

# State Notes

## TOPICS OF LEGISLATIVE INTEREST

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### **The Jobs, Education and Training Program and Welfare Reform By Constance A. Cole, Fiscal Analyst**

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The Jobs, Education and Training (JET) Program was developed by the Department of Human Services (DHS) to help cash assistance recipients overcome barriers to becoming self-sufficient and attain self sufficiency through increased income. The JET Program was implemented initially within four Michigan sites in April 2006, serving 10.0% of the State's Family Independence Program (FIP) population. Since September 2007, the JET Program has been implemented statewide, serving 100% of the FIP population. This article provides a general overview of the major program provisions, the impact on the State's welfare program, and the JET Program's funding.

#### **Program Development History**

The JET Program was developed as a pilot program by the Workforce Action Network. The Network is an advisory group made up of representatives from the Department of Human Services (DHS) – including county DHS representatives, the Department of Labor and Economic Growth (DLEG), Michigan Works agencies, community-based service organizations, research institutions, business and industry associations, foundations, and other State departments and agencies. The representatives came together in the late summer of 2004 at the request of the Directors of the DHS and DLEG for the purpose of reshaping the employment, training, and support services for federally funded Temporary Assistance for Needy Families (TANF) recipients. The result of the meetings was the pilot JET Program.

Family Independence Program applicants are required by the Federal TANF program to combine cash assistance with employment. The JET Program places an emphasis on a family self-sufficiency plan developed by the applicant and the DHS and DLEG case managers, outlining the activities needed to achieve a goal of employment and self sufficiency. The plan provides for client assessments, removal of barriers to work, and enhanced community planning with local resources for applicants to reach their employment goals.

#### **Welfare Reform Issues**

The Work First Program, the State's 12-year-old training and employment search assistance program, and the JET Program require that cash assistance clients engage in a weekly orientation session before their case is opened. This policy, which applies to all FIP cases, was implemented in May 2007 after a period of cases' being opened before orientation participation, which had significantly increased the caseload. The pilot JET Program evaluation process, begun with the program implementation in April 2006, provides Michigan Rehabilitation Services (MRS) assessments for FIP clients who are deferred from work due to incapacity. The assessments provide important information that guides case managers and deferred clients in taking advantage of the Work First Program's training and employment search opportunities through Michigan Works agencies, in order to improve the clients' ability to find work suitable for their circumstances.

Other FIP policy changes were made in fiscal year (FY) 2006-07 in order to support the increased goals of program engagement, participation, and accountability. Public Act (P.A.)



468 of 2006 amended the Social Welfare Act to establish increased requirements and Work First participation exceptions for recipients. Under Section 57f, once an initial determination of cash assistance is made, an eligible adult in the family group, who is not exempt from Work First participation, is assigned work-related activities, such as employment, employment search, education or training, community service, or self-improvement activities. The recipient must participate in a Family Assessment Screening and develop a Family Self-Sufficiency Plan (FSSP) in conjunction with the case manager. The FSSP requirements provide for the responsibilities of each family group member, including required employment, training or education activities, the number of hours of work required (up to 40 hours per week), and whether there are any barriers or restrictions to employment. These amended provisions will expire on September 30, 2011.

Stronger FIP penalties also were enacted by P.A. 468. Section 57g(10) provides for a three-tiered sanction system that will be applied if a recipient does not meet his or her individual FSSP requirements. The first and second instances of noncompliance each will result in ineligibility for benefits for three calendar months, and the third will result in 12 calendar months of ineligibility. The former sanction was a one-month suspension for each incidence of noncompliance. The penalty will not be imposed if the FIP and Work First case workers agree that good cause exists for the noncompliance. The amended sanction provision will expire on September 30, 2011.

Section 57r provides that, as of October 1, 2007, an adult may receive cash assistance for not longer than a cumulative total of 48 months during his or her lifetime. If the adult recipient is meeting all of his or her FSSP requirements, has not received more than two penalties since December 31, 2006, and has not received any penalties in the previous 12 months, and economic conditions or employment barriers prevent employment, the recipient may apply for an extension of FIP benefits not to exceed 12 months beyond the 48-month period. Section 57t required that the JET Program be implemented across the entire State by September 30, 2007.

There is also postemployment support for FIP recipients if they continue to meet the work participation requirements and earn income sufficient to leave the FIP as they make the transition off the FIP caseload. These recipients do not receive a full assistance grant, but receive \$10 per month for six months of postemployment support. The provision of this support allows the State to count the cases toward the Federal work participation requirement. This policy change was enacted by P.A. 471 of 2006.

In addition, the JET Program includes a new short-term family support provision. This program assists individuals who need cash assistance for unexpected financial hardships, such as sudden loss of employment, maternity leave, or medical leave without pay. It is intended to prevent FIP applicants from needing ongoing cash assistance. The FIP case manager evaluates an applicant to determine if this program's one-time lump sum payment is appropriate. The short-term payment is approximately three times the FIP grant, but is offered only to applicants who have some recent employment history and no recent FIP history. The applicants also must participate in the development of a self-sufficiency plan.

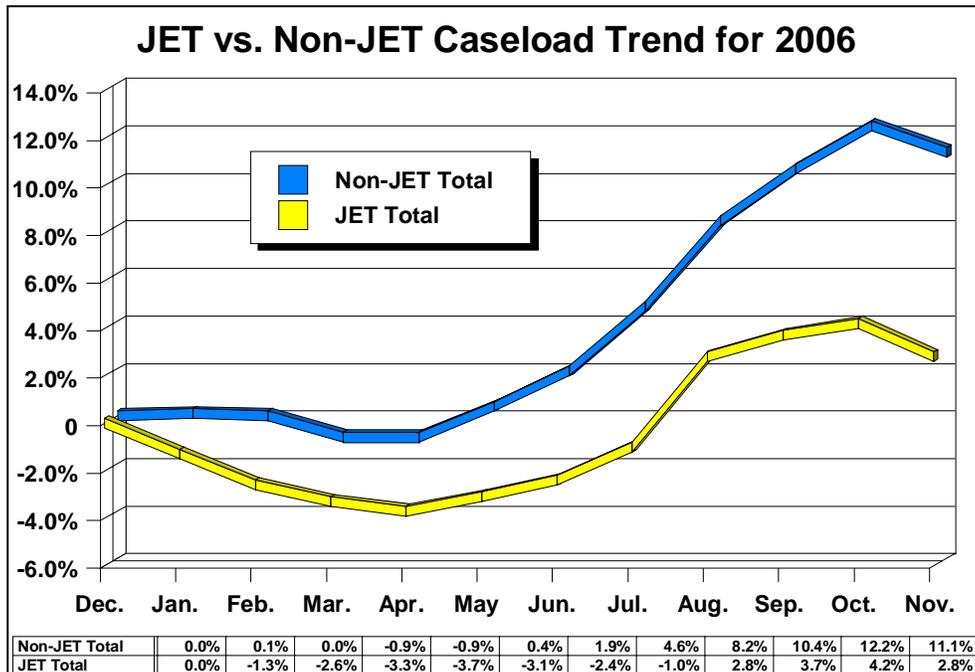


**Pilot Program Service Locations**

The pilot JET Program was implemented in April 2006 in four sites: Kent, Sanilac, and Oakland Counties and the Glendale/Trumbull district in Wayne County. Approximately 10.0% of the FIP TANF-funded caseload was served. The pilot program was implemented in an additional 20 sites in January 2007, serving a total of 50.0% of the FIP TANF-funded cases. This second tier of sites included the following counties: Antrim, Benzie, Berrien, Clinton, Eaton, Genesee (all districts), Grand Traverse, Ingham, Kalkaska, Macomb (all districts), Manistee, Muskegon, Saginaw, and Washtenaw. It also included the following regions: Oakland County – Walled Lake and Pontiac, and Wayne County – Medbury, Forest/Ellery, Gratiot/7 Mile, and Hamtramck. The Program was implemented statewide beginning in September 2007.

The initial data indicate that the relative caseload trends include caseload growth in the non-JET sites and caseload reduction in the pilot JET Program sites (Figures 1 and 2). During 2006, the TANF-funded non-JET cases increased over 13.0%; however, the JET caseload grew but at the lower rate of 2.7%, or one-fifth of the non-JET rate. The overall FIP-funded caseload dropped in 2007, apparently due to policy changes discussed above, particularly the requirement for participation in Work First orientation before the opening of the case. The total rate of the JET pilot caseload drop is higher than the non-JET caseload decline. According to DHS September 2007 data, the JET caseload was 44,177 cases in December 2006 and was down 6,426 cases in September 2007, a 14.5% reduction. The non-JET cases were 44,618 in December 2006 and down 4,687 cases in September 2007, a 10.5% reduction.

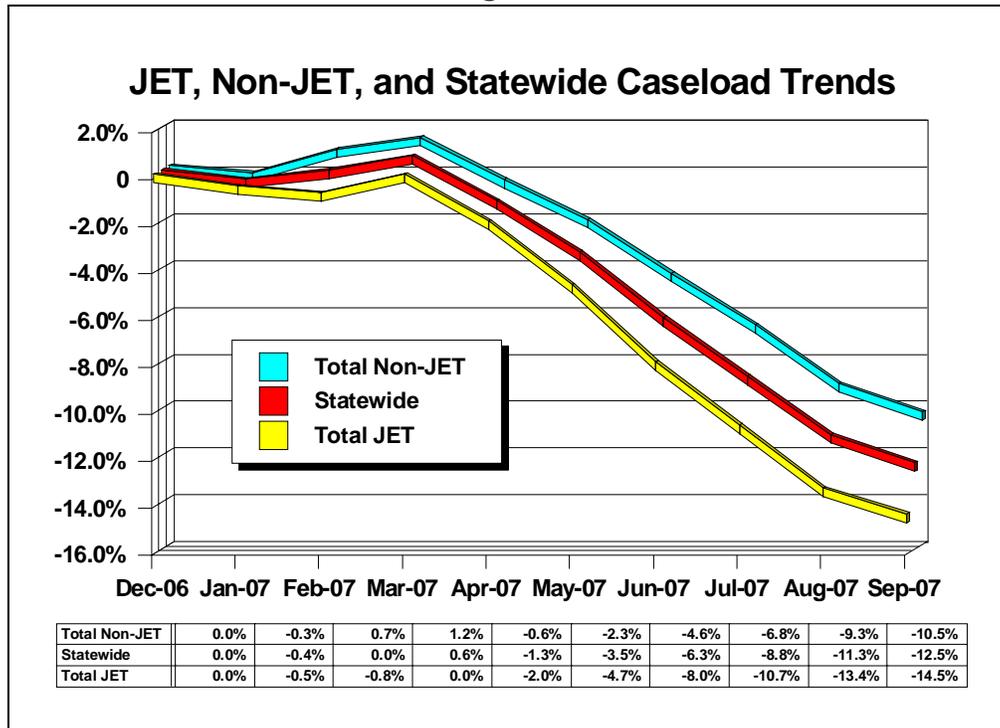
**Figure 1**



**Source:** Department of Human Services, Income Support Programs



**Figure 2**



**Source:** Department of Human Services, Income Support Programs

The pilot JET Program FY 2006-07 appropriation of \$1.4 million Gross and General Fund/General Purpose (GF/GP) was included in the Adult and Family Services Employment and Training Support Services line for the four-site pilot program. The appropriation included funding for MRS positions for assessments, additional FIP eligibility and support staff, 300 client reviews, direct support services, counseling contracts, and remedial education. The FIP appropriation estimated savings associated with the pilot program of \$12.4 million Gross and GF/GP from a reduction in the assistance payments (in anticipation of increased employment) as a result of additional MRS reviews. Another \$23.5 million Gross and GF was added in FY 2006-07 to support additional FIP and MRS staff and service support, counseling, education, and training services for JET expansion to serve 50.0% (an increase from the 10.0% pilot service area) of the statewide FIP caseload. The Governor's recommended JET FY 2007-08 appropriation for statewide implementation is \$18.0 million Gross, \$16.1 million GF/GP, including an additional 30.0 average full-time equated employee positions in the DHS and funding for support services, counseling, education, and training services to expand the program to 100% of the statewide FIP caseload. It is anticipated that the JET Program-related savings will be determined more precisely during the FY 2008-09 budget development process.



### **JET Program Outcomes**

The DHS and DLEG have three major goals: 1) to make further reductions in the FIP caseload; 2) to increase by 9.0% the JET clients' participation in education or training; and 3) to increase the number and percentage of FIP recipients in federally required work participation. The DHS plan is to reduce the number of the State's children who are living in poverty, as well as reduce the FIP recidivism rate and the percentage of FIP families that need cash assistance after their case is closed due to employment earnings and reapply for the FIP. In other words, the DHS aims to increase the number of FIP recipients who achieve a gain in employment wages and over a significant period of time are able to sustain their employment.