporting requirements are subject to the OMB approval under the Paperwork Reduction Act of 1995 and 5 CFR 1320.

PLAN CONTENT AND SUBMISSION

This planning guidance is intended to assist States ^{and PICS} to begin designing their WtW program. The information included is based on the Department's current best interpretations of the law. It should be noted that regulations will be issued shortly which may affect some of the interpretations included in these instructions. At that time, if there are any changes necessary to this planning guidance, the Department will issue additional guidance to reflect the regulations.

States should submit a plan, using Attachments A and B for FY 1998 funds, which addresses the components outlined in the Attachments. It is suggested that the plan not exceed 25 pages. The target date for submission of State plans is December 12, 1997. Plans submitted earlier will receive an expeditious review. Plans submitted later will be reviewed promptly in the order of submission. Plans should be submitted, with original signatures, to:

U.S. Department of Labor
 Employment and Training Administration
 Office of Employment and Training Programs
 200 Constitution Avenue N.W. Room N4459
 Washington, D.C. 20210

In addition, copies should be submitted simultaneously to DHHS:

Department of Health and Human Services
 Administration for Children and Families
 Office of Family Assistance
 6th Floor, Aerospace Building
 370 L'Enfant Promenade, SW
 Washington, D.C. 20447

Copies should also be submitted simultaneously to the appropriate regional offices for DOL and DHHS (see addresses attached).

TERMINOLOGY USED

Throughout the planning instructions several acronyms are used for the purposes of the WtW program. The acronyms and their translations are as follows: Welfare-To-Work - WtW; Temporary Assistance For Needy Families - TANF; Job Training Partnership Act - JTPA; Service Delivery Area - SDA; and Private Industry Council - PIC. In areas where the Governor has requested a waiver for an alternate agency, the term PIC used throughout the planning instructions should be replaced with that alternate agency's name.

DESCRIPTION OF THE ATTACHMENTS

In addition to this general guidance, we are providing three attachments. Attachment A contains the Instructions for the State Plan Submission, Attachment B is the Assurance document and Attachment C contains the names, addresses and telephone numbers of the DOL-ETA and DHHS-ACF regional offices.

PLAN REVIEW

State plans will be reviewed by the Department for overall compliance with the provisions of the Act. Only those plans that are consistent with these provisions will be considered complete.

MODIFICATION

Any plan submitted under Section 403(a)(5) of TANF, as amended, may be modified as changes occur related to the operation of the program (matching funds, State and local administrative entity, definitions, etc.). Modifications should be submitted to the same agencies and offices indicated above for the original plan submission.

INQUIRIES

Inquiries should be addressed to Stephanie Curtis at 202-208-7933, extension 161. Information about all State plans will be posted on the WtW home page at <http://wtw.dol-eta.gov>.

Attachment A

**ANNUAL STATE PLAN UNDER SECTION 403(A)(5) OF
THE TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
BLOCK GRANT WELFARE-TO-WORK
FORMULA GRANTS**

0100

STATE COMMONWEALTH OF

for the period of

PROGRAM ADMINISTRATOR(S)

Specify below which State agency will administer, be the Grant Recipient, and identify the Liaison for the Welfare-To-Work Program in the State/Commonwealth of _____

Name of Grant Recipient:	
Address:	
Telephone Number: Facsimile Number: E-mail Address:	

Name of State Administrative Agency (if different from the Grant Recipient):	
Address:	
Telephone Number: Facsimile Number: E-mail Address:	

Name of State WtW Liaison (Individual responsible for day-to-day operations of the grant):	
Address:	
Telephone Number: Facsimile Number: E-mail Address:	

Planning Instructions for the Welfare-To-Work Program

Statutory Provision: The Balanced Budget Act of 1997, Section 5001. Social Security Act, as amended Section 403(a)(5)(A)(ii). "Welfare To Work State: A State shall be considered a welfare-to work State for a fiscal year for purposes of this paragraph if the Secretary of Labor determines that the State meets the following requirements:"

I. Welfare-to-Work Program Description: *Statutory Provision, Section 403(a)(5)(A)(ii)(1). "The State has submitted to the Secretary of Labor and the Secretary of Health and Human Services (in the form of an addendum to the State plan submitted under Section 402) a plan which."*

A. Program Design. *"(aa) describes how, consistent with this subparagraph, the State will use any funds provided under this subparagraph during the fiscal year."*

Plan Requirements:

1. Describe the State's targeting strategy to reach hard-to-employ TANF recipients and assure that appropriate activities and services are provided to help these participants achieve self-sufficiency. *The state strategy should incorporate local targeting strategies developed by the PICs.*

Based on the programs developed by the PICs,

2. Define and describe:

- a. the employment activities (community service, work experience, job creation through public and private wage subsidies, on-the-job training) that are planned under this grant; and
- b. the utilization of contracts with public and private providers of job readiness, placement and post-employment services; job vouchers for placement, readiness, and post-employment services; job retention, or support services, if not otherwise available to the individual participants receiving WtW services, that are planned under this grant.

3. Describe the policy and procedures which will govern implementation of such activities. Include how WtW funds will be used to provide necessary support services (child care, substance abuse treatment, transportation, etc.) when these services are not otherwise available to the individual participants receiving WtW services.

Based on the programs developed by the PICs,

4. List the performance goals and outcomes the State intends to achieve in serving the eligible participants in the WtW program including: (1) placement in unsubsidized jobs; (2) duration of such placement; and, (3) increase in earnings. The performance goals and outcomes should be expressed in measurable, quantifiable terms to the greatest extent possible.

of how the program will be implemented by PICs across the state

with implementation in the state.

5. ~~Describe how the State will implement the WtW program.~~ Include a description on the State's implementation strategy, including the roles and responsibilities of the State WtW Administrative Agency and the TANF agency; a list of the substate areas and the local entities responsible for program administration; and, the program's implementation target dates.

which the PICs within the state develop

6. Identify the policies and procedures ~~the State will issue to the PICs~~ regarding: (1) targeting of eligible participants to be served; (2) identification and referral of participants; and, (3) assessment and case management, if any. Include a description of the coordination efforts that the local TANF and administrative agency will undertake in this process, including the role these local agencies will play in providing assessment and case management to qualified participants.

7. ~~Describe the State's procedures for conducting monitoring and oversight of substate areas to ensure adequate fiscal controls and achievement of quality program outcomes for WtW participants. The description should include, but not be limited to:~~

- ~~a. mechanisms for monitoring expenditures of match requirements, allowable activities, and targeting of eligible participants;~~
- ~~b. frequency of monitoring; and~~
- ~~c. use of technical assistance to ensure compliance with the Act and as a tool for corrective action and program improvement.~~

and the PICs

7. Describe the State's strategy to prevent duplication of services and promote coordination among TANF, JTPA, one-stop centers/employment service and other employment and training systems throughout the State.

and the PICs

8. Describe the State's strategy to promote and encourage coordination with the State Department of Transportation (DOT), MPO's, transit operators, and other transportation providers to help ensure that the transportation needs of those moving from welfare to work are met.

and the PICs

9. Describe the State's strategy to promote and encourage coordination with the State Housing Finance Agencies, public and assisted housing providers, and community development agencies.

B. Within State Distribution of Funds. "(bb) specifies the formula to be used pursuant to clause (vi) to distribute funds in the State, and describes the process by which the formula was developed."

Section 403(a)(5)(A)(vi)(I) provides that "A State to which a grant is made under this subparagraph shall devise a formula for allocating not less than 85 percent of the amount of the grant among the service delivery areas in the State, which-

"(aa) determines the amount to be allocated for the benefit of a service delivery area in proportion to the number (if any) by which the population of the area with an income that is less than the poverty line exceeds 7.5 percent of the total population of the area, relative to such number for all such areas in the State with such an excess, and accords a weight of not less than 50 percent to this factor;

"(bb) may determine the amount to be allocated for the benefit of such an area in proportion to the number of adults residing in the area who have been recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first applied to the State) for at least 30 months (whether or not consecutive) relative to the number of such adults residing in the State; and

(cc) may determine the amount to be allocated for the benefit of such an area in proportion to the number of unemployed individuals residing in the area relative to the number of such individuals residing in the State."

Section 403(a)(5)(A)(vi)(II) provides that "(aa) if the amount allocated by the formula to a service delivery area is at least \$100,000, the State shall distribute the amount of the entity administering the grant in the area."

(bb) Special Rule. If the amount allocated by the formula to a service delivery area is less than \$100,000, the sum shall be available for distribution in the State under subclause (III) during the fiscal year.

Plan Requirement:

Describe the formula factors used by the State to allocate not less than 85 percent of the amount of grant funds among the PICs in the State. Include the weights assigned to each factor and the allocation the State will provide to each substate area.

C. Coordination and Consultation. "(cc) contains evidence that the plan was developed in consultation and coordination with the appropriate entities in the sub-State areas;"

Plan Requirement:

Describe the approach, including process and timing, used to obtain consultation and coordination in the development of the State plan. Include either a summary description of the comments received, along with the names of the individuals or entities who commented, or include copies of the actual comments received as an attachment to the plan.

and take into account

D. Expenditure of Funds. "(dd) contains assurances by the Governor of the State that the private industry council (and any alternate agency designated by the Governor under item (ee)) for a service delivery area in the State will coordinate the expenditure of any funds provided under this subparagraph for the benefit of the service delivery area with the expenditure of the funds provided to the State under section 403(a)(1); and"

Plan Requirements:

1. Describe the process the State will use to maintain administrative costs at the 15 percent limit; ~~include any percentage limitations the State plans to set for substate areas, the rationale for such limitations, and a description on how administrative funds will be allocated between States and substate~~

2. Describe how the PIC, and any alternate agency designated by the Governor, will coordinate the expenditure of any funds provided for the WtW program between TANF and WtW.

E. Application for Waiver. "(ee) if the Governor of the State desires to have an agency other than a private industry council administer the funds provided under this subparagraph for the benefit of 1 or more service delivery areas in the State, contains an application to the Secretary of Labor for a waiver of clause (vii)(1) with respect to the area or areas in order to permit an alternate agency designated by the Governor to so administer the funds."

Section 403(a)(5)(A)(vii)(II) provides that "The Secretary of Labor shall approve an application submitted under clause (ii)(1)(ee) or subclause (II)(bb) of this clause to waive subclause (1) of this clause with respect to 1 or more service delivery areas if the Secretary determines that the alternate agency designated in the application would improve the effectiveness or efficiency of the administration of amounts distributed under clause (vi)(1)(aa) for the benefit of the area or areas."

Plan Requirements:

1. Provide copies of any comments from the Chief Elected Official(s) regarding the Governor's selection of the alternate agency.

2. Include information that indicates how the selection of ^{each} the alternate agency will improve the effectiveness or efficiency of the program in ^{each} of the affected substate areas, including the advantages provided by the alternate agency in achieving the goals of WtW. In presenting the rationale, the Governor should provide such information as (s)he deems is necessary to support the waiver request. This information should include such items as, the reasons for not using the PIC (including poor performance under the Job Training Partnership Act or evidence that the PIC has refused the WtW administrative role), and/or the ^{unique} capabilities of ^{each} the alternate agency to coordinate activities and resources among the relevant local agencies in order to achieve planned outcomes.

Review and Approval of Waiver Requests:

The Secretary of Labor shall assess the information provided by the Governor as well as the input from the affected CEOs in reaching a decision on the granting of the waiver requested.

II. Description of 15 % Projects to Help Long-Term Recipients of Assistance Enter Unsubsidized Jobs. *Statutory Provision. "Section 403(a)(5)(A)(viii) The Governor of a State to which a grant is made under this subparagraph may distribute not more than 15 percent of the grant funds (plus any amount required to be distributed under this subclause by reason of subclause (II)(bb)) to projects that appear likely to help long-term recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 first applied to the State) enter unsubsidized employment."*

Plan Requirements:

Describe the State's plans for the expenditure, uses and goals of the 15% funds. These funds may be distributed to public, private non-profit, and private for profit entities, including, PICs, governmental entities, community based organizations, and community development corporations.

III. Estimate of Matching Funds. *Statutory Provision. "Section (a)(5)(A)(ii)II The State has provided to the Secretary of Labor an estimate of the amount that the State intends to expend during the fiscal year (excluding expenditures described in section 409(a)(7)(B)(iv) (other than subclause (II) thereof)) pursuant to this paragraph."*

Plan Requirements:

1. Include an estimate of the amount of matching expenditures the State expects to make during the fiscal year.
2. Include the process by which these expenditures will be monitored and reported quarterly to ensure the State meets its projected match.

IV. Funding.**Plan Requirement:**

The State should submit an estimate of expenditures of WtW formula grant funds for each quarter of the fiscal year by percentage or dollar amount.

V. Assurances. See Attachment B.

VI. Signature. An original signature of the Governor or authorized designee shall be affixed to each State plan submitted to the DOL National Office. The typed name, title and signature date of the signatory official must also be provided.

Attachment B

PROGRAM ASSURANCES

(This section has been designed to assist the Governor certify that the State will comply with the provisions in Section 5001 of the Balanced Budget Act of 1997 and the applicable regulations.)

DRAFT

ASSURANCES

The State/Commonwealth of _____, assures to the following requirements under Title IV-A of the Social Security Act.

PROGRAM ADMINISTRATION/ACTIVITIES

1. The State is an eligible State, pursuant to Section 402(a) for the fiscal year. *Statutory Citations: Section 402(a); Section 403(a)(5)(A)(ii)(IV).*
2. The State assures that qualified State expenditures (within the meaning of Section 409(a)(7)) for the fiscal year will not be less than the applicable percentage of historic State expenditures (within the meaning of Section 409(a)(1)) with respect to the fiscal year. *Statutory Citations: Section 403(5)(A)(ii)(V); Section 409(a)(7).*

[That is, the State has met its TANF maintenance-of-effort requirement under Section 409(a)(7) for the fiscal year].
3. The State has consulted and coordinated with the appropriate entities in the sub-State areas regarding the plan and the design of WtW services in the State. *Statutory Citation: Section 403(a)(5)(A)(ii)(I)(cc).*
4. The State will make available to the public a summary of the WtW plan. *Statutory Citation: Section 402(b).*
5. The State has agreed to negotiate in good faith with the Secretary of Health and Human Services with respect to the substance and funding of any evaluation under Section 413(j) and to cooperate with the conduct of such an evaluation. *Statutory Citations: Section 403(a)(5)(A)(ii)(III); Section 413(j).*
6. The State shall not use any part of these grant funds, nor any part of state expenditures made to match the funds, to fulfill any obligation of any state, political subdivision, or private industry council to contribute funds under sections 403(b) or 418 or any other provision of the Social Security Act or other federal law. *Statutory Citation: Section 403(a)(5)(C)(vi).*
7. The State will return to The Secretary of Labor any part of the WtW funds that are not expended within 3 years after the date the funds are so provided. *Statutory Citation: Section 403(a)(5)(C)(vii).*
8. The State WtW program will be conducted in accordance with the WtW legislation, regulatory provisions, future written guidance provided by the Department, and all other applicable Federal and State laws.

9. The State will apply the TANF law and regulations to the operation of the WtW program, unless otherwise specified by the Department or defined in Section 403(a)(5) or the applicable WtW regulations.
10. The State ^{assures that} will provide services under the WtW grant ^{as provided} to eligible participants only.
11. The State has the capability to maintain and submit accurate, complete and timely participant and financial records reports, as specified by the Secretary.
12. The State will establish a mechanism to exchange information and ^{assure that through the PIC} coordinate the WtW program ^{is coordinated} with other programs available that will assist in providing welfare recipients employment.
13. The State shall adhere to the certifications required under TANF and will meet the TANF maintenance of effort requirements.
14. The State will comply with the uniform fiscal and administrative requirements of OMB Circular A-102 as codified for DOL at 29 CFR Part 97.
15. The State will follow the audit requirements of The Single Audit Act of 1984 and OMB-Circular A-133.
16. The State will follow the allowable cost/cost principles of OMB Circular A-87.

WORKER PROTECTIONS

1. The State will establish policies to enforce the provisions regarding non-displacement in work activities. *Statutory Citation: Section 403(a)(5)(J)(i).*
2. The State assures that the Health and Safety standards established under Federal and State law otherwise applicable to working conditions of employees shall be equally applicable to working conditions of other participants engaged in a work activity under a program operated with funds provided under WtW. *Statutory Citation: Section 403(a)(5)(J)(ii).*
3. The State will enforce the provision that an individual may not be discriminated against by reason of gender with respect to participation in work activities engaged in under the WtW program. *Statutory Citation: Section 403(a)(5)(J)(iii).*
4. The State shall establish and maintain procedures for grievances or complaints from participants and employees under the WtW program. The procedures established will be consistent with the requirements of Section 403(a)(5)(J)(iv). *Statutory Citation: Section 403(a)(5)(J)(iv).*

5. The State shall establish and enforce standards and procedures to ensure against fraud and abuse, including standards and procedures against nepotism, conflicts of interest among individuals responsible for the administration and supervision of the State WtW program, kickbacks, and the use of political patronage.
6. The State will apply and enforce the nondiscrimination provisions of the laws enumerated at Section 408(c), with respect to participation in work activities engaged in under the WtW program.

Governor or Authorized Signatory (Type and Sign Name)	
Title, (if other than the Governor)	
Date Signed	

September 6, 1997

**Welfare-to-Work Grants Program
Anticipated Key Implementation Timeframes**

FORMULA GRANTS

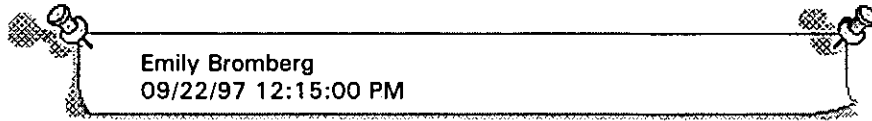
- | | |
|--|-----------------|
| o Announce preliminary planning levels
(funding estimates) | SEPTEMBER 3 |
| o Issue interim planning guidance to States
and to OMB | SEPTEMBER 15 |
| o Issue final planning guidance
to States | SEPTEMBER 26 |
| o Issue final planning levels
(funding estimates) when updated welfare
caseload data becomes available | OCTOBER (early) |
| o Submit regulations to OMB | OCTOBER 3 |
| o Publish regulations | OCTOBER 31 |
| o Submittal of State plans | DECEMBER 12 (*) |
| o Acceptance of State plans | DECEMBER 30 (*) |
| o Announce grant awards (beginning) | JANUARY (*) |

PLEASE NOTE: Dates with an asterisk (*) are considered "target dates". Acceptable States plans submitted earlier than December 12 will be reviewed and funded earlier than the target dates shown. Those submitted later than the 12th will be reviewed and funded later than the target dates shown.

COMPETITIVE GRANTS

- | | |
|--|------------|
| o Publish solicitation for grant application | OCTOBER 31 |
| o Submittal of grant applications | JANUARY 15 |
| o Announce first Competitive Grants | FEBRUARY |

wfz to wk implementation



Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP, Diana Fortuna/OPD/EOP

cc:

Subject: welfare to work

At this weekend's Conference of Mayors Exec. Committee meeting, Mayors Archer, Morial and Webb complained that our welfare to work guidance is too skewed toward states at the expense of mayors. I suspect they've just figured out that the money goes through the states to the PICS (so the state does the plan) and that they are dependent on the state for the match.

Archer will be in town on Friday and would like to meet with Secretary Herman and Bruce. Paper is coming to me from Archer. I think that we should have the meeting at Labor. I don't think Bruce needs to attend--Elena would be fine. Let me know what you all think.

W2-to-work -
program implementation



Cynthia A. Rice

09/09/97 06:43:41 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Roth objection to Welfare to Work Appropriation

Chairman Roth has objected to the \$6.2 million appropriation in the Specter-Harkin managers substitute, and proposes to knock it down to \$4 million. He or his staff seem annoyed that as authorizers they were not properly consulted. I'm trying to help DOL work this out.

Message Sent To:

Bruce N. Reed/OPD/EOP
Elena Kagan/OPD/EOP
Diana Fortuna/OPD/EOP
Emil E. Parker/OPD/EOP
Barry White/OMB/EOP
Keith J. Fontenot/OMB/EOP

*Wk-to-wh-program
implementation*

August 25, 1997

**Welfare-to-Work Grants Program
Anticipated Key Implementation Timeframes**

FORMULA GRANTS

- o Announce preliminary planning levels (funding estimates) **SEPTEMBER 3**
- o Issue interim planning guidance to States and to OMB **SEPTEMBER 15**
- o Issue final planning guidance to States **SEPTEMBER 26**
- o Issue final allocations (when updated welfare caseload data becomes available) **OCTOBER (early)**
- o Submit regulations to OMB **OCTOBER 3**
- o Publish regulations **OCTOBER 31**
- o Submittal of State plans **DECEMBER 12**
- o Acceptance of State plans **DECEMBER 30**

COMPETITIVE GRANTS

- o Publish solicitation for grant application **OCTOBER 3**
- o Submittal of grant applications **DECEMBER 12**
- o Announce first Competitive Grants **JANUARY 23**



Cynthia A. Rice

08/13/97 11:43:19 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Diana Fortuna/OPD/EOP
Subject: Letter from Sect Herman to Sen. Harkin

Our friends at the Dept. of Labor have worked with Sen. Harkin's staff to prepare a letter from Sect. Herman to Sen. Harkin to help assure him that community based organizations will be able to participate in the \$3 billion program (so he'll agree to help with the program's appropriations).

It's a good letter. The meat of it says that they understand the requirement that private entities must apply "in conjunction with" to mean that a community based organization may submit an application directly to the Secretary if the application includes a certification by the entity that it has consulted with the PIC or political subdivision and the application is consistent with the welfare-to-work effort of the PIC or political subdivision. I think this is fine.

I am less sure about a section of the letter which says it is the Secretary's expectation to provide for a review process targeting approximately 60 percent of the competitive grant funding to the cities, 30 percent for rural areas, and 10 percent for private entities including community based organizations. Do we want to put this out there? It (the 10%) will make Harkin happy and it does probably reflect what we'll do, but I wanted to make sure you're comfortable.

WR - WR-to-work -
program implementation

Satterfield Lee

From: Powers Stephanie
Sent: Monday, August 18, 1997 5:57 PM
To: Satterfield Lee
Cc: Powers Stephanie
Subject: grants fact sheet for welfare reform



LAWSUM.FCT

<WP Attachment Enclosed>

Attached is the fact sheet which describes the grants, both formula and competitive, which will govern the allocation of the \$3 billion welfare to work money over the next two years.

The "announcement" will make public for the first time the amount each state will receive from the first year's \$1.5 billion. We would have a press release listing each state's amount. These will be pretty significant amounts of money for the states with big caseloads and 85% of that money needs to be passed through to the local Private Industry Councils, many of which are appointed by the Mayors.

Let me know if you need anything else.

DRAFT August 8, 1997

FACT SHEET
U.S. Department of Labor

WELFARE-TO-WORK GRANTS

Background

In August, 1996, The Personal Responsibility and Work Opportunity Reconciliation Act reformed the nation's welfare laws. A new block grant to States for **Temporary Assistance for Needy Families (TANF)** was created, changing the nature and provision of welfare benefits in America.

Moving people from welfare-to-work is now one of the primary goals of federal welfare policy. Section 5001 of the new Balanced Budget Act of 1997, helps to achieve that goal by authorizing the U.S. Department of Labor to provide **Welfare-to-Work Grants** to States and local communities to create additional job opportunities for the hardest-to-employ recipients of TANF. This fact sheet describes the new Welfare-to-Work Grants.

Summary of Welfare-to-Work Grants

o **FUNDING:** The grants total \$3 billion: \$1.5 billion to be awarded in fiscal year 1998 and \$1.5 billion in fiscal year 1999. There will be two kinds of grants: **1) Formula Grants to States and 2) Competitive Grants to local communities.** A small amount of the total grant money will also be set aside for special purposes: 1 percent for Indian tribes; 0.8 percent for evaluation; and \$100 million for performance bonuses to successful States.

o **FORMULA GRANTS TO STATES:** After reserving the special purpose funds described above, 75 percent of the grant funds will be allocated to States based on a formula that equally considers States' shares of the national number of poor individuals and adult recipients of assistance under TANF. States will be required to pass through 85 percent of the money to local Private Industry Councils (also known as workforce development boards in some areas), which oversee and guide job training programs in geographical jurisdictions called service delivery areas. A State is allowed to retain 15 percent of the money for welfare-to-work projects of its choice. States must provide one dollar of non-federal funding match for every two dollars of federal funding provided under the formula.

Substate Allocations: Half of the funds received by the State must be distributed based on a service delivery area's population in high poverty areas (7.5 percent or more). Not more than half may be distributed based on two additional factors: (1) the number of adults receiving TANF assistance for 30 months or more and (2) the number of

unemployed in the service delivery area.

State Plan and Administration: In order to receive formula funds, the State must submit a plan for the administration of the Welfare-to-Work grant. The Secretary of Labor must determine that the plan meets the statutory requirements. Governors are responsible for administering formula funds and for assuring they are coordinated with funds spend under the TANF block grant.

Local Administration of Formula-Allocated Funds: Private Industry Councils (workforce development boards) established under the Job Training Partnership Act, in coordination with chief elected officials, will administer the program at the local level unless the Secretary of Labor approves a Governor's request to use an alternative administering agency, after determining that the alternative would improve the effectiveness or efficiency of program administration.

Performance Bonuses: States may qualify for a performance bonus in fiscal year 2000 based on a formula for measuring performance that will be developed by the Secretary of Labor in consultation with the Secretary of Health and Human Services and other organizations. Factors to be taken into account include job placement, duration of placement, and any increase in earnings.

- o **COMPETITIVE GRANTS TO LOCAL COMMUNITIES:** The 25 percent of funds not allocated by formula will be used for competitive grants awarded directly to local governments, Private Industry Councils, and private entities (such as community development corporations and community-based organizations, community action agencies, and other private organizations) who apply in conjunction with a Private Industry Council or local government. The Secretary of Labor will give special consideration to cities with large concentrations of poverty as well as to rural areas.

- o **FEATURES WHICH APPLY TO BOTH FORMULA AND COMPETITIVE GRANTS:**

Allowable Uses Of Funds: Funds may be used to help move eligible individuals into jobs by: Job creation through public or private sector wage subsidies; on-the-job training; contracts with public or private providers of job readiness, job placement, and post-employment services; job vouchers for similar services; community service or work experience; or job retention and supportive services (if such services are not otherwise available).

Targeted Participant Eligibility:

At Least 70 Percent Of The Grant Funds: Must be spent on individuals who face two of three specified labor market deficiencies and who are long-term welfare recipients, or who face termination from TANF within 12 months; or who are noncustodial parents of minors whose custodial parent meets these criteria. Labor market deficiencies include (1)

lack of high school diploma or GED and low reading or math skills, (2) requiring a substance abuse treatment for employment, and (3) a poor work history.

Up To 30 Percent Of The Grant Funds: May be spent on individuals who are "recent" recipients of TANF assistance or noncustodial parents who have characteristics associated with long-term welfare dependence -- such as school dropout, teen pregnancy or poor work history.

Relationship To TANF Time Limits: Assistance can be provided to individuals who have reached the 60-month TANF time limit. Such assistance DOES NOT COUNT toward the 60-month limit UNLESS it is cash assistance provided directly or through wage subsidies. In those cases, the months DO COUNT toward the 60-month limit.

Labor Protections: Labor protections that are applicable to activities carried out under the grant program include non-displacement, health and safety standards, gender non-discrimination, and grievance procedures to address violations of these protections.

Evaluation: The Secretary of Health and Human Services, in consultation with the Secretaries of Labor and Housing and Urban Development, will develop a plan to evaluate the grant program.