

974.90 S678 1987d c.1 /

The REACH Program

974.90
S678
1987d
c.1



NEWS

STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES
222 SOUTH WARREN STREET
TRENTON, NEW JERSEY 08625

The REACH Program: Realizing economic achievement...

OFFICE OF PUBLIC INFORMATION - PHONE (609) 292-3703

FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION

January 14, 1987

Carl Golden/Charlene Brown

Governor Thomas H. Kean and Human Services Commissioner Drew Altman today announced a new state program which will change the face of welfare in New Jersey. The new program, which is called REACH (Realizing Economic Achievement) shifts the focus of public assistance from welfare to work, and from dependence to opportunity and self-sufficiency.

REACH will be the first welfare reform program of its kind in the country to encompass every family on public assistance when fully implemented. Currently, New Jersey has 120,000 families and 365,000 individuals receiving Aid to Families with Dependent Children (AFDC). Ninety-six percent of these recipients are women and children. REACH will require that all abled bodied AFDC recipients take steps to support their families and become self-sufficient, and it will provide the opportunities and supports they need to finish school or go to work.

REACH will also make the prevention of long-term dependency a major thrust by targeting teenage welfare applicants who today have a four in 10 chance of remaining on welfare for ten years or more.

"Yesterday, I announced a program for turning around a failed welfare system, a bold step which sets our welfare clients on a course towards opportunity and self-sufficiency," Kean said.

"Today, Commissioner Altman and I will outline the details of this plan built on the theme that the best welfare system is a good job," the governor added.

- m o r e -

974.90
5678
1987d

01

"Today the New Jersey taxpayer spends hundreds of millions of dollars every year on a welfare system that has failed. But, through REACH, our tax dollars become an investment in a better future for the women and children on welfare," Gov. Kean said.

"We will require that able-bodied welfare recipients take reasonable steps to support themselves and their families, and we will invest in providing the opportunities and supports they need to better their lives," Kean said.

"Government must do more than write checks, and recipients, if circumstances allow, should do more than merely cash them," Commissioner Altman said. "Our welfare bureaucracy must do more than process paper. It must work with people as individuals and provide the opportunities and assistance they want and need," he said.

"I have traveled this state meeting with welfare clients. We have held hearings in all 21 counties. We have looked closely at what others have done and what research shows, and I am confident that the REACH program will work, is fair, and is responsive to both the recipient and the taxpayers needs," the commissioner said.

At the heart of New Jersey's REACH program is the concept of a contract or a mutual obligation between government and the welfare client.

Able-bodied welfare recipients whose children are two years of age or older will be required to look for a job or choose an educational or job training program leading to employment. The state, in return, will provide job training and placement services, child care and transportation, and will extend Medicaid coverage for up to one year after employment to ease the transition to work.

Mothers with children under age two will register for REACH, participate in counseling and vocational assessment, develop a plan for self-sufficiency and will be encouraged to voluntarily participate in education, training, and employment programs.

An individualized plan for self-sufficiency for all able-bodied welfare recipients will be developed and formalized in a written contract between the individual and the state.

The REACH Program, Altman said, is expected to cost \$12.5 million for the first year. AFDC applicants will be incorporated first, followed by existing recipients. The program is targeted to begin enrolling applicants in three to five counties this October and will be operational in the 13 counties representing 93 percent of the welfare caseload by the end of the first year. To date, these 3 to 5 counties have not been selected. The thirteen counties which will go on line first are: Atlantic, Bergen, Burlington, Camden, Cumberland, Essex, Hudson, Mercer, Middlesex, Monmouth, Ocean, Passaic and Union. In three years, all 21 counties and all recipients will be phased in at an estimated cost of between \$50 and \$60 million.

"REACH will pay for itself even if we are successful at moving only 15 percent of our welfare caseload off the rolls," Altman said.

"However, working in tandem with New Jersey's strong economy, we expect that the REACH program will do even better than that," the commissioner said.

Altman said the REACH program will provide AFDC recipients with childcare, a special transportation allowance, continuation of Medicaid coverage for up to one year after employment begins, education - including high school equivalency, remedial and community college programs - vocational assessment and training, and job placement.

Other features of REACH include:

- ° case management and a client-state contact. All REACH participants will work with a case manager to formulate an individualized plan for self-sufficiency and a written, client-state contract. Case management will drive the REACH program.

- ° county based planning and program administration. REACH will require that County Welfare Agencies, Private Industry Councils, and county Human Services Advisory Councils work together to develop and administer welfare to work programs tailored to local circumstances. These county-based programs will be offered REACH start-up grants, support for new administrative costs such as case management, and incentives based on job placement performance.

- ° a partnership with the private sector. REACH will rely heavily on the state's Private Industry Councils and the Job Training Partnership Program for job training and placement. The state will also explore the use of performance based tax credits for employers who hire REACH participants at a specified wage level and retain them for one year with health care benefits.

- ° new efforts to maintain parental obligations. To augment the REACH program, the state will give top priority in child support collections to AFDC cases. In addition, the department will seek the authority to immediately withhold court ordered child support payments for an absent father's paycheck. In a later phase of the program, education, job training, or employment will be required for absent fathers as a condition of receiving food stamps, general assistance, or other public support. Ultimately, this will put these absent fathers in a better position to support their families.

- m o r e -

- ° a partnership between state agencies. Under REACH, the Department of Human Services and the Department of Labor, which administers the state's Job Training Partnership Program and Employment Services Program will work closely together to help place REACH participants in jobs.

One aspect of welfare reform which has already been announced is a \$7.1 million welfare prevention project which targets young welfare applicants with children as young as six months of age in Camden and Newark. This project is funded by the state and federal governments.

Altman said the department is also creating a model welfare reform employment project in Atlantic City.

This project is expected to result in 1,000 to 1,500 job placements in the casino industry and with other Atlantic City employers over a two to three-year period. The jobs created will be permanent private sector jobs, with some paying up to \$15,000 per year. This project, Altman explained, is a joint undertaking of the state, the casino industry, the unions, county government, and the local private industry council. As in REACH, the state's role will be to provide daycare, transportation, and other supports.

"The Atlantic City project will be a demonstration of how New Jersey plans to redirect its welfare system to move people into permanent jobs," Altman said.

"Together, the REACH program, the Camden/Newark welfare prevention project, and this Atlantic City welfare reform employment initiative represent a new commitment of \$20.7 million in resources for welfare reform," Altman noted.

- m o r e -

AFDC is a state, federal and county public assistance program for poor families. Currently, some 365,000 people receive AFDC in New Jersey. People on AFDC are also entitled to Medicaid coverage. In fiscal year 1987, New Jersey's AFDC program is estimated to cost \$540 million dollars, plus another \$320 million dollars for Medicaid coverage. Fifty percent of this cost is federally funded, 37.5 percent is state funded and 12.5 percent is county funded.

###

REACH



The REACH Program

**REALIZING ECONOMIC ACHIEVEMENT
Through Welfare Reform in New Jersey**



What's Wrong With The Welfare System?

- * Fosters Long Term Dependency**
 - * No Effective Requirements For the Able Bodied to Work**
 - * Insufficient Employment and Training Opportunities**
 - * Inadequate Support Systems**
 - * Fathers not Required to Meet their Obligations**

 - * Taxpayer Receives Little Return for Dollars Spent**

 - * Supports Families at Sub-Poverty Levels**

 - * "System" Disliked by Recipients and Public**
-

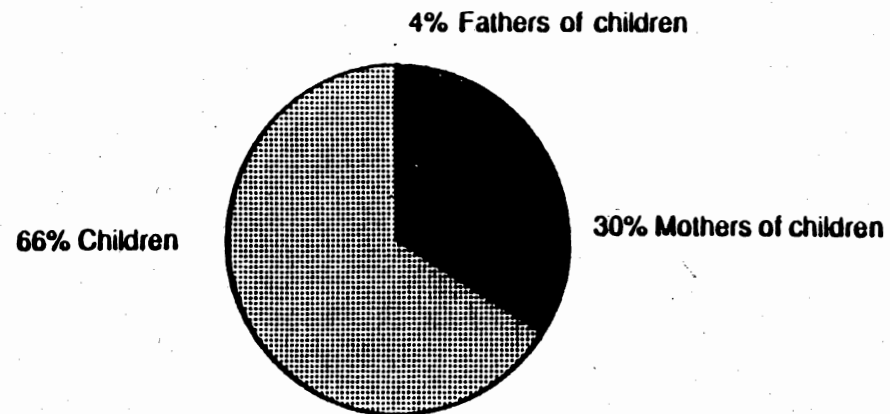
WHO ARE THE RECIPIENTS OF AFDC IN NEW JERSEY

R E A C H



Two out of three AFDC recipients are children.

365,000 AFDC Recipients



WHO ARE THE RECIPIENTS OF AFDC IN NEW JERSEY

R E A C H

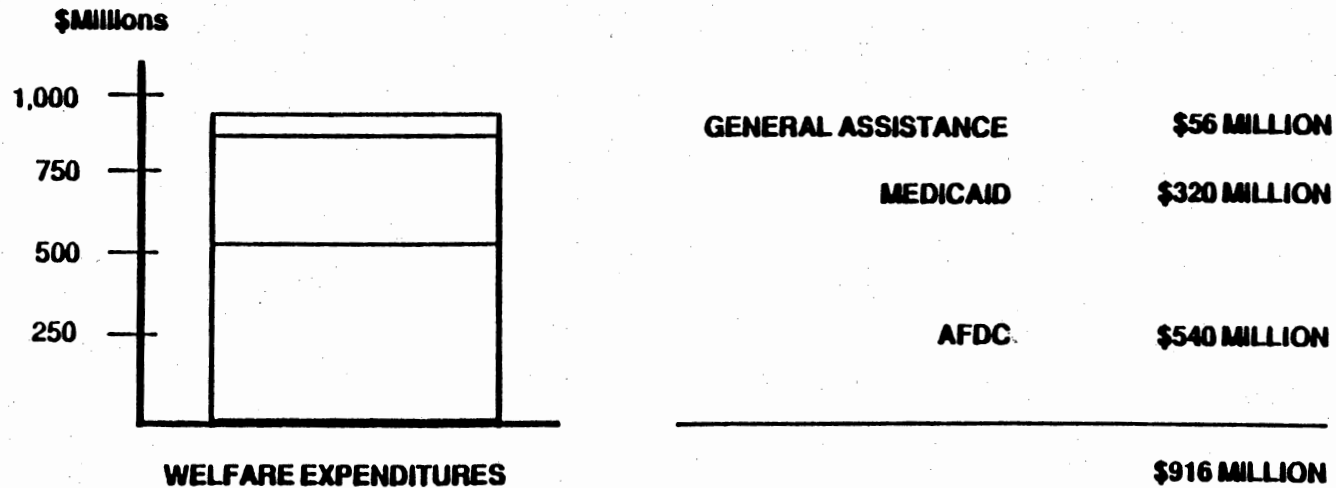


Early Intervention is Essential to Prevent Long-Term Dependency

**Over a third of the young parents who begin
to receive AFDC will be dependent on AFDC
for 10 or more years.**



New Jersey Public Assistance Expenditures in FY 1986



Food Stamps Excluded (\$166 million)

R E A C H



REACH

Principles for Welfare Reform in New Jersey

- * **Economic Independence**
 - * **Mutual Obligation**
 - * **The Need for Targeting / Prevention**
 - * **State Support as a Last Resort**
 - * **Public / Private Partnership**
-

REACH

PROGRAM FEATURES

R E A C H



MANDATORY PARTICIPATION REQUIREMENT

- Mandatory participation in education, training and employment programs for mothers with children older than two years.
- Mothers with children younger than two years old must register for REACH and participate in counseling, vocational assessment, and development of an individualized plan for self-sufficiency.

ENHANCED PROGRAM SERVICES AND OPPORTUNITIES

- Day Care
- Continuation of Medicaid Coverage after Employment Begins
- Special Training Allowance (Transportation)
- Education (Including high school graduation and special one or two year college programs)
- Vocational Assessment and Training
- Job Placement

COUNTY BASED PLANNING AND PROGRAM ADMINISTRATION WITHIN STATE GUIDELINES AND PERFORMANCE STANDARDS

MULTI-YEAR PHASED IMPLEMENTATION

NEW JERSEY INCOME TAX CREDITS FOR EMPLOYERS WHO HIRE REACH PARTICIPANTS AT A SPECIFIED WAGE LEVEL. RETAIN THEM FOR ONE YEAR. AND PROVIDE HEALTH INSURANCE BENEFITS

MAINTAIN PARENTAL OBLIGATIONS

- Immediate automatic withholding of all court ordered child support payments from absent father's pay check.
- Education, training and employment required for absent fathers as a condition for their continued receipt of food stamps, general assistance and other public support.
- State as provider of last resort for day care and transportation.

CASE MANAGEMENT AND A CLIENT-STATE CONTRACT

INCENTIVES FOR COUNTY PARTICIPATION

REACH Program
Preliminary Cost Estimates
For FY 1988 and FY 1990
(000's)

R E A C H



PROGRAM COMPONENT	FY'88	FY'90
DIRECT SERVICES		
Case Management and Supportive Employment - Related Services	\$1,742	\$35,543
GA Grant Demonstration	0	500
Targeted State Supplementation of Training and Employment Programs	2,000	6,000
Medicaid Extension	2,000	6,000
Child Care	6,400	15,837
TOTAL DIRECT COST	\$12,142	\$63,880
Indirect Costs, Planning Grants, and County Incentives	\$1,758	\$10,062
LESS EXISTING FUNDING	(1,400)	(14,142)
TOTAL NET COSTS	\$12,500	\$59,800



Projected savings under REACH

The cost of REACH can be recouped by savings derived from reducing the welfare caseload. A 15% reduction in the AFDC caseload, achievable through the REACH intervention, will generate state savings of approximately \$50 million.

TOTAL AFDC CASELOAD	120,000 families
15% REDUCTION	18,000 cases
AVERAGE ANNUAL COST PER CASE (Includes Medicaid)	\$5,600
18,000 x \$5,600	\$100 million
50% STATE SHARE	\$50 million

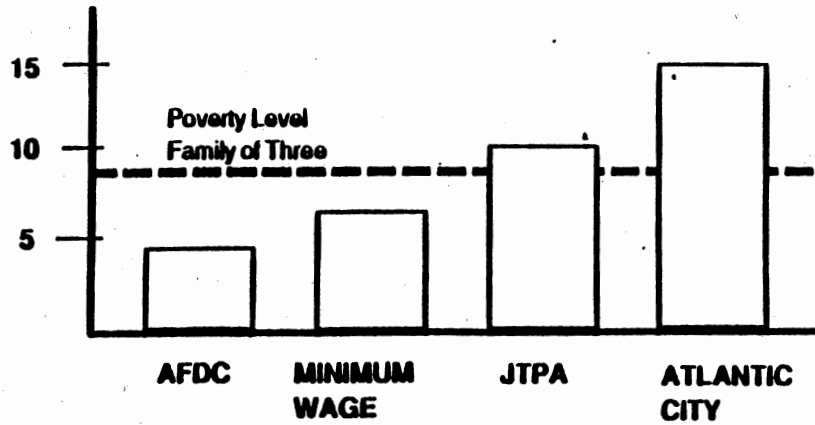
* Does not include revenue from additional state taxes generated by AFDC recipients placed into jobs through REACH and enhancement of the state's child support enforcement system.



Employment Beats Welfare

Comparing AFDC With Various Wage Levels

Yearly
Income
(000's)

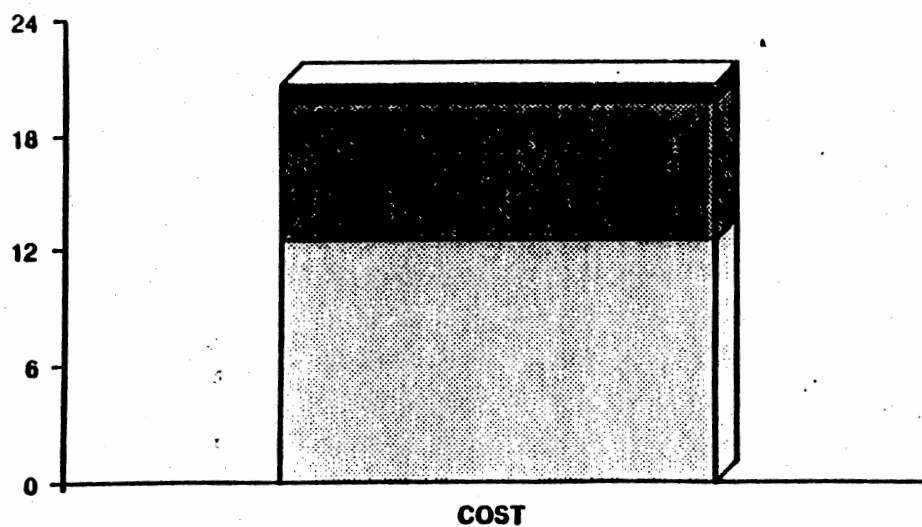


AFDC FAMILY OF THREE	\$4,848
MINIMUM WAGE	\$6,900
JTPA AVERAGE PLACEMENT	\$10,800
ATLANTIC CITY WELFARE REFORM EMPLOYMENT MODEL	\$15,600



MAJOR WELFARE REFORM INITIATIVES IN 1987

\$ MILLIONS



\$ MILLIONS

ATLANTIC CITY WELFARE EMPLOYMENT PROJECT	\$ 1.1
NEWARK/CAMDEN WELFARE PREVENTION PILOTS	7.1
THE REACH PROGRAM	12.5
TOTAL COST	\$ 20.7

