

August 12, 1993
ILR 93-I

Senator Alarik Myrin
Representative Grant Protzman
State Capitol Building
Salt Lake City, Utah 84114

Subject: Working & Welfare Assistance

Dear Legislators:

At your request, we examined several allegations concerning welfare eligibility. One allegation accused a state caseworker of counseling a client to remain on welfare assistance instead of becoming self-sufficient. Other allegations reported individuals who left good-paying jobs, or cut back work hours and pay to qualify for medicaid benefits. We found much of the information reported in the allegations to be accurate. However, the cases reported do not represent the norm but rather the exception. In addition, some of these problems occurred because of weak federal eligibility guidelines that are beyond the scope of this office. Consequently, we feel further audit work on these issues is unnecessary.

We reviewed one allegation regarding a working mother who was advised to stay on welfare rather than return to her previous employment. The caseworkers counseled the mother to stay on welfare temporarily because, by returning to work, she would lose her welfare benefits and create an even greater financial burden for herself. In our opinion, the advice provided by the caseworkers was inappropriate. They should have advised her to return to work as soon as possible and not become dependent on the welfare system.

We reviewed another allegation of an individual leaving a good-paying job in order to qualify for medicaid benefits. We found this allegation to be inaccurate. A third allegation, regarding a worker who reduced work hours in order to qualify for medicaid benefits, was reviewed and found to be accurate. From our discussions with caseworkers and our review of other records, it appears that this does happen occasionally but it is not a common occurrence.

In addition, we reviewed the federal eligibility guidelines and found they do not prohibit an individual from voluntarily leaving employment or reducing work hours in order to

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qualify for medicaid benefits. In our opinion, this is an issue to be resolved at the federal level and nothing further can be done by our office.

Self-Sufficiency Is Generally Advocated

In our review, we found self-sufficiency is generally advocated and encouraged by the Office of Family Support (OFS). Caseworkers usually promote the self-sufficiency philosophy and encourage their clients to participate in self-sufficiency activities. However, we did investigate one allegation where contrary advice was given to a welfare recipient by a caseworker. This was an unusual case and we don't believe further audit work is needed. The main objective of the office is to help welfare recipients become self-sufficient. When compared to other states, it appears that self-sufficiency participation in Utah is much better than average.

Caseworkers Usually Encourage Participation

Although in most cases welfare workers encourage clients to become self-sufficient as soon as possible, we reviewed one allegation where contrary advice was given. The client was a single mother who couldn't return to work for several reasons. She was a single parent with one child and she was expecting a baby in February. She took furlough from her job in October, and she asked her employer to pay her health insurance premium while she was on leave with the condition that it be repaid as soon as she returned to work. In April, after the birth of the baby, she applied for and received financial assistance, food stamps, and medicaid. She was informed that if she returned to work, her income would disqualify her from the welfare benefits. She said her employer would require her to pay back the insurance premiums it paid while she was on leave, plus she would have to pay the current month's premium. This would create a strain on her budget and there would not be enough income left to pay for food, housing, and child care.

The caseworkers said this was an unusual situation. They agreed that it was better for her to remain on assistance for the time being until she could find a better alternative. The administrative rules say clients will not be required to accept employment if it results in a net loss of income. Although her return to employment would not have created a net loss of income, it would have left very little income for housing, food and other necessities. Meanwhile, the caseworkers continued to work with the mother, and encouraged her to attend self-esteem counseling and to participate in other self-sufficiency activities. They reminded her that welfare assistance is only temporary and she would eventually have to return to work.

We realize that this was an unusual case and the caseworkers were trying to do what was best for their client. However, we question the advice given to stay on welfare temporarily instead of returning to work. This goes against the mission of the agency and it gives the wrong message to welfare clients. Although the woman was indeed eligible for assistance, it appears the caseworkers gave their advice prematurely and based on erroneous information. We called the woman's employer and found out there was no written agreement for repayment of the insurance and the terms had never been discussed. The employer said they would have worked with the woman to arrange a repayment schedule that would be easy and not create a financial burden for her. Now, over a year later, the woman may be worse off than she was before she started welfare

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assistance. She is still dependent on welfare, and still unemployed, and she still has a large outstanding debt to her former employer. This lessens the probability of becoming self-sufficient.

Several caseworkers told us the benefits of work far outweigh the benefits of welfare. They said they would never counsel anyone to remain on assistance instead of working. We tested this claim by contacting 20 randomly selected recipients of Assistance for Families with Dependent Children (AFDC) and asking them if they had been encouraged by their caseworkers to participate in self-sufficiency activities. All of the clients contacted said they were aware of the self-sufficiency program. Most of them learned about self-sufficiency from their caseworkers, but a few of them already knew about the program from previous experience with assistance. None of them had been encouraged or counseled to remain on assistance. In addition, 14 of the clients said they were currently enrolled and participating in some sort of self-sufficiency activity. However, seven clients felt self-sufficiency could have been explained better, and the caseworkers could have done a better job encouraging participation and promoting the program. They felt that knowledge of and involvement with self-sufficiency was done mostly on their own.

As a follow-up to this survey, we contacted 10 eligibility caseworkers and asked them if they encourage or promote self-sufficiency enrollment. Each caseworker said they advocate self-sufficiency and encourage all AFDC clients to enroll, not just those whose participation is mandatory. Several caseworkers said that for single parents with children over age three, self-sufficiency participation is generally mandatory. Therefore, they do not push the program as aggressively on those clients. However, if clients have children under age three, participation in self-sufficiency is voluntary and the program is repeatedly emphasized. Caseworkers told us that all new clients coming into the office with applications for AFDC are given an orientation about welfare assistance and self-sufficiency. The program is explained and the clients are introduced to a self-sufficiency caseworker. The caseworkers assured us that self-sufficiency is mentioned and encouraged for all AFDC clients, but some clients whose participation is not mandatory show very little interest and have no desire to become self-sufficient.

The caseworkers we contacted said they tell all AFDC clients that assistance is only temporary and there are no guarantees assistance will be given, or that even if it is granted, it won't last forever. They advise clients not to become dependent on welfare. The caseworkers said they repeatedly emphasize the goal of self-sufficiency to AFDC clients. It is explained and encouraged at the initial application for assistance and it is mentioned again in follow-up eligibility reviews with the clients. In addition, self-sufficiency is stressed in the literature and in written correspondence with clients. In our opinion, caseworkers in Utah generally do encourage participation in self-sufficiency. Occasionally, there may be an exception to this statement but we did not find evidence of significant problems, and we do not recommend further audit work in this area.

Self-Sufficiency Is The Objective

The mission statement for the state Office of Family Support is: "To assist families and individuals to enhance their quality of life and reach their maximum potential of self-sufficiency

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by providing temporary and appropriate supportive services." The department and division policies also require caseworkers to counsel their clients to become self-sufficient. For example, the financial assistance policy manual says it is the role of every caseworker to encourage the client toward self-sufficiency. Whenever someone applies for AFDC, the eligibility worker is required to refer them to a self-sufficiency caseworker, unless they have an exemption such as working 30 or more hours per week or having a child under age three at home. If the client has an exemption then self-sufficiency participation is not mandatory and benefits cannot be sanctioned. However, participation in self-sufficiency activities is still encouraged for all AFDC clients.

Federal and state statutes emphasize programs on self-sufficiency. For example, federal regulations say that unless there is an exemption, the state must operate a Job Opportunities and Basic Skills (JOBS) program and require all AFDC recipients to participate. In Utah the JOBS program is a large part of the self-sufficiency philosophy. Participation in the self-sufficiency program requires the recipient to actively strive to become independent of welfare assistance, and it limits the amount of time a person can receive assistance. Some of the activities that qualify under the program are part-time work, job training, job searching, vocational training, college enrollment, and counseling for mental health or other types of counseling. In addition, the state code says, "A person is in need and entitled to assistance only if there are not sufficient resources available for his use, within the limitations set forth in this chapter, and if he is otherwise qualified. Applicants and recipients under this chapter shall be encouraged and assisted to achieve economic independence and self-sufficiency." Resources might generally be defined as, "ownership of money or other tangible property, or

its equivalent in real personal property." The state administrative rules say, "Completion of a self-sufficiency plan and agreement is an eligibility requirement for all AFDC clients who are not exempt from participation requirements."

Participation Is Above Average

Several welfare caseworkers and program directors told us they try to encourage and promote self-sufficiency to all clients receiving AFDC. They usually try to discourage dependency on welfare assistance. A recent survey by the Center for Law and Social Policy (CLASP), indicates Utah's participation in the JOBS program is well above the average. As shown in the following table, Utah has a very high percentage of AFDC recipients participating in JOBS when compared to other western states.

Figure 1 Comparison of Western States Participation in JOBS			
State	Number of Adult AFDC Recipients	Individuals Assisted by Jobs	Individuals as a Percent of Adult AFDC Recipients
Arizona	51,397	3,357	7%
Colorado	39,276	4,091	10
Idaho	5,970	674	11
Montana	10,688	2,124	20
Nevada	8,771	1,935	22
New Mexico	28,238	5,480	19
Wyoming	5,731	1,228	21
Total / Average	150,071	18,889	13
Utah	15,890	7,359	46

There are some limitations to this study because it was based on a full month of data instead of a point in time. The numbers reported may have changed from the time they were reported to the end of the month. Also, the information was collected from federal reports by each state, and some states may have different ways of reporting AFDC cases for JOBS enrollment. This study is only as accurate as the states' reports. However, it is the best information available and we find it acceptable. We believe caseworkers in Utah are generally encouraging self-sufficiency participation among AFDC recipients. The report says Utah has the second highest rate of JOBS participation in the nation. The table shows Utah's rate is more than twice as high as the next highest western state and more than three times higher than the average of seven other western states.

Workers Are Not Leaving Jobs For Welfare

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We could not document that individuals are quitting good-paying jobs in order to qualify for welfare assistance. However, this is not likely to occur because welfare is less beneficial than a good job. As one OFS director pointed out, the majority of people on welfare are not skilled or qualified enough to get good-paying jobs. Most people who apply for welfare are unemployed or hold a minimum wage job. Typical AFDC recipients are teenage parents, single unemployed mothers, or families with medical expenses they cannot pay.

We reviewed a case in the Roosevelt area where the worker allegedly quit his job to collect welfare benefits. However, this allegation turned out to be inaccurate and insignificant because all the facts weren't considered. We also talked with several caseworkers and they could not identify any situations where a welfare recipient quit a good job to qualify for welfare assistance. Caseworkers assured us that income, assets, and employment history are verified initially for each client before any assistance is given. For example, OFS workers compare information on the application forms with online databases at the Internal Revenue Service and Job Service. These "screen assessments" are done at the beginning to check the eligibility of each applicant. In addition, welfare recipients' eligibility is verified periodically by caseworkers through interviews with clients and management reviews of the case. We confirmed this by testing 10 assistance cases in the Roosevelt area. Over a year period, some cases were reviewed as many as seven times and all cases were reviewed an average of four times each.

The administrative rules say that a household is ineligible for financial assistance if the principle wage earner refused without cause a full or part-time job within 30 days of the application. The federal statutes say that in determining eligibility for welfare aid and services, states shall not disregard any earned income of any person, if that person terminated their employment or reduced their earned income without good cause during the preceding period, or if they refused to accept employment for which they are capable without good cause. This means that within the 30 days preceding an application for assistance, a person cannot willfully reduce his income or work hours, or quit his job in order to qualify for welfare assistance. In fact, there are several questions on the assistance application form that specifically ask if anyone in the household has quit a job, refused a job or reduced work hours, or changed jobs within the last two months. A positive answer to any of these questions might make them ineligible for assistance, depending upon the reason. The state code says: "No person may knowingly, or by false statement, misrepresentation, impersonation, or other fraudulent means fail to disclose any reduction in household composition, employment changes, changes in marital status, receipt of other monetary assistance..." or any other material facts or changes that would affect the determination of that person's eligibility to receive public assistance.

This type of condition is very difficult to test for because someone who quits a job isn't going to admit that they did it to become eligible for welfare assistance. Some welfare workers indicated that there may be examples of welfare clients who recently quit low-paying jobs, but these jobs typically pay minimum wage and are menial labor with no future or hope for career advancement. We could find no evidence that individuals are quitting good-paying jobs in order to get welfare benefits, and we feel additional work in this area is unnecessary.

Eligibility Requirements Are Lenient

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Some welfare programs appear to have very lenient eligibility requirements. For example, medicaid has a prenatal (PN) and a newborn (NB) program, both of which have very liberal income guidelines and no asset limits. The PN program covers the mother from the time of application to 60 days after the birth. Women only need to meet the income guidelines in one month to be eligible for the entire period. The mother does not have to file support papers or name the father of the child if the father is not in the home. The PN+ program continues medicaid coverage for children 60 days old through the first year of life. The NB program also has liberal income eligibility guidelines and no asset limits. In addition, the mother does not have to have been on medicaid in the month of birth to qualify for this program. The NB program extends medicaid coverage to children ages one through five.

Most medicaid assistance programs have both income and asset eligibility requirements. However, the PN and NB programs have no asset testing. They only require income testing at 133% of the poverty level. One caseworker told us that it easy to manipulate one's income for one month in order to get around the rules and qualify for assistance. For example, in a case from Vernal that was referred to us, the employer told us an employee asked if his workload could be cut back so that his wife could qualify for PN assistance. The employer complied, making the employee eligible based on that one month of income. Meanwhile, the employee allegedly continued to work taking cash-only jobs that were not reported for eligibility purposes. The next month he resumed his normal work schedule with the employer.

Asset testing for prenatal care is a possible solution to the problem of individuals who take advantage of the liberal eligibility requirements. However, it is generally not viewed as a good solution. Only four states nationwide have implemented asset testing for prenatal care. Many experts feel that if asset testing is implemented, many pregnant women may be discouraged from seeking care that could prevent health problems during pregnancy and infancy. An asset test presents another barrier to prenatal care, potentially resulting in delayed prenatal care, increased death rates and health problems. Additional health problems would increase health care costs, such as newborn intensive care, long term health care, early intervention, and special education. In addition, a disproportionate number of families in rural areas would be affected because of a higher percentage of low income residents.

Although our field work uncovered several examples in areas where the opportunity for fraud exists, we don't recommend any changes at this time because federal program guidelines are being followed. OFS officials assure us that these examples are not the norm but rather the exception and there will always be a few individuals who find ways to get around the system. In addition, OFS officials are concerned that any actions to correct program abuses by a few individuals may ruin the benefits for many.

We hope this letter has provided the information you need on these allegations and issues. If you have any questions or need further information please contact us.

Sincerely,

Wayne L Welsh
Auditor General

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