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ABSTRACT

New Jersey has a history of successfully providing a strong safety net to support low-income families on welfare and the working poor. Despite its emphasis on work and responsibility, it has maintained a high level of support for many public assistance programs. The governor changed the emphasis of New Jersey's welfare program from education and training to immediate employment. This report profiles New Jersey's demographic, economic, and political conditions, then presents an overview of the state's income and social services safety net. The following three sections offer more detail on specific programs and services, describing recent changes, the administrative structure, general service delivery, and important policies affecting each program and program clients. New Jersey's Temporary Assistance for Needy Families (TANF) program, Work First New Jersey, is described, highlighting the state's work-related component for TANF recipients and the overall workforce development system. The next section covers the state's system for providing child care for both Work First New Jersey and non-welfare families. The third section describes the child welfare system, particularly the interaction between child welfare and welfare reform. The report concludes with a summary of key features of the state's programs and service delivery systems. (Contains 13 endnotes.) (SM)

Assessing the New Federalism

An Urban Institute Program to Assess Changing Social Policies

THE URBAN INSTITUTE

State Update No. 7, August 2001

New Jersey has successfully changed the emphasis of its welfare-to-work program from education and training to immediate employment and personal responsibility.

Recent Changes in New Jersey Welfare and Work, Child Care, and Child Welfare Systems

Robin Koralek, Nancy Pindus, Jeffrey Capizzano, and Roseana Bess

Introduction

New Jersey has a history of providing a relatively strong safety net to support low-income families—both those on welfare and the working poor. Despite the state's emphasis on work and responsibility, it has maintained a high level of support for many of its public assistance programs, including a state-funded General Assistance program. Several aspects of New Jersey's Temporary Assistance for Needy Families (TANF) program support its strong safety net, including moderately intensive sanctions, relatively high earned-income disregards, and an allowance for two six-month extensions to the five-year time limit for cash assistance. Work First New Jersey (WFNJ, the state's TANF program) was fully implemented in July 1997. Overall, WFNJ represents a major departure from New Jersey's earlier welfare reform waiver program—the Family Development Program—that operated between 1992 and 1997. Unlike the Family Development Program's emphasis on education and training for Aid to Families with Dependent Children (AFDC) recipients, WFNJ is directed toward immediately placing recipients in jobs and integrating them into mainstream society. WFNJ did incorporate some provisions first tried under the Family Development Program, most notably the "family cap"[1] on cash assistance benefits.

In addition to changing the emphasis of the state's welfare program from education and training to immediate employment, former governor Christine Todd Whitman made streamlining state government a priority during her tenure. WFNJ combined AFDC (now TANF), General Assistance, and Emergency Assistance into one program. In addition, Workforce New Jersey created a comprehensive workforce system encompassing all employment and training activities, including those for TANF recipients. Child care subsidies and related services were also merged into a single unified child care service delivery system.

This report begins with a short profile of New Jersey's demographic, economic, and political conditions. A brief overview of the state's income and social services safety net is presented next. The following three sections offer more detail on specific programs and services, providing information on recent changes, the administrative structure, general service delivery, and important policies affecting each program and the clients that program serves. New Jersey's TANF program, Work First New Jersey, is described first, including the state's work-related component for TANF recipients and the overall workforce development system. Next, the state's system for providing child care for both WFNJ and nonwelfare families is covered. The third program area described is the child welfare system, with particular attention paid to the interaction between child welfare and welfare reform. The report concludes with a summary of key features of the state's programs and service delivery systems.

Researchers visited New Jersey four times during late 1999 and early 2000; the child welfare and child care teams conducted separate visits in July 1999, and the WFNJ and workforce development interviews were conducted in April and May 2000. For the most part, information presented in this report comes from in-person interviews with relevant front-line program staff, as well as focus groups with WFNJ recipients and other low-income families to learn more about child care. Researchers also conducted interviews with relevant state-level officials to obtain an overview of the system statewide and to learn about new policy directions in these areas. In New Jersey, most interviews were conducted with staff in Jersey City (Hudson County), the state's second largest city. Additional telephone interviews were carried out with child welfare administrators in several other counties.[2] Interview information is supplemented with reports produced by other research organizations and by New Jersey state agencies.

Social and Political Context

Social and Economic Conditions

During the 1990s, New Jersey experienced relatively slow population growth and a strong economy (table 1). Between 1990 and 1999 the state's population grew by 5.1 percent, compared with 9.6 percent nationally. The proportion of New Jersey residents who are Hispanic (12.6 percent) and the proportion who are African American (14.7 percent) are slightly higher than for the United States as a whole. In addition, New Jersey has a higher percentage of noncitizen immigrants than the nation as a whole (8.9 percent of New Jersey's population compared with 6.3 percent of the U.S. population).

In 1999, New Jersey continued to experience a strong economy and low unemployment (4.6 percent), with jobs in the service sector making up a significant portion of the state's employment. Between 1995 and 1999, New Jersey's per capita income grew at a slightly higher rate than the nation's—11.1 percent, compared with 10.8 percent nationwide.

New Jersey's residents are relatively well off. In 1999, the average per capita income was $35,551, compared with $28,542 nationwide. New Jersey has a smaller proportion of children and adults living in poverty than the national average (12.8 percent of children and 7.5 percent of adults versus 17.5 percent and 11.2 percent, respectively) and the state experienced a notably smaller decrease in poverty rates between 1996 and 1998. During this time period, the nation as a whole saw a 15 percent decrease in the number of children living in poverty, while New Jersey saw a 4.4 percent decrease. Nationally, the proportion of adults in poverty decreased by 10.4 percent compared with 6.3 percent in New Jersey. Both the percent of births to unmarried teens in New Jersey (6.9 percent, compared with 9.7 percent in the U.S.) and the state's overall teen birth rate (34.6 percent, compared with 51.1 percent nationwide) are much lower than in the rest of the country.

Since 1994, the state has been led by a Republican governor and both houses of the legislature have had a Republican majority. The governor of New Jersey is the only statewide official elected by popular vote and enjoys more power than most governors. The governor determines the size of the state budget and the legislature cannot make appropriations in a given fiscal year that would exceed the governor's revenue estimate for that period. During her tenure as governor, Christine Todd Whitman enacted 38 tax cuts, including a 30 percent income tax reduction. Governor Whitman also kept state spending low: State budget increases from fiscal year 1995 to fiscal year 1997 were below the inflation rate.

New Jersey's Social Safety Net

New Jersey's social safety net for poor families and children is generally more comprehensive than that of the nation as a whole, particularly in terms of health insurance coverage (table 2). Compared with most states, New Jersey provides a higher level of health care coverage, leaving only 8 percent of poor children uninsured. Eligibility levels for the State

TABLE 1. *New Jersey State Characteristics, 1999*

	New Jersey	United States
Population Characteristics		
Population (1999) [a] (in thousands)	8,143	272,690
Percent under age 18 (1999) [b]	24.6%	25.7%
Percent Hispanic (1999) [c]	12.6%	11.5%
Percent Black (1999) [d]	14.7%	12.8%
Percent non-citizen immigrant (1998) [e]	8.9%	6.3%
Percent non-metropolitan (1996) [f]	N/A	20.1%
Percent change in population (1990-1999) [g]	5.1%	9.6%
Percent births to unmarried women 15-44 (1998) [h]	28.3%	32.8%
Percent births to unmarried teens 15-19 (1997) [i]	6.9%	9.7%
Birth rates (births per 1,000) females age 15-44 (1998) [h]	14.1	14.6
Birth rates (births per 1,000) females age 15-19 (1998) [h]	34.6	51.1
State Economic Characteristics		
Per capita income (1999) [j]	$35,551	$28,542
Percent change per capita income (1995-1999) [j]	11.1%	10.8%
Unemployment rate (1999) [k]	4.6%	4.2%
Employment rate (1999) [l]	83.3%	81.5%
Percent jobs in manufacturing (1998) [m]	12.6%	14.8%
Percent jobs in service sector (1998) [m]	32.1%	29.9%
Percent jobs in public sector (1998) [m]	14.8%	15.8%
Family Profile		
Percent children living in two-parent families (1999) [n]	69.6%	63.6%
Percent children living in one-parent families (1999) [n]	21.7%	24.8%
Percent children in poverty (1998) [o]*	12.8%	17.5%
Percent change in child poverty rate (1996-1998) [o]*	–4.4%	–15.0%
Percent adults in poverty (1998) [o]*	7.5%	11.2%
Percent change in adults in poverty (1996-1998) [o]*	–6.3%	–10.4%
Political		
Governor's affiliation (1999) [p]	Republican	
Party composition of Senate (1999) [q]	16D-24R	
Party composition of House (1999) [q]	35D-45R	

*1998 National adult, national child, and state child poverty estimates show statistically significant decreases from the 1996 estimates at the 0.10 confidence level, as calculated by the *Assessing the New Federalism* project, The Urban Institute.

Table 1 notes begin on page 17.

TABLE 2. *The Safety Net in New Jersey, in National Context*

	New Jersey	United States
Welfare Benefits - Maximum Monthly Benefit (Family of Three, No Income)		
1996 (AFDC) [a]	$424	Median: $415
1998 (TANF) [a]	$424	Median: $421
2000 (TANF) [a]	$424	Median: $421
Ratio of Children Receiving Welfare to All Poor Children		
1996 (AFDC) [b]	74.5%	59.3%
1998 (TANF) [b]	57.1%	49.9%
Percent of All Children Without Health Insurance		
1997 [c]	8.9%	12.2%
1999 [c]	8.0%	12.5%
Income Cutoff for Children's Eligibility for Medicaid/State Children's Health Insurance Program (Percent of Federal Poverty Level)		
1996 [d,e]	97.9%	123.8%
1998 [d,f]	200.0%	178.4%
2000 [d,g]	350.0%	205.1%
Income Cutoff for Children's Eligibility for Child Care Subsidy (Percent of State Median Income/Federal Poverty Level)		
1998 (January) [h]	52% / 200%	57% / 182%
1999 (June) [h]	50% / 200%	59% / 178%

AFDC = Aid to Families with Dependent Children
TANF = Temporary Assistance for Needy Families
Table 2 endnotes begin on page 18.

Children's Health Insurance Program (SCHIP) are set at a relatively high income level—350 percent of the federal poverty level (FPL) in 2000 (compared with an average of 205 percent for the nation). The state's cash assistance benefit levels did not change with the implementation of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), and have not increased since that time. The maximum monthly benefit of $424 for a family of three (assuming no income) is slightly higher than the national median. The ratio of children receiving welfare to all poor children (57.1 percent) in New Jersey was higher than in the nation as a whole in 1998, but had dropped substantially from the coverage level of 1996 (74.5 percent). Child care subsidies in New Jersey cover families with slightly higher incomes than the national average. The 1999 income cut-off for eligibility for child care subsidies was set at 200 percent of FPL. While this income cut-off is more generous than the national average (178 percent of FPL), New Jersey's child care subsidy eligibility limit is set at 50 percent of the state median income (notably lower than the national average of 59 percent), reflecting the state's high per capita income.

Caseload Dynamics

Statewide, TANF caseloads have declined significantly as compared to their pre-WFNJ levels. In August 1996, there were just under 275,640 AFDC recipients. By December 1999, caseloads had dropped to approximately 139,300 recipients, a decline of 49 percent.[3] As of

December 1999, caseloads in Hudson County had decreased by 39.6 percent since implementation of WFNJ in July 1997.[4]

Welfare and Work

Work First New Jersey represents a major departure from the state's welfare waiver approach in its Family Development Program. As noted earlier, the Family Development Program emphasized education and training, while WFNJ embodies a work first philosophy. The state's TANF program places a strong emphasis on personal responsibility, the importance of work, and time-limited assistance. However, it also includes some reasonably generous provisions, including the adoption of the 60-month federal time limit and generous earned-income disregards. Although the state does impose full-family sanctions, it employs a graduated sanction process that does not affect the entire family until after two months of noncompliance. After the participant complies, each subsequent failure to participate involves tougher sanctions.

Work First New Jersey Policy and Program Emphasis

In keeping with its strong focus on work, WFNJ has a mandatory job search component. Applicants must participate in job search activities while their application is pending, as a condition of eligibility to receive cash benefits. In Hudson County, job search is the first activity in which WFNJ recipients participate after their case has been opened. Consistent with what PRWORA allows when calculating participation rates, a client may engage in job search no longer than four consecutive weeks and no more than six weeks per year.

Under WFNJ, all nonexempt individuals must find a job or participate in a "work-directed activity" for at least 35 hours per week (55 hours per week for two-parent families) once they are deemed work-ready or within 24 months on cash assistance. Those who are not engaged in full-time, unsubsidized employment are required to participate in either a work activity, job search, or other designated work-related activity.

If, after completing an initial period of job search, clients have not found work, WFNJ offers a number of employment and training options. However, clients must continue to look for work while engaged in these activities. Work activities include those deemed countable under federal law: unsubsidized employment, on-the-job training, work experience programs (both community and alternative work experience), community service programs, job search/job readiness (counted for a maximum of six weeks), vocational educational training, job skills training directly related to employment, education directly related to employment, high school diploma/GED courses (for those under age 19), work-related educational enhancements (including post-secondary education leading to employment), and the provision of child care services to another WFNJ client engaged in a community service or other approved work activity program. The state allows substance abuse treatment and supported work as work activities for the purposes of WFNJ, even though they do not count toward the federal participation rate.

Under a competitive grant awarded by the state, Hudson County implemented a system of job coaches in 1998. Job coaches are assigned to long-term clients. They follow client attendance and manage cases more intensely by making home visits and being available to clients 24 hours a day, seven days a week. Among other activities, they encourage job retention.

WFNJ Eligibility. New Jersey uses an integrated application process for TANF, the Food Stamp Program, and Medicaid. As an initial step at intake, all new TANF applicants must go through child support screening and register for work with the Employment Service. At the time of the site visit in spring 2000, the state had developed a diversion program, the Early Employment Initiative. The initiative was in the early stages of implementation throughout the state, but it had not yet been implemented in Hudson County. This diversion program provides a one-time payment up to $750 for job search and placement activities while a family member seeks a job and up to a maximum lump-sum payment of $521 when a family member gains employment. Families that receive diver-

sion payments are eligible for child care services for up to two years. The diversion payment does not use up any of the family's time on cash assistance if the family does not receive ongoing cash assistance within 60 days.

Emergency Assistance is also available for TANF applicants and ongoing recipients who are homeless or at imminent risk of homelessness. Emergency Assistance funds can be used to pay for things such as back rent, utilities, security deposits, and shelter. Emergency Assistance is available for up to 12 months in a lifetime. It is not used to divert applicants from receiving a TANF cash grant.

Sanctions. New Jersey has three progressive levels of sanctions. The first instance of noncompliance results in the removal of the adult from the grant for one month. After three months of noncompliance, the entire family's case is closed. Once a case has been closed due to noncompliance, a client must reapply for benefits and demonstrate a willingness to cooperate. This can be shown by participating for up to two weeks in the particular activity in which noncompliance occurred, after which the client can be reinstated. After a second instance of noncompliance, the adult is again removed from the grant for one month. Continued noncompliance after the first month results in a full-family sanction for one month. If the noncompliance continues after the second month, the entire family's case is closed. Again, the client must demonstrate a willingness to comply when reapplying for benefits. Subsequent instances of noncompliance result in a full-family sanction for a minimum of three months. After three months of noncompliance, the case is closed and the client must reapply and demonstrate a willingness to comply.

Time Limits. New Jersey has a five-year lifetime limit on cash assistance, the maximum length of time authorized by PRWORA. As of April 1998, the agency began processing all active TANF cases that had been receiving cash assistance for 60 months or longer (under AFDC and/or TANF) into the WFNJ work requirement component. As noted in the section on program innovations and challenges, the state is phasing in sanctions for this population rather than cutting off benefits entirely. The first WFNJ clients to reach the TANF time limit will do so in 2002. Extensions to the time limit for cash assistance may be made in increments of no more than 6 months for up to 12 cumulative months. A recipient may get an extension for "extreme hardship," (e.g., if she works full time and remains WFNJ-eligible because of the earned income disregard) or if she lacked opportunity to participate in work activities.

Exemptions. Parents caring for a child under the age of 12 weeks are exempted from New Jersey's work requirements. There are no other specified exemptions to the work requirement. Deferrals from work requirements are available for individuals over the age of 60 years; individuals who are chronically ill or have a disability or impairment that is expected to last for more than 12 months; women in the third trimester of pregnancy, or women in earlier stages of pregnancy who have been certified by a physician to be unable to work; individuals participating in Community Work Experience Program activities; caretakers of severely disabled or seriously ill dependent family members; and victims of domestic violence.

Organization of Welfare and Work Programs

The Division of Family Development within the Department of Human Services (DHS) has primary responsibility for income support programs, including TANF/WFNJ, food Stamps, SSI, child care, child support, and KidCare (New Jersey's health insurance program for uninsured children age 18 years and younger) (table 3). The Division of Youth & Family Services, part of DHS, oversees child welfare services. Medicaid is administered at the state level by the Division of Medical Assistance within DHS. However, applicants seeking welfare apply for TANF, Medicaid, and food stamps through a common application. Other low-income families seeking medical assistance may also apply for Medicaid at their local welfare office.

TABLE 3. *Administration of Income Support and Social Services in New Jersey*

Federal or Generic Program Name	What program is called in New Jersey	Which agency administers in New Jersey
TANF	Work First New Jersey (WFNJ)	Division of Family Development, Department of Human Services
Workforce Investment Act (WIA)	Workforce Investment Act	Department of Labor*
Child Care Development Block Grant	New Jersey Cares for Kids	Division of Family Development
Food Stamps	The Food Stamp Program	Division of Family Development
Child Welfare	Child Welfare	Division of Youth & Family Services, Department of Human Services
Medicaid	Medicaid	Division of Medical Assistance, Department of Human Services

* The State Employment and Training Commission serves as the state's Workforce Investment Board and provides policy guidance concerning state workforce development issues.

State Welfare and Work Programs. Officially, WFNJ is a state-supervised and county administered program. But, the state imposes a considerable level of supervision and local agencies have little flexibility, so variation in program operations across counties is limited.

New Jersey is one of 33 states that had a statewide General Assistance program in 1998.[5] Known as Work First New Jersey/General Assistance (WFNJ/GA), the program provides temporary cash assistance to single adults and couples without dependent children under rules similar to those of the TANF program. Like the state's TANF program, WFNJ/GA is state supervised and locally administered. Funding comes from the state as well as county and municipal governments.

Workforce development services in New Jersey, with the exception of the Employment Service, are state supervised and locally delivered. The State Employment and Training Commission (SETC), a governor-appointed body of state agency commissioners, private citizens, elected officials, and representatives from business, labor, and community-based organizations, was established in 1989 to foster cooperation and joint planning and is authorized to provide policy guidance concerning workforce readiness. The SETC played a critical role in establishing local Workforce Investment Boards as part of the state's workforce readiness system, and in developing the publication, *A Unified State Plan for New Jersey's Workforce Readiness System.*

The Department of Labor drives workforce activities in the state by promulgating central directives that local agencies must carry out. This department oversees Job Training Partnership Act (JTPA)/Workforce Investment Act (WIA) activities, the Employment Service, the Food Stamp Employment and Training Program, U.S. Department of Labor Welfare-to-Work grants, and TANF employment services, among other activities. County Employment Service offices provide labor market information, job placement services, and other traditional employment service activities.

In May 1995, the governor signed an executive order creating Workforce New Jersey, the goal of which was to create a comprehensive workforce system for all workers. This order replaced DHS with the Department of Labor as the primary agency concerned with

workforce issues for welfare recipients. It also created a system of Workforce Investment Boards as the planning and oversight bodies for all local employment and training activities. Workforce Investment Boards are local partnerships of private- and public-sector participants, including educational institutions. The Workforce Investment Boards became operational in 1997.

A statewide One-Stop Career Center system was created concurrent with the shift to local Workforce Investment Boards. The one-stops are intended to provide a single point of access for career planning, social services, and workforce readiness activities. The one-stop system in New Jersey is a "virtual" system, allowing access to traditional employment and training resources through the Internet, with some physical locations for service access and administration.

Local Welfare and Work Structure. Twenty-one county and municipal welfare agencies administer WFNJ at the local level, under the supervision of the Division of Family Development. County and municipal welfare offices had little control over how they implemented WFNJ, and largely followed state-issued welfare reform rules and regulations. Although the state remains rigid on many mandates, local flexibility has increased somewhat as caseloads have dropped and a higher proportion of clients has become harder to serve and place in jobs. For example, the state has allowed Hudson County to develop a special transportation initiative to serve WFNJ clients better.

The Hudson County Department of Health and Human Services' Division of Social Services (DSS) offers TANF and other income support services. The Department of Health and Human Services oversees all welfare reform activities for the county. DSS, often referred to as the "County Welfare Office," has overall responsibility for eligibility determination and the provision of benefits for income support programs. One central office administers these programs, although some programs operate out of separate buildings.

As part of then-Governor Whitman's quest for smaller, more efficient government, she recommended that General Assistance programs be consolidated at the county level. As noted during our previous visit, New Jersey felt that "consolidation will increase program efficiency, expand services available to General Assistance recipients, make it easier for recipients to access other services, and save municipalities money."[6] In 1997, prior to the first visit for this study, Jersey City merged its municipal welfare operations into the Hudson County welfare offices. In doing so, it combined the municipally administered General Assistance program with the county-run TANF program. At that time, Jersey City was one of only three major cities in the state to do this under the state's initiative. By June 1999, more than half of the state's municipalities had opted to allow their county welfare agency to administer both programs.

Statewide, contractors actually deliver most ancillary services, including transportation, child care, job readiness, job search/placement, and skills development. County agencies control contracting with social service provider agencies, although many contracts originate with the state Division of Family Development.

Hudson County has a single Workforce Investment Board that serves the Service Delivery Areas for Jersey City and Hudson County. In 1995, the Workforce Investment Board replaced the Private Industry Council that had served the same jurisdictions. Most members of the Private Industry Council continued as members of the Workforce Investment Board during the transition.

Two administrative entities oversee JTPA/WIA activities in Hudson County, one for Jersey City and one for the rest of the county. The Hudson County Schools of Technology Career Development Center is the JTPA/WIA administrative entity for Hudson County. It maintains fiscal oversight of the Hudson County Department of Health and Human Services' employment-related contracts—although the county Department of Health and Human Services is the administrative entity for these grants—through an interlocal agreement. The Center does not, however, give any direct employment and training services to WFNJ clients. The Career Development Center also administers the U.S. Department of Labor Welfare-to-Work funds for Hudson County.

Jersey City Employment & Training is the JTPA/WIA administrative entity for Jersey City, and also serves as an employment and training vendor under the county welfare system. As a contractor to the Department of Health and Human Services, Jersey City Employment & Training provides job search/job readiness and Alternative Work Experience Program services to WFNJ clients referred by the County Welfare Office. Jersey City Employment & Training also offers Alternative Work Experience Program and occupational training services to clients through the Welfare-to-Work program.

A third agency, the Jersey City Employment Service Office, is state-run and provides traditional employment services (e.g., labor market information, resource center, job placement) and a staff unit dedicated to WFNJ and other one-stop services (e.g., self-assessment and job search). The Work First unit serves TANF and General Assistance recipients. Services include registering clients for work, providing a Work First orientation, and referring clients to job openings. WFNJ clients must register with the Employment Service as a condition of eligibility. The Jersey City Employment Service also has staff stationed at the County Welfare Office.

The Workforce Investment Board designated three full-service One-Stop Career Centers—one at the Career Development Center, one at Jersey City Employment & Training, and one at the Jersey City Employment Service Office. At the time of our visit, the one-stops were in the final stages of planning and implementation, and were in the process of creating standard forms and referral procedures. The three one-stops were linked via computer. Nearly 20 additional "public sites" (e.g., public libraries and adult learning centers) with Internet access were linked to the full-service sites for browsing and referral to the one-stops. All three offered similar core and intensive services; the Career Development Center and Jersey City Employment & Training were planning to offer training as well.

Implementing the Workforce Investment Act in July 2000 did not, by and large, affect the overall organizational structure of workforce development services in Hudson County. Workforce Investment Boards were developed statewide in 1997 and One-Stop Career Center development was well underway before federal legislation passed. In accordance with the Workforce Investment Act's "work first" emphasis, the shift to core and intensive services did, however, increase the emphasis on job search and job placement activities before offering more intensive services such as training.

WFNJ and Workforce Development Service Delivery and Linkages

In an effort to create a comprehensive program designed to promote clients' transition from welfare to work, the governor issued an executive order requiring all departments to work together on WFNJ. This executive order requires not only cooperation but also leveraging federal dollars from the various agencies. In particular, collaboration between the departments of Human Services and Labor plays a principal role in how WFNJ operates. With the strong emphasis on labor attachment in WFNJ, the workforce development system is an important element of welfare reform. Under WFNJ, DHS serves as welfare recipients' entry point to the Department of Labor's One-Stop system. WFNJ applicants and recipients must register for work with the New Jersey Employment Service immediately upon application or recertification for assistance. Once in the workforce system, they are treated as job seekers, not as welfare clients.

At the state level, DHS has primary responsibility for TANF cash assistance. The Department of Labor has primary responsibility for TANF employment and training activities. Across the state, staff in county and municipal welfare offices make welfare eligibility determinations and authorize cash assistance payments. The majority of ancillary services, such as transportation assistance, child care, job readiness, skills training, and job search and placement, are provided by approximately 1,500 social service agencies under contract to the welfare agencies. Only one welfare office serves Hudson County, which

houses all WFNJ case managers. Income maintenance workers and case managers determine eligibility, develop Individual Responsibility Plans (IRPs), refer clients to activities, monitor client attendance, pay transportation-related expenses, issue sanctions and reinstate grants, and conduct redeterminations.

At the time of our visit, six vendors offered employment and training services to WFNJ recipients under contract to the Hudson County DHS. Services included job search, job coaching, work experience, supported work, and occupational training activities. Before April 2000, Hudson County had had as many as 14 contractors providing these services. Fewer contracts were issued for the most recent fiscal year due to declining caseloads and decreased demand for services, as well as performance issues on the part of some vendors. Every morning as part of the WFNJ client orientation at the County Welfare Office, the vendors describe their programs and services as a way to recruit participants. Case managers decide where to send clients based on the client's preferences and other factors such as the vendor's proximity to the client's home.

An overlapping but not identical set of service contractors provide JTPA/WIA and Welfare-to-Work services. Many contractors offer services under several different funding streams and programs. Few of these contractors are actually located at the one-stops, which house primarily Employment Service, Career Development Center, and Jersey City Employment & Training staff. Counselors at one-stops may refer clients to training and other appropriate services.

Program Innovations and Challenges

Despite the strong role of the state in determining WFNJ policy, Hudson County has been able to develop initiatives specifically designed to meet the needs of its clients. For example, the county designed and operates a joint initiative with New Jersey Transit to provide daily bus passes to WFNJ clients for use during job search and other work-related activities. This replaced the previous practice of reimbursing daily transportation expenses. At the time of our visit, the state had approved the county's use of $975,000 in TANF savings resulting from the bus pass program for another transportation initiative. Although not yet implemented, administrators hoped to use the funding to help clients get driving licenses and meet other transportation-related expenses. The county is also using $5 million from the state's 21st Century Community Partnership to fund community-based organizations in Jersey City and four other communities to help hard-to-place welfare recipients become employable and move into jobs.

Over several years, Division of Family Development fiscal operations gradually moved from the Department of Health and Human Services to the Career Development Center. This change melded three systems into a unified approach: welfare, workforce development, and community based organizations. It also created a single contracting process for many county programs. Merging these systems and ideologies required considerable effort. The Hudson County Department of Health and Human Services established several committees to break down barriers among providers, facilitate constructive problem-solving, and otherwise improve county WFNJ operations. A "client profile" committee looked at the changes in caseloads and determined what services clients would need in the next year. A "client flow" committee looked at how clients move through the WFNJ system and access services. A Management Team includes staff from the County Welfare Office, the Workforce Investment Board, the Career Development Center, Jersey City Employment & Training, the Employment Service, and vendors. This team was created to look at welfare reform from a systems perspective and coordinate services throughout the county.

The state has faced additional challenges in recent years. For example, New Jersey was one of 15 states affected by the U.S. Supreme Court ruling that states cannot give lower levels of welfare benefits to new residents than they do to longtime residents. Previously, the state required welfare recipients to live in New Jersey for 12 consecutive months before they would be eligible for full cash benefits.

In New Jersey, as in many other states, considerable drops occurred in the number of children on food stamps (from 267,855 in 1996 to 202,021 in 1998) and receiving Medicaid (from 349,838 to 333,739 over the same time period).[7] Additionally, a report by Legal Services of New Jersey states that one-third of welfare recipients believe that they were misinformed by their caseworkers regarding eligibility requirements and benefits.[8] DHS responded in June 1999 by announcing a $2 million expenditure to train caseworkers on educating clients about the welfare program, including benefits available to former welfare recipients.

Local respondents voiced some concern about the way that TANF funds were distributed for program operations. Hudson County receives a block grant from the state for WFNJ administrative costs. Funds for cash assistance provided to clients are not part of this block grant. The state recently decreased the administrative allocation for Hudson County. Local administrators felt the allocation was lower than it should be based on the size of the county's caseload. There is no flexibility in the use of funds and the county must work within the prescribed funding level to meet client needs.

Child Care

As welfare programs have shifted dramatically toward requiring recipients to work or engage in activities leading to work, child care is now a cornerstone of state efforts to support these activities. People leaving TANF because they have found employment, often called transitional (for the period of transition off of welfare), also often need child care to make their transition a success. Though PRWORA eliminated the requirement that states provide child care assistance to these families—by eliminating any entitlement to child care for them—most states continue to give them a high priority for child care subsidies. This study examined the ways in which TANF and post-TANF families gain access to child care subsidies. We did the same for nonwelfare working families, since they also need child care but often cannot afford it, and many of the states in this study find themselves in the situation of having to make choices between providing subsidies to TANF clients or to nonwelfare working families.

Child Care Eligibility and Assistance

New Jersey families receiving TANF cash benefits and participating in an approved WFNJ program are automatically eligible for child care services. Parents receiving TANF cash assistance who are employed are also automatically eligible to receive WFNJ child care, but must make a copayment based on earned income toward the cost of child care. In July 1999, New Jersey increased the length of transitional assistance from a period of 24 months to 36 months. Families moving off of TANF may receive transitional child care assistance for 36 months, or until they no longer meet the income eligibility cutoff. They do not have to reapply, but they do have to return to the welfare office to establish their copayment amount. Before welfare reform, New Jersey provided only 12 months of transitional assistance.

New Jersey also funds the New Jersey Cares for Kids Program (NJCK), its child care subsidy program for low-income families who are not TANF recipients or in their transitional period. Working poor families earning up to 200 percent of FPL are eligible for child care subsidies under this program. Once in the program, families remain eligible until their income exceeds 250 percent of FPL.

Because funds generally have not been sufficient to provide child care to all eligible families that request assistance from NJCK, New Jersey has developed three "priority tiers" within the overall eligibility guidelines. Families with incomes that fall below 150 percent of FPL ($20,820) or that have a child under child protective service (CPS) supervision get top priority and receive services before all other families. Second priority goes to families with an income between 150 percent and 175 percent of FPL ($24,290). Families with an income between 175 percent and 200 percent of FPL ($27,760) fall into the lowest priority group. The tier system has been set up so that the poorest families are served first.

These eligibility thresholds and priority tiers are uniform across all counties in New Jersey.

Administrative Structure and Funding

New Jersey's Division of Family Development within DHS is the lead state agency for planning and developing child care policies. The Division oversees the administration of New Jersey's two child care subsidy programs—the WFNJ child care component for welfare recipients and NJCK for working poor families. The policies governing both programs are decided at the state level and are administered by a "unified child care agency" within each county. In almost every county, a Child Care Resource and Referral Agency fills the role of unified child care agency.

New Jersey's current administrative structure has been in place since April 1997, when the state created a "Unified Child Care Delivery Service System" to increase access to subsidized child care and the efficiency of subsidized child care service delivery. The administrative change brought together the funding for both subsidy programs, resource and referral services, and other services related to children and families.[9]

However, despite the effort to unify the child care system, some counties continue to run essentially separate child care programs for welfare recipients and the working poor. In Hudson County, for example, while all child care funding flows through the unified agency, different caseworkers at separate locations conduct intake, provide child care information, and administer payments for welfare and nonwelfare clients. Additionally, child care providers for welfare recipients are paid differently than the providers for nonwelfare recipients; and while welfare recipients are automatically eligible for child care and receive it if they apply, working poor families are placed on long waiting lists to receive subsidies. Late in 1999, however, New Jersey allocated additional funds to the NJCK program that temporarily eliminated the waiting list for working poor families.

Early Childhood Program Aid is a $303 million program that provides assistance to all school districts in New Jersey for the purpose of providing full-day kindergarten and preschool classes and other early childhood programs and services for preschool children. Allocations are based on the number of low-income children within each district. For the 1997-98 fiscal year, districts where low-income children (from families earning less than 130 percent of FPL made up 20 to 40 percent of the district's pupil population received $465 for every pupil, and districts where low-income children made up over 40 percent of the district's pupil population received $498 per pupil.

Child Care Fees and Reimbursement Rates

With few exceptions, all families eligible to receive child care subsidies must make a copayment toward the cost of child care. The copayment amount depends on family income, family size, hours of care needed, and number of children in care. Previously, parents paid 100 percent of the copayment for the first child in care, 50 percent for the second child, and nothing for additional children. Under the payment structure implemented in 1999, parents continue to pay 100 percent of the copayment for the first child, and now pay 75 percent for the second child and nothing for additional children.

Although employed TANF recipients receiving cash benefits must make a copayment, those without employment but participating in approved WFNJ work activities do not. Copayment is also waived for families involved with child protective services.

Reimbursement rates are uniform across the state and are based on a market rate survey conducted in December of 1997. New Jersey uses a reimbursement scheme based on the type of care used, the amount of time the care is used, and the age of the child in care. Licensed child care centers receive the highest reimbursement rates, followed by registered family day care homes, and finally, "approved home" providers. Rates vary for full-time care (defined as six hours or more per day), three-quarter time (four or five hours per day), half time (two or three hours per day), and one-quarter time (one hour per day).

Rates also vary for infants and toddlers, early preschoolers, preschoolers, and school-age children.

At the beginning of 1998, the state gave all providers a 2 percent across-the-board increase, followed by an additional 8 percent rate increase in July. In addition, as an incentive to increase the quality of child care, in 1998, the state increased by 5 percent the reimbursement rates paid to child care centers and family day care homes achieving national accreditation.

Child care subsidy payments are made directly to the provider in New Jersey. The two different child care programs, however, pay providers in different ways. Reimbursements through the WFNJ program to the child care providers of welfare recipients are paid retroactively with the first payment generally not received for eight weeks after the child begins care. In contrast, providers for children using New Jersey Cares for Kids subsidies are paid prospectively, making it more attractive for providers to take these children than children of WFNJ clients.

Program Innovations and Challenges

On May 21, 1998, the New Jersey Supreme Court ruled that New Jersey's Comprehensive Educational Improvement and Financing Act of 1996 did not adequately address the unique educational disadvantages facing children attending schools in the poor urban districts.[10] The court found that the funding proposed by the Early Childhood Program Aid component of the Act, which provides need-based aid for full-day kindergarten, preschool classes, and other childhood programs and services, was "arbitrary" because the state never conducted a study to determine the actual needs of children in the special needs districts. While the ruling has been difficult to implement, the expectation is that full implementation will increase the quality of preschool education for disadvantaged children.

In July 1999, the state undertook a $100 million waiting list reduction initiative using transferred TANF funds, creating approximately 7,800 additional slots for subsidies to working poor families. This has at least temporarily eliminated the waiting list for subsidies in New Jersey. Respondents were concerned, however, that even with these additional funds, future demands for child care subsidies might re-create the waiting list.

Child Welfare

Child welfare agencies seek to protect children from abuse and neglect. They may intervene in families in which such behavior is suspected; may offer services to such families or require that families complete service programs; and may remove children from their home and place them in state-supervised care if children face imminent or ongoing risk of abuse or neglect in the home. Nationally, many policymakers, researchers, and advocates expressed concern that families who did not fare well under the new welfare requirements might be referred to child welfare agencies for child abuse or neglect. Thus far, however, welfare reform does not appear to have had a significant impact on child welfare caseloads in New Jersey. Welfare reform has not affected child welfare financing in New Jersey, but the funding flexibility provided by TANF has led to recent discussions on collaboration between the Division of Youth & Family Services and the Division of Family Development.

In New Jersey, child welfare services are state-administered and state-supervised by the Division of Youth & Family Services. This means that all budget, policy, and personnel decisions are made at the state level. The Division consists of 32 district offices, 5 regional offices, 5 Adoption Resource Centers, and 3 residential centers. The current Division of Youth & Family Services director has been in office since July 1998, the second director since the first round of ANF site visits to New Jersey in 1997.

Welfare Reform Discussions

The Division of Youth & Family Services staff anticipated a shift from the welfare caseload to the child welfare caseload in 1996. But the Division of Family Development and

Division of Youth & Family Services administrative staff did not hold any significant discussions at that time about the potential impacts of welfare reform. However, staff of these divisions did discuss the possible impact that welfare reform would have on the under-18 single mother population in their caseloads. As a result, the Division of Youth & Family Services created "second chance homes"[11] for minor parents in its custody. The Division of Family Development and the Division of Youth & Family Services collaborated on the use of these homes for underage mothers involved with either division.

Child Welfare Caseloads

Despite widespread concerns in the state, thus far child welfare caseloads have not significantly increased following welfare reform. In 1998, however, 75,988 children were involved in investigations of abuse or neglect allegations, a 12 percent increase from 1996. Of these investigations, 13 percent were substantiated. New Jersey's victimization rate, 4.9 abuse cases per 1000 children, is lower than the national median of 11.5.

Although the number of children involved in investigations of abuse and neglect allegations increased, the number of removals has remained about the same in most districts surveyed. Two of the county child welfare administrators interviewed by telephone reported increases in the number of children in out-of-home placement. Increases in the number of children in placement were attributed to changes associated with the state's Blue Ribbon Panel on Child Protective Services' 1998 Report. Some anecdotal evidence of the effect of welfare reform on the child welfare caseload was also mentioned. For example, caseworkers and administrators spoke of funding kinship cases more frequently due to the rigid eligibility requirements for TANF. Frontline staff also noted that since welfare reform was implemented, they had seen cases of families doubling up in apartments and examples of homeless families seeking assistance from the Division of Youth & Family Services to avoid the placement of children.

Financing

Welfare reform is known for the block granting of federal income assistance. But PRWORA also altered federal funding streams that many states have used to pay for child welfare services. The Emergency Assistance program was eliminated, with the program's funds rolled into the TANF block grant; the Social Services Block Grant (SSBG) was cut by 15 percent; and eligibility for Supplemental Security Income was defined more narrowly.[12]

New Jersey child welfare financing was not significantly affected by welfare reform, however. The Division of Youth & Family Services reported a significant decrease from state FY 1996 to state FY 1998[13] in SSBG funds for child welfare purposes, even though TANF dollars had been used to offset the federal cuts in SSBG. However, the total Division of Youth & Family Services budget (federal, state, and local funds) increased from $406 million in state FY 1997 to approximately $500 million in 2000, mainly due to increases in state funds. District administrators reported, though, that this increase in funding was just beginning to funnel down to the district offices in state FY 2000. In addition, the Division of Youth & Family Services reported significant increases from state FY 1996 to state FY 1998 in federal Title IV-E and Medicaid dollars, two of the federal funding streams for child welfare. In 1999, the Division of Youth & Family Services contracted with an accounting firm to maximize Title IV-E and Medicaid funding. Of the total Division of Youth & Family Services budget, federal funds account for 40 percent and state funds account for the remaining 60 percent.

This increase in state funds has allowed the Division of Youth & Family Services to accomplish several staffing and service-related goals, mainly increasing the number of staff. In 1997, the Division had 2,674 filled positions. In 1999 the Division was recommended for a total of 3,180 staff positions for the following year. At the time of the child welfare team site visit, the Division of Youth & Family Services had 1300 caseload-carrying staff members—100 percent of the staffing allocation for front-line workers. The Division of Youth & Family Services has also improved its existing training and created new training

opportunities for newly hired staff, seasoned frontline workers, and supervisors; added paralegals to all 32 field offices; and hired seven additional finance specialists to maximize federal funding by identifying Title IV-E-eligible children. The Division of Youth & Family Services has also established contracts to place a Certified Alcohol and Drug Counselor in each field office to help families in which substance abuse is an issue affecting children's welfare.

Collaboration between TANF and Child Welfare Agencies

Many families receiving services from child welfare agencies also receive TANF cash assistance. These dual-system families may face competing demands. They must meet the new requirements imposed on TANF recipients in order to receive assistance, while at the same time they must meet case plan goals developed by child welfare agencies in order to keep their children or have their children returned to them. Despite the overlap in populations, historically there has been little formal collaboration between child welfare and welfare agencies.

In June 1999, the Division of Family Development and the Division of Youth & Family Services began a jointly initiated series of bimonthly meetings at the state level to discuss formal strategies for addressing families involved in both systems. Currently, no formal policy exists that requires collaboration or information sharing, and no computer linkage exists for sharing information between the two divisions. The Department of Human Services (the umbrella organization) is in the process of developing a management information system that would allow interagency electronic communication. The Division of Family Development and the Division of Youth & Family Services are also beginning to match caseload records from the period before welfare reform. This would create baseline information for understanding the impact of welfare reform on child welfare.

Despite these collaborative efforts, and even with the understanding that the populations overlap, there are no exemptions from TANF work requirements for child welfare clients unless the client has a physical or mental disability or is a domestic violence victim. Counties decide which activities satisfy work requirements, and of these, mental health counseling is an option. Another example of how child welfare clients may be affected by welfare reform is the option for states to continue TANF payments to a family after the child has been removed from the home. In New Jersey, in the situation where a child has been removed to an out-of-home placement (e.g., foster home or residential treatment center) for more than 45 days, TANF payments may continue for up to one year. After the first 180 days, payments are made using state funds. This allows parents to keep their income support as they work toward reunification with their children.

Some district offices reported collaborative procedures and capacities that are not required or available on the state level. One district office reported a local affiliation agreement that spells out the expected working relationship between local Division of Youth & Family Services and Division of Family Development staff that existed prior to welfare reform. Several local Division of Youth & Family Services offices reported the capability to interface with the information system of the local Division of Family Development to obtain data on child welfare clients. Local offices also reported that Division of Youth & Family Services workers in all district offices have not consistently received training on the changes brought about by welfare reform.

New Jersey has also begun a $15 million substance abuse treatment initiative, colocating certified substance abuse counselors at county welfare offices to assess clients and arrange for treatment. The office will also ensure that the parents have child care and transportation. Child welfare clients receiving TANF may access these services. However, according to front-line child welfare workers in one district, although TANF dollars have increased the funding for substance abuse and child care services, access to and the amount of available child care and substance abuse services have not improved. But even with child care subsidies held and prioritized for Division of Youth & Family Services

families, there is not enough child care, or not enough of particular types of care, to meet the demand.

Other Changes Affecting Child Welfare

Respondents identified several factors that they felt had a greater effect on the child welfare system than welfare reform. Then-Governor Whitman created the Blue Ribbon Panel on Child Protective Services in 1997 to examine the performance of the Division of Youth & Family Services and assess its strengths and weaknesses. The panel's final report, released in 1998, has been the driving force in policy changes within the Division of Youth & Family Services. A few of the district offices surveyed reported increases in caseloads as a reaction to the report. But the biggest impact is that the panel's report prompted significantly more state funding for the Division of Youth & Family Services.

In addition to the Blue Ribbon Panel Report, the main items on the state's child welfare agenda have been the 1997 Federal Adoption & Safe Families Act (ASFA), and formalizing the agency's policy regarding kinship care. ASFA was the first substantial federal child welfare legislation since 1980, and it imposed strict time limits on achieving permanency for children in foster care. These time limits will force parents to achieve the goals in their service plan more quickly if they want to be reunited with their children. It has also placed more pressure on caseworkers to locate available programs and refer parents to the programs necessary to achieve the goals in the child welfare service plan. With regard to kinship care, the New Jersey General Assembly established the Commission on Grandparenting in 1996, and reports on pilot programs in six counties have been produced describing the special needs of grandparents caring for their grandchildren. In 1999, a bill to increase the financial support to relatives who care for children in Division of Youth & Family Services custody did not pass the state legislature, but funding was added to the Division of Family Development's budget for a "Kinship Navigator Service." The Kinship Navigator would inform and assist relatives in gaining access to services available to them.

In August 1999, Children's Right, Inc., a New York-based children's advocacy organization, filed a class-action lawsuit against the State of New Jersey. The suit charges that children removed from their homes remain in foster care too long before being returned home or placed in a permanent adoptive home. It also charges that the lack of oversight by Division of Youth & Family Services investigators and caseworkers makes children in foster care worse off than in the homes of their primary caregivers. At the time of our visit, this lawsuit had not yet been settled, but administrators noted that they would have to redirect funds to fight the lawsuit that would otherwise have been used for service provision.

Conclusion

New Jersey has streamlined many aspects of its social services and income support programs since the first round of site visits in 1996. For example, TANF, General Assistance, and Emergency Assistance were merged into a single program and Workforce New Jersey created a comprehensive workforce system for the state. New Jersey also created a unified child care funding system in which the state contracts with one agency in each county to administer child care services. However, in many respects, the child care system continues to operate as two separate systems for welfare and nonwelfare families. In Hudson County, although one unified agency administered the subsidy funds, different caseworkers at different locations conducted the intake, provided child care information, and administered separate funding streams for welfare and nonwelfare clients. The payment processes for providers were also different.

As is true in many other focal states in the *Assessing the New Federalism* project, New Jersey has retained the concept of transitional child care for families exiting welfare. In July 1999, the transitional period was extended from two years to three years, which is the longest period in any of the focal states. Local respondents were unsure, however, if the

state would retain the three-year transitional period in the future. At the end of the transitional period, families need to apply for subsidies through the low-income child care subsidy program, New Jersey Cares for Kids. Despite a stated priority at the time of our site visit to serve families moving from transitional child care subsidies to low-income subsidies, such families still faced waiting lists for child care. However, this problem was at least temporarily solved with the allocation of additional funds for the New Jersey Cares for Kids program.

New Jersey has successfully implemented WFNJ, changing the emphasis of its welfare-to-work program from education and training to immediate employment and personal responsibility. Although WFNJ focuses on placing clients in jobs immediately, it includes generous provisions such as a five-year time limit with the possibility of extensions, and a graduated sanction process. The state also continues to maintain a commitment to its low-income population through a relatively generous safety net for poor families plus programs offering cash and other assistance to low-income singles and families without children.

Endnotes

1. The family cap provision seeks to limit additional births to mothers receiving TANF by not increasing the family's benefit amount after an additional child is born.

2. In New Jersey, these interviews were conducted with child welfare administrators in Atlantic, Sussex, Monmouth, and Union Counties.

3. www.acf.dhhhs.gov/news/stats/aug-dec.htm.

4. Hudson County caseload reduction computed from data generated from the New Jersey Department of Human Services, Division of Family Development's Omega system.

5. Gallagher, L. Jerome, Cori E. Uccello, Alicia B. Pierce, and Erin B. Reidy. 1999. *State General Assistance Programs 1998.* Washington, D.C.: The Urban Institute. *Assessing the New Federalism* Discussion Paper 99-01.

6. Riedinger, Susan A., Amy-Ellen Duke, Robin E. Smith, and Karen C. Tumlin. 1998. *Income Support and Social Services for Low-Income People in New Jersey.* Washington, D.C.: The Urban Institute. *Assessing the New Federalism,* September.

7. Association for Children of New Jersey. *Kids Count New Jersey 1998: State and County Profiles of Child Well-Being.* 1999.

8. Legal Services of New Jersey and the New Jersey Poverty Research Institute. "Assessing Work First: What Happens After Welfare?" Report 1 from the *Assessing Work First Series.* June 1999.

9. These other services may include, but are not limited to, family preservation and support services, and family day care registration services.

10. *Raymond Abbott, et al. v. Fred G. Burke, et al.* (A-155-97). Argued March 2, 1998. Decided May 21, 1998, New Jersey Supreme Court.

11. Second chance homes are group homes created specifically for minor parents who cannot remain in their home because of abuse or neglect.

12. For additional information about these changes see Geen, Rob, Shelly Waters Boots, and Karen Tumlin. 1999. *The Cost of Protecting Vulnerable Children.* Washington, D.C.: The Urban Institute. *Assessing the New Federalism* Occasional Paper Number 20.

13. Based on data provided by the state in response to the Urban Institute 1999 Child Welfare Survey.

Table 1 Notes

a. U.S. Bureau of the Census. "State Population Estimates: Annual Time Series, July 1, 1990, to July 1, 1999." http://www.census.gov/population/estimates/state/st-99-3.txt. [date accessed: October 2000.]

b. U.S. Bureau of the Census. "State and County Quick Facts." http://quickfacts.census.gov/qfd/states/34000.html. [date accessed: October 2000.]

c. U.S. Bureau of the Census, Population Estimates Program, Population Division. "States Ranked by Hispanic Population, July 1, 1999." http://www.census.gov/population/estimates/state/rank/hisp.txt. [date accessed: October 2000.]

d. U.S. Bureau of the Census, Population Estimates Program, Population Division. "States Ranked by Black Population, July 1, 1999." http://www.census.gov/population/estimates/state/rank/black.txt. [date accessed: October 2000.] National population percentages are as of July 1, 1999, from U.S. Census Bureau. "Resident

Population Estimates of the United States by Sex, Race, and Hispanic Origin." http://www.census.gov/population/estimates/nation/intfile3-1.txt. [date accessed: October 2000.]

e. Urban Institute estimates based on a three-year average of data in the 1997, 1998, and 1999 March Supplements to the Current Population Survey. A Joint Project Between the Bureau of Labor Statistics and the Bureau of the Census.

f. U.S. Bureau of the Census. 1999. *Statistical Abstract of the United States: 1999* (119th edition). Table 42. Washington, D.C.

g. U.S. Bureau of the Census. Population Estimates Program, Population Division. "Percent Change in Population for U.S. States: 1990 to 1999." http://www.census.gov/population/www/estimates/stmap03.html. [date accessed: February 2001.]

h. U.S. National Center for Health Statistics. March 28, 2000. *National Vital Statistics Report.* Vol. 48, No. 3. Tables B, 10, and 19.

i. Urban Institute estimates based on two sources: (1) U.S. National Center for Health Statistics. April 29, 1999. *National Vital Statistics Report.* Vol. 47 No. 18. Table 10. (showing total number of births in each state and the US, 1997) (2) Child Trends. 1999. *CTS. Facts At A Glance.* Table 1. (showing number of births to mothers age 15-19 and percentage of teen births to unmarried mothers). Washington, D.C.: Child Trends, December.

j. U.S. Department of Commerce, Bureau of Economic Analysis, News Release September 12, 2000: *1999 State Per Capita Personal Income Revised.* Table 1: Per Capita Personal Income, by State and Region, 1995-1999 [Dollars]. http://www.bea.doc.gov/bea/newsrel/spi0900.htm. [accessed: February 2001.] Note: Percent change calculated in inflation adjusted dollars by the Urban Institute based on the CPI-U as published in the *Economic Report of the President.* 2000. Table B-60. Washington, D.C.: U.S. Government Printing Office, February.

k. U.S. Department of Labor, Bureau of Labor Statistics. 2000. "State and Regional Unemployment, 1999 Averages." Released February 2000. http://stats.bls.gov/newsrels.htm. [date accessed: February 2001.]

l. Sheila Zedlewski, 2000. "Family Economic Well-Being" In *Snapshots of America's Families II: A View of the Nation and 13 States from the National Survey of America's Families.* Washington, D.C.: The Urban Institute.

m. U.S. Department of Labor, Bureau of Labor Statistics. 1999. Current Population Survey. Data extracted February 10.

n. Vandivere, Sharon, Kristin Anderson Moore, and Martha Zaslow. 2000. "Children's Family Environment." In *Snapshots of America's Families II: A View of the Nation and 13 States from the National Survey of America's Families.* Washington, D.C.: The Urban Institute.

o. Zedlewski, Sheila. 2000. "Family Economic Well-Being." In *Snapshots of America's Families II: A View of the Nation and 13 States from the National Survey of America's Families.* Washington, D.C.: The Urban Institute. Percent change in poverty rates (1996-1998) calculated by the Labor and Social Policy Center, The Urban Institute.

p. The National Governors' Association. 2000. "The Governors, Political Affiliations, and Terms of Office 2000." http://www.nga.org/Governor/GovMasterList.htm. [date accessed: February 2001.]

q. National Conference of State Legislatures. 1999. "Directory of State Legislatures, Online. Partisan Composition of State Legislatures House and Senate." D indicates Democrat; R indicates Republican; I indicates Independent; other indicates Other; and V indicates Vacant. http://www.ncsl.org. [Date accessed February 2001.]

Table 2 Notes

a. U.S. Congress, House Committee on Ways and Means. 2000. *2000 Green Book.* Table 7-7: Maximum Combined AFDC/TANF Benefits for a Family of Three (Parent with Two Children), July 1994-January 2000. Washington, D.C.: U.S. Government Printing Office. January.

b. Two Urban Institute calculations: (1) Average monthly number of AFDC 1996 recipient children divided by number of children in poverty 1996: U.S. Department of Health and Human Services. Administration for Children and Families. 1997. *Characteristics and Financial Circumstances of AFDC Recipients FY 1996.* Table 18. "Percent Distribution of AFDC Recipient Children by Age (October 1995-September 1996)"; (2) Average Monthly Number of TANF 1998 Recipient Children divided by Number of Children in Poverty 1998: U.S. Department of Health and Human Services. Administration for Children and Families. 1999. *Second Annual Report to Congress August 1999.* Table 9:22. "Percent Distribution of TANF Recipient Children by Age Group (October 1997-September 1998)." The numbers of children in poverty in 1996 and 1998 are Urban Institute calculations from the *National Survey of America's Families II.*

c. Kenney, Genevieve, Lisa Dubay, and Jennifer Haley. 2000. "Health Insurance, Access, and Health Status of Children: Findings from the National Survey of American Families." In *Snapshots of America's Families II: A View of the Nation and 13 States from the National Survey of America's Families.* Washington, D.C.: The Urban Institute.

d. Based on three sources: (1) Urban Institute's TRIM [Transfer Income Model]; (2) Vernon K. Smith. 1999. "Enrollment Increases in State CHIP Programs: December 1998 to June 1999": Health Management Associates, July; (3) Urban Institute analysis of *1999 SCHIP [State Children's Health Insurance Program] Annual Report.* Rules

for 1996 and 1998 are policies in place the majority of the year. Rules for 2000 represent plans approved as of January 1, 2000.

e. In 1996, the thresholds represent the state Medicaid thresholds for poverty-related eligibility or AFDC-related eligibility. Higher thresholds for separate state-financed programs (such as in New York) are not represented here.

f. In 1998, some states' thresholds represent Medicaid eligibility, and others are either Medicaid expansions or stand-alone programs enacted under the SCHIP legislation.

g. In 2000, all states covered at least some children through SCHIP; certain groups in some states are eligible only through Medicaid.

h. Data for 1998 are from January 1, 1998, compared with 1997 federal poverty level (FPL). Gina Adams, Karen Schulman, and Nancy Ebb. 1998. *Locked Doors: States Struggling to Meet the Child Care Needs of Low-Income Working Families.* Table A1. Washington, DC: Children's Defense Fund, March. Data for 1999 are from June 1999, compared with 1999 FPL. The 1999 data are calculated using state agency information and information from Helen Blank and Nicole Oxedine Poersch. 1999. *State Developments in Child Care and Early Education.* Table 1. Washington, D.C.: Children's Defense Fund. The Urban Institute calculated 1998 and 1999 U.S. median income eligibility level as a percentage of state median income (SMI) and FPL.

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This state update is a product of *Assessing the New Federalism*, a multiyear project to monitor and assess the devolution of social programs from the federal to the state and local levels. Alan Weil is the project director. The project analyzes changes in income support, social services, and health programs. In collaboration with Child Trends, the project studies child and family well-being.

In 1996 and 1997, the Urban Institute conducted case studies in 13 states that provided a baseline for understanding changes emerging from welfare reform. This set of state updates describes changes occurring between 1996-97 and 1999-2000 based on a second set of case studies completed in 1999 and 2000. Programs covered include income support through the Temporary Assistance for Needy Families program, employment and training supports for low-income welfare and non-welfare families, child care, and child welfare. It also looks at interactions among these programs.

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