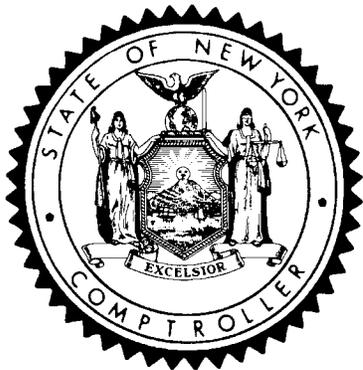


***State of New York
Office of the State Comptroller
Division of Management Audit
and State Financial Services***

**OFFICE OF TEMPORARY AND
DISABILITY ASSISTANCE AND THE
DEPARTMENT OF LABOR**

**FOLLOW-UP ON IMPLEMENTATION
OF WELFARE REFORM IN
NEW YORK STATE**

REPORT 2000-F-11



H. Carl McCall
Comptroller



State of New York Office of the State Comptroller

Division of Management Audit and State Financial Services

Report 2000-F-11

Mr. Brian J. Wing
Commissioner
Office of Temporary and
Disability Assistance
40 North Pearl Street
Albany, NY 12243

Mr. James J. McGowan
Commissioner
Department of Labor
State Campus
Building 12
Albany, NY 12240

Dear Mr. Wing and Mr. McGowan:

The following is our review of the actions taken by officials of the Office of Temporary and Disability Assistance and the Department of Labor, as of July 14, 2000, to address the issues contained in our study report: Implementation of Welfare Reform in New York State: A Status Report (Report 97-D-19). Our report, which we issued on October 22, 1998, studied the effectiveness of the assignment of responsibilities among State and local governments to implement the reformed welfare system.

This review was conducted pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law. Major contributors to this report are listed in Appendix A.

*Office of the State Comptroller
Division of Management Audit
and State Financial Services*

August 24, 2000

Contents

Introduction	Background	1
	Summary Conclusions	1
Program Enhancement	3
Program Results	7
Training and Education	12
General Administration	15
Appendix A	Major Contributors to This Report	

Introduction

Background

As a result of the Federal and State legislation in 1996 and 1997, the public assistance programs, commonly known as welfare, are no longer entitlement programs. Now, most public assistance recipients must seek employment or engage in activities that can lead to employment, such as formal education or job training. In New York State, public assistance programs are implemented by several State agencies and directly administered by 58 local social services districts including the City of New York. As of March 2000, a total of about 699,000 New Yorkers reportedly received public assistance. This represents a 30.6 percent decrease from February 1997 when more than one million New York State residents received public assistance.

Between the time we conducted our original study and the time we completed this follow-up review, we conducted a series of audits that address selected aspects of welfare reform. These include:

- ! *Information Systems for Reporting Work Participation Data* (Report 99-S-9, issued August 11, 2000);
- ! *Welfare Reform: Assessing Education and Training Needs of TANF (Temporary Assistance for Needy Families) Recipients* (Report 99-J-1, issued August 11, 2000);
- ! *Alcohol and Substance Abuse Screening, Assessment and Treatment of Family Assistance Recipients* (Report 99-S-37, issued May 26, 2000);
- ! *Monitoring Services Provided to Pregnant and Parenting Teens* (Report 98-S-76, issued February 15, 2000); and
- ! *Child Day Care Planning Under Welfare Reform* (Report 97-S-50, issued October 19, 1998).

We plan to continue audits of additional aspects of the State's welfare reform effort.

Summary Conclusions

In our prior study, we reported that much had been done in New York State to implement the requirements of the State and Federal welfare reform

legislation. We found that local governments and State agencies that shared the responsibility for implementing the requirements of welfare reform had actively moved forward to fulfill their responsibilities. However, we also found that additional work needed to be completed if the State was to fully implement the requirements of the State and Federal welfare reform legislation.

Our prior report contained 34 issues for further consideration by the New York State Office of Temporary and Disability Assistance (OTDA) and the New York State Department of Labor (DOL). In our follow-up review, we found that officials from these agencies are working to fulfill their welfare reform responsibilities. However, as identified in the audits cited in the Background section of this report and discussed in the body of this report, additional actions are needed to meet the many aspects of welfare reform.

Program Enhancement

Our original report raised nine issues for further consideration in the area of program enhancement.

Issue for Further Consideration 1

What can be done to prevent children of public assistance recipients and children of the working poor from becoming future public assistance recipients?

Update on Agency Action - OTDA officials advised us that New York State has begun to reward working parents' so that children will have a work ethic instilled as early as possible. To this end, New York has provided an increased, non-durational earned income disregard for working public assistance families, increased resource limits, continued to provide for the State's earned income tax credit, and provided work supports and increased childcare funding. In addition, there are many initiatives, which focus on children in eligible Temporary Assistance for Needy Families (TANF). These include the Merit Incentive, and Building Independence for the Long Term (BILT) programs, as well as Drug/Alcohol and Domestic Violence programs. Finally, OTDA officials stated that they are working to increase the number of paternity establishments and increase the dollar amount of child support collections.

Auditors' Comments: While we recognize that New York State has implemented programs to reward working parents so that children will have a work ethic, responsible State agencies also need to monitor these programs to determine whether they are achieving their intended results.

Issue for Further Consideration 2

Should more be done to make public assistance recipients aware of all the benefits they are entitled to?

Update on Agency Action - OTDA is engaged with local districts and other State agencies in informing families of the many programs available to help in the transition from public assistance to work and to self-sufficiency. This outreach is also being extended to families and individuals that have left public assistance, and to other low-income families and individuals who are not currently receiving assistance but may need to do so in the future. This outreach includes, but is not limited to, the Food Stamp Outreach Campaign, public service announcements, nutrition education programs, and a booklet entitled *Putting It All Together - Welfare Reform Community Resource Guide*.

Auditors' Comments: To measure whether these outreach efforts have made public assistance recipients aware of all the benefits that they are entitled to, the State should compile and analyze relevant data and related information.

Issue for Further Consideration 3

What can be done to prevent the counties' public assistance caseloads from becoming too large?

Update on Agency Action - According to OTDA, the key to keeping public assistance caseloads at their low level is to continue New York's welfare reform policies of requiring work, stressing child support, and providing the key transitional assistance, such as child care, Food Stamps and Medicaid, that make the transition from long-term dependency to self-sufficiency possible.

Auditors' Comments: State managers need to develop processes that demonstrate whether the existing programs meet their intended goal of self-sufficiency, which is a key component of preventing children of public assistance recipients households and children of the working poor from becoming future public assistance recipients.

Issue for Further Consideration 4

What can be done to improve the child care and transportation services available to public assistance recipients participating in welfare-to-work programs?

Update on Agency Action - According to OTDA officials, the primary responsibility for services necessary to support recipients participating in welfare-to-work programs resides with and is funded through DOL. Through DOL, child care and transportation support services are made available to individuals who need to access services, treatment programs, and support services not directly related to employment. These support services are funded under the Wheels for Work program, Drug/Alcohol and Domestic Violence programs, the BILT program, and for 2001, the TANF Block Grant.

Issue for Further Consideration 5

What actions need to be taken so that jobs can be found for public assistance recipients with significant barriers to employment?

Update on Agency Action - OTDA advised us that it works closely with DOL and local districts to assist in the identification of the service needs of individuals and families who are facing multiple barriers to self-sufficiency and independence. A variety of programs are in place to enable local districts to identify problems and enable clients to better prepare themselves for the pursuit of work. DOL officials are funding many programs designed to assist

public assistance recipients with significant barriers to employment. These programs include: Family Literacy, VESID Employment Services, English Language Instruction, and Wheels for Work.

Auditors' Comments: OTDA and DOL should monitor and evaluate these programs to determine the most effective approaches and to identify best practices for replication throughout the system.

Issue for Further Consideration 6

Should more extensive post-employment services be developed for public assistance recipients?

Update on Agency Action - According to DOL and the State Education Department (SED), they are working together to implement more extensive post-employment programs for public assistance recipients. These programs include, among others, English as a second language, workplace literacy, and programs designed to assist TANF recipients improve employment status.

Auditors' Comments: OTDA and DOL should monitor and evaluate these programs to determine which are the most effective post-employment programs.

Issue for Further Consideration 7

What opportunities are there for New York State to identify linkages between economic development incentives and the welfare-to-work initiatives operated by SUNY [State University of New York] and other agencies?

Update on Agency Action - DOL's Welfare to Work division staff has trained SUNY's Bridge College to Work Initiative (Bridge) program staff to assist employers and employees to secure available State and Federal tax credits from employing recipients. Bridge programs have developed targeted training for businesses to recruit, train and retain former welfare recipients. Several Bridge programs have provided literacy and work place safety training on-site at businesses, thereby increasing workplace productivity. Some Bridge programs have begun working within their local Empowerment Zones to provide academic and vocational skills to eligible incumbent workers. In addition, SUNY has recently developed a small business/training venture with Xerox, located in Harlem in New York City, to train welfare recipients in operating duplicating businesses.

Issue for Further Consideration 8

Should the counties be given more flexibility over the design of their SNA [Safety Net Assistance] programs?

Update on Agency Action - OTDA officials stated that counties should not be given more flexibility over the design of their SNA programs. The efficient administration and operation of the TANF programs depend largely on computer system supports. OTDA cannot provide systems support to individual counties that may choose to compute eligibility differently, to use codes that are specific to that county, etc. In addition, there is a concern that counties, to reduce their caseloads, may design their programs to be less attractive than those operated by neighboring counties.

Issue for Further Consideration 9

Can improvements be made in the methods used to penalize public assistance recipients who refuse to participate in required activities?

Update on Agency Action - OTDA officials stated that improvements can be made in this area and have put forward a legislative proposal that, if passed, would use case management techniques to identify and eliminate existing barriers to cooperation; provide for case disqualification when there is no sound basis for noncooperation, and maintain sanctions until the recipient cooperates instead of the current durational sanctions. This new law would also allow sanctioned families who come into compliance with work requirements during the sanction period to immediately or promptly end sanctions so as not to penalize a family that does the right thing to help themselves. DOL officials told us that, under current law, recipients and their families who fail to comply can be sanctioned for a pro-rata portion of their benefits for a set period of time dependent upon how many previous sanctions had been imposed. Also current law does not provide for the timely closure of a case if the participant does not comply. According to DOL, the solution would be to impose, by law, a provision that provides for case closure after three months of noncompliance.

Program Results

Our original report raised the following eight issues which we believe policy makers needed to consider to evaluate the long-term success of reforming our welfare system.

Issue for Further Consideration 1

How will New York State evaluate its welfare reform programs to determine which programs deliver the best long-term results for the cost?

Update on Agency Action - OTDA is conducting a set of evaluation projects. OTDA's first grant-funded evaluation report -- *After Welfare: A Study of Work and Benefit Use After Welfare in New York State* -- used automated data to track a large sample of former recipients during the first 12 months after they left the welfare rolls. The study, which was conducted jointly by OTDA, DOL and the Rockefeller Institute of Government, showed that a large proportion (71 to 75 percent) of those who left the welfare roles had worked during the post-welfare period and very few (21 percent) had returned to welfare.

OTDA officials advised us that a follow-up study of those who left the welfare roles is underway. This grant-funded study will use personal interviews with former recipients to assess the well being of families that have left welfare. The study will gather information on family composition, employment, earnings and service use from a sample of more than 1,000 adults who left welfare early in 1999.

OTDA is also conducting a State-funded phone and in-home survey of 400 to 500 recipients that have been continuously on TANF since December 1996. Members of this group of long-term recipients will be first to reach the Federal five-year time limit in December 2001. The survey will determine the incidence of "hard to serve" cases in the time-limit-vulnerable group and will also identify the barriers to self-sufficiency faced by adults in these cases. The survey of long-term recipients is particularly well-timed. OTDA indicated that it will complete this project more than a year before any client reaches the Federal time limit and use the data to assess client employment barriers and to improve services to this vulnerable group.

OTDA is also considering options for additional research projects to begin this year. Priority will be given to tracking important client groups like leavers, applicants and long-term recipients. According to OTDA, it expects to produce additional studies of these sub-populations to track important outcomes like recidivism, employment, family income and family welfare. In addition, New York State will remain a part of the national research

community. Findings from national studies and from states like Minnesota that have reform strategies similar to New York's will, in many cases, generalize to New York.

Auditors' Comments: On several occasions, the State Comptroller has commented on the ongoing studies. For example, in June 1999, the Comptroller's Office of Fiscal Research and Policy Analysis (Office) issued a report entitled *An Update on the Evaluation of Welfare Reform in New York State*. This report critiqued a study completed by the New York City Human Resources Administration wherein City officials touted the success of welfare reform. In December 1999 and June 2000, the Office also raised significant questions related to reports completed by The Nelson A. Rockefeller Institute of Government.

Issue for Further Consideration 2

What specific performance benchmarks should be developed for the counties?

Update on Agency Action - OTDA officials cited family self-sufficiency and reduced dependence on temporary assistance as the goal. To continue to achieve this goal, districts should demonstrate the appropriate use of transitional benefits, including Food Stamps, Medicaid and childcare. Districts also need to demonstrate attention to, and success with, the harder to serve population. In addition, work retention rates and performance measures for child support enforcement exist and should be used.

Auditors' Comments: We agree that districts to need address these areas. We also believe that OTDA needs to monitor district performance in these areas.

Issue for Further Consideration 3

What levels of resources will be adequate to account for what happens to individuals who leave public assistance?

Update on Agency Action - In the current fiscal year, OTDA expects to spend about \$1 million to evaluate welfare reform. This includes Federal grant funding, State evaluation funding and the costs of OTDA staff involved in the evaluation and research tasks. This does not include costs incurred by DOL and the Office of Children and Families Services (OCFS) resulting from their involvement with OTDA's evaluation projects. According to OTDA officials, this level of funding supports the evaluation agenda set out above, and coupled with the evaluation findings available from other states, the Federal government and academic institutions, should enable them to remain abreast of the key economic and social impacts of welfare reform. DOL officials indicated that the Family Assistance Tracking study, funded jointly by the U.S. Department of Health and Human Services, and New

York State, is the State's primary initiative to follow-up on persons who left the welfare rolls.

Issue for Further Consideration 4

What methodology should New York State use to routinely track public assistance recipients for more than 90 days after they become employed to evaluate the effectiveness of its welfare-to-work programs?

Update on Agency Action - New York State routinely tracks job entrants beyond 90 days as part of the success in the workforce component of the TANF High Performing States Bonus program. Here, all TANF adults entering employment, as indicated through matches between caseload data and Wage Reporting System data, are followed for two calendar quarters beyond the quarter of job entry to assess their job retention rates and the progression of their earnings. This methodology could also be extended to Safety Net recipients. In addition, the Social Security numbers of welfare recipients who have participated in specific welfare-to-work programs will be matched against the Wage Reporting System to measure their successes.

Auditors' Comments: DOL needs to document that its tracking processes appropriately and consistently evaluate the effectiveness of welfare-to-work programs.

Issue for Further Consideration 5

How will OASAS [Office of Alcoholism and Substance Abuse Services], in consultation with OTDA, evaluate the effectiveness of the alcohol/substance abuse screening form as well as the effectiveness of the required assessment and treatment of public assistance recipients for alcohol and substance abuse?

Update on Agency Action - OASAS and OTDA have evaluated the form, the assessment and the treatment provided. According to OASAS, the initial form is not meeting its intended purpose. A new form is being developed that would include revised questions, not merely a checkoff. In addition, OASAS and OTDA have met to discuss the treatment provided for enabling recipients to enter employment. Lastly, OASAS and OTDA propose to study a number of access, utilization, outcome and cost issues related to drug and alcohol treatment for public assistance recipients including:

- ! How many welfare recipients are identified as having a barrier to work that is related to drug/alcohol problems?
 - ! How well do welfare recipients cooperate with mandatory screening, assessment and treatment processes?
-

-
- ! Can efficient and effective systems of identification, referral and treatment be operated at the statewide level?
 - ! What types of treatment modalities are utilized by substance abusing public assistance parents?
 - ! What services are available to children of substance abusers?
 - ! What are the costs of the various treatment types?
 - ! How effective are treatments at reducing substance abuse and enabling former substance abusing recipients to work and become self-sufficient?
 - ! To what extent does drug/alcohol relapse affect employability?

Several aspects of the public assistance and substance abuse treatment systems in New York provide opportunities to study potential benefits and costs of treatment. These include:

- ! A vast network of treatment services available to public assistance recipients and others operated under the licensing of OASAS.
- ! A Medicaid services package that provides funding for substance abuse treatment without durational limits or monetary caps.
- ! The availability of automated data maintained by OTDA, OASAS, DOL and the State Department of Health.

Issue for Further Consideration 6

What performance measures should OCFS develop relating to public assistance programs?

Update on Agency Action - OCFS officials told us that the development of performance measures related to public assistance programs is an issue more appropriately belonging to OTDA. OTDA advised us that it will work with DOL and OCFS to develop outcome measures that are consistent with the Federal reporting requirements for welfare reform.

Auditors' Comments: The State of New York and its local social services districts have spent nearly \$7.2 billion on the reformed welfare system during the past three years. Taxpayers need to know whether these huge expenditures have met their intended results.

Issue for Further Consideration 7

What performance measures should DOL and ESDC [Empire State Development Corporation] develop for training programs involving public assistance recipients?

Update on Agency Action - According to DOL, training programs involving DOL and ESDC involve performance-based contracts with monthly subsidies to employers of up to \$350 to TANF recipients hired on a full-time basis and working an average of at least 30 hours per week for up to six months. DOL officials stated that they track entries to employment and job retention by matching participant Social Security numbers with Unemployment Insurance records. In addition, DOL officials stated that information collected through the caseload management system or the workforce development system will be combined with wage record data for measuring entries to employment.

Issue for Further Consideration 8

Should the work participation rates reported by DOL be supported by written documentation that is open to public scrutiny?

Update on Agency Action - DOL does not report participation rates. DOL provides participation data to the Federal government who then, in return, computes and presents participation rates. Currently, the Federal procedures used to develop participation rates are in draft and will be published by the Federal government when finalized. DOL publishes quarterly participation rates for districts based on data owned by the districts. DOL's quarterly reports are available to the public.

Training and Education

Our original report raised the following seven issues for further consideration related to training needs of recipients and their families.

Issue for Further Consideration 1

Is enough attention given to ensuring that public assistance recipients are adequately educated?

Update on Agency Action - OTDA officials stated that educational achievement is an emphasis of both the Learnfare and the Merit Incentive Programs. Children are encouraged, from an early age, to recognize the value of an education. Educational achievement is an area that they address when determining a person's preparedness to enter the labor market.

Issue for Further Consideration 2

Can training programs be developed that address the needs of public assistance recipients who have been trained in basic skills but are neither ready for jobs nor skilled enough to qualify for the next level of training?

Update on Agency Action - DOL, working with other State agencies, operates a series of training programs for recipients who may not be ready for jobs or skilled enough to qualify for the next level of training. These programs include, but are not limited to, workplace literacy, English as a second language, the Individual Vocational Education and Skills Training program, Teen Works, and the Built on Pride program.

Auditors' Comments: OTDA and DOL should monitor and evaluate these programs to determine which are the most effective programs.

Issue for Further Consideration 3

Should SUNY be given additional facilities for conducting the Bridge program?

Update on Agency Action - SUNY officials stated that they currently have sufficient space to meet the needs of their programs. During 1999, SUNY initiated programs at 16 Community Colleges, serving an additional 24 counties. In addition, some Bridge program services are also provided in public housing, community centers and local job centers.

Issue for Further Consideration 4

Should SUNY be given additional funding to develop a uniform database for the Bridge program?

Update on Agency Action - SUNY estimates that it does not require additional funding to develop a uniform database. Working with KPMG, a

public accounting firm, SUNY has initiated a review of its administrative and academic technology infrastructure for its Bridge program. Additionally, SUNY is working with DOL to establish a statewide web-based reporting system for all welfare-to-work programs.

Issue for Further Consideration 5

What can be done to expand the capacity of SED's EDGE [Education for Gainful Employment] program?

Update on Agency Action - SED officials stated that they have sought and obtained State and local funding to expand the capacity of EDGE program. Specifically, SED received funding from New York State and from New York City to continue this program.

Issue for Further Consideration 6

Should additional State funding be provided to the Learnfare program in New York City?

Update on Agency Action - SED officials advised us that NYC has requested additional resources to develop a better system of identifying excused and unexcused absences and to expand ongoing attendance counseling provided to children. According to the provisions of the \$100 million TANF block grant, NYC had the option of applying part of their allocation to supplement funding earmarked for the former Learnfare program. However, OTDA officials did not know whether NYC had exercised this option.

Issue for Further Consideration 7

Should more non-custodial parents be eligible for job training programs?

Update on Agency Action - DOL has developed job training programs that allow non-custodial parents to participate. This principally involves the INVEST Program which assists non-custodial parents who meet the 200 percent of poverty eligibility criteria with training designed to: assist unemployed individuals get employment; assist unemployed individuals increase earnings; assist employers meet their workforce needs; and strengthen the connection between training programs and local labor market demands.

Auditors' Comments: As with the other program initiatives undertaken by DOL, performance of this program needs to be monitored and evaluated to determine whether the program is meeting its intended results.

General Administration

Lastly, our original report contained the following ten issues for further consideration related to the general administration of reforming the welfare system.

Issue for Further Consideration 1

What additional steps can New York State take to obtain and maintain quality information system programming and data processing resources for the systems relating to public assistance activities?

Update on Agency Action - OTDA officials stated that maintaining quality data processing resources is a challenge that is being faced not just by New York State but by governments and businesses worldwide. OTDA officials added that they are expanding efforts to recruit and retain staff. DOL, with the State Office for Technology, has taken steps to improve the quality of information related to public assistance activities. These steps include the design of the Welfare to Work Caseload Management System (WTWCSMS). DOL and the State Application Service Center have met with system users to design a system that they report will meet the needs of all involved with public assistance activities.

Auditors' Comments: All of the welfare reform stakeholders should benefit from technology being developed for the welfare-to-work programs. We are hopeful that the new WTWCSMS will meet its intended purpose. However, involved agencies must be extremely vigilant given the State's problems implementing CONNECTIONS.

Issue for Further Consideration 2

Should counties be involved in systems redevelopment and redesign?

Update on Agency Action - OTDA, DOL and the State Applications Center have developed a process that involves counties (districts) in the design of WTWCSMS.

Issue for Further Consideration 3

Should OTDA and OCFS enter into a formal written agreement with one another to define their respective responsibilities for implementing welfare reform requirements?

Update on Agency Action - OTDA and OCFS have considered this area and have determined that implementing welfare reform requirements is proceeding in an appropriate manner, and that a formal written agreement is unnecessary at this time.

Issue for Further Consideration 4

How will OTDA re-evaluate the data elements captured by its present and planned information systems to determine whether the information will meet the Federal requirements?

Update on Agency Action - OTDA officials report that they maintain an ongoing dialogue with central and regional office staff from the U.S. Department of Health and Human Services' Administration for Children and Families to discuss their requirements for data elements. In addition, for data that OTDA is responsible for, OTDA has developed an application called the Quality Control Information System to control the TANF data it collects.

Issue for Further Consideration 5

What level of resources should be made available to the counties for implementing welfare reform requirements?

Update on Agency Action - According to OTDA officials, districts need and receive State support in their efforts to help individuals and families achieve the greatest degree of self-sufficiency. To this end, OTDA provided training, developed systems, updated manuals, booklets and pamphlets, and provides ongoing technical assistance. Since 1997, OTDA has been providing assistance to the counties in the implementation of welfare reform. For example, where necessary, modifications were made to computer systems to handle new and revised processes (e.g., new hire directory, case registry). OTDA has also developed new forms and procedures for implementing new processes (e.g., administrative subpoenas, administrative paternity testing orders). Extensive training was provided in both standalone formal training sessions held at regional sites throughout the State, and at the New York Public Welfare Association conferences. In addition, OTDA conducted many live video conferences on a variety of welfare reform issues and initiatives. Professionally-produced videotaped presentations were made and copies made available to all counties and other appropriate agencies.

Issue for Further Consideration 6

Will additional OASAS-credentialed counselors and OASAS-certified treatment programs be needed as a result of the alcohol and substance abuse screening requirements of welfare reform?

Update on Agency Action - OASAS and OTDA officials stated that monitoring shows that there are sufficient certified staff and programs available to handle the alcohol and substance abuse screening requirements of welfare reform. To ensure that a sufficient number of professionals are available to the local social services districts, OASAS instituted a new career series "Provisional Credentialed Alcoholism and Substance Abuse Counselor (CASAC)." OTDA is also working closely with the State Division

of Veterans Affairs and the U.S. Department of Veterans Affairs to maximize the use of their treatment resources.

Issue for Further Consideration 7

Should the roles, responsibilities and skills required for welfare examiners be re-examined by the Civil Service Commission?

Update on Agency Action - The State Department of Civil Service has surveyed local social services districts concerning the job functions, duties and skills needed by Social Welfare Examiners. The results of this survey are being analyzed. OTDA officials told us that they will continue to work closely with local districts and the Department of Civil Service to facilitate changes to existing classifications.

Auditors' Comments: OTDA should establish a work plan with the Department of Civil Service with deliverables and time frames to address this matter.

Issue for Further Consideration 8

Will the total cost of New York State's public assistance programs be reduced by welfare reform?

Update on Agency Action - OTDA expects reductions in caseloads to result in reduced aggregate expenditures on assistance. However, this reduction is mitigated by the Federal maintenance of effort requirement that imposes fiscal penalties should states expend less than 80 percent of base year expenditures (75 percent of the base year expenditures if the state meets its work participation rate). Therefore, the State and OTDA expects local expenditures to remain relatively stable due to this requirement.

Auditors' Comments: Given the reduction in the caseloads statewide and the Federal maintenance of effort requirement, OTDA and DOL should monitor costs of the new reformed welfare system to identify areas requiring budgetary changes.

Issue for Further Consideration 9

Should the 15 percent cap on administrative expenditures be eliminated?

Update on Agency Action - According to OTDA, the proper question is not so much whether the 15 percent cap should be eliminated but whether the definition of what constitutes an administrative expenditure should be changed. For example, case management, when performed by local district staff, falls under the administrative cap but, when performed by contracted staff, does not.

Issue for Further Consideration 10

Will counties who lose administrative resources as a result of penalties be further hindered from improving their performances?

Update on Agency Action - According to OTDA, this question presents a hypothetical scenario. Certainly any county that experiences a net reduction in available resources as a result of penalties or any other circumstance might be hindered in improving their performance in some area for a given period. But this would be the case only if the county could not achieve productivity improvements, increase local funding or reallocate available State, Federal and local resources to implement their performance improvement agendas.

Major Contributors to This Report

William Challice
Richard Sturm