

TENNESSEE DEPARTMENT OF **HUMAN SERVICES**

Public Chapter 786

Welfare Roll to Payroll Act Summer Study

July 1, 2013



Helping Shape Tennessee Lives



STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES
CITIZENS PLAZA BUILDING
400 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1403
TELEPHONE: 615-313-4700 FAX: 615-741-4165
TTY: 1-800-270-1349
www.tn.gov/humanserv/

BILL HASLAM
GOVERNOR

RAQUEL HATTER, MSW, Ed.D.
COMMISSIONER

In 2011, the Tennessee Department of Human Services (TDHS) initiated an analysis of the TANF program. On April 9, 2012, Public Chapter 786, also known as the Welfare Roll to Payroll Act, was passed. This act directed the Commissioner of TDHS to conduct a study that would assess the feasibility of a more work friendly assistance eligibility benefits requirement in order to increase workforce participation. The Department folded this new directive into the existing effort to fulfill this requirement. TDHS participated in what is now known as Customer Focused Government (formerly known as Top to Bottom Review). During that process, TDHS identified the Families First program (Tennessee's Temporary Assistance for Needy Families or TANF program) as an area for improvement relative to an increased emphasis on employment and self-sufficiency outcome.

Once identified, TDHS began conducting research and seeking input from stakeholders at various levels within Tennessee and across the country on how to improve upon the Families First program's service delivery model and ultimately improve the outcomes of clients. TDHS used the feedback obtained to move forward in developing program improvement strategies collectively known as the Families First Redesign. The redesign will be implemented through a number of phases. The first phase of the redesign will focus on the following areas: Work Activity Contracts, Support Services, Client Accountability, Responsibility & Success, and Federal and State Law, Rules, and Regulations. TDHS is committed to ensuring that the redesign process is deliberate, well informed, and strategic with a heavy emphasis on employment as an outcome.

The Families First Program is very comprehensive and somewhat complex. It impacts the lives of thousands of Tennesseans. TDHS is committed to delivering a Families First service model that is built on the principles of a strengths perspective. TDHS believes in the resilience of individuals and understands the extent to which individuals are able to contribute towards creating a stronger community. TANF/Families First Clients are an untapped workforce resource in Tennessee, with them, Tennessee is stronger. TDHS anticipates one or two more phases of the development of the new service model. Many of the strategies discussed in this document are being "tested" prior to making them a permanent part of the program. Phase two will have an increased focus on internal practices, outcomes for Fiscal Year 2014, and additional methods for improving individual services, hands on work readiness, and barriers related to well-being.

In Service to Others,

A handwritten signature in black ink, appearing to read "Raquel Hatter".

Raquel Hatter, MSW, Ed.D
Commissioner, Tennessee Department of Human Services

About Tennessee Department of Human Services (TDHS)

The Department of Human Services is committed to improving the well-being of Tennesseans who are economically disadvantaged, vulnerable or living with disabilities through a network of financial, employment, protective and rehabilitative services.

Our Vision: To be a leader in effectively partnering with human service customers in establishing or re-establishing self- sufficiency to create a better quality of life.

Our Purpose: To offer temporary economic assistance, work opportunities, and protective services to improve the lives of Tennesseans.

Our Core Values:

- Mission Driven
- Customer Focused
- Respect & Integrity
- Compassion
- Accountability & Responsibility

TDHS will:

- Maintain the trust of our customers, partners, and the public by demonstrating excellence in service delivery, results, and effective fiscal stewardship.
- Operate from a strength perspective.
- Operate in a manner that reflects the importance of public-private partnerships in human service.
- Maintain ongoing efforts to be a learning organization.
- Be transparent, agile, innovative, and responsive.
- Engage employees and customers as strategic partners.
- Recruit, retain, and reward high performing employees.

TDHS adheres to a Strength Perspective

- Every individual, group, family, and community has strengths.
- Trauma and abuse, illness and struggle may be injurious but they may also be sources of challenge and opportunity.
- Assume that you don't know the upper limits of the capacity to grow and change and take individual, group, and community aspirations seriously.
- We best serve clients by collaborating with them.
- Every environment is full of resources

The Strength Perspective in Social Work Practice by Dennis Saleebey

TDHS adheres to the Disciplines of a Learning Organization

Shared Vision: A common purpose and atmosphere of excitement and enthusiasm regarding the vision and direction of the organization. The organization provides mechanisms for people to connect their personal vision to the organizational vision.

Systems Thinking: A smooth and open flow of information which sends a message of inter-relatedness between all parts of the organization and how each part has an impact on the other parts of the organization.

Mental Models: The organization provides a supportive environment, which encourages people to think about, interpret and characterize situations and circumstances. People then review and revise appropriately their own views, beliefs, values, and biases in a "critical thinking" and more creative fashion.

Team Learning: Based on the foundation of Personal Mastery and Shared Vision, this component focuses a great deal on interpersonal skills and effective communication. People learn from and teach each other in an atmosphere of open dialogue, flexible mental models and conflict resolution.

Personal Mastery: Every member of the organization operates as a continual learner. Staff members are empowered to stretch and broaden their comfort zones to realize their potential.

The Fifth Discipline, Peter Senge

TENNESSEE DEPARTMENT OF
HUMAN SERVICES



Helping shape Tennessee lives.

Welfare Roll to Payroll Act

On April 23, 2012 Public Chapter 786 - Welfare Roll to Payroll Act, was signed into law. This act directed the Commissioner of the Department of Human Services to conduct a study that would assess the feasibility of a more work friendly assistance eligibility benefits requirement in order to increase workforce participation. Details of this act are listed below:



**State of Tennessee
PUBLIC CHAPTER NO. 786**

HOUSE BILL NO. 2806

By Representatives Powers, Ragan, Keisling

Substituted for: Senate Bill No. 2857

By Senator Yager

AN ACT to amend Tennessee Code Annotated, Title 71, relative to the reform of various public assistance programs .

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. The commissioner of the department of human services is directed to conduct a study that will assess the feasibility of a more work friendly assistance eligibility benefits requirement in order to increase workforce participation. The commissioner should particularly attend to reforming current public assistance programs and coordinating income disregard and eligibility across TANF to encourage work effort on the part of welfare recipients and as a means to supplement the income of low-wage employees. The study should examine the feasibility of adopting graduated income disregards for benefits that decline over time, based on the increased income from the recipient's employment. The commissioner shall consult with the various state departments and agencies, including but not limited to, the department of agriculture, the Tennessee housing development authority, the bureau of TennCare and any other interested stakeholders. This study, which is currently being conducted, shall include a comprehensive review of the TANF program and how work-friendly it is with recipients joining the workforce. The department shall report the results of the study to the senate health and welfare committee and the house health and human resources committee on or before July 1, 2013.

SECTION 2. This act shall be known and may be cited as the "Welfare Roll to Payroll Act".

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.

HOUSE BILL NO. 2806

PASSED: APRIL 9, 2012

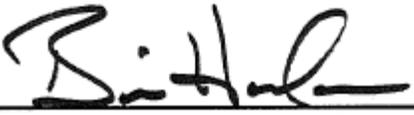


BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES



RON RAMSEY
SPEAKER OF THE SENATE

APPROVED this 23rd day of April 2012



BILL HASLAM, GOVERNOR



Families First Overview



The Temporary Assistance for Needy Families program, or TANF, was created as part of the larger Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (commonly referred to as “welfare reform”). It replaced the Aid to Families with Dependent Children (AFDC) program and is the federal funding source for Tennessee’s TANF Program, Families First.

The four purposes of TANF are:

- assisting needy families so that children can be cared for in their own homes;
- reducing the dependency of needy parents by promoting job preparation, work and marriage;
- preventing out-of-wedlock pregnancies; and
- encouraging the formation and maintenance of two-parent families.

States can spend their block grant (the set amount of funding received annually) in any fashion that reasonably meets one of these four purposes. However, States are subject to strict rules and financial penalties related to families that receive “assistance” (ongoing cash grants) funded by the block grant or State Maintenance of Effort (every fiscal year, each State must spend a certain minimum amount of its own money to help eligible families in ways consistent with the TANF program. This is referred to as Maintenance of Effort or MOE).

For families receiving assistance, sanctions and time limits are important components of TANF:

- Failure to participate in work or activities that lead to employment can result in a reduction or termination of a family’s benefits.
- Families with an adult who has received federally-funded assistance for a total of five years (or less at state option) are not eligible for cash aid under the TANF program.
- States may extend assistance beyond 60 months to up to 20 percent of their caseload. They may also elect to provide assistance to families beyond 60 months using State-only funds or Social Services Block Grant funds.

Countable Work Activities

CORE (required for first 20 hrs, countable for any hours of work requirement)	NON-CORE (allowed for hours 21-30 of work requirement)
Employment (Subsidized or Unsubsidized)	Job Skills Training Directly Related to Employment
On-the-Job Training (OJT)	Education Directly Related to Employment
Job Search and Job Readiness Assistance Time-limited to 4 consecutive weeks and 360 hours in the preceding 12-month period for “needy states,” a definition which Tennessee currently meets.	Satisfactory Attendance at Secondary School or in a Course of Study Leading to a GED
Work Experience*	<i>*An individual may not participate in Work Experience and Community Service for more than the equivalent of the TANF grant and FS allotment divided by minimum wage. If that calculation = < 20 hrs/wk, the client is deemed to have met the Core hour requirement.</i>
Community Service*	
Vocational Education Limited to 12 months in a lifetime.	
Providing Child Care Services for an individual in a Community Service Program	



The Work Verification Plan requires a State to describe:

- How each activity is defined (e.g. what does the State allow as a job search/job readiness activity);
- How the state determines the number of countable hours of participation for each activity;
- How the state verifies actual hours of participation for each activity (including procedures for obtaining and monitoring documentation of hours of participation); and
- The methods of daily supervision for certain activities.

State Law

In addition to the funding States are afforded by TANF, policies related to eligibility for TANF cash assistance vary across the country. The following are components of Families First that reflect the choices made in Tennessee:

- 30 hour/wk work requirements for non-exempt participants;
- Full –family sanctions for program participants who fail to comply with child support or work requirements;
- A family cap policy, which freezes cash assistance if a parent conceives a child while on the program; and
- 60 month limits on assistance, with limited allowances for extension.

Background Information

At the inception of the 1996 Public Law 104-193 (also known as the Personal Responsibility and Work Opportunity Reconciliation Act or PRWORA) with a focus on welfare to work, DHS initiated efforts to transition the prior AFDC (Aid to Families with Dependent Children) to come into compliance with the new federal law. The Department required a waiver in order to allow time to develop the program and come into compliance. This waiver expired in 2007. The Department enlisted various stakeholders in the efforts to develop a comprehensive Families First Program. The Department has made various adjustments to the programs as rules and regulations have changed over time.

Customer Focused Government

In 2011, DHS participated in the Governor’s Customer Focused Government initiative (formerly known as Top to Bottom Review). During the review, DHS conducted a thorough assessment of operational efficiency and effectiveness. This process also focused on identifying ways to streamline services, increase accountability, ensure high performance, and improve fiscal stewardship. As a result several recommendations were made, one of which involved redesigning the Families First program to be more employment driven.

Overview of Methodology

Tennessee Department of Human Services is undergoing a comprehensive analysis of the Families First Program. The analysis involves a focus on the major components of Families First which include:

- Eligibility
- Client Accountability, Responsibility, and Success
- Supportive Services
- Family Service Counseling
- Work Activity Contracts
- Overall Program Infrastructure
- Outcomes
- Federal and State Law, Rules, and Regulations

The Department used a variety of methods in conducting the comprehensive analysis including, but not limited to focus groups, forums, individualized provider and vendor sessions, and extensive review of various forms of information. The process has included feedback from internal and external stakeholders including clients, employees, federal partners, advocates, legislators, existing providers and vendors, public at large, community partners, other state agencies including those specified in Public Chapter 786.

The following provides a brief overview of some the methods utilized by the Department:

- Researched practices in other states regarding the administration of TANF. This included a review of their TANF state plans, state work verification plans, phone conference with their subject matter experts and review of various policies and procedures of other states.
- Researched the previous partnership between TDHS and Tennessee Department of Labor and Workforce Development (TDLWD) relative the differing program requirements and focus of Families First, WIA, and career centers. This included a focus on a potential future partnership driven by lessons learned from the past and new opportunities with a new and intentional focus on TANF (Families First) clients.
- Reviewed and studied Work Activity Contracts. This included “one on one” sessions with each vendor. Historically required vendor reports and documents were reviewed. There was a review of the full scope of services with an intense focus on outcomes relative to actual employment. There was also a focus on the level of vendor accountability relative documents required and proof of services and deliverables.
- Reviewed the Family Service Counseling component. This included “one on one” sessions with providers and a review of materials related to their overall process and effectiveness.
- Conducted an internal review of the FF staffing structure, policies and procedures, state law, rules, and regulations, Tennessee State Plan and the Work Verification Plan.

On May 23, 2012, TDHS held the Resilient Families Forum which provided a venue whereby former Families First clients, TDHS frontline, supervisory and executive level staff along with partners from across other state departments and community providers could come together and exchange ideas about how to best provide services to Families First clients in the effort of truly helping those clients to attain a level of self-sufficiency that will support them and their families.

This forum was one of several meetings/discussions that have taken place in the efforts to explore redesign of the Families First program. There have been several workgroups formed and meetings that have taken place since the Resilient Families Forum.



2012 Resilient Families Forum:
Transforming the Systems of Support

TENNESSEE DEPARTMENT OF
HUMAN SERVICES

Please join DHS in a strategy work session, driven by themes of collaboration, thinking outside-the-box, outcomes, and self-sufficiency.

Date: Wednesday, May 23, 2012
Time: 8:00AM-4:30PM
Location: Tennessee Tower, Tennessee Room
312 Rosa L. Parks Avenue
Nashville, TN 37243 (Parking on 31st over downtown)

Partners to include:
DLWD, WAC, CSBG, FSC agencies and more!
** Up to 2 representatives per agency**

Please RSVP to Sumita Banerjee at Sumita.Banerjee@tn.gov
by Wednesday, May 16th.

This will be a day of transformational work, as we learn through presentations, panels, small-group discussions and workgroup sessions.

We look forward to working with you!

"Believe in Better."

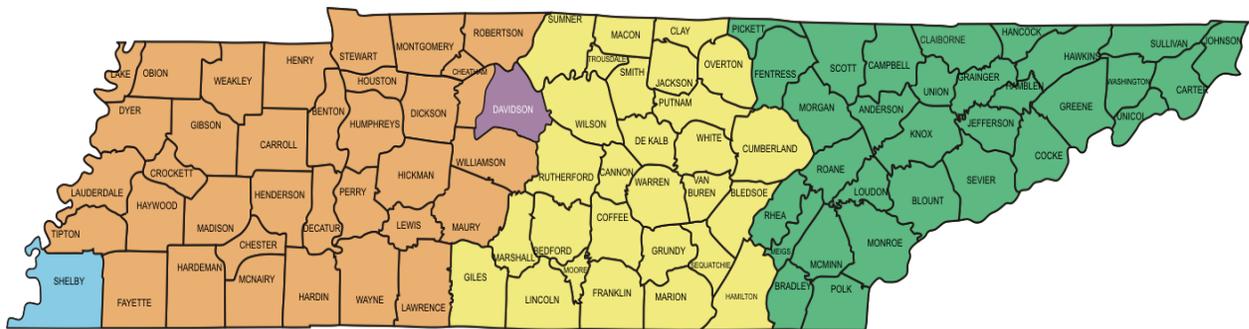


Components of Redesign

The following represents an overview of what was learned and next steps as it relates to the first phase of the Families First Redesign:

Families First Work Activity Contractors

Tennessee is divided into five geographical zones, each supported by Work Activity Contractors who provide services to support the Families First clients who have a work activity requirement. Contractors collaborate with clients to develop individualized, career plans and coordinate the necessary support services that contribute to the overall success of these plans. DHS client representatives build relationships with clients to help ensure successful engagement with Work Activity Contractors.



The key areas of improvement in the Work Activity Contracts are as follows:

1) Contract Structure

Assessment: Incentivized payments were included within the contracts of the Work Activity Contractors. These payments were based on reaching the work activity milestone without a requirement for ensuring clients obtained a certain level of job quality relative to wages or ongoing benefits. TDHS did not adhere to the maximum contract liability and budget with the Work Activity Contracts that were established for multiple years. These contracts were established for a five (5) year term in 2007. The Department overspent in these contracts throughout this time period due to the fact that actual expenses (base and incentive payments) exceeded the budgeted amount.

Outcome: Work Activity Contracts have been restructured (as of Fiscal Year 2012). Incentivized payments are no longer a part of the contracts and internal controls have been established to prevent overspending.

2) Community Service Assignments

Assessment: Community service is defined as a structured program in which TANF clients perform work for the direct benefit of the community under the auspices of public or nonprofit organizations. TDHS had no defined parameters for the quality or duration of the community service assignments. Community service assignments are unpaid. The lack of parameters on

duration allowed the Work Activity Contractors to continuously assign a client to a community service function for their entire time on the program. It should be noted that this observation is not intended to suggest that this was a practice of all Work Activity Contractors. However, it was identified as an area for improvement.

Outcome: As a result, effective July 1, 2013 the timeframe for community service assignments will be limited to three (3) months in a twelve (12) month period. Placing a time limit on community service assignments helps ensure that clients will be moved towards employment thereby reducing program dependency.

3) Work Experience Placements

Assessment: Work experience is defined as a work activity that provides an individual with an opportunity to acquire the general skills, training, knowledge, and work habits necessary to obtain unsubsidized employment for that employer. TDHS had no defined parameters for the quality or duration of the work experience placements. Work experience placements are unpaid. The lack of parameters on duration allowed the Work Activity Contractors to continue to place a client in work experience for their entire time on the program. Again, it should be noted that this observation is not intended to suggest that this was a practice of all Work Activity Contractors. However, it was also identified as an area for improvement.

Outcome: As a result, effective July 1, 2013 the timeframe for work experience placements will be limited to six (6) months in a twelve (12) month period. Placing a time limit on work experience placements helps ensure that clients will be moved towards employment thereby reducing program dependency.

4) Employment Documentation

Assessment: TDHS established a work verification plan in 2008. However, the review indicated that greater specification regarding acceptable forms of verification/documentation would be beneficial and enhance accountability and program integrity.

Outcome: TDHS has established clear definitions of what constitutes acceptable and unacceptable forms of employment verification and documentation. TDHS has added language to the contracts that strengthens documentation requirements. The work verification plan will also be updated with these requirements.

5) Individualized Services

Assessment: The contract employment structure utilized a “one size fits all” approach. However, the work readiness and service needs of the work activity clients varied. This impacts the overall effectiveness of the program.

Outcome: A new tiered approach will be incorporated into the service model. Clients are evaluated and classified in one of the following three categories:

- Tier 1 - Job Seeker with Employment Barriers
- Tier 2 - Work Ready
- Tier 3 – Employed

Individuals classified within Tier 1 are seeking employment but may lack the necessary training, experience, and/or education to qualify for employment or they may have other barriers such as a criminal history, lack of child care, or lack of transportation. Those classified within Tier 2 possess the necessary training, education, or experience to qualify for employment or they may be working part time. Finally, individuals classified within Tier 3 are working for at least 30 hours per week. These tiered classifications with help ensure that our clients receive the appropriate services to improve their level of work readiness and promote professional development. The Department intends to further enhance these tiers to relieve barriers relative to individual and family well-being.

6) Work Participation

Assessment: It should be noted that PRWORA of 1996 has a primary focus on work participation or activity, not “just” employment. Work participation or activity is defined in the chart on page 7 regarding Core and Non-Core Activities. Employment is one of the many activities that qualifies as work participation or activity. The current act and Departmental practice allows someone to remain in work activity, not employment, for the entire sixty (60) months. It should be noted that part of the rationale for the Department’s approach in 2007 was to allow the Work Activity Contractors a high level of flexibility to achieve the desired outcomes. While this approach is understood and appreciated, the need for tighter controls and increased continuous accountability remains.

Outcome: Moving forward the Department is making a fundamental paradigm shift from a primary focus on work participation or activity to a focus on actual employment. PRWORA does not prevent the Department from having a primary focus on employment. The Department will continue to have a focus on work activity or participation as outlined in the chart and as required; however, the emphasis on employment as an activity will increase.

Support Services

Support services are an essential part of the Families First program. These services are critical components that help reduce or eliminate potential barriers to success. The types of support services that are provided include child care assistance, transportation, uniforms, tools, licenses, auto repairs, dental, vision, and counseling.

The key areas of improvement in Support Services are as follows:

1) Service Utilization & Oversight

Assessment: After a comprehensive review of support services, it was determined that there were inconsistencies in the utilization of referrals for support services for clients across the Work Activity Contractors. Additionally, the Department did not have a practice of reviewing frequency and nature of referrals.

Outcome: TDHS will have the lead role in identifying client needs. TDHS Client Representatives will identify the need and notify the contractor as to the type of service(s) needed. The contractor will facilitate the referral and/or provide the support service(s) after receiving notification from TDHS. These services will only be requested and provided if they are needed for participation in an activity, training, and/or employment. In the event TDHS is unaware of a client's need for support services, contractors may provide the services without seeking prior approval from TDHS. This helps to ensure that continuity is maintained in the client's Personal Responsibility Plan.

Client Accountability, Responsibility & Success

Accountability and Responsibility are critical elements in achieving successful outcomes from the Families First program. The TDHS goal is to create a program that fully prepares individuals for life in the workplace and reinforce the importance of personal accountability and responsibility. Clients are required to follow their Personal Responsibility Plan or possibly be sanctioned for non-compliance. Clients may be sanctioned if they quit their job, fail to report to work or training activity related to their employment.

The key areas of improvement in Client Accountability, Responsibility & Success are as follows:

1) Sanction Policies

Assessment: Traditionally, sanctioned clients could reapply and potentially be eligible to receive benefits at any time following case closure since there was no mandatory timeframe of which clients had to remain off of the program. Also, sanctioned individuals were eligible for benefits after maintaining a 5-day compliance (cure) period.

Outcome: Sanction policies will be strengthened to encourage clients to maintain a high level of accountability and responsibility. It is important to note that a rigorous sanction policy alone will not improve the overall success of a client. This is well documented in the research. TDHS intends to employ stronger sanction policies as one of the elements of a comprehensive program focused on self-sufficiency through skill building and employment. The goal of this area is to increase accountability and responsibility and create a greater sense of urgency to attain gainful employment.

Federal and State Law, Rules, and Regulations

Public chapter 786 directed DHS to explore the possibility of adopting graduated income disregards for benefits that decline over time, based on the increased income from the client's employment. DHS has consulted with the United States Department of Health and Human Services on this item and learned that Tennessee would have to pursue a waiver in order to implement this strategy. DHS has not made a decision to pursue a waiver at this time; therefore it is not a part of the current plan. DHS will leverage the TANF State Plan and Work Verification Plan as primary resources for program improvement and maximizing on opportunities for greater program flexibility. We will continue to conduct ongoing assessments and look for new and innovative ways to improve the Families First program and help the citizens that we serve achieve the ultimate goal of self-sufficiency. There may be a number of innovative and effective strategies that may require a waiver due to the current limitations on flexibility. For example, Federal regulations allow for a maximum of 10 hours to be attributed to non-core activities such as enrolling in educational classes directly related to employment or enrolling in courses of study leading to a GED. However, if Tennessee desired to increase the hours dedicated to these non-core activities, a Federal waiver would have to be obtained.

Conclusion

TDHS is committed to delivering a Families First service model that is built on the principles of a strengths perspective. TDHS believes in the resilience of individuals and understands the extent to which individuals are able to contribute towards creating a stronger community. TANF/Families First Clients are an untapped workforce resource in Tennessee, with them, Tennessee is stronger. TDHS anticipates one or two more phases of the development of the new service model. Many of the strategies discussed in this document are being "tested" prior to making them a permanent part of the program. Phase two will have an increased focus on internal practices, outcomes for Fiscal Year 2014, and additional methods for improving individual services, hands on work readiness, and barriers related to well-being.