

POVERTY AND JOBS

Task Force Report

(An Advisory to the
Human Services Subcabinet)

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POVERTY and JOBS TASK FORCE

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The Task Force has been staffed and funded by the State Planning Agency and the departments of Economic Security and Human Services. Staffs of those agencies have spent considerable time describing their programs, supplying data, and reviewing materials. The Department of Administration's Productivity Improvement Program assisted in setting goals and criteria. Reports on the activities of related task forces, agency initiatives, and community groups have been a standing agenda item at Task Force meetings.

Faculty members from the University School of Management and Institute of Public Affairs consulted with the Task Force. Under contract, Dr. Simon Fass of the Humphrey Institute reviewed poverty and labor market trends and the public employment and training programs.

MINNESOTA'S PROGRAMS FOR INCOME SUPPORT

and

EMPLOYMENT AND TRAINING:

The Task Force concentrated on programs with the largest clientele or budgets and those over which the state has the greatest control, excluding the education and rehabilitation and training programs for particular disability groups. Consequently, this report covers:

INCOME SUPPORT

EMPLOYMENT & TRAINING

FEDERAL

Unemployment Insurance (UI)
Aid to Families with
Dependent Children (AFDC)
Supplemental Security
Income (SSI)
Food Stamps
Medical Assistance (MA)
Low Income Energy
Assistance (LIEAP)

Job Service
Job Training Partnership Act
(JTPA)
Work Incentive (WIN)
Trade Adjustment Act (TAA)
Community Work Experience
Programs (CWEP)

STATE

General Assistance (GA)
General Assistance Medical
Care (GAMC)
Minnesota Supplemental
Aid (MSA)

Minnesota Emergency
Employment Development
(MEED)
Minnesota Job Skills
Partnership
Displaced Homemakers
Occupational
Industrialization (OIC)

EXECUTIVE SUMMARY

ISSUE: FEWER FUNDS, MORE NEED

The recent recession renewed attention to the relationship between economic cycles, labor market conditions, and programs that serve Minnesota's low income citizens. As state revenues declined in 1979 and federal social and economic policies changed in 1981, fewer jobs, public funds or programs were available for individuals with financial need.

CHARGE: DEVELOP POLICIES AND IDENTIFY STRATEGIC ALTERNATIVES:

To develop policy and strategy options for meeting the needs of the State's poverty population through a combination of employment and income support programs; to analyze the extent to which the needs of the current poverty population are met by income support programs; to describe the relationship between economic and employment conditions and public income support programs and any incentives or disincentives to employment; and to identify the statutory, regulatory, and administrative changes that can contribute to more efficient or effective service delivery.

FINDINGS: PEOPLE PREFER WORK TO WELFARE

1. 1980 Census data establishes that over half of Minnesota's poverty population worked. Women with jobs who were cut off AFDC in 1982 have remained off even though they have less than they would have by quitting work and staying on AFDC. MEED has had far more applicants than available jobs.
2. Poverty is a problem even during a recovery because of occupation and earnings limits, family composition, and local economic conditions.
3. Unemployment will continue: "full" employment is forecast as 6-7% unemployment; the greatest number of new jobs will be in low wage occupations or low wage service industries; industry restructuring will continue to displace workers; women, minorities, youth, and older workers continue to face labor market barriers.
4. Federal plans call for further reduction in employment and training funds and programs; however, additional federal funds can be used for work and training costs for AFDC recipients.
5. Minnesota's current programs and delivery systems result in uneven access to services for clients and do not address client needs comprehensively.
6. Federal, state, and local public, and private programs and funds are not coordinated for maximum use.

RECOMMENDATIONS: POLICY, GOALS, and STRATEGIC PLAN FOR ECONOMIC INDEPENDENCE and SKILLED WORKFORCE

POLICY: Minnesota's education, economic development, employment and training, and human services efforts should focus on increasing the economic independence of its citizens. Education and employment and training programs must increase the knowledge and skills of Minnesotans in a rapidly changing labor market. Income support programs must furnish income to those unable to work so that they can live above the poverty level and must link those able to work with jobs and training programs. Economic development efforts must affect low income citizens.

GOALS and STRATEGIES:

1. **FOCUS ON CLIENTS**
Programs can be designed and implemented with: uniform and comprehensive appraisals and services; workers responsible for "seeing to" service delivery; catalogues of services and providers for clients and workers; client and employer evaluations of services.
2. **ELIMINATE BARRIERS TO EMPLOYMENT**
A Minnesota Jobs, Education, and Training Program can: establish continuity and frame federal and local initiatives; target funds to disadvantaged; and set a base for uniform, comprehensive services.
3. **PLAN EMPLOYMENT AND RETRAINING FOR RECESSIONS**
MEED can be modified and available during high unemployment; public spending can be switched to labor intensive projects; the unemployed can be retrained and continue receiving Unemployment Insurance.
4. **EXTEND CHILD CARE, HEALTH CARE, AND SUPPORT SERVICES**
Child care can be an integral part of employment and training programs; child care and health care can be developed for the "working poor".
5. **INCREASE EMPLOYMENT OPPORTUNITIES, MINIMIZE DISINCENTIVES TO WORK, AND BEGIN INCREASING STANDARDS TO POVERTY LEVEL**
Programs can move clients into the workforce and minimize disincentives to employment; Unemployment Insurance can cover more part-time workers; with incremental increases, grant standards can reach the poverty level; and long range reform can be pursued.
6. **INTEGRATE STATE PLANS TO MAXIMIZE RESOURCES**
A state board can coordinate strategic planning for human and economic resource development activities, direct interagency efforts, and involve the public.
7. **INCLUDE HUMAN RESOURCES IN ECONOMIC DEVELOPMENT ACTIVITIES**
Economic development projects can encourage above poverty level jobs, can be matched with low income unemployed workers, and can fund small enterprises.

8. INCLUDE LOCAL DIFFERENCES IN MINNESOTA STRATEGY
The state can fund and encourage local coordinated, strategic planning to maximize resources, services, and impact of public spending.
9. ENCOURAGE BUSINESS, LABOR, AND INDUSTRY HELP IN JOBS AND TRAINING
Employers' needs for trained workers can be tied to workers needing employment or training.
10. RECOGNIZE THAT EMPLOYMENT PRACTICES INFLUENCE USE OF INCOME SUPPORT PROGRAMS
The State can work with employers to expand health care and day care services; and government's example in pay equity and affirmative action can encourage private sector initiatives.
11. SHARE COSTS AMONG FEDERAL, STATE, AND LOCAL GOVERNMENTS
Local governments can share costs of employment and training as they do in the income support programs; federal funds can be maximized through income support programs; recessionary demands can be planned.
12. SUPPORT STRATEGY WITH ADMINISTRATIVE STRUCTURES
A consolidated, successor agency can focus skills and resources on low income and unemployed in a changing economy and labor market; county boards can administer and integrate local programs.

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BACKGROUND: RECESSION MAGNIFIES ECONOMIC, DEMOGRAPHIC, AND SOCIAL CHANGES

The income insurance programs in the United States form a two tiered system in which those with demonstrated labor market attachments are treated differently from those who do not meet labor market tests. People "earn" their Unemployment Insurance, Social Security, and Medicare. Others must prove their poverty and the permanent or temporary conditions that keep them out of the labor market in order to receive Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), or Medicaid and then, if their unemployment is temporary, they must meet continuing work tests. Historically, public employment programs have followed the same lines: economic stimulus to create consumer demand and put people to work during times of high unemployment and service models to improve the marketability of welfare clients and the poor during good times. Both of these programs share a history: both have been started, re-directed, or stopped repeatedly; thousands of demonstrations have been evaluated; and no continuing, or comprehensive, or stable federal programs have resulted.

As state revenues declined in 1979 and as federal social and economic policies changed in 1981, fewer public funds and programs were available for individuals with financial needs. Simply, there were more people in need and less to serve them with. Quickly, in the absence of money, past trends in economic, population, and social patterns were noticed and these trends and the problems continue, even as the economy recovers:

- Middle wage jobs were declining as a percent of all jobs;
- Most new jobs were occurring in low paying service industries;
- Women were entering the workforce in unprecedented numbers, but continued to earn 59% of male wages, as they had done in 1939;
- Family and household sizes were smaller reducing average household incomes;
- Divorce, separation, and births to unmarried parents continued so that 12% of the state's children lived with a single parent and given the earnings limits of women, 10.4% of the state's children were in poverty in 1979.

Minnesota was not prepared to meet its citizens' needs: General Assistance eligibility had been restricted to reduce costs; there were few state programs for the unemployed; existing federal programs were cut; new federal programs were barely

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noticeable; and federal changes to the Food Stamp and Aid to Families with Dependent Children programs further impoverished the working poor. By mid-1983, Minnesota had responded with a network of programs to meet emergency food and shelter needs, by reinstating broad eligibility for General Assistance, and by creating an emergency employment program that subsidized public or private sector jobs or paid an allowance to people until a job was available. This increased problems of program emphasis and coordination.

The state needed to re-examine its programs and policies concerning employment and low income citizens, to modify them, to anticipate continuing changes, and to fit them into state goals of putting people back to work. The federal government's diminishing role in domestic policy added impetus to the state's re-examination.

CHARGE: DEVELOP POLICIES AND IDENTIFY STRATEGIC ALTERNATIVES:

The Human Services Subcabinet assigned the Poverty and Jobs Task Force the following charge:

To develop policy and strategy options for meeting the needs of the state's poverty population through a combination of employment and income support programs; to analyze the extent to which the needs of the current poverty population are met by income support programs; to describe the relationship between economic and employment conditions and public income support programs and any incentives or disincentives to employment; and to identify the statutory, regulatory, and administrative changes that can contribute to more efficient or effective service delivery.

FINDINGS: JOBS AND POVERTY: THE CONTINUING DILEMMA

1. POVERTY CONTINUES: National poverty rates were at their lowest, 11.1%, in 1973; in 1980 they were 13% and up to 15% in 1982. In 1980, 9.4% of Minnesotans were poor; by 1982 the number was estimated at 11.4%. In addition to general economic conditions and the availability of public income transfer programs, poverty is determined by individual circumstances: the number of wage earners vs. dependents in a family; the hours and weeks of work per year, as well as wages; and geographic location. For example, the 1980 Census indicated that 5.2% of Minnesota's urban families were poor, 10.5% of its rural families, and 17.2% of the farm families. Minorities and single parent, female headed households continue to be at greater risk of poverty because of labor market barriers. For 1980, 49% of the families with a female head who was in the labor market were poor, as were 24% of the Black families and 28% of the Native American families in Minnesota.

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Census data and analysis of the Michigan Income Panel Study establish that poverty and public assistance are temporary episodes for many people. The Michigan data indicate that during a ten year period, 25% of the population is in poverty at some point; 13.6% were in poverty for two of ten years with 12.3% using welfare; 2.2% were persistently poor (eight of ten years) with only 2% relying on welfare for more than half of their income. These sources also identify strong labor force attachments among the poor: the 1980 Census data indicates that more than half of the poverty population of working age had some employment in 1979, but had lower wages, worked fewer hours per week or fewer weeks per year than the general population. Part of their risk of poverty is associated with lower education levels.

2. ECONOMIC RECOVERY LEAVES MANY UNEMPLOYED OR IN LOW WAGE JOBS: Even though Minnesota's unemployment rate had dropped to 6% by July, 1984, eleven counties were near or exceeded 10% (St. Louis 9.9%, Clearwater 15.8%). In 1980, when Minnesota's overall unemployment was 5.9%, a minimum of 11% of Black males, 12% of Hispanic, and 24% of Native American males were unemployed. National data indicate that females, minority males, and all youth continue to have disproportionately high rates of unemployment. The traditional lag between poverty and recovery is demonstrated by continuing, high public assistance caseloads. (In the labor market, individuals are competing with the other unemployed, new labor market entrants, and formerly discouraged workers who are re-entering because of a recovery.)

Studies indicate that the largest number of job opportunities will continue to be in lower paying occupations and in lower paying segments of the service industry. There also is a trend toward more part-time employment in some segments of the service industry. Occupational and wage discrimination are still major factors for women, minorities, and youth. Women continue to earn 59% of male salaries; the same ratio that existed in 1939. In very practical terms, a full-time, year-round, minimum wage job supports two people at the poverty level.

3. LOW INCOME, UNEMPLOYED, AND DISADVANTAGED WORKERS ARE INDIVIDUALS WITH DIFFERING NEEDS: Public concern, demonstration projects, the target and eligibility groups for programs, as well as the data on episodes of poverty indicate that public programs must be prepared to serve both those individuals who are very similar to the general labor force and those who have special needs. The recognized special groups include: older workers; experienced workers displaced because a business closes, relocates, or introduces new technology; displaced homemakers and other mature women entering the labor market; individuals with barriers to employment, such as lack of education, work skills, current work history, child care, health care, or transportation; and groups with differing characteristics, such as minority youth, adolescent mothers, veterans, ex-convicts, and individuals completing treatment or rehabilitation programs.

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Research studies and advice from professionals indicate: First, effective programs must be comprehensive and do have a common core of needed services (appraisals, testing, vocational and personal counselling, labor market and career and job seeking information, support services, basic education, training or education leading to skills recognized in the labor market, and "real" jobs). Second, the programs must be personalized through peer groups, role models, and involved staff, and they must be localized to connect with employers and community commitment.

4. SERVICES DRIVEN BY PROGRAMS, NOT CLIENT NEEDS: Evaluations, reviews, budget requests, and comments of administrators indicate that the current array of federal and state employment and training programs are neither serving all the people in need nor providing all the services needed. The combination of eligibility limits, performance standards, and funding limits have resulted in most service going to the most readily employed. Fewer people with major barriers (and likely longer need for public assistance) are being helped by the employment and training programs.

In addition, the structure of the combined income support and employment and training programs has resulted in fragmented services and workers specialized within narrow areas. Neither clients nor workers have easy access to information about all relevant programs.

The eligibility and benefit standards in Minnesota's income support and employment and training programs range from 38% of the poverty level (General Assistance without Food Stamps for a household of six) to 150% of poverty for a one-person household receiving Low Income Energy Assistance and 266% (if funds were available for the statutory maximum income limit) for a two person household receiving Sliding Fee Day Care.

5. RESOURCE ALLOCATIONS AND PLANNING ARE SITUATIONAL, NOT STRATEGIC: The Governor's Biennial Budget and legislative program and the legislative process are the only mechanisms that can integrate the human resource and economic resource development strategies of the state. Currently, these items are not viewed as a whole and the employment and training programs, which are largely federally funded, are generally not included.

At the federal, state, and local levels, coordination or integration is occurring on a program-by-program or issue-by-issue basis. Business and community interests are involved in the same, unsystematic manner.

Federal funds for employment and training programs are declining; however, additional funds are available for services to AFDC recipients. The overall federal fund flow can be maximized by: increasing outreach for Food Stamps and Supplemental Security Income; pursuing Trade Adjustment Act

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certifications; seeking demonstration funds for integrated delivery sites; and using premium funding for systems development. Continued state and local funding is required to expand employment opportunities through subsidized jobs or on-the-job training, for education and training, and for support services.

RECOMMENDATION I: POLICY AND GOALS FRAME DISCUSSION OF COMPLEX ISSUES:

To respond to its charge, the Task Force drafted a policy and established goals for each of the areas that are major factors in Minnesota's commitment to jobs for people, a skilled work force for employers, and reducing poverty. (The details of criteria and measures are in Attachment 1.)

POLICY: Minnesota's education, economic development, employment and training, and human services efforts should focus on increasing the economic independence of its citizens. Education and employment and training programs must increase the knowledge and skills of Minnesotans in a rapidly changing labor market. Income support programs must furnish income to those unable to work so that they can live above the poverty level and must link those able to work with jobs and training programs. Economic development efforts must affect low income citizens.

GOALS:

1. Minnesota must focus on clients and provide a range of services and providers from which clients can select those most suited to their employment needs and must reduce organizational and geographic barriers to service.
2. Minnesota must meet the needs of low income individuals who have barriers to employment through a comprehensive education, training, jobs and service strategy, including publicly funded jobs.
3. Minnesota must assist low income individuals who are unemployed because of economic cycles or industrial restructuring, meet their financial and personal needs through publicly funded jobs and meet their future employment needs through training.
4. Minnesota must assure that child care, health care, and other services that support employment and training are available to low income Minnesotans.
5. Minnesota must change its income support programs to increase employment opportunities, structure those programs to minimize disincentives to employment, and begin to increase standards to the federally defined poverty standards.

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6. Minnesota must integrate state, federal, local government and private sector policies and programs so resources are available to help low income people be economically independent and so that the larger state goals of economic and human resource development are met.
7. Minnesota must place strong emphasis on human resource development as part of its economic development strategy with an emphasis on the education, training, and employment of the low income people.
8. A Minnesota strategy for assisting low income citizens must incorporate the diverse local resources, priorities, concerns, and expertise which are the state's social and economic environment.
9. Minnesota must provide the opportunity and encourage business, industry, and labor to expand their involvement in and responsibility for the income, employment, and training needs of low income or disadvantaged Minnesotans.
10. Minnesota's public policies must recognize that public and private employment practices and the limitations of social insurance programs influence how individuals use income support programs as periodic replacements for lost earnings or as continuing supplements to inadequate earnings.
11. Minnesota must coordinate funding of income support and employment and training programs; plan funding for increased demand during recessions; and have the funding reflect the roles, responsibilities, and benefits to individuals, the private sector, local units of government, and the federal government, as well as the state.
12. Minnesota must provide an administrative structure that improves the income support and employment and training programs' flexibility in anticipating and responding to changing demographic, social, economic, and technological conditions and that achieves both expertise and efficiency.

RECOMMENDATION II: A STRATEGIC PLAN TO MAXIMIZE OPPORTUNITIES FOR ECONOMIC INDEPENDENCE FOR LOW INCOME OR UNEMPLOYED MINNESOTANS:

In general, the recommendations can be characterized as: being feasible and within state authority; allowing executive and legislative decisions on costs and priorities; and addressing both immediate and longer range issues. The recommendations are the options seen as having the greatest effect. (Attachment 2 summarizes the alternatives.)

GOAL 1: Minnesota must focus on clients and provide a range of services and providers from which clients can select those most suited to their employment needs and must reduce organizational and geographic barriers to service.

RECOMMENDATIONS

- A. Design and implement a system to match client needs with services, programs, providers, and funding sources. This includes: 1) an appraisal process which accounts for clients' personal, financial, health, and support service needs as well as those directly related to employment and training and which has common elements, definitions, and reporting requirements; 2) assigning comprehensive responsibilities to specified staff to "see to it" that needed services are arranged, provided, received, and successfully used; 3) providing personal attention through a "mentor" function for both paid staff and reimbursed community volunteers; 4) establishing the parameters for incorporating other service providers; 5) developing an inventory of services and providers for clients and staff; and 6) increasing leadership attention, staff support and training, and the testing of administrative procedures for effects on clients.

Discussion: The goal and the recommendation are needed reaffirmations that public programs exist for the benefit of the individuals served. This approach concentrates services at intake since the majority of adult clients enters the system following some crisis (job loss, separation, illness) so that they can return to normal functioning as rapidly as possible and move through the programs.

This alternative has four cost factors: design and implementation, staff training and retraining, a system to match clients, services and funding sources, and spillover costs as other programs are called on (the emergency response programs, AFDC, GA and fuel assistance; health care; and Food Stamps).

Results: This recommendation should result in: 1) clients being aware of and having access to services from a variety of programs and providers; 2) staff who are aware of services and their appropriate use and who have the authority and responsibility to arrange and follow through on the effective use of services; and 3) a client-employer-agency evaluation and feedback process for monitoring and modifying delivery.

- B. Develop an integrated, client based information and transaction processing system to support administration of the employment and training and income support programs.

Discussion: This is a quantum leap from the dominant, existing manual and automated systems in both the income support and employment and training programs. DHS management and budget initiatives and JTPA efforts to develop a common system recognize the need for improvements. This approach can reinforce the client focus; recognize that government is information based; and bring program administration from the technology of the 1960s to the 1980s. One-half million

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dollars may be needed to conduct the information needs analysis for all levels of users and to complete the preliminary systems design which would describe the system and estimate its development and operating costs.

Results: This approach should produce a generalized screening and referral or intake system which can be used at all locations and by all programs; transaction data for reporting, monitoring, and fund maximizing; and analytic data for evaluation and decision making.

C. Request the Department of Administration and the State Demographer to evaluate the adequacy and distribution of physical resources in relation to the low income population so that adjustments and improvements can be made if warranted.

Discussion: Information on location, size, and staffing is needed for general management purposes regardless of other decisions that might be made. The state is responsible for allocating administrative overhead and for the location of delivery sites near clients. Costs may range from \$25-125,000 in direct or absorbed funds depending on the currency and adequacy of available data and the methods used.

Results: Offices would be located in areas near the affected groups, with satellite or itinerant offices in areas of new or cyclical demand, and allocation of costs and staff would be improved.

GOAL 2: Minnesota must meet the needs of low income individuals who have barriers to employment through a comprehensive education, training, jobs and service strategy, including publicly funded jobs.

RECOMMENDATION

Establish a Minnesota Jobs, Education, and Training program as a continuing state commitment to employment, education, and training for low income individuals.

Discussion: This would: (1) establish a legislative base for all employment and training programs in Minnesota; (2) define target populations, basic services, appeal rights, and any service entitlements; (3) continue a jobs program for the structurally unemployed (successor to MEED for this group); (4) establish the standards for a community investment component (public service jobs for people not placed in the private sector (detail in Attachment 3); (5) serve individuals in areas of chronic or continuing high unemployment; and (6) determine administrative and financial authorities and responsibilities. This will stabilize programs when federal programs shift and can improve

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client access to a consistent base of services across the state. General authority would be needed to fit federal programs and their specific requirements into such a strategy and to continue testing alternative approaches. Integrating a dozen existing federal and state programs will be complex. Costs will depend on decisions about: how AFDC is used, reallocating program funds, the method for funding occupational training, the level of wage subsidies needed for the target populations, reallocating or expanding day care funds, and whether General Assistance is largely replaced with subsidized private and public jobs and "work study" jobs for those in training. Roughly 330 MEED equivalents can be accomplished for every \$1 million when the alternative General Assistance costs are deducted from wage subsidy costs. Legislation is required, with considerable interprogram effort to define and detail actual implementation.

Results: The outcome should be: more employable, income support recipients being involved in employment, training, or education programs that yield economic independence; less difference of the school completion rates and labor force status between the general and the disadvantaged populations; an increased quantity and range of services in each location to meet the requests of eligible individuals; a stable, comprehensive program to meet the employment, education, and training needs of low income individuals in the context of Minnesota's goal of increasing its workforce's skills; and a standard and a context for diverse programs initiated at the national and local levels.

GOAL 3: Minnesota must assist low income individuals who are unemployed because of economic cycles or industrial restructuring meet their financial and personal needs through publicly funded jobs and meet their future employment needs through training.

RECOMMENDATIONS

A. Minnesota should establish a counter-cyclical component in its comprehensive employment program. This would be triggered by state unemployment rates exceeding historical averages by specified amounts for two or more quarters. Funding to substate areas would be based on a parallel formula. (Economic development funding and activities must be the primary strategy for areas of chronic or continuing high unemployment.) The program should have four major components: 1) Identifying occupations and locations unlikely to recover, assigning those individuals to Jobs, Education, and Training for retraining, relocation or other services and continuing UI during training; 2) retaining the MEED provisions for private and public sector permanent jobs with an additional priority for those with household incomes of less than 125% of poverty; 3) planned shifts in state

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discretionary spending to labor rather than capital intensive projects, for example shifting LCMR projects from acquisition to maintenance and development; and 4) appropriations to local governments for community investment projects for jobs, payments to volunteers for out-of-pocket expenses, and nominal amounts for supplies and administration.

Discussion: This is a planned and timely response to periods of high unemployment caused by economic cycles. It expands the positive experience with MEED to include retraining or relocation because of changing industrial conditions and it includes the psychosocial needs of a greater segment of the not-poor, unemployed, through a volunteer community service program, which can also respond to the increased demand for public services during periods of high unemployment.

Costs will be determined by program design and through appropriation limits. This alternative will require legislation, followed by a preliminary, easily updated program design so that it can be ready when needed.

Results: Publicly funded jobs should be available for up to 10% of the state's unemployed during recessions and earlier retraining should be provided for those in occupations or locations experiencing industrial restructuring.

B. Adopt the method for obtaining and updating state and substate labor market forecasts and using those for vocational guidance as being proposed by the Job Training Task Force.

Discussion: The need for improved information has been identified by several task forces and other groups. Both the long and short range recommendations of the Job Training Task Force are applicable to a poverty and jobs strategy and its specific components.

GOAL 4: Minnesota must assure that child care, health care, and other services that support employment and training are available to low income Minnesotans.

RECOMMENDATIONS

A. Child care should be a major component in a comprehensive state employment and training program for low income individuals: (1) single parents in training, making the transition from AFDC to employment, or employed with earnings below 125% of poverty and (2) two-earner families with earnings below 125% of poverty. Funding should come from: (1) AFDC special needs for recipients in training and job search; (2) incorporating and expanding Sliding Fee Day Care; (3) removing a percentage of CSSA funds that are used

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for employment and training related child care or offsetting requested increases to expand employment associated child care; and (4) reallocating existing funds for the most effective fund use, including perhaps, WIN child care for transition needs.

Discussion: This is the most comprehensive option for child care for low income individuals. It incorporates all major funding sources except state and federal tax provisions. It facilitates single stop service for clients, can allow a single administration to coordinate funds, and can maximize resource allocation among clients and sources. Cost and implementation implications depend on the series of choices the state makes in relation to employment and training and income support programs.

- B. Extend Medical Assistance from nine to fifteen months for families that lose AFDC eligibility because their entitlement to the \$30 earnings disregard has expired, as is being recommended by DHS. Begin to increase the MA income limits to 133% of the AFDC standard so that spenddowns are met more quickly and are less prohibitive; make the corresponding change in GAMC to ease access to health care for single individuals; and pursue initiatives to determine the need and costs for health care for uncovered families and children.

Discussion: This extends federally funded programs to meet the needs of low income people for health care (children, single and some two parent families, disabled, and elderly) and uses state programs for the uncovered populations. It is a modest departure from Minnesota's practice of generous categorical and service coverage and with conservative income standards. It maintains general program continuity in other respects. Minnesota must plan for the low income population's health care needs in view of occupation, wage distribution and demographic changes, which may result in fewer middle income and more low income households. With this approach, the state continues targeting resources to those at or below the poverty level. Only single individuals (primarily the elderly at 110%) and two-member households (at 102%) would exceed the poverty level; households three through six would range from 99% to 86% of the federal poverty level. The present ranges are 65% to 83% of net income.

- C. Consolidate and continue state funding within a comprehensive state employment and training program to augment federal funds for support services, such as personal, career, financial, and health counseling, appraisal, testing, transportation, mentoring, and peer support groups.

Discussion: This recognizes the significance of support services in meeting a wide range of personal differences among the diverse groups who use employment and training programs. The

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absence of adequate federal funding and little state funding for support services has put Minnesota in the "for want of a nail" category in aiding the least job ready individuals. New funds are needed particularly for General Assistance clients. There will be significant cost variations by subgroups considering the range from unwed, adolescent AFDC recipients to experienced workers displaced by declining industries.

Results: In the intermediate range, the result should be publicly funded support services, child care and health care to those at 150% of poverty. Over the long range, these services should be available to individuals with less than 70% of the state median income. This approach also eases public assistance recipients' transition to employment and provides assistance to the working poor who currently have access to fewer services.

GOAL 5: Minnesota must change its income support programs to increase employment opportunities, structure those programs to minimize disincentives to employment, and begin to increase standards to the federally defined poverty level.

RECOMMENDATIONS

A. Aid to Families with Dependent Children, employable General Assistance, and the similar Food Stamp population should be considered as part of the state's active work force and the primary group to be served by the employment and training program(s). The federal authorities for Employment Search and Work Supplementation with grant diversion should be implemented and funded so that comprehensive, statewide services are available to AFDC recipients.

Discussion: This option for AFDC and General Assistance recipients moves Minnesota more directly toward the objective of jobs, not welfare. With both programs, the approach should minimize work registration paperwork, appraise individuals quickly but adequately, move those who are job ready into better and more stable jobs than they have had previously, and provide comprehensive services to those requiring them. Employment Search can be used for initial and short-term services for all AFDC clients; Work Supplementation with grant diversion can be used for subsidized public and private sector employment for up to nine months per case. GA maintenance payments could be limited, depending on how quickly people can be placed in: 1) unsubsidized employment; 2) subsidized permanent employment; 3) public employment; or 4) a combined education and work study (publicly fund private or public employment) component, which meets current definitions of "suitable employment" or allowable training.

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Results: Expected results from these components of the comprehensive state program: give more employable public assistance recipients will be employed or in an education, training, or service activity; the length of assistance is reduced; and the quality of job placements for the job ready is improved.

B. Minimize the disincentives to employment by: 1) administrative changes; 2) increasing the MA and GAMC income limits so care is more readily available after employment and loss of public assistance eligibility; 3) altering Sliding Fee Day Care priorities to assure transitional public funding for single parents who move from AFDC; 4) and making stability a factor in evaluating private sector jobs placements for individuals.

Economic incentives to employment can be improved by using AFDC Work Supplementation which allows the state to continue the \$30 and 1/3 disregard for nine months when grants are diverted into subsidized employment and by providing General Assistance recipients with private or public employment clearly in excess of the grant standards.

Discussion: This approach relies on on existing income maintenance program structures to meet the defined goal. The adjustments to day care and health care programs are a conscious attempt to deal with the two largest economic factors identified in keeping AFDC recipients from entering the work force; the extended disregard under Work Supplementation allows families additional disposable income for a period of time to smooth the transition to work. This recommendation requires both legislation and significant administrative lead time before all aspects of statewide AFDC grant diversion and the GA strategy could be implemented. The GA-unsubsidized-subsidized sequence could run during implementation on the current MEED mechanism.

Results: There should be an eventual improvement of the conditions of individuals making the transition from assistance to economic independence and a reduction in the number of cases remaining on assistance for prolonged periods because of economic barriers to employment.

C. Other income support, such as Low Income Energy Assistance, health care, and day care should have phased eligibility limits between 100 and 150% of the federal poverty standard to ease the transition between welfare and work; the employment and training programs should have priorities for these groups. Low Income Energy Assistance, Sliding Fee Day Care and Displaced Homemakers can be adjusted downward from their relatively high standards based on the federally computed median income.

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Discussion: This recommendation has two aspects: smoothing the transition to employment for public assistance recipients, and targeting available federal and state resources to the identified populations.

Results should be greater congruity among programs and a definable sequence of programs that clients can plan on losing or having available as they move to full employment.

D. Extend Unemployment Insurance benefits to part-time workers at least at the level recommended by the DES Advisory Committee.

Discussion: The expansion of part-time employment opportunities, particularly for women and in low wage retail and service jobs, and the decline in Unemployment Compensation eligibility warrant this extension. This income may be the difference between poverty and not for some two-earner households. In other households the total need for public assistance may diminish.

E. Redesign the state's income maintenance programs for adults so that those largely outside the labor market (the aged, blind, disabled, and many of the current unemployable General Assistance clients who are marginally or episodically mentally ill or chemically dependent, physically incapacitated, and with barriers related to age and capability), are served by a single program, linked with the continuum of health and social services.

Discussion: This recognizes the prevailing public values which affirm public responsibility and funding for individuals who cannot reasonably be expected to care for themselves. Within the social service spectrum, those individuals with ultimate employment potential can be served through specialized rehabilitation and treatment programs. This approach allows the state to maintain some of the present difference in payment levels between groups, such as covering the present GA unemployables at a higher level in recognition of their inability to work and the need for at least a poverty level income for lengthy periods of time. This alternative can be developed from work currently under way in the Department of Human Services to redesign Minnesota Supplemental Aid and to more precisely define the categories of General Assistance recipients who are currently exempt from work registration requirements and the Department of Economic Security's efforts to define the General Assistance recipients who are unable to attain the work skills or training needed for the least demanding jobs. This option requires legislation.

Results: This recommendation should result in more adequate living standard for individuals who are unable to work and removal of some of the current bias toward residential

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placements that results from the inability of individuals to live independently because of lack of funds.

- F. The state should phase in and maintain increases so that it provides at least 100% of poverty for the combination of income maintenance payments (AFDC, MSA, and GA) and Food Stamps; Specifically this entails slight increases in AFDC and MSA, and an immediate increase in the GA standard for families.

Discussion: This recommendation can be met incrementally through the existing program structures. It assures that Minnesotans' basic needs are met in relation to an accepted, if not adequate, standard. The increases in public assistance standards require a Governor's recommendation to the legislature and its subsequent action and appropriation. Administrative implementation is routine.

Results: This recommendation should result in a more adequate living standard for individuals who are on public assistance. Clients would have less need to draw on public or community emergency resources such as food shelves. Those judged unable to work should be able to maintain independent living more easily. Children on General Assistance would be less economically deprived than they currently are, which should affect their health status, school performance, and general social adjustment. Families and individuals who are employable should be better able to make the transition back to work.

- G. Establish 1985 Issues Task Forces to examine: 1) the relationship between federal and state tax policies (taking Tax Study Commission recommendations into account), rates, low income and child care credits and the employment and means tested programs to determine alternative income transfer program designs and funding; 2) the use of alternative income or payment standards in AFDC; and 3) employment trends and the state's eligibility standards, benefit amounts, and duration of Unemployment Insurance.

Discussion: These three areas are of major significance in the intermediate and longer range responses to poverty, income support programs, and their relationship to employment conditions. Time, resources, and lack of expertise put them beyond the scope of this task force. Recent work on changes to Unemployment Insurance, the Tax Study Commission's work, and the Emergency Needs and Poverty and Jobs task forces' efforts have established some momentum and a base of information that can be maintained in seeking longer range solutions to broadly defined income distribution issues. The continuing, rapid change in population, the economy, and the labor market require ongoing attention by the state.

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This alternative can be implemented by executive action, but should be staffed and funded to allow sufficient exploration and concentration of the issues. Estimates are adequate full time staff for a year plus \$200,000 for subsidiary studies.

Results: These studies should result in: revision of Minnesota's child care and low income tax credits to reduce the need for public assistance for day care; adjustment of unemployment insurance eligibility, taxes, and benefits to reduce the need for public assistance; and a state strategy for pursuing federal tax and income transfer policies.

GOAL 6: Minnesota must integrate state, federal, local and private sector policies and programs so that resources are available to help low income people be economically independent and so that the policies are consistent with the larger state goals of economic and human resource development.

RECOMMENDATION

A. Create an Interagency Employment Development Council consisting of nine state members (commissioners of Education, Economic Security, Human Services, Energy and Economic Development, and Finance, and the directors of Vocational Education, the Community College System, State Planning Agency, and Job Skills Partnership) to carry out integrated strategic planning. The group would be charged with: 1) recommending human resource and economic development policy; 2) preparing a plan for the Governor in advance of biennial budget cycles to describe how programs and policies should be integrated to best use resources; 3) recommending priorities among human resource and economic development activities; 4) directing efforts to seek federal and private funds for special projects; 5) recommending allocation of state funds for demonstration projects or initiatives to improve program administration or service delivery; 6) reviewing and commenting on proposed federal plans and projects; 7) reviewing the operating performance, degrees of integration and inappropriate duplication, and adequacy of service to clients; 8) directing interagency assignments; and 9) providing funding and technical assistance to local integration projects.

Discussion: This is a significant departure from the status quo. If properly executed, it offers an opportunity to integrate planning activities into a strategic whole. During the first biennium, the estimated cost is \$450,000 for a director and experienced staff. An additional \$500,000 is needed to obtain or develop the information for planning, to review and analyze alternatives, and to fund interagency initiatives. Indirect costs to agencies will vary in relation to their level of participation, the nature of interagency agendas,

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and the amount of information collected from within each agency. An interim version can be created by Executive Order, but legislation and an appropriation should be obtained.

Results of this approach include: 1) a single focus for multi-agency and citizen concerns; 2) the opportunity to broaden support for programs and policies when they are implemented; 3) a separate entity responsible for multi-agency activities to preclude dominance by a single sector; 4) a heavy investment in information and analysis that is applicable across programs; 5) sufficient staffing so that involvement is not another burden to the agencies; 6) a strong role for the board so something more than elusive "coordination" occurs; and 7) an overall process which assures that policies, plans, and initiatives are consistent with goals and do not conflict with each other.

GOAL 7: Minnesota must place strong emphasis on human resource development as part of its economic development strategy with an emphasis on the education, training, and employment of the low income population.

RECOMMENDATIONS

A. The Department of Energy and Economic Development's and the Energy and Economic Development Authority Board's project evaluations should formalize the way in which priority is given to projects which create full time, year-round employment in jobs at prevailing wages above the poverty level.

Discussion: This directs state investments toward the kinds of jobs it must develop to reduce the incidence of poverty which can be caused by low paying, part-time, or seasonal jobs, but does not preclude projects meeting other important criteria for economic development. This approach establishes a direct link between economic development and job quality.

If used with existing funds, there are modest incremental costs to the current review process and the ultimate potential of revenue from jobs which pay enough to be taxed. This alternative can be implemented quickly by executive direction; it is a modest incremental step; it links economic development initiatives with a state employment policy; and it ties public capital investment with benefits to individual workers.

B. DEED should formalize its "First Source" efforts after reviewing local and other states' experiences to determine the kinds of projects in which "First Source" is appropriate, the administrative mechanisms most likely to be successful, and methods to monitor, evaluate, and improve on the process. The resulting requirements should be negotiated into incentive packages and agreements as appropriate.

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Discussion: This alternative further addresses the connection between economic development activities and the needs of low income workers. Since economic development initiatives and low income people are both diverse, flexibility is needed to mix and match, for example, the traditional disadvantaged worker with a better job in the service industry; a re-trained or re-located dislocated worker with construction or manufacturing.

The general costs may be about \$50,000 to analyze the options, determine appropriate generic matches, and implement the procedures. Subsequent costs would be a minor overlay to existing economic development activities. The activities can be initiated by executive direction.

This is a tangible step with measurable outcomes to provide employment for low income people as part of the state's economic development agenda; it maintains economic development as the primary focus of those activities; it assumes tailoring the connection between the enterprise and suitable workers; and it permits project-by-project negotiation.

Results of the two recommendations should be identifiable placements of disadvantaged workers in economic development initiatives.

C. DEED investments should require that businesses list all jobs that are created with Job Service.

Discussion: The low income population, the unemployed, and public program clients are disadvantaged since a relatively low percentage of private sector vacancies are listed with Job Service. Recently, a greater percentage of listings are for short duration or temporary jobs, further disadvantaging the clientele. Listings with Job Service would not create an obligation to hire, but can expand the pool of unemployed individuals considered for openings. This recommendation adopts a current federal practice.

Results of this recommendation should be an improvement in the quality and volume of listings with Job Service and a quantifiable measure of the low income people placed as a result.

D. Minnesota should provide seed or venture capital to low income individuals, including Unemployment Insurance and public assistance recipients, in amounts under \$10,000 and establish links with local sources of technical assistance, particularly the programs being developed by the AVTI's. This "micro business" program must be streamlined and faster than large grant programs.

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Amounts should be expanded during recessions when small business start ups increase. These should be developed in coordination with other budget and legislative proposals, such as those being proposed by the Lt. Governor and the Governor's Rural Development Council.

Discussion: Very small business development, its potential for success, and the interest of women's and low income groups in this strategy are evidence of emerging public interests. This is a positive response by the state to several disadvantaged groups; it can consolidate some initiatives that are being proposed; and it can be developed into a single, local access point for training, technical assistance, and enterprise funding.

This alternative distributes state funded economic opportunities to individuals who are constrained in their choice of location and access to capital markets. This approach is also a clear alternative to "trickle down" strategies. It can have the same direct impact on individuals that MEED has had.

Results from this recommendation should be a definable number of new business starts, including those among target populations, identification of the kinds of technical assistance provided, and a continuing base of information to evaluate effectiveness over the long range.

E. Increase the state's capacity to monitor and enforce federal and state minority and women business enterprise requirements for all programs having such provisions.

Discussion: This recommendation is based on Task Force interviews with agencies having minority and women's business set-asides and it conforms to recommendations coming from other reviews.

GOAL 8: Develop a Minnesota strategy for assisting low income citizens which incorporates the differing local resources, priorities, concerns, and expertise which create the state's social and economic environment.

RECOMMENDATION

A. Fund the selected state strategic planning group (Goal 6) to solicit proposals and test models to integrate economic and human resource development programs, policies, and funds at the substate level.

Discussion: Any significant initiative in Minnesota is based on local involvement and participation; this participation must be an integral part of a state employment and training strategy because of the diverse client groups and needs, economic resource bases, and existing local services and strategies. This approach parallels that for coordinating state activities, but does not mandate a new or

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additional planning process at the local level. It allows variation in the planning processes and may capture the best description of planning needs. It builds on expertise that areas have developed and does not disrupt or replace satisfactory processes. The strategy implies a relatively long time frame to solicit proposals, select, implement, evaluate, and determine the next sequence.

Results should be local plans which integrate economic development, educational, employment and training, and human service activities at a substate level, maximize the use of those resources, and reduce conflicting or duplicate agendas.

GOAL 9: Minnesota must provide the opportunity and encouragement to business, industry, and labor to expand their involvement in and responsibility for the income, employment and training needs of low income or disadvantaged Minnesotans.

RECOMMENDATION

A. Establish a formal process, as part of the state strategic planning process, to expand opportunities for private sector contributions to programs for low income people and to develop and identify training opportunities in the private sector and link those with low income individuals.

Discussion: The private sector has expressed an interest and a willingness to participate in joint efforts to meet their need for trained employees and to reduce the tax burden that results from unemployed human resources; currently, large and small employers are participating in a variety of public programs; however, there is a lack of easily accessible information on available workers and programs and on successful prototypes for private sector involvement. This approach addresses the need for expanded involvement, common information, a clearinghouse for effective techniques, and coordination between the state and the private sector. This reinforces other initiatives to link the private and public sectors.

Start up costs are estimated at \$300,000 for the first biennium to inventory and assess existing activities, to develop and implement the process (some computerized equivalent of a job bank, perhaps, and a handbook on successful project designs). Succeeding costs are estimated at \$150,000 to maintain and upgrade.

Results from this should be: public policies and public and private programs which include specific provisions for low income people; a formal process by which private businesses and labor unions can identify training slots and provide jobs for low income people; greater cooperation between the sectors; and

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defined contributions or guarantees of employment for publicly funded private sector programs.

GOAL 10: Minnesota's public policies must recognize that private sector employment practices and the limitations of social insurance programs influence how individuals use income support programs as periodic replacements for lost earnings or as continuing supplements to inadequate earnings.

RECOMMENDATIONS

A. The 1985 Issues Analyses should include: (1) options for extending health care coverage through privately funded initiatives (employers, unions, individuals, and unemployment insurance) as well as public initiatives; (2) an examination of the effects of total taxation and other policies that bias employers toward part-time workers and work against job-sharing options; and (3) an analysis and plan to encourage and provide technical assistance to employers to expand their provisions for child care.

Discussion: This alternative allows for thorough analysis of problem areas identified while examining the interrelationships between poverty and employment.

B. Minnesota's commitment to pay equity should encompass both public and private sectors.

Discussion: Minnesota's public employers are leading the nation in assuring that salaries are equitable between male and female dominated occupations of similar difficulty and responsibility. In addition to its example an employer and its continued public awareness activities, actions can be taken to extend pay equity to the private sector on a voluntary basis. This could include reporting on wage rates and single sex dominated occupations by firms seeking and accepting public funds for goods or services or assistance to employers as part of Job Service's existing technical assistance obligation.

C. State and local governments should renew active affirmative action efforts beginning with pre-vocational counselling and career orientation (including internships and job shadowing for high school students and employment and training program participants), and recruiting activities for all occupational groups for minorities and low income individuals.

Discussion: This extends existing systems to improve government's performance in meeting its affirmative action obligation as an employer. It engages government in the same kinds of pre-employment activities that private employers are asked to support. The government workplace can enhance publicly funded education, employment and training programs.

Results: This should produce a quantifiable number of services provided, increase the number of disadvantaged individuals certified for hiring by the state, and improve the representation of minorities and other disadvantaged groups in the full range of public employment.

GOAL 11: Minnesota must coordinate funding of income support and employment and training programs; plan funding for increased demand during recessions; and have the funding reflect the roles, responsibilities, and benefits to individuals, the private sector, local units of government, and the federal government, as well as the state.

RECOMMENDATIONS

A. The state and local shares of programs should be revised to balance the percentages and proportionate costs of income support and employment and training programs.

Discussion: The present configuration of programs and the funding ratios that existed in the combined General Assistance, Employment Allowance, MEED programs identify the need to rework the proportionate shares of costs. Currently there are conflicting forces: employment and training programs have relatively little local cost; child care requires more local funds than AFDC; General Assistance grants cost less than jobs. Reestablishing these ratios in relation to directions set by the Tax Study Commission and the Governor should attempt to establish comparable percentages and costs for both income support and employment and training programs and should take the benefit of those programs, particularly public service employment components, into account.

Results should be fewer interprogram biases toward use of public assistance, less controversy, ultimately, about financial responsibilities, and a more stable fund flow between the state and local governments.

B. The Department of Finance should include increased demands for AFDC, GA, and health care into its alternative scenarios for revenue forecasts since these cyclical demands are not presently accounted for beyond the current program trends and forecasts.

Discussion: This alternative maintains awareness of the significance of these costs and extends strategic planning to a lower level of detail in the state's financial management plan.

Results should be an orderly, planned contingency response that recognizes that reductions to given programs conflicts with the greater public demand for them.

- C. A contingency fund should be established to cover the costs of a counter-cyclical employment program.

Discussion: With the MEED experience and the planned retention of a similar capacity, it is necessary to provide the funding. Given the point in time that additional publicly funded employment is needed, drawing on alternative funds is unlikely.

Results should be a contingency fund of \$100 to \$200 million dollars.

- D. During periods of reduced state revenues, the established targets can be narrowed to the poverty level or some percentage of it to reduce outlays.

Discussion: This approach is a rateable reduction strategy that maintains coverage and basic program stability, but reduces state costs.

Results should be a planned response to economic declines, avoidance of wholesale reductions in eligibility, and prevention of rapid shifts in responsibility from the state to either local governments or the private sector.

- E. A 1985 Issues Task Force should be assigned to develop a longer range strategy, such as a trust fund which could include state, local, employer, and individual contributions.

Discussion: A state contingent fund for counter-cyclical employment programs should only be an interim measure. The possibility of an unemployment insurance-like trust fund for recessionary periods should be explored so that a broader funding base can be developed and available when needed.

Results should be an analysis and recommendations to fund counter-cyclical income and employment programs for Minnesotans.

GOAL 12: Minnesota must provide an administrative structure that improves the income support and employment and training programs' flexibility in anticipating and responding to changing demographic, social, economic, and technological conditions and that achieves both expertise and efficiency.

RECOMMENDATIONS

- A. Create a successor state department for all employment and training and the income support programs which serve labor force participants. This would encompass all the Department of Economic Security and the AFDC, General Assistance, Food Stamp, Work and Training, and Day Care funding programs that are administered by the Department of Human Services.

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Minnesota Job Skills Partnership and some aspects of Labor and Industry can be incorporated also.

Discussion: This option assumes that integrating the programs under a single organization will: 1) be a significant statement of "work, not welfare" as Minnesota's theme; 2) recognize people in relation to their needs, not their eligibility status; 3) respond more comprehensively to a wider range of citizen needs; 4) more systematically coordinate its efforts with those of the education and economic development programs; and 5) will give clients, advocates, and the public a single point of access.

This administrative design offers: 1) greater accountability if jobs are not developed as forecast, income support costs will exceed budget; if services are not provided, placement goals will not be met; 2) greater flexibility in defining organizational responsibilities, for example, assigning Food Stamp Outreach to the Community Action Agencies, to strengthen their traditional advocacy role; 3) a comprehensive framework in which most interprogram coordination can be streamlined through internal policy, planning, and administrative routines, freeing attention for external initiatives; 4) potentially better use of existing resources by balancing general functions and specialized activities and through shared design and development activities. A similar logic applies to the Department of Human Services: it can concentrate on its traditional social service clientele, those with more acute psychosocial problems, and those appropriately served in a longer term continuum of care.

This option requires reworking administrative, personnel, funding, and supervisory systems. Many of the costs will be incurred in meeting the goal of putting people to work or in carrying out the administration's goals of streamlining government and consolidating locations.

Cost, except for physical plant changes, moving costs, and detailed design, development, and implementation of information systems, is \$4,000,000 and forty vacant line items, but includes those costs identified for refocusing the system on clients and establishing a comprehensive program and delivery system. Implementation will require legislation, executive commitment, and a year or two. The linkages with remaining Human Services programs, particularly those with interlocking eligibility and performance requirements, such as Medical Assistance, Early Periodic Screening, and Child Support are possible but intricate and will require careful definitions of agency responsibility and liability, as they do now.

If the recommendations for other goals are selected, this option then becomes the most logical organizational design for implementing the policy and the goals.

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Results should include: greater accountability and coordination, streamlined planning and operations, an integrated biennial budget which relates income support and employment and training objectives and costs, and an integrated management system for the range of programs encompassed.

- B. Establish responsibility and authority for administering the employment and training programs with the county boards of commissioners, allowing them to contract with cities of the first class.

Discussion: This formalizes a responsibility for employment and training with counties, consolidating and expanding their WIN, General Assistance, and Jobs Training Partnership Act involvements. Further, many counties and the major cities have expressed a continuing concern about employment for the citizens and for welfare clients. As the state establishes a continuing program, it is appropriate to establish a similar role at the service delivery locations. Extending the relationship to cities of the first class, recognizes their unique interests in economic development and needs which may differ from those of the counties. This approach offers particular advantages: first, it uses the dominant local government unit which has responsibility for a broad range of human services and which can provide cross program coordination and accountability; second, it provides a local link with social services, health care, and other community services; and third, it allows continued use and strengthening of the local government role in the JTPA delivery system without tying the state to subsequent federal program changes and demands. The Service Delivery Areas can provide the framework for multi-county cooperation as well as continued integration of Job Service and Unemployment Insurance activities into local employment and training plans. State relationship with the Community Action Agencies can strengthen their ability as advocates and as monitors of local performance.

Costs depend on the decisions made and the approach taken. In general, there should be premium rates for meeting desired standards of administration, service, and delivery. Full state funding for implementation costs would improve the local response to this approach. Implementation requires legislation, an education process, and administrative care. This can be done within the same time frame as integrating services and refocusing the delivery system on clients.

Results of this approach should be: (1) consistency with objectives; (2) recognition of the significance of local governments, their continuing concern about the population; (3) some decentralizing of state government for greater responsiveness to local circumstances; (4) greater local accountability and control; and (5) more effective links between employment and training, income support, and other community services.

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Prior to developing a policy statement and specific goals, the Poverty and Jobs Task Force discussed at length and developed the criteria by which the group of goals and the alternative strategies could be judged. After the goals were drafted, additional standards for each goal were developed. The latter are measures of having reached the goals.

The general criteria which have been applied to all goals were that the goal must:

- >Meet the charge to the Task Force.
- >Relate to people at high risk of or in poverty.
- >Allow targeting and specify the groups or selection criteria for targeting.
- >Contribute to decision making, most notably for MEED.
- >Avoid conflicting with those established by the Governor.
- >Proceed from the premise of individuals' employability and foster self-sufficiency and self-help.
- >Recognize the role of public participation in state policy decisions, in program design, and in service delivery.
- >Be expressed clearly and concisely.

The criteria applied to each alternative were that the strategy must:

- >Recognize the limits to resources.
- >Incorporate short ('86 & '87) and longer (through '90) term directions.
- >Individually increase the effectiveness and efficiency of the group of goals.
- >Express a standard of adequacy.
- >Be expressed as specifically as possible.

The goals and their specific measures are:

1. Minnesota must focus on clients and provide a range of services and providers from which clients can select those most suited to their employment needs and must reduce organizational and geographic barriers to service.

A. Clients are aware of services that are available, are offered a choice of services, state that services are appropriate to their needs, and perceive that the system is responsive to those needs.

B. Workers know all services and their appropriate use, have the ability and authority to arrange alternative services for clients, assist them in using the services, and have the time and are accountable for follow up on the receipt and results of services.

C. Clients have access to services delivered by government, private, and community based providers.

D. Client evaluations of services are obtained and fed back to workers and administrators.

E. A generalized screening and referral or intake system is developed, implemented, and used by all programs.

F. Satellite and itinerant offices are established as needed in areas of high demand.

2. Minnesota must meet the needs of low income individuals who have barriers to employment through a comprehensive education, training, jobs and service strategy, including publicly funded jobs.

A. Everyone who is considered employable and is receiving any form of income support is involved in an education, training, or employment program that results in economic independence.

B. School completion rates at all levels, labor force participation rates, including unemployment rates, and occupation and wage levels for disadvantaged groups are the same as those of the general population both at the state and local levels.

C. The quantity and range of services in each location meet the requests of low income individuals who are eligible.

3. Minnesota must assist low income individuals who are unemployed because of economic cycles or industrial restructuring meet their financial needs through publicly funded jobs and meet their future employment needs through training.

A. Publicly funded jobs are available for up to 10% of the unemployed.

B. The net salaries of publicly funded jobs exceed the AFDC standard and individuals have access to health care through employment or public programs.

4. Minnesota must assure that child care, health care, and other services that support employment or training are available to low income Minnesotans.

A. Publicly funded support services, child care and health care, must be available to individuals whose income is less than 70% of the state median income.

5. Minnesota must change its income support programs to increase employment opportunities, structure those programs to minimize disincentives to employment, and begin to increase standards to the federally defined poverty standards.

A. Assistance standards are raised to at least the poverty level.

B. 50% of the state-controlled disincentives to employment identified by this task force are eliminated.

C. An annual report to the state's congressional delegation will identify the federal barriers to employment for low income people, especially those participating in public programs.

6. Minnesota must integrate state, federal, local, and private policies and programs so that resources are available to help low income people be economically independent and so that the policies are consistent with the larger state goals of economic and human resource development.

A. A statewide framework for education, economic development, training, employment, and human services is established through an integrated plan and planning process which recognizes public input.

B. An interagency process assures that policies, plans, and initiatives are consistent with goals, do not conflict, and are appropriately linked for maximum effectiveness.

C. Policies by individual agencies and levels of government do not work at cross purposes in assisting low income people achieve economic independence.

7. Minnesota must place strong emphasis on human resource development as part of Minnesota's economic development strategy with an emphasis on the education, training, and employment of the low income population.

A. Each economic development program has a primary and measurable focus on expanding the economic opportunities of the disadvantaged.

8. Develop a Minnesota strategy for assisting low income citizens which incorporates the diverse local resources, priorities, concerns, and expertise which are the state's social and economic environment.

A. A strategy which accommodates local needs and initiatives is developed, implemented, monitored, and evaluated.

B. Within the state framework local strategies are developed, using substate information provided by the state and public participation, to coordinate education, economic development, training, employment, and human services in the delivery areas.

C. Local interagency review processes assure that policies, plans, and initiatives are consistent with area goals, do not conflict, and are appropriately linked for maximum effectiveness.

9. Provide the opportunity and encouragement to business, industry, and labor to expand their involvement in and responsibility for the income, employment and training needs of low income or disadvantaged Minnesotans.

A. Policies and programs dealing with economic growth and job creation include specific provisions for jobs for low income people.

B. Existing methods for involving business, industry and labor have been reviewed and ways to increase and improve cooperation are implemented.

C. Public programs which fund private sector employment or training must guarantee employment or have a financial contribution by employers.

D. A formal process by which private businesses and labor unions identify training slots and provide jobs for low income people is to be developed and implemented.

10. Minnesota's public policies must recognize that private sector employment practices and the limitations of social insurance programs influence how individuals use income support programs as periodic replacements for lost earnings or as continuing supplements to inadequate earnings.

A. One major policy change will be enacted each biennium based on this goal.

B. A biennial report will be made to the governor and legislature describing the relationships and recommending changes.

C. The effects of business or labor-related legislative and other proposals are evaluated for their effects on the low income population; such assessments are included in fiscal notes.

11. Coordinate the funding of income support and employment and training programs; plan funding for increased demand during recessions; and have the funding reflect the roles, responsibilities, and benefits to individuals, the private sector, local units of government, and the federal government, as well as the state.

A. The biennial budgets for income support and employment and training programs will be integrated.

B. The biennial budgets for income support and employment and training programs will be reviewed in the context of all state economic and human resource policies and initiatives.

C. All operating budget financial decisions are made by a single entity.

D. All funding proposals will describe the roles, responsibilities, and benefits to individuals, the private sector, local units of government, and the federal government, as well as the state.

12. Provide an administrative structure that improves the income support and employment and training programs' flexibility in anticipating and responding to changing demographic, social, economic, and technological conditions and which achieves expertise and efficiency.

A. A strategic management plan will be developed and implemented for the income support system and the employment and training system.

B. Standards of expertise and efficiency will be established and used for personnel and administrative systems.

C. All policy and administrative decisions are made by a single entity.

SUMMARY OF ALTERNATIVES

GOAL 1. FOCUS ON CLIENTS

Recommendation: Comprehensive redesign of the delivery system and a client-based automated system.

Alternatives:

- A. In the absence of a state-managed approach, this goal can be addressed through leadership activities, such as statements and focus of the commissioners, and administrative actions, such as more attention to the coordination and service packages developed in the WIN, JTPA, and Job Service plans and demonstrations.
- B. Inventory and develop a directory of services, programs, and providers for staff and clients and distribute it through human service and employment and training agencies.
- C. Establish an interagency work group to expand current DHS-DES data exchanges, to work with the JTPA, MEED, AVTI, and WIN administrators to develop common data definitions and elements, and to determine how information can be extracted for analysis and to support management decisions.

GOAL 2. ELIMINATE BARRIERS TO EMPLOYMENT

Recommendation: A Minnesota Jobs, Education, and Training program which is a comprehensive, legislative base for all federal, state, and local employment and training programs for low income individuals.

Alternative:

An existing agency can establish the work groups and the processes to develop the service, program, and funding mixes. Decisions about applications can be made from ensuing recommendations and a more incremental approach can be taken.

GOAL 3. PLAN EMPLOYMENT AND RETRAINING FOR RECESSIONS

Recommendation: An available counter-cyclical component, comparable to MEED, and a modified public sector process.

Alternatives

- A. Add the additional priority group to MEED, establish the triggering, allocation, and contingent fund formulas, and relax the public-private placement ratios as the state's standing capacity to deal with cyclical high unemployment.
- B. Let MEED expire completely, anticipate responding to the next economic downturn with the available income maintenance and employment and training programs or through creating another state counter-cyclical program.

GOAL 4. EXTEND CHILD CARE, HEALTH CARE, AND SUPPORT SERVICES
Recommendation: Expand and reallocate child care funds, extend Medical Assistance and increase its income limits, add support service funding.

Alternatives:

- A. Any of the items identified in the child care recommendation can be implemented. The most effective options would be extending AFDC special needs and increasing the appropriations for Sliding Fee Day Care.
- B. Any aspect of the first health care recommendation can be implemented, including phased increases in the MA income limits. Extended MA for employed AFDC recipients and increased MA income limits are the most significant changes for both meeting health care needs of the low income population and for minimizing the economic losses to AFDC recipients in going to work.
- C. In the absence of a comprehensive approach, support services can be increased by additional appropriations to any or all of the programs or by assigning additional obligations to county social service agencies for this population.

GOAL 5. INCREASE EMPLOYMENT OPPORTUNITIES, MINIMIZE DISINCENTIVES TO EMPLOYMENT, AND BEGIN INCREASING STANDARDS TO THE POVERTY LEVEL
Recommendation: AFDC Employment Search and Work Supplementation with grant diversion; publicly funded employment or training and work study for General Assistance recipients; a new state program for all adult recipients unlikely to be in the labor market; and further study of income distribution alternatives.

Alternative:

Lesser modifications or implementation of specific items only, can begin moving toward refocused programs.

- GOAL 6. INTEGRATE STATE PLANS TO MAXIMIZE RESOURCES
Recommendation: An interagency council to develop strategic plans in advance of biennial budgets and to establish a multi-agency perspective.

Alternatives:

- A. The Governor would designate one of the current agencies dealing with income support or employment and training or the planning agency to be the lead agency in developing a planning process and submitting an integrated plan to the Governor.
- B. Assign the responsibilities defined for the board to one of the subcabinets with dedicated staff.

- GOAL 7. INCLUDE HUMAN RESOURCES IN ECONOMIC DEVELOPMENT ACTIVITIES
Recommendation: Economic Development should formalize priorities for better jobs; should formalize "First Source" approaches; grantees should list openings with Job Service; very small business grants should be available; state should monitor minority and women's business provisions.

Alternative:

Any item or modification of those recommended would move toward the established goals.

- GOAL 8. INCLUDE LOCAL DIFFERENCES IN MINNESOTA STRATEGY
Recommendation: The state planning group should solicit integrated planning proposals from local units of government.

Alternatives:

- A. Experiment with 2 or 3 Local Employment Development Councils paralleling the responsibilities and authorities of a state council.
- B. Assign the integration and planning responsibilities to a current body, such as the counties, DEED's regional coordinations, JTPA's Private Industry Councils or Chief Local Elected Officials, or the AVTI's.

GOAL 9. ENCOURAGE BUSINESS, LABOR, AND INDUSTRY HELP IN JOBS AND TRAINING

Recommendation: A formal process as part of the state planning process, to identify opportunities and successful models and require financial commitment or permanent jobs when private sector wage subsidies are used.

Alternatives:

- A. Systematically encourage and expand the ways in which existing programs help private sector deal with low income population.
- B. Expand the role of Job Skills Partnership to encompass either the technical assistance approach in the second alternative or the comprehensive approach in the first.
- C. Use an existing forum, such as Wellspring, the Center for Corporate Responsibility, or Job Skills Partnership to examine the issue and develop and implement an action plan.

GOAL 10. RECOGNIZE THAT EMPLOYMENT PRACTICES INFLUENCE USE OF INCOME SUPPORT PROGRAMS

Recommendation: 1985 Issues studies, encourage pay equity, and renew affirmative action efforts.

Alternative:

A component or adaptation of the recommendations can move Minnesota toward the goal.

GOAL 11. SHARE COSTS AMONG FEDERAL, STATE, AND LOCAL GOVERNMENTS

Recommendation: Forecast demands for income support during recessions, revised state-local participation formulas, contingency fund for counter-cyclical employment, and 1985 Issues Study to establish a trust fund.

Alternative:

The recommendations can be adapted or modified to reestablish funding formulas and to plan for future demand.

GOAL 12. SUPPORT STRATEGY WITH ADMINISTRATIVE STRUCTURE

Recommendation: A successor state agency for employment and training and income support for labor force participants and local responsibility assigned to county boards.

Alternatives:

- A. Address the administrative structure issue through the Merger Study process, refocusing that effort to Human Services and Economic Security.
- B. Expand the Governor's subcabinet process to include flexibly designed groups of second level administrators (deputy and assistant commissioners) to serve as Issues Teams on major interagency initiatives or continuing activities. In addition to policy, legislative, and budget development, these groups could develop expertise, provide oversight, and resolve problems for their areas.
- C. The AFDC, narrowed General Assistance, Food Stamp, and employment and day care funding programs for those populations should be transferred to the Department of Economic Security.
- D. Transfer existing low income programs, including means-tested employment and training programs from Economic Security to the Department of Human Services.
- E. Establish a joint Economic Security, Human Services, and State Planning Agency board to deal with AFDC, GA, and Food Stamp populations that are subject to work requirements or involved in employment and training programs and to serve as the directors of interagency program development, planning, and administrative systems reviews and initiatives.
- F. Identify another local government unit, such as the Service Delivery Areas or Regional Development Commissions as the body responsible for funding and administering the employment and training programs.

COMMUNITY INVESTMENT PROJECTS

There is a recurring need for and use of community and public service projects to provide employment, work experience, or to meet public service needs. Some recent and typical examples include: counter-cyclical federal funding for landscaping, the summer youth projects established under the Jobs Training Partnership Act and the Governor's Summer Youth Program, the work sites established in the Community Work Experience Projects, the Saint Louis County Land Investment Project, and the public service jobs funded through the Minnesota Emergency Employment Development Act. While most of these programs have focused on employment for individuals, there is an equally great need for community improvements both in physical resources and in services. Both become more critical during economic downturns because there are there are increased demands for public services (food shelves, libraries, parks, social services) and greater limits on public funds.

The Poverty and Jobs Task Force recommends that the state systematically review its own public service needs and assist local units of government in a similar inventory, priority setting, and planning process. In addition to informing state and local funding decisions, the community investment agenda can meet several purposes within a Minnesota Jobs, Education, and Training program:

1. Public service employment for AFDC and GA recipients who cannot be placed in permanent employment in either the private or public sector, with or without subsidies.
2. The sites for state funded "work study" assignment for General Assistance clients who are in training, but have continuing maintenance needs.
3. The vehicle for public service employment as the counter-cyclical component is enacted and there is a need to get people to work quickly.
4. The projects that can be carried out by unemployed, non-poor individuals who have a need for constructive activity and will volunteer for community service.
5. The way of integrating youth and summer employment efforts into state and local agendas.
6. The process for identifying which public expenditures can be refocused during economic downturns to meet employment needs.

Experiences with public service employment indicate that the state can improve on history by assisting local governments in identifying appropriate and worthwhile activities for individuals and can encourage such activities by establishing financial participation rates to reward those that benefit individuals and the community, and that safeguard current employees' and project participants' rights. This approach is another method of focusing resources on state, community, and individual needs. It responds to Minnesota's need to maintain and improve its public resources and to respond to unmet human service needs.

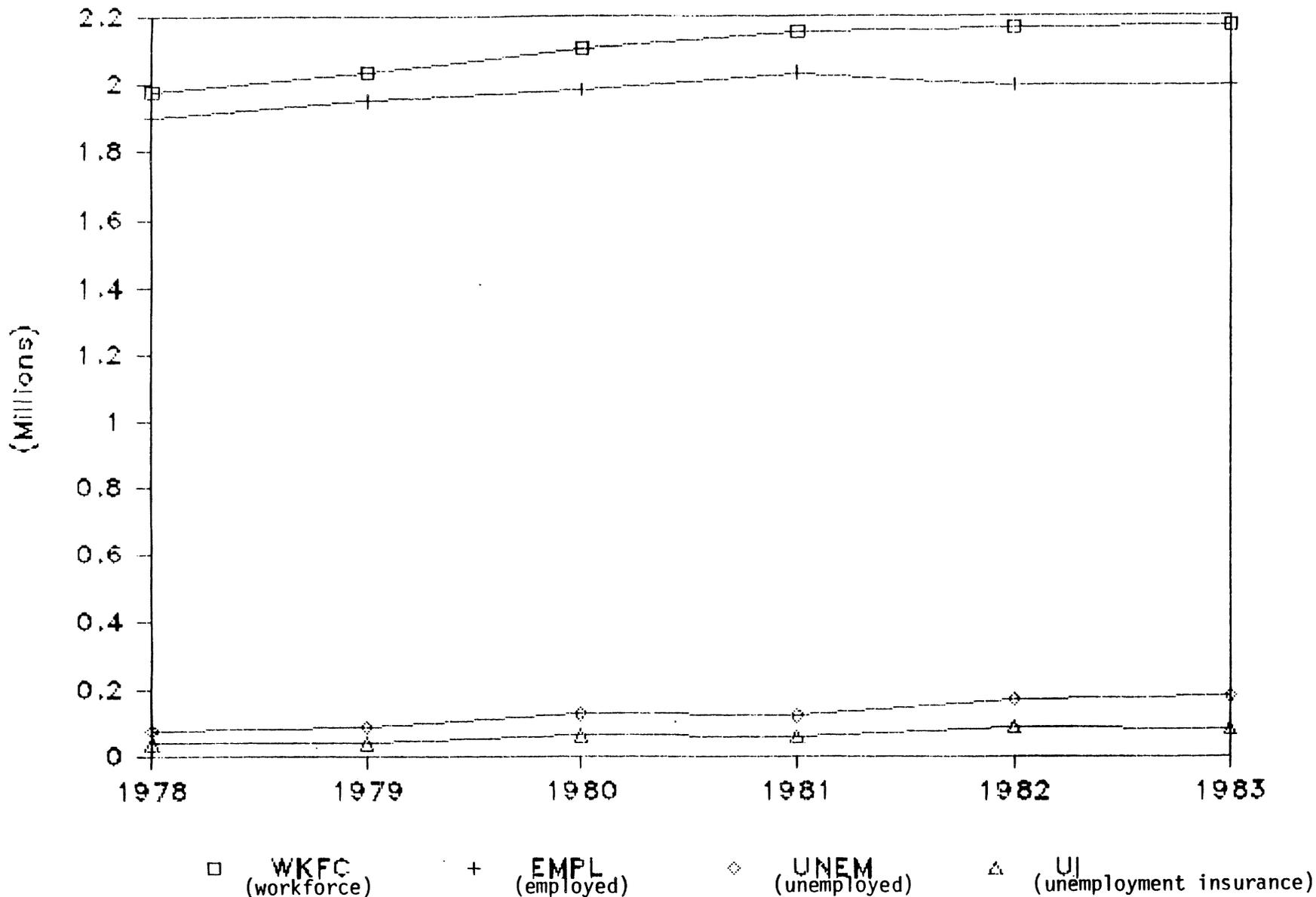
POVERTY AND JOBS
Task Force
October 15, 1984

ADDITIONAL REPORTS

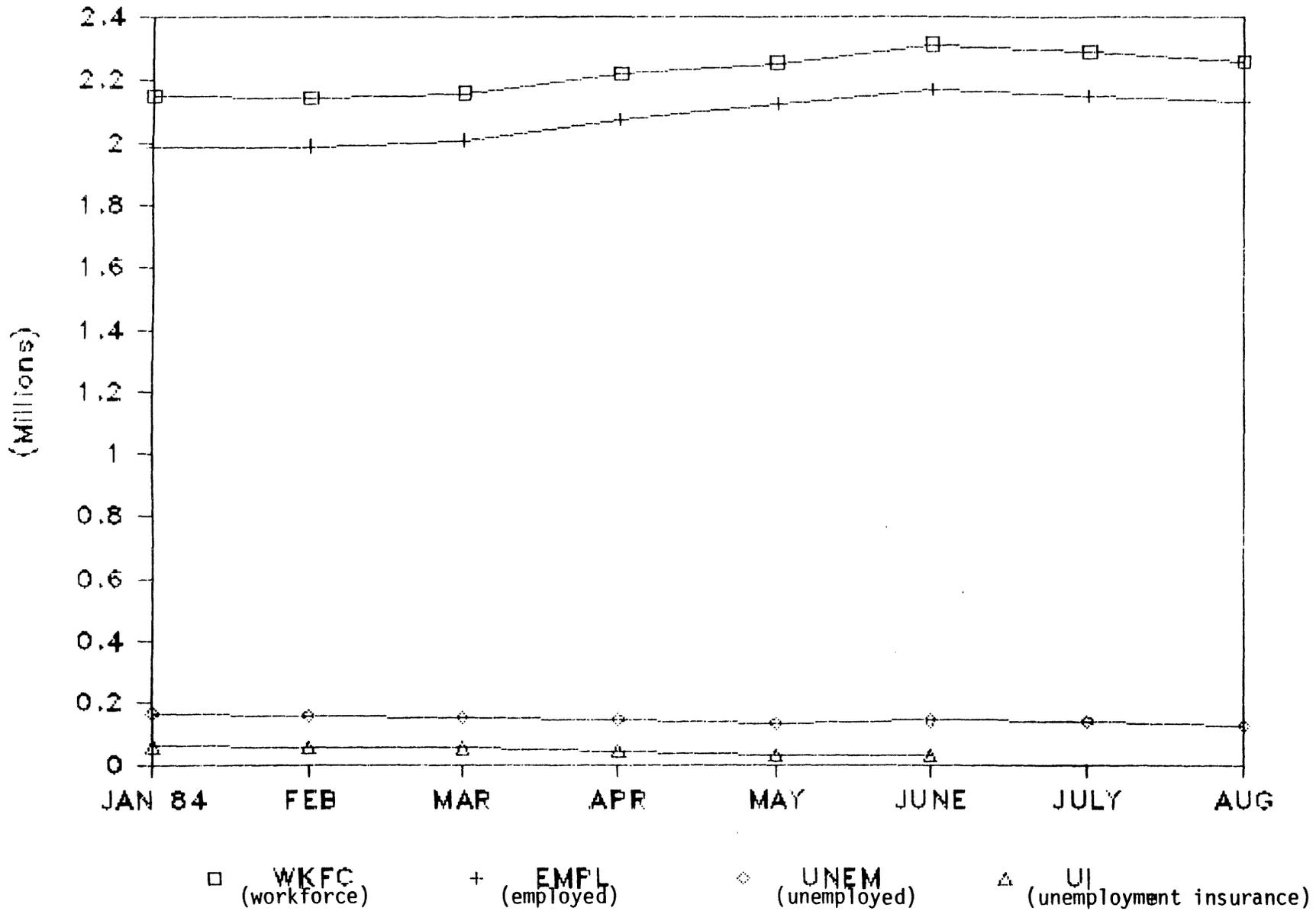
1. Descriptions of Minnesota's Employment and Training and Income Support Programs.
2. Analysis of State Options
3. Analysis of Incentives and Disincentives to Employment
4. "Linking State Public Investments and Economic Development to Economic Opportunity for the Disadvantaged"
5. "A Review of Employment and Training Programs in the State of Minnesota"
6. Detailed Task Force Report on Poverty and Jobs.

Note: These documents are in the final stages of preparation and will be available within the next month. For copies, contact Mark Larson, Jobs and Income Support Unit, Human Services Division, State Planning Agency, 296-4852.

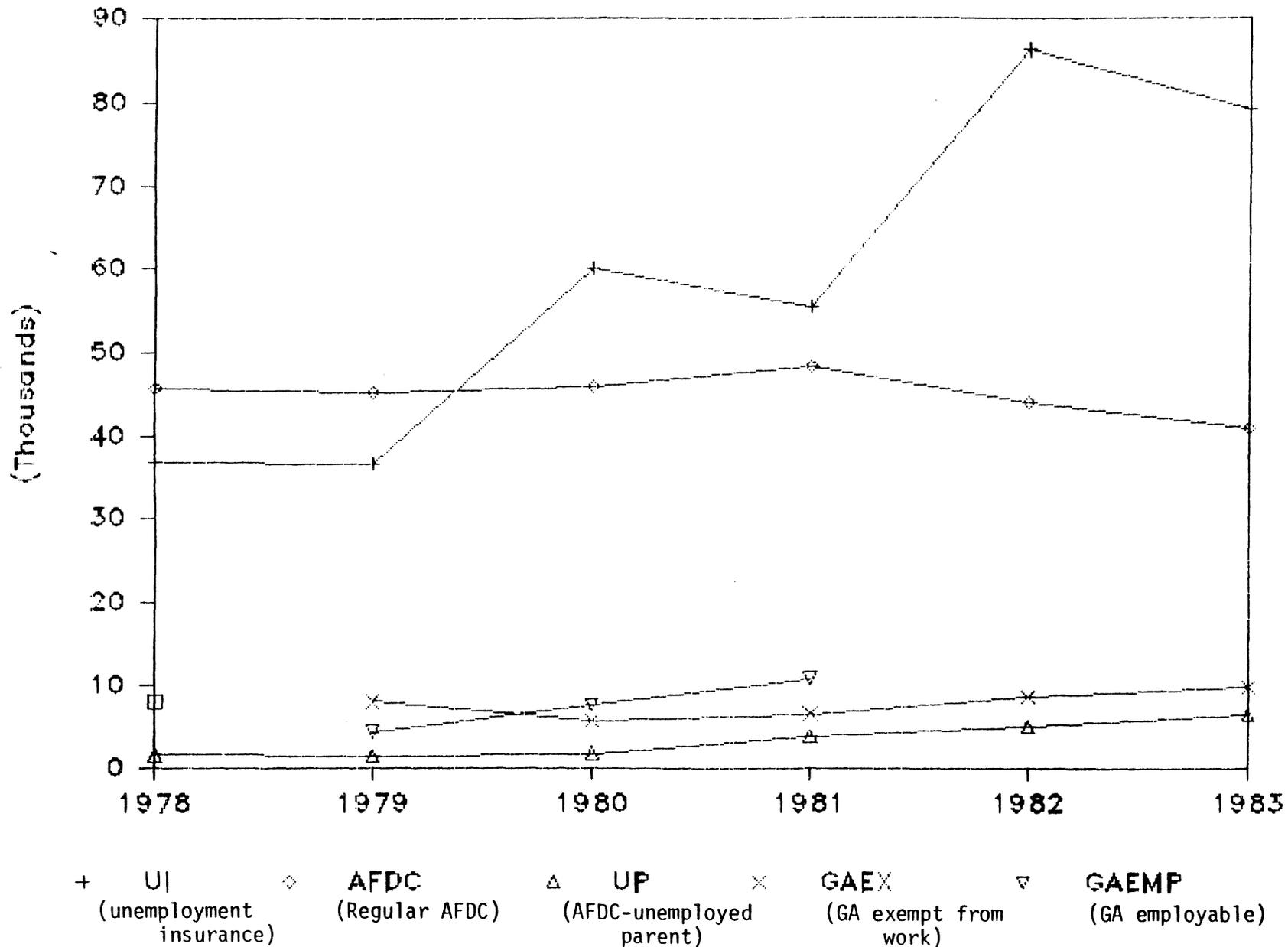
EMPLOYMENT



EMPLOYMENT



UNEMPLOYMENT & PUBLIC ASSISTANCE 2



MINNESOTA: 1978-1984

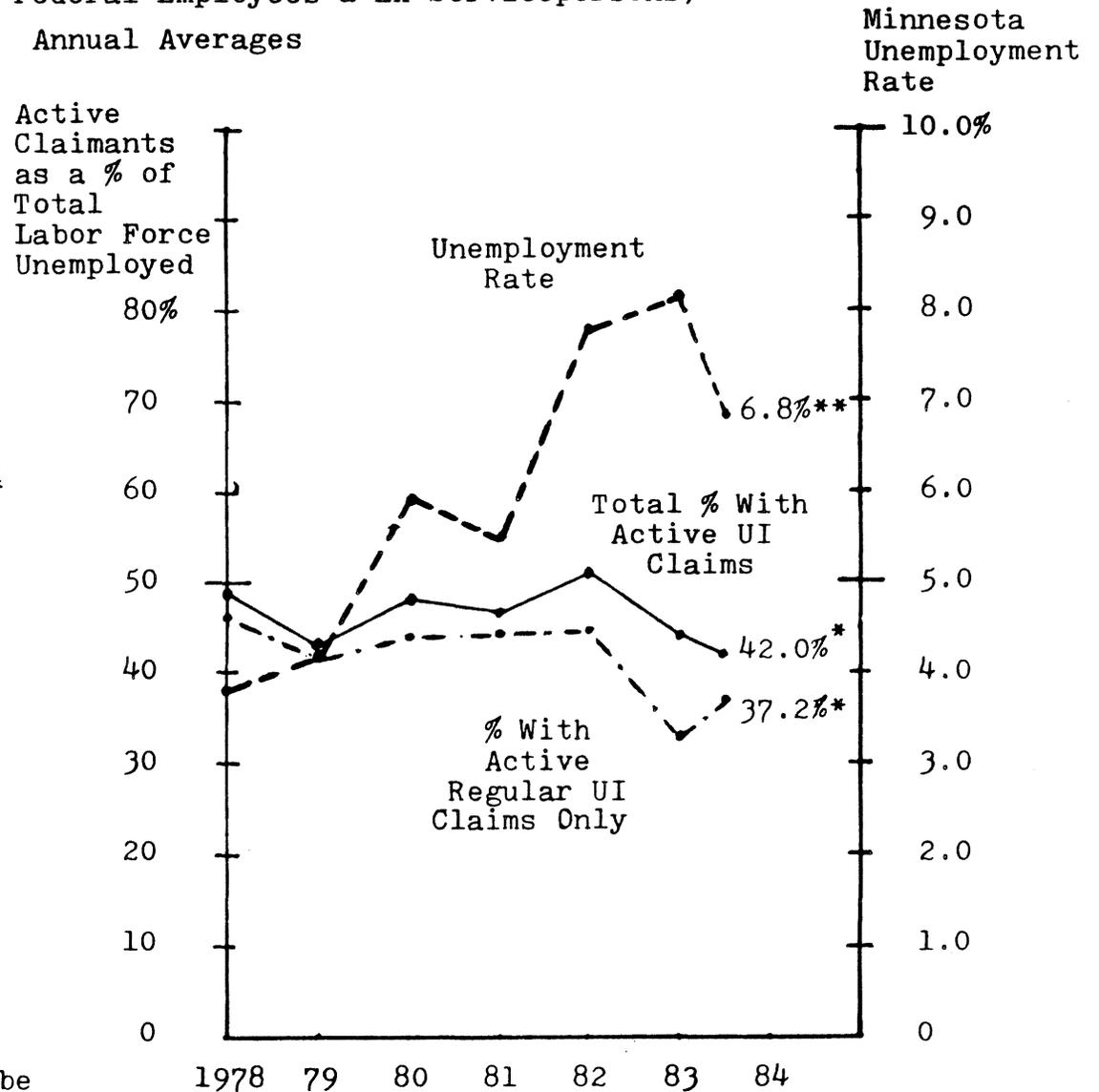
Historic Movement in the Percent of Unemployed With Active Unemployment Insurance Claims--All Forms of Benefits (Includes Extended Benefits, Federal Supplemental Compensation, Federal Employees & Ex-Servicemen)

Annual Averages

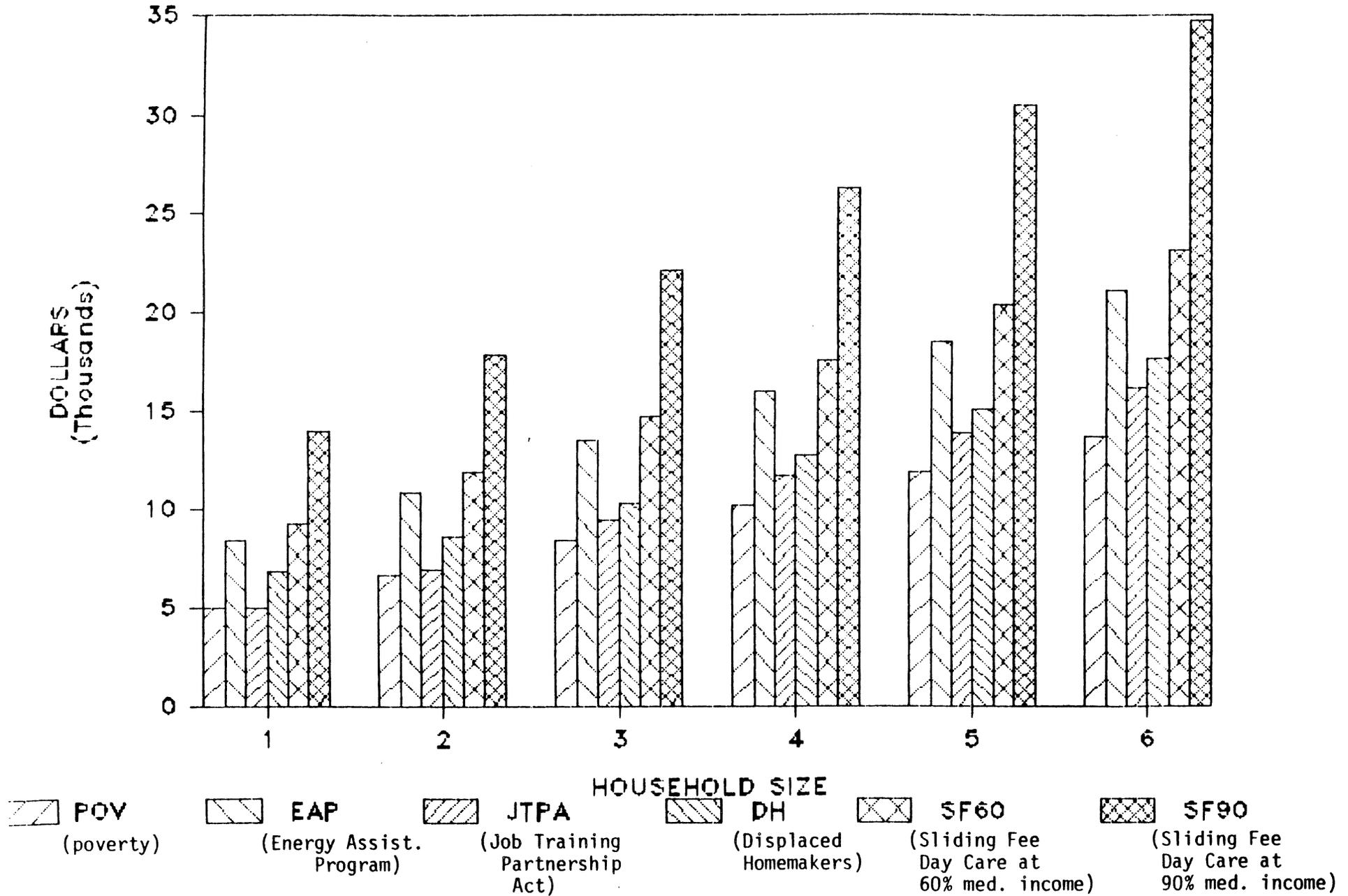
Calendar Year	Average Total Unemployed	Average Total Active UI Claimants	Total Claimants as a % of Unemployed
1978	75,000	36,888	49.2%
1979	85,000	36,675	43.1%
1980	125,000	60,171	48.1%
1981	119,000	55,401	46.6%
1982	169,000	86,336	51.1%
1983	178,000	79,329	44.6%
1984*	151,000	63,879	42.0%

*First 5 months
 ** First 6 months

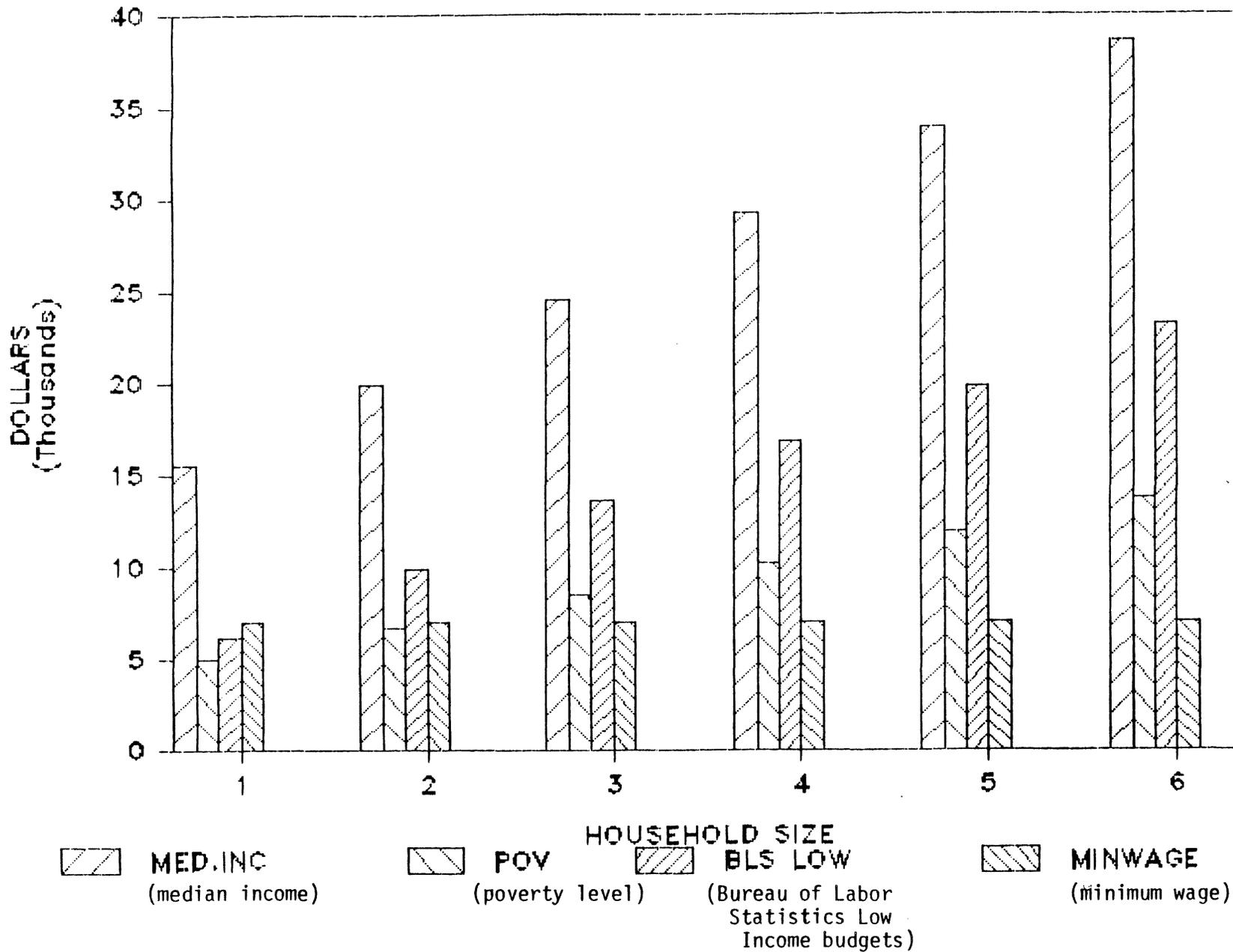
Note: Not all active claimants are receiving benefits. Some may be denied, delayed, or intermittently working. Typically about 80% are receiving benefits.



INCOME MEASURES



INCOME MEASURES



	US Poverty 1984	BLS Low Income 1984		Minn. Median Inc -Federal 1984	Full Time Minimum Wage	
		\$	%	\$	%	\$

1	4980	6129	1.23	15498	3.11	6995

2	6720	9914	1.48	19896	2.96	6995

3	8460	13600	1.61	24580	2.91	6995

4	10200	16786	1.65	29261	2.87	6995

5	11940	19814	1.66	33940	2.84	6995

US PovertyEnergy AssistanceJTPA
 1984 State State
 (54.7 % SMI) (70%BLS)

1	4980	8477	1.70	4980	1.00
2	6720	10883	1.62	6940	1.03
3	8460	13445	1.59	9520	1.13
4	10200	16006	1.57	11750	1.15
5	11940	18565	1.55	13870	1.16

US PovertySliding Fee Sliding Fee Dislocated Homemakers
 1984 (Minimum (Maximum
 --60%SMI) --90% SMI)
 \$ % \$ % \$ %

1	4980	9299	1.87	13948	2.80	6900	1.39
2	6720	11938	1.78	17906	2.66	8630	1.28
3	8460	14748	1.74	22122	2.61	10360	1.22
4	10200	17557	1.72	26335	2.58	12790	1.25
5	11940	20364	1.71	30546	2.56	15090	1.26

INCOME SOURCES IN POVERTY HOUSEHOLDS, U.S.

INCOME SOURCES	PERCENTAGES
CASH	%
EARNINGS	50
SOCIAL SECURITY OR RAILROAD RET.	32
PUBLIC ASSISTANCE	24
SSI	12
ALIMONY OR SUPPORT	12
UNEMPLOYMENT COMP.	8
VETERANS' BENEFITS	4
PENSIONS	2

MEANS TESTED	
FOOD STAMPS	43
MEDICAID	39

COMBINATIONS	
PA & UNEMPLOYMENT	1.5
PA & EARNINGS	9.7
PA & SUPPORT	3
UNEMPL. & FOOD STAMPS	4.2
EARNINGS & FOOD STAMPS	18.8
EARNINGS & MEDICAID	13.4
EARNINGS & SSI	2.1
EARNINGS & SUPPORT	7.8

Current Population Survey
 Series P-60, #143
 1982

MONTHLY LOW INCOME AND POVERTY BUDGETS

	BLS 1981	POVERTY
FOOD	370	248
HOUSING	238	148
TRANSPORTATION	102	74
CLOTHING	79	49
MEDICAL CARE	103	74
OTHER GOODS	142	72
TAXES	225	140
TOTAL	1260	805

BLS, Low Income Households,
Minneapolis -St. Paul,
Autumn 1981

Poverty
AMC-MDES, April 1983

US PovertyMA/GAMC
1984

	\$		%
1	4980	4128	0.83
2	6720	5172	0.77
3	8460	6288	0.74
4	10200	7332	0.72
5	11940	8220	0.69

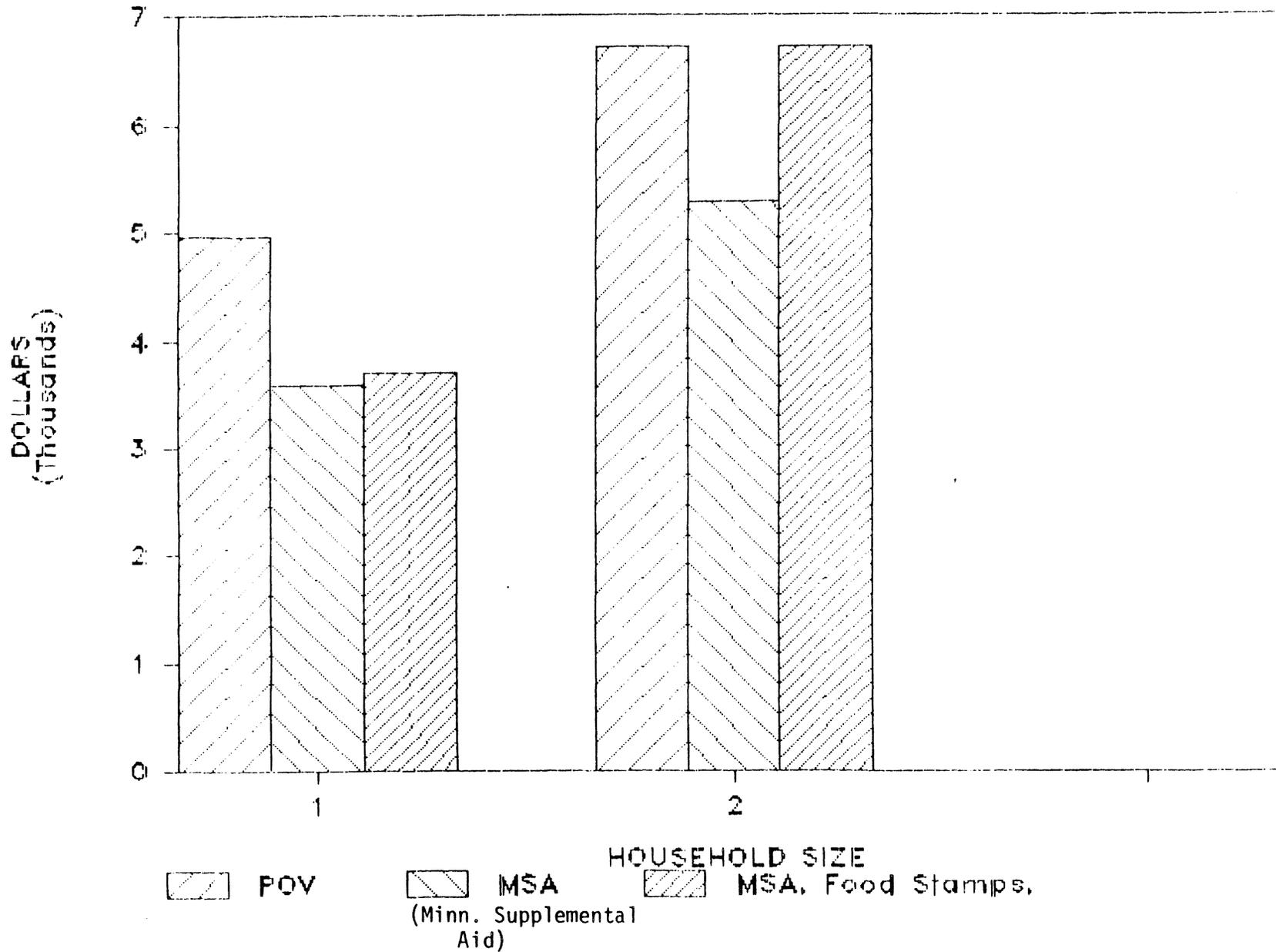
US PovertyGA
1984

GA, Food Stamps,MSA

MSA/FOOD STAMPS

	\$	%	\$	%	\$	%	\$	%
1	4980	0.48	2388	0.52	2604	0.72	3588	0.74
2	6720	0.46	3120	0.57	3852	0.79	5292	1.00
3	8460	0.43	3660	0.60	5040			
4	10200	0.40	4116	0.58	5916			
5	11940	0.38	4572	0.57	6804			

INCOME MEASURES

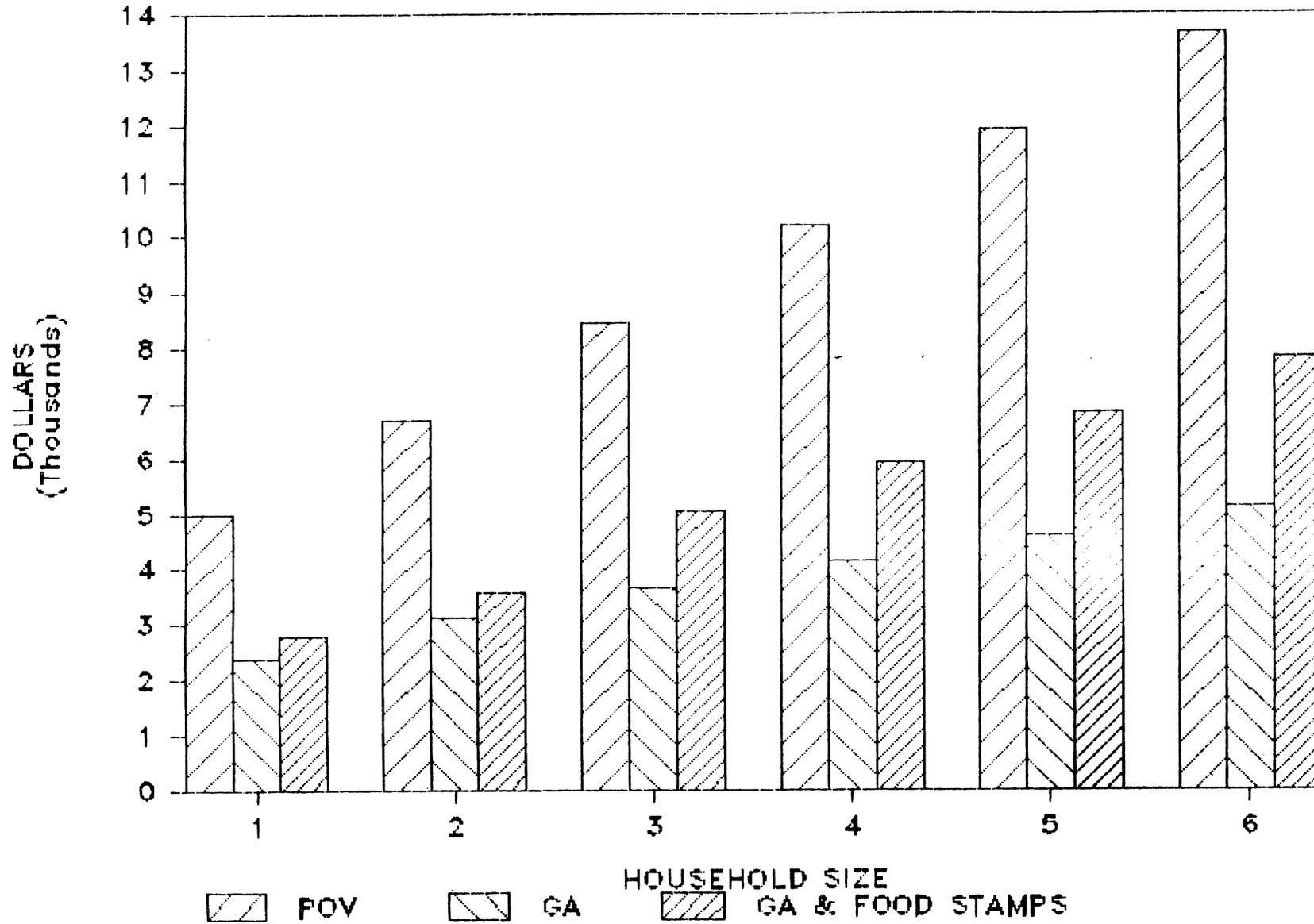


US PovertyAFDC
1984

AFDC, Food StampAFDC, FOOD STAMPS,
Medical, using
income group

	\$	%	\$	%	\$	%
1	4980					
2	6720	0.77	5328	0.79	5664	0.84
3	8460	0.74	6864	0.81	7307	0.86
4	10200	0.72	8256	0.81	8675	0.85
5	11940	0.69	9480	0.79	10081	0.84

INCOME MEASURES



INCOME MEASURES

